

LEG. FINANCE - BILLS 1979 - 1980 1311
- CSSSB 227



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

3/23/90
Date

COMMITTEE REPORT

HOUSE

(11)

FURTHER:

5/22/80

Date: 5-31-80

Mr. Speaker:

The Committee on FINANCE has had CSSSSB 227

"An Act relating to insurance for alcoholism and drug dependence; and providing for an effective date."

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with HCS for CSSSSB 227 (FINANCE) same title
 new title
- and recommends: reports it back with individual recommendations
- AND attaches a "Letter of Intent" New Fiscal Note ^{16159.0} 5/31
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

Rogers

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

CHAIRMAN

Original sponsors: Colletta, Stimson
and Hohman

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the health of residents of the
7 state; and providing for an effective date."

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

9 * Section 1. AS 18 is amended by adding a new chapter to read:

10 CHAPTER 27. STATE HEALTH INSURANCE.

11 Sec. 18.27.010. STATE COMPREHENSIVE HEALTH PLAN. (a) The state
12 comprehensive health plan shall be established by the commissioner and
13 benefits shall be made available to the public not later than July 1,
14 1981. The commissioner shall establish minimum benefit standards for
15 the state comprehensive health plan and shall provide for the under-
16 writing and administration of the state comprehensive health plan through
17 competitive bidding procedures.

18 (b) A resident of the state is entitled to enroll in the state
19 comprehensive health plan if

20 (1) the resident is not eligible for Medicare and is not
21 covered under a state or federal health program;

22 (2) the resident is not covered by a group health insurance
23 plan.

24 Sec. 18.27.020. STATE HEALTH PREMIUM PROGRAM. (a) A resident of
25 the state is entitled to an insurance premium supplement under the state
26 health premium program if

27 (1) the resident is enrolled in the state comprehensive
28 health plan or an individual health insurance policy which is certified
29 by the director of insurance as meeting or exceeding the benefit stan-

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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2 sioner under AS 18.27.010(a);

3 (2) the resident is not enrolled in a group health insurance
4 policy or covered under a state or federal health program; and

5 (3) the resident qualifies for a supplement under (b) of this
6 section.

7 (b) The amount of the insurance premium supplement is equal to 80
8 percent of the monthly premium cost less eight percent of the monthly
9 premium cost for every \$100 of the adjusted gross income of the insured,
10 as defined by regulation of the commissioner, over \$1,000 per month.
11 The premium cost of the state comprehensive health plan is the maximum
12 amount of monthly premium cost which may be used in the calculation of
13 the supplement. The \$1,000 per month of adjusted gross income used in
14 the calculation shall be adjusted periodically by the commissioner by
15 regulation to correspond with the changes in the consumer price index.

16 Sec. 18.27.030. DEFINITIONS. In this chapter "commissioner" means
17 the commissioner of administration.

18 * Sec. 2. The commissioner of administration shall study and report to
19 the legislature by the 10th day of the First Session of the Twelfth Legisla-
20 ture on

21 (1) the major medical insurance needs of residents of the state
22 which are essentially unmet by existing resources;

23 (2) the number and characteristics of persons currently not covered
24 by a group health plan or federal or state health program;

25 (3) the number of persons eligible to participate in the state
26 health premium program established under AS 18.27.020 enacted in sec. 1 of
27 this Act;

28 (4) the proposed benefit schedules and the estimated actuarial
29 cost of insurance coverage addressing the major medical insurance needs

1 identified in 1 - 3 of this section;

2 (5) the proposed implementation of AS 18.27.

3 * Sec. 3. The commissioner of administration shall hold statewide public
4 hearings for consideration of the needs and proposals described in sec. 2 of
5 this Act and to inform the public of the benefits provided under AS 18.27.

6 * Sec. 4: AS 39.30.090(1) is amended to read:

7 (1) A group insurance policy shall provide one or more of the
8 following benefits: life insurance, accidental death and dismemberment
9 insurance, weekly indemnity insurance, hospital expense insurance,
10 surgical expense insurance, dental expense insurance, audio-visual
11 insurance, alcoholism and drug dependency insurance, or other medical
12 care insurance.

13 * Sec. 5. AS 39.30 is amended by adding a new section to read:

14 Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)

15 The group insurance policy required by AS 39.30.090(1)

16 (1) shall provide coverage for alcoholism and drug dependence
17 to include

18 (A) inpatient detoxification benefits for not less than
19 14 days of benefit each calendar year in a state-approved treatment
20 facility or licensed hospital; payment of institutional and profes-
21 sional benefits shall be equal to and payable as any other covered
22 condition, except a covered condition which, by the terms of the
23 policy, has an internal restriction;

24 (B) inpatient treatment coverage benefits for not less
25 than 30 days of benefit each calendar year in a state-approved
26 treatment program; payment of institutional and professional bene-
27 fits shall be at the same level as any other covered condition,
28 except a covered condition which, by the terms of the policy, has
29 an internal restriction; and

1 (C) outpatient treatment coverage benefits of not less
2 than 30 visits each calendar year if treatment is provided by a
3 licensed physician, state-approved treatment program, or state-
4 certified professional substance abuse counselor; coverage shall
5 include individual, family or group therapy; benefits shall be paid
6 at not less than 75 percent of the usual, customary and reasonable
7 charge for a medical procedure, treatment or service in the geo-
8 graphic area;

9 (2) may not exclude dependents otherwise covered and may not
10 limit coverage for alcoholism or drug dependence because of age, sex or
11 state of illness;

12 (3) may not apply preexisting or named condition exclusions
13 to deny coverage for alcoholism or drug dependence; and

14 (4) may require a physician's certification of necessity as a
15 condition of payment for alcoholism or drug dependence treatment.

16 (b) The provisions of this section apply to group health insurance
17 contracts and group service or indemnity type contracts issued to pro-
18 vide coverage for employees of the state and may apply to contracts for
19 the benefit of employees of other participating governmental units only
20 if the governing body of the governmental unit elects to have the provi-
21 sions apply.

22 (c) In (a) of this section,

23 (1) "alcoholism" means an illness or condition characterized
24 by the habitual lack of self control in the use of alcoholic beverages,
25 or use of alcoholic beverages to the extent that health is substantially
26 impaired or endangered, or social or economic function is substantially
27 disrupted;

28 (2) "drug dependence" means the condition of being physically
29 or psychologically addicted to an opiate, opiate derivative, tranquil-

1 izer, amphetamine, barbiturate, or similar substance, but excluding
2 nicotine, caffeine and alcohol;

3 (3) "state" means any state in the United States and includes
4 the District of Columbia.

5 * Sec. 6. AS 39.30.100 is amended to read:

6 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-
7 30.090]

8 (1) "eligible employee" means

9 (A) an employee who has served in permanent full-time or
10 part-time employment with the same governmental unit for 30 days or
11 more, except an emergency or temporary employee, and

12 (B) an elected or appointed official of a governmental
13 unit, effective upon taking the oath of office;

14 (2) "governmental unit" means the state, a borough, municipal
15 corporation, or other political subdivision of the state, and the North
16 Pacific Fishery Management Council;

17 (3) "insurance", "insurance carrier" and "insurance policy"
18 include health care services, health care service contractors and con-
19 tracts.

20 * Sec. 7. The provisions of secs. 4 - 6 of this Act apply to group poli-
21 cies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and
22 which are delivered, issued for delivery, or renewed in this state after the
23 effective date of this Act. A policy or contract providing coverage for
24 eligible employees in this state delivered, issued for delivery, or renewed
25 after the effective date of this Act provides the minimum coverage required
26 by this Act even if the language of the policy or contract does not so
27 specifically provide.

28 * Sec. 8. AS 47.05 is amended by adding new sections to read:

29 Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-

1 TRACTS. (a) The commissioner shall use available medical assistance
2 funds to purchase and pay premiums on policies of insurance or pay the
3 expenses on health maintenance organization service contracts or medical
4 or hospital service contracts that provide one or more of the medical
5 services available under state medical assistance programs.

6 (b) The policy of insurance or the contract must by its terms
7 guarantee

8 (1) to provide the medical services allowed under state law;

9 (2) to provide medical services under policies of insurance
10 or contracts in compliance with applicable laws and regulations;

11 (3) to provide the statistical data, records, and reports
12 relating to the provision, administration, and costs of providing
13 medical services as required by the commissioner.

14 Sec. 47.05.080. CONTRACTS WITH DIRECT PROVIDERS OF CARE AND
15 SERVICE. (a) The commissioner may enter into nonexclusive contracts
16 under which funds available for medical assistance may be administered
17 and disbursed by the contractor to direct providers of medical and
18 remedial care and services available under medical assistance for
19 services rendered and supplies furnished by them.

20 (b) A contract under this section shall

21 (1) oblige the contractor to make payments under the contract
22 promptly and not later than 30 days after receipt of the proper evidence
23 of the claim; and

24 (2) provide data, records, and reports required by the com-
25 missioner.

26 Sec. 47.05.090. IMPLEMENTATION. The commissioner shall implement
27 the provisions of AS 47.05.070 - 47.05.090 when the commissioner
28 determines that comparable benefits are available at equal or less cost
29 than direct payments by the department to the providers of medical

1 assistance.

2 Sec. 47.05.100. INTERIM PAYMENT. The department may make an
3 interim payment before receipt of billing for service to providers who
4 serve a large volume of state medical assistance clients under regula-
5 tions of the department.

6 Sec. 47.05.110. INTEREST ON LATE PAYMENTS. When presented by a
7 provider of medical services with a clean claim, the state shall pay

8 (1) interest at the rate of one percent per month when
9 payment is delayed more than 30 days after presentation of the clean
10 claim;

11 (2) interest at the rate of two percent per month when
12 payment is delayed more than 90 days after presentation of the clean
13 claim; and

14 (3) a full months interest entitlement if the claim is not
15 paid by the 15th day of a calendar month.

16 Sec. 47.05.120. DEFINITIONS. In AS 47.05.070 - 47.05.120

17 (1) "clean claim" means a claim for payment which can be
18 processed without obtaining additional information from the provider of
19 the service or from a third party; it includes a claim with errors
20 originating in the department's claims processing system, but does not
21 include claims from a provider who is under investigation for fraud or
22 abuse, or a claim under review for medical necessity;

23 (2) "commissioner" means the commissioner of health and
24 social services;

25 (3) "department" means the Department of Health and Social
26 Services;

27 (4) "medical assistance" means Medicaid (AS 47.07), general
28 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and
29 crippled children's and maternal and child health programs (AS 18.05.-

010).

* Sec. 9. AS 47.07.020(b) is repealed and re-enacted to read:

(b) Residents of the state for whom the Social Security Act allows optional medical coverage qualifying for federal financial participation are eligible for medical assistance.

* Sec. 10. AS 47.07.030 is repealed and re-enacted to read:

Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services to be offered to eligible persons include services eligible for federal financial participation under Title XIX of the federal Social Services Act.

* Sec. 11. AS 47.25.120 is amended to read:

Sec. 47.25.120. ELIGIBILITY FOR ASSISTANCE. Financial assistance may be given under AS 47.25.120 - 47.25.300 [, SO FAR AS PRACTICABLE UNDER THE CONDITIONS IN THIS STATE,] to

(1) a needy person who is eligible under the regulations of the department; and

(2) a medically needy person whose income is less than the medically needy income standard or who has incurred medical expenses which equal or exceed the difference between the person's monthly income and the medically needy income standard; the medically needy income standard is 150 percent of the current Federal Community Services Administration poverty income guidelines for Alaska (45 C.F.R., sec. 1060.2).

* Sec. 12. AS 47.07.020(d) is repealed.

* Sec. 13. Sections 4 - 7 and 9 - 12 of this Act take effect January 1, 1981.

* Sec. 14. Sections 1 - 3, 8, 13, and 14 of this Act take effect July 1, 1980.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No HCS for Sponsor Substitute for SB 227 (Finance)
 Title An Act Relating to the Health of Residents of the State
 Requested by House Finance Date 5/31/80

II. FISCAL DETAIL

Agency Affected Administration and Health & Social Services
 Program Category Affected General Government/Health
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits/Medicaid - GR Medical
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		89.3	160.9			
200 TRAVEL		22.3	9.0			
300 CONTRACTUAL		247.5	50.0			
400 COMMODITIES		1.7	2.5			
500 EQUIPMENT		16.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		15,782.2	40,977.2			
TOTAL		16,159.0	41,196.6	plus cost of premium subsidy		

FUNDING (Thousands of Dollars)

GENERAL FUND		8,259.0	20,698.2			
FEDERAL FUNDS		7,900.0	20,419.7			
OTHER (Specify Fund Source)			78.7			

POSITIONS

FULL TIME		1	5			
PART TIME		6	-			
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(See Attached)

Russ Meekins

IV. DATE 5/31/80 PREPARED BY Russ Meekins
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

DEPARTMENT OF ADMINISTRATION - GENERAL GOVERNMENT

Sec. 1 : There is an implied cost to the state of this section which at present cannot be determined. Section 1 provides for a subsidized insurance premium for all people in the state with income levels between a medicaid eligibility income level and an income level of an individual with adjusted gross income of \$2000 per month, on a sliding schedule. (Adjusted to correspond to inflation as measured by the consumer price index.)

