

174

HHESS

HB 454

-

HB 481

002

HB

454

POSITION PAPER  
ON  
SENATE BILL NO. 188

An Act relating to mentally retarded persons; and providing for an effective date.

The legislative intent is not clear from the bill as stated. This should be specified further as to the goals or objectives of this act.

The effect of this legislation is to remove age restrictions, thus expanding availability of service to all exceptional persons. The introduction of this legislation is timely in that Alaska Statute 14.30 enacted during the 1974 Legislature for special education has had impact on the scope of AS 47.20.

Line 11 uses the word "may" and line 18 uses the word "shall" in reference to the same function of the Department. The desired function of the Department should be clarified.

The Department of Health and Social Services, in consultation with the Department of Education, has proposed an Infant Learning Program for exceptional children under the authority of AS 47.20 as it currently stands. To the extent the proposed amendments of Senate Bill No. 188 would broaden the coverage under AS 47.20, it has the potential of detracting from the Infant Learning Program as proposed.

Fiscal implications. Passage of Senate Bill No. 188 doubtless will result in increased costs. The Department of Health and Social Services is committed to operating within the Governor's approved administration budget. The costs should be considered carefully.

Providing the clarifications listed above can be achieved, the Department supports the goals of the bill but does not see any way that the funding can be provided through the divisional or departmental budget for FY 76.

Recommended by:

Donald G. Freedman  
Director, Division of Public Health

3/12/75  
Date

Approved by:

Robert W. ...  
Deputy Commissioner  
Department of Health & Social Services

3/12/75  
Date

HB

457



JUNEAU ALASKA

# Alaska State Legislature

## House

HOUSE HESS COMMITTEE MEETING

APRIL 29, 1976

Present: Sullivan Davis Parr  
Hackney Beirne Ostrosky Osterback

Testifying: Pat Hung, Div. of Personnel

### SCR 94 - Licensing of Nursing Home Administrators - Rules

Depts. position is that they are against it for various reasons. Mainly that the city would use it as incentive for a Phy. assistant to come in and charge fees. Against the states policy. Many legal problems.

Committee wants to know if public health nurses could still come in and use the facility????

Amendment line 19, p1

"Be it further resolved that the transfer document guarantee continuous availability of space for state medical personnel at no cost to the state"

Committee decided to hold this bill over till we can get someone to testify on it regarding the questions raised by the committee

(amendment was not voted on)

### CSHB 457 - Training & Ed. of state employees- Buchholdt

Pat Hunt - testifying regarding this bill and how it would affect the state employees. Fiscal implications hard to figure out. Depts now do some educating of employees, but mainly those who are minority hire.

Thelma- purpose of bill to allow professional people to follow their chosen profession by continuing education.

Committee concerned that the ed. process will override the job. Bill mandates also things, such as "shall" create a program.

Amendment p.2 line 5 delete the word "shall", add "may as funds permit"  
amendment passed.

Hold bill over for more information.

### HB 381 - Interference with Phy/patient relationship

Hugh Fleischer, attorney for many cancer patients interested in laetrile. made various recommendations for this bill. change word drug to "substance"



# Alaska State Legislature

## House

JUNEAU ALASKA

HOUSE HESS COMMITTEE MEETING

APRIL 24, 1976

Present: Parr            Ostrosky            Osterback  
          Sullivan        Beirne

HJR 70 & HCR 132 - Waste disposal in Barrow and Bethel - HESS

Committee discussed the issues and voted to pass both out with a do-pass.

HB 894 - Practice of Dentistry - HESS

Committee discussed the bill and also whether to include dental hygienists, Amendment, line 8, page 2 after dentist, add "And Dental Hygienists."  
Line 18, page 2, after dentist, add " or dental hygienists"  
Line 1, page 3, after dentistry, add " and dental hygiene"

Committee concerned about repealing the advertising section of the statutes. This would enable a dentist to advertise for business, prices, etc. Discussion centered around how the Dental Assoc. felt about this, they were not too concerned, but did feel it would allow non-competent dentists to get more business.

Motion to move bill out with amendment, do pass

HB 457 - Training and Ed. of State Employees - Buchholds

Hold till Monday, get someone here, Patrick Hung, from Personnel to testify  
Helen wants him to



# Alaska State Legislature

## House

JUNEAU ALASKA

HOUSE HESS COMMITTEE MEETING

MARCH 10, 1976

Present Sullivan Beirne  
Use Hackney  
Ostrosky Swanson  
Parr

Testified: Lois Jund, Dept. H & SS  
K. Kareen, Div. of Personnel  
Edna Crawford, Public Health Nurses

HB 457 Training and Ed. of State Employees - Buchholdt

Buchholdt- explained why she felt a need for the bill

Kareen, explained the present policy of training for state employees.

Committee discussion concerning the needs of state employees, shouldn't they foot the time and bill for an ed. if they want it. Others all for it.

Decided to have a work session on this bill.

HB 467 Catastrophic Illness Aid Beirne

Beirne expressed the need for this bill, gave examples of how many families there were that are having to live below poverty level because of severe illness. The system right now forced people not to work, so that they can be on welfare and have the medical bills paid for by someone else.

Lois Jund - ~~will work on a workable bill with the dept.~~ Dept. feels that this bill has a good concept but that it is not workable at this time.

Beirne - will work on a more workable and functional bill with the dept.

PUBLIC HEALTH NURSES PRESENTATION

Edna Crawford made a presentation for the P.H.N.

A M E N D M E N T

Offered in the HOUSE

By House HESS

To: \_\_\_\_\_ HOUSE BILL NO. CSHB 457

\_\_\_\_\_ SENATE BILL NO. \_\_\_\_\_

AMENDMENT: Page 2 Line 5

delete the word "shall"

add "may as funds permit"

DEPARTMENT OF ADMINISTRATION

TO  All Agency Heads

DATE : November 2, 1972

*Patrick L. Hunt*  
FROM: Patrick L. Hunt, Director  
of Division of Personnel

SUBJECT: Training Policy

Purpose:

This policy provides common guidelines to be used by all departments when they engage in training activities.

I. Authorization

- A. A.S. 39.25.050: "the Director of Personnel...shall (3) develop, in cooperation with appointing authorities and others, program for the improvement of employee effectiveness...."

II. Training

- A. Training is that provided by a State or non-State institution or agency for which the State may pay authorized expenses.
- B. Training is given to meet departments needs for scientific, professional, technical, mechanical, trade, clerical, fiscal, administrative, or other skills. The training must be of necessary and direct value to the State and directly relevant to the trainee's occupation or training directly related to occupational advancement within the employee's occupational area. The training must be limited to subject matter not sufficiently encompassed in the trainee's previous education and experience or which the trainee normally would not be expected to know prior to appointment to his present position.

III. Assignments (Calendar Days)

- A. Over 30 Days - An assignment which extends beyond a period of 30 calendar days is designated full-time training.
- B. 30 Days or Less - An assignment of 30 days or less is designated short term training.
- C. Part-time - An assignment which encompasses a part of trainee's regular hours, for any length of time, is designated part-time training.
- D. After Working Hours - An assignment outside the trainee's regular work hours is designated "after working hours" training.
- E. Full time training shall not exceed two consecutive years duration.
- F. Exclusions (assignments not considered training, per se): institutes, conferences, convention, or meetings designed to provide primarily for:

1. enhancement of professional relationships
2. a general sharing of experience and broadening of understanding
3. an exploration of problems particular to the sponsoring organization and profession
4. operational purposes such as public relations, recruiting, planning, etc.

#### IV. Compensation

- A. Over 30 Days - The trainee may receive up to his regular salary during the period of training. The department may also pay all or part of the expenses associated with travel, tuition, fees and necessary supplies.
- B. 30 Days or Less, and Part-time - The trainee may receive up to his regular salary during the period of training. The department may pay all or part of the expenses associated with travel, tuition, fees and necessary supplies.
- C. After Working Hours - The department may pay all or part of the expenses associated with travel, tuition, fees and necessary supplies.
- D. Uncompleted Assignments - The trainee or his estate may be reimbursed for any expenses to the trainee associated with travel, tuition, fees and necessary supplies if the assignment is terminated prior to completion either:
  1. at the convenience of the State provided that the training facility reports satisfactory performance in the prescribed course of study during the period of assignment or,
  2. because of death, prolonged illness, disability or similar eventuality beyond the control of the trainee as determined by the appointing authority.
- E. Authorized expenses may be advanced to the employee, or reimbursed to him upon submission of receipts.
- F. The combination of State and non-State assistance shall in no case exceed the maximum amount available under State assistance alone.

#### V. Agreement

- A. Any employee assigned to FULL TIME training for which payment of expenses is authorized shall sign a Training Agreement, Form 02-240. Salary and transportation costs shall not be subject to the provisions of this Agreement.

