

BILLS 1981 - 1982  
SSHB 41 cont. - CSSHB 43

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VIII. If the first contract year is from 7-1-78 through 6-30-79, one of the following options could be used in determining the monthly funds due to the Plan:

A. Rates by eligible resident-

1. Adult (age 19 and over) = \$34.10/month
2. Child (under age 19) = \$12.40/month

B. Rates by type of family unit-

1. Single Adult = \$34.10/month
2. Husband & Wife = \$68.20/month
3. Husband, Wife & one or more Children = \$96.70/month
4. Husband, or Wife and one or more Children = \$62.60/month

C. Rate for any Family Unit = \$71.40/month

Each family unit would coincide with one of the categories itemized in section VIII, B., above. Children must be unmarried and meet the IRS definition of a dependent to be considered an eligible member of any covered family unit.

The above rates assume all eligible residents will participate in the Program.

IX. To minimize the chance of duplicate coverage and benefit payments each eligible resident should be assigned a unique membership number under the Program. This procedure would also facilitate computerized surveillance of medical utilization under the Program. Surveillance programs could be used to detect abnormal utilization of benefits by covered members and abnormal patterns of service by healthcare providers.

X. The Program should provide coverage for services rendered within the State of Alaska. For services outside the state, coverage should be limited to emergencies and to referrals by Alaska physicians for conditions that, in the opinion of the attending physician, cannot be adequately treated in the State's healthcare facilities.

Fiscal note for amendment offered by Rep. Buchholdt

Personal Services (Direct staff support: one a.a., one sec.)	\$ 25,000
Travel (Transportation, per diem for public hearings and other committee business)	\$ 50,000
Contractual (Professional staff: lawyer, health care consultant, computer time-- \$75,000; office space, telephone and equipment rental, supplies-- \$10,000)	\$ 85,000
TOTAL	<hr/> <hr/> \$ 160,000

(LC: 4/1/81)

Original sponsors: Buchholdt, Gardiner,  
Clocksin, et al

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 41 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST 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 com-  
12 missioner shall establish minimum benefit standards for the state  
13 comprehensive health plan and shall provide for the underwriting and  
14 administration of the state comprehensive health plan.

15 (b) A resident of the state is entitled to enroll in the state  
16 comprehensive health plan.

17 (c) The state comprehensive health plan shall provide for copay-  
18 ments and deductibles, and shall provide an annual limit on the total  
19 amount of copayments and deductibles for each enrolled resident and the  
20 covered dependents of the resident for each year. The annual limit  
21 shall be the same regardless of family size.

22 (d) The commissioner shall contract for the administration and  
23 may contract for the underwriting of the state comprehensive health  
24 plan. A contract entered into under this subsection shall be based on  
25 competitive bids and shall be for a three-year period.

26 (e) Notwithstanding the provisions of (c) of this section and the  
27 limitations in AS 18.27.020(b), an individual eligible for a permanent  
28 fund dividend under AS 43.23.010 may, to the extent of his eligibility  
under AS 43.23.010.

1 (1) enroll in the state comprehensive health plan or in an  
2 individual health insurance plan certified under AS 18.27.020(a)(1);

3 (2) direct the commissioner of revenue to use as much of the  
4 permanent fund dividend to which the individual is entitled under  
5 AS 43.23.010 as is necessary to pay a cost of the individual incurred  
6 in participation in the state comprehensive health plan or in an indivi-  
7 dual health insurance plan certified under AS 18.27.020(a)(1).

8 Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)  
9 A resident of the state is entitled to cost sharing under the state  
10 health insurance cost sharing program if

11 (1) the resident is enrolled in the state comprehensive  
12 health plan or an individual health insurance plan which the insurance  
13 company has certified to the commissioner as equivalent to or exceeding  
14 the benefit standards of the state comprehensive health plan estab-  
15 lished by the commissioner under AS 18.27.010(a);

16 (2) the resident is not enrolled in a group health insurance  
17 plan or in a federal health plan; and

18 (3) the resident qualifies for cost sharing under (b) of  
19 this section.

20 (b) The commissioner shall pay the state share of the costs of  
21 health insurance incurred by a resident of the state and his covered  
22 dependents qualifying for cost sharing under the following formula:

23 (1) if the total adjusted gross income of the resident and  
24 his dependents is at or below 75 percent of the base income, 100 per-  
25 cent of the premium cost of health insurance;

26 (2) if the total adjusted gross income of the resident and  
27 his dependents is between 75 percent of the base income and 125 percent  
28 of the base income, a graduated percentage of the premium cost of  
health insurance between 100 percent and zero percent;

1 (3) if the total adjusted gross income of the resident and  
2 his dependents is at or below 45 percent of the base income, 100 per-  
3 cent of copayments and deductibles;

4 (4) if the total adjusted gross income of the resident and  
5 his dependents is between 45 percent of the base income and 95 percent  
6 of the base income, a graduated percentage of the copayments and de-  
7 ductibles from 100 percent and zero percent;

8 (5) if a resident is enrolled in an individual health insur-  
9 ance plan certified to the commissioner under (a) of this section, the  
10 state share of the cost of health insurance for the resident is limited  
11 to the amount that the state's share would have been if the resident  
12 had been enrolled in the state comprehensive health plan.

13 (c) The commissioner shall adopt minimum benefit tandards and  
14 guidelines for determining benefit equivalence for the certification of  
15 plans under (a)(1) of this section.

16 (d) Notwithstanding the provisions of an individual health insur-  
17 ance plan, a plan certified by an insurance company to the commissioner  
18 under (a)(1) of this section provides the minimum benefits and the  
19 equivalent benefits required for certification.

20 Sec. 18.27.030. DEFINITIONS. In this chapter

21 (1) "adjusted gross income" means the adjusted gross income  
22 of the resident determined under the regulations of the commissioner;

23 (2) "base income" means

24 (A) family median income for Alaska determined by the  
25 federal Office of Human Development Service; and

26 (B) regional adjustments established by the commis-  
27 sioner to the family median income for Alaska determined by the  
28 federal Office of Human Development Service which are based on  
relative costs of living in the state;

1 (3) "benefit equivalence" means that the benefits provided  
2 in an individual health insurance plan and certified to the commis-  
3 sioner under AS 18.27.020(d) are equivalent to benefits provided under  
4 the state comprehensive health plan;

5 (4) "commissioner" means the commissioner of administration;

6 (5) "copayment" means the portion of covered expenses pay-  
7 able by the resident after the deductible has been met;

8 (6) "insurance" means prepaid plans or indemnity plans.

9 \* Sec. 2. The commissioner of administration shall report by the 30th  
10 day of the Second Session of the Twelfth Legislature on

11 (1) proposed minimum benefit standards and estimated actuarial  
12 costs of the state comprehensive health plan (AS 18.27);

13 (2) the anticipated number and characteristics of participants in  
14 the state health insurance cost sharing program (AS 18.27.020) and the  
15 projected cost to the state;

16 (3) a proposed plan for

17 (A) implementation of AS 18.27;

18 (B) eligibility determinations under AS 18.27;

19 (C) payment of the state share of premium costs and copay-  
20 ment and deductibles incurred under AS 18.27; and

21 (D) informing the public of benefits under AS 18.27;

22 (4) recommendations for amendments to AS 18.27.

23 \* Sec. 3. Coverage under the state comprehensive health plan (AS 18.27.-  
24 010) and the state health insurance cost sharing program under AS 18.27.020  
25 begins on July 1, 1982.

26 \* Sec. 4. AS 21.54.060 is amended by adding a new paragraph to read:

27 (7) under a policy issued to the state to insure residents  
28 of the state under AS 18.27.

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

1 (1) A group insurance policy shall provide one or more of  
2 the following benefits: life insurance, accidental death and dismem-  
3 berment insurance, weekly indemnity insurance, hospital expense insur-  
4 ance, surgical expense insurance, dental expense insurance, audio-  
5 visual insurance, alcoholism and drug dependency insurance, or other  
6 medical care insurance.

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

8 Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)  
9 The group insurance policy under AS 39.30.090(1)

10 (1) shall provide coverage for alcoholism and drug depen-  
11 dence to include

12 (A) inpatient detoxification benefits for not less than  
13 14 days of benefit each calendar year in a state-approved treat-  
14 ment facility or licensed hospital; payment of institutional and  
15 professional benefits shall be equal to and payable as any other  
16 covered condition, except a covered condition which, by the terms  
17 of the policy, has an internal restriction;

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

24 (C) outpatient treatment coverage benefits of not less  
25 than 30 visits each calendar year if treatment is provided by a  
26 licensed physician, state-approved treatment program, or state-  
27 certified professional substance abuse counselor; coverage shall  
28 include individual, family or group therapy; benefits shall be  
paid at not less than 75 percent of the usual, customary and

1 reasonable charge for a medical procedure, treatment or service in  
2 the geographic area;

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

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

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

10 (b) The provisions of this section apply to group health insur-  
11 ance contracts and group service or indemnity type contracts issued to  
12 provide coverage for employees of the state and may apply to contracts  
13 for the benefit of employees of other participating governmental units  
14 only if the governing body of the governmental unit elects to have the  
15 provisions apply.

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

17 (1) "alcoholism" means an illness or condition characterized  
18 by the habitual lack of self control in the use of alcoholic beverages,  
19 or use of alcoholic beverages to the extent that health is substantial-  
20 ly impaired or endangered, or social or economic function is substan-  
21 tially disrupted;

22 (2) "drug dependence" means the condition of being physi-  
23 cally or psychologically addicted to an opiate, opiate derivative,  
24 tranquilizer, amphetamine, barbiturate, or similar substance, but  
25 excluding nicotine, caffeine and alcohol;

26 (3) "state" means any state in the United States and in-  
27 cludes the District of Columbia.

28 \* Sec. 7. AS 39.30.100 is amended to read:

Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 (AS 39.-

1 30.090]

2 (1) "eligible employee" means

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

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

8 (2) "governmental unit" means the state, a borough, municipi-  
9 pal corporation, or other political subdivision of the state, and the  
10 North Pacific Fishery Management Council;

11 (3) "insurance", "insurance carrier" and "insurance policy"  
12 include health care services, health care service contractors and con-  
13 tracts.

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

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

23 Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-  
24 TRACTS. (a) The commissioner shall use medical assistance funds to  
25 purchase and pay premiums on policies of insurance or pay the expenses  
26 on health care service contracts that provide one or more of the ser-  
27 vices available under state medical assistance programs.

28 (b) The policy of insurance or the contract financed under this  
section must guarantee to

1 (1) provide services and supplies under policies of insur-  
2 ance or contracts under AS 21;

3 (2) provide the statistical data, records, and reports  
4 relating to the provision, administration, and costs of providing  
5 services and supplies as required by the commissioner.

6 Sec. 47.05.080. IMPLEMENTATION. The commissioner shall implement  
7 the provisions of AS 47.05.070 when he determines that comparable  
8 benefits are available at equal or less cost than direct payments by  
9 the department to the providers of services and supplies.

10 Sec. 47.05.090. INTERIM PAYMENT. If the commissioner determines  
11 under regulations adopted by him that a provider of medical services is  
12 expected to serve a large volume of medical assistance clients, he may  
13 make an interim payment before receipt of billing for services to the  
14 provider.

15 Sec. 47.05.100. INTEREST ON LATE PAYMENTS. When presented by a  
16 provider of medical services with a clean claim, the commissioner shall  
17 pay

18 (1) interest at the rate of one percent per month when  
19 payment is delayed more than 45 days after presentation of the clean  
20 claim;

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

24 (3) the interest for a full month if the overdue clean claim  
25 is not paid by the 15th day of a calendar month.

26 Sec. 47.05.110. DEFINITIONS. In AS 47.05.070 - 47.05.110

27 (1) "clean claim" means a claim for payment which can be  
28 processed without obtaining additional information from the provider of  
the service or from a third party; it includes a claim with errors

1 originating in the department's claims processing system, but does not  
2 include claims from a provider who is under investigation for fraud or  
3 abuse, or a claim under review for medical necessity;

4 (2) "commissioner" means the commissioner of health and  
5 social services;

6 (3) "health care service contract" means a contract with a  
7 nonprofit corporation which accepts prepayment for health care services  
8 and is sponsored by or associated with a group of physicians or a group  
9 of hospitals or both or by a health maintenance organization recognized  
10 under federal law;

11 (4) "medical assistance" means Medicaid (AS 47.07), general  
12 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and  
13 crippled children's and maternal and child health programs (AS 18.05.-  
14 010).

15 \* Sec. 10. AS 47.07.020(b) is repealed and reenacted to read:

16 (b) A resident of the state for whom the provisions of the Social  
17 Security Act in effect on March 1, 1981, allow optional medical cover-  
18 age qualifying for federal financial participation is eligible for  
19 medical assistance. A resident of the state qualifying as medically  
20 needy is not eligible for medical assistance.

21 \* Sec. 11. AS 47.07.030 is repealed and reenacted to read:

22 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical ser-  
23 vices to be offered to eligible persons include those services eligible  
24 for federal financial participation under the provisions of Title XIX  
25 of the federal Social Security Act in effect on March 1, 1981.

