

423.

HHESS

HB

409

(FILE NO. 1)

Hawaii: Every employer in Hawaii is required to offer a qualified health care plan to his/her employees and to pay at least half the premium. Qualified plans must meet state minimum standards. Small employers with fewer than eight employees whose share of the premiums would exceed 1.5% of their payroll, when that excess is greater than 5% of the employer's income from the business are entitled to a state subsidy for the remainder of the premium. This statute took effect in 1975, and though several employers applied for state assistance, none were found to be eligible.

Connecticut: The Connecticut comprehensive health care plans statute insures the universal availability of comprehensive health care insurance contracts meeting state minimum standards, at standardized premiums. The Health Reinsurance Association is created with mandatory membership of all carriers in the state to pool risk for the mandated coverage. The premium rates vary by sex and age, and for group contracts by geographical area, as well. Sample quarterly premium rates are in Table I.

Table I - Sample Quarterly Premium Rates for Connecticut Comprehensive Health Care Plans

Individual/ /Group*	30-year old Female	60-year old Male
Deductible	\$114.57/	\$243.15/
\$200	/\$103.11	/\$218.82
\$500	\$ 85.92/ /\$ 77.34	\$182.37/ /\$164.13
\$750	\$ 74.46/ /\$ 67.02	\$158.04/ /\$142.23

* Rate for Hartford, New Haven and Fairfield region.

Minnesota: The Minnesota statute requires all health insurance carriers to offer health coverage which meets minimum state standards, and requires employee health benefits to meet minimum standards. It also establishes a state comprehensive health plan available to any resident who is rejected, restricted, or limited in their health coverage from the private sector. This state plan is offered by all carriers and reinsured by an association of carriers, in which membership is mandatory, to pool the profits and losses of high risk coverage.

This comprehensive health insurance statute in Minnesota took effect in January of this year. There are now 12 law suits pending challenging the law. Interstate employers complain that when Minnesota law requires a high standard of health benefits for employees, the employer must offer the same high benefits to its employees in other states. Thus, the law has impact beyond the borders of the state and may be unconstitutional.

Minnesota also has a Catastrophic Health Expense Protection Act under which the state pays 90 percent of a resident's health care expenses after the resident's out-of-pocket expenses exceed (a) 40 percent of his/her household income under \$15,000, 50 percent of his/her household income between \$15,000 and \$25,000, plus 60 percent of his/her household income in excess of \$25,000; or (b) \$2,500; whichever is greater. This statute does not take effect until July 1 this year, so its fiscal impact is not known. On the basis of very crude estimates, it was budgeted for \$18 million over the two year budget period, plus \$50,000 for administration.

Rhode Island: Rhode Island's catastrophic health insurance statute has been in effect for three years. For the 85 percent of Rhode Island's residents who have private health coverage which meets minimum standards,

the state will pay costs of health care beyond the limits or coverage of the private insurance and above \$500 or 10 percent of the resident's income. For the other 15 percent who do not have private insurance, the state will pay costs over \$5,000 or 50 percent of the resident's income. The program is not well known yet. Of the 300 to 400 applications to the state for payment of health bills received each year, only half are found to be eligible. The annual state expenditure for the coverage is running \$1,500,000 per year.

A health resources development fund is established not only to pay catastrophic costs but to make grants, loans, or contracts for the improvement of health facilities, services or education.

The statute also authorizes state regulation regarding consumer protection, quality of health coverage, universal availability, and rates.

Maine: The Maine catastrophic illness statute provides that the state will pay all remaining eligible health care expenses when the resident's out-of-pocket expenses reach 20 percent of the resident's net income, plus \$1,000. For residents whose net worth exceeds \$20,000 and such net worth includes cashable assets, 10 percent of such cashable assets are added to the out-of-pocket expenses threshold.

Considerations for Alaska

Although Alaska has a Catastrophic Illness Committee, it has not been given clear guidelines nor adequate funding.

The state approaches which have been tested elsewhere which you may want to consider for Alaska include:

1. state minimum standards for comprehensive health plans offered by private carriers;
2. mandatory availability of such plans to all state residents regardless of age or physical condition;
3. mandatory membership of all health insurance carriers in a reinsurance association to pool risk;
4. regulation of premium rates and provider reimbursements;
5. comprehensive health benefits mandated for all employees, with at least 50 percent of the premiums paid by employers;

All of the above provisions combined would still leave some people without comprehensive coverage. Self-employed, part-time or non-working people with adequate incomes would have a choice whether or not to purchase coverage, and some would choose not to. Self-employed, part-time, unemployed and non-working people with low incomes, however, could not afford to purchase private health insurance. People in this category might include farmers, homesteaders, miners, independent truckers, fishermen, small family business people, widows, retired people not eligible for Medicare, lots of low paid part-time workers (mostly women) and, of course, all their dependents. In addition, there are large numbers of seasonally employed people in Alaska who would only have coverage part of the year, such as loggers, cannery workers, and tourist industry employees. Public Health Services, Medicaid, and Medicare provide coverage for large sectors of low income Alaskans, plus General Relief-Medical and other state programs provide piecemeal health services for eligibles, but we are still far from comprehensive coverage for all.

The only way for the state to insure universal coverage is to subsidize it to the tune of millions of dollars.

Before we can proceed to draft a state comprehensive health insurance plan for Alaska, some policy decisions must be made:

1. Coverage - is enrollment voluntary or mandatory, and for whom is the coverage targeted?
2. Benefits - which expenses will be covered?
3. Financing - what portion will the state or employers pay? How much in premiums, deductibles, or co-payments must the consumer pay?
4. Cost and Quality Control - how will rates or standards of care be set?
5. Administration - what is the role of private carriers? What is the role of the state?

There will be a seminar on state health insurance plans on Friday, July 29, in Washington, D. C., sponsored by the Georgetown University Health Policy Center. There will be four forums: (1) political planning for enactment of state health insurance; (2) administrative aspects; (3) benefit coverage and eligibility; and (4) the cost of state health insurance, and looking ahead to national health insurance. Reservations or inquiries should be directed to: Jordan Braveman, Director of Policy Analysis, Georgetown University Health Policy Center, 3520 Prospect Street, N.W., Washington, D. C. 20057. He can also be reached by phone at (202) 625-3092.

We will be happy to meet with you at your earliest convenience to discuss these questions.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Tenth Legislature

I. REQUEST

Bill No. CS for 15 402 (Emergency)
 Title: Catastrophic Illness
 Requested by: Don Kemp Date: 5/20/77
 Return Date Requested: ASAP
 Agency: Department of Health & Social Services Program: Health

II. FISCAL DETAIL

Budget Request Unit(s) Affected: General Relief Medical
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		20.0	21.0	22.0	23.1	24.3
200 TRAVEL		4.0	4.2	4.4	4.6	4.8
300 CONTRACTUAL		2.0	2.1	2.2	2.3	2.4
400 COMMODITIES		1.0	1.0	1.1	1.2	1.3
500 EQUIPMENT		3.0	5	5	5	5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		30.0	28.8	30.2	31.7	33.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		30.0	28.8	30.2	31.7	33.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/	2/	2/	2/	2/
MAN MONTHS (P./T.)	/	6/	6/	6/	6/	6/

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

A two person part time staff to handle the administrative and clerical supporting function to the claims review committee would involve an Administrative Assistant III (part time) and a Clerk Typist III (part time). Offices would be located in Juneau.

No provision has been made in the above for claims. This is normally included in the Governor's requested budget. The Request for FY 78 is \$450,000.

An inflation figure of 5% annually was utilized in computation of future fiscal years.

IV. ATTACHMENTS

V. DATE: 5/20/77

PREPARED BY: Don Kemp

Don Kemp, Acting Director
 Division of Public Assistance

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

Handwritten signature: Marshall Heilbrunn

II. FISCAL DETAIL

Budget Request Unit(s) Affected: General Relief Medical

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		20.0	21.0	22.0	23.1	24.3
200 TRAVEL		4.0	4.2	4.4	4.6	4.8
300 CONTRACTUAL		2.0	2.1	2.2	2.3	2.4
400 COMMODITIES		1.0	1.0	1.1	1.2	1.3
500 EQUIPMENT		3.0	.5	.5	.5	.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		30.0	28.8	30.2	31.7	33.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		30.0	28.8	30.2	31.7	33.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/	2/	2/	2/	2/
MAN MONTHS (P./T.)	/	6/	6/	6/	6/	6/

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

A two person part time staff to handle the administrative and clerical supporting function to the claims review committee would involve an Administrative Assistant III (part time) and a Clerk Typist III (part time). Offices would be located in Juneau.

No provision has been made in the above for claims. This is normally included in the Governor's requested budget. The Request for FY '78 is \$450,000.

An inflation figure of 5% annually was utilized in computation of future fiscal years.

IV. ATTACHMENTS

V. DATE: 5/20/77

PREPARED BY: Don Kemp

Don Kemp, Acting Director
Division of Public Assistance

Original: Legislative Finance
cc: Budget and Management

Marsha Hubbard

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 409 (Finance)
 Title Catastrophic Illness
 Requested by _____ Date _____

II. FISCAL DETAIL
 Agency Affected Dept. of Health & Social Services
 Program Category Affected Health
 Budget Request Unit(s) Affected General Relief Medical

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		20.0				
200 TRAVEL		4.0				
300 CONTRACTUAL		2.0				
400 COMMODITIES		1.0				
500 EQUIPMENT		3.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		30.0				

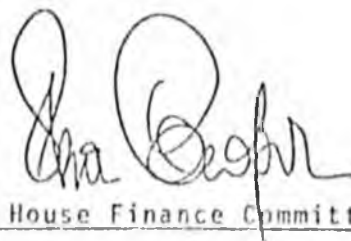
FUNDING (Thousands of Dollars)

GENERAL FUND		30.0				
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME		2				
TEMPORARY						

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

IV. DATE 5/19/77 PREPARED BY  House Finance Committee
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

II. FISCAL DETAIL

Budget Request Unit(s) Affected: General Relief Medical

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		20.0	21.0	22.0	23.1	24.3
200 TRAVEL		4.0	4.2	4.4	4.6	4.9
300 CONTRACTUAL		2.0	2.1	2.2	2.3	2.4
400 COMMODITIES		1.0	1.0	1.1	1.2	1.3
500 EQUIPMENT		3.0	5	5	5	5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		30.0	28.8	30.2	31.7	33.4

B. FUNDING: (Thousands of dollars)

GENERAL FUND		30.0	28.8	30.2	31.7	33.4
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2/	2/	2/	2/	2/
MAN MONTHS (P./T.)	/	6/	6/	6/	6/	6/

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

A two person part time staff to handle the administrative and clerical supporting function to the claims review committee would involve an Administrative Assistant III (part time) and a Clerk Typist III (part time). Offices would be located in Juneau.

No provision has been made in the above for claims. This is normally included in the Governor's requested budget. The Request for FY 78 is \$450,000.

An inflation figure of 5% annually was utilized in computation of future fiscal years.