#### VI. Selection & Justification

- A. The department is responsible to select the individual employees for training and to provide justification for the training as may be requested by the Department of Administration.

## VII. Annual Training Report

- A. The department will file an annual report with the Division of Personnel by September 30, of each year, for the fiscal year just closed.
- B. The annual report shall contain for each course the following:
  1. Course title
  2. Type of training conducted
  3. Names of trainees
  4. Classification titles of trainees
  5. Type of assignment and duration
  6. Length in man days away from the job
  7. Costs itemized: salary, travel, tuition, fees, supplies
  8. Total number of trainees all courses
  9. Total cost all training

## VIII. Training Needs Survey

- A. The department shall conduct a training needs survey periodically to determine the training needs of the department. (See Guide to Surveying Training Needs.)
- B. The Division of Personnel will assist departments to develop and maintain training needs data.
- C. The department shall submit an annual report of training needs to the Division of Personnel. This report shall be submitted September 30 of each year in preparation for the coming fiscal year and budget planning.

## IX. Training Planning

- A. The department is responsible to plan training activity, to keep the plan current, and to use it as the primary basis for budgeting and scheduling training of employees. (See Guide to Surveying Training Needs.)



HB

461

"An Act relating to forgiveness of the remaining outstanding school construction debt of the City of Nenana; and providing for an effective date.

### COMMITTEE REPORT

4/26/75

HOUSE

FINANCE

Mr. Speaker:

Date 5/6/75

The Committee on HESS has had HB 461

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

[Signature] \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
[Signature] \_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends: \_\_\_\_\_  
[Signature] recommends: DO NOT PASS  
\_\_\_\_\_  
\_\_\_\_\_ recommends:

[Signature] Chairman



JUNEAU ALASKA

# Alaska State Legislature

## House

HB 461

### HESS COMMITTEE MEETING

May 6, 1975

Present:

Beirne	Ostrosky
Davi.	Parr
Hackney	Sullivan
Osterback	Swanson

Chairman Sullivan called the meeting to order at 3:00pm.

HCR 49

Parr Explained purpose of the Resolution.

Beirne Move and ask unanimous 'do pass'.

Chairman No objection, so ordered.

---

SSHB 349

Sullivan - Drew up sponsor substitute per the Committee's recommendation.

Beirne Move and ask unanimous consent for 'do pass' recommendation.

Chairman Hearing no objection, so ordered.

---

HB 465

Mr. Spazianni Vocational Rehabilitation

There is available 1/2 million dollars in Federal funds for this program.

Parr Is this to be matched by the State?

Spazianni - No.

Ostrosky What is the \$160,000 for?

Spazianni - 'To bring on staff and get the program off' the ground.

Beirne - Move out with a 'do pass'

Chairman Hearing no Obecjtion, so ordered.

---

HB 461

Swanson - I don't expect to do anything with this bill until next year.

Chairman - If there is no objection, I'll move this bill out with individual recommendations. No Objection, so ordered.

Page Two  
HESS Meeting  
5-7-75

SSHB 376

Beirne Gave briefing of the bill. The Interim Committee Bill had been cut by the administration to \$283,000, then the Governor cut it to \$57,000. This bill is asking to have more monies put back into the bill to make it workable. Back to \$571,295.00.

Chairman Asked for a motion to the bill.

Beirne Move out with a do pass recommendation.

Chairman Hearing no objection, so ordered.

---

Adjourned.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

POUCH 5 A - JUNEAU 99811

May 1, 1975

The Honorable Susan Sullivan  
Chairman  
House Health, Education & Social  
Service Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99811

Dear Ms. Sullivan:

re House Bill No. 461

House Bill No. 461, an Act relating to forgiveness of the remaining outstanding school construction debt of the City of Nenana, was introduced in the House on April 26, 1975 and was referred to the House Health, Education & Social Services and Finance Committees.

For the information of the House Health, Education & Social Services Committee, I am enclosing a copy of a memorandum dated April 30, 1975 from John M. Daugherty, Director, Treasury Division, Department of Revenue that indicates that the present principal balance outstanding of the school construction debt for the City of Nenana is \$265,000 and will remain at such figure until January 1, 1976 when the next principal and interest payment is due.

If you or any members of your Committee have any questions on the proposed legislation, please telephone the writer at 465-2397 and I will contact Mr. Daugherty for testimony.

Very truly yours,



R. D. Stevenson  
Special Assistant

RDS:sp  
Enclosure

cc The Honorable Hugh Malone  
Chairman  
House Finance Committee

John M. Daugherty  
Director  
Treasury Division

# MEMORANDUM

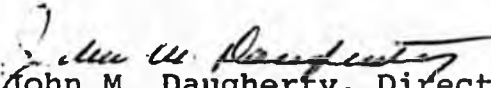
# State of Alaska

TO: R. D. Stevenson  
Consultant  
Department of Revenue

DATE: April 30, 1975

FILE NO:

TELEPHONE NO:

FROM:   
John M. Daugherty, Director  
Treasury Division  
Department of Revenue

SUBJECT: City of Nenana G.O. School Bonds

The present unpaid principal balance for the City of Nenana Bonds totals \$265,000. This balance will remain at \$265,000 until January 1, 1976 when the next principal and interest payment is due.

JMD:ge

HB

465

'An Act' making a special appropriation to the Department of Education for the establishment of a center for vocational education teacher training; and providing for an effective date."

### COMMITTEE REPORT

4/30/75

HOUSE

FINANCE

Mr. Speaker:

Date 5/6/75

The Committee on HESS has had HB 465

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Susan Sullivan \_\_\_\_\_

Robert Ostrowski \_\_\_\_\_

\_\_\_\_\_ \_\_\_\_\_

\_\_\_\_\_ \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_ recommends: DO NOT PASS

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_ recommends: \_\_\_\_\_

\_\_\_\_\_  
Chairman



JUNEAU ALASKA

# Alaska State Legislature

## House

HB 465

HESS COMMITTEE MEETING

May 6, 1975

Present:

Beirne	Ostrosky
Lavis	Parr
Hackney	Sullivan
Osterback	Swanson

Chairman Sullivan called the meeting to order at 3:00pm.

HCR 49

Parr Explained purpose of the Resolution.

Beirne Move and ask unanimous 'do pass'.

Chairman No objection, so ordered.

---

SSHB 349

Sullivan - Drew up sponsor substitute per the Committee's recommendation.

Beirne Move and ask unanimous consent for 'do pass' recommendation.

Chairman Hearing no objection, so ordered.

---

HB 465

Mr. Spazianni Vocational Rehabilitation

There is available 1/2 million dollars in Federal funds for this program.

Parr Is this to be matched by the State?

Spazianni - No.

Ostrosky What is the \$160,000 for?

Spazianni - To bring on staff and get the program off the ground.

Beirne - Move out with a 'do pass'

Chairman Hearing no Obecjtion, so ordered.

---

HB 461

Swanson - I don't expect to do anything with this bill until next year.

Chairman - If there is no objection, I'll move this bill out with individual recommen-  
dations. No Objection, so ordered.

Page Two  
HESS Meeting  
5-7-75

SSHB 376

Beirne Gave briefing of the bill. The Interim Committee Bill had been cut by the administration to \$283,000, then the Governor cut it to \$57,000. This bill is asking to have more monies put back into the bill to make it workable. Back to \$571,295.00.

Chairman Asked for a motion to the bill.

Beirne Move out with a do pass recommendation.

Chairman Hearing no objection, so ordered.

---

Adjourned.

HB

467

"An Act providing financial aid for catastrophic illness or injury; and providing for an effective date."

# COMMITTEE REPORT

5/1/75

HOUSE

FINANCE

Mr. Speaker:

Date April  
CS

The Committee on HESS has had ~~HB 467~~ CS

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 467 AND THAT

CS FOR it DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>Susan Sullivan</u>	<u>Robert</u>
<u>Tom Hackney</u>	<u>                    </u>
_____	_____
_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

Susan Sullivan Chairman

"An Act providing financial aid for catastrophic illness or injury; and providing for an effective date."

# COMMITTEE REPORT

4/9/76

HOUSE

*FIN*

Mr. Speaker:

Date April 8, 1976

The Committee on HESS has had HB 467

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 467 AND THAT

CS FOR \_\_\_\_\_ DO PASS *with following amendments*

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>Susan Sullivan</u>	<u>William G. ...</u>	_____
<u>Tom ...</u>	<u>...</u>	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

Susan Sullivan Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: HESS

To: \_\_\_\_\_ HOUSE BILL No. CS HB 467

SENATE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 25, 26, 27

Delete " who has suffered a catastrophic illness", line 25

Delete "oppointed by the Governor" lines 26 & 27.