Administrative costs are anticipated for 3 months in FY-81 so as to be ready to provide coverage July 1, 1981. These costs are continued into future fiscal years.

Personal Services

1 Retirement & Benefits Specialist IV (20)	34.1
2 Retirement & Benefits Specialist II (16)	51.2
1 Acctg. Technician II (14)	22.2
1 Clerk IV (9)	16.3
	<u>123.8</u>
Benefits @ 30%	37.1
	<u>160.9</u>

Travel

\$3000/R & B Specialist \$9,000

Contractual

Communications	\$5,000
Printing & Advertising	\$15,000
Consulting fees & Services	\$30,000
	<u>\$50,000</u>

Commodities

\$500/person \$2,500

Equipment (First year cost only)

Offices Systems Furniture	\$7,000
Calculators, Typewriters, etc.	\$3,000
	<u>\$10,000</u>

FY-81 Costs @ 3 months:

100	\$ 40.2
200	2.3
300	12.5
400	.7
500	10.0 (Full first year cost)
	<u>\$ 65.7</u>

Sec. 2 : Administration study & development of regulations:

Personal Services

1 Research Analyst III (18) 12 mo.	\$29.6
1 Clerk Typist III (8) PPT 6 mo.	8.2
	<u>37.8</u>
Benefits @ 30%	11.3
	<u>\$49.1</u>

Travel

Staff travel to conduct state-wide hearings.	\$20.0
--	--------

Contractual

Communications/printing, etc.	\$10.0
Consulting and professional fees:	
Actuarial Study \$100,000	
Statewide Survey \$100,000	
Other Consulting \$ 25,000	\$225.0
	<u>\$235.0</u>

Commodities

\$500/person	\$ 1.0
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Equipment

Office Systems Furniture	\$3.0
Typewriters/Calculators	\$3.0
	<u>\$6.0</u>

Total for Sec. 2 : \$310.1
It is not anticipated that continuation of these positions would be necessary beyond FY - 81.

Sec. 3,4,5,6,7 (FY-82 impact)

No impact in FY-81. State group health insurance policies are renewed annually on a fiscal year basis.

Coverage estimated for approximately \$10,000 State employees at \$4.10/month = \$492.0

FUNDING

(81% G.F. = \$293.6)
(4% Fed. = \$ 19.7)
(15% Other= \$ 78.7)

DEPARTMENT OF HEALTH & SOCIAL SERVICES - HEALTH CATEGORY

Sec. 8 : Requires interest on late payments to providers: \$282.2

Sec. 9,10, 11. 12 : Per Dept. of Health & Social Services:

(In millions)	<u>6 mo. FY-81</u>		<u>FY-82</u>	
	<u>GF</u>	<u>Fed.</u>	<u>GE</u>	<u>Fed.</u>
1. Addition of Medicaid Services and New Eligibles	4.2	7.9	11.0	20.4
2. Decrease of G.R. Med.	(2.2)	-	(5.8)	-
3. State only - medically needy	<u>5.6</u>	<u>-</u>	<u>14.6</u>	<u>-</u>
	<u>\$7.6</u>	<u>\$7.9</u>	<u>\$19.8</u>	<u>\$20.4</u>

Increase in cost from FY-81 to FY-82 is estimated at 30% to be comparable to the 33.5% composite rate used to budget inflation from FY-80 to FY-81.

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25 after the effective date of this Act provides the minimum coverage required
26 by this Act even if the language of the policy or contract does not so
27 specifically provide.

28 * Sec. 8. AS 47.05 is amended by adding new sections to read:

29 Sec. 47.05.010. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-

1 TRACTS. (a) The commissioner shall use available medical assistance
2 funds to purchase and pay premiums on policies of insurance or pay the
3 expenses on health maintenance organization service contracts or medical
4 or hospital service contracts that provide one or more of the medical
5 services available under state medical assistance programs.

6 (b) The policy of insurance or the contract must by its terms
7 guarantee

8 (1) to provide the medical services allowed under state law;

9 (2) to provide medical services under policies of insurance
10 or contracts in compliance with applicable laws and regulations;

11 (3) to provide the statistical data, records, and reports
12 relating to the provision, administration, and costs of providing
13 medical services as required by the commissioner.

14 Sec. 47.05.080. CONTRACTS WITH DIRECT PROVIDERS OF CARE AND
15 SERVICE. (a) The commissioner may enter into nonexclusive contracts
16 under which funds available for medical assistance may be administered
17 and disbursed by the contractor to direct providers of medical and
18 remedial care and services available under medical assistance for
19 services rendered and supplies furnished by them.

20 (b) A contract under this section shall

21 (1) oblige the contractor to make payments under the contract
22 promptly and not later than 30 days after receipt of the proper evidence
23 of the claim; and

24 (2) provide data, records, and reports required by the com-
25 missioner.

26 Sec. 47.05.090. IMPLEMENTATION. The commissioner shall implement
27 the provisions of AS 47.05.070 - 47.05.090 when the commissioner
28 determines that comparable benefits are available at equal or less cost
29 than direct payments by the department to the providers of medical

1 assistance.

2 Sec. 47.05.100. INTERIM PAYMENT. The department may make an
3 interim payment before receipt of billing for service to providers who
4 serve a large volume of state medical assistance clients under regula-
5 tions of the department.

6 Sec. 47.05.110. INTEREST ON LATE PAYMENTS. When presented by a
7 provider of medical services with a clean claim, the state shall pay

8 (1) interest at the rate of one percent per month when
9 payment is delayed more than 30 days after presentation of the clean
10 claim;

11 (2) interest at the rate of two percent per month when
12 payment is delayed more than 90 days after presentation of the clean
13 claim; and

14 (3) a full months interest entitlement if the claim is not
15 paid by the 15th day of a calendar month.

16 Sec. 47.05.120. DEFINITIONS. In AS 47.05.070 - 47.05.120

17 (1) "clean claim" means a claim for payment which can be
18 processed without obtaining additional information from the provider of
19 the service or from a third party; it includes a claim with errors
20 originating in the department's claims processing system, but does not
21 include claims from a provider who is under investigation for fraud or
22 abuse, or a claim under review for medical necessity;

23 (2) "commissioner" means the commissioner of health and
24 social services;

25 (3) "department" means the Department of Health and Social
26 Services;

27 (4) "medical assistance" means Medicaid (AS 47.07), general
28 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and
29 crippled children's and maternal and child health programs (AS 18.05.-

1 010).

2 * Sec. 9. AS 47.07.020(b) is repealed and re-enacted to read:

3 (b) Residents of the state for whom the Social Security Act allows
4 optional medical coverage qualifying for federal financial participation
5 are eligible for medical assistance.

6 * Sec. 10. AS 47.07.030 is repealed and re-enacted to read:

7 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services
8 to be offered to eligible persons include services eligible for federal
9 financial participation under Title XIX of the federal Social Services
10 Act.

11 * Sec. 11. AS 47.25.120 is amended to read:

12 Sec. 47.25.120. ELIGIBILITY FOR ASSISTANCE. Financial assistance
13 may be given under AS 47.25.120 - 47.25.300 [, SO FAR AS PRACTICABLE
14 UNDER THE CONDITIONS IN THIS STATE,] to

15 (1) a needy person who is eligible under the regulations of
16 the department; and

17 (2) a medically needy person whose income is less than the
18 medically needy income standard or who has incurred medical expenses
19 which equal or exceed the difference between the person's monthly in-
20 come and the medically needy income standard; the medically needy in-
21 come standard is 150 percent of the current Federal Community Services
22 Administration poverty income guidelines for Alaska (45 C.F.R.,
23 sec. 1060.2).

24 * Sec. 12. AS 47.07.020(d) is repealed.

25 * Sec. 13. Sections 4 - 7 and 9 - 12 of this Act take effect January 1,
26 1981.

27 * Sec. 14. Sections 1 - 3, 8, 13, and 14 of this Act take effect July 1,
28 1980.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No HCS for Sponsor Substitute for SB 227 (Finance)
 Title An Act Relating to the Health of Residents of the State
 Requested by House Finance Date 5/31/80

II. FISCAL DETAIL

Agency Affected Administration and Health & Social Services
 Program Category Affected General Government/Health
 BRU, Program, or Subprogram(s) Affected Retirement & Benefits/Medicaid - GR Medical
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		89.3	160.9			
200 TRAVEL		22.3	9.0			
300 CONTRACTUAL		247.5	50.0			
400 COMMODITIES		1.7	2.5			
500 EQUIPMENT		16.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		15,782.2	40,974.2			
TOTAL		16,159.0	41,196.6	plus cost of premium subsidy		

FUNDING (Thousands of Dollars)

GENERAL FUND		8,259.0	20,698.2			
FEDERAL FUNDS		7,900.0	20,419.7			
OTHER (Specify Fund Source)			78.7			

POSITIONS

FULL TIME		1	5			
PART TIME		6	-			
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

(See Attached)

Russ Meekins

IV. DATE 5/31/80 PREPARED BY Russ Meekins
 AGENCY _____
 PHONE _____

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

DEPARTMENT OF ADMINISTRATION - GENERAL GOVERNMENT

Sec. 1 : There is an implied cost to the state of this section which at present cannot be determined. Section 1 provides for a subsidized insurance premium for all people in the state with income levels between a medicaid eligibility income level and an income level of an individual with adjusted gross income of \$2000 per month, on a sliding schedule. (Adjusted to correspond to inflation as measured by the consumer price index.)

Administrative costs are anticipated for 3 months in FY-81 so as to be ready to provide coverage July 1, 1981. These costs are continued into future fiscal years.

Personal Services

1 Retirement & Benefits Specialist IV (20)	34.1
2 Retirement & Benefits Specialist II (16)	51.2
1 Acctg. Technician II (14)	22.2
1 Clerk IV (9)	16.3
	<u>123.8</u>
Benefits @ 30%	37.1
	<u>160.9</u>

Travel

\$3000/R & B Specialist	\$9,000
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Contractual

Communications	\$5,000
Printing & Advertising	\$15,000
Consulting fees & Services	\$30,000
	<u>\$50,000</u>

Commodities

\$500/person	\$2,500
--------------	---------

Equipment (First year cost only)

Offices Systems Furniture	\$7,000
Calculators, Typewriters, etc.	\$3,000
	<u>\$10,000</u>

FY-81 Costs @ 3 months:

100	\$ 40.2
200	2.3
300	12.5
400	.7
500	10.0 (Full first year cost)
	<u>\$65.7</u>

Sec. 2 : Administration study & development of regulations:

Personal Services

1 Research Analyst III (18) 12 mo.	\$29.6
1 Clerk Typist III (8) PPT 6 mo.	8.2
	<u>37.8</u>
Benefits @ 30%	11.3
	<u>\$49.1</u>

Travel

Staff travel to conduct state-wide hearings.	\$20.0
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Contractual

Communications/printing, etc.	\$10.0
Consulting and professional fees:	
Actuarial Study \$100,000	
Statewide Survey \$100,000	
Other Consulting \$ 25,000	<u>\$225.0</u>
	<u>\$235.0</u>

Commodities

\$500/person	\$ 1.0
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Equipment

Office Systems Furniture	\$3.0
Typewriters/Calculators	<u>\$3.0</u>
	<u>\$6.0</u>

Total for Sec. 2 : \$310.1
It is not anticipated that continuation of these positions would be necessary beyond FY - 81.

Sec. 3,4,5,6,7 (FY-82 impact)

No impact in FY-81. State group health insurance policies are renewed annually on a fiscal year basis.