IV. ATTACHMENTS

V. DATE: 5/20/77

PREPARED BY: Don Kemp

Don Kemp, Acting Director
Division of Public Assistance

Original: Legislative Finance
cc: Budget and Management

Handwritten signature: Marshall Hubbard

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

JAY S. HAMMOND, GOVERNOR

1100 MacKAY BUILDING
333 DENALI STREET
ANCHORAGE 99501

ALASKA PUBLIC UTILITIES COMMISSION

May 12, 1977

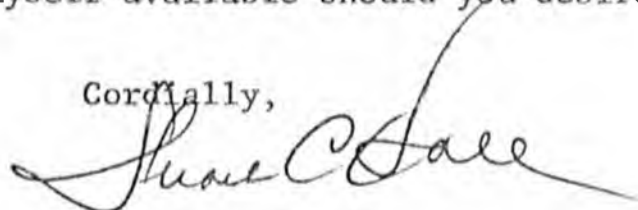
Honorable Steve Cowper, Chairman
House Finance Committee
Pouch WF, State Capitol
Juneau, Alaska 99811

Dear Steve:

Enclosed is the Commission's comments concerning House Committee Substitute for Senate Bill 50 pending before the House Finance Committee. Because of the extraneous material now contained in what has been a very important measure, the Commission has grave reservations about the legislation, particularly Section 5 of the bill, and desires to call its concern to your and the Committee's attention.

If you or the other members of the Committee have any questions about our position, please do not hesitate to contact us. I will be in Juneau over the weekend of May 13-15 and would be pleased to make myself available should you desire it.

Cordially,



STUART C. HALL
Commissioner

SCH:McP

cc: Frances A. Ulmer, Esq.
Legislative Assistant to the Governor
Pamela Knode, Information Officer
Department of Commerce & Econ. Dev.
Arthur H. Peterson, Esq.
Assistant Attorney General
Honorable Lisa Rudd, Chairman
House Community & Regional Affairs Committee
Honorable Sam Cotten, Chairman
House Rules Committee
Honorable Mike Miller, Majority Leader
House of Representatives

Aleph

April 8, 1977

State of Alaska
Dept. of Health & Social Services
Catastrophic Illness Program
Pouch H-06
Juneau, Alaska 99811

Gentlemen:

I offer the following comments on the proposed regulations to be promulgated by your committee.

I preface my specific comments by stating that it is my belief that the Catastrophic Illness (AS 47.25.255) statute was enacted by the Alaska State Legislature to help those citizens of the State of Alaska who have suffered catastrophic illness, and who were financially injured by such illness.

Further, that the intent of the legislature was that such persons did not have to be at the poverty level to receive assistance, but were to have their medical costs paid by the State so that they could continue to lead normal lives and continue to be wage earners, or continue operating their businesses so that they would not become a burden to the State, and assume at least part of continuing medical expenses.

While it is understood that eligibility should not be given to the wealthy, neither is eligibility predicated on the person's need to sell all his assets, and to disregard his liabilities. He should be allowed to retain reasonable assets so that he could continue to live a reasonably normal life and continue to make his living. Certainly it was not legislative intent that AS 47.25.255 be considered as a means of paying off the medical profession's bad debts.

Proposed Regulations

7 AAC 48.050 Services Excluded from Coverage (C)

This paragraph infers that Laetrile is excluded. The use of Laetrile has been legalized in the State of Alaska and is being prescribed and used by Alaska physicians. Dr. Ernesto Contreras of Mexico also is a licensed physician. By international ethics or agreements, treatments by foreign doctors are honored in this country.

Please Note that this paragraph indicates that all prescribed drugs or medications (not just Laetrile) are to be paid for under the Catastrophic Illness statute.

7 AAC 48.070 Calculation of Applicant's Share

(b) Does this paragraph mean that applicants will not receive payment until after 12 months? If so, there will be problems with the medical providers demanding payment, or refusing services.

(c) (1) "Note" that Clifford E. and June C. Warren sold their home to pay medical and other bills.

(3) "Note" that liquid assets and working capital are needed to run a business. Without these assets tools, equipment, vehicles, etc. are of no use and your business is bankrupt and your source of income is eliminated.

(5) One thousand dollars of liquid assets will not sustain a business, nor will it last very long for living expenses: rents, payments, utilities, transportation costs, food, clothing, etc. etc. etc. \$1,000 is far too low an amount to be excluded nowadays; that is almost the poverty level.

7 AAC 48.080 Standards For Reimbursement To Providers

There is nothing in the Catastrophic Illness statute that indicates that only unpaid bills will be paid. The statute is intended to help Alaskan citizens injured by catastrophic illnesses. People who have paid their medical bills to the point of severe financial damage should, and I believe are intended, to be compensated. There would be no equity for one person to sell his liquid and non-liquid assets (home, life insurance, etc.), as we did to meet our obligations, and practically bankrupting our business and means of livelihood, while another person keeps his home and other liquid or non-liquid assets, etc. etc., not meeting his obligations and then having the State pay his unpaid bills. This would be inequitable.

The statute does not limit payments to unpaid bills. Warren Painting Co., Inc. was the provider of the majority of June Warren's medical services in the sense that these bills were paid for by the company by selling its liquid and non-liquid assets. It is my interpretation of the Catastrophic Illness statute that the provider was to receive the payment to insure that payments were for medical costs, and money could not be obtained under false pretenses. The medical providers, such as doctors, hospitals, etc., can be paid and in return reimburse those who paid them. Prescription drugs and laboratory tests are cash on the line (unless you pay more at a clinic for the laboratory tests), and being vital to treatment, have to be paid for in cash.

(a) Nothing in the statute says you have to leave unpaid bills for 12 months, nor is there a time limit on the length

of time as to when the medical bills will be paid. There is nothing in the statute limiting payments to those incurred after July 1, 1976. The statute was intended to help those injured by catastrophic illness before or after July 1, 1976. The only criterion should be the person's liquid financial position at the time of application, and were the medical costs bona fide, etc. etc.

(b) Again the twelve month period question arises. Does this mean the bills remain unpaid for twelve months? It should be that bills are not paid until \$1,000 worth are accumulated. The third party payment is understandable regarding third party payments from Medicare, medical insurance, etc., but what is meant by someone acting on behalf of the applicant? If it is meant that some other individual, company, etc. helping an applicant, then that is wrong as they have no moral or legal obligation to do so and are entitled to be repaid.

(c) The statute does not contemplate a formula, but if such formula is allowed the one proposed is wrong as far as amount of liquid assets. First of all, liquid assets should not be considered as liquid assets until liabilities are taken into consideration. Secondly, no formula should start below \$5,000, as this amount will be needed to pay applicant's living and miscellaneous expenses, etc., and then only for a short period of time.

If it is shown that an applicant has a weekly or monthly income in an amount above that needed for a reasonable standard of living or payment of bills and miscellaneous medical expenses, and the liquid assets are surplus, then perhaps the formula is justified. But not until then.

(d) The statute gives no authority for a split-the-pot determination. There is an additional \$2,542,100.00 available to the committee, as listed under the Component Budget Summary of the State Health and Social Services Department, which also states under (B), Legislative Intent:

"A supplemental appropriation is to be requested if actual costs exceed the appropriation."

If funds are short, it is requested that the \$2,542,100.00 be used, and if needed, additional funds be requested from the legislature.

(e) It is hoped the committee will take into consideration the particular factors regarding our application as presented to it.

7 AAC 48.130 Definitions

(10) (11) A provider can also be a non-responsible

Summary

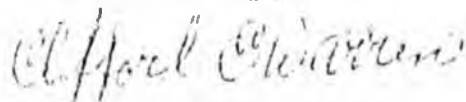
It is my belief that the legislative intent, being to help Alaskans who suffered catastrophic illnesses, does not allow regulations that thwart that intent.

Legislative intent was not to force Alaskans to the poverty level, or be financially disabled to the degree that they could not continue to earn a living, meet their obligations, live reasonably well, etc. before their eligibility is recognized.

It is not believed that it was legislative intent to penalize those Alaskans who meet their obligations by selling their non-liquid assets (homes, etc.), while others are to be helped by the State who retained their non-liquid assets (homes, etc.), and left their medical and other bills unpaid. It is not believed that eligible Alaskans are required to wait a year before their medical bills are paid. The Catastrophic Illness statute does not show legislative intent to allow costs only after July 1, 1976. Such prior costs are part of the current Catastrophic Illness, and need to be paid if the intents and purposes of the law are recognized and adhered to.

The Catastrophic Illness law is one of the best laws passed by the legislature to help Alaskans suffering catastrophic illness to live a reasonably normal life, continuing or allowing spouses to continue to earn their own living, paying at least in part their medical bills and not becoming a burden on the State. It is requested that in the light of my comments that the Catastrophic Illness Committee will revise their proposed regulations so that the legislative intent is carried out and equity can be maintained between all applicants applying.

Yours truly,



Clifford E. Warren
P. O. Box 1124
Anchorage, Alaska 99510

CHAPTER 48. CATASTROPHIC ILLNESS.

Section

- 10. Committee meetings
- 20. Confidentiality
- 30. Applications for assistance
- 40. Residency
- 50. Services excluded from coverage
- 60. Required documentation; investigation
- 70. Applicant's share
- 80. Standards for reimbursement to providers
- 90. Reconsideration of decision by committee
- 100. Fair hearing
- 110. Finality of decisions
- 120. Recovery from collateral source
- 130. Definitions

7 AAC 48.010. COMMITTEE MEETINGS. The Catastrophic Illness Committee shall meet twice a month on dates which the committee establishes.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.020. CONFIDENTIALITY. The confidentiality provisions of 7 AAC 37.020 -- 7 AAC 37.130 are adopted by reference and made applicable to this chapter.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.05.020
AS 47.05.030

7 AAC 48.030. APPLICATIONS FOR ASSISTANCE. (a) All applications for financial assistance under this chapter shall be made on a form authorized by the committee. The information required by the committee shall be supplied in full by the applicant or the applications may not be considered. Additional sheets may be used, as necessary.

(b) Application forms, along with the formula used to calculate the applicant's share, described in section 70 of this chapter, shall be available at Offices of the Division of Public Assistance, at Regional Health Offices of

the Division of Public Health, at state licensed hospitals, or by writing to the committee at Pouch H06, Juneau, Alaska 99811.

(c) Applications may be filed by a person who has suffered a catastrophic illness or by a parent, spouse, or legal guardian of that person; or by any other interested party with the written consent of the person who has suffered a catastrophic illness.

(d) No application shall be considered unless the total medical bills related to the catastrophic illness are more than \$1,000 in a period not to exceed 12 months after all sources of third party payment have been exhausted.

(e) A poster publicizing the availability of benefits under this chapter shall be supplied to hospitals licensed in the state of Alaska for display in a public area. The poster shall also be supplied for display in appropriate public buildings throughout the state according to the availability of appropriations for catastrophic illness.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.040. RESIDENCY OF APPLICANT. Applicants shall be residents of the state of Alaska at the time of application and at the time the catastrophic illness for which state aid is sought occurred.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.050. SERVICES EXCLUDED FROM COVERAGE. The following services and charges are excluded from coverage under this chapter:

(a) Dentistry and optometry unless prescribed by a licensed dentist or physician as medically necessary as the result of an injury or illness;

(b) Elective medical or surgical procedures;

(c) Drugs and medications not prescribed by a licensed physician;

(d) Services received as a result of a normal pregnancy;

(e) Private psychological or psychiatric treatment or private alcoholism treatment, unless not available from public agencies or programs;

(f) Chiropractic services;

(g) Services not of a medical nature;

(h) Medical services currently provided to persons in the custody of the Division of Corrections;

(i) Residential care in a skilled nursing home or intermediate care facility for more than 90 days, if the committee finds such exclusion to be necessary based on the availability of catastrophic illness funds and the need of other applicants.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.060. REQUIRED DOCUMENTATION; INVESTIGATION. Each application shall be reviewed by the committee or its designee for completeness of information, including required documentation of medical expenses, gross income and assets. The committee or its designee may return the application for more complete information to the person who is applying and may investigate any portion of an application.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.070. CALCULATION OF APPLICANT'S SHARE. (a) A formula adopted by the committee shall be utilized in determining the applicant's share of total medical bills related to a catastrophic illness, based on annual gross income, number of dependents and amount of assets. This formula shall be provided along with the application form and shall also be made available to persons who request it by writing to the committee at Pouch 1106, Juneau, Alaska 99811;

(b) For the purposes of applying the formula to determine the applicant's share, multiple catastrophic illness occurring within a 12 month period to the applicant or other members of the applicant's family shall be treated as one catastrophic illness;

(c) In applying the formula to determine the applicant's share, the total gross income and the total assets of the family of an applicant may be considered; the following assets shall be excluded:

(1) a home providing shelter for the applicant and the land on which it is situated;

- (2) one non-commercial vehicle;
- (3) tools, equipment and vehicles required in a trade or business;
- (4) ordinary household and personal effects;
- (5) \$1,000 of liquid assets;
- (6) all non-liquid assets unless such exclusion would bring about an inequitable result; however, all income derived from such property shall be taken into consideration in determining the recipient's gross income;
- (7) inalienable shares in a Native Corporation created pursuant to the Alaska Native Claims Settlement Act, P.L. 92-203, 43 U.S.C. 1601 et seq., during the period of their inalienability as specified in the act.
- (8) Alaska longevity bonus;
- (9) any other assets specifically restricted for the use of the recipient by state or federal law.