# Alaska State Legislature

## House

JUNEAU ALASKA

HOUSES HESS COMMITTEE MEETING

APRIL 2, 1976

Present: Hackney Osterback Cstrosky  
Beirne Sullivan

Testifying: Kay Smith, Dept. of H&SS  
Larry Sullivan, Dept. of H&SS  
Jack Chenowith, A.A. Pat Rodey

### HCR 111 - Boundary Change in Health Service - Rules

Ramona Kelley - explained reason for this resolution, predominately fiscal justification.

Committee - no action.

### HB 790 -Contract Agreements/Adoption Service - Buchholdt

Buchholdt, explained why she introduced the bill and how it could save some state \$.

Kay Smith, representing depts. position. Dept. favors this bill for future needs. no \$ for FY 77.

### SB 611 -Adoption by step parents - Rodey

Jack Chenowith, representing Rodey,

Kay Smith presented dept. position. Would like to define step-parent with the child.

Move to accept Dept.s amendment.

Committee decided to pass bill out with amendment.

### HB 467 - Catastrophic illness aid - Beirne

Larry Sullivan, represent dept. position. In favor of concept and favor passage with fiscal note as presented with dept. position paper.  
Amend line 25 delete "who has suffered at catastrophic illness"  
line 26 & 27 delete "appointed by the gov."  
Unanimous do pass for CSHB 467 as amended.

### HJR 67 = Medicare and Hemophilliacs - HESS

DO pass, no objection , moved out.



JUNEAU ALASKA

# Alaska State Legislature

## House

HOUSE HESS COMMITTEE MEETING

MARCH 10, 1976

Present Sullivan Beirne  
Ose Hackney  
Ostrosky Swanson  
Parr

Testified: Lois Jund, Dept. H & SS  
K. Kareen, Div. of Personnel  
Edna Crawford, Public Health Nurses

### HB 457 Training and Ed. of State Employees -- Buchholdt

Buchholdt- explained why she felt a need for the bill

Kareen, explained the present policy of training for state employees.

Committee discussion concerning the needs of state employees, shouldn't they foot the time and bill for an ed. if they want it. Others all for it.

Decided to have a work session on this bill.

### HB 467 Catastrophic Illness Aid Beirne

Beirne expressed the need for this bill, gave examples of how many families there were that are having to live below poverty level because of severe illness. The system right now forced people not to work, so that they can be on welfare and have the medical bills paid for by someone else.

Lois Jund - ~~will work on a workable bill with the dept.~~ Dept. feels that this bill has a good concept but that it is not workable at this time.

Beirne - will work on a more workable and functional bill with the dept.

### PUBLIC HEALTH NURSES PRESENTATION

Edna Crawford made a presentation for the P.H.N.



JUNEAU ALASKA

# Alaska State Legislature House

*File HB 4167*

It is the intent of the House Health, Education and Social Services Committee as well as the intent of the Division of Public Assistance to pay the obligations of Mr. Harvey both at Sitka and Petersburg hospitals and to further maintain Mr. Harvey on the General Relief program by paying the hospital for the materials used in the treatment of his hemophilia.

Susan Sullivan  
Chairperson  
Health, Education &  
Social Services

# STATE OF ALASKA

**DEPT. OF HEALTH AND SOCIAL SERVICES**

*DIVISION OF PUBLIC ASSISTANCE*

JAY S. HAMMOND, GOVERNOR

POUCH H 07 - JUNEAU 99811

April 6, 1976

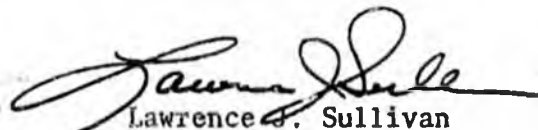
Document# House HESS 70

The Honorable Susan Sullivan  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Ms. Sullivan:

In reference to the above case it is the intent of the Division to pay the obligations of Mr. Harvey both at Sitka and Petersburg hospitals and to further maintain Mr. Harvey on the General Relief program by paying the hospital for the materials used in the treatment of his hemophilia.

Sincerely,

  
Lawrence J. Sullivan  
Director

LJS/el

# TELEGRAM

ALASKA COMMUNICATIONS, INC

PHONE: 586-6440

JUNEAU, ALASKA 99801

#

1976 MAR 4 PM 7 30

02 12 1 POM TJA CHUGIAK AK 15 03-04 105P AST

PMS REP SUSAN SULLIVAN

JUN 1969

WE URGE HB 467 OUT OF COMMITTEE TO THE HOUSE FOR A VOTE

RICHARD AUSTIN BOX 8793 ANCHORAGE 99508

1976 MAR 4 AM 12 32

TELEGRAM

#

02362 .POM ANCHORAGE ALASKA 15-03-03 1013A AST

PMS REP SUSAN SULLIVAN

JUN

LETS GET HB467 OUT OF COMMITTEE AND ON TO

THE FLOOR FOR A VOTE

ROGER AND LOUISE PIKE SRA BOX 309 99507

# TELEGRAM

ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 MAR 4 AM 2 09

#

02534 POM ANCHORAGE ALASKA 15 03-03 1030P AST

PMS REP SUSAN SULLIVAN

JUN

I'D BILL 467 CATASTROPHIC HEALTH INSURANCE OUT

OF COMMITTEE AND ON FLOOR FOR VOTE

BRIAN LEE 1800 PARKWAY XANCH 99504

# TELEGRAM

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 586-6440

JUNEAU, ALASKA 99801

1976 MAR 8 PM 12 56

02 013 POM TDA CHUGIAK AK 15 03-28 941A AST

PMS REP SUSAN SULLIVAN

2149

JUN

WE URGE HB467 OUT OF COMMITTEE TO THE HOUSE

FOR VOTE

BIRGINIA BLAIR SR BOX 1460 CHUGIAK 99567

*Cont. to Philip Illies -  
Beise*

POSITION PAPER

ON

HOUSE BILL NO. 467

"An Act providing financial aid for catastrophic illness or injury; and providing for an effective date."

This act provides for financial aid for catastrophic illness or injury for low and middle income persons who do not qualify for assistance under existing federal and state programs and whose health insurance does not cover the high cost of such catastrophes.

RECOMMENDATIONS

The Department of Health and Social Services agrees in concept with the need for catastrophic health insurance, but does not favor passage of the bill in its current state. Therefore, until comprehensive legislation can be drafted, we recommend the following:

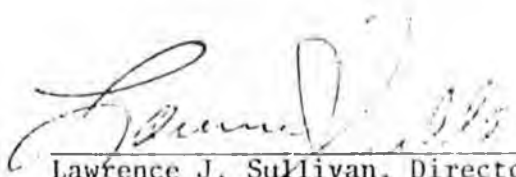
Page 1, lines 90-29; Page 2, lines 1-29; Page 3, lines 1-28 be deleted and substitute the following:

Section 47.25.250. Temporary Relief. When a person is not entitled to assistance under § 120-300 of this chapter and has no relatives in the state liable for his support under §§ 230 and 240 of this chapter, the needy person may receive temporary subsistence assistance in the form and amount which the department considers necessary.

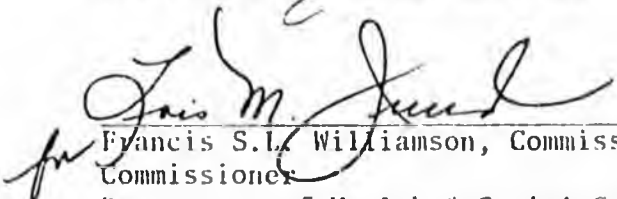
Temporary assistance for needs other than transportation and medical care shall not exceed \$80 per person a calendar month.

AS 47.25.255. Catastrophic Illness. Notwithstanding provisions under §§ 230 and 240 of this chapter, the Department shall reimburse providers of medical care for costs incurred in the treatment of catastrophic illness. The determination of allowable costs and levels of reimbursement shall be determined by the Catastrophic Illness Committee which shall consist of the Medical Review Officer of the Department of Health and Social Services, a Governor-appointed consumer who has suffered a catastrophic illness and a Governor-appointed representative of the Department of Commerce and Economic Development.