Coverage estimated for approximately \$10,000 State employees at \$4.10/month = \$492.0

FUNDING

(81% G.F. = \$393.6)
(4% Fed. = \$ 19.7)
(15% Other= \$ 78.7)

DEPARTMENT OF HEALTH & SOCIAL SERVICES - HEALTH CATEGORY

Sec. 8 : Requires interest on late payments to providers: \$282.2

Sec. 9,10, 11. 12 : Per Dept. of Health & Social Services:

(In millions)	<u>6 mo. FY-81</u>		<u>FY-82</u>	
	<u>GF</u>	<u>Fed.</u>	<u>GE</u>	<u>Fed.</u>
1. Addition of Medicaid Services and New Eligibles	4.2	7.9	11.0	20.4
2. Decrease of G.R. Med.	(2.2)	-	(5.8)	-
3. State only - medically needy	<u>5.6</u>	<u>-</u>	<u>14.6</u>	<u>-</u>
	<u>\$7.6</u>	<u>\$7.9</u>	<u>\$19.8</u>	<u>\$20.4</u>

Increase in cost from FY-81 to FY-82 is estimated at 30% to be comparable to the 33.5% composite rate used to budget inflation from FY-80 to FY-81.

5/29/80 ✓
Bradley

Original sponsors: Colletta, Stimson
and Hohman

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the health of residents of the
7 state; and providing for an effective date."

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

9 * Section 1. AS 21 is amended by adding a new chapter to read:

10 CHAPTER 50. COMPREHENSIVE HEALTH CARE PLANS.

11 Sec. 21.50.010. RESIDUAL MARKET HEALTH INSURANCE POOL. (a) The
12 carrier which writes the largest premium volume of health insurance in
13 the state as determined by the director shall, as a condition of trans-
14 acting health insurance, establish and operate a residual market health
15 insurance pool. Individual, group, and Medicare supplemental comprehen-
16 sive health care plans as described in AS 21.50.020 shall be available
17 through the residual market health insurance pool to every eligible
18 individual or employer resident in the state. Applicants shall have a
19 choice of the low option, the middle option, or the high option de-
20 ductible established under AS 21.50.020.

21 (b) The administering carrier shall submit to the director for
22 approval a plan of operation for the residual market health insurance
23 pool which assures the fair, reasonable, and equitable operation of the
24 pool. The plan shall establish procedures for administration, account-
25 ing, record keeping, and reporting for the pool, amendment of the plan,
26 and advertising of the coverage provided. If the carrier fails to
27 submit a plan within six months after the effective date of regulations
28 implementing this Act, the director may adopt a plan to carry out the
29 provisions of this section.

1 (c) Rates for comprehensive health coverage issued through the
2 residual market health insurance pool may not be excessive, inadequate,
3 or unfairly discriminatory. The rate for a given classification or
4 group in the pool may not be more than 125 percent of the rate for a
5 classification or group of at least 25 persons with similar characteris-
6 tics at standard risk, for equivalent coverage not written through the
7 pool. All policy forms and rates shall be filed with the director and
8 may be disapproved within 30 days from the filing.

9 (d) Following the close of a fiscal year, the administering car-
10 rier shall determine the net premiums, administrative expenses, and
11 incurred losses for the year from the operation of the residual market
12 health insurance pool. Net gains, if any, shall be held at interest to
13 offset future pool losses or allocated to reduce future pool premiums.
14 Net losses may be credited against the carrier's income tax payable
15 under AS 43.20 or its premium tax payable under this title. If the
16 administering carrier's total assessment exceeds its tax liability for
17 the year, the commissioner of revenue shall directly reimburse the
18 carrier in the amount of the excess.

19 Sec. 21.50.020. COMPREHENSIVE HEALTH CARE PLANS. (a) Each of the
20 three types of comprehensive health care plans (individual, group, and
21 Medicare supplemental) shall provide minimum standard major medical
22 benefits required by regulation.

23 (b) A comprehensive health care plan shall provide for a choice of
24 deductibles. The low option deductible is \$100 per person, the middle
25 option deductible is \$500 per person, and the high option deductible is
26 \$1,000 per person. The \$100 maximum, the \$500 maximum and the \$1,000
27 maximum established under this subsection shall be adjusted ^{periodically} ~~yearly~~ by
28 the director by regulation to correspond with the change in the medical
29 care component of the consumer price index. The base year for the

1 computation is the first full year of operation of the plan.

2 (c) The sum of the deductible and copayments required in a calendar
3 year under an option may not exceed a maximum limit of \$1,000 per covered
4 individual or \$2,000 per covered family. The \$1,000 and \$2,000 maximums
5 shall be adjusted ^{periodically} ~~yearly~~ by the director to correspond with the change
6 in the medical care component of the consumer price index.

7 (d) A comprehensive health care plan may limit lifetime benefits
8 to a maximum of not less than \$1,000,000 per insured person.

(e) Benefits payable under a comprehensive health care plan written by the residual market health insurance pool are paid net of all health care benefits provided by or under another state or federal law including Title XVIII of the Social Security Act, Medicare, but not including Medicaid.

9 (f) The director shall adopt regulations establishing subrogation
10 rights and coordination of benefits.

11 Sec. 21.50.030. ELIGIBILITY. (a) An individual comprehensive
12 health care plan is open to enrollment by a resident of the state who is
13 under 65 and can provide evidence, with respect to major medical cover-
14 age, of rejection, requirement of restrictive riders, a rate up, or a
15 preexisting conditions limitation by ^{two} ~~one~~ carriers within six months before
16 the application for enrollment in an individual comprehensive health
17 care plan, the effect of which is to substantially reduce coverage from
18 that available to a person considered standard risk.

19 (b) A group comprehensive health care plan is available to a
20 resident employer of three or more employees whom the employer seeks to
21 enroll in a group plan, who can provide evidence, with respect to major
22 medical coverage, of rejection, requirement of restrictive riders, a
23 ~~resulting in rates higher than the comprehensive health care plan~~
24 rate up, or a preexisting conditions limitation by ^{two} ~~one~~ carriers within six
25 months before the application for a group comprehensive health care
26 plan, the effect of which is to substantially reduce coverage from that
27 available to a group considered standard risk or a group of 25 members.

28 (c) A Medicare supplemental comprehensive health care plan is open
29 to enrollment by a resident of the state who is enrolled in Medicare
Parts A and B and who can provide evidence, with respect to major medi-

1 cal coverage, of rejection, requirement of restrictive riders a rate up,
2 or a preexisting conditions limitation by a carrier within six months
3 before the application for enrollment in an individual comprehensive
4 health care plan, the effect of which is to substantially reduce cover-
5 age from that available to a person considered a standard risk.

6 (d) An individual may not purchase or renew coverage under a com-
7 prehensive health care plan established under this chapter after ceasing
8 to be a resident of the state.

9 Sec. 21.50.040. ADDITIONAL CRITERIA FOR ELIGIBILITY. The director
10 may adopt by regulation supplemental or alternative eligibility criteria
11 which reflect the inability of an applicant to obtain coverage sub-
12 stantially similar to that which may be obtained by an applicant who is
13 considered a standard risk or by a group with 25 members.

14 Sec. 21.50.050. POWERS OF DIRECTOR. The director may

15 (1) formulate general policies to advance the purposes of
16 AS 21.50.010 - 21.50.040 and may adopt regulations under AS 21.06.090 to
17 carry out the provisions of AS 21.50.010 - 21.50.040;

18 (2) adopt by regulation reasonable limits on administrative
19 expenses of the administering carrier which may be paid from compre-
20 hensive health care plan premiums, and minimum standards for the propor-
21 tion of comprehensive health care plan premiums to be paid out in claims;

22 (3) examine and investigate the operation of the residual
23 market health insurance pool and shall have reasonable access to the
24 books, records, files, papers, and documents of the administering carrier
25 that relate to the operation of the pool;

26 (4) examine directors, officers, agents, brokers, or em-
27 ployees of the administering carrier for the purpose of determining if
28 coverage is being adequately and fairly provided through the pool;

29 (5) contract with the federal government or with another unit

1 of government to ensure coordination of the comprehensive health care
2 plan with other governmental assistance programs;

3 (6) undertake directly or through studies or demonstration
4 programs to develop awareness of the benefits of AS 21.50.010 - 21.50.-
5 040 so that residents of the state may avail themselves of the health
6 care benefits provided by these sections.

7 Sec. 21.50.100. DEFINITIONS. In this chapter,

8 (1) "administering carrier" means the carrier with the
9 largest premium volume of health insurance in the state which is obli-
10 gated under AS 21.50.010 to establish and operate a residual market
11 health insurance pool;

12 (2) "carrier" means an insurer, hospital service corporation,
13 or medical service corporation;

14 (3) "comprehensive health care plan" means health insurance
15 which provides the benefits required under AS 21.50.020;

16 (4) "director" means the director of the division of in-
17 surance in the Department of Commerce and Economic Development;

18 (5) "family" means the primary insured and the covered depen-
19 dents of the primary insured;

20 (6) "health insurance"

21 (A) means hospital and medical expenses incurred poli-
22 cies written on a direct basis, nonprofit service plan contracts,
23 and self-insured or self-funded employee health benefit plans;

24 (B) does not include accident only policies, disability
25 income policies or casualty insurance coverages subject to regu-
26 lation under AS 21.39;

27 (7) "Medicare supplement plan" means a health insurance plan
28 which provides benefits which complement or supplement the benefits
29 provided by Medicare;

1 (8) "Medicare supplemental comprehensive health care plan"
 2 means a plan which, in conjunction with Medicare Parts A and B coverage,
 3 provides the benefits required under AS 21.50.020;

4 (9) "resident employer"

5 (A) means a person, partnership, association, trust,
 6 estate, corporation, whether foreign or domestic or the legal
 7 representative, trustee in bankruptcy or receiver or trustee of one
 8 of these, or the legal representative of a deceased person, in-
 9 cluding the state and a municipality of the state which has in its
 10 employ one or more individuals during a calendar year;

11 (B) refers only to an employer with a majority of em-
 12 ployees employed in the state.

13 * Sec. 2. AS 21.27.410(a) is amended by adding a new paragraph to read:

14 (10) if an agent, solicitor, or broker transacting health
 15 insurance in the state fails to refer an applicant for health insurance
 16 whom the agent, solicitor, or broker has reason to believe may be eli-
 17 gible for a comprehensive health plan through the residual market health
 18 insurance pool. to the administering carrier, of the residual market health
 19 insurance pool

19 * Sec. 3. AS 21.87.340 is amended by adding a new paragraph to read:

20 (17) AS 21.50.

21 * Sec. 4. The director of the division of insurance, Department of Com-
 22 merce and Economic Development, shall adopt regulations implementing sec. 1
 23 of this Act by January 1, 1981.

24 * Sec. 5. AS 39.30.090(1) is amended to read:

25 (1) A group insurance policy shall provide one or more of the
 26 following benefits: life insurance, accidental death and dismemberment
 27 insurance, weekly indemnity insurance, hospital expense insurance,
 28 surgical expense insurance, dental expense insurance, audio-visual
 29 insurance, alcoholism and drug dependency insurance, or other medical

1 care insurance.

2 * Sec. 6. AS 39.30 is amended by adding a new section to read:

3 Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)

4 The group insurance policy required by AS 39.30.090(1)

5 (1) shall provide coverage for alcoholism and drug dependence
6 to include

7 (A) inpatient detoxification benefits for not less than
8 14 days of benefit each calendar year in a state-approved treatment
9 facility or licensed hospital; payment of institutional and profes-
10 sional benefits shall be equal to and payable as any other covered
11 condition, except a covered condition which, by the terms of the
12 policy, has an internal restriction;

13 (B) inpatient treatment coverage benefits for not less
14 than 30 days of benefit each calendar year in a state-approved
15 treatment program; payment of institutional and professional bene-
16 fits shall be at the same level as any other covered condition,
17 except a covered condition which, by the terms of the policy, has
18 an internal restriction; and

19 (C) outpatient treatment coverage benefits of not less
20 than 30 visits each calendar year if treatment is provided by a
21 licensed physician, state-approved treatment program, or state-
22 certified professional substance abuse counselor; coverage shall
23 include individual, family or group therapy; benefits shall be paid
24 at not less than 75 percent of the usual, customary and reasonable
25 charge for a medical procedure, treatment or service in the geo-
26 graphic area;

27 (2) may not exclude dependents otherwise covered and may not
28 limit coverage for alcoholism or drug dependence because of age, sex or
29 state of illness;

1 (3) may not apply preexisting or named condition exclusions
2 to deny coverage for alcoholism or drug dependence; and

3 (4) may require a physician's certification of necessity as a
4 condition of payment for alcoholism or drug dependence treatment.

5 (b) The provisions of this section apply to group health insurance
6 contracts and group service or indemnity type contracts issued to pro-
7 vide coverage for employees of the state and may apply to contracts for
8 the benefit of employees of other participating governmental units only
9 if the governing body of the governmental unit elects to have the provi-
10 sions apply.