26 \* Sec. 12. AS 47.07.080 is amended by adding new paragraphs to read:

27 (5) "medically needy" means a person who meets the categori-  
cal requirements of eligibility for medical assistance but whose income

(A) exceeds the income standard for categorical assist-

1           ance; and

2                   (B) is less than the medically needy income standard  
3           after the deduction of allowable medical expenses;

4                   (6) "categorical requirements of eligibility" means the  
5           standards established under 42 C.F.R., secs. 435.500 - 435.541;

6                   (7) "medically needy income standard" means the standards  
7           established under 42 C.F.R., secs. 435.800 - 435.816.

8       \* Sec. 13. (a) By the 30th day of the Second Session of the Twelfth  
9       Legislature the Legislative Council shall study and make recommendations to  
10      the legislature

11                   (1) for federal improvements in the Indian Health Service delivery  
12      system;

13                   (2) on the alternatives available to the state to complement the  
14      funding of the Indian Health Service;

15                   (3) on the alternatives available to the state to complement  
16      services available to the senior citizens of the state under Medicare.

17           (b) The Legislative Council shall seek participation in the study by

18                   (1) the Health, Education, and Social Services Committees of the  
19      legislature;

20                   (2) the Alaska Native Health Board;

21                   (3) regional health organizations;

22                   (4) other providers and consumers of health care;

23                   (5) the Department of Health and Social Services;

24                   (6) the Alaska Area Native Health Service, United States Public  
25      Health Service.

26       \* Sec. 14. AS 47.07.020(d) is repealed.

27       \* Sec. 15. Sections 1 and 4 of this Act take effect July 1, 1982.

28       \* Sec. 16. Sections 5 - 8 of this Act take effect January 1, 1982.

      \* Sec. 17. Section 9 of this Act takes effect July 1, 1981.

1 \* Sec. 18. Sections 2, 3, and 10 - 14 of this Act take effect immediately  
2 in accordance with AS 01.10.070(c).

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FORM CG 6016C  
FOR BRIEF COMMUNICATIONS  
MAY BE HANDWRITTEN

# MEMORANDUM

## State of Alaska

TO:  Legal

DEPT. \_\_\_\_\_  
DIV. \_\_\_\_\_  
SEC. \_\_\_\_\_

DATE : April 8, 1981

FROM: Becky Fritz  
House Finance Committee  
Rm. 519, Capitol Bldg.  
Ph: 3757

SUBJECT: CS SSHB 41 (Finance)

Please prepare a Finance CS for SSHB 41 making the following changes to the HESS CS:

Page 1, after line 25: add a new subsection (e) [NEW COPY ATTACHED].

Page 1, line 26 through Page 3, line 19: Delete and insert new Sec. 18.27.020. [New Copy Attached.]

Page 4, line 28: Add a new Sec. 5 [NEW COPY ATTACHED] and renumber remaining sections accordingly.

Original sponsors: Buchholdt, Gardiner,  
Clocksin, et al

Offered: 3/31/81  
Referred: Finance

*Finance*

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 41 (~~HESS~~) (*Finance*)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST 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 com-  
12 missioner shall establish minimum benefit standards for the state  
13 comprehensive health plan and shall provide for the underwriting and  
14 administration of the state comprehensive health plan.

15 (b) A resident of the state is entitled to enroll in the state  
16 comprehensive health plan.

17 (c) The state comprehensive health plan shall provide for copay-  
18 ments and deductibles, and shall provide an annual limit on the total  
19 amount of copayments and deductibles for each enrolled resident and the  
20 covered dependents of the resident for each year. The annual limit  
21 shall be the same regardless of family size.

22 (d) The commissioner shall contract for the administration and  
23 may contract for the underwriting of the state comprehensive health  
24 plan. A contract entered into under this subsection shall be based on  
25 competitive bids and shall be for a three-year period.

26 *(e) (add new subsection (e) attached)*

27 ~~Sec. 18.27.020.~~ STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)

28 Except as provided in (b) of this section, a resident of the state is  
29 entitled to cost sharing under the state health insurance cost sharing  
program if

*Insert  
New  
Section  
Attached*

Insert new  
Section (attached)

1 (1) the resident is enrolled in the state comprehensive  
2 health plan or an individual health insurance plan which the insurance  
3 company has certified to the commissioner as equivalent to or exceeding  
4 the benefit standards of the state comprehensive health plan estab-  
5 lished by the commissioner under AS 18.27.010(a);

6 (2) the resident qualifies for cost sharing under (c) of  
7 this section.

8 (b) A person entitled to cost sharing under (a) and (c) of this  
9 section who is enrolled in a group health insurance plan or eligible  
10 for benefits under a state or federal health care program is entitled  
11 to cost sharing for supplemental care under the state comprehensive  
12 health insurance plan or under an individual health insurance plan  
13 certified under (a)(1) of this section. The benefits provided under a  
14 health insurance plan providing supplemental care are the same as those  
15 provided under the state comprehensive health care program established  
16 under AS 18.27.010 except that the benefits are supplemental to benefits  
17 provided under a group health insurance plan or under a state or federal  
18 health care program.

19 (c) The commissioner shall pay the state share of the costs of  
20 health insurance incurred by a resident of the state and his covered  
21 dependents under the following formula:

22 (1) if the total adjusted gross income of the resident and  
23 his dependents is at or below 75 percent of the base income, 100 per-  
24 cent of the premium cost of health insurance;

25 (2) if the total adjusted gross income of the resident and  
26 his dependents is between 75 percent of the base income and 125 percent  
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28 health insurance between 100 percent and zero percent;

29 (3) if the total adjusted gross income of the resident and

Insert New Section  
(Attached)

1 his dependents is at or below 45 percent of the base income, 100 per-  
2 cent of copayments and deductibles;

3 (4) if the total adjusted gross income of the resident and  
4 his dependents is between 45 percent of the base income and 95 percent  
5 of the base income, a graduated percentage of the copayments and de-  
6 ductibles from 100 percent and zero percent;

7 (5) if a resident is enrolled in an individual health insur-  
8 ance plan certified to the commissioner under (a) of this section, the  
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14 plans under (a)(1) of this section.

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Handwritten notes: "5/25/82" and "Hatched" with an arrow pointing to line 28.

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

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

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

9 (b) The provisions of this section apply to group health insur-  
10 ance contracts and group service or indemnity type contracts issued to  
11 provide coverage for employees of the state and may apply to contracts  
12 for the benefit of employees of other participating governmental units  
13 only if the governing body of the governmental unit elects to have the  
14 provisions apply.

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

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

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

25 (3) "state" means any state in the United States and in-  
26 cludes the District of Columbia.

27 \* Sec. 7. AS 39.30.100 is amended to read:

28 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-  
29 30.090]

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(1) "eligible employee" means

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

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

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

(3) "insurance", "insurance carrier" and "insurance policy" include health care services, health care service contractors and contracts.

\* Sec. <sup>9</sup>8. The provisions of secs. 5 - 7 of this Act apply to group policies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and which are delivered, issued for delivery, or renewed in this state after the effective date of this Act. A policy or contract providing coverage for eligible employees in this state under AS 39.30.090 - 39.30.100 delivered, issued for delivery, or renewed after the effective date of this Act provides the minimum coverage required by this Act even if the language of the policy or contract does not specifically so provide.

\* Sec. <sup>10</sup>8. AS 47.05 is amended by adding new sections to read:

Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CONTRACTS. (a) The commissioner shall use medical assistance funds to purchase and pay premiums on policies of insurance or pay the expenses on health care service contracts that provide one or more of the services available under state medical assistance programs.

(b) The policy of insurance or the contract financed under this section must guarantee to

(1) provide services and supplies under policies of insur-

1           ance or contracts under AS 21;

2                   (2) provide the statistical data, records, and reports  
3 relating to the provision, administration, and costs of providing  
4 services and supplies as required by the commissioner.

5           Sec. 47.05.080. IMPLEMENTATION. The commissioner shall implement  
6 the provisions of AS 47.05.070 when he determines that comparable  
7 benefits are available at equal or less cost than direct payments by  
8 the department to the providers of services and supplies.

9           Sec. 47.05.090. INTERIM PAYMENT. If the commissioner determines  
10 under regulations adopted by him that a provider of medical services is  
11 expected to serve a large volume of medical assistance clients, he may  
12 make an interim payment before receipt of billing for services to the  
13 provider.

14           Sec. 47.05.100. INTEREST ON LATE PAYMENTS. When presented by a  
15 provider of medical services with a clean claim, the commissioner shall  
16 pay

17                   (1) interest at the rate of one percent per month when  
18 payment is delayed more than 45 days after presentation of the clean  
19 claim;

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

23                   (3) the interest for a full month if the overdue clean claim  
24 is not paid by the 15th day of a calendar month.

25           Sec. 47.05.110. DEFINITIONS. In AS 47.05.070 - 47.05.110

26                   (1) "clean claim" means a claim for payment which can be  
27 processed without obtaining additional information from the provider of  
28 the service or from a third party; it includes a claim with errors  
29 originating in the department's claims processing system, but does not

1 include claims from a provider who is under investigation for fraud or  
2 abuse, or a claim under review for medical necessity;

3 (2) "commissioner" means the commissioner of health and  
4 social services;

5 (3) "health care service contract" means a contract with a  
6 nonprofit corporation which accepts prepayment for health care services  
7 and is sponsored by or associated with a group of physicians or a group  
8 of hospitals or both or by a health maintenance organization recognized  
9 under federal law;

10 (4) "medical assistance" means Medicaid (AS 47.07), general  
11 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and  
12 crippled children's and maternal and child health programs (AS 18.05.-  
13 010).

14 \* Sec. ~~10~~<sup>11</sup>. AS 47.07.020(b) is repealed and reenacted to read:

15 (b) A resident of the state for whom the provisions of the Social  
16 Security Act in effect on March 1, 1981, allow optional medical cover-  
17 age qualifying for federal financial participation is eligible for  
18 medical assistance. A resident of the state qualifying as medically  
19 needy is not eligible for medical assistance.

20 \* Sec. ~~11~~<sup>12</sup>. AS 47.07.030 is repealed and reenacted to read:

21 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical ser-  
22 vices to be offered to eligible persons include those services eligible  
23 for federal financial participation under the provisions of Title XIX  
24 of the federal Social Security Act in effect on March 1, 1981.

25 \* Sec. 12. AS 47.07.080 is amended by adding new paragraphs to read:

26 (5) "medically needy" means a person who meets the categori-  
27 cal requirements of eligibility for medical assistance but whose income

28 (A) exceeds the income standard for categorical assist-  
29 ance; and

1 (B) is less than the medically needy income standard  
2 after the deduction of allowable medical expenses;

3 (6) "categorical requirements of eligibility" means the  
4 standards established under 42 C.F.R., secs. 435.500 - 435.541;

5 (7) "medically needy income standard" means the standards  
6 established under 42 C.F.R., secs. 435.800 - 435.816.

7 \* Sec. <sup>14</sup>13. AS 47.07.020(d) is repealed.

8 \* Sec. <sup>15</sup>14. Sections 1 and 4 of this Act take effect July 1, 1982.

9 \* Sec. <sup>16</sup>15. Sections 5 - 8 of this Act take effect January 1, 1982.

10 \* Sec. <sup>17</sup>16. Section 9 of this Act takes effect July 1, 1981.

11 \* Sec. <sup>18</sup>17. Sections 2, 3, and 10 - 13 of this Act take effect immedi-  
12 ately in accordance with AS 01.10.070(c).

ADOPTED

A M E N D M E N T

Offered in the HOUSE  
TO: CSSSHB 41 (HESS) (Fin)

~~By Rogers~~

Page 1, following line 25:

Add new material to read:

"(e) Notwithstanding the provisions of (c) of this section and the limitations in AS 18.27.020(b), an individual eligible for a permanent fund dividend under AS 43.23.010 may, to the extent of his eligibility under AS 43.23.010,

(1) enroll in the state comprehensive health plan or in an individual health insurance plan certified under AS 18.27.020(a)(1);

(2) direct the commissioner of revenue to use as much of the permanent fund dividend to which the individual is entitled under AS 43.23.010 as is necessary to pay a cost of the individual incurred in participation in the state comprehensive health plan or in an individual health insurance plan certified under AS 18.27.020(a)(1)."

Offered by Reps. Buchholdt and Adams c

Page 1, line 26: Delete Sec. 18.27.020, and reenact it to read as follows:

Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a) A resident of the state is entitled to cost sharing under the state health insurance cost sharing program if

(1) the resident is enrolled in the state comprehensive health plan or an individual health insurance plan which the insurance company has certified to the commissioner as equivalent to or exceeding the benefit standards of the state comprehensive health plan established by the commissioner under AS 18.27.010(a);

(2) the resident is not enrolled in a group health insurance plan or enrolled in a federal health program; and

(3) the resident qualifies for cost sharing under (b) of this section.