(d) Assets received as custodian, guardian, conservator or trustee for another are not considered assets of the custodian, guardian, conservator or trustee himself.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.080. STANDARDS FOR REIMBURSEMENT TO PROVIDERS. The amount that the committee reimburses providers for medical services rendered to a person who has suffered a catastrophic illness shall not be greater than 100% of the total unpaid bills related to the catastrophic illness and shall be determined by the following standards:

(a) Medical bills related to a catastrophic illness shall be considered for periods not to exceed 12 months. The initial 12 month period begins with the date of the first charges incurred because of the illness, but no charges incurred before July 1, 1976, shall be considered;

(b) The committee may not reimburse a provider if the applicant's total bills related to the catastrophic illness are less than \$1,000 in any period not to exceed 12 months described in (a) after all sources of third party payment have been exhausted by the applicant or by someone acting on behalf of the applicant;

(c) The committee may not reimburse a provider for the applicant's share of the total medical bill, as determined by the formula referred to in

section 70 of this chapter;

(d) The committee shall reimburse hospitals and other institutions at the rates and in the manner established by existing provider agreements with the department of health and social services. Physicians, dentists, and all other providers shall be reimbursed at rates not less than those set out at 45 Code of Federal Regulations 250.30(b)(3)(i)(A);

(e) The committee may consider the availability of catastrophic illness funds;

(f) The committee may consider any other factors or circumstances which it determines to be relevant in an individual case.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.090. RECONSIDERATION OF DECISION BY COMMITTEE. The committee shall promptly notify an applicant of its decision with written reasons for the amount of the award or for a finding of non-eligibility. An applicant who is dissatisfied with a decision of the committee may apply to the committee for reconsideration within 30 days of receipt of the decision. The request for reconsideration shall include a written statement of grounds for reconsideration and any supporting documentation which was not available to the committee for its original decision. Within 30 days of receipt of a request for reconsideration, the committee shall affirm, amend or reverse its original decision. The committee shall promptly notify the applicant of its decision upon reconsideration with written reasons for its action. Information describing hearing rights and procedures shall be printed in bold-face type on the written notification of decision.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 100. FAIR HEARING. An applicant who is dissatisfied with the committee's decision upon reconsideration may request a fair hearing in accordance with the procedures established by the department of health and social services at 7 AAC 49.020 -- 7 AAC 49.250.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.110. FINALITY OF DECISIONS. Decisions as to catastrophic illness awards are final (a) 30 days after receipt by the applicant of the committee's decision unless a reconsideration is requested during this time; or (b) 30 days after receipt of the committee's decision upon reconsideration unless a fair hearing is requested during this time; or (c) after denial or dismissal as provided by 7 AAC 49.110; or (d) 15 days after receipt of the hearing authority's decision if that decision is not appealed during this time as provided by 7 AAC 49.230; or (e) after the decision of the director on appeal as provided by 7 AAC 49.240. Time limits for appeal may be extended or waived for good cause. Request for a hearing shall be deemed made upon dispatch.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.130
AS 47.25.255

7 AAC 48.120. RECOVERY FROM A COLLATERAL SOURCE. If the applicant or a provider is recompensated from any other source for medical bills which have been paid by the catastrophic illness committee, the state shall have the right to reimbursement for the amount paid by the committee. As a condition of application for catastrophic illness assistance, an applicant shall sign an agreement to this effect. As a condition of payment by the committee a provider shall sign an agreement to this effect.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.130. DEFINITIONS. In this chapter

(1) "applicant" means a person who has suffered a catastrophic illness;

(2) "applicant's share" means the amount of the total medical bill related to the catastrophic illness which the committee determines that the applicant can reasonably be expected to pay based on income, assets, and

number of dependents;

(3) "catastrophic illness" means a single illness or injury which results in medical expenses of over \$1,000 during a period not to exceed 12 months, after all other sources of third party payment have been exhausted;

(4) "committee" means the Catastrophic Illness Committee;

(5) "elective medical or surgical procedures" means treatment which is not essential to the life or health of a person;

(6) "family" means two or more persons related by blood or marriage or adoption living as one economic unit;

(7) "liquid assets" means assets which can be readily converted to cash;

(8) "non-liquid assets" means all assets not covered by (7);

(9) "provider" means a licensed physician, pharmacist, dentist, or other health services worker who has provided services not excluded by section 50 of this chapter to an applicant as a result of a catastrophic illness, or a licensed hospital, clinic, skilled nursing home, intermediate care facility or health maintenance organization which has provided these services;

(10) "third party payments" means payments of medical expenses related to a catastrophic illness by sources other than the applicant or the catastrophic illness committee, including, but not limited to state and federal medical assistance programs; private health insurance; employment-related health insurance; military health insurance; Workmen's Compensation; Veterans' Crises Compensation; Indian Health Service of the U.S. Department of Health, Education and Welfare, awards in legal actions.

(Eff. 1/1/77, Register)

Authority: AS 47.05.010

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. HB 409
 Title relating to catastrophic illness
 Requested by _____ Date 3/29/77

II. FISCAL DETAIL
 Agency Affected Commerce & Economic Development
 Program Category Affected Protection
 Budget Request Unit(s) Affected Division of Insurance

EXPENDITURES (Thousands of Dollars)

	NONE					
	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	NONE					
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	NONE					
FULL TIME						
PART TIME						
TEMPORARY						

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

NONE

IV. DATE April 5, 1977 PREPARED BY James F. Pfeifer
 AGENCY Insurance
 Original: Legislative Finance PHONE 465-2515
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CHAPTER 48. CATASTROPHIC ILLNESS.

Section

- 10. Committee meetings
- 20. Confidentiality
- 30. Applications or assistance
- 40. Residency
- 50. Services excluded from coverage
- 60. Required documentation; investigation
- 70. Applicant's share
- 80. Standards for reimbursement to providers
- 90. Reconsideration of decision by committee
- 100. Fair hearing
- 110. Finality of decisions
- 120. Recovery from collateral source
- 130. Definitions

7 AAC 48.010. COMMITTEE MEETINGS. The Catastrophic Illness Committee shall meet twice a month on dates which the committee establishes.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.020. CONFIDENTIALITY. The confidentiality provisions of 7 AAC 37.020 -- 7 AAC 37.130 are adopted by reference and made applicable to this chapter.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.05.020
AS 47.05.030

7 AAC 48.030. APPLICATIONS FOR ASSISTANCE. (a) All applications for financial assistance under this chapter shall be made on a form authorized by the committee. The information required by the committee shall be supplied in full by the applicant or the applications may not be considered. Additional sheets may be used, as necessary.

(b) Application forms, along with the formula used to calculate the applicant's share, described in section 70 of this chapter, shall be available at Offices of the Division of Public Assistance, at Regional Health Offices or

the Division of Public Health, at state licensed hospitals, or by writing to the committee at Pouch H06, Juneau, Alaska 99811.

(c) Applications may be filed by a person who has suffered a catastrophic illness or by a parent, spouse, or legal guardian of that person; or by any other interested party with the written consent of the person who has suffered a catastrophic illness.

(d) No application shall be considered unless the total medical bills related to the catastrophic illness are more than \$1,000 in a period not to exceed 12 months after all sources of third party payment have been exhausted.

(e) A poster publicizing the availability of benefits under this chapter shall be supplied to hospitals licensed in the state of Alaska for display in a public area. The poster shall also be supplied for display in appropriate public buildings throughout the state according to the availability of appropriations for catastrophic illness.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.040. RESIDENCY OF APPLICANT. Applicants shall be residents of the state of Alaska at the time of application and at the time the catastrophic illness for which state aid is sought occurred.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.050. SERVICES EXCLUDED FROM COVERAGE. The following services and charges are excluded from coverage under this chapter:

(a) Dentistry and optometry unless prescribed by a licensed dentist or physician as medically necessary as the result of an injury or illness;

(b) Elective medical or surgical procedures;

(c) Drugs and medications not prescribed by a licensed physician;

(d) Services received as a result of a normal pregnancy;

(e) Private psychological or psychiatric treatment or private alcoholism treatment, unless not available from public agencies or programs;

(f) Chiropractic services;

(g) Services not of a medical nature;

(h) Medical services currently provided to persons in the custody of the Division of Corrections;

(i) Residential care in a skilled nursing home or intermediate care facility for more than 90 days, if the committee finds such exclusion to be necessary based on the availability of catastrophic illness funds and the need of other applicants.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.060. REQUIRED DOCUMENTATION; INVESTIGATION. Each application shall be reviewed by the committee or its designee for completeness of information, including required documentation of medical expenses, gross income and assets. The committee or its designee may return the application for more complete information to the person who is applying and may investigate any portion of an application.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.070. CALCULATION OF APPLICANT'S SHARE. (a) A formula adopted by the committee shall be utilized in determining the applicant's share of total medical bills related to a catastrophic illness, based on annual gross income, number of dependents and amount of assets. This formula shall be provided along with the application form and shall also be made available to persons who request it by writing to the committee at Pouch H06, Juneau, Alaska 99811;

(b) For the purposes of applying the formula to determine the applicant's share, multiple catastrophic illness occurring within a 12 month period to the applicant or other members of the applicant's family shall be treated as one catastrophic illness;

(c) In applying the formula to determine the applicant's share, the total gross income and the total assets of the family of an applicant may be considered; the following assets shall be excluded:

(1) a home providing shelter for the applicant and the land on which it is situated;

- (2) one non-commercial vehicle;
- (3) tools, equipment and vehicles required in a trade or business;
- (4) ordinary household and personal effects;
- (5) \$1,000 of liquid assets;
- (6) all non-liquid assets unless such exclusion would bring about an inequitable result; however, all income derived from such property shall be taken into consideration in determining the recipient's gross income;
- (7) inalienable shares in a Native Corporation created pursuant to the Alaska Native Claims Settlement Act, P.L. 92-203, 43 U.S.C. 1601 et seq., during the period of their inalienability as specified in the act.
- (8) Alaska longevity bonus;
- (9) any other assets specifically restricted for the use of the recipient by state or federal law.