11 (c) In (a) of this section,

12 (1) "alcoholism" means an illness or condition characterized
13 by the habitual lack of self control in the use of alcoholic beverages,
14 or use of alcoholic beverages to the extent that health is substantially
15 impaired or endangered, or social or economic function is substantially
16 disrupted;

17 (2) "drug dependence" means the condition of being physically
18 or psychologically addicted to an opiate, opiate derivative, tranquil-
19 izer, amphetamine, barbiturate, or similar substance, but excluding
20 nicotine, caffeine and alcohol;

21 (3) "state" means any state in the United States and includes
22 the District of Columbia.

23 * Sec. 7. AS 39.30.100 is amended to read:

24 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-
25 30.090]

26 (1) "eligible employee" means

27 (A) an employee who has served in permanent full-time or
28 part-time employment with the same governmental unit for 30 days or
29 more, except an emergency or temporary employee, and

1 (B) - an elected or appointed official of a governmental
2 unit, effective upon taking the oath of office;

3 (2) "governmental unit" means the state, a borough, municipal
4 corporation, or other political subdivision of the state, and the North
5 Pacific Fishery Management Council;

6 (3) "insurance", "insurance carrier" and "insurance policy"
7 include health care services, health care service contractors and con-
8 tracts.

9 * Sec. 8. The provisions of secs. 5 - 7 of this Act apply to group poli-
10 cies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and
11 which are delivered, issued for delivery, or renewed in this state after the
12 effective date of this Act. A policy or contract providing coverage for
13 eligible employees in this state delivered, issued for delivery, or renewed
14 after the effective date of this Act provides the minimum coverage required
15 by this Act even if the language of the policy or contract does not so
16 specifically provide.

17 * Sec. 9. AS 47.05 is amended by adding new sections to read:

18 Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-
19 TRACTS. (a) The commissioner shall use available medical assistance
20 funds to purchase and pay premiums on policies of insurance or pay the
21 expenses on health maintenance organization service contracts or medical
22 or hospital service contracts that provide one or more of the medical
23 services available under state medical assistance programs.

24 (b) The policy of insurance or the contract must by its terms
25 guarantee

26 (1) to provide the medical services allowed under state law;

27 (2) to provide medical services under policies of insurance
28 or contracts in compliance with applicable laws and regulations;

29 (3) to provide the statistical data, records, and reports

1 relating to the provision, administration, and costs of providing
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3 Sec. 47.05.080. CONTRACTS WITH DIRECT PROVIDERS OF CARE AND
4 SERVICE. (a) The commissioner may enter into nonexclusive contracts
5 under which funds available for medical assistance may be administered
6 and disbursed by the contractor to direct providers of medical and
7 remedial care and services available under medical assistance for
8 services rendered and supplies furnished by them.

9 (b) A contract under this section shall

10 (1) oblige the contractor to make payments under the contract
11 promptly and not later than 30 days after receipt of the proper evidence
12 of the claim; and

13 (2) provide data, records, and reports required by the com-
14 missioner.

15 Sec. 47.05.090. IMPLEMENTATION. The commissioner shall implement
16 the provisions of AS 47.05.070 - 47.05.090 when the commissioner
17 determines that comparable benefits are available at equal or less cost
18 than direct payments by the department to the providers of medical
19 assistance.

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24 Sec. 47.05.110. INTEREST ON LATE PAYMENTS. When presented by a
25 provider of medical services with a clean claim, the state shall pay

26 (1) interest at the rate of one percent per month when
27 payment is delayed more than 30 days after presentation of the clean
28 claim;

29 (2) interest at the rate of two percent per month when

1 payment is delayed more than 90 days after presentation of the clean
2 claim; and

3 (3) a full months interest entitlement if the claim is not
4 paid by the 15th day of a calendar month.

5 Sec. 47.05.120. DEFINITIONS. In AS 47.05.070 - 47.05.120

6 (1) "clean claim" means a claim for payment which can be
7 processed without obtaining additional information from the provider of
8 the service or from a third party; it includes a claim with errors
9 originating in the department's claims processing system, but does not
10 include claims from a provider who is under investigation for fraud or
11 abuse, or a claim under review for medical necessity;

12 (2) "commissioner" means the commissioner of health and
13 social services;

14 (3) "department" means the Department of Health and Social
15 Services;

16 (4) "medical assistance" means Medicaid (AS 47.07), general
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29 * Sec. 12. AS 47.25.120 is amended to read:

1 Sec. 47.25.120. ELIGIBILITY FOR ASSISTANCE. Financial assistance
2 may be given under AS 47.25.120 - 47.25.300 [, SO FAR AS PRACTICABLE
3 UNDER THE CONDITIONS IN THIS STATE,] to

4 (1) a needy person who is eligible under the regulations of
5 the department; and

6 (2) a medically needy person whose income is less than the
7 medically needy income standard or who has incurred medical expenses
8 which equal or exceed the difference between the person's monthly in-
9 come and the medically needy income standard; the medically needy in-
10 come standard is 150 percent of the current Federal Community Services
11 Administration poverty income guidelines for Alaska (45 C.F.R.,
12 sec. 1060.2).

13 * Sec. 13. AS 47.07.020(d) is repealed.

14 * Sec. 14. Sections ^{1, 2} 7 - 8 and 10 - 13 of this Act take effect January 1,
15 1981.

16 * Sec. 15. Sections ^{1, 2} 9, 14, and 15 of this Act take effect July 1, 1980.
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FISCAL SUMMARY

<u>FY 81</u>	HCS CSSSSB 227 (HESS)			
	(in thousands of dollars)			
	General Funds	Federal Funds	Other	Total
Sections 1-3: Health insurance pool	99.0			99.0
Sections 4-7: Alcoholism benefits	138.6	7.8	22.8	169.2
Sections 8-12: Medicaid & GR Med	<u>7,728.7</u>	<u>7,858.5</u>		<u>15,587.2</u>
TOTAL	7,966.3	7,866.3	22.8	15,855.4

FY 82

Sections 1-3: Health insurance pool	83.8		45.0	128.8
Sections 4-7: Alcoholism benefits	332.6	18.7	54.8	406.1
Sections 8-12: Medicaid & GR Med	<u>17,003.0</u>	<u>17,288.7</u>		<u>34,291.7</u>
TOTAL	17,419.4	17,307.4	99.8	34,826.6

Prepared by HESS staff 5/22/80

I. REQUEST

Bill/Resolution No. HCS CSSSSB 227 (HESS) SECTIONS 1-3
 Title An Act relating to the health of residents of the state
 Requested by Health Education and Social Services Comm Date 5/20/80

II. FISCAL DETAIL

Agency Affected Division of Insurance
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Division of Insurance
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		48.3	53.2	58.2		
200 TRAVEL		5.0	3.0	3.3		
300 CONTRACTUAL		40.9	26.8	29.4		
400 COMMODITIES		.8	.8	.9		
500 EQUIPMENT		4.0	--	--		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Reduct. of Unrestric. tax Rcpt. #019		--	45.0	99.0		
TOTAL		99.0	128.8	190.8		

FUNDING (Thousands of Dollars)

GENERAL FUND		99.0	83.8	91.8		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Reduct. of Unrestric. tax Rcpt #019		--	45.0	99.0		

POSITIONS

FULL TIME Market Analyst III		1	1	1		
PART TIME Clerk Typist III		1	1	1		
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This note assumes a half year of implementation and a half year of operation in FY81. It assumes 10% inflation for FY82 and FY83.

FISCAL NOTE

PERSONAL SERVICES

The law in Connecticut on which this bill is based was implemented with no additional staff. Most of the substantive work was performed by the industry. One new position with clerical support may be justified, however, for drafting the regulations, reviewing the organization of the Health reinsurance Association and approving the rates and policy forms developed by the carriers for the comprehensive health plan.

Market Analyst III	Range 18A	12 months	\$29,580
Clerk Typist III	Range 8A	half-time, 12 months	8,162
			\$37,742
		benefits (.1529)	5,771
		FICA	
		(.0665 x 8162 + 1985)	2,528
		health insurance	
		(127 x 1.5 x 12)	2,286
			\$48,327

TRAVEL

Travel to Connecticut and Minnesota and to Health Reinsurance Association board meetings	\$ 5,000.
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CONTRACTUAL

Rent 2 positions x 150 sq. ft. x \$1.70 x 12 mo.	\$ 6,120
Phone (80 install + 600 local + 3,000 long distance)	3,680
Postage	1,000
Printing and Xerox	2,000
Equipment Rental (typewriter)	2,500
Consulting	25,000
Other	600
	\$40,900

<u>COMMODITIES</u> (1.5 x 500)	\$ 750
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EQUIPMENT

desks, chairs, bookcase, filing cabinet, calculator, etc.	\$ 4,000
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PREMIUM TAX OFFSET

Total Comprehensive Health Plan Premiums in Connecticut for 1979: \$2,785,367

Total HRA Assessment since April 1, 1976: \$ 80,000

Alaska population*/Connecticut population* = 395,000/2,746,000 = .144

Alaska rates/Connecticut rates: 1.35

Factor for change in deductions: 1.05

Factor for change in pregnancy benefits: 1.05

Factor for change in transportation benefits: fudgefactor: 1.20

Loss factor: (135% - 125%)/135% = .074

Inflation factor '79 - '81: 1.21

$\$2,785,367 \times .144 \times 1.35 \times 1.05 \times 1.05 \times 1.20 \times .074 \times 1.21 + (\$80,000/345) = 87,402$

This estimating procedure will tend to overestimate the costs. Nevertheless, there are many difference between Connecticut and Alaska which we cannot account for, and the margin for error is large. Rounding up to an even \$90,000 should produce a safe high estimate of the tax loss to the state in a full year of operation. Since FY '81 includes only a half year of operation, only half that amount would be claimed in FY '82.

* Civilian noninstitutionalized population under age 65.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. AC3 CS for SS Senate Bill 227 (HESS) SECTIONS 4-7
 Title Insurance for Alcoholism and Drug Dependence
 Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected Retirement and Benefits (OTHER BENEFITS)
 BRU, Program, or Subprogram(s) Affected 02-96-8-01-02-00

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		282.0	338.4	406.1	487.3	584.8
TOTAL		282.0	338.4	406.1	487.3	584.8

FUNDING (Thousands of Dollars)

GENERAL FUND	230.8	277.1	332.6	399.2	478.9
FEDERAL FUNDS	13.0	15.6	18.7	22.4	26.9
VETERAN'S FUND	9.6	0.7	0.8	1.0	1.2
FISH & GAME FUND	1.7	2.0	2.4	2.9	3.5
HIGHWAY FUND	3.7	4.4	5.3	6.3	7.6
AIRPORT FUND	8.2	9.8	11.8	14.1	17.0
CAPITAL FUND	24.0	28.8	34.5	41.4	49.7
PERS					
TRS					

POSITIONS

NONE

FULL TIME					
PART TIME					
TEMPORARY					

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

- Approximately 8,900 State employees are currently covered under the State Group Health Care Plan.
- The cost to implement the provisions of this bill will be \$2.64 per employee per month.
- Estimate that the cost to provide continued coverage will increase 20% each year for the immediate future. However, an effective alcoholism/drug dependency program should help to reduce overall health care claim experience in the future.
- Cost for coverage of political subdivisions (approximately 50 subdivisions) participating in group insurance not included; recommend that the Alaska Municipal League, 204 Franklin St., Juneau, AK 586-1325, be contacted for input.

IV. DATE 3/30/79 PREPARED BY Paul B. Arnoldt, Director
 AGENCY Division of Retirement & Benefits
 PHONE 465-4460

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Senator Colletta & Senate HESS

Summary Sheet

House CS for CS for Sponsor Substitute for Senate Bill No. 227
 (In thousands of dollars) SECTIONS 8-12

	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>New Positions</u>
1. Addition of Medicaid Services and New Eligibles	\$24,194.5	\$15,717.0	\$ 8,477.5	17
2. Decrease of GR-Med. as Result of Adding Medicaid Svcs. and Eligible Groups	4,471.8	-0-	4,471.8	-0-
3. State Only Medically Needy	11,169.4	-0-	11,169.4	16
4. Interest Payment	<u>282.2</u>	<u>-0-</u>	<u>282.2</u>	<u>-0-</u>
TOTAL	\$31,174.3	\$15,717.0	\$15,457.3	33

[NOTE: THESE AMOUNTS PREPARED BY THE DEPARTMENT ARE FOR A FULL YEARS' OPERATION. THE SUMMARY SHEET PREPARED BY HESS STAFF ASSUMES A HALF YEAR OF OPERATION IN FY81 AND 10% INFLATION FOR FY82. --HESS STAFF]

ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227
 Title An Act relating to the health of residents of the State.
 Requested by The Hess Committee Date May 2, 1980

II. FISCAL DETAIL

Agency Affected Department of Health and Social Sevices
 Program Category Affected Health/Social and Economic Assistance
 BRU, Program, or Subprogram(s) Affected Medicaid/Eligibility Determination/PAA
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		448.3				
200 TRAVEL		17.0				
300 CONTRACTUAL		175.5				
400 COMMODITIES		8.5				
500 EQUIPMENT		17.5				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		23,527.7				
TOTAL		24,194.5				

FUNDING (Thousands of Dollars)

GENERAL FUND		8,477.5				
FEDERAL FUNDS		15,717.0				
OTHER (Specify Fund Source)		-0-				

POSITIONS

FULL TIME		17				
PART TIME		-0-				
TEMPORARY		-0-				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Medical benefits would be provided to approximately 3,065 new cases under the Medicaid program. Administration of program benefits would require 15 field staff positions and 2 central office positions, office space, and additional computer time to be divided between the Eligibility Determination and Public Assistance Administration BRUs. Funding is 50% federal except for the Indian Health Care program which is funded at 100% federal funds. Since the bill proposes to add new coverage groups and new categories of coverage to Medicaid, there will be a reduction in General Relief Medical program expenditures as indicated on page 2. Thus, the actual increase in state General fund revenues needed for this increased Medicaid coverage is $8,477.5 - 4,471.8 = 4,005.7$.