(b) The commissioner shall pay the state share of the costs of health insurance incurred by a resident of the state and his covered dependents qualifying for cost sharing under (a) of this section under the following formula:

(1) if the total adjusted gross income of the resident and his dependents is at or below 75 percent of the base income, 100 percent of the premium cost of health insurance;

(2) if the total adjusted gross income of the resident and his dependents is between 75 percent of the base income and 125 percent of the base income, a graduated percentage of the premium cost of health insurance between 100 percent and zero percent;

(3) if the total adjusted gross income of the resident and his dependents is at or below 45 percent of the base income, 100 percent of copayments and deductibles;

(4) if the total adjusted gross income of the resident and his dependents is between 45 percent of the base income and 95 percent of the base income, a graduated percentage of the copayments and deductibles from 100 percent and zero percent;

(5) if a resident is enrolled in an individual health insurance plan certified to the commissioner under (a) of this section, the state share of the cost of health insurance for the resident is limited to the amount that the state's share would have been if the resident had been enrolled in the state comprehensive health plan.

(c) The commissioner shall adopt minimum benefit standards and guidelines for determining benefit equivalence for the certification of plans under (a)(1) of this section.

(d) Notwithstanding the provisions of an individual health insurance plan, a plan certified by an insurance company to the commissioner under (a)(1) of this section provides the minimum benefits and the equivalent benefits required for certification.

Page 4, line 28: Add a new section 5, and renumber remaining sections accordingly. The new section 5 would read as follows:

\*Sec. 5. The Legislative Council shall by the 30th day of the Second Session of the Twelfth Alaska State Legislature

(1) determine and report to the legislature how the Indian Health Service delivery system can be improved;

(2) determine and report to the legislature what role the state should play to complement federal funding of the Indian Health Service;

(3) determine and report to the legislature what role the state should play to complement services available to Alaska's senior citizens under Medicare; and

~~(4) obtain the assistance of a private attorney skilled in health care financing law, for the purposes of (1) - (3) of this section.~~

(4) The study shall include adequate involvement by the Health, Education and Social Services Committee of the Legislature, the Alaska Native Health Board, regional health organizations, other health care providers and consumers, the Department of Health and Social Services, and the Alaska Area Native Health Service.

Adams Am  
to Am  
ACCEPTED

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The study shall include adequate involvement by the Health, Education and Social Services Committees of the Legislature, the Alaska Native Health Board, regional health organizations, other health care providers and consumers, the Department of Health and Social Services and the Alaska Area Native Health Service.

The study shall be completed and a report provided to the Twelfth Legislature by the 30th day of the Second Session.

Finance  
CS

Original sponsors: Buchholdt, Gardiner,  
Clocksin, et al

Offered: 3/31/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 41 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST 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 com-  
12 missioner shall establish minimum benefit standards for the state  
13 comprehensive health plan and shall provide for the underwriting and  
14 administration of the state comprehensive health plan.

15 (b) A resident of the state is entitled to enroll in the state  
16 comprehensive health plan.

17 (c) The state comprehensive health plan shall provide for copay-  
18 ments and deductibles, and shall provide an annual limit on the total  
19 amount of copayments and deductibles for each enrolled resident and the  
20 covered dependents of the resident for each year. The annual limit  
21 shall be the same regardless of family size.

22 (d) The commissioner shall contract for the administration and  
23 may contract for the underwriting of the state comprehensive health  
24 plan. A contract entered into under this subsection shall be based on  
25 competitive bids and shall be for a three-year period.

26 Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)  
27 Except as provided in (b) of this section, a resident of the state is  
28 entitled to cost sharing under the state health insurance cost sharing  
29 program if

1 (1) the resident is enrolled in the state comprehensive  
2 health plan or an individual health insurance plan which the insurance  
3 company has certified to the commissioner as equivalent to or exceeding  
4 the benefit standards of the state comprehensive health plan estab-  
5 lished by the commissioner under AS 18.27.010(a);

6 (2) the resident qualifies for cost sharing under (c) of  
7 this section.

8 (b) A person entitled to cost sharing under (a) and (c) of this  
9 section who is enrolled in a group health insurance plan or eligible  
10 for benefits under a state or federal health care program is entitled  
11 to cost sharing for supplemental care under the state comprehensive  
12 health insurance plan or under an individual health insurance plan  
13 certified under (a)(1) of this section. The benefits provided under a  
14 health insurance plan providing supplemental care are the same as those  
15 provided under the state comprehensive health care program established  
16 under AS 18.27.010 except that the benefits are supplemental to benefits  
17 provided under a group health insurance plan or under a state or federal  
18 health care program.

19 (c) The commissioner shall pay the state share of the costs of  
20 health insurance incurred by a resident of the state and his covered  
21 dependents under the following formula:

22 (1) if the total adjusted gross income of the resident and  
23 his dependents is at or below 75 percent of the base income, 100 per-  
24 cent of the premium cost of health insurance;

25 (2) if the total adjusted gross income of the resident and  
26 his dependents is between 75 percent of the base income and 125 percent  
27 of the base income, a graduated percentage of the premium cost of  
28 health insurance between 100 percent and zero percent;

29 (3) if the total adjusted gross income of the resident and

1 his dependents is at or below 45 percent of the base income, 100 per-  
2 cent of copayments and deductibles;

3 (4) if the total adjusted gross income of the resident and  
4 his dependents is between 45 percent of the base income and 95 percent  
5 of the base income, a graduated percentage of the copayments and de-  
6 ductibles from 100 percent and zero percent;

7 (5) if a resident is enrolled in an individual health insur-  
8 ance plan certified to the commissioner under (a) of this section, the  
9 state share of the cost of health insurance for the resident is limited  
10 to the amount that the state's share would have been if the resident  
11 had been enrolled in the state comprehensive health plan.

12 (d) The commissioner shall adopt minimum benefit standards and  
13 guidelines for determining benefit equivalence for the certification of  
14 plans under (a)(1) of this section.

15 (e) Notwithstanding the provisions of an individual health insur-  
16 ance plan, a plan certified by an insurance company to the commissioner  
17 under (a)(1) of this section provides the minimum benefits and the  
18 equivalent benefits required for certification.

19 Sec. 18.27.030. DEFINITIONS. In this chapter

20 (1) "adjusted gross income" means the adjusted gross income  
21 of the resident determined under the regulations of the commissioner;

22 (2) "base income" means

23 (A) family median income for Alaska determined by the  
24 federal Office of Human Development Service; and

25 (B) regional adjustments established by the commis-  
26 sioner to the family median income for Alaska determined by the  
27 federal Office of Human Development Service which are based on  
28 relative costs of living in the state;

29 (3) "benefit equivalence" means that the benefits provided

1 in an individual health insurance plan and certified to the commissioner  
2 under AS 18.27.020(d) are equivalent to benefits provided under the  
3 state comprehensive health plan;

4 (4) "commissioner" means the commissioner of administration;

5 (5) "copayment" means the portion of covered expenses pay-  
6 able by the resident after the deductible has been met;

7 (6) "insurance" means prepaid plans or indemnity plans.

8 \* Sec. 2. The commissioner of administration shall report by the 30th  
9 day of the Second Session of the Twelfth State Legislature on:

10 (1) proposed minimum benefit standards and estimated actuarial  
11 costs of the state comprehensive health plan (AS 18.27);

12 (2) the anticipated number and characteristics of participants in  
13 the state health insurance cost sharing program (AS 18.27.020) and the  
14 projected cost to the state;

15 (3) a proposed plan for

16 (A) implementation of AS 18.27;

17 (B) eligibility determinations under AS 18.27;

18 (C) payment of the state share of premium costs and copay-  
19 ment and deductibles incurred under AS 18.27; and

20 (D) informing the public of benefits under AS 18.27;

21 (4) recommendations for amendments to AS 18.27.

22 \* Sec. 3. Coverage under the state comprehensive health plan (AS 18.27.-  
23 010) and the state health insurance cost sharing program under AS 18.27.020  
24 begins on July 1, 1982.

25 \* Sec. 4. AS 21.54.050 is amended by adding a new paragraph to read:

26 (7) under a policy issued to the state to insure residents  
27 of the state under AS 18.27.

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

29 (1) A group insurance policy shall provide one or more of

1 the following benefits: life insurance, accidental death and dismem-  
2 berment insurance, weekly indemnity insurance, hospital expense insur-  
3 ance, surgical expense insurance, dental expense insurance, audio-visual  
4 insurance, alcoholism and drug dependency insurance, or other medical  
5 care insurance.

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

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

8 The group insurance policy under AS 39.30.090(1)

9 (1) shall provide coverage for alcoholism and drug depen-  
10 dence to include

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

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

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

1 the geographic area;

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

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

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

9 (b) The provisions of this section apply to group health insur-  
10 ance contracts and group service or indemnity type contracts issued to  
11 provide coverage for employees of the state and may apply to contracts  
12 for the benefit of employees of other participating governmental units  
13 only if the governing body of the governmental unit elects to have the  
14 provisions apply.

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

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

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

25 (3) "state" means any state in the United States and in-  
26 cludes the District of Columbia.

27 \* Sec. 7. AS 39.30.100 is amended to read:

28 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-  
29 30.090]

- 1 (1) "eligible employee" means
- 2 (A) an employee who has served in permanent full-time
- 3 or part-time employment with the same governmental unit for 30
- 4 days or more, except an emergency or temporary employee, and
- 5 (B) an elected or appointed official of a governmental
- 6 unit, effective upon taking the oath of office;
- 7 (2) "governmental unit" means the state, a borough, municipi-
- 8 pal corporation, or other political subdivision of the state, and the
- 9 North Pacific Fishery Management Council;
- 10 (3) "insurance", "insurance carrier" and "insurance policy"
- 11 include health care services, health care service contractors and con-
- 12 tracts.

13 \* Sec. 8. The provisions of secs. 5 - 7 of this Act apply to group poli-

14 cies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and

15 which are delivered, issued for delivery, or renewed in this state after the

16 effective date of this Act. A policy or contract providing coverage for

17 eligible employees in this state under AS 39.30.090 - 39.30.100 delivered,

18 issued for delivery, or renewed after the effective date of this Act provides

19 the minimum coverage required by this Act even if the language of the policy

20 or contract does not specifically so provide.

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

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

23 TRACTS. (a) The commissioner shall use medical assistance funds to

24 purchase and pay premiums on policies of insurance or pay the expenses

25 on health care service contracts that provide one or more of the ser-

26 vices available under state medical assistance programs.

27 (b) The policy of insurance or the contract financed under this

28 section must guarantee to

- 29 (1) provide services and supplies under policies of insur-

1           ance or contracts under AS 21;

2                   (2) provide the statistical data, records, and reports  
3 relating to the provision, administration, and costs of providing  
4 services and supplies as required by the commissioner.

5           Sec. 47.05.080. IMPLEMENTATION. The commissioner shall implement  
6 the provisions of AS 47.05.070 when he determines that comparable  
7 benefits are available at equal or less cost than direct payments by  
8 the department to the providers of services and supplies.

9           Sec. 47.05.090. INTERIM PAYMENT. If the commissioner determines  
10 under regulations adopted by him that a provider of medical services is  
11 expected to serve a large volume of medical assistance clients, he may  
12 make an interim payment before receipt of billing for services to the  
13 provider.

14           Sec. 47.05.100. INTEREST ON LATE PAYMENTS. When presented by a  
15 provider of medical services with a clean claim, the commissioner shall  
16 pay

17                   (1) interest at the rate of one percent per month when  
18 payment is delayed more than 45 days after presentation of the clean  
19 claim;

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

23                   (3) the interest for a full month if the overdue clean claim  
24 is not paid by the 15th day of a calendar month.

25           Sec. 47.05.110. DEFINITIONS. In AS 47.05.070 - 47.05.110

26                   (1) "clean claim" means a claim for payment which can be  
27 processed without obtaining additional information from the provider of  
28 the service or from a third party; it includes a claim with errors  
29 originating in the department's claims processing system, but does not

1 include claims from a provider who is under investigation for fraud or  
2 abuse, or a claim under review for medical necessity;

3 (2) "commissioner" means the commissioner of health and  
4 social services;

5 (3) "health care service contract" means a contract with a  
6 nonprofit corporation which accepts prepayment for health care services  
7 and is sponsored by or associated with a group of physicians or a group  
8 of hospitals or both or by a health maintenance organization recognized  
9 under federal law;

10 (4) "medical assistance" means Medicaid (AS 47.07), general  
11 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and  
12 crippled children's and maternal and child health programs (AS 18.05.-  
13 010).

14 \* Sec. 10. AS 47.07.020(b) is repealed and reenacted to read:

15 (b) A resident of the state for whom the provisions of the Social  
16 Security Act in effect on March 1, 1981, allow optional medical cover-  
17 age qualifying for federal financial participation is eligible for  
18 medical assistance. A resident of the state qualifying as medically  
19 needy is not eligible for medical assistance.

20 \* Sec. 11. AS 47.07.030 is repealed and reenacted to read:

21 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical ser-  
22 vices to be offered to eligible persons include those services eligible  
23 for federal financial participation under the provisions of Title XIX  
24 of the federal Social Security Act in effect on March 1, 1981.

25 \* Sec. 12. AS 47.07.080 is amended by adding new paragraphs to read:

26 (5) "medically needy" means a person who meets the categori-  
27 cal requirements of eligibility for medical assistance but whose income

28 (A) exceeds the income standard for categorical assist-  
29 ance; and

1 (B) is less than the medically needy income standard  
2 after the deduction of allowable medical expenses;

3 (6) "categorical requirements of eligibility" means the  
4 standards established under 42 C.F.R., secs. 435.500 - 435.541;

5 (7) "medically needy income standard" means the standards  
6 established under 42 C.F.R., secs. 435.800 - 435.816.