(d) Assets received as custodian, guardian, conservator or trustee for another are not considered assets of the custodian, guardian, conservator or trustee himself.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.080. STANDARDS FOR REIMBURSEMENT TO PROVIDERS. The amount that the committee reimburses providers for medical services rendered to a person who has suffered a catastrophic illness shall not be greater than 100% of the total unpaid bills related to the catastrophic illness and shall be determined by the following standards:

(a) Medical bills related to a catastrophic illness shall be considered for periods not to exceed 12 months. The initial 12 month period begins with the date of the first charges incurred because of the illness, but no charges incurred before July 1, 1976, shall be considered;

(b) The committee may not reimburse a provider if the applicant's total bills related to the catastrophic illness are less than \$1,000 in any period not to exceed 12 months described in (a) after all sources of third party payment have been exhausted by the applicant or by someone acting on behalf of the applicant;

(c) The committee may not reimburse a provider for the applicant's share of the total medical bill, as determined by the formula referred to in

section 70 of this chapter;

(d) The committee shall reimburse hospitals and other institutions at the rates and in the manner established by existing provider agreements with the department of health and social services. Physicians, dentists, and all other providers shall be reimbursed at rates not less than those set out at 45 Code of Federal Regulations 250.30(b)(3)(i)(A);

(e) The committee may consider the availability of catastrophic illness funds;

(f) The committee may consider any other factors or circumstances which it determines to be relevant in an individual case.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.090. RECONSIDERATION OF DECISION BY COMMITTEE. The committee shall promptly notify an applicant of its decision with written reasons for the amount of the award or for a finding of non-eligibility. An applicant who is dissatisfied with a decision of the committee may apply to the committee for reconsideration within 30 days of receipt of the decision. The request for reconsideration shall include a written statement of grounds for reconsideration and any supporting documentation which was not available to the committee for its original decision. Within 30 days of receipt of a request for reconsideration, the committee shall affirm, amend or reverse its original decision. The committee shall promptly notify the applicant of its decision upon reconsideration with written reasons for its action. Information describing hearing rights and procedures shall be printed in bold-face type on the written notification of decision.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 100. FAIR HEARING. An applicant who is dissatisfied with the committee's decision upon reconsideration may request a fair hearing in accordance with the procedures established by the department of health and social services at 7 AAC 49.020 -- 7 AAC 49.250.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.110. FINALITY OF DECISIONS. Decisions as to catastrophic illness awards are final (a) 30 days after receipt by the applicant of the committee's decision unless a reconsideration is requested during this time; or (b) 30 days after receipt of the committee's decision upon reconsideration unless a fair hearing is requested during this time; or (c) after denial or dismissal as provided by 7 AAC 49.110; or (d) 15 days after receipt of the hearing authority's decision if that decision is not appealed during this time as provided by 7 AAC 49.230; or (e) after the decision of the director on appeal as provided by 7 AAC 49.240. Time limits for appeal may be extended or waived for good cause. Request for a hearing shall be deemed made upon dispatch.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.180
AS 47.25.255

7 AAC 48.120. RECOVERY FROM A COLLATERAL SOURCE. If the applicant or a provider is recompensated from any other source for medical bills which have been paid by the catastrophic illness committee, the state shall have the right to reimbursement for the amount paid by the committee. As a condition of application for catastrophic illness assistance, an applicant shall sign an agreement to this effect. As a condition of payment by the committee a provider shall sign an agreement to this effect.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.130. DEFINITIONS. In this chapter

(1) "applicant" means a person who has suffered a catastrophic illness;

(2) "applicant's share" means the amount of the total medical bill related to the catastrophic illness which the committee determines that the applicant can reasonably be expected to pay based on income, assets, and

number of dependents;

(3) "catastrophic illness" means a single illness or injury which results in medical expenses of over \$1,000 during a period not to exceed 12 months, after all other sources of third party payment have been exhausted;

(4) "committee" means the Catastrophic Illness Committee;

(5) "elective medical or surgical procedures" means treatment which is not essential to the life or health of a person;

(6) "family" means two or more persons related by blood or marriage or adoption living as one economic unit;

(7) "liquid assets" means assets which can be readily converted to cash;

(8) "non-liquid assets" means all assets not covered by (7);

(9) "provider" means a licensed physician, pharmacist, dentist, or other health services worker who has provided services not excluded by section 50 of this chapter to an applicant as a result of a catastrophic illness, or a licensed hospital, clinic, skilled nursing home, intermediate care facility or health maintenance organization which has provided these services;

(10) "third party payments" means payments of medical expenses related to a catastrophic illness by sources other than the applicant or the catastrophic illness committee, including, but not limited to state and federal medical assistance programs; private health insurance; employment-related health insurance; military health insurance; Workmen's Compensation; Violent Crimes Compensation; Indian Health Service of the U.S. Department of Health, Education and Welfare, awards in legal actions.

(Eff. / /77, Register)

Authority: AS 47.05.010



P.S. I have not been REINSTATED in the Day care program, they say no funds yet.

Sincerely,
Dale

Families in need should receive
aid before they become bankrupt.
I appreciate your position on human
rights.

I support your stand re-
garding the amendment to the
Cataractrophic illness bill (HB409).

Dale Thelma -

7 April 77

Mrs. Thelma Buckholdt.
State Representative.

Dear Mrs. Buckholdt:

Thank you, Thelma, for letting me know about HB. 409. It is good to know that we have Representatives that still think of others in troubles. Most people do not think of, or care about the tremendous Hospital & Doctor Bills that occur during a catastrophic illness, and that there are many that are financially unable to meet these demands. Thank God there are some who do think & act on these things.

Yes, I heartily approve of Bill HB-409. Thank you again for including us on your mailing list. We remain supporters of you

Sincerely
Vernon + Helen Gilbert.

Introduced: 3/29/77
Referred: Health, Education &
Social Services and Finance

BY BUCHHOLDT, BEIRNE, BRADLEY,
COTTEN, GARDINER, MCKINNON,
OSTERBACK AND RUDD

1 IN THE HOUSE

2 HOUSE BILL NO. 409

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to catastrophic illness; and providing
7 for an effective date."

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

9 * Section 1. AS 47.25.255 is amended to read:

10 Sec. 47.25.255. CATASTROPHIC ILLNESS. Notwithstanding the provi-
11 sions of secs. 230 and 240 of this chapter, the department shall reim-
12 burse providers of medical care for costs incurred in the treatment of
13 persons suffering catastrophic illness. If (1) costs of a catastrophic
14 illness were paid by the person suffering the illness or by a parent,
15 spouse, child or other person related by blood to that person; (2) debt
16 was incurred to pay all or part of the cost; and (3) the debt has not
17 been fully repaid, the person paying the costs shall be reimbursed the
18 allowable cost to the extent of any payment made by that person. The
19 determination of allowable costs and levels of reimbursement shall be
20 made by the Catastrophic Illness Committee, consisting of a medical
21 review officer from the Department of Health and Social Services, a
22 member appointed by the governor who has suffered a catastrophic illness
23 and a representative of the Department of Commerce and Economic Develop-
24 ment appointed by the governor.

25 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
26 070(c).

(OVER)

There is no doubt that the bill on the reverse is a good bill and well intended as far as it goes but in my mind it only scratches the surface.

Anyone that is ill and much more so for one with any form of catastrophic illness, has their recovery seriously hindered and in some cases, blocked, by the oppressing fear of the financial strain. To provide aid only after having already "spent a high percentage of their income and other resources" is much too late to remove the worry and strain caused by seeing their financial security go even if there is good reason to believe that all or part will, hopefully, be returned to them.

My only income is from Disability payments (Workmans Compensation) made by the insurance company, the state and social security. These allow me to live-no more-just live. If I were to suffer a heart attack and require both in-hospital and later in-home care the costs would be beyond my ability to cover. However, at the onset of the condition one could by simple math compute my income and my outgo and see that I would not be able to stand up under the extra cost load. If the bill were inclusive enough payments could begin at the onset to defer costs over and above my ability to pay. The expenses would be covered, and above all my mind put to rest so that I could devote all my energy to getting well and not worrying about money problems which in the case given (heart) might in itself cause another attack.

In summary I am trying to say...do not wait until the horse is gone before locking the barn. Your bill helps and makes the original bill much more livable but it still misses the mark. It will have to be reworked again at another date. Cannot it be done all at one time? Too much can happen to a person if you step in to help after the fact. I can see no reason, if this type of help is going to be given, that the help cannot be made to begin at the beginning.

Maybe I read the bill wrong and if so disregard my comments but at this time I have the strong feeling that the bill as amended (proposed) still has a long way to go before it is able to meet the original intent and the full intent of the amendment and the good people that drafted it.

My heartfelt thanks for your efforts to help us that for one reason or another are not qualified to fully help ourselves. God will love you for your thoughts and efforts.

Sincerely,



Robert L. Merrill
3402 Wyoming Drive.
Anchorage, Alaska
99503

1A

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HB 409
Title relating to catastrophic illness
Requested by _____ Date 3/29/77

II. FISCAL DETAIL
Agency Affected Commerce & Economic Development
Program Category Affected Protection
Budget Request Unit(s) Affected Division of Insurance

EXPENDITURES (Thousands of Dollars)

	NONE					
	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	NONE					
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	NONE					
FULL TIME						
PART TIME						
TEMPORARY						

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

NONE

IV. DATE April 5, 1977 PREPARED BY James F. Pfeifer
AGENCY Insurance
PHONE 465-2515
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)



ALASKA STATE HOSPITAL ASSOCIATION, INC.

5531 ARCTIC BLVD, SUITE 1
PHONE 277-1633

ANCHORAGE, ALASKA 99502

April 1, 1977

Thelma Bucholdt
Alaska House Of Representatives
Pouch V
Juneau, Alaska

Dear Thelma,

In response to your telephone call this week regarding HB 409 I wish to make the following observations:

The catastrophic legislation that was passed last year resulted in a mere \$300,000 fund being established to pay for such illnesses. Since that bill was retroactive to July 1, 1976 for reimbursement purposes, the \$300,000 will be depleted before it ever addresses cases in 1977.

I understand that only \$450,000 is being appropriated for 1978. I don't know if that survived the budget or not. A catastrophic illness will probably average \$30,000 per case. We are talking about taking care of 10 to 15 patients. Anyone with a lick of common sense can see that in reality - we don't even have catastrophic care! Lets quit giving lip service to something that is a hoax.

To further augment that hoax by adding the three items you suggest in HB 409 only confuses the issue more. What has to be done, Thelma, is for legislators to better understand the true number of catastrophic cases in Alaska and a projection of those dollar amounts along with the conditions pertaining thereto. We provided some figures to the Dept. of H & SS last year. We would be glad to do this again. These figures would not include what hospitals write off for bad debts, plus charity care, plus other payment denials and deficits they encounter. It would reflect the dollar amounts of catastrophic cases. The Medicaid program should have a good basis, too. All the money they spent for "medical exceptions" beyond Medicaid and GR Med could have fallen into this category. In fact the two sources could be compared. It would look more like \$1,200,000 from our experience.

If Alaska is going to take credit for providing catastrophic illness funds then lets do it! Lets not pretend and give our residents false hope. This has been a problem for some time and we endorsed several attempts in past years to get catastrophic care passed in the legislators. We were glad to see it was. But thoroughly disappointed in the unrealistic approach to funding. Many people, such as Mr. Malasarte, are caught in that lack of action by previous legislators. We can't go back and pick up all those people - we will be doing well to provide for those who are getting trapped today. If we don't correct this funding problem; next year we will have that many more Malasarte's.

Let me know how we can help!

Sincerely,

Marion K Lampman
Executive Director

mk1

cc: Various Legislators and hospitals



Alaska State Legislature ~ House

HEALTH, EDUCATION & SOCIAL SERVICES COMMITTEE

Pouch V, State Capitol
Juneau, Alaska 99811
(907) 465-3797

RE: Catastrophic Illness

Some ideas for eligibility requirements:

1. All insurance has to be used up first.
2. A family is allowed one vehicle.
3. A family is allowed to keep one place of residence if it occupies that place.
4. There will be a ceiling of \$20,000. per year per family.
5. 90% of liquid assets (stocks, bonds, land) must be used first.
6. If any money is received from the Violent Crime Compensation Board, it must be used first.
7. The order of priorities shall be:
 - a. People in need of treatment so they can continue, or be restored to "normal".
 - b. People with a prognosis of "no improvement".
 - c. Terminal cases.

These are only suggestions. Any constructive criticism is welcomed. Please send comments to Charlie Parr or Rocky Mackinnon in House HESS. 465-3777 or 465-3797.

HB 409, Catastrophic Illness will be heard Friday, May 6 at 3:00p.m. in room 112 of the Capitol Building.

409

Clifford E. Warren
P. O. Box 1124
Anchorage 99510

May 2, 1977

Thelma Buchholdt
State Representative
Pouch V
Juneau Alaska 99811

Dear Thelma:

Received your letter of April 18, 1977 enclosing House Bill 409.

One of the greatest complaints in this country today by the majority of the people is that when it comes to medical care, legal services, etc. the rich get it because they can afford it, the poor get it for nothing, while the average citizen can't afford it, goes without it, or goes into debt for it.

When the Alaska State Legislature enacted the Catastrophic Illness law I thought, not only for June and I but for the majority of the people of this state, that the legislature had recognized the rights and needs of the people in these areas. But it appears at this stage that the Catastrophic Illness Committee is going to turn the law into another ripoff to pay off the medical professions' old, bad debts and it will not help the people suffering catastrophic illness and the large medical expenses accruing.

Catastrophic illness starts when you have medical expenses above five or ten thousand dollars and do not have medical insurance. There are many reasons why some people do not have medical insurance including the fact that they cannot obtain any.

Certainly people with large liquid assets should not benefit from the catastrophic illness program, but those with small or no liquid assets or with fixed assets needed to live a reasonable normal life or maintain a business so that they may continue to earn a living, pay at least part of the medical bills, and not become a burden on the state under welfare should be helped. The fact that a person has liquidated his assets to pay his medical bills and placed his livelihood and business in jeopardy should be recognized. It is unjust for one person to do this while another keeps his assets (in particular fixed assets) and does not pay his medical bills but has the state pay them for him.

Representative Thelma Buchholdt
May 2, 1977
Page Two

A person or company who has liquidated assets to pay medical bills should be reimbursed by the state to the degree that he or his company can regain the former position as to his home and business. The present catastrophic illness law allows this to be done.

If the catastrophic illness law is only allowed to pay after medical bills of five or ten thousand or more are incurred those people having medical insurance will continue to keep that insurance, but those people needing help to maintain their normal lives and continue in business will be helped.

Certainly people with high incomes should not need the help from the state and can pay their medical bills in most cases, even then there are circumstances that would warrant helping them.

Enclosed is an article from the paper showing that (allowing for the increased cost of living in Alaska) a family needs over \$20,000. per year to live a normal life.

I wont go into the subject much further as many of the other thoughts are contained in my letter to the Catastrophic Illness Committee regarding their proposed regulations.

With many people still having and maintaining their medical insurance there will not be too many applying for state help under the law, but supposing it did cost ten or twelve million (which I doubt) to help those suffering catastrophic illness -- this is peanuts compared to programs the state is paying hundreds of millions for and which are much less needed. As an example, the ten or twelve million being spent by the federal and state governments on alcoholism, etc., etc., etc.

If I am able to and if I can be of any help I will come to Juneau, not only for June and I, but for the many people of the state who need and deserve help.

Thank you very much for your interest and your help.

Sincerely,

Cliff
Clifford E. Warren

cc: Rep. Joe McKinnon

Encl.

Brent is
secretary
out of town till Thurs.
Att.

MINUTES OF HOUSE HESS COMMITTEE

April 15, 1977

The meeting was called to order by Chairman Parr at 3:30

p.m. Those present were: Parr, Chatterton, Buchholdt, Phillips, Bennett.

Absent: Nakak, Ose, Cotten & Beirne.

Chairman Parr announced that HB 409 would be taken up and asked Mrs. Buchholdt to speak on her bill. She told the committee her reasons for introducing the bill, the main one being trying to correct problems that have occurred with people she knows in Anchorage who have had an illness and had to sell their homes and all in order to pay the medical bills. She said she would be happy to expand the bill.

Next to testify was Dr. Robert Fraser, Director, Division of Public Health. Dr. Fraser said the Department's concern with the bill is with the budgetary restriction. He said they do recognize the present bill does penalize people who have made the effort to meet their costs by going into debt, borrowing money for relatives, etc., and are sympathetic with them.

Mr. Parr informed the committee that he had met with Dr. Fraser and Mrs. Jund (from the Department) a few weeks back regarding this bill. He said this bill had been before the House last year and explained why it did not pass then. Said the committee would have to take a look at this bill and use it as a vehicle to resolve some of the problems facing the Dept. of Health & Social Services. He gave his views as to several alternatives.

There was discussion by members as to what a catastrophic illness was, whether to one person it would be catastrophic and to another person it might not be, depending on their financial status and how they defined catastrophic illness.

Dr. Fraser said the committee on catastrophic illness first met in November and their initial problem was regulations. They felt the fewer regulations they had would be best but said the Attorney General's office told them this would get them into trouble and that they need regulations and a formula to go by. Said they have processed the applications that have been forwarded to them, they have made disposition on roughly \$100,000 worth of claims, Said a number of claims have been denied, utilizing the formula.

Mr. Bennett said he would be very apprehensive if they started identifying the give or take 100 different disease conditions. Said you could get into a combination of other conditions. Said perhaps basing it on a scale based on income which has a financial value you could identify he thought perhaps was the only way to halfway be reasonable about it.

Dr. Fraser said they have approved approximately 6 applications, denied about 15 and have about 15 or 20 that did not qualify due to the low amount of their bills. Said they had 25 pending that they had requested more information on. Dr. Fraser was asked by Mr. Chatterton how long it would take them to act on the ones they are waiting information on. Dr. Fraser said depending on how quickly they got their information back they had requested but if they got it back within the next 2 weeks they could have them processed within the next 2 months.

Mr. Parr asked Dr. Fraser what the budget called for for this year. Dr. Fraser said they had asked for \$300,000 for this year. He said they had no previous experience to go on so just had to judge as what to ask for.

Dr. Fraser said much of their guidance in drawing up regulations was on the experience of the State of Maine. Said in trying to project the amount they need in Alaska is hard because of some very expensive problems, said a premature infant may have bills up to \$35 or \$40 thousand dollars. Someone in a skilled nursing facility for a period of time, 10 patients in that category would utilize the entire budget.

There was then much discussion as to the possibility of the state buying insurance for this type of illness through an insurance company.

Next to testify was Jim Pfeiffer, Deputy Director for the Division of Insurance and a member of the Catastrophic Illness Committee. Pfeiffer: Said the way he understood the bill it would allow payments to be made to the person who made the original payments. Said the original bill contemplated payment to medical providers only, but now payment can be paid to a relative, friend, or whoever paid the medical provider. Said he would oppose that type of amendment. Said the original bills intent was to provide a source of funds for persons suffering a catastrophic illness who had no other fund and source available. He said if a person could tap a friend or relative he didn't believe the state should absorb that cost. Said he felt this would add and compound the problems of the committee. Said he thought the administration of such an amendment would be difficult.

There was much discussion with Mr. Pfeiffer regarding a group insurance policy for the entire state of Alaska as to what the premiums would be etc.

Mr. Parr asked if it would possible to structure a program to match the amount of money instead of matching the money to the program. Mr. Pfeiffer said it was an approach that had a great deal of logic. Said he has sent these regulations to Blue Cross and they had indicated from their already existing records in the State to try to come up with an answer. Mr. Parr informed Mr. Pfeiffer there wasn't much point in having legislation that would offer false hope to people and then not funding it. Said it would make more sense to have something on the books that would be funded by the legislature so the people would know the money was there if they qualified but said he had no idea what would be appropriated but presently doesn't see the 1.2 million being there even with the oil money.

Mr. Bennett asked if they had a dollar figure to provide a program like the one they had discussed that would have a true catastrophic coverage. Pfeiffer said they have not but the closest thing is what he has asked Blue Cross to do. Mr. Parr asked that he furnish us the material when he got it from Blue Cross.

Mr. Parr said for personal policies, he understood Blue Cross policies have a dollar limit. Mr. Heueisen said most policies covered up to a quarter of a million dollars. State employees policy is \$250,000 maximum (lifetime) per individual. There was discussion on the different types of policies.

Mr. Parr asked the Committee to hold off action on the bill until we received the information requested from Mr. Pfeiffer back.

The meeting adjourned at 4:50 p.m.

CATASTROPHIC ILLNESS

PUBLIC HEARING

ANCHORAGE (3/2/77)

Dr. Fraser introduced the meeting and reviewed Committee's intent with description of legislative intent. He also reviewed with those present the regulations with comments as to changes and intent of committee in promulgating each particular regulation. (Line 21 - 135).

Comments and/or questions from the group as follows:

Mary Tomasiewicz, Easter Seal Society: (line 145) "I'd like to say that we're very happy to see these rules and regulations. ^{It's} ~~There's~~ going to save a lot of agencies a lot of time because when people talk with one agency to find out where they can get their bills paid, they're told that there isn't a resource they keep calling all others, so I think ~~that~~ with this it will certainly make it easier for agencies. One of the things that I do ask is ~~that~~ under the definition of providers it mentions hospitals, clinics and I'm just wondering under clinics, would something like the Alaska Treatment Center be considered and also the Speech and Hearing Center in Fairbanks for speech therapy, also there's physical therapy and occupational therapy at the Center? Would some of the care provided by the Municipality--are they to be considered a provider?" Dr. Fraser indicated that the Treatment Center would be covered. Mrs. Tomasiewicz clarified the Municipality to mean that agencies Home Health Care Program--Dr. Fraser indicated that they would. "It's (referring to Home Health) not listed as that type of facility and I'm just wondering about that. The other thing I am ? is the dentistry. We get many calls from senior citizens for ~~dentistry~~ ^{dentures}. If they do cost over \$1000 and financially I am sure they would be covered under this-- I'm not sure that ~~xxx~~ ^{dentures} are always due to either a ? ^{is} would relate to because of an injury or illness and /that excluded? Is that to be considered as something that is provided" Dr. Fraser: "This is something that the Committee, of course, will consider, but my own reaction is probably not because one of the things that is ? apparent is that the funding of this program is going to mean that the Committee is very limited There are lots of groups that are not intended to be considered in this legislation and I think that it is the prerogative of people who feel that additional things should be covered or that additional programs should be considered is to notify their legislators and the Department." Mary Tomasiewicz: "I'll start with you by saying that I feel that this is one of the needs."

and Fred Gladden

Judy Sharpe, Providence Hospital, Judy Sharpe, Spokeswoman: Submitted concerns in writing (see attached) (Line 207) (Fantastic, more should submit written comments, then testify) Mrs. Sharpe read her written comments aloud, making the following questions:

"...Your creating a program which I think is really good, but you can hurt a lot of people by offering them an additional hope and then not being able to respond to many peoples needs." Dr. Fraser indicated her statement as valid, however Committee limited by

(207)

legislative intent and limited appropriation in implementation; if it is obvious that the expenditures are going to be in excess, then perhaps the legislature will be requested to either give a supplemental appropriation or change the legislation. Dr. Fraser indicated the recognition of the Committee that 10 patients in a nursing home for a year could well use up the appropriation. Judy Sharpe: "I think perhaps it should be identified right from the start with the Legislature that this is a great program, but not realistic to do any sort of real good..." Medical Exception subject discussed: (line # 257): "... we have attempted (Judy Sharpe) to get the figures on how much is spent on Medical exceptions for the last year and weren't able to come up with anything, but it wouldn't surprise me if the medical exceptions alone were more than your ^{operating} ~~authorized~~ budget for the first year." bill

Dr. Fraser indicated intent of Catastrophic Illness/was not to eliminate medical exceptions and discussed tenuous legislative setup for medical exceptions.... Dr. Fraser indicated where Committee looks at an application referred to Committee by PA and it does not qualify for Catastrophic Illness, the application will be bounced back to PA.

Judy Sharpe: (line #309) - "Are the costs for administering the CI program to come out of \$300,000 budget?" Dr. Fraser: At present there are costs for administration.

Incurred Expenses (#4 on attached memo) (line 328) - "... if so, to what extent?" Dr.

Fraser: "Within the terms of the CI program ~~guidelines~~ will continue to pick up the expenses after the guidelines have been fulfilled" Judy Sharpe: "So that a patient could ~~seek~~ apply to CI for expenses that are in the future, getting a determination" Dr.

Fraser: "But during the 12 month interval. Now for the second year or ongoing problem, bills will be considered ^{from} ~~from~~ the beginning of the illness in a particular year and continue for a 12 month period. If the illness continues for a second 12 month period, there would be a similar deductible and a similar responsibility on the part of the patient and then CI would pick up the additional expenses." Believe Dr. Tower: "Is H-300

there any provision whereby a person can get assurance that his costs will be covered before the incurred expense?" Judy Sharpe: "We've dealt with many patients that need to have rehab and when they find out what it's going to cost, just say no way, go home physically debilitated and never going to get any better because they can't afford and refuse to take the risk..." Income level discussed. (line # 382) Makeup of Committee/(line ^{discussed}

405). Recommendation of Committee include member from provider community. Dr. Fraser pointed out that to keep administrative expense down, committee would have to be kept localized. Criteria to evaluate the effectiveness discussed (line #442). Dr. Fraser indicated he could not answer that (refer to #8 of memo attached).

Marion Lampman, Alaska Hospital Association: (line 463) "...I'd like to go back to about a year when we had our mid-year meeting in Juneau, which was last March. We had a number of our administrators present some case studies and this problem really came to the surface of the need for such ~~xxxx~~ legislation. Subsequently, we did a rough survey for Dr. Chalmers. I looked some of those old figures back up and we estimated at that time

cases that were current amounted to \$648,000 and that's just hospitals... and what they had on the books at that time and of patients that really were in a catastrophic illness medically ... As you see these applications come in and as you get a better handle on it, let us help you to get some more money for this program." End of side 1.

"... Every time some more deficiencies rise in the funding of such programs, hospitals are reminded that they owe so much for charity care and I don't think that collectively that that was ever intended to be 50% of their revenue and it's getting out of hand..."

Shirley Harmon, Alaska HOmemakers, Home Health Aide Service: (line 13) Referenced definition of 'provider' - "...Whether a private non-profit agency, whether it's Alaska Homemaker-Home Health agency or another, is also included as a provider..." Dr. Fraser indicated the intent of the Committee when drawing up the regulations, that this type of expense would be considered and not excluded. Ms. Harmon ~~asked~~ suggested that this be clarified in the definition of provider.

Daisy Van Nortuick, Alaska Hospital and Medical Center: (line #53) -- concern with medical exceptions "... we were told there is no more funds available until catastrophic illness comes through. Is this in fact right, or is it wrong? Is there funds for medical exceptions at this time, still?" Dr Fraser indicated it a matter of interpretation and *reiteration*

as above discussion. Indicated his inability to answer any detailed questions on operation of PA. Ms. ~~Harmon~~ ^{Van Nortuick} directed questions relative to limited budget (line 120) -- "...if you run out of funds in Oct or Nov, could the people you have under consideration then, would they be carried over into the next year or would it be cut off...?" Dr. Fraser ~~referencex~~ ^{appropriation.}

indicated the possibility of requesting a supplemental ~~from the legislature~~ Person of ^{possibly Shirley Ms. VanNortuick??} (line #143) ^{Helen Beirne?} unknown determination:/"... I think what we're talking about is the \$300,000 for this

year and 6 months of this year have already passed, so we're now up against another legislative session where they will be looking at this again as to whether it's going to be more than \$300,000, whether they will accept that or not. We're also ~~lookingx~~ have covered as a precedence in this, the Violent Crimes Commission, which in a sense is sort of a catastrophic type of illness and they do know that over the years that Violent Crimes has increased to about \$350,000 now, over a 3 or 4 year period; so that was one of the reasons they put in the \$300,000. They didn't know. I don't think there was any anticipation however, that the medical exception would be cut out at that time, even though we knew two million had been turned back in prior to this bill being enacted that had not been expended through various medical assistance programs, it had been reverted back into the general budget. This bill went ~~back~~ through much easier because that had reverted back. The reason the \$300,000 is because nobody knows any different, and so I think the Department cannot stand up and say what are we going to do, what ~~xxxx~~ we really have to say is are we going to bring enough ~~xxxx~~ before the legislature have it increased. The other thing I would say is that the CI concept is really for

catastrophic illnesses and how we are going to determine that is what they are attempting to do here and I can understand their problem, because we can say a stroke is a catastrophic illness and it is. My concern is the formula I read here to me addresses people who are not in the category which was intended. I thought the intent was that these would be the citizens who fell in an area where they would not be eligible for welfare and let me say that the example looks to me that that's a person who would fall under something other than CI, we're talking about the gross income of \$6200..." "I think the intent was that these probably were the middle income people, pay their taxes -- support many, many concepts of people who are not capable or have not for some environmental reason or whatever, have not paid taxes, now they're suffering an injury or CI which forces them for all purposes under welfare unless they have some assistance. As I look at the example, a person who only has a income of \$6200 is a person who probably is in a category that would fall under a categorical. Because last year, the formula we had was based on somebody with \$10,000 but they couldn't even work with it because they said a \$10,000 income with this kind of a deficit would throw them down into a welfare category." Pointed out by Dr. Tower that Medicaid has not medical deductable in their provisions in Alaska, and other categorical programs (AFDC or Aid to the Disabled) would cover medical what Committee has done is to take this down to the lowest level. There is no other program to cover it. Helen Beirne -- "I feel that the formula -- I would like to have seen the example addressed to a middle income individual, \$6200 person is not going to be paying taxes really, however, I realize they need assistance." Dr. Fraser discussed Committee's attempt relative to the formula. Helen Beirne: "... I think your formula addresses the other category... but I think that probably the people who ask questions her, the questions their asking are legitimate questions, but I don't think we can expect an answer right now. I am surprised that general relief went down as this came in!"(above, she is referring to medical exceptions, not general relief). Medical exception legislation again discussed. "... whatever authorized Lampman speaking???) the medical exception anyway? (line 220) I'm guessing, but ... so you're trying to do two things with this piece of legislation... if this is truly a catastrophic bill, you just can't make it all things to all people... so maybe you ought to raise the limit, and I think what Helen is saying is very good, the lower incomes need to be put into a different category and maybe we have to go to the legislators or wherever and battle that they be covered under the GR Med..." "I just might point out one of the problems that we've had in trying to identify the adequacy of the CI Program is to identify exactly how much was expended toward the exception under the GRM program. We contacted the DHSS, they could not tell us how many dollars were expended under the GRM exception program and we wanted to get a handle on those costs to see exactly what the appropriateness of this \$300,000 level would be. And apparently it's bumped into the general fund, there's no identification as to how the costs have been incurred or how the money's been expended." Helen Beirne:

(Line 260)

"As I recall what came before the committee (HESS); we couldn't get an answer either because I do believe it was jumbled up together, but it seemed to be very minimal. Now, during the course of the year, I have submitted several people that have fallen into certain categories of what I thought was categorical or CI and in a couple of cases they have said these people don't own a home, whatever might be the reason, the baby was a congenital defect baby, they fall under certain other areas, so many of these things will be picked up that we have been calling CI. ... An awful lot has to be worked out still, and I think it's going to take a year to work out. I hope something isn't

(line 281)

eliminated in the process of transition." "The other thing about the Committee, the Committee was made by Statute and it was made with the idea that it could be expedited. I think the idea was that probably there might be conflict of interest by getting people on who were from hospitals and so forth; they felt they would bring in just a very small group who could sit down at regular intervals at a minimum of cost and that the \$300,000 would not have to be expended on administrative costs." Marion Lampman: "...

what happened to the figures that we, the Hospital Assn when this was all polled by all the hospitals, was submitted--what happened to the \$648,000 that was reserved figures?"

Helen Beirne: "I think the feeling of the Committee (HESS) was that the idea was not to pay the debts of hospitals--the idea was to establish a program which would have a firm base and grow, and not to go retroactively and talk about what debts there were at the present time owed to hospitals. We did that 6 years ago when revenue sharing was brought into effect... I think that one of the things that could be done this year now that there's been more activity on this that that could be resubmitted and the HESS Committee could look at it again after a year of activity, or should we say inactivity?"

Line 323-- Dave Pritz, Office of Vocational Rehabilitation: "I guess I have a different outlook on this. A couple of things that have been said really confuse. One of them is it looks as though we just hatched the first egg or something and it really kind of surprised me because a program like this, as I understand it, is operable in 14 states, and it would seem to me uncharacteristic of Alaska that we benefit by finding out how it's doing in those 14 states and how much it's costing them. From the comments I hear, it would seem to indicate that it's the first CI bill ever to happen and nobody knew or had any ballpark figures." Dr. Fraser referred to other states, some of which required a tie-in with a qualified insurance program. Dave Pritz: "And secondly, I was wondering, questions have been raised ... concerning the subject of what used to be medical exceptions being tossed into this category of CI, and no real answer has been given to this question." D. Pritz referred to PA people in audience who might be able to address this question, Garth Patterson and John Lappo. Briefly discussed -- nothing new here!!!

Line 396-- Rick Jarvis, Office of Vocational Rehabilitation: "I am most interested in a clients of mine who have disabilities that require large medical expenses each year,

such as hemophiliacs... Would you be able to cover them?" Dr. Fraser answered appropriately. Rick Jarvis referred to a particular case for which he had an interest. Dr. Fraser referred to guidelines of regulations. End of tape 1.

Tape # 2:

Question relative to liquid assets raised by Rick Jarvis. Discussed briefly by Dr. Fraser. Line 15-- Helen Beirne discussed hemophiliacs and experience with few other states from which HESS Committee got information relative to a workable formula. ^(Line 45) Marion Lampman further discussed \$648,000 figure. Grace Dillon, CI person: Related her personal experience -- kidney problem. Kidney renal dialysis relationship with SSI. Discussion ensued relative to other forms of treatment which can be received at home, like renal dialysis. Garth Patterson, Division of PA: (Line 141) -- Recommend add under exclusions of consideration of assets, change "one automobile or truck" to "one non-commercial vehicle". Other comment re "GRMed Exception is not a program, it is an exception to a program; and I could propose a CI Exception program. There is always an exception. Gayle McKenzie, CI person, gives her personal story. (Line 151) Line 210: Helen Beirne: "...It indeed this program got started, would everybody say we're not going to buy insurance because the State will pay for it all. This is a very vital concern because once it becomes known, everything above and beyond what your capable of paying ... that makes it then something else other than CI, it makes it a national health insurance, so we had some problems here ..." Dr. Fraser indicated that there is feeling by many that Legislature might look at bill and make a requirement of having CI insurance a pre-requisite to this program. Helen Beirne: ^{we} "You mean/go back and pull one of those ^{earlier} bills out that was written better and get it passed instead of this one that slipped through." Line 234: Dr. Tower raised question relative to coverage of transportation costs. Discussion ensued on costly travel to outside facilities as well as local travel, i.e., Bethel to Anchorage. Garth Patterson (or Rick Jarvis): "Under the definition where "physician recommends therapy" whether it's speech or whatever, maybe that could be considered. It would be worth investigating." Someone pointed a case where a quadraplegic was transported outside and the cost was \$7000, which points out validity of problem. Pointed out by Dr. Tower that there can be no pre-authorization under CI. Dr. Tower: " ... It's going to come up quite a bit. With a person whose gone down to Virginia Mason, I'm thinking particularly of ^a babies, under private means until the family w-s completely wiped out." ^(Helen Beirne) Line #320, "Dr. Fraser, when does this come before the Committee (HESS) in terms of funding? Are there enough figures to present to them to have an increase in the \$300,000? That was an arbitrary figure, based really on nothing." Dr. Fraser indicated that Committee was going to run through what they had and hopefully be able to ~~put~~ come up with some projected figures. ^{possibly Fred Gladden} Line #329, Rick Jarvis (23): "I'd just like to make one comment as far as maybe pulling together the illusions or x comments that have gone

on this evening. I don't know that in every case the provider is necessarily concerned with payment being rendered, as far as the hospital is concerned, we're not looking at payment to the hospitals in this case, your right, ~~xx~~ is a legal obligation that we have, ^{Hill Burton} the in out at the same time, I think that the provider in many cases is/the best position to speak on behalf of the patient for the population being served, and that's the intent behind us being here today. We'll not in allprobability see much of that money, but we at the same time, are in a very definiteposition to crystalize some of the situations that we encounter on a daily basis and bring that to your attention and it's not." Line 366--

Helen Beirne: "...right now the Violent Crimes Commission has actually put a limit on what can be paid. Although that this isn't the way we really desire it, it might be that a limit would haveto be put on. And certainly if your're suffering from a CI, it's better to have \$10,000 paid or nothing paid As I recall, that formula originally said there could be up to \$10,000 paid and the way it was written, of course, if they had insurance that paid up to \$10,000, that eliminated them from getting \$10,000 from the Violent Crimes Commission. So that was changed, so that \$10,000~~xxxxxxx~~ above insurance and third party payments. Believe it is raised now to \$15,000. /just one illness ~~would~~ wipe out everything for people who might only have \$5,000. I just don't know how high this could go, but that is something. We'd like to think that everybody could get paid whether they had \$30,000 or \$50,000, but if they can't ^{maybe} / there has to be a limit/^{set} on it so that it can be stretched further"

Further discussion ensued on this subject. End of Anchorage meeting. ~~xxxxxx~~

PROVIDENCE HOSPITAL



3200 Providence Drive
Anchorage, Alaska 99504

276 4511

POSITION STATEMENT: PROPOSED CATASTROPHIC ILLNESS REGULATIONS

We support the concept of a catastrophic illness program to help Alaskans defray burdensome medical expenses resulting from major illness or injury. For those citizens without adequate insurance coverage and for those not eligible for assistance through existing state or federal programs, an ironic dilemma can result: A person can end up medically sound but financially destroyed by lengthy or intensive medical treatment. For many, recovery from the financial burden becomes an impossible or life-long task, requiring a drastic alteration of goals and lifestyle and depletion of every resource for which the individual has worked. For too many people, the stress and anxiety of a major illness or trauma is outweighed by the anxiety caused by the bills accumulated because of the illness. For these citizens, the Catastrophic Illness program offers hope.

However, we would like to identify several areas of concern:

- 1) If the proposed operating budget is \$300,000 for the first year, the program's effectiveness is immediately seriously stunted. In the current age of sophisticated and costly medicine, it is all too easy for a patient to have a \$25,000 hospital bill, \$15,000 in physician fees and \$10,000 in skilled nursing home care leading to recovery. Only a handful of claims of this nature would deplete the year's budget, leaving out hundreds of other valid claimants. Although this may seem to be an extreme example, it unfortunately can happen. And there are many more less dramatic cases of accumulated bills beyond the patient's means. To create an effective program which will reach people, the State must make a serious commitment of financial support. Otherwise the program cannot offer any hope to the majority of applicants.
- 2) Furthermore, we are aware that the Department of Health and Social Services has eliminated another financial assistance program (General Relief Medical Assistance - Medical Exception) at the same time it is creating the Catastrophic Illness program. All applications for GRM-Medical Exception are being referred for action to the Catastrophic Illness program. The limited budget and the closure of another viable resource program make it seem less and less likely that the Catastrophic Illness program can make a serious impact.

- 3) Are the costs of administering the program to come out of the \$300,000 budget? If so, the limited resources would be further dissipated by administrative costs.
- 4) The proposed regulations appear to deal only with incurred expenses. Consideration should be given to those people who need further major medical treatment but who cannot assume the financial burden and therefore refuse treatment. A good example of this problem is the stroke patient who requires extensive rehabilitation to achieve the highest level of recovery but who refuses because of lack of resources. Will the program assist this person? If so, to what extent? And further, will the budget be able to handle the costs?
- 5) Item 7 AAC 48.030(d) It is our opinion that if the budget is going to be so severely limited, perhaps it would be appropriate to raise the base limit for application from \$1,000 to a higher amount. This could be one method of reaching true catastrophic victims. Further, the program regulations could better serve the applicant by considering the total episode from onset to finish rather than restricting it to a 12-month period.
- 6) Further clarification of 7 AAC 48.080(d) (the Committee may consider the availability of catastrophic illness funds;) is requested. What does this mean?
- 7) What is the make-up of the Committee? We feel it should include a representative from the provider area (i.e., nursing home, hospital).
- 8) What criteria will be used to evaluate the effectiveness and worth of the program? What mechanism will be used to correct any deficiencies?

✓ MARY TOMASIEWICZ. Easter Seal Society
 ✓ FRED GLADDEN PROVIDENCE HOSPITAL
 ✓ JUDY SHARPE PROVIDENCE HOSPITAL
 ✓ Marion Sampson AK State Hosp Assn
 ✓ Shirley Harmon ALASKA HOMEMAKERS - HOME HEALTH AIDE SERV
~~POWHA BEADY AK State Hosp Assn.~~
 Missylin Sertunak Alaska Hosp & Med. Center
 Dan Fritz D.V.R.
 Rick James D.V.R.
 Grace Wilson California
 ✓ Gertrude Paltem Div of Pub. Assistance
 ✓ Gayle McKenzie

POWHA BEADY

1500

64000 Hosp group

CHAPTER 48. CATASTROPHIC ILLNESS.

Section

- 10. Committee meetings
- 20. Confidentiality
- 30. Applications for assistance
- 40. Residency
- 50. Services excluded from coverage
- 60. Required documentation; investigation
- 70. Applicant's share
- 80. Standards for reimbursement to providers
- 90. Reconsideration of decision by committee
- 100. Fair hearing
- 110. Finality of decisions
- 120. Recovery from collateral source
- 130. Definitions

7 AAC 48.010. COMMITTEE MEETINGS. The Catastrophic Illness Committee shall meet twice a month on dates which the committee establishes.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.020. CONFIDENTIALITY. The confidentiality provisions of 7 AAC 37.020 -- 7 AAC 37.130 are adopted by reference and made applicable to this chapter.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.05.020
AS 47.05.030

7 AAC 48.030. APPLICATIONS FOR ASSISTANCE. (a) All applications for financial assistance under this chapter shall be made on a form authorized by the committee. The information required by the committee shall be supplied in full by the applicant or the applications may not be considered. Additional sheets may be used, as necessary.

(b) Application forms, along with the formula used to calculate the applicant's share, described in section 70 of this chapter, shall be available at Offices of the Division of Public Assistance, at Regional Health Offices of

the Division of Public Health, at state licensed hospitals, or by writing to the committee at Pouch H06, Juneau, Alaska 99811.

(c) Applications may be filed by a person who has suffered a catastrophic illness or by a parent, spouse, or legal guardian of that person; or by any other interested party with the written consent of the person who has suffered a catastrophic illness.

(d) No application shall be considered unless the total medical bills related to the catastrophic illness are more than \$1,000 in a period not to exceed 12 months after all sources of third party payment have been exhausted.

(e) A poster publicizing the availability of benefits under this chapter shall be supplied to hospitals licensed in the state of Alaska for display in a public area. The poster shall also be supplied for display in appropriate public buildings throughout the state according to the availability of appropriations for catastrophic illness.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.040. RESIDENCY OF APPLICANT. Applicants shall be residents of the state of Alaska at the time of application and at the time the catastrophic illness for which state aid is sought occurred.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.050. SERVICES EXCLUDED FROM COVERAGE. The following services and charges are excluded from coverage under this chapter:

(a) Dentistry and optometry unless prescribed by a licensed dentist or physician as medically necessary as the result of an injury or illness;

(b) Elective medical or surgical procedures;

(c) Drugs and medications not prescribed by a licensed physician;

(d) Services received as a result of a normal pregnancy;

(e) Private psychological or psychiatric treatment or private alcoholism treatment, unless not available from public agencies or programs;

(f) Chiropractic services;

(g) Services not of a medical nature;

(h) Medical services currently provided to persons in the custody of the Division of Corrections;

(i) Residential care in a skilled nursing home or intermediate care facility for more than 90 days, if the committee finds such exclusion to be necessary based on the availability of catastrophic illness funds and the need of other applicants.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.060. REQUIRED DOCUMENTATION; INVESTIGATION. Each application shall be reviewed by the committee or its designee for completeness of information, including required documentation of medical expenses, gross income and assets. The committee or its designee may return the application for more complete information to the person who is applying and may investigate any portion of an application.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.070. CALCULATION OF APPLICANT'S SHARE. (a) A formula adopted by the committee shall be utilized in determining the applicant's share of total medical bills related to a catastrophic illness, based on annual gross income, number of dependents and amount of assets. This formula shall be provided along with the application form and shall also be made available to persons who request it by writing to the committee at Pouch H06, Juneau, Alaska 99811;

(b) For the purposes of applying the formula to determine the applicant's share, multiple catastrophic illness occurring within a 12 month period to the applicant or other members of the applicant's family shall be treated as one catastrophic illness;

(c) In applying the formula to determine the applicant's share, the total gross income and the total assets of the family of an applicant may be considered; the following assets shall be excluded:

(1) a home providing shelter for the applicant and the land on which it is situated;

- (2) one non-commercial vehicle;
- (3) tools, equipment and vehicles required in a trade or business;
- (4) ordinary household and personal effects;
- (5) \$1,000 of liquid assets;
- (6) all non-liquid assets unless such exclusion would bring

about an inequitable result; however, all income derived from such property shall be taken into consideration in determining the recipient's gross income;

(7) inalienable shares in a Native Corporation created pursuant to the Alaska Native Claims Settlement Act, P.L. 92-203, 43 U.S.C. 1601 et seq., during the period of their inalienability as specified in the act.

(8) Alaska longevity bonus;

(9) any other assets specifically restricted for the use of the recipient by state or federal law.

(d) Assets received as custodian, guardian, conservator or trustee for another are not considered assets of the custodian, guardian, conservator or trustee himself.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.080. STANDARDS FOR REIMBURSEMENT TO PROVIDERS. The amount that the committee reimburses providers for medical services rendered to a person who has suffered a catastrophic illness shall not be greater than 100% of the total unpaid bills related to the catastrophic illness and shall be determined by the following standards:

(a) Medical bills related to a catastrophic illness shall be considered for periods not to exceed 12 months. The initial 12 month period begins with the date of the first charges incurred because of the illness, but no charges incurred before July 1, 1976, shall be considered;

(b) The committee may not reimburse a provider if the applicant's total bills related to the catastrophic illness are less than \$1,000 in any period not to exceed 12 months described in (a) after all sources of third party payment have been exhausted by the applicant or by someone acting on behalf of the applicant;

(c) The committee may not reimburse a provider for the applicant's share of the total medical bill, as determined by the formula referred to in

section 70 of this chapter;

(d) The committee shall reimburse hospitals and other institutions at the rates and in the manner established by existing provider agreements with the department of health and social services. Physicians, dentists, and all other providers shall be reimbursed at rates not less than those set out at 45 Code of Federal Regulations 250.30(b)(3)(i)(A);

(e) The committee may consider the availability of catastrophic illness funds;

(f) The committee may consider any other factors or circumstances which it determines to be relevant in an individual case.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.090. RECONSIDERATION OF DECISION BY COMMITTEE. The committee shall promptly notify an applicant of its decision with written reasons for the amount of the award or for a finding of non-eligibility. An applicant who is dissatisfied with a decision of the committee may apply to the committee for reconsideration within 30 days of receipt of the decision. The request for reconsideration shall include a written statement of grounds for reconsideration and any supporting documentation which was not available to the committee for its original decision. Within 30 days of receipt of a request for reconsideration, the committee shall affirm, amend or reverse its original decision. The committee shall promptly notify the applicant of its decision upon reconsideration with written reasons for its action. Information describing hearing rights and procedures shall be printed in bold-face type on the written notification of decision.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 100. FAIR HEARING. An applicant who is dissatisfied with the committee's decision upon reconsideration may request a fair hearing in accordance with the procedures established by the department of health and social services at 7 AAC 49.020 -- 7 AAC 49.250.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.110. FINALITY OF DECISIONS. Decisions as to catastrophic illness awards are final (a) 30 days after receipt by the applicant of the committee's decision unless a reconsideration is requested during this time; or (b) 30 days after receipt of the committee's decision upon reconsideration unless a fair hearing is requested during this time; or (c) after denial or dismissal as provided by 7 AAC 49.110; or (d) 15 days after receipt of the hearing authority's decision if that decision is not appealed during this time as provided by 7 AAC 49.230; or (e) after the decision of the director on appeal as provided by 7 AAC 49.240. Time limits for appeal may be extended or waived for good cause. Request for a hearing shall be deemed made upon dispatch.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.180
AS 47.25.255

7 AAC 48.120. RECOVERY FROM A COLLATERAL SOURCE. If the applicant or a provider is recompensated from any other source for medical bills which have been paid by the catastrophic illness committee, the state shall have the right to reimbursement for the amount paid by the committee. As a condition of application for catastrophic illness assistance, an applicant shall sign an agreement to this effect. As a condition of payment by the committee a provider shall sign an agreement to this effect.

(Eff. / /77, Register)

Authority: AS 47.05.010
AS 47.25.255

7 AAC 48.130. DEFINITIONS. In this chapter

(1) "applicant" means a person who has suffered a catastrophic illness;

(2) "applicant's share" means the amount of the total medical bill related to the catastrophic illness which the committee determines that the applicant can reasonably be expected to pay based on income, assets, and

number of dependents;

(3) "catastrophic illness" means a single illness or injury which results in medical expenses of over \$1,000 during a period not to exceed 12 months, after all other sources of third party payment have been exhausted;

(4) "committee" means the Catastrophic Illness Committee;

(5) "elective medical or surgical procedures" means treatment which is not essential to the life or health of a person;

(6) "family" means two or more persons related by blood or marriage or adoption living as one economic unit;

(7) "liquid assets" means assets which can be readily converted to cash;

(8) "non-liquid assets" means all assets not covered by (7);

(9) "provider" means a licensed physician, pharmacist, dentist, or other health services worker who has provided services not excluded by section 50 of this chapter to an applicant as a result of a catastrophic illness, or a licensed hospital, clinic, skilled nursing home, intermediate care facility or health maintenance organization which has provided these services;

(10) "third party payments" means payments of medical expenses related to a catastrophic illness by sources other than the applicant or the catastrophic illness committee, including, but not limited to state and federal medical assistance programs; private health insurance; employment-related health insurance; military health insurance; Workmen's Compensation; Violent Crimes Compensation; Indian Health Service of the U.S. Department of Health, Education and Welfare, awards in legal actions.

(Eff. / /77, Register)

Authority: AS 47.05.010

For an Act entitled: "An Act relating to catastrophic illness; and providing for an effective date".

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

*Section 1. AS 47 is amended by adding a new chapter to read:

Chapter 08. CATASTROPHIC ILLNESS ASSISTANCE.

Sec. 47.08.010. REIMBURSEMENT OF PROVIDERS. According to the provisions of this chapter, the Department of Health and Social Services Catastrophic Illness Committee shall reimburse providers of medical care for unpaid costs incurred in the treatment of a person suffering an illness or accident which results in financial catastrophic to the person or his family as defined in regulations adopted by the Committee.

Sec. 47.08.015. CATASTROPHIC ILLNESS COMMITTEE. There is created the Catastrophic Illness Committee, consisting of a medical review officer from the Department of Health and Social Services, a member appointed by the governor who has suffered a catastrophic illness, and a representative of the Department of Commerce and Economic Development appointed by the governor, and necessary administrative staff.

Sec. 47.08.020. POWERS AND DUTIES OF COMMITTEE. The Catastrophic Illness Committee shall determine eligibility, allowable costs and levels of reimbursement. It shall adopt regulations, make reasonable classifications of persons according to the size of family, family income and assets, and health care coverage from all other sources. Other sources include, but are not limited to, state and federal medical assistance programs, private health insurance, employment-related health insurance, military health insurance, workmen's compensation, violent crimes compensation, and Indian Health Service. In order not to exceed the budget appropriated by the legislature, the committee shall establish priorities for those eligible for assistance under this chapter. The committee

may not make reimbursement for costs incurred before July 1, 1976.

Sec. 47.08.025. NOTICE. The Catastrophic Illness Committee shall seek the assistance of medical providers to assure that the public is aware of the catastrophic illness program.

*Sec. 2. AS 47.25.255 is repealed.

*Sec. 3. This Act takes effect immediately in accordance with AS 01.-10.070 (c).

Catasrophic Illness program:

This program has no budget for staff of its own. It has, therefore, been "robbing from Peter to pay Paul". There needs to be money in some budget to cover the expenses of the project.

There is a lack of understanding as to what limit catastrophic illness has. The committee has reviewed all applications and has found many medically needy but not eligible for G.R. medical and other programs. They are also not needy enough to qualify for C.I.

What needs to be done to provide a measure of assistance to these people?

Is that what the program needs to do or should it be used as a last resort?

Does the program belong in Public Health or Public Assistance. Public Health feels that it is a total money program and should remain in Public Assistance. I do to.

It is to early to judge if there's enough money available or not for the project.

MONTHLY BREAKDOWN OF EXPENDITURES FOR FY 77 CATASTROPHIC ILLNESS PROGRAM ---\$300,000 Appropriation

Month	Administration	Physicians	Hospitals	Others	Totals
April	\$ 258.91	\$ 2,645.39	---	--	\$ 2,904.30
May	12.28	7,385.20	\$40,482.89	---	47,880.37
June	36.50	890.65	961.11	\$4000.07	5,888.33
July 13	-----	1,841.13	4,235.32	-----	6,076.45
				TOTAL-----	\$62,749.45

FY 78 Budget (Starting July 14, 1977) \$450.000 Appropriation

Month	Administration	Physicians	Hospitals	Others	Totals
July 14, 1977	-----	\$ 686.69	\$ 4,666.54	-----	\$ 5,353.23
August	\$ 86.60	3,493.16	41,481.49	\$ 330.00	45,391.25
September	245.11	7,841.49	3,031.56	2,513.81	13,631.97
October	47.72	4,108.46	43,298.36	-----	47,454.54
				Total paid out to date	\$111,830.99

Estimated
 Medical Expenses committed for
 to date as yet unpaid -----\$51,131.33.

MONTHLY BREAKDOWN OF EXPENDITURES FOR FY 78 (Continued) \$450,000 Appropriation

Month	Administration	Physicians	Hospitals	Other	Totals
Total expenditures as of October 31, 1977-----					\$ 111,830.99
November	\$ 210.85	\$ 6,953.56	\$ 20,138.19	\$ 1,622.59	28,924.34
Total paid out to date					\$ 140,755.35
Estimated Medical Expenses committed for to date as yet unpaid-----					\$62,267.63
Amount of appropriation		\$ 450,000.00			
deducting total paid out & committed funds-----					<u>\$ 203,022.98</u>
Amount of appropriation remaining-----					\$ 246,977.02
December	\$ 24.37	\$ 13,606.87	\$ 36,051.67	\$ 557.00	\$ 50,259.91
Total paid out to date					\$ 191,015.26
Estimated Medical expenses committed for to date as yet unpaid-----					\$71,996.06
Amount of appropriation		\$ 450,000.00			
deducting total paid out & committed funds---					<u>\$ 263,011.32</u>
Amount of appropriation remainig-----					\$ 186,988.68

MONTHLY BREAKDOWN OF EXPENDITURES FOR FY 78 CATASTROPHIC ILLNESS PROGRAM (continued) \$450,000 Appropriation

Month	Adminimstration	Physicians	Hospitals	Other	Totals
Total expenditures as of December 31, 1977-----					\$ 191,015.26
January 1978	\$ 98.99	\$ 23,144.00	\$ 85,462.35	\$ 3,269.18	111,974.78
				Total paid out to date	<u>\$ 332,989.78</u>

Estimated Medical Expenses committed for to day as yet unpaid-----\$ 19,957.35

Amount of Appropriation	\$ 450,000.00
deducting total paid out & committed funds	<u>\$ 332,947.13</u>
Amount of appropriation remaining	<u>\$ 137,052.87</u>

Original sponsors: Buchholdt, Beirne,
Bradley, et al

*Cliff Warren
marked this copy*

IN THE HOUSE

BY THE FINANCE COMMITTEE

SENATE CS FOR CS FOR HOUSE BILL NO. 409
IN THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to catastrophic illness; and providing
for an effective date."

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

* Section 1. AS 47 is amended by adding a new chapter to read:

CHAPTER 8. CATASTROPHIC ILLNESS ASSISTANCE.

Sec. 47.08.010. REIMBURSEMENT OF PROVIDERS. According to the provisions of this chapter, the Department of Health and Social Services shall reimburse providers of medical care for unpaid costs incurred in the treatment of a person suffering an illness or accident which results in financial catastrophe to the person or his family.

Sec. 47.08.020. CATASTROPHIC ILLNESS COMMITTEE. There is created the Catastrophic Illness Committee, consisting of a medical review officer from the Department of Health and Social Services, a member appointed by the governor who has suffered a catastrophic illness, and a representative of the Department of Commerce and Economic Development appointed by the governor.

Sec. 47.08.030. NOTICE. The committee shall enlist the assistance of medical providers in making the public aware of the catastrophic illness assistance program.

Sec. 47.08.040. APPLICATIONS FOR ASSISTANCE. An application for financial assistance under this chapter may be filed by a person who has suffered catastrophic illness or by a parent, spouse, or legal guardian of that person, or by any other interested party with the written consent of the person who has suffered the catastrophic illness.

Sec. 47.08.050. SERVICES EXCLUDED FROM COVERAGE. Annually, the committee shall determine in light of appropriated funds and expected need the