Original: Legislative Finance Prepared by: David M. Davidson Date: May 2, 1980
 cc: Budget and Management Division/Office: Public Assistance PH465-3347
 Prime Sponsor (First Legislator Named) Department of Health & Social Services

ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227
 Title An Act relating to the health of residents of the State.
 Requested by The Hess Committee Date May 2, 1980

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Health

BRU, Program, or Subprogram(s) Affected General Relief Medical

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(4,471.8)				
TOTAL		(4,471.8)				

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		(4,471.8)				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		-0-				
PART TIME		-0-				
TEMPORARY		-0-				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Decrease in General Relief Medical program expenditures due to the transfer of coverage for certain service categories from state funding to coverage under the Medicaid program, and the addition of certain groups under Medicaid that are currently covered by General Relief Medical.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Prepared by: David M. Davidson Date: May 2, 1980
 Division/Office: Public Assistance PH: 465-3347
 Department of Health & Social Services

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for () for Sponsor Substitute for Senate Bill No. 227
 Title An Act relating to the health of residents of the State.
 Requested by The Hess Committee Date May 2, 1980

II. FISCAL DETAIL

Department of Health and Social Services
 Agency Affected
 Program Category Affected Health/Social and Economic Assistance
 BRU, Program, or Subprogram(s) Affected General Relief Medical/Eligibility Determination/PAA
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		423.3				
200 TRAVEL		16.0				
300 CONTRACTUAL		154.0				
400 COMMODITIES		8.0				
500 EQUIPMENT		16.5				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		10,551.6				
TOTAL		11,169.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		11,169.4				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)		-0-				

POSITIONS

FULL TIME		16				
PART TIME		-0-				
TEMPORARY		-0-				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Medical benefits would be provided to approximately 2,821 new cases under a state-only medically needy program as part of the General Relief Medical program. Administration of program benefits would require 14 field staff positions and 2 central office positions, office space, and additional computer time to be divided between the Eligibility Determination and Public Assistance Administration BRUs. Funding is indicated as 100% state funds, but it may be possible to receive federal funding for certain individuals with income less than 133% of the state need standard for the particular eligibility categorical group to which they are related.

Original: Legislative Finance Prepared by: David M. Davidson Date: May 2, 1980
 cc: Budget and Management Division/Office: Public Assistance PH:465-3347
 Prime Sponsor (First Legislator Named) Department of Health & Social Services

ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227

Title An Act relating to the health of the residents of the State.

Requested by The Hess Committee

Date May 2, 1980

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Health

BRU, Program, or Subprogram(s) Affected General Relief Medical

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		282.2				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		282.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		282.2				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)						

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Funding necessary to make interest payments to providers for Medicaid and General Relief Medical clean claims not processed within 30 days of receipt by the Department. Federal law requires states to process 90% of Medicaid clean claims within 30 days of receipt, however no provision is made under federal law for funds to be used to make interest payments. Thus, all interest payments must be made using state funds only.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Prepared by: David M. Davidson Date: May 2, 1980
 Division/Office: Public Assistance PH: 465-3347
 Department of Health & Social Services

Original sponsors: Colletta, Stimson
and Hohman

Offered: 4/26/79
Referred: Rules

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance for alcoholism and drug
7 dependence for employees of the state and its political
8 subdivisions."

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

10 * Section 1. AS 39.30.090(1) is amended to read:

11 (1) A group insurance policy shall provide one or more of the
12 following benefits: life insurance, accidental death and dismemberment
13 insurance, weekly indemnity insurance, hospital expense insurance,
14 surgical expense insurance, dental expense insurance, audio-visual
15 insurance, alcoholism and drug dependency insurance, or other medical
16 care insurance.

17 * Sec. 2. AS 39.30 is amended by adding a new section to read:

18 Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)

19 The group insurance policy required by AS 39.30.090(1)

20 (1) shall provide coverage for alcoholism and drug dependence
21 to include

22 (A) inpatient detoxification benefits for not less than
23 14 days of benefit each calendar year in a state-approved treatment
24 facility or licensed hospital; payment of institutional and profes-
25 sional benefits shall be equal to and payable as any other covered
26 condition, except a covered condition which, by the terms of the
27 policy, has an internal restriction;

28 (B) inpatient treatment coverage benefits for not less
29 than 30 days of benefit each calendar year in a state-approved

1 treatment program; payment of institutional and professional bene-
2 fits shall be at the same level as any other covered condition,
3 except a covered condition which, by the terms of the policy, has
4 an internal restriction; and

5 (C) outpatient treatment coverage benefits of not less
6 than 30 visits each calendar year if treatment is provided by a
7 licensed physician, state-approved treatment program, or state-
8 certified professional substance abuse counselor; coverage shall
9 include individual, family or group therapy; benefits shall be paid
10 at not less than 75 per cent of the usual, customary and reasonable
11 charge for a medical procedure, treatment or service in the geo-
12 graphic area;

13 (2) may not exclude dependents otherwise covered and may not
14 limit coverage for alcoholism or drug dependence because of age, sex or
15 state of illness;

16 (3) may not apply preexisting or named condition exclusions
17 to deny coverage for alcoholism or drug dependence; and

18 (4) may require a physician's certification of necessity as a
19 condition of payment for alcoholism or drug dependence treatment.

20 (b) The provisions of this section apply to group health insurance
21 contracts and group service or indemnity type contracts issued to pro-
22 vide coverage for employees of the state and may apply to contracts for
23 the benefit of employees of other participating governmental units only
24 if the governing body of the governmental unit elects to have the provi-
25 sions apply.

26 (c) In this section,

27 (1) "alcoholism" means an illness or condition characterized
28 by the habitual lack of self control in the use of alcoholic beverages,
29 or use of alcoholic beverages to the extent that health is substantially

1 impaired or endangered, or social or economic function is substantially
2 disrupted;

3 (2) "drug dependence" means the condition of being physically
4 or psychologically addicted to an opiate, opiate derivative, tranquil-
5 izer, amphetamine, barbiturate, or similar substance, but excluding
6 nicotine, caffeine and alcohol;

7 (3) "state" means any state in the United States and includes
8 the District of Columbia.

9 * Sec. 3. AS 39.30.100 is amended to read:

10 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-
11 30.090]

12 (1) "eligible employee" means

13 (A) an employee who has served in permanent full-time or
14 part-time employment with the same governmental unit for 30 days or
15 more, except an emergency or temporary employee, and

16 (B) an elected or appointed official of a governmental
17 unit, effective upon taking the oath of office;

18 (2) "governmental unit" means the state, a borough, municipal
19 corporation, or other political subdivision of the state, and the North
20 Pacific Fishery Management Council;

21 (3) "insurance", "insurance carrier" and "insurance policy"
22 include health care services, health care service contractors and con-
23 tracts.

24 * Sec. 4. The provisions of this Act apply to group policies or contracts
25 delivered issued for delivery, or renewed in this state after the effective
26 date of this Act. A policy or contract providing coverage for eligible
27 employees in this state delivered, issued for delivery, or renewed after the
28 effective date of this Act shall be considered to provide the minimum cover-
29 age required by this Act even if the language of the policy or contract does

1 not so specifically provide.

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Original sponsors: Colletta, Stimson
and Hohman

Offered: 3/13/79
Referred: Judiciary

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance for alcoholism and drug
7 dependence; and providing for an effective date."

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

9 * Section 1. AS 21.42 is amended by adding a new section to read:

10 Sec. 21.42.347. REQUIRED PROVISION OF COVERAGE FOR ALCOHOLISM AND
11 DRUG DEPENDLNCE. (a) Group health insurance policies providing
12 coverage on an expense-incurred basis and group service or indemnity
13 type contracts issued by a nonprofit corporation

14 (1) shall provide coverage for alcoholism and drug dependence
15 to include

16 (A) inpatient detoxification benefits for not less than
17 14 days of benefit each calendar year in a state-approved treatment
18 facility or licensed hospital; payment of institutional and profes-
19 sional benefits shall be equal to and payable as any other covered
20 condition, except a covered condition which, by the terms of the
21 policy, has an internal restriction;

22 (B) inpatient treatment coverage benefits for not less
23 than 30 days of benefit each calendar year in a state-approved
24 treatment program; payment of institutional and professional
25 benefits shall be at the same level as any other covered condition,
26 except a covered condition which, by the terms of the policy, has
27 an internal restriction; and

28 (C) outpatient treatment coverage benefits of not less
29 than 30 visits each calendar year if treatment is provided by a

1 licensed physician, state-approved treatment program, or state
2 certified professional substance abuse counselor; coverage shall
3 include individual, family or group therapy; benefits shall be paid
4 at not less than 75 per cent of the usual, customary and reasonable
5 charge for a medical procedure, treatment or service in the geo-
6 graphic area;

7 (2) may not exclude dependents otherwise covered and may not
8 limit coverage for alcoholism or drug dependence because of age, sex or
9 state of illness;

10 (3) may not apply preexisting or named condition exclusions
11 to deny coverage for alcoholism or drug dependence; and

12 (4) may require a physician's certification of necessity as a
13 condition of payment for alcoholism or drug dependence treatment.

14 (b) In this section,

15 (1) "alcoholism" means an illness or condition characterized
16 by the habitual lack of self control in the use of alcoholic beverages,
17 or use of alcoholic beverages to the extent that health is substantially
18 impaired or endangered, or social or economic function is substantially
19 disrupted;

20 (2) "drug dependence" means the condition of being physically
21 or psychologically addicted to an opiate, opiate derivative, tranquil-
22 izer, amphetamine, barbiturate, or similar substance, but excluding
23 nicotine, caffeine and alcohol;

24 (3) "state" means any state in the United States and includes
25 the District of Columbia.

26 * Sec. 2. AS 21.87.340 is amended by adding a new paragraph to read:

27 (17) AS 21.42.347.

28 * Sec. 3. The provisions of this Act apply to all group policies or
29 contracts delivered, issued for delivery, or renewed in this state after the

1 effective date of this Act. A policy or contract providing coverage for
2 persons in this state delivered, issued for delivery, or renewed after the
3 effective date of this Act shall be considered to provide the minimum
4 coverage required by this Act even if the language of the policy or contract
5 does not so specifically provide.

6 * Sec. 4. This Act takes effect November 1, 1979.

Introduced: 3/8/79
Referred: Health, Education &
Social Services and Judiciary

1 IN THE SENATE

BY COLLETTA, STIMSON
AND HOHMAN

2 SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to insurance for alcoholism and drug
7 dependence; and providing for an effective date."

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

9 * Section 1. AS 21.42 is amended by adding a new section to read:

10 Sec. 21.42.347. REQUIRED PROVISION OF COVERAGE FOR ALCOHOLISM AND
11 DRUG DEPENDENCE. (a) Group health insurance policies providing
12 coverage on an expense-incurred basis and group service or indemnity
13 type contracts issued by a nonprofit corporation

14 (1) shall provide coverage for alcoholism and drug dependence
15 to include

16 (A) inpatient detoxification benefits for not less than
17 14 days of benefit each calendar year in a state-approved treatment
18 facility or licensed hospital; payment of institutional and profes-
19 sional benefits shall be equal to and payable as any other covered
20 condition;

21 (B) inpatient treatment coverage benefits for not less
22 than 30 days of benefit each calendar year in a state-approved
23 treatment hospital; payment of institutional and professional
24 benefits shall be at the same level as any other covered condition;
25 and

26 (C) outpatient treatment coverage benefits of not less
27 than 30 visits each calendar year if treatment is provided by a
28 licensed physician, state-approved treatment program, or state-
29 certified professional substance abuse counselor; coverage shall

1 include individual, family or group therapy; benefits shall be paid
2 at not less than 75 per cent of the usual, customary and reasonable
3 charge for a medical procedure, treatment or service in the geo-
4 graphic area;

5 (2) may not exclude dependents otherwise covered and may not
6 limit coverage for alcoholism or drug dependence because of age, sex or
7 state of illness;

8 (3) may not apply preexisting or named condition exclusions
9 to deny coverage for alcoholism or drug dependence; and

10 (4) may require a physician's certification of necessity as a
11 condition of payment for alcoholism or drug dependence treatment.