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

8 \* Sec. 14. Sections 1 and 4 of this Act take effect July 1, 1982.

9 \* Sec. 15. Sections 5 - 8 of this Act take effect January 1, 1982.

10 \* Sec. 16. Section 9 of this Act takes effect July 1, 1981.

11 \* Sec. 17. Sections 2, 3, and 10 - 13 of this Act take effect immedi-  
12 ately in accordance with AS 01.10.070(c).

REVISED AMENDMENT TO CS SS HB 41 (HESS)

Offered by Reps. Buchholdt and Adams

Page 1, line 26: Delete Sec. 18.27.020, and reenact it to read as follows:

Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a) A resident of the state is entitled to cost sharing under the state health insurance cost sharing program if

(1) the resident is enrolled in the state comprehensive health plan or an individual health insurance plan which the insurance company has certified to the commissioner as equivalent to or exceeding the benefit standards of the state comprehensive health plan established by the commissioner under AS.18.27.010(a);

(2) the resident is not enrolled in a group health insurance plan or enrolled in a federal health program; and

(3) the resident qualifies for cost sharing under (b) of this section.

(b) The commissioner shall pay the state share of the costs of health insurance incurred by a resident of the state and his covered dependents qualifying for cost sharing under (a) of this section under the following formula:

(1) if the total adjusted gross income of the resident and his dependents is at or below 75 percent of the base income, 100 percent of the premium cost of health insurance;

(2) if the total adjusted gross income of the resident and his dependents is between 75 percent of the base income and 125 percent of the base income, a graduated percentage of the premium cost of health insurance between 100 percent and zero percent;

(3) if the total adjusted gross income of the resident and his dependents is at or below 45 percent of the base income, 100 percent of copayments and deductibles;

(4) if the total adjusted gross income of the resident and his dependents is between 45 percent of the base income and 95 percent of the base income, a graduated percentage of the copayments and deductibles from 100 percent and zero percent;

(5) if a resident is enrolled in an individual health insurance plan certified to the commissioner under (a) of this section, the state share of the cost of health insurance for the resident is limited to the amount that the state's share would have been if the resident had been enrolled in the state comprehensive health plan.

(c) The commissioner shall adopt minimum benefit standards and guidelines for determining benefit equivalence for the certification of plans under (a)(1) of this section.

(d) Notwithstanding the provisions of an individual health insurance plan, a plan certified by an insurance company to the commissioner under (a)(1) of this section provides the minimum benefits and the equivalent benefits required for certification.

Page 4, line 28: Add a new section 5, and renumber remaining sections accordingly. The new section 5 would read as follows:

\*Sec. 5. The Legislative Council shall by the 30th day of the Second Session of the Twelfth Alaska State Legislature

(1) determine and report to the legislature how the Indian Health Service delivery system can be improved;

(2) determine and report to the legislature what role the state should play to complement federal funding of the Indian Health Service;

(3) determine and report to the legislature what role the state should play to complement services available to Alaska's senior citizens under Medicare; and

(4) obtain the assistance of a private attorney skilled in health care financing law, for the purposes of (1) - (3) of this section.

Original sponsors: Buchholdt, Gardiner,  
Clocksin, et al

Offered: 3/31/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 41 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST 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 com-  
12 missioner shall establish minimum benefit standards for the state  
13 comprehensive health plan and shall provide for the underwriting and  
14 administration of the state comprehensive health plan.

15 (b) A resident of the state is entitled to enroll in the state  
16 comprehensive health plan.

17 (c) The state comprehensive health plan shall provide for copay-  
18 ments and deductibles, and shall provide an annual limit on the total  
19 amount of copayments and deductibles for each enrolled resident and the  
20 covered dependents of the resident for each year. The annual limit  
21 shall be the same regardless of family size.

22 (d) The commissioner shall contract for the administration and  
23 may contract for the underwriting of the state comprehensive health  
24 plan. A contract entered into under this subsection shall be based on  
25 competitive bids and shall be for a three-year period.

26 Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)  
27 Except as provided in (b) of this section, a resident of the state is  
28 entitled to cost sharing under the state health insurance cost sharing  
29 program if

1 (1) the resident is enrolled in the state comprehensive  
2 health plan or an individual health insurance plan which the insurance  
3 company has certified to the commissioner as equivalent to or exceeding  
4 the benefit standards of the state comprehensive health plan estab-  
5 lished by the commissioner under AS 18.27.010(a);

6 (2) the resident qualifies for cost sharing under (c) of  
7 this section.

8 (b) A person entitled to cost sharing under (a) and (c) of this  
9 section who is enrolled in a group health insurance plan or eligible  
10 for benefits under a state or federal health care program is entitled  
11 to cost sharing for supplemental care under the state comprehensive  
12 health insurance plan or under an individual health insurance plan  
13 certified under (a)(1) of this section. The benefits provided under a  
14 health insurance plan providing supplemental care are the same as those  
15 provided under the state comprehensive health care program established  
16 under AS 18.27.010 except that the benefits are supplemental to benefits  
17 provided under a group health insurance plan or under a state or federal  
18 health care program.

19 (c) The commissioner shall pay the state share of the costs of  
20 health insurance incurred by a resident of the state and his covered  
21 dependents under the following formula:

22 (1) if the total adjusted gross income of the resident and  
23 his dependents is at or below 75 percent of the base income, 100 per-  
24 cent of the premium cost of health insurance;

25 (2) if the total adjusted gross income of the resident and  
26 his dependents is between 75 percent of the base income and 125 percent  
27 of the base income, a graduated percentage of the premium cost of  
28 health insurance between 100 percent and zero percent;

29 (3) if the total adjusted gross income of the resident and

1 his dependents is at or below 45 percent of the base income, 100 per-  
2 cent of copayments and deductibles;

3 (4) if the total adjusted gross income of the resident and  
4 his dependents is between 45 percent of the base income and 95 percent  
5 of the base income, a graduated percentage of the copayments and de-  
6 ductibles from 100 percent and zero percent;

7 (5) if a resident is enrolled in an individual health insur-  
8 ance plan certified to the commissioner under (a) of this section, the  
9 state share of the cost of health insurance for the resident is limited  
10 to the amount that the state's share would have been if the resident  
11 had been enrolled in the state comprehensive health plan.

12 (d) The commissioner shall adopt minimum benefit standards and  
13 guidelines for determining benefit equivalence for the certification of  
14 plans under (a)(1) of this section.

15 (e) Notwithstanding the provisions of an individual health insur-  
16 ance plan, a plan certified by an insurance company to the commissioner  
17 under (a)(1) of this section provides the minimum benefits and the  
18 equivalent benefits required for certification.

19 Sec. 18.27.030. DEFINITIONS. In this chapter

20 (1) "adjusted gross income" means the adjusted gross income  
21 of the resident determined under the regulations of the commissioner;

22 (2) "base income" means

23 (A) family median income for Alaska determined by the  
24 federal Office of Human Development Service; and

25 (B) regional adjustments established by the commis-  
26 sioner to the family median income for Alaska determined by the  
27 federal Office of Human Development Service which are based on  
28 relative costs of living in the state;

29 (3) "benefit equivalence" means that the benefits provided

1 in an individual health insurance plan and certified to the commissioner  
2 under AS 18.27.020(d) are equivalent to benefits provided under the  
3 state comprehensive health plan;

4 (4) "commissioner" means the commissioner of administration;

5 (5) "copayment" means the portion of covered expenses pay-  
6 able by the resident after the deductible has been met;

7 (6) "insurance" means prepaid plans or indemnity plans.

8 \* Sec. 2. The commissioner of administration shall report by the 30th  
9 day of the Second Session of the Twelfth State Legislature on:

10 (1) proposed minimum benefit standards and estimated actuarial  
11 costs of the state comprehensive health plan (AS 18.27);

12 (2) the anticipated number and characteristics of participants in  
13 the state health insurance cost sharing program (AS 18.27.020) and the  
14 projected cost to the state;

15 (3) a proposed plan for

16 (A) implementation of AS 18.27;

17 (B) eligibility determinations under AS 18.27;

18 (C) payment of the state share of premium costs and copay-  
19 ment and deductibles incurred under AS 18.27; and

20 (D) informing the public of benefits under AS 18.27;

21 (4) recommendations for amendments to AS 18.27.

22 \* Sec. 3. Coverage under the state comprehensive health plan (AS 18.27.-  
23 010) and the state health insurance cost sharing program under AS 18.27.020  
24 begins on July 1, 1982.

25 \* Sec. 4. AS 21.54.060 is amended by adding a new paragraph to read:

26 (7) under a policy issued to the state to insure residents  
27 of the state under AS 18.27.

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

29 (1) A group insurance policy shall provide one or more of

1 the following benefits: life insurance, accidental death and dismem-  
2 berment insurance, weekly indemnity insurance, hospital expense insur-  
3 ance, surgical expense insurance, dental expense insurance, audio-visual  
4 insurance, alcoholism and drug dependency insurance, or other medical  
5 care insurance.

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

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

8 The group insurance policy under AS 39.30.090(1)

9 (1) shall provide coverage for alcoholism and drug depen-  
10 dence to include

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

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

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

1 the geographic area;

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

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

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

9 (b) The provisions of this section apply to group health insur-  
10 ance contracts and group service or indemnity type contracts issued to  
11 provide coverage for employees of the state and may apply to contracts  
12 for the benefit of employees of other participating governmental units  
13 only if the governing body of the governmental unit elects to have the  
14 provisions apply.

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

16 (1) "alcoholism" means an illness or condition characterized  
17 by the habitual lac' of self control in the use of alcoholic beverages,  
18 or use of alcoholic beverages to the extent that health is substantial-  
19 ly impaired or endangered, or social or economic function is substan-  
20 tially disrupted;

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

25 (3) "state" means any state in the United States and in-  
26 cludes the District of Columbia.

27 \* Sec. 7. AS 39.30.100 is amended to read:

28 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-  
29 30.090]

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(1) "eligible employee" means

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

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

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

(3) "insurance", "insurance carrier" and "insurance policy" include health care services, health care service contractors and contracts.

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

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

Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CONTRACTS. (a) The commissioner shall use medical assistance funds to purchase and pay premiums on policies of insurance or pay the expenses on health care service contracts that provide one or more of the services available under state medical assistance programs.

(b) The policy of insurance or the contract financed under this section must guarantee to

(1) provide services and supplies under policies of insur-

1           ance or contracts under AS 21;

2                   (2) provide the statistical data, records, and reports  
3 relating to the provision, administration, and costs of providing  
4 services and supplies as required by the commissioner.

5           Sec. 47.05.080. IMPLEMENTATION. The commissioner shall implement  
6 the provisions of AS 47.05.070 when he determines that comparable  
7 benefits are available at equal or less cost than direct payments by  
8 the department to the providers of services and supplies.

9           Sec. 47.05.090. INTERIM PAYMENT. If the commissioner determines  
10 under regulations adopted by him that a provider of medical services is  
11 expected to serve a large volume of medical assistance clients, he may  
12 make an interim payment before receipt of billing for services to the  
13 provider.

14           Sec. 47.05.100. INTEREST ON LATE PAYMENTS. When presented by a  
15 provider of medical services with a clean claim, the commissioner shall  
16 pay

17                   (1) interest at the rate of one percent per month when  
18 payment is delayed more than 45 days after presentation of the clean  
19 claim;

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

23                   (3) the interest for a full month if the overdue clean claim  
24 is not paid by the 15th day of a calendar month.

25           Sec. 47.05.110. DEFINITIONS. In AS 47.05.070 - 47.05.110

26                   (1) "clean claim" means a claim for payment which can be  
27 processed without obtaining additional information from the provider of  
28 the service or from a third party; it includes a claim with errors  
29 originating in the department's claims processing system, but does not

1 include claims from a provider who is under investigation for fraud or  
2 abuse, or a claim under review for medical necessity;

3 (2) "commissioner" means the commissioner of health and  
4 social services;

5 (3) "health care service contract" means a contract with a  
6 nonprofit corporation which accepts prepayment for health care services  
7 and is sponsored by or associated with a group of physicians or a group  
8 of hospitals or both or by a health maintenance organization recognized  
9 under federal law;

10 (4) "medical assistance" means Medicaid (AS 47.07), general  
11 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and  
12 crippled children's and maternal and child health programs (AS 18.05.-  
13 010).

14 \* Sec. 10. AS 47.07.020(b) is repealed and reenacted to read:

15 (b) A resident of the state for whom the provisions of the Social  
16 Security Act in effect on March 1, 1981, allow optional medical cover-  
17 age qualifying for federal financial participation is eligible for  
18 medical assistance. A resident of the state qualifying as medically  
19 needy is not eligible for medical assistance.

20 \* Sec. 11. AS 47.07.030 is repealed and reenacted to read:

21 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical ser-  
22 vices to be offered to eligible persons include those services eligible  
23 for federal financial participation under the provisions of Title XIX  
24 of the federal Social Security Act in effect on March 1, 1981.