Recommended By:

  
Lawrence J. Sullivan, Director

*4/16/76*  
Date

*for*   
Francis S.L. Williamson, Commissioner  
Commissioner  
Department of Health & Social Services

*3/17/76*  
Date

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
 Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 467  
 Title: Providing financial aid for catastrophic illness or injury  
 Requested by: Representative Helen Beirne Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: HEALTH & SOCIAL SERVICES Program: GENERAL RELIEF-MEDICAL

II. FISCAL DETAIL

Budget Request Unit(s) Affected: General Relief Medical Travel; General Relief Medical Contractual

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL		3.2	3.5	3.8	4.2	4.6
300 CONTRACTUAL		300.4	330.5	363.6	399.9	439.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>303.6</b>	<b>334.0</b>	<b>367.4</b>	<b>404.1</b>	<b>444.5</b>

B. FUNDING: (Thousands of dollars)

	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
GENERAL FUND		303.6	334.0	367.4	404.1	444.5
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
PERMANENT/TEMPORARY	/ 0	/ 0	/ 0	/ 0	/ 0	/ 0
MAN MONTHS (P./T.)	/ 0	/ 0	/ 0	/ 0	/ 0	/ 0

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

Catastrophic illness committee will meet approximately 12 times per year - allowing for meeting once per month with emergency handled on immediate basis by telephone - teletype assuming 9 meetings will be in Juneau; 3 in Anchorage or other locations - travel and per diem at \$50 = \$3,150 allowing \$450 for telephone and other administrative costs - total administration of program will estimate at \$3,600.

IV. ATTACHMENTS

V. DATE: 4/2/79 PREPARED BY: Lawrence J. Sullivan smj

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

Lawrence J. Sullivan, Director  
 Division of Public Assistance

REVIEWED BY FINANCIAL MANAGEMENT:

Eugene A. Smith  
 EUGENE A. SMITH, HSS FIN. OFFICER

ANALYSIS OF FISCAL NOTE  
FOR  
HOUSE BILL 467  
(Continued)

Statistics establishing medical costs for incidents or illnesses that could be considered as catastrophic are not available at this time. Because this bill represents the first effort to provide assistance to individuals who do not qualify for an established program there is no data on which to base an estimate of total cost.

The Alaska Hospital Association reports approximately \$650,000 in unpaid bills for the current year. This figure probably includes amounts which the hospital could collect in time and amounts owed by individuals no longer in the State. However, it does establish a ceiling on the total amount owed or uncollected by hospitals in Alaska for a year.

Because no figures or statistics exist on which to base an actual estimate of costs incurred for catastrophic illnesses, an arbitrary figure of \$300,000 is used in this fiscal note.

The funding could come from those funds cut from the Medical Assistance - General Relief Medical budgets. The projected cost for each year after FY 77 is increased by 10% or the approximate increase of cost of living per year.

A study to determine medical costs incurred for catastrophic illnesses or incidents should be conducted to determine funding for the program in the next fiscal year (FY 78).

HB

474

COMMITTEE REPORT

5/2/75

HOUSE

Mr. Speaker:

Date 5/6/75

The Committee on HESS has had HR 474

under consideration. A Majority of the members of the Committee

*Handwritten initials and checkmarks*

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

Susan Sullivan \_\_\_\_\_  
Thomas Ryan \_\_\_\_\_  
Tom Harkins \_\_\_\_\_  
Katherine Costichy \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:

Susan Sullivan Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

By: HESS

To: \_\_\_\_\_ HOUSE BILL No. HR 474

SENATE BILL No. \_\_\_\_\_

PAGE: 1

LINE: 11

After the word "whose" insert "common".



JUNEAU ALASKA

Alaska State Legislature  
House

HB 474

HESS COMMITTEE MEETING

May 7, 1975

Members Present:

Beirne            Ostrosky  
Davis            Parr  
Hackney        Swanson  
Osterback      Sullivan

Chairman Sullivan called the meeting to order at 3:15pm.

HB 474 Sheri Gross representing Speaker Bradner  
In favor of the bill.

Parr Move the bill be ammended to add "common" in line 11 after the word "whose".  
Chairman Hearing no objection to the ammendment, so ordered.

Swanson Move and ask unanimous consent for 'do pass' rec.  
Chairman Hearing no objection, so ordered.

---

CSSB 35 am

There was a motion to replace the language of this bill with that of HB 24.  
Hearing no objection, so ordered.

Swanson - Move out.  
Chairman No objection, so ordered.

---

SB 113 am

Dr. Dave Canterbury Testified in favor of the bill.  
Senator Ziegler - Stated that this was a ASMA bill and also testified in favor.

Dr. Spence Testified in favor of the bill

Beirne - Move and ask unanimous concent.  
Chairman Hearing no objection, so ordered.

---

HJR 28

Hackney Move out of committee.  
Chairman Hearing no objection, so ordered.

Adjourned/

HB

481



# Alaska State Legislature

## House

JUNEAU ALASKA

HOUSE HESS COMMITTEE MEETING

MARCH 15, 1976

Present: Sullivan            Hackney  
          Beirne                Ose            Osterback

Testifying: Dr. Pauls, Dept. H&SS, Public Health  
              Dick Block, Div. of Ins.  
              Sonya Johansen, Dept. H & SS HIS

### HB 481 - Health Maintenance Organizations - HESS

Dick Block - Explanation of bill, HMO similar and mandatory to various types of health insurance. Reasons why we need regulation on HMO 1. to keep high standard of medical care 2 Since subscribers pay in advance, organization must be financially sound.

Committee - How much money would be needed to assure solvency, Block had no definite answer. Teamsters example as an HMO. Can this bill be redone to eliminate alot of the unneeded regulations, Block thinks so.

Committee requests Dick to submit a draft of an alternative to this bill. Dr. Pauls said Dept. will work along with him on this.

Dr. Pauls - did not have an official position paper on this bill from the Dept. but feelings regarding it are that there are now other health bills which speak to the same issue., for instance the Indian Health Service. So he doesn't feel this bill is needed.

Committee decided not to take any action on this now.

### HB 395 - Registry of Impairments - HESS

Sonja Johnson - Dept. H&SS, feels that there is some problems with this bill, relating mainly to mandatory signing and also confidentiality. But she also feels that eventually everything will have to be on a registry.

Committee - If this is implemented what are the problems with it? Should this bill speak to the problems of data processing at the same time, yes. Dept. is now working to standardize procedures for data processing and will have done by the end of April.

Hackney - Is this bill really needed or does everything spoken to in here redo what is already in the regulations??

Dr. Pauls - If it is done by regulations instead of a bill, there must be a public hearing all over and then the regs. must be rewritten. This bill does not force the regulations to be rewritten.

Sullivan concerned with whether some of the confidentiality problems are unconstitutional??, nobody seems to know.



# Alaska State Legislature

## House

JUNEAU ALASKA

Page 2  
March 15

Beirne - thinks this bill is much needed, but doesn't want to take rights away from individuals to choose to be on a registry.

Committee decided to hold bill.



# Alaska State Legislature

## House

JUNEAU ALASKA

HOUSE HESS COMMITTEE MEETING

MARCH 15, 1976 7:00 P.M.

Present:

Ostrosky	Parr	Sullivan
Swanson	Beirne	Hackney

HB 733 - Commitment procedures for mentally ill - HESS

Louise Ma - Research Analyst, Legis. Affairs Office - explained basis and provisions for the bill

Parr - After 270 days what can be done with someone who cannot be helped but is dangerous??

Gruening - have to be new circumstance to begin commitment procedures.

Jerry Schrader, Director, Div. of Mental Health - Presented the dept. position regarding this bill. Basically in favor, but have a few problems with it. Can make amendments to correct. See position paper.

Beirne wanted to know if it might be possible to combine into one facility the function of crisis intake and mentally ill, alcoholics, drug addicts, etc.??

Pat Spartz - Kodiak Aleutian Mental Health Center - Supports bill, but would like to see some amendments. Hard to see how bill would actually work until it is tried.

no action on bill

Table 2. BASIC HEALTH CARE BENEFITS REQUIRED BY PROGRAM

	HMO Act	HB 481	DHSS Amend.	Model Legislation (NAIC)	Legislation (Federal)	AS 47.07. Medicaid	Medicaid Amend. (AS 47.07.030) SB 542	(AS 47.25.120) General Relief Medical
1. Physician Services	X	X		X	X	X		X
2. Inpatient hospital	X	X		X	X	X		X
3. Outpatient hospital	X	X		X	X	X		X
4. Emergency services	X	X		X	X	X		X
5. Psychiatric inpatient						X*		
6. Short term mental health	X						X	X
7. Drug & Alcohol services	X							
8. Skilled nursing						X		X
9. Intermediate nursing						X		X
10. Home health services	X					X		X
11. Laboratory & X-ray	X		X		X	X		X
12. Preventive Services	X**		X		X	X***		
13. Drugs							X	X
14. Dental care	X(children)							X(emergency, adult)
15. Wheelchairs, hearing aids, ect.								X

\* for persons over 65 and under 21 years.

\*\* minimum preventive services are family planning and fertility counseling, preventive dental care for children, and children's eye exams.

\*\*\* Early periodic screening, diagnosis and treatment for children is required under Medicaid.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 10, 1976

SUBJECT: HB 481, The Health Maintenance Organization Enabling Legis-  
lation (W.O.#2049)

TO: The Honorable Susan Sullivan

FROM: Brian L. Saylor *BLS*  
Research Analyst

The passage of House Bill 481 would make Alaska the 18th state to enact enabling health maintenance organization legislation. In most states, the HMO legislation was designed to counteract the inhibiting effects of statutes regulating health insurance companies, hospital and medical service corporations and professional licensure. HB 481 succeeds in accomplishing this.

Major issues within HB 481 and the pages in this memo that refer to them are:

1. Requirements for rate reviews for HMO's  
(18.18.030)..... p 5
2. Safeguards for consumers:
  - Surety bonds (18.18.030, 18.18.110)..... p 6, 9
  - Certificate of need (18.18.040)..... p 7
  - Governing Boards (18.18.040)..... p 7
  - Complaints system (18.18.100)..... p 9
3. Required benefit packages (18.18.250) ..... p 11,12  
Table 2
4. Open vs closed enrollment ..... p 12

In addition to the above basic considerations, with the organization of an HMO, there are problems with the administration of the program review, and regulation of HMO's are split between the Department of Health and Social Services and the Department of Commerce and Economic Development. Both departments are currently trying to find solutions to this problem. As more information reaches us, we'll pass it on.

BLS:jm  
Enclosures

## I. BACKGROUND

A "Health Maintenance Organization" provides an alternative to the present fragmented "non-system" of medical care. The term refers to the organization of health care services organized along the lines of either a group practice or a federation of individual medical practices. HMO's undertake the delivery of comprehensive medical services to a defined population on a prepaid basis with a fixed charge for each person enrolled. Thus, the term HMO can describe any alternative health care delivery system which welds together a series of services required by its enrolled population. 1/

The idea of prepaid health care is not new in the United States. The theoretical model for the HMO type of health care delivery was developed almost fifty years ago. A group of experts refined the idea and published their recommendations in 1932 in a paper entitled Medical Care for the American People. 2/ The basic concept stated:

- 1) Groups of physicians, rather than solo practitioners, should give necessary services, enforcing high standards through peer evaluation.
- 2) All costs should be prepaid.
- 3) Disease prevention should be emphasized.
- 4) Facilities should be planned on a community basis.
- 5) Consumer groups should sponsor such health care delivery systems and contract with provider groups.

These recommendations were developed by a large number of prepaid practice plans during the next 20 years. One of the first applications

of the idea of prepaid group practice was developed in Oklahoma in a small farming community about 1929. By 1950 there existed 24 similar plans in farm cooperatives throughout the country.

Prepaid health care gained momentum in the urban areas with the organization of Group Health Association of Washington, D. C. in 1937 and the New York Health Insurance Plan (HIP) in 1947. The idea continued to be refined by Kaiser-Permanente in California and the Group Health Cooperative of Puget Sound in Seattle and Tacoma. 3/

None of these programs had an easy time becoming self-sufficient or gaining acceptance in the community. Most of them suffered from discrimination by organized medicine, which declared that programs in which patients did not pay for services but rather were in the prepaid mold were unethical. Physicians serving in such programs were refused access to professional associations as well as to hospitals.

Law suits gradually eliminated the worst prohibitions against prepaid group practices. By 1973 the number of states which effectively prohibited HMO's had been reduced from thirty to less than ten. 4/

Federal commitment to the concept first appeared in Presidential White Paper in 1971. 5/ The Health Maintenance Organization Act of 1973 (P.L. 93-222) was signed into law at the end of that year, and provisions to override restrictive state laws were included in it. The legislation was considered a great advance toward bringing order, cost consciousness and entrepreneurial spirit to the disorderly system of health care delivery.

As of December, only four Health Maintenance Organizations in the United States have been certified as an HMO qualified under the Act. They are in Rhode Island, Connecticut, Illinois, and Pennsylvania. 6/

P.L. 93-222 has been considered by some to be too restrictive in a number of areas. Among these are:

- 1) The benefit package required by law is too expansive and, therefore, costly.
- 2) Because the package is set by law, the insurance carriers cannot vary the benefits in response to community need.
- 3) The law requires HMO's to community rate their health care risks. This means that while an HMO will have to accept anybody (open enrollment) other insurance carriers will be able to skim all the good risks off the top through experience rating mechanisms.

These provisions restrict the ability of HMO's to compete with other health insurance carriers in the open market. 7/

In response to these problems, the National Association of Insurance Commissioners developed model state legislation which would allow states much more latitude in developing HMO's which meet their unique needs. 8/ The federal government has proposed another approach which is slightly more flexible in its proposed regulatory provisions.

Alaska's enabling HMO legislation (HB 481) makes use of the NAIC model legislation. A comparison of the federal model legislation and Alaska's proposed legislation is presented section by section in narrative form for greater applicability. Both the NAIC and the federal proposals are attached. Table 1 shows how HB 481 compares with similar legislation in other states. Table 2 compares benefit packages under public programs within Alaska with those proposed under alternative HMO structures.

II. SECTION BY SECTION ANALYSIS: HB 481

Section 18.18.010. A certificate of authority is required by any person who wants to establish or operate a HMO. Existing Alaskan HMO's (there aren't any now) are allowed 60 days to comply with the law.

This section is consistent with NAIC model legislation.

Section 18.18.020. The application form, approved by the commissioner of Commerce and Economic Development, will require:

- 1) a basic organizational document
- 2) bylaws for internal affairs
- 3) list of responsible persons
- 4) copies of all contracts between participating providers
- 5) description of health care plan including services offered, and facilities and manpower used.
- 6) evidence of coverage for enrolled persons (see 18.18.070)
- 7) contract forms with enrolled persons
- 8) statement of HMO finances
- 9) marketing methods
- 10) power of attorney
- 11) geographic area served
- 12) complaint procedure used (see 18.18.100)
- 13) quality control procedures
- 14) methods of involving enrollees in policy decisions
- 15) anything else the commissioner wants

Any modification of these statements must also be approved by the commissioner within 45 days.

Comment: Public Law 93-641 requires the issuance of a certificate of need for HMO's. The type of information required for the HMO review should be coordinated with the information required by the certificate of need review. Alternative certificate of need proposals are now under consideration.

All provisions are consistent with recommended NICA model legislation.

Section 18.18.030 As soon as the application reaches the commissioner of Commerce and Economic Development, a copy is given to the commissioner of Health and Social Services. HSS is responsible for the first review. Time for review is 30 days. Criteria for review are:

- 1) Adequacy of personnel, facilities and continuity of service
- 2) Availability and accessibility
- 3) Quality assurance (see 18.18.140)
- 4) Adequacy of statistical reporting systems

After the commissioner of Health and Social Services approves the HMO application, the commissioner of Commerce and Economic Development begins a review of the HMO's plan of operation. Criteria for the second review are:

- 1) Approval of HSS
- 2) Appropriateness of HMO mechanism to provide services

Comment: The latitude in deciding what is "appropriate" seems to be very wide. This clause could have the effect of preventing innovative types of HMO's from developing.

- 3) Financial responsibility in terms of
  - A) charges for services

Comment: The federal model legislation deletes any reference to rate review. The drafters felt that it would be more appropriate to rely on the free market mechanisms. Rate review may stifle completion by promoting rate uniformity.

- B) working capital

- C) agreements with other insurance carriers
- D) agreements with health care providers
- E) surety bonds

Comment: Surety bonds are required. Specific dollar figures are given in Sec. 18.18.110. These figures may be insufficient to safeguard consumers. For example, it might cost as much as \$640,000 to provide necessary health care services to 2,500 enrollees for one year. The surety bond requires \$10,000.

- 4) Opportunity for consumer involvement
- 5) Assurances that the project is in the public good.
- 6) Consistency of policy awards and termination are consistent with other carriers
- 7) Problems in HSS review were corrected.

The entire review must be conducted within 60 days unless there is a modification of a previous application. In that case the review takes 45 days.

Comment: Time requirements for review are very long. The time allowed for a HMO review is 60 days. If a certificate of need is also required, the process could take 150 days. Concurrent DHSS reviews at the state level could reduce this figure by at least 30 days.

<u>Proposed Review Timeframe</u>	<u>Alternative Concurrent Review Timeframe</u>
30 days HSS review	90 days concurrent review:
90 days cert. of need	30 days HSS review
30 days Commerce review	60 days cert. of need
	30 days Commerce review
<hr/>	<hr/>
150 days	120 days

Section 18.18.040. An HMO can:

- 1) Build
- 2) Loan money
- 3) Contract for services
- 4) Contract for marketing health plan
- 5) Contract to other carriers to underwrite HMO
- 6) Offer basic services
- 7) Accept public or private money

The HMO has to inform the commissioner of any intent to build or loan money. There must be a response within 30 days.

Comment: A capital expenditure in excess of \$100,000 will probably require a certificate of need under new federal requirements. Processing a certificate of need application takes 90 days. Only 30 days are allowed under this section.