12 (b) In this section,

13 (1) "alcoholism" means an illness or condition characterized
14 by the habitual lack of self control in the use of alcoholic beverages
15 to the extent that health is substantially impaired or endangered, or
16 social or economic function is substantially disrupted;

17 (2) "drug dependence" means the condition of being physically
18 or psychologically addicted to an opiate, opiate derivative, tranquil-
19 izer, amphetamine, barbiturate, or similar substance, but excluding
20 nicotine, caffeine and alcohol;

21 (3) "state" means any state in the United States and includes
22 the District of Columbia.

23 * Sec. 2. AS 21.87.340 is amended by adding a new paragraph to read:

24 (17) AS 21.42.347.

25 * Sec. 3. The provisions of sec. 1 of this Act apply to all group poli-
26 cies or contracts delivered, issued for delivery, or renewed in this state
27 after the effective date of this Act. A policy or contract delivered, issued
28 for delivery, or renewed after the effective date of this Act shall be con-
sidered to provide the minimum coverage required by sec. 1 of this Act even

1 if the language of the policy or contract does not so specifically provide.

2 * Sec. 4. This Act takes effect November 1, 1979.

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RESOLUTION PAPERS/Department of Health & Social

POSITION PAPER
ON

HOUSE CS FOR CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 227 (FINANCE)

"An Act relating to the health of residents of the State; and providing for an effective date."

I. Departmental Overview of House CS for CS for SS for SB 227 (Finance)

The Department of Health and Social Services will primarily reserve its comments to Sections 5-15 of the bill, as the earlier sections are concerned with health insurance. It is our understanding that these issues are planned to be addressed by the Division of Insurance in the Department of Commerce and Economic Development.

The Department, in general, believes that House CSCSSSB 227 (Finance) takes a multi-faceted approach to a complex problem. It appears to move in too many directions and at too rapid a time frame, which could potentially jeopardize the accomplishment of the goals that the bill seeks to obtain. We recommend that all sections of the bill, except for Sections 5-8, be studied further during the interim to insure that the plan on which the insurance section of the bill is modeled is workable, affordable, and in the best interest of clients and the insurance industry. Sections 5-8 (pilot project for alcoholism insurance coverage for state and other participating government employees) which were the body of CSSSSB 227 (HESS) and the result of over a year's planning. That pilot project concept is supported by state government and the insurance companies that serve Alaska. We, therefore, recommend that the pilot project sections of the current committee substitute be addressed separately in their original piece of legislation. We are concerned that the fiscal impact of the expansion of the Medicaid program and the uncertainties of the health insurance section may outweigh serious consideration of the pilot project for alcohol insurance, which has been studied for a significant period of time.

The Department is also concerned about the massive increase to the Medicaid and General Relief-Medical programs, if House CSCSSSB 227 (Finance) were to pass. The bill would increase the budgets of these programs by over 50% (if implemented for a full fiscal year) and would require a monumental effort on the part of our Division of Public Assistance to gear up for implementation by the January, 1981 effective date. We are concerned that the current Medicaid service program might suffer during the transition period as a result of such a significant increase. We would, therefore, recommend that if new options to Medicaid or General Relief-Medical were to be added that they be phased-in, rather than adding all remaining services and eligibility groups at a single time. Each service could be evaluated on its own merits, rather than in mass, to determine whether it is cost effective to do so at that time. If options are to be added, the Department is interested in exploring the coverage of the AFDC-unborn child under Medicaid and a limited medically needy program under General Relief-Medical. We are also interested in exploring the addition of prescription drugs to the list of covered Medicaid services, if it can be determined to be cost effective.

We also support in concept the purchase of health insurance policies or contracts for our current Medicaid or other state medical assistance clients when the Department determines that such a purchase would be cost effective. The purchase of such insurance or contracts would allow our clients to be integrated into the normal mainstream of the health delivery system, rather than be stigmatized by having to reveal his or her welfare status each time a medical assistance coupon is presented as payment in the medical provider's office.

II. Departmental Comments on Sections 5-8 (Mandatory State and Other Participating Government Employee Alcoholism and Drug Dependence Coverage)

Sections 5-8 of the bill are essentially the contents of CSSSSB 227 (HESS) which passed from House HESS Committee on April 26, 1979. Sections 5-8 were the result of over a year's work involving insurance companies which serve Alaska, the Division of Insurance, and the Department's Office of Alcoholism and Drug Abuse. The sections authorize a limited pilot project to mandate health insurance coverage for the diagnosis and treatment of alcoholism and drug dependence for state and other participating government employees. The Department of Health and Social Services continues to support this concept. The Department of Administration in 1979 estimated the cost of such coverage for state employees to be \$338,400 for FY 81.

Authorization of such a pilot project would allow for the testing of the cost effectiveness and merits of mandatory employee alcoholism and drug dependence treatment coverage on a statewide basis. The project will test if coverage were available, would state employees in need of such services would seek them earlier in illness and thus potentially reduce costs for later medical care. The benefits to the employer through the early diagnosis and treatment of alcoholism or drug dependence could be increased employee productivity, reduced absenteeism, decreased sick leave utilization, fewer disability benefit payments, and reduced cost for hospitalization for injury- or disease-related problems.

We support Sections 5-8 of the bill.

III. Specific Department Comments on 9 Through 10 (Medical Assistance)

Section 9 - AS 47.05.070(a) - (Page 9, line 18)

The Department, as mentioned earlier in the position paper, is in favor of purchasing services through health insurance policies or contracts for medical assistance clients only if such purchase is more cost effective than traditional methods. The Department has no problem with the mandatory nature of the language in this section, but notes that there is currently no statutory prohibition against such purchase. Therefore, although these sections would facilitate the purchase of insurance for medical assistance clients, it is not absolutely essential to authorize it.

POSITION PAPER/Department of Health & Social Services

5/30/80

Section 9 - AS 47.05.110 - (Page 10, lines 24-29 and page 11, lines 1-4)

Under present Medicaid law, the Department is required to pay 90% of "clean claims" within 30 days of receipt, and 99% of "clean claims" within 90 days of receipt. The Department supports the idea that medical providers should not suffer financially because of payment delays after a reasonable period. We would though recommend that payment of interest commence at 60 days rather than 30 days after presentation of "clean claims." This is generally considered reasonable turnaround in Alaska by health providers for payments from private insurance carriers due to uncertainty of mail deliveries. Also, we have been informed by the federal Medicaid program that federal funds are not available for interest payments on late Medicaid claims.

Section 9 - AS 47.05.120 - (Page 11, lines 5-19)

Add definitions for "remedial care," "non-exclusive contract," and "health care service contracts."

Section 10 - AS 47.07.020(b) - (Page 11, lines 20-23) and Section 13 - (Page 12, line 13)

This section would amend Medicaid law to provide coverage for all optional groups not currently entitled to Medicaid benefits in Alaska, primarily the unborn child group, the unemployed fathers, and the medically needy group.

Also, Section 13 removes the requirement that future additions of optional eligible groups to Alaska's Medicaid program must be approved by the Alaska State Legislature. Therefore, when Congress authorizes a new Medicaid optional eligibility group in the future, Alaska statutes do not require revision in order for the State to be required to automatically begin covering the groups.

The Department recognizes the value of the addition of the unborn child group to Medicaid to assist in proper health and development of children to low income women through access to necessary pre-natal care. We believe the addition of this group to Medicaid will have little impact on the program's expenditures. We can see the need for health care coverage to the medically needy and to the unemployed fathers under Medicaid but the cost of these options would be substantial and would be covering a greatly expanded group of clients. The Department supports the concept of a limited medically needy program under General Relief-Medical including only the aged, blind, and disabled until such time that we can fully assess the monetary and administrative costs of more expanded coverage.

Section 11 - AS 47.07.030 - (Page 11, lines 24-28)

This section as amended would change Medicaid law to dramatically expand medical services offered under the Medicaid program. It also removes the requirement that future additions to Alaska's Medicaid services must be approved by the Alaska State Legislature. Therefore, when Congress authorizes a new Medicaid optional service in the future, the Alaska statutes need not be amended in order for the State to be required to automatically offer the service.

5/30/80

MILLION PAPER/Department of Health & Social Services

POSITION PAPER/Department of Health & Social Services

The Department recommends that each service addition should be evaluated on its own merit, perhaps adding only those services where it appears cost effective, in terms of saving general fund dollars to do so. Also, all services added in mass would cause administrative problems. A phase-in model would be more appropriate if the Legislature decides to pursue this section.

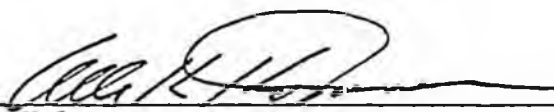
Section 12 - AS 47.25.120 - (Page 11, line 29 and Page 12, lines 1-12)

This section as amended would add broad medically needy coverage under the State General Relief-Medical program. The Department supports the concept of a more limited medically needy program including only the aged, blind, and disabled until we can gain some experience regarding monetary and administrative burdens.

Section 14 - (Page 12, lines 14-15 and Page 12, line 16)

Sections 10-12 would add all remaining optional eligibility groups and services to Medicaid and add a broad medically needy program to General Relief-Medical. The bill provides for an effective date of January 1, 1981 for these sections. In light of the size of these additions (over \$31 million for a full fiscal year), we would recommend a phase-in model over a period of years, beginning July 1, 1981, in order to administratively prepare for these changes with the minimum of adverse impact during the transition period to clients and providers.

Approved by:



Helen D. Beirne, Commissioner
Department of Health and Social Services

5/30/80
(DATE)

5/30/80

Amendment to Draft HCS CSS SB 227 (Finance) by Rep. Gardiner

Sections 1-4 of the bill are deleted and a new section is inserted which reads:

*Section 1. AS 18 is amended by adding a new chapter to read:

CHAPTER 27. STATE HEALTH INSURANCE.

Sec. 18.27.010. STATE HEALTH INSURANCE PLAN

- (a) The state health insurance plan shall be established by the Commissioner of Administration as provided in AS 18.27.030. The Commissioner shall provide for the underwriting and administration of the state health insurance plan through competitive bid. The state health insurance plan shall be made available to the public no later than July 1, 1981.
- (b) A resident of the state is entitled to enroll in the state health insurance plan if:
- (1) The resident is not eligible for Medicare or covered under health insurance or a prepaid health care plan established under state or federal law; and
 - (2) The resident is not covered by a group health insurance plan;

Sec. 18.27.020. STATE HEALTH PREMIUM PLAN (a) A resident of the state is entitled to participate in the state health premium plan if:

- (1) The resident is enrolled in the state health insurance plan or an individual health insurance policy which is certified by the director of the division of insurance as meeting or exceeding the benefit standards of the state health insurance plan; and
- (2) the resident is not enrolled in a group health insurance policy or covered under a state or federal health program;
- (3) the resident qualifies for a supplement under the formula in subsection (b) of this section.

(b) The amount of the supplement is equal to 80 percent of the monthly premium less 8 percent of the monthly premium for every \$100 of the insured's adjusted gross income, as defined in regulation, over \$1000. The premium cost of the state health insurance plan is the maximum amount of monthly premium which may be used in the calculation of the supplement. The \$1000 per month of adjusted gross income used in the calculation shall be adjusted periodically by the commissioner by regulation to correspond with the change in the consumer price index.

Sec. 18.27.030. The Commissioner shall:

- (a) hold statewide public hearings to determine the major medical insurance needs of Alaskans;
- (b) determine the number and characteristics of persons currently not covered by a group health plan or federal or state health program, and estimate the number of persons eligible to participate in the State of Alaska Premium Equalization Plan;

- (c) . Conduct an actuarial study to determine the cost of providing insurance covering the services in subsection (a), for the group in subsection (b);
- (d) present state health insurance plan to the legislature by January 1, 1981 including:
 - (1) services to be covered in the state health insurance plan;
 - (2) the cost of the services to be provided;
 - (3) the estimated number of Alaskans eligible to purchase the plan and the estimated number of Alaskans eligible to participate in the state health plan; and
 - (4) the estimated cost of the state health premium plan;
 - (5) a plan of operation for the state health premium plan which provides for:
 - (i) eligibility determination;
 - (ii) prompt payment of premium supplement entitlements to eligible residents or to their insurer;
 - (iii) reasonable protection against fraud; and
 - (iv) public awareness of the benefits provided under this chapter.