25 \* Sec. 12. AS 47.07.080 is amended by adding new paragraphs to read:

26 (5) "medically needy" means a person who meets the categori-  
27 cal requirements of eligibility for medical assistance but whose income

28 (A) exceeds the income standard for categorical assist-  
29 ance; and

1 (B) is less than the medically needy income standard  
2 after the deduction of allowable medical expenses;

3 (6) "categorical requirements of eligibility" means the  
4 standards established under 42 C.F.R., secs. 435.500 - 435.541;

5 (7) "medically needy income standard" means the standards  
6 established under 42 C.F.R., secs. 435.800 - 435.816.

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

8 \* Sec. 14. Sections 1 and 4 of this Act take effect July 1, 1982.

9 \* Sec. 15. Sections 5 - 8 of this Act take effect January 1, 1982.

10 \* Sec. 16. Section 9 of this Act takes effect July 1, 1981.

11 \* Sec. 17. Sections 2, 3, and 10 - 13 of this Act take effect immedi-  
12 ately in accordance with AS 01.10.070(c).

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Introduced: 2/19/81  
Referred: Health, Education &  
Social Services and Finance

BY BUCHHOLDT, GARDINER, CLOCKSIN  
CATO, ROGERS, ZHAROFF, ADAMS, FULLER  
AND VASKA

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 41

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST 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 com-  
12 missioner shall establish minimum benefit standards for the state  
13 comprehensive health plan and shall provide for the underwriting and  
14 administration of the state comprehensive health plan through competi-  
15 tive bidding procedures.

16 (b) A resident of the state is entitled to enroll in the state  
17 comprehensive health plan.

18 (c) The state comprehensive health plan shall provide for copay-  
19 ments and deductibles, and shall provide an annual limit on the total  
20 amount of copayments and deductibles for each enrolled resident for  
21 each year. The annual limit shall be the same regardless of family  
22 size.

23 (d) The commissioner shall contract for the administration and  
24 underwriting of the state comprehensive health plan. The contract  
25 shall be based on competitive bids. A contract entered into under this  
26 subsection shall be for a three-year period.

27 Sec. 18.27.020. STATE HEALTH INSURANCE COST SHARING PROGRAM. (a)  
28 A resident of the state is entitled to cost sharing under the state  
29 health insurance cost sharing program if

1 (1) the resident is enrolled in the state comprehensive  
2 health plan or an individual health insurance plan which is certified  
3 by the director of insurance as meeting or exceeding the benefit stan-  
4 dards of the state comprehensive health plan established by the commis-  
5 sioner under AS 18.27.010(a);

6 (2) the resident is not enrolled in a group health insurance  
7 plan or covered under a state or federal health program; and

8 (3) the resident qualifies for cost sharing under (b) of  
9 this section.

10 (b) The commissioner shall pay the state share of the costs of  
11 health insurance incurred by a resident of the state and his covered  
12 dependents under the following formula:

13 (1) if the total adjusted gross income of the resident and  
14 his dependents is at or below 75 percent of the median income, 100  
15 percent of the premium cost of health insurance;

16 (2) if the total adjusted gross income of the resident and  
17 his dependents is between 75 percent of the median income and 125  
18 percent of the median income, a graduated percentage of the premium  
19 cost of health insurance between 100 percent and zero percent;

20 (3) if the total adjusted gross income of the resident and  
21 his dependents is at or below 150 percent of the poverty guideline, 100  
22 percent of copayments and deductibles;

23 (4) if the total adjusted gross income of the resident and  
24 his dependents is between 150 percent of the poverty guideline and 95  
25 percent of the median income, a graduated percentage of the copayments  
26 and deductibles from 100 percent and zero percent;

27 (5) if a resident is enrolled in an individual health insur-  
28 ance plan certified by the director of insurance under (a) of this  
29 section, the state share of the cost of health insurance for the resi-

1           dent is limited to the amount that the state's share would have been if  
2           the resident had been enrolled in the state comprehensive health plan.

3           Sec. 18.27.030. DEFINITIONS. In this chapter

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

5                   (2) "copayment" means the portion of covered expenses pay-  
6           able by the resident after the deductible has been met;

7                   (3) "insurance" means prepaid plans or indemnity plans;

8                   (4) "poverty guideline" means the federal Community Services  
9           Administration poverty income guidelines for Alaska (45 C.F.R. sec.  
10          1060.2);

11                   (5) "median income" means the federal Office of Human Devel-  
12          opment Service family median income for Alaska.

13          \* Sec. 2. The commissioner of administration shall report by the 10th  
14          day of the Second Session of the Twelfth State Legislature on:

15                   (1) proposed minimum benefit standards and estimated actuarial  
16          costs of the state comprehensive health plan;

17                   (2) the anticipated number of participants in the cost sharing  
18          program and the projected cost to the state;

19                   (3) a proposed plan for

20                           (A) implementation of AS 18.27;

21                           (B) eligibility determinations under AS 18.27;

22                           (C) payment of the state share of premium costs and copay-  
23          ment and deductibles incurred under AS 18.27; and

24                           (D) informing the public of benefits under AS 18.27;

25                   (4) recommendations for amendments relating to implementation of  
26          AS 18.27.

27          \* Sec. 3. Coverage under AS 18.27.010 and cost sharing under AS 18.27.-  
28          020 shall begin on July 1, 1982.

29          \* Sec. 4. AS 21.54.060 is amended by adding a new paragraph to read:

1 (7) under a policy issued to the state to insure residents  
2 of the state under AS 18.27.

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

4 (1) A group insurance policy shall provide one or more of  
5 the following benefits: life insurance, accidental death and dismem-  
6 berment insurance, weekly indemnity insurance, hospital expense insur-  
7 ance, surgical expense insurance, dental expense insurance, audio-visual  
8 insurance, alcoholism and drug dependency insurance, or other medical  
9 care insurance.

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

11 Sec. 39.30.092. COVERAGE FOR ALCOHOLISM AND DRUG DEPENDENCE. (a)  
12 The group insurance policy under AS 39.30.090(1)

13 (1) shall provide coverage for alcoholism and drug depen-  
14 dence to include

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

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

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

1 certified professional substance abuse counselor; coverage shall  
2 include individual, family or group therapy; benefits shall be  
3 paid at not less than 75 percent of the usual, customary and  
4 reasonable charge for a medical procedure, treatment or service in  
5 the geographic area;

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

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

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

13 (b) The provisions of this section apply to group health insur-  
14 ance contracts and group service or indemnity type contracts issued to  
15 provide coverage for employees of the state and may apply to contracts  
16 for the benefit of employees of other participating governmental units  
17 only if the governing body of the governmental unit elects to have the  
18 provisions apply.

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

20 (1) "alcoholism" means an illness or condition characterized  
21 by the habitual lack of self control in the use of alcoholic beverages,  
22 or use of alcoholic beverages to the extent that health is substantial-  
23 ly impaired or endangered, or social or economic function is substan-  
24 tially disrupted;

25 (2) "drug dependence" means the condition of being physi-  
26 cally or psychologically addicted to an opiate, opiate derivative,  
27 tranquilizer, amphetamine, barbiturate, or similar substance, but  
28 excluding nicotine, caffeine and alcohol;

29 (3) "state" means any state in the United States and in-

1 includes the District of Columbia.

2 \* Sec. 7. AS 39.30.100 is amended to read:

3 Sec. 39.30.100. DEFINITIONS. In AS 39.30.090 - 39.30.100 [AS 39.-  
4 30.090]

5 (1) "eligible employee" means

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

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

11 (2) "governmental unit" means the state, a borough, municipi-  
12 pal corporation, or other political subdivision of the state, and the  
13 North Pacific Fishery Management Council;

14 (3) "insurance", "insurance carrier" and "insurance policy"  
15 include health care services, health care service contractors and con-  
16 tracts.

17 \* Sec. 8. The provisions of secs. 5 - 7 of this Act apply to group poli-  
18 cies or contracts which provide coverage under AS 39.30.090 - 39.30.100 and  
19 which are delivered, issued for delivery, or renewed in this state after the  
20 effective date of this Act. A policy or contract providing coverage for  
21 eligible employees in this state delivered, issued for delivery, or renewed  
22 after the effective date of this Act provides the minimum coverage required  
23 by this Act even if the language of the policy or contract does not speci-  
24 fically so provide.

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

26 Sec. 47.05.070. MEDICAL ASSISTANCE BY INSURANCE OR SERVICE CON-  
27 TRACTS. (a) The commissioner shall use medical assistance funds to  
28 purchase and pay premiums on policies of insurance or pay the expenses  
29 on health maintenance organization service contracts or medical or

1 hospital service contracts that provide one or more of the medical  
2 services available under state medical assistance programs.

3 (b) The policy of insurance or the contract financed under this  
4 section must guarantee to

5 (1) provide the medical services authorized under AS 47.07.-  
6 030;

7 (2) provide medical services under policies of insurance or  
8 contracts under AS 21;

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

12 Sec. 47.05.080. CONTRACTS WITH DIRECT PROVIDERS OF CARE AND  
13 SERVICE. (a) The commissioner may enter into a nonexclusive contract  
14 under which funds available for medical assistance programs may be  
15 administered and disbursed by the contractor. The contractor will pay  
16 the providers for medical and remedial services and supplies furnished  
17 by the providers under state medical assistance programs.

18 (b) A contract under this section shall

19 (1) oblige the contractor to make payments under the con-  
20 tract promptly and not later than 30 days after receipt of proper  
21 evidence of the claim; and

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

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

28 Sec. 47.05.100. INTERIM PAYMENT. The department may under regu-  
29 lations adopted by it make an interim payment before receipt of billing

1 for services to providers who serve a large volume of state medical  
2 assistance clients.

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

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

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

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

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

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

20 (2) "commissioner" means the commissioner of health and  
21 social services;

22 (3) "department" means the Department of Health and Social  
23 Services;

24 (4) "medical assistance" means Medicaid (AS 47.07), general  
25 relief medical (AS 47.25.120), catastrophic illness (AS 47.08), and  
26 crippled children's and maternal and child health programs (AS 18.05.-  
27 010).

28 \* Sec. 10. AS 47.07.020(b) is repealed and reenacted to read:

29 (b) Residents of the state for whom the Social Security Act

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allows optional medical coverage qualifying for federal financial participation are eligible for medical assistance.

\* Sec. 11. AS 47.07.030 is repealed and reenacted 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. 12. AS 47.07.020(d) is repealed.

\* Sec. 13. Sections 1 and 4 of this Act take effect July 1, 1982.

\* Sec. 14. Sections 5 - 8 and 10 - 12 of this Act take effect January 1, 1982.

\* Sec. 15. Section 9 of this Act takes effect July 1, 1981.

\* Sec. 16. Sections 2 and 3 of this Act take effect immediately in accordance with AS 01.10.070(c).

Position Paper  
CS for Sponsor Substitute for House Bill No. 43

"An Act relating to child care facilities and child care assistance."

This Bill provides for the following changes and additions to statutes pertaining to the child care facilities and child care assistance programs:

1. Child Day Care Facility Revolving Loan Fund.
  - a. the scope of the loan fund is defined to include private non-profit child care facilities;
  - b. the loan ceiling is increased from \$30,000 to \$50,000, and the provision that a facility may receive only a single loan is repealed; and
  - c. the condition that loans shall be made for the purpose of enabling facilities to comply with licensing standards is repealed.
2. Day Care Assistance Program.
  - a. provisions are added to expand eligible families to include those of moderate income and those seeking work;
  - b. a requirement to provide payments to municipalities to help defray the expenses of administering the day care assistance program is added;
  - c. a child care grant program is established; and
  - d. a more comprehensive definition of "child care facility" is provided.

While the Department of Community and Regional Affairs has major responsibility for purchase of day care services in the State, the Department of Health and Social Services maintains responsibility for purchase of day care in child protective cases and for WIN registrants. The protective services and WIN day care programs are not named in this Bill, however, the Department of Health and Social Services has adhered to a policy of administering its day care programs in a manner consistent with the Day Care Assistance Program and plans to continue that policy to the maximum extent feasible. From a licensing perspective, the Department has an interest in the financial viability and stability of day care facilities. It is for these reasons that the Department of Health and Social Services is commenting on this Bill.

The Department supports the proposed changes to the Child Day Care Facility Revolving Loan Fund. The amendment to include private non-profit child care facilities clarifies that language of the existing statute, and the \$20,000 increase in the amount of a single loan together with the allowance for facilities to receive more than one loan appear

Rec'd  
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AFTER Bill

to be realistic changes in light of escalating construction costs. The Department also supports the concept of providing facilities the latitude to determine the purpose of the loan, and not making it mandatory that the loan relate specifically to licensing standards. The Department of Commerce and Economic Development may have concerns on this item, however.

The Department has no objection to expanding the group of program eligibles provided that a priority system is established to ensure the ready availability of services to those most economically in need. Consideration may be given to amending section 250 of the statute to provide for prioritizing low income families. We also believe that providing day care service while a parent is "seeking work," including job interviewing, testing, employment counseling, and other activities that enhance a person's job search, is appropriate State policy.

The concept of financial assistance to municipalities to help defray the costs of administering the Day Care Assistance Program, is sound. Some communities have opted not to participate in the Day Care Assistance Program because of the administrative costs involved. This amendment may result in several additional communities choosing to participate in the Day Care Assistance Program.