Section 18.18.050. establishes a governing body. There is no specification of the proportion of consumers and providers.

Comment: Arguments against the inclusion of consumers on the governing board include: (1) such participation is unnecessary and perhaps even harmful to the efficient and professional delivery of health care services, (2) a consumer role will impede the initiation of an HMO since more people must be involved and (3) consumers can always seek alternative health care. The arguments for a consumer role include (1) consumer participation results in a more responsive organization, and (2) consumer participation is not the same as lay control over the rendering of professional service.

Section 18.18.060 makes sure one person is responsible for financial matters.

Section 18.18.070 itemizes the kind of evidence that must be given to

each enrollee regarding benefits. There can be no changes in benefits without notice. Evidence of coverage should contain:

- 1) No misleading statements
- 2) A summary of
  - A) benefits
  - B) limitations of service
  - C) sources of information about how to get services
  - D) total payment for services
  - E) complaints system

Forms for evidence of coverage must be approved by the commissioner within 30 days of its submission.

Comment: The federal model legislation includes a provision that enrollees shall be told of service priorities in case of epidemic or other emergency affecting the demand for medical services. The inclusion of the provision would probably be an asset.

The Department of Health and Social Services has suggested that two additional sections be added:

1. Add to (2) another subsection (F) requiring the inclusion of criteria for disenrollment in the evidence of coverage form.
2. Another section prohibiting the HMO from cancelling the enrollment of a participant or refusing to transfer an enrolled participant from a group for reasons relating to age, sex, race or health status.

Section 18.18.080 requires an annual report submitted to the commissioner containing:

- 1) a financial statement of receipts and disbursements
- 2) any changes in the original certificate of authority
- 3) number of persons enrolled
- 4) anything else the commissioner requires

Comment: The model federal legislation requires that the annual report contain a statement disclosing the percent of enrolled participants assisted by public funds. This clause can provide an evaluation tool to see if public health care dollars are better spent on HMO programs vs traditional public assistance programs.

Section 18.18.090 requires a similar report to be submitted to all enrollees containing:

- 1) a financial statement
- 2) a description of services
- 3) the method of resolving complaints

Section 18.18.100 describes the complaint system. The only requirements are that it exist and maintain written records.

Comment: HB 481 requires that a system exist for handling written complaints only. The Department of Health and Social Services suggests that the language of the NAIC model legislation be included. The change would require the HMO to keep records of the underlying causes of such complaints, as well as the number and resolution of all malpractice cases filed against the HMO.

Section 18.18.110 addresses requirements for surety bonding which obligates the health plan to provide services. This provision is not in the federal model legislation. Required dollar amounts are specified (see "Comment", 18.18.030(3)(E)).

Section 18.18.120 allows joint operation with hospital service corporations (Blue Cross) and medical service corporations (Blue Shield).

Section 18.18.130 prohibits an HMO from issuing misleading statements, cancelling a policy or using certain words in advertising.

Section 18.18.140 requires a review of each HMO program every three years.

Comment: Federal law (P.L. 93-641) requires a review of institutional health services every five years.

Section 18.18.150 allows the commissioner to suspend a certificate of authority if:

- 1) The HMO is not in compliance with its basic organizational document (see Section 18.18.020).
- 2) Charges are not in line with those stated in the evidence of coverage.
- 3) There is no consumer involvement in policy development
- 4) There is no complaint system
- 5) Advertising is misleading, false or unfair
- 6) The commissioner determines that the HMO doesn't comply with the law.

The commissioner can go farther and revoke a certificate of authority if:

- 1) The commissioner of HSS agrees that the HMO is unable to continue providing services, or
- 2) The HMO is found to be financially unsound.

As soon as the decision to suspend or revoke a certificate of authority is made, the HMO must stop functioning.

Section 18.18.160 authorizes the commissioner to write necessary regulations.

Section 18.18.170 establishes administrative procedures for appeals.

These procedures are consistent with the Administrative Procedures Act.

Section 18.18.180 sets fees for application and review processing.

Comment: The fees charged for review contain no provisions for the equitable allocation of fees between the Department of Commerce and the Department of Health and Social Services.

Section 18.18.190 itemizes sanctions against an HMO for non-compliance.

The fee is \$100 to cover the administrative expenses of the department and can go as high as the commissioner estimates the damages suffered to be.

Section 18.18.200 requires all documents to be available for public scrutiny.

Section 18.18.210 assures that medical or hospital service corporations are still under separate laws. Advertising by an HMO does not violate the Medical Practices Act.

Section 18.18.220 establishes confidentiality of medical records.

Section 18.18.230 allows the commissioner of Health and Social Services to contract for review functions.

Section 18.18.240 requires all agents associated with the HMO to be controlled by regulation.

Section 18.18.250 sets out definitions (See Table 2).

Comment: There is a great deal of controversy regarding the required benefit package for an HMO. One side says that an overly rigid benefit package might inhibit competition among HMO's and between HMO's and other forms of health insurance. The federal legislation (P.L. 93-222) has been criticised for this. Those in favor of a structured and comprehensive benefit package argue that

the package should assure enrollees of a reasonable amount of services to meet their basic health care needs. A more rigid benefit structure could have the effect of either putting the HMO out of business or promoting necessary changes in the health care delivery system.

### III: ADDITIONAL CONSIDERATIONS

#### Open Enrollment

The NAIC proposes a period of at least one month when anyone could enroll in the HMO. The first open enrollment period begins after the HMO has been operational for 24 months. Open enrollment allows people access to the program who may not be eligible for other types of health insurance, thereby encouraging a community rating rather than an experience rating approach. Critics contend that open enrollment would make it difficult for an HMO to compete with other types of insurance.

#### Liquidation Procedures

The NAIC model HMO bill includes complex insurance type liquidation procedures. Critics oppose increasing government involvement in the internal workings of an HMO and prefer to rely on existing general bankruptcy laws.

## Footnotes

1. For a complete discussion of Health Maintenance Organizations, see:
  - Klarman, H., "Analysis of the HMO Proposal--Its Assumptions, Implications and Prospects, pp. 24-38, Health Maintenance Organizations, A Reconfiguration of the Health Services System, Chicago, 1971
  - Glasgow, J., "Prepaid Group Practice as a National Policy: Problems and Perspectives, Inquiry, March, 1972
  - Greenlick, M., "The Impact of Prepaid Group Practice on American Medical Care: A Critical Evaluation," The Annals of the American Academy of Political and Social Science, January, 1972
2. Wilbur, R. L. et al, Medical Care for the American People, University of Chicago Press, 1932
3. Birnbaum, Hilde, "Competition Between Health Care Delivery Systems Under the 1973 HMO Legislation?", Ninth Annual Pacific Northwest Regional Economic Conference, Spokane, Washington, 1975
4. Clarke, G. C., "Health Maintenance Organizations," Health Programs in the States: A Survey, Center for State Legislative Research and Service, Eagleton Institute for Politics, Rutgers University, March, 1975
5. U. S. Department of Health, Education and Welfare. Towards a Comprehensive Health Policy for the 70's: White Paper. Washington, D. C.: Government Printing Office, 1970
6. HMO Update #2, DHEW Health Services Administration, December 15, 1975
7. Birnbaum, Hilde, op cit.
8. Suggested Health Maintenance Organization Act, Draft. National Association of Insurance Commissioners, Suggested State Legislation, 1975

TABLE 1. HEALTH MAINTENANCE ORGANIZATION

As of May 1974	States With HMO Laws								States Without Specific HMO Laws (primarily Blue Cross/Blue Shield provisions)									
	Form Required		Mandatory Policy-Making Role for Enrollees	Prior Rate Approval Required	Mandatory Dual Choice	Mandatory Open Enrollment	Financial Require- ments		Form Required		Insurance Type Regulation	Specific Prohibition of Advertising	Mandatory Open Panel	Require Physicians to be % of Governing Body**	Medical Society Approval Required	Specific Restriction on Corporate Contract for, or Practice of, Medicine	Specific Exemption from Corporate Practice of Medicine Restrictions	Legislative Activity in 1974
	For Profit	Non-Profit					Insolvency Protection	Investment Protection*	For Profit	Non-Profit								
(HB 481)	Alabama	X	X	X	X		X		X	X	X					X		
	Alaska	X	X						X	X	X					X	X	
	Arizona																	
	Arkansas								X	X	X							
	California		X	X	X	X	X	X										
	Colorado	X	X	X	X	X	X	X										
	Connecticut								X	X			25%					
	Delaware								X	X								
	Florida	X	X		X		X	X								X		
	Georgia								X	X		X	maj.	X	X		X	
	Hawaii								X	X						X	X	
	Idaho	X	X	X	X	X	X	X								X	X	
	Illinois								X	X		X	maj.			X	X	
	Indiana															X		
	Iowa	X	X	X	X	X	X	X								X		
	Kansas	X	X	X	X		X	X								X		
	Kentucky	X	X		X	X	X <sup>2</sup>	X								X		
	Louisiana								X		X		maj.	X		X		
	Maine								X	X			maj.			X	X	
	Maryland								X	X	X					X	X	
	Massachusetts								X	X		X	33%			X	X	
	Michigan	X	X	X	X	X		X										
	Minnesota		X	X		X												
	Mississippi								X	X						X		
	Missouri								X	X	X					X		
	Montana								X	X		X		X	X			
	Nebraska								X	X	X		67%			X	X	
	Nevada	X	X	X	X	X	X											
	New Hampshire								X	X				X		X	X	
	New Jersey	X	X	X		X	X	X								X	X	
	New Mexico								X	X	X					X		
	New York		X		X		X	X										
	North Carolina								X	X						X		
	North Dakota								X	X		X	maj.		X		X	
	Ohio								X	X								
	Oklahoma								X	X	X							
	Oregon								X	X						X		
	Pennsylvania		X <sup>1</sup>	X	X	X												
	Rhode Island								X	X	X		33%	X		X		
	South Carolina								X	X	X					X	X	
	South Dakota		X	X		X	X <sup>2</sup>											
	Tennessee	X	X			X												
	Texas								X	X			maj.		X		X	
	Utah	X	X	X	X	X												
	Vermont								X	X						X	X	
	Virginia								X	X	X	X				X	X	
	Washington								X	X	X					X	X	
	West Virginia								X	X	X					X	X	
	Wisconsin								X	X	X					X	X	
	Wyoming								X	X	X					X		

\* Investments restricted to those allowed insurance companies.  
 \*\* Physicians or hospital representatives.

<sup>1</sup> And non profit hospital "corporation" only.  
<sup>2</sup> May be waived by director or commissioner.

Adapted from: Aspen Systems Corporation, H.M.O. Sourcebook - 1973 Edition and H.M.O. Sourcebook Supplement: Legislative Developments in 1973 (Rockville, Md.: Health Law Center, Aspen Systems Corporation, 1973 and 1974). Information also supplied by Interstudy, Minneapolis, Minnesota.

SECTION I - DEFINITIONS

(a) "Health Maintenance Organization" means a public or private organization, which is organized under the laws of this State or the laws of another State or the District of Columbia, which:

(1) provides or otherwise make available to enrolled participants health care services, including at a minimum those basic health care services which are [determined by the Administrator to be] generally available on an insured or prepaid basis in the locality served by the organization;

(2) is compensated [(except for copayments)] for the provision of basic health care services to enrolled participants solely on a predetermined periodic rate basis;

(3) provides physicians' services primarily (i) directly through physicians who are either employees or partners of such organization, or (ii) under arrangements with one or more groups of physicians [(organized on a group practice or individual practice basis) under which each such] group [(A)] is compensated for its services primarily on the basis of an aggregate fixed sum or on a per capita basis and (B) is provided with an effective incentive to avoid unnecessary inpatient utilization, regardless of whether the individual physician members of any such group are paid on a fee-for-service or other basis; and

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(4) assures the availability, accessibility and quality (including effective utilization) of comprehensive health care services through clearly identifiable focal points of legal and administrative responsibility.

(b) "Basic Health Care Services" means usual physician hospitalization, laboratory, X-ray, emergency and preventive service, and out-of-area coverage.

(c) "Health Care Services" means basic health care services and other services, medical equipment and supplies which may include, but are not limited to, medical, surgical and dental care; psychological, obstetrical, osteopathic, optometric, optic, podiatric, nursing, physical therapy services and pharmaceutical services; health education, preventive medical, rehabilitative and home health services; inpatient and outpatient hospital services, extended care, nursing home care, convalescent institutional care, laboratory and ambulance services, appliances, drugs, medicines and supplies; and any other care, service or treatment of disease, the correction of defects of the maintenance of the physical and mental well-being of human beings.

(d) "Enrolled Participant" means a person who has entered into a contractual arrangement or on whose behalf a contractual arrangement has been entered into with a health maintenance organization to receive health care services.

(e) "Person" means any natural or artificial person including but not limited to individuals, partnerships, associations,

or corporations or other business entities.

(f) "Provider" means any physician, hospital, or ~~other~~  
institution, organization or person that furnished health care  
services and is licensed or otherwise authorized to practice  
in the State.

(g) "Administrator" means the head of (name of agency).  
The Administrator may call upon any other State agency in administering this Act.

## SECTION II - APPLICATION FOR CERTIFICATE OF AUTHORITY

(a) No person may operate a health maintenance organization without obtaining a certificate of authority from the Administrator.

(b) Applications for a certificate of authority shall be made in the form required by the Administrator and shall be verified by the individual who plans to operate a health maintenance organization or an officer or authorized representative of the applicant and shall set forth or be accompanied by:

(1) A copy of the basic organizational documents of the applicant, if any, such as articles of incorporation, partnership agreements, trust agreements, or other applicable documents.

(2) A copy of the bylaws, regulations or similar document, if any, regulating the conduct of the internal affairs of the applicant.

(3) A list of the names, addresses and official capacity with the organization of all the persons who are to be responsible for the conduct of its affairs, including all members of the governing body, the officers and directors in the case of a corporation, and the partners or members in the case of a partnership or corporation.

(4) A statement generally describing the organization, its enrollment process, its operation, its quality assurance mechanism, its internal grievance procedures, the methods it proposes to use to offer its enrolled participants or public representatives an opportunity to participate in matters of policy and operation, the location of the facilities at which health care services will be regularly available to enrolled participants, the type and speciality of health care personnel engaged to provide health care services, the number of personnel in each category and the medical records system providing documentation of utilization rates for enrolled participants.

(5) Copies of all contract forms the organization proposes to offer enrolled participants and the basis for developing the proposed or actual rates to be charged.

(6) A statement of the financial condition of the organization, including income statement, balance sheet (assets and liabilities) and cash flow statement.

(7) A statement describing with reasonable certainty the geographic area or areas to be served, and the hours during which services will be provided.

(8) A description of the proposed marketing techniques and copies of any proposed advertising materials.

(9) A power of attorney duly executed by such applicant appointing the Administrator and his successors in office,

and duly authorized deputies as the true and lawful attorney of such applicant upon whom lawful process in any legal action against such organization on any cause of action arising in this State may be served.

(10) Such other information as may be required by the Administrator to make the determinations required in Section III of this Act.

### SECTION III - ISSUANCE OF CERTIFICATE OF AUTHORITY

(a) The Administrator shall issue a Certificate of Authority to any person filing an application within sixty (60) days of such filing unless he notifies the applicant within such time that such application is not complete and the reasons therefor or that payment of the fees required by Section XI has not been made or that he is not satisfied that:


(1) The basic organization document of the applicant when combined with the powers enumerated in Section IV, permits the applicant to conduct business as a health maintenance organization.

(2) The organization has demonstrated the intent and ability to assure that health care services will be provided in a manner to assure both their availability and accessibility.

(3) The organization is financially responsible and may be reasonably expected to meet its obligations to its enrolled participants. In making this determination the Administrator shall consider among other relevant factors:

(i) any agreements with an insurer, a medical or hospital service corporation, a government

- agency or any other organization paying or insuring payment of health care services;
- (ii) any agreements with providers for the provision of health care services;
  - (iii) any arrangements for insurance coverage or an adequate plan for self-insurance to respond to claims for injuries arising out of the furnishing of health care services.



(4) The procedures for offering health care services and offering and terminating contracts to enrolled participants will not discriminate on the basis of age, sex, race, health or economic status. This requirement shall not prohibit reasonable underwriting classifications for the purpose of establishing rates nor shall it prohibit experience rating.

(5) Procedures, subject to the regulations of the Administrator, are established to:

- (i) monitor the quality of care provided by such organization, including, at a minimum, internal peer review;
- (ii) resolve complaints and grievances initiated by enrolled participants; and
- (iii) offer enrolled participants or public representatives an opportunity to participate in matters of policy and operation.

(6) The organization will maintain a readily accessible medical records system which is adequate to provide an accurate documentation of utilization rates for every enrolled participant, such system to clearly identify, at a minimum, each patient by name, number, age and sex and to clearly indicate the services provided, when, where, and by whom, the diagnosis, treatment, and drug therapy and to document the patient's health status. The Administrator may in accordance with regulations permit an organization to contract potential enrolled participants prior to the granting of a Certificate of Authority, to discuss the health care services such organization proposes to offer if a certificate of Authority were granted.

The powers of a holder of a certificate of authority issued pursuant to Section III of this Act shall include, in addition to any powers conferred by the law under which the health maintenance organization is organized, the following:

(a) The purchase, lease, construction, renovation, operation, or maintenance of hospitals, medical facilities, or both, and their ancillary equipment, and such property as may reasonably be required for its principal office or for such other purposes as may be necessary in the transaction of the business of the organization;

(b) The furnishing of health care services on a prepaid basis through providers which are under contract with, otherwise associated with, or employed by the health maintenance organization;

(c) Marketing, enrollment and administration or the contracting with any person for the performance on its behalf of such functions;

(d) The contracting with an insurance company licensed in this State, or with a hospital or medical service corporation authorized to do business in this State, for the provision of insurance, indemnity, or reimbursement against the cost of health care services provided by the health maintenance organization;

(e) The offering, in addition to health care services, of indemnity benefits covering out-of-area or emergency services;

(f) Receiving and accepting from governmental or private agencies or any persons, payments or grants covering all or part of the cost of the services provided or arranged for by the organization.

#### SECTION V - CONTRACT FORM

(a) All forms of contracts issued by the organization to enrolled participants or other marketing documents purporting to describe the organization's health care services shall contain clear and complete information indicating:

(1) The health care services and other benefits to which the enrolled participant is entitled;

(2) Where and in what manner services may be obtained;

(3) The predetermined periodic rate of payment for health care services and other benefits, if any, which the enrolled participant is obliged to pay;

(4) Any exclusions or any limitations on services or any other benefits to be provided including any deductible or copayment feature or any restrictions relating to pre-existing conditions;

(5) All criteria relating to disenrollment or denials of re-enrollment;

(6) Service priorities in case of epidemic, or other emergency conditions affecting demand for medical services.

(b) No health maintenance organization authorized under this Act shall cancel the enrollment of a participant or refuse to transfer an enrolled participant from a group to an individual basis for reasons relating to age, sex, race, or health status. However, nothing contained herein shall prevent cancellation of a contract with enrolled participants who violate any published policies of the organization which have been approved by the Administrator.

(c) No health maintenance organization authorized under this Act shall contract with any provider requiring enrolled participants to guarantee payment (other than copayments and deductibles) to such provider if the health maintenance organization shall fail or refuse to pay the provider for any costs related to benefits to which the enrolled participant is entitled.

(d) No contract form or amendment to an approved contract form shall be issued unless the same is filed with the Administrator. Such contract form or amendment shall become effective within thirty (30) days of such filing unless the Administrator finds that such contract form does not comply with the requirements of Section III(a) or Subsection(a) above.

#### SECTION VI - ANNUAL DISCLOSURE

(a) Every health maintenance organization shall provide annually to its enrolled participants and make available to the general public:

(1) A statement of financial condition including a balance sheet and summary of receipts and disbursements.

(2) A description of the benefit packages available and their rates.

(3) A description of the accessibility and availability of services including where and how to obtain them.

(4) A statement disclosing by category the percent of enrolled participants assisted by public funds.

(5) Such other information as the Administrator may by regulation prescribe.

(b) Such information shall be presented in clear, readable, and concise form and shall include, at a minimum, all of the material elements required of contracts with enrolled participants.

#### SECTION VII - REPORTS TO THE ADMINISTRATOR

(a) Every organization subject to this Act shall annually, on or before \_\_\_\_\_, file a report with the Administrator, verified by an appropriate official of the organization, showing its financial condition on the last day of the preceding calendar year.

(b) Such report shall be filed on forms prescribed by the Administrator and shall include:

(i) financial statement of the organization including its balance sheet and statement of income and expenditures for the preceding year, certified by an independent public accountant;

- (ii) any changes in the information submitted pursuant to Section II of this Act;
- (iii) such other information relating to the performance of the organization as the Administrator may require to enable him to carry out his duties under this Act.

#### SECTION VIII - EXAMINATIONS

(a) The Administrator shall make an examination of the affairs of any health maintenance organization and providers with whom such organization has contracts, agreements, or other arrangements as often as he deems it necessary but not less frequently than once every three (3) years.

(b) The Administrator shall make an examination concerning the quality of health care services of any health maintenance organization and providers with whom such organization has contracts, agreements, or other arrangements as often as he deems it necessary but not less frequently than once every three (3) years.

(c) Every health maintenance organization and provider shall submit its books and records relating its operation to such examinations and in every way facilitate them. Medical records of individuals and records of physicians providing service under contract to the health maintenance organization shall be subject to such examination, but the identity of patients shall not be disclosed by the Administrator. For the purpose of examination the Administrator may issue subpoenas, administer oaths to, and

examine the officers and agents of the health maintenance organization and the principals of such providers concerning their business.

#### SECTION IX - SANCTIONS

(a) Upon satisfactory evidence that any health maintenance organization has:

(1) Operated significantly in contravention of its basic organizational documents and the authorities conferred by this Act;

(2) Has failed to fulfill its obligations to furnish the health care services specified in its contracts with enrolled participants;

(3) Violated any provision of this Act, or any regulations promulgated hereunder;

(4) Made any false statement with respect to any report or statement required by this Act or by the Administrator under this Act;

(5) Advertised or marketed, or attempted to market, its services in such a manner as to misrepresent its services or capacity for service, or has engaged in deceptive, misleading or unfair practices with respect to advertising or marketing;

(6) Prevented the Administrator from the performance of any duty imposed by this Act; or

(7) Fraudulently procured or fraudulently attempted to procure any benefit under this subtitle;

the Administrator may, in his discretion, pursue any one or more of the following courses of action:

(i) suspend or revoke the certificate of authority to operate as a health maintenance organization under this Act:

(A) when the certificate of authority is suspended, the organization shall not, during the period of such suspension, enroll any additional enrolled participants except newborn children or other newly acquired dependents of existing enrolled participants, and shall not engage in any advertising or solicitation whatever;

(B) when the certificate of authority is revoked, such organization shall proceed under the supervision of the Administrator, immediately following the effective date of the order of revocation, to wind up its affairs, and shall conduct no further business except as may be essential to the orderly conclusion of the affairs of such

organization. It shall engage in no further advertising or solicitation whatsoever. The Administrator may, by written order, permit such further operation of the organization as he may find to be in the best interest of enrolled participants, to the end that enrolled participants will be afforded the greatest practical opportunity to obtain continuing health care coverage.

(ii) impose a penalty of not more than ten thousand dollars (\$10,000) for each and every unlawful act committed;

(iii) issue an administrative order requiring the health maintenance organization:

(A) to cease or modify inappropriate conduct or practices by it or any of the personnel employed or associated with it;

(B) to fulfill its contractual obligations;

(C) to provide a service which has been improperly denied; or

(D) to take appropriate steps to restore its ability to provide a contracted - for service.

(iv) apply to any Court for such legal or equitable relief as the Administrator deems appropriate.

(b) Before the Administrator takes any action as set forth in (i), (ii), (iii) or (iv) above, he shall give written notice to the organization its agent or officer thereof, accused of a violation, stating specifically the nature of such alleged violation and fixing a time and place, at least ten days thereafter, when a hearing of the matter shall be held. After a hearing or upon failure of the accused to appear at the hearing, the Administrator may impose any of the above penalties as he deems advisable.

(c) (Insert here provisions regarding administrative hearings and review, including but not limited to the judiciary, consistent with State's existing law.)

#### SECTION X - FEES

Every organization subject to this chapter shall pay to the Administrator the following fees:

(1) For filing a copy of its application for a certificate of authority or amendment thereto \$\_\_\_\_\_.

(2) For filing each annual report pursuant to Section \_\_\_\_\_, \$\_\_\_\_\_.

(3) The expenses of any examinations conducted pursuant to Section VIII.

#### SECTION XI - STATUTORY CONSTRUCTION AND RELATIONSHIP TO OTHER LAWS

(a) Provisions of the insurance law and provisions of hospital or medical service corporation laws shall not be

applicable to any health maintenance organization granted a certificate of authority under this Act; provided that, no health maintenance organization shall include in its name the words "insurer," "casualty," "surety," "health and accident" or any words generally regarded as descriptive of the insurance industry; provided further, that this provision does not apply to an insurer or hospital or medical service corporation licensed and regulated pursuant to the insurance laws or the hospital or medical service corporation laws of this State, except with respect to its health maintenance organization activities authorized and regulated pursuant to this Act.

(b) The provision of factually accurate information regarding coverage, rates, locations and hours of service, names of affiliated institutions, and credentials of participating providers by a health maintenance organization or its personnel to potential enrolled participants shall not be construed to be violative of any provision of law relating to solicitation or advertising by health professionals.

(c) Any health maintenance organization authorized under this Act shall be exempt from the provision of (insert proper State law citation) prohibiting the practice of medicine by corporations, associations, or other organizations.

(d) Any health maintenance organization authorized under this act which contracts with a health facility or enters into arrangements with one or more groups of physicians organized