AS 13.27.040 DEFINITIONS. In this chapter

- (1) "commissioner" means the commissioner of administration;

monthly income

individual pays

state pays

\$1,000	20%	80%
1,100	28	72
1,200	36	64
1,300	44	56
1,400	52	48
1,500	60	40
1,600	68	32
1,700	76	24
1,800	84	16
1,900	92	8
2,000	-0-	-0-

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCS CSSSSSB 227 (HESS)

Title An act relating to the health of residents of the State

Requested by _____ Date _____

II. FISCAL DETAIL

Division of Insurance

Agency Affected _____

Program Category Affected Public Protection

BRU, Program, or Subprogram(s) Affected Division of Insurance

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		127.4	140.1	154.1	169.5	186.5
200 TRAVEL		5.0	6.0	10.0	11.0	12.0
300 CONTRACTUAL		100.0	50.0	55.0	60.0	65.0
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		2.5	--	--	--	--
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Reduct. of Unrestricted Tax Rcpt. #019	--	--	3,344.0	3,678.0	4,046.0	4,451.0
TOTAL		235.4	3,540.6	3,897.6	4,287.0	4,715.0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		235.4	196.6	219.6	241.0	264.0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Reduction of Unrestrict. Tax Rcpt. #019	--	--	3,344.0	3,678.0	4,046.0	4,451.0

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		4	4	4	4	4
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE May 21, 1980

PREPARED BY Donald P. Koch

AGENCY Division of Insurance

PHONE 465-2577

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

100 Personal Services

There will be a substantial increase in the filing of health insurance contracts and forms made in Alaska as new contracts are generated to comply with the requirement to offer such. In addition, the division will newly be required to conduct rate review on a heretofore uncontrolled line of business. This review will have to be made annually in view of the requirement to upgrade minimum benefit standards as appropriate due to inflation or changes in the prevailing standards in the industry.

The conduct of audits is a time consuming function which is appropriate but necessitate adequate staffing. The section calls for regulations with the need to be repromulgated on a yearly basis. Positions required would be: one - Market Analyst III, two - Market Analyst II, and one - Clerk Typist III. These persons would be in the Market Surveillance Sector.

200 Travel

The establishment of the Health Reinsurance Association will require travel and, to a large degree, outside in order to participate in the periodic meetings of the board. The travel outside is due to the fact that the carriers forming the membership are located there.

The implementation phase for this Act will require outside travel in order to expedite the formation of the Health Reinsurance Association, and to aid in the development of the prototype.

Travel will also be required to perform audits of carriers to verify compliance with the rate standards established by this Act.

300 Contractual

It is anticipated that a substantial amount of contract services will be required in order for the division to develop basis for approval or disapproval of rates for coverage written by or through the Health Reinsurance Association, and perhaps to assist in the development of the proto-type forms the association will be utilizing.

400 Commodities

Sufficient commodities will be required for the 4 new positions.

500 Equipment

Sufficient office equipment will be required for the 4 new positions.

Reduction of Unrestricted Tax Receipt #019

Section 21.50.040(d) allows a carrier to offset any assessments paid to the Health Reinsurance Association against its income tax under AS 43.20 or its Alaska state premium tax. In addition, it calls for the Commissioner of Revenue to directly reimburse the carrier for assessments paid in excess of the taxes. This item only includes the loss in the premium taxes.

The assumptions made in developing these numbers represent a worst possible scenario. It was assumed that all premium taxes would be offset by the assessments paid. The basis for the amounts were the premium taxes actually paid by carriers for calendar year 1979.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227 # 3
 Title An Act relating to the health of residents of the State.
 Requested by The Hess Committee Date May 2, 1980

II. FISCAL DETAIL Department of Health and Social Services
 Agency Affected
 Program Category Affected Health/Social and Economic Assistance
 BRU, Program, or Subprogram(s) Affected Medicaid/Eligibility Determination/PAA
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		448.3				
200 TRAVEL		17.0				
300 CONTRACTUAL		175.5				
400 COMMODITIES		8.5				
500 EQUIPMENT		17.5				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		23,527.7				
TOTAL		24,194.5				

FUNDING (Thousands of Dollars)

GENERAL FUND		8,477.5				
FEDERAL FUNDS		15,717.0				
OTHER (Specify Fund Source)		-0-				

POSITIONS

FULL TIME		17				
PART TIME		-0-				
TEMPORARY		-0-				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Medical benefits would be provided to approximately 3,065 new cases under the Medicaid program. Administration of program benefits would require 15 field staff positions and 2 central office positions, office space, and additional computer time to be divided between the Eligibility Determination and Public Assistance Administration BRUs. Funding is 50% federal except for the Indian Health Care program which is funded at 100% federal funds. Since the bill proposes to add new coverage groups and new categories of coverage to Medicaid, there will be a reduction in General Relief Medical program expenditures as indicated on page 2. Thus, the actual increase in state General fund revenues needed for this increased Medicaid coverage is $8,477.5 - 4,471.8 = 4,005.7$.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Prepared by: David M. Davidson Date: May 2, 1980
 Division/Office: Public Assistance PH: 465-3347
 Department of Health & Social Services

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227 # 4
 Title An Act relating to the health of residents of the State.
 Requested by The Hess Committee Date May 2, 1980

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services

Program Category Affected Health

BRU, Program, or Subprogram(s) Affected General Relief Medical

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(4,471.8)				
TOTAL		(4,471.8)				

FUNDING (Thousands of Dollars)

GENERAL FUND	(4,471.8)				
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Decrease in General Relief Medical program expenditures due to the transfer of coverage for certain service categories from state funding to coverage under the Medicaid program, and the addition of certain groups under Medicaid that are currently covered by General Relief Medical.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Prepared by: David M. Davidson Date: May 2, 1980
 Division/Office: Public Assistance PII: 465-3347
 Department of Health & Social Services

FISCAL NOTE

I. **REQUEST**
 Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No 227 # 5
 Title An Act relating to the health of residents of the State.
 Requested by The Hess Committee Date May 2, 1980

II. **FISCAL DETAIL** Department of Health and Social Services
 Agency Affected
 Program Category Affected Health/Social and Economic Assistance
 BRU, Program, or Subprogram(s) Affected General Relief Medical/Eligibility Determination/PAP
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		423.3				
200 TRAVEL		16.0				
300 CONTRACTUAL		154.0				
400 COMMODITIES		8.0				
500 EQUIPMENT		16.5				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		10,551.6				
TOTAL		11,169.4				

FUNDING (Thousands of Dollars)

GENERAL FUND		11,169.4				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)		-0-				

POSITIONS

FULL TIME		16				
PART TIME		-0-				
TEMPORARY		-0-				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Medical benefits would be provided to approximately 2,821 new cases under a state-only medically needy program as part of the General Relief Medical program. Administration of program benefits would require 14 field staff positions and 2 central office positions, office space, and additional computer time to be divided between the Eligibility Determination and Public Assistance Administration BRUs. Funding is indicated as 100% state funds, but it may be possible to receive federal funding for certain individuals with income less than 133% of the state need standard for the particular eligibility categorical group to which they are related.

Original: Legislative Finance Prepared by: David M. Davidson Date: May 2, 1980
 cc: Budget and Management Division/Office: Public Assistance PH: 465-3347
 Prime Sponsor (First Legislator Named) Department of Health & Social Services

33-001 (Rev. 12/79)
 Modify by DHSS (11-23-79)

Approval DHSS Mgt. & Ddgt: _____ Date: _____

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227 # 6
 Title An Act relating to the health of the residents of the State.
 Requested by The Hess Committee Date May 2, 1980

II. FISCAL DETAIL Department of Health and Social Services
 Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, or Subprogram(s) Affected General Relief Medical
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		282.2				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		282.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		282.2				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)						

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Funding necessary to make interest payments to providers for Medicaid and General Relief Medical clean claims not processed within 30 days of receipt by the Department. Federal law requires states to process 90% of Medicaid clean claims within 30 days of receipt, however no provision is made under federal law for funds to be used to make interest payments. Thus, all interest payments must be made using state funds only.

Original: Legislative Finance Prepared by: David M. Davidson Date: May 2, 1980
 cc: Budget and Management Division/Office: Public Assistance PH: 465-3347
 Prime Sponsor (First Legislator Named) Department of Health & Social Services

ELEVENTH LEGISLATURE

FISCAL NOTE

2 Page 1 of 2

I. REQUEST
 Bill/Resolution No. HB 55 (or SS Senate Bill 227 (1955) SECTIONS 4-7
 Title Insurance for Alcoholism and Drug Dependence
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Administration - Division of Retirement and Benefits
 Program Category Affected RETIREMENT AND BENEFITS (VETERAN BENEFITS)
 BRU, Program, or Subprogram(s) Affected 02-50-5-01-02-00
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 TRS STATE MATCH						
100 BENEFITS		282.0	336.4	406.1	487.3	554.8
TOTAL		282.0	336.4	406.1	487.3	554.8

FUNDING (Thousands of Dollars)

GENERAL FUND		230.8	277.1	332.6	399.2	478.9
FEDERAL FUNDS		13.0	15.6	18.7	22.4	26.6
VETERAN'S FUND		0.6	0.7	0.8	1.0	1.2
FISH & GAME FUND		1.7	2.0	2.4	2.9	3.5
HIGHWAY FUND		3.7	4.4	5.3	6.3	7.6
AIRPORT FUND		6.2	9.8	11.8	14.1	17.0
CAPITAL FUND		24.0	28.8	34.5	41.4	49.7
PERS						
TRS						

POSITIONS

NONE

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

1. Approximately 8,900 State employees are currently covered under the State Group Health Care Plan.
2. The cost to implement the provisions of this bill will be \$2.64 per employee per month.
3. Estimate that the cost to provide continued coverage will increase 20% each year for the immediate future. However, an effective alcoholism/drug dependency program should help to reduce overall health care claim experience in the future.
4. Cost for coverage of political subdivisions (approximately 50 subdivisions) participating in group insurance not included; recommend that the Alaska Municipal League, 204 Franklin St., Juneau, AK 99801-1325, be contacted for input.

IV. DATE 3/30/79 PREPARED BY Paul E. Arnold, Director

AGENCY DIVISION OF RETIREMENT & BENEFITS

PHONE 465-4460

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Senator Colletta & Senate HESS

House CS for CS for Sponsor Substitute for Senate Bill No. 227
(In thousands of dollars)

SECTIONS 8-12

	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>New Positions</u>
1. Addition of Medicaid Services and New Eligibles	\$24,194.5	\$15,717.0	\$ 8,477.5	17
2. Decrease of GR-Med. as Result of Adding Medicaid Svcs. and Eligible Groups	4,471.8	-0-	4,471.8	-0-
3. State Only Medically Needy	11,169.4	-0-	11,169.4	16
4. Interest Payment	<u>282.2</u>	<u>-0-</u>	<u>282.2</u>	<u>-0-</u>
TOTAL	\$31,174.3	\$15,717.0	\$15,457.3	33

[NOTE: THESE AMOUNTS PREPARED BY THE DEPARTMENT ARE FOR A FULL YEARS' OPERATION. THE SUMMARY SHEET PREPARED BY HESS STAFF ASSUMES A HALF YEAR OF OPERATION IN FY81 AND 10% INFLATION FOR FY82. --HESS STAFF]

I. REQUEST
 Bill/Resolution No. HCS C5555B 227 (HESS) Page 1 of 3 # 1
 Title An Act relating to the health of residents of the state
 Requested by Health Education and Social Services Com Date 5/20/80

II. FISCAL DETAIL

Agency Affected Division of Insurance
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Division of Insurance
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		48.3	53.2	58.2		
200 TRAVEL		5.0	3.0	3.3		
300 CONTRACTUAL		40.9	26.8	29.4		
400 COMMODITIES		.8	.8	.9		
500 EQUIPMENT		4.0	--	--		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Reduct. of Unrestric. tax Rcpt. #019		--	45.0	99.0		
TOTAL		99.0	128.8	190.8		

FUNDING (Thousands of Dollars)

GENERAL FUND		99.0	83.8	91.8		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
Reduct. of Unrestric. tax Rcpt. #019		--	45.0	99.0		

POSITIONS

FULL TIME Market Analyst III		1	1	1		
PART TIME Clerk Typist III		1	1	1		
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This note assumes a half year of implementation and a half year of operation in FY81. It assumes 10% inflation for FY82 and FY83.

prepared by HESS staff 5/20/80

PERSONAL SERVICES

The law in Connecticut on which this bill is based was implemented with no additional staff. Most of the substantive work was performed by the industry. One new position with clerical support may be justified, however, for drafting the regulations, reviewing the organization of the Health reinsurance Association and approving the rates and policy forms developed by the carriers for the comprehensive health plan.