Day care providers are experiencing financial hardships due to inflation and Federal budget reductions. Some are experiencing difficulties in maintaining licensing standards. The Division has an interest in the stability of day care centers and homes and in the quality of care provided. For these reasons we endorse the concept of a grant program. Targeting the grant funds for the education and training of staff will result in definite quality improvements.

While the Department does support the proposed definition of "child care facility," we wish to point out that the inclusion of preschools will have a definite impact on licensing activity. In addition, no more than an estimated 10% of homes providing day care in Alaska are licensed. There is a high likelihood that in order to increase their financial benefits, hundreds of unlicensed homes will seek licensure in order to qualify for the proposed grant program. The need for additional licensing staff in the Division of Family and Youth Services to perform the increased licensing reviews resulting from both the expanded definition of child care facility and anticipated requests to qualify facilities for grants, is reflected in the Fiscal Note.

The Department supports the concepts contained in this Bill.

RECOMMENDED BY: John R. Pugh  
John R. Pugh, Director  
Division of Family and  
Youth Services

DATE: 5/26/81

APPROVED BY: Helen D. Beirne  
Helen D. Beirne  
Commissioner

DATE: 6-2-81

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Sponsor Substitute for House Bill No. 43  
 Title "An Act relating to child care facilities and child care assistance."  
 Requested by HESS Committee Date 5/13/81

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services  
 Program Category Affected Health  
 BRU, Program, or Subprogram(s) Affected Various  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		147.2	160.4	174.9	190.6	207.8
200 TRAVEL						
300 CONTRACTUAL		10.8	11.8	12.9	14.1	15.4
400 COMMODITIES		1.6	1.7	1.9	2.1	2.3
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>159.6</b>	<b>173.9</b>	<b>189.7</b>	<b>206.8</b>	<b>225.5</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		159.6	173.9	189.7	206.8	225.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		4	4	4	4	4
PART TIME						
TEMPORARY						

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

Two provisions of this Bill are expected to dramatically increase the workload of the Division of Family and Youth Services licensing staff: 1) the establishment of a grant program which requires facilities to be licensed in order to qualify, and 2) an expanded definition of "child care facility" which would add preschools. The addition of these provisions will require four (4) new licensing positions. The Fiscal Note reflects the addition of four Child Care Specialists I positions (R16) in Anchorage (2), Fairbanks (1), and Juneau (1). Office space computed at 150'/position, \$1.50/ft. is shown under Contractual; Commodities at \$400/position per year are also included. Figures for FY 83 through FY 86 reflect an annual increase of 9%.

IV. DATE 5/26/81 PREPARED BY John R. Pugh John R. Pugh, Director  
 AGENCY Division of Family and Youth Services  
 PHONE 465-3070  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) M&B Approval Milliken Date 5/27/81

Original sponsors: Buchholdt, Fuller,  
and Zharoff

Offered: 5/13/81  
Referred: Finance

*10472  
P. 10472*

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 43 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to child care facilities and child  
7 care assistance."

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

9 \* Section 1. AS 44.33.245(a)(1) is amended to read:

10 (1) make loans for the construction, renovation, and equip-  
11 ping of child care facilities, including private nonprofit child care  
12 facilities;

13 \* Sec. 2. AS 44.33.255(a) is amended to read:

14 (a) A loan to a child care facility under AS 44.33.240 - 44.33.-  
15 275 may not exceed \$50,000 [\$30,000, AND NO MORE THAN ONE LOAN MAY BE  
16 MADE TO A SINGLE CHILD CARE FACILITY UNDER AS 44.33.240 - 44.33.275].

17 \* Sec. 3. AS 44.47.250(a)(1) is amended to read:

18 (1) implement and administer a program to assist in providing  
19 day care for the children of low and moderate income [LOW-INCOME]  
20 families according to the requirements of AS 44.47.250 - 44.47.310;

21 \* Sec. 4. AS 44.47.260 is repealed and reenacted to read:

22 Sec. 44.47.260. CONTRACT ADMINISTRATION. When a contract is made  
23 under AS 44.47.250(b)(2) between the department and a municipality, or  
24 under AS 44.47.250(b)(4) between the department and an organization,  
25 the department shall pay to that municipality or organization the  
26 greater of:

27 (1) an amount equal to 10 percent of the total annual day  
28 care benefits paid to day care facilities in the geographic area admin-  
29 istered by that municipality or organization; or

1 (2) \$1,000 per year.

2 \* Sec. 5. AS 44.47.270 is amended to read:

3 Sec. 44.47.270. CONDITIONS OF RECEIPT OF BENEFITS. Benefits may  
4 be paid for the care of children of a low or moderate income family  
5 only if a parent or guardian, because of the day care, is freed to work  
6 or to seek work or to attend school. In no event shall benefits be  
7 paid for the care of children of a family where one parent or guardian  
8 is not working or attending school and is physically and mentally  
9 capable of caring for the children.

10 \* Sec. 6. AS 44.47 is amended by adding a new section to read:

11 Sec. 44.47.301. CHILD CARE GRANT PROGRAM. (a) A child care grant  
12 program is established in the Department of Community and Regional  
13 Affairs to provide state assistance in the operation of child care  
14 facilities. The department shall provide grants for the operation of  
15 child care facilities, including private nonprofit child care facil-  
16 ities. Participation in the program is optional.

17 (b) To qualify for a grant under (a) or (d) of this section, the  
18 child care facility must

19 (1) be currently licensed under AS 47.35.010 - 47.35.080 and  
20 any applicable municipal licensing requirements;

21 (2) participate in the day care assistance program under  
22 AS 44.47.250 - 44.47.310;

23 (3) provide a specified level of care under a payment system  
24 based on the attendance of the child as provided in (g) of this section.

25 (c) A grant under this section may not exceed \$150 per month for  
26 each child the child care facility cares for, or for each full-time  
27 equivalent, as determined by the department. The grant shall be  
28 adjusted on a geographic basis by the same percentages as instructional  
29 unit allotments are adjusted under AS 14.17.051.

1 (d) In addition to the grants provided in (c) of this section,  
2 the department may, subject to appropriations for that purpose, provide  
3 by grant or contract for the education and training of child care  
4 employees or administrators. To receive a grant or contract under this  
5 subsection or to participate in a training program under this subsec-  
6 tion, the child care facility must meet all the requirements of (b) of  
7 this section.

8 (e) Application for grants under this section shall be made in  
9 the form established by the department.

10 (f) A grant under (c) of this section shall be made monthly or  
11 quarterly and shall be based on the average daily enrollment in the  
12 child care facility during the calendar month or quarter preceding the  
13 date on which application for a grant is made.

14 (g) Each child care facility receiving a grant under this section  
15 shall assure that a specified number of child care positions are avail-  
16 able to children eligible for day care assistance under AS 44.47.250 -  
17 44.47.310, whose parents or guardians wish to pay for care based on the  
18 number of days the child attends the facility. The number of child  
19 care positions to be made available under a payment schedule based on  
20 attendance rather than enrollment shall be determined under a formula  
21 established by the department by regulation, which shall take into  
22 consideration the demand for an attendance-based fee schedule and the  
23 economic impact of attendance-based fees on the child care facility.

24 (h) The commissioner shall, in consultation with interested child  
25 care providers and parents, adopt regulations to carry out the purposes  
26 of this section.

27 \* Sec. 7. AS 44.47.310 is amended by adding a new paragraph to read:

28 (6) "child care facility" means an establishment licensed  
29 under AS 47.35.010 - 47.35.080, including but not limited to day care

1 centers, family day care homes, and schools for preschool age children,  
2 which provides care for children not related by blood, marriage, or  
3 legal adoption to the owner, operator, or manager of the facility.

4 \* Sec. 8. AS 44.33.250 and 44.33.260(2) are repealed.  
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# COMMITTEE REPORT

## HOUSE

FURTHER:

5/13/81

(11)

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

Mr. Speaker:

The Committee on FINANCE has had SSHB 43

"An Act relating to day care assistance."

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SS HB 43 (Finance)  
 Title An Act relating to day care.  
 Requested by House Finance Committee Date May 19, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs  
 Program Category Affected Community Development  
 BRU, Program, or Subprogram(s) Affected Day Care Assistance Program  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		37.5	41.5	45.6	50.2	55.2
200 TRAVEL		4.0	4.4	4.8	5.3	5.8
300 CONTRACTUAL		4.3	4.7	5.2	5.7	6.3
400 COMMODITIES		.2	.2	.2	.3	.3
500 EQUIPMENT		2.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		1,750.2	1,812.7	1,903.1	1,998.4	2,098.3
<b>TOTAL</b>		<b>1,798.2</b>	<b>1,863.5</b>	<b>1,958.9</b>	<b>2,059.9</b>	<b>2,165.9</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	1,798.2	1,863.5	1,958.9	2,059.9	2,165.9
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	1	1	1	1	1
PART TIME	-0-	-0-	-0-	-0-	-0-
TEMPORARY					

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

The grant costs indicated (Line 700) include the cost of the child care grants, the proposed raise in the subsidy scale level and the costs of local municipal administration, using 5,251 child care slots as a base figure (5,746 existing slots minus 495 military slots).

The grants cost is arrived at by multiplying the base figure (5,251) times \$25 a month times twelve months times an 80% slot occupancy rate (1,260.2). It is not anticipated that the geographic adjustment called for in Section 6(c) will be funded in connection with this bill.

\$466.0 is added to the above figure to allow for administrative fees paid to municipalities and subsidy. In addition, it is estimated that \$24,000 per year (plus 10% per year for inflation) will be needed to fund the training grants provided for in Section 6 (44.47.301d).

IV. DATE May 19, 1981 PREPARED BY McKie Campbell  
 AGENCY Department of Community & Regional Affairs  
 PHONE 465-4735  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Fiscal Note CS SS HB 43 (Finance) - (cont'd)

Projected grant costs for future years assume 5% growth of existing programs but do not make allowances for annual revisions of the scale, increased costs per child, or an increase in the number of child care contractors.

Administrative costs (Lines 100-500) are based on the need for one additional Field Training Officer to monitor grant and program activities. Projected administrative costs assume 10% inflation.

Original sponsors: Buchholdt, Fuller,  
and Zharoff

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 43 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to child care facilities and child  
7 care assistance; and providing for an effective date."

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

9 \* Section 1. AS 44.33.245(a)(1) is amended to read:

10 (1) make loans for the construction, renovation, and equip-  
11 ping of child care facilities, including private nonprofit child care  
12 facilities;

13 \* Sec. 2. AS 44.33.255(a) is amended to read:

14 (a) A loan to a child care facility under AS 44.33.240 - 44.33.-  
15 275 may not exceed \$50,000 [\$30,000, AND NO MORE THAN ONE LOAN MAY BE  
16 MADE TO A SINGLE CHILD CARE FACILITY UNDER AS 44.33.240 - 44.33.275].

17 \* Sec. 3. AS 44.47.250(a)(1) is amended to read:

18 (1) implement and administer a program to assist in providing  
19 day care for the children of low and moderate income [LOW-INCOME]  
20 families according to the requirements of AS 44.47.250 - 44.47.310;

21 \* Sec. 4. AS 44.47.250(b)(2) is amended to read:

22 (2) contract with municipalities, or, if necessary, with day  
23 care facilities, to perform [ITS] duties of the department under  
24 AS 44.47.250 - 44.47.310 within that municipality; with the approval of  
25 the department, the municipality may subcontract with another organiza-  
26 tion in the community to perform administrative duties, or, if neces-  
27 sary, the department may contract with another organization to perform  
28 administrative duties;

29 \* Sec. 5. AS 44.47.260 is repealed and reenacted to read:

1           Sec. 44.47.260. CONTRACT ADMINISTRATION. When a contract is made  
2 under AS 44.47.250(b)(2) between the department and a municipality, or  
3 under AS 44.47.250(b)(4) between the department and an organization,  
4 the department shall pay to that municipality or organization the  
5 greater of:

6           (1) an amount equal to 10 percent of the total annual day  
7 care benefits paid to day care facilities in the geographic area admin-  
8 istered by that municipality or organization; or

9           (2) \$1,000 per year.

10 \* Sec. 6. AS 44.47.270 is amended to read:

11           Sec. 44.47.270. CONDITIONS OF RECEIPT OF BENEFITS. Benefits may  
12 be paid for the care of children of a low or moderate income family  
13 only if a parent or guardian, because of the day care, is freed to work  
14 or to seek work or to attend school. In no event shall benefits be  
15 paid for the care of children of a family where one parent or guardian  
16 is not working, actively seeking work, or attending school and is  
17 physically and mentally capable of caring for the children.

18 \* Sec. 7. AS 44.47 is amended by adding a new section to read:

19           Sec. 44.47.301. CHILD CARE GRANT PROGRAM. (a) A child care grant  
20 program is established in the Department of Community and Regional  
21 Affairs to provide state assistance in the operation of child care  
22 facilities. The department shall provide grants for the operation of  
23 child care facilities, including private nonprofit child care facil-  
24 ities. Participation in the program is optional.

25           (b) To qualify for a grant under (a) or (d) of this section, the  
26 child care facility must

27           (1) be currently licensed under AS 47.35.010 - 47.35.080 and  
28 any applicable municipal licensing requirements;

29           (2) participate in the day care assistance program under

1 AS 44.47.250 - 44.47.310;

2 (3) provide care under a payment system as provided in (g)  
3 of this section.

4 (c) A grant under this section may not exceed \$50 per month for  
5 each child the child care facility cares for, or for each full-time  
6 equivalent, as determined by the department. The grant shall be  
7 adjusted on a geographic basis by the same percentages as instructional  
8 unit allotments are adjusted under AS 14.17.051.

9 (d) In addition to the grants provided in (c) of this section,  
10 the department may, subject to appropriations for that purpose, provide  
11 by grant or contract for the education and training of child care  
12 employees or administrators. To receive a grant or contract under this  
13 subsection or to participate in a training program under this subsec-  
14 tion, the child care facility must meet all the requirements of (b) of  
15 this section.

16 (e) Application for grants under this section shall be made in  
17 the form established by the department.

18 (f) A grant under (c) of this section shall be made monthly and  
19 shall be based on the average daily full-time equivalent enrollment in  
20 the child care facility during the calendar month preceding the date on  
21 which application for a grant is made.

22 (g) Each child care facility receiving a grant under this section  
23 shall assure that a specified number of child care positions are avail-  
24 able to children eligible for day care assistance under AS 44.47.250 -  
25 44.47.310, whose parents or guardians wish to pay for care based on the  
26 number of full-time equivalent days the child attends the facility.  
27 All child care positions not made available under a payment schedule  
28 based on enrollment shall be made available under a payment schedule  
29 based on attendance and at least one full-time equivalent position

1 shall be made available based on attendance rather than enrollment.  
2 The maximum number of child care positions in each facility which may  
3 be made available under a payment schedule based on enrollment shall be  
4 determined each month under the following formula:

5  $M = (T+E) - (A+B)$  where

6  $M =$  maximum number of positions available under an enrollment-  
7 based fee schedule;

8  $T =$  the total number of full-time equivalent child care positions  
9 in the facility

10  $E =$  number of full-time equivalent positions during the month  
11 before computation with an enrollment-based fee schedule;

12  $A =$  average daily full-time equivalent attendance during the  
13 month before computation in positions with an enrollment-  
14 based fee schedule;

15  $B =$  maximum daily full-time equivalent attendance during the  
16 month before computation in positions with an attendance-  
17 based fee schedule.

18 (h) The commissioner shall, in consultation with interested child  
19 care providers and parents, adopt regulations to carry out the purposes  
20 of this section.

21 \* Sec. 8. AS 44.47.310 is amended by adding a new paragraph to read:

22 (6) "child care facility" means an establishment licensed  
23 under AS 47.35.010 - 47.35.080, including but not limited to day care  
24 centers, family day care homes, and schools for preschool age children,  
25 which provides care for children not related by blood, marriage, or  
26 legal adoption to the owner, operator, or manager of the facility.

27 \* Sec. 9. AS 44.33.250 and 44.33.260(2) are repealed.

28 \* Sec. 10. This Act takes effect July 1, 1981.

A M E N D M E N T

TO: C S S S H B 43(Finance)

Page 1, after line 20, insert the following:

"\*Sec. 4. AS 44.47.250(b)(2) is amended to read:

(2) contract with municipalities, or, if necessary, with day care facilities, to perform [ITS] duties of the department under AS 44.-47.250 - 44.47.310 within that municipality; with the approval of the department, the municipality may subcontract with another organization in the community to perform administrative duties, or, if necessary, the department may contract with another organization to perform administrative duties;"

Renumber following bill sections accordingly.

changes: P. 1, Line 20 - new sec. 4  
P. 2, Line 25 - change "\$150" to "\$50"

Cook:

Original sponsors: Buchholdt, Fuller,  
and Zharoff

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 43 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to child care facilities and child  
7 care assistance; and providing for an effective date."

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

9 \* Section 1. AS 44.33.245(a)(1) is amended to read:

10 (1) make loans for the construction, renovation, and equip-  
11 ping of child care facilities, including private nonprofit child care  
12 facilities;

13 \* Sec. 2. AS 44.33.255(a) is amended to read:

14 (a) A loan to a child care facility under AS 44.33.240 - 44.33.-  
15 275 may not exceed \$50,000 [\$30,000, AND NO MORE THAN ONE LOAN MAY BE  
16 MADE TO A SINGLE CHILD CARE FACILITY UNDER AS 44.33.240 - 44.33.275].

17 \* Sec. 3. AS 44.47.250(a)(1) is amended to read:

18 (1) implement and administer a program to assist in providing  
19 day care for the children of low and moderate income [LOW-INCOME]  
20 families according to the requirements of AS 44.47.250 - 44.47.310;

21 Add new sec. 4 (copy attached).

\* Sec. 4. AS 44.47.260 is repealed and reenacted to read:

22 Sec. 44.47.260. CONTRACT ADMINISTRATION. When a contract is made  
23 under AS 44.47.250(b)(2) between the department and a municipality, or  
24 under AS 44.47.250(b)(4) between the department and an organization,  
25 the department shall pay to that municipality or organization the  
26 greater of:

27 (1) an amount equal to 10 percent of the total annual day  
28 care benefits paid to day care facilities in the geographic area admin-  
29 istered by that municipality or organization; or

1 (2) \$1,000 per year.

2 \* Sec. <sup>6</sup> AS 44.47.270 is amended to read:

3 Sec. 44.47.270. CONDITIONS OF RECEIPT OF BENEFITS. Benefits may  
4 be paid for the care of children of a low or moderate income family  
5 only if a parent or guardian, because of the day care, is freed to work  
6 or to seek work or to attend school. In no event shall benefits be  
7 paid for the care of children of a family where one parent or guardian  
8 is not working, actively seeking work, or attending school and is  
9 physically and mentally capable of caring for the children.

10 \* Sec. <sup>7</sup> AS 44.47 is amended by adding a new section to read:

11 Sec. 44.47.301. CHILD CARE GRANT PROGRAM. (a) A child care grant  
12 program is established in the Department of Community and Regional  
13 Affairs to provide state assistance in the operation of child care  
14 facilities. The department shall provide grants for the operation of  
15 child care facilities, including private nonprofit child care facil-  
16 ities. Participation in the program is optional.

17 (b) To qualify for a grant under (a) or (d) of this section, the  
18 child care facility must

19 (1) be currently licensed under AS 47.35.010 - 47.35.080 and  
20 any applicable municipal licensing requirements;

21 (2) participate in the day care assistance program under  
22 AS 44.47.250 - 44.47.310;

23 (3) provide care under a payment system as provided in (g)  
24 of this section.

25 (c) A grant under this section may not exceed ~~\$150~~ <sup>\$150</sup> per month for  
26 each child the child care facility cares for, or for each full-time  
27 equivalent, as determined by the department. The grant shall be  
28 adjusted on a geographic basis by the same percentages as instructional  
29 unit allotments are adjusted under AS 14.17.051.

1 (d) In addition to the grants provided in (c) of this section,  
2 the department may, subject to appropriations for that purpose, provide  
3 by grant or contract for the education and training of child care  
4 employees or administrators. To receive a grant or contract under this  
5 subsection or to participate in a training program under this subsec-  
6 tion, the child care facility must meet all the requirements of (b) of  
7 this section.

8 (e) Application for grants under this section shall be made in  
9 the form established by the department.

10 (f) A grant under (c) of this section shall be made monthly and  
11 shall be based on the average daily full-time equivalent enrollment in  
12 the child care facility during the calendar month preceding the date on  
13 which application for a grant is made.

14 (g) Each child care facility receiving a grant under this section  
15 shall assure that a specified number of child care positions are avail-  
16 able to children eligible for day care assistance under AS 44.47.250 -  
17 44.47.310, whose parents or guardians wish to pay for care based on the  
18 number of full-time equivalent days the child attends the facility.  
19 All child care positions not made available under a payment schedule  
20 based on enrollment shall be made available under a payment schedule  
21 based on attendance and at least one full-time equivalent position  
22 shall be made available based on attendance rather than enrollment.  
23 The maximum number of child care positions in each facility which may  
24 be made available under a payment schedule based on enrollment shall be  
25 determined each month under the following formula:

26  $M = (T+E) - (A+B)$  where

27  $M =$  maximum number of positions available under an enrollment-  
28 based fee schedule;

29  $T =$  the total number of full-time equivalent child care positions

1 in the facility

2 E = number of full-time equivalent positions during the month  
3 before computation with an enrollment-based fee schedule;

4 A = average daily full-time equivalent attendance during the  
5 month before computation in positions with an enrollment-  
6 based fee schedule;

7 B = maximum daily full-time equivalent attendance during the  
8 month before computation in positions with an attendance-  
9 based fee schedule.

10 (h) The commissioner shall, in consultation with interested child  
11 care providers and parents, adopt regulations to carry out the purposes  
12 of this section.

13 \* Sec. <sup>8</sup>~~7~~. AS 44.47.310 is amended by adding a new paragraph to read:

14 (6) "child care facility" means an establishment licensed  
15 under AS 47.35.010 - 47.35.080, including but not limited to day care  
16 centers, family day care homes, and schools for preschool age children,  
17 which provides care for children not related by blood, marriage, or  
18 legal adoption to the owner, operator, or manager of the facility.

19 \* Sec. <sup>9</sup>~~8~~. AS 44.33.250 and 44.33.260(2) are repealed.

20 \* Sec. <sup>10</sup>~~8~~. This Act takes effect July 1, 1981.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SS HB 43 (Finance)

Title An Act relating to day care.

Requested by House Finance Committee

Date May 19, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs

Program Category Affected Community Development

BRU, Program, or Subprogram(s) Affected Day Care Assistance Program

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		37.5	41.5	45.6	50.2	55.2
200 TRAVEL		4.0	4.4	4.8	5.3	5.8
300 CONTRACTUAL		4.3	4.7	5.2	5.7	6.3
400 COMMODITIES		.2	.2	.2	.3	.3
500 EQUIPMENT		2.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		1,750.2	1,812.7	1,903.1	1,998.4	2,098.3
<b>TOTAL</b>		<b>1,798.2</b>	<b>1,863.5</b>	<b>1,958.9</b>	<b>2,059.9</b>	<b>2,165.9</b>

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		1,798.2	1,863.5	1,958.9	2,059.9	2,165.9
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)		-0-	-0-	-0-	-0-	-0-

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		1	1	1	1	1
PART TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY						

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

The grant costs indicated (Line 700) include the cost of the child care grants, the proposed raise in the subsidy scale level and the costs of local municipal administration, using 5,251 child care slots as a base figure (5,746 existing slots minus 495 military slots).

The grants cost is arrived at by multiplying the base figure (5,251) times \$25 a month times twelve months times an 80% slot occupancy rate (1,260.2). It is not anticipated that the geographic adjustment called for in Section 6(c) will be funded in connection with this bill.

\$466.0 is added to the above figure to allow for administrative fees paid to municipalities and subsidy. In addition, it is estimated that \$24,000 per year (plus 10% per year for inflation) will be needed to fund the training grants provided for in Section 6 (44.47.301d).

IV. DATE May 19, 1981

PREPARED BY McKie Campbell

AGENCY Department of Community & Regional Affairs

PHONE 465-4735

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Fiscal Note CS SS HB 43 (Finance) - (cont'd)

Projected grant costs for future years assume 5% growth of existing programs but do not make allowances for annual revisions of the scale, increased costs per child, or an increase in the number of child care contractors.

Administrative costs (Lines 100-500) are based on the need for one additional Field Training Officer to monitor grant and program activities. Projected administrative costs assume 10% inflation.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS SS HB 43 (HESS) (Fin)  
Title "An Act relating to day care"  
Requested by Senate Community & Regional Affairs Date May 14, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs  
Program Category Affected Community Development  
BRU, Program, or Subprogram(s) Affected Day Care Assistance Program  
(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		37.5	41.5	45.6	50.2	55.2
200 TRAVEL		4.0	4.4	4.8	5.3	5.8
300 CONTRACTUAL		4.3	4.7	5.2	5.7	6.3
400 COMMODITIES		.2	.2	.2	.3	.3
500 EQUIPMENT		2.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS CLAIMS, ETC.		7,464.8	8,476.4	8,926.0	9,402.6	9,902.0
	-0-					

TOTAL

1,750.0

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	7,512.8	8,527.2	8,981.8	9,464.1	9,969.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	1	1	1	1	1
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

These figures include the day care grant funds as a result of the raise in subsidy scale level, local municipal administration cost for the program, and the child care grants, using as a base 5746 child care slots. This also includes the need to employ an additional Field Training Officer to monitor grant and program activities.

This does not include revising the scale annually, recognition that median income families may use the program on a more constant level, thus increasing the child per care costs, more municipalities (organizations or day care centers, outside municipalities) may choose to contract with the department, or that more child care facilities will become licensed.

Future costs are projected assuming 10% inflation and program growth at 5% annually. It is assumed that the average level of funding distributed under section 6 will be \$100 per month per child.

IV. DATE May 14, 1981 PREPARED BY [Signature]  
AGENCY Department of Community & Regional Affairs  
PHONE 264-2201

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

Original sponsors: Buchholdt, Fuller,  
and Zharoff

Offered: 5/13/81  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 43 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to child care facilities and child  
7 care assistance."

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

9 \* Section 1. AS 44.33.245(a)(1) is amended to read:

10 (1) make loans for the construction, renovation, and equip-  
11 ping of child care facilities, including private nonprofit child care  
12 facilities;

13 \* Sec. 2. AS 44.33.255(a) is amended to read:

14 (a) A loan to a child care facility under AS 44.33.240 - 44.33.-  
15 275 may not exceed \$50,000 [\$30,000, AND NO MORE THAN ONE LOAN MAY BE  
16 MADE TO A SINGLE CHILD CARE FACILITY UNDER AS 44.33.240 - 44.33.275].

17 \* Sec. 3. AS 44.47.250(a)(1) is amended to read:

18 (1) implement and administer a program to assist in providing  
19 day care for the children of low and moderate income [LOW-INCOME]  
20 families according to the requirements of AS 44.47.250 - 44.47.310;

21 \* Sec. 4. AS 44.47.260 is repealed and reenacted to read:

22 Sec. 44.47.260. CONTRACT ADMINISTRATION. When a contract is made  
23 under AS 44.47.250(b)(2) between the department and a municipality, or  
24 under AS 44.47.250(b)(4) between the department and an organization,  
25 the department shall pay to that municipality or organization the  
26 greater of:

27 (1) an amount equal to 10 percent of the total annual day  
28 care benefits paid to day care facilities in the geographic area admin-  
29 istered by that municipality or organization; or

1 (2) \$1,000 per year.

2 \* Sec. 5. AS 44.47.270 is amended to read:

3 Sec. 44.47.270. CONDITIONS OF RECEIPT OF BENEFITS. Benefits may  
4 be paid for the care of children of a low or moderate income family  
5 only if a parent or guardian, because of the day care, is freed to work  
6 or to seek work or to attend school. In no event shall benefits be  
7 paid for the care of children of a family where one parent or guardian  
8 is not working or attending school and is physically and mentally  
9 capable of caring for the children.

10 \* Sec. 6. AS 44.47 is amended by adding a new section to read:

11 Sec. 44.47.301. CHILD CARE GRANT PROGRAM. (a) A child care grant  
12 program is established in the Department of Community and Regional  
13 Affairs to provide state assistance in the operation of child care  
14 facilities. The department shall provide grants for the operation of  
15 child care facilities, including private nonprofit child care facil-  
16 ities. Participation in the program is optional.

17 (b) To qualify for a grant under (a) or (d) of this section, the  
18 child care facility must

19 (1) be currently licensed under AS 47.35.010 - 47.35.080 and  
20 any applicable municipal licensing requirements;

21 (2) participate in the day care assistance program under  
22 AS 44.47.250 - 44.47.310;

23 (3) provide a specified level of care under a payment system  
24 based on the attendance of the child as provided in (g) of this section.

25 (c) A grant under this section may not exceed \$150 per month for  
26 each child the child care facility cares for, or for each full-time  
27 equivalent, as determined by the department. The grant shall be  
28 adjusted on a geographic basis by the same percentages as instructional  
29 unit allotments are adjusted under AS 14.17.051.

1 (d) In addition to the grants provided in (c) of this section,  
2 the department may, subject to appropriations for that purpose, provide  
3 by grant or contract for the education and training of child care  
4 employees or administrators. To receive a grant or contract under this  
5 subsection or to participate in a training program under this subsec-  
6 tion, the child care facility must meet all the requirements of (b) of  
7 this section.

8 (e) Application for grants under this section shall be made in  
9 the form established by the department.

10 (f) A grant under (c) of this section shall be made monthly or  
11 quarterly and shall be based on the average daily enrollment in the  
12 child care facility during the calendar month or quarter preceding the  
13 date on which application for a grant is made.

14 (g) Each child care facility receiving a grant under this section  
15 shall assure that a specified number of child care positions are avail-  
16 able to children eligible for day care assistance under AS 44.47.250 -  
17 44.47.310, whose parents or guardians wish to pay for care based on the  
18 number of days the child attends the facility. The number of child  
19 care positions to be made available under a payment schedule based on  
20 attendance rather than enrollment shall be determined under a formula  
21 established by the department by regulation, which shall take into  
22 consideration the demand for an attendance-based fee schedule and the  
23 economic impact of attendance-based fees on the child care facility.

24 (h) The commissioner shall, in consultation with interested child  
25 care providers and parents, adopt regulations to carry out the purposes  
26 of this section.

27 \* Sec. 7. AS 44.47.310 is amended by adding a new paragraph to read:

28 (6) "child care facility" means an establishment licensed  
29 under AS 47.35.010 - 47.35.080, including but not limited to day care

1 centers, family day care homes, and schools for preschool age children,  
2 which provides care for children not related by blood, marriage, or  
3 legal adoption to the owner, operator, or manager of the facility.

4 \* Sec. 8. AS 44.33.250 and 44.33.260(2) are repealed.  
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Introduced: 2/20/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY BUCHHOLDT, FULLER AND ZHAROFF

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 43

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to day care assistance."

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

8 \* Section 1. AS 44.47.250(a)(1) is amended to read:

9 (1) implement and administer a program to assist in providing  
10 day care for the children of low and moderate income [LOW-INCOME]  
11 families according to the requirements of AS 44.47.250 - 44.47.310;

12 \* Sec. 2. AS 44.47.260 is amended to read:

13 Sec. 44.47.260. CONTRACT ADMINISTRATION [LOCAL PARTICIPATION].

14 (a) When a contract is made under AS 44.47.250(b)(2) between the depart-  
15 ment and a municipality, the department [MUNICIPALITY] shall pay half  
16 of the following costs of administering the contractual duties within  
17 the municipality: [ITS JURISDICTION]

18 (1) salaries of eligibility workers;

19 (2) accounting and bookkeeping expense;

20 (3) clerical expense directly attributable to administration  
21 of the program;

22 (4) cost of monitoring the eligibility of persons receiving  
23 benefits under the program;

24 (5) public information advising of the availability of the  
25 program; and

26 (6) cost of reports required by the department.

27 (b) In addition to payments under (a) of this section, the de-  
28 partment shall pay to a municipality employing a program manager an  
29 amount equal to 10 percent of the amount paid under (a)(1) of this sec-

1 tion to be allocated to the program manager's salary.

2 \* Sec. 3. AS 44.47.270 is amended to read:

3       Sec. 44.47.270. CONDITIONS OF RECEIPT OF BENEFITS. Benefits may  
4 be paid for the care of children of a low or moderate income family  
5 only if a parent or guardian, because of the day care, is freed to work  
6 or to attend school. In no event shall benefits be paid for the care  
7 of children of a family where one parent or guardian is not working or  
8 attending school and is physically and mentally capable of caring for  
9 the children.

10 \* Sec. 4. AS 44.47.300(b) is amended to read:

11       (b) Benefits shall be paid by the department directly to the  
12 municipality contracting with the day care facility or, outside of a  
13 municipality, to the facility upon receipt of a billing from a munici-  
14 pality or facility. The payment of benefits shall be based on the  
15 number of days that a child is enrolled at the facility or the number  
16 of days that the child attends the facility, as elected by the parent  
17 or guardian each month and specified to the facility.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE (revised 3/4/81)

I. REQUEST

Bill/Resolution No. SSHB 43  
Title "An Act relating to day care"  
Requested by House Health & Social Services Date 2/27/1981

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs  
Program Category Affected Community Development  
BRU, Program, or Subprogram(s) Affected Day Care Assistance Program  
(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	-0-	466.2	503.5	543.8	587.3	634.3
TOTAL	-0-	466.2	503.5	543.8	587.3	634.3

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	466.2	503.5	543.8	587.3	634.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

These figures include the day care grant funds as a result of the raise in subsidy scale level, local municipal administration cost for the program, with a constant eight percent inflation figure.

In FY 82 this includes \$66.0 for a raise in subsidy scale and \$400.2 in municipal administrative grants. (This does not include grants to military installations.)

This does not include any new programs, revising the scale annually, or recognition that median income families may use the program on a more constant level, thus increasing the child per care costs.

IV. DATE February 27, 1981 PREPARED BY Lare'  
AGENCY Dept. of Community & Regional Affairs  
PHONE 264-2201

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

POSITION PAPER

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 43

"An Act relating to day care assistance."

This Bill would amend the Day Care Assistance statute to add provisions to expand the eligible families to include those of moderate income, to require Department of Community and Regional Affairs payment to a municipality to help defray the expenses of administering the Day Care Assistance Program, and to provide for parent option in determining whether the payment of services would be based on child enrollment or actual attendance.

While the Department of Community and Regional Affairs has major responsibility for purchase of day care services in the State, the Department of Health and Social Services maintains responsibility for purchase of day care in child protective cases and for WIN registrants. The protective services and WIN day care programs are not named in this Bill, however, the Department of Health and Social Services has adhered to a policy of administering its day care programs in a manner consistent with the Day Care Assistance Program and plans to continue that policy to the maximum extent feasible. From a licensing perspective, the Department has an interest in the financial viability and stability of day care facilities. It is for these reasons that the Department of Health and Social Services is commenting on this Bill.

The Department has no objection to expanding the group of program eligibles provided that a priority system is established to ensure the ready availability of services to those most economically in need. Consideration may be given to amending section 280 of the statute to provide for prioritizing low income families.

The Department endorses the concept of financial assistance to municipalities to help defray the costs of administering the Day Care Assistance Program. Some communities have opted not to participate in the Day Care Assistance Program because of the administrative costs involved, and in some instances a local day care center has absorbed these costs and acted as the administrator in order to have the Day Care Assistance Program in their community. This amendment would offset many of the current financial hardships being experienced by communities. It may result in several additional communities choosing to participate in the Day Care Assistance Program. Furthermore, the monies would allow the funding of a part-time position in a municipal office, thereby permitting local day care operators to withdraw from a situation of potential conflict of interest, both in terms of determining eligibility for parents enrolling children in their program and determining eligibility for parents interested in a competitor's program.

The second provision of this Bill would provide payment of benefits based on days enrolled or attended "each month" as elected by the parent. The Department recommends that the words "each month" be removed, since it has been our experience that enrollment policies of day care providers vary greatly; many providers permitting children to enroll for a day or two while others require a three to nine month commitment.

There are also several issues which should be addressed related to the diversity of provider payment policies. Some day care facilities charge based on enrollment, others charge based on attendance, while others use an excused absence and/or a required two week notice system. Day care providers being private businesses have a right to select the payment system which best addresses their management requirements. It would appear to be more appropriate for the State funded program to honor admission and payment policies established by a day care facility provided that the established policies are applied to the general public, as well as to the State funded child.

Consideration should also be given to establishing a maximum length of time for payment to continue for periods of non-attendance or following withdrawal from the program. We would suggest some committee deliberation and discussion on this issue.

For your information, the Department of Health and Social Services initiated a policy of payment on an enrollment basis on July 1, 1980 following receipt of funding from the Legislature for that purpose. The following paragraph, taken from our letter to day care providers, explains the way this Department decided to administer the policy for the first year:

Since the Department's protective service and WIN day care programs serve different client needs than the Day Care Assistance Program, there are frequently reasons for authorizing day care services for periods of time substantially less than a full month. WIN clients may need short term day care for their children during job interviews, vocational counseling, testing sessions, or employment related medical sessions. Occasionally, one unit of day care is needed. Families may need protective services day care support for only one week of respite from the stresses of parenting during a family crisis. Most day care center enrollment policies and some care home policies allow enrollment on a drop-in basis and also for periods of less than a full month. We are assuming that these enrollment options will remain available for WIN and protective services eligible children. We believe that it is appropriate to pay for the number of units authorized, recognizing that a day care facility must hold space open for the child. There are times when a day care center or home receives notice that a child will no longer be attending, but the enrollment (authorized period) has not ended. The Department will allow payment unless another child is enrolled for that space. The units billed to the Department should cease with the enrollment of a new child or the end of the authorized period, whichever comes first.

**POSITION PAPER/Department of Health & Social Services**

We hope this information is useful to you in committee deliberations.

The Department supports the concept of expanding the Day Care Assistance program to moderate income families, supports the concept of financial assistance to municipalities for administering the Day Care Assistance Program, and supports allowing payment based on enrollment. We suggest that modifications be made based on Department comments and information obtained in committee hearings.

RECOMMENDED BY:

John R. Pugh  
John R. Pugh, Director  
Division of Family and  
Youth Services

DATE:

3/2/81

RECOMMENDED BY:

Elizabeth Muktarian  
Elizabeth Muktarian  
Director, Division of  
Adult and Aging  
Services

DATE:

3/2/81

APPROVED BY:

Helen D. Beirne  
Helen D. Beirne  
Commissioner

DATE:

3/2/81



# COMMITTEE REPORT

## HOUSE

2/24/81

FURTHER:

(11)

Date: April 15, 1981

Mr. Speaker:

The Committee on FINANCE has had SSHB 49

"An Act making a special appropriation to the Department of Commerce and Economic Development for the Alaska Agricultural Action Council to construct facilities for a small grains marketing system; 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 CS for SSHB 49 (FIN)  same title  
 new title
- and recommends individual recommendations
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

[Signature]  
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**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

[Signature] No Rec  
[Signature]  
[Signature] No Rec  
[Signature]  
[Signature] No Rec  
[Signature]  
[Signature] No Rec

\_\_\_\_\_  
CHAIRMAN