Market Analyst III	Range 18A	12 months	\$29,580
Clerk Typist III	Range 8A	half-time, 12 months	8,162
			<u>\$37,742</u>
	benefits (.1529)		5,771
	FICA		
	(.0665 x 8162 + 1985)		2,528
	health insurance		
	(127 x 1.5 x 12)		2,286
			<u>\$48,327</u>

TRAVEL

Travel to Connecticut and Minnesota and to Health Reinsurance Association board meetings	\$ 5,000
--	----------

CONTRACTUAL

Rent 2 positions x 150 sq. ft. x \$1.70 x 12 mo.	\$ 6,120
Phone (80 install + 600 local + 3,000 long distance)	3,680
Postage	1,000
Printing and Xerox	2,000
Equipment Rental (typewriter)	2,500
Consulting	25,000
Other	600
	<u>\$40,900</u>

<u>COMMODITIES</u> (1.5 x 500)	\$ 750
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EQUIPMENT

desks, chairs, bookcase, filing cabinet, caculator, etc.	\$ 4,000
--	----------

PREMIUM TAX OFFSET

Total Comprehensive Health Plan Premiums in Connecticut for 1979: \$2,785,367

Total HRA Assessment since April 1, 1976: \$ 80,000

Alaska population*/Connecticut population* = $395,000/2,746,000 = .144$

Alaska rates/Connecticut rates: 1.35

Factor for change in deductions: 1.05

Factor for change in pregnancy benefits: 1.05

Factor for change in transportation benefits: ? fudgefactor: 1.20

Loss factor: $(135\% - 125\%)/135\% = .074$

Inflation factor '79 - '81: 1.21

$\$2,785,367 \times .144 \times 1.35 \times 1.05 \times 1.05 \times 1.20 \times .074 \times 1.21 + (\$80,000/345) = 87,402$

This estimating procedure will tend to overestimate the cost. Nevertheless, there are many difference between Connecticut and Alaska which we cannot account for, and the margin for error is large. Rounding up to an even \$90,000 should produce a safe high estimate of the tax loss to the state in a full year of operation. Since FY '81 includes only a half year of operation, only half that amount would be claimed in FY '82.

* Civilian noninstitutionalized population under age 65.

The Alcoholism Report

RECEIVED
ALCOHOLISM
LOG
BUSE

THE AUTHORITATIVE NEWSLETTER FOR PROFESSIONALS IN THE FIELD OF ALCOHOLISM
Vol. VIII, No. 15 May 23, 1980 Published Twice-a Month

The Blue Cross and Blue Shield Associations are providing member plans across the country with the model benefit program for alcoholism treatment developed under contract with NIAAA in 1977 but never field-tested as a result of the Institute's decision against continued support (AR, Sept. 22 '78).

In distributing an Interim Report on the Alcoholism Benefit Project, the Associations stressed that the model program does not represent a final recommended approach to Blue Cross Plans for underwriting alcoholism treatment benefits, explaining:

"Instead, it is an untested and unevaluated hypothesis on a useful approach for providing the coverage. The Associations are now presenting the model program to Plans to share the knowledge gained to date in the absence of a field test."

Blue Cross Assn. (BCA) developed the benefits package and other materials under a one-year \$206,433 contract with NIAAA, but negotiations for a projected three-year second phase to market and test the program in selected sites broke down in 1978. (BCA and the National Assn. of Blue Shield Plans merged 1½ years ago to become the Blue Cross and Blue Shield Associations.)

The model package proposes two benefit periods of one year each, starting with use of covered services. Benefits cover 30 days of intermediate care, 30 outpatient visits and 15 supportive family therapy visits for each period. A lifetime reserve of 60 outpatient visits is included. Programs must be licensed by the appropriate government agency, certified by the health planning agency, and accredited by the Joint Commission on Accreditation of Hospitals (JCAH).

In the introduction to the Report, it was noted that with growing acceptance of alcoholism as an illness, many third-party payers in both public and private sectors have recognized alcoholism as a covered condition. More than 85 percent of the Blue Cross Plans provide benefits for hospital services under a diagnosis of alcoholism, it said. However, the Report said current coverage is "mostly limited to services focusing on the medical complications of alcoholism --the acute phase--and not on the 'drinking behavior' itself."

Two important changes, the Associations said, suggest the need for studying the feasibility of new comprehensive benefits for alcoholism treatment, adding:

"The first change is the growing sophistication of the community and corporate purchasers of health care benefits about alcohol abuse and alcoholism. Not only are they starting to accept the idea of alcoholism as a treatable illness, they are also starting to appreciate the potential economic value of doing so. Awareness is growing quickly on the costs of uncontrolled alcoholism that accrue to each of us through lost production, motor vehicle accidents, insurance, and the health, welfare and criminal justice system.

"The second important change is the growing professionalism of providers who specialize in treatment of drinking problems. Through licensure, accreditation and certification, many providers in the alcoholism field now are gaining credentials that help assure the delivery of quality services at reasonable cost.

"The growth in awareness of the value of solving drinking problems therapeutically and the recent emergence of increasingly qualified therapeutic capacity suggest that demand may exist for comprehensive coverage of alcoholism treatment."

The Interim Report includes, in addition to basic information on alcoholism and the model benefit, sections on marketing, administration and resources. In addition to distributing the Report, the Associations are providing technical assistance to Plans interested in developing coverage. For information, contact: Howard Berkowitz, Senior Manager, Program Development, Blue Cross and Blue Shield Associations, 676 N. St. Claire, Chicago, IL 60611; 312/440-5811.

SUMMARY SHEET

House CS for CS for Sponsor Substitute for Senate Bill No. 227 (HESS)
(In Thousands of Dollars)

For Full Fiscal Year 1981

	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>New Positions</u>
1. Addition of Medicaid Services and New Eligibles	\$24,194.5	\$15,717.0	\$ 8,477.5	17
2. Decrease of GR-Med. as Result of Adding Medicaid Svcs. and Eligible Groups	(4,471.8)	-0-	(4,471.8)	-0-
3. State Only Medically Needy	11,169.4	-0-	11,169.4	16
4. Interest Payment	<u>282.4</u>	<u>-0-</u>	<u>282.2</u>	<u>-0-</u>
TOTAL for Full Fiscal Year	\$31,174.3	\$15,717.0	\$15,457.3	33

House CS for CS for Sponsor Substitute for Senate Bill No. 227 (Finance)
For 6 Months Implementation
FY 81

January 1, 1981 - June 30, 1981

	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>New Positions for 6 Months Only</u>
1. Addition of Medicaid Services and New Eligibles	\$12,097.3	\$7,858.5	\$4,238.8	17
2. Decrease of GR-Med. as Result of Adding Medicaid Svcs. and Eligibility Groups	(2,235.9)	-0-	(2,235.9)	-0-
3. State Only Medically Needy	5,584.7	-0-	5,584.7	16
4. Interest Payment	<u>141.1</u>	<u>-0-</u>	<u>141.1</u>	<u>-0-</u>
TOTAL for 6 Months	\$15,587.2	\$7,858.5	\$7,728.7	33

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227 (HESS)
Title An Act relating to the health of residents of the State.
Requested by The Hess Committee Date May 2, 1980

For Full Fiscal Year

II. FISCAL DETAIL

Department of Health and Social Services

Agency Affected

Program Category Affected Health/Social and Economic Assistance

BRU, Program, or Subprogram(s) Affected Medicaid/Eligibility Determination/PAA

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		448.3				
200 TRAVEL		17.0				
300 CONTRACTUAL		175.5				
400 COMMITTEES		8.5				
500 EQUIPMENT		17.5				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		23,527.7				
TOTAL		24,194.5				

FUNDING (Thousands of Dollars)

GENERAL FUND		8,477.5				
FEDERAL FUNDS		15,717.0				
OTHER (Specify Fund Source)		-0-				

POSITIONS

FULL TIME		17				
PART TIME		-0-				
TEMPORARY		-0-				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Medical benefits would be provided to approximately 3,065 new cases under the Medicaid program. Administration of program benefits would require 15 field staff positions and 2 central office positions, office space, and additional computer time to be divided between the Eligibility Determination and Public Assistance Administration BRUs. Funding is 50% federal except for the Indian Health Care program which is funded at 100% federal funds. Since the bill proposes to add new coverage groups and new categories of coverage to Medicaid, there will be a reduction in General Relief Medical program expenditures as indicated on page 2. Thus, the actual increase in state General fund revenues needed for this increased Medicaid coverage is $8,477.5 - 4,471.8 = 4,005.7$.

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Prepared by: David H. Davidson Date: May 2, 1980
Division/Office: Public Assistance PHS65-3347
Department of Health & Social Services

33-001 (Rev. 12/79)
Revised by DISS (11-22-79)

Approval DISS Hgt. & Edgt: _____ Date: _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227 (HESS)
 Title An Act relating to the health of residents of the State.
 Requested by The Hess Committee Date May 2, 1980

For Full Fiscal Year

II. FISCAL DETAIL

Department of Health and Social Services
 Agency Affected
 Program Category Affected Health
 BRU, Program, or Subprogram(s) Affected General Relief Medical
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(4,471.8)				
TOTAL		(4,471.8)				

FUNDING (Thousands of Dollars)

GENERAL FUND	(4,471.8)				
FEDERAL FUNDS					
OTHER (Specify Fund Source)					

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Decrease in General Relief Medical program expenditures due to the transfer of coverage for certain service categories from state funding to coverage under the Medicaid program, and the addition of certain groups under Medicaid that are currently covered by General Relief Medical.

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Prepared by: David H. Davidson Date: May 2, 1980
 Division/Office: Public Assistance PH: 465-3347
 Department of Health & Social Services

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227 (HESS)
Title An Act relating to the health of residents of the State.
Requested by The Hess Committee Date May 2, 1980

For Full Fiscal Year

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected Health/Social and Economic Assistance
BRU, Program, or Subprogram(s) Affected General Relief Medical/Eligibility Determination/PAA
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		423.3				
200 TRAVEL		16.0				
300 CONTRACTUAL		154.0				
400 COMMODITIES		8.0				
500 EQUIPMENT		16.5				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		10,551.6				
TOTAL		11,169.4				

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		11,169.4				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)		-0-				

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		16				
PART TIME		-0-				
TEMPORARY		-0-				

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Medical benefits would be provided to approximately 2,821 new cases under a state-only medically needy program as part of the General Relief Medical program. Administration of program benefits would require 14 field staff positions and 2 central office positions, office space, and additional computer time to be divided between the Eligibility Determination and Public Assistance Administration BRUs. Funding is indicated as 100% state funds, but it may be possible to receive federal funding for certain individuals with income less than 133% of the state need standard for the particular eligibility categorical group to which they are related.

Original: Legislative Finance Prepared by: David M. Davidson Date: May 2, 1980
cc: Budget and Management Division/Office: Public Assistance PH:465-3247
Prime Sponsor (Last Legislator Named) Department of Health & Social Services

33-001 (Rev. 12/79)
Modify by DESS (11-28-79)

Approval DESS Hgt. & Bdg't: _____ Date: _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Sponsor Substitute for Senate Bill No. 227 (HESS)
Title An Act relating to the health of the residents of the State.
Requested by The Hess Committee Date May 2, 1980

For Full Fiscal Year

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected Health
BRU, Program, or Subprogram(s) Affected General Relief Medical
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		282.2				
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		282.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		282.2				
FEDERAL FUNDS		-0-				
OTHER (Specify Fund Source)						

POSITIONS

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

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Funding necessary to make interest payments to providers for Medicaid and General Relief Medical clean claims not processed within 30 days of receipt by the Department. Federal law requires states to process 90% of Medicaid clean claims within 30 days of receipt, however no provision is made under federal law for funds to be used to make interest payments. Thus, all interest payments must be made using state funds only.

Original: Legislative Finance Prepared by: David H. Davidson Date: May 2, 1980
cc: Budget and Management Division/Office: Public Assistance PH: 465-3347
Prime Sponsor (First Legislator Named) Department of Health & Social Services

33-001 (Rev. 12/79)
Copy by DHSS (11-28-79)

Approval DHSS Mgt. & Pdgt: _____ Date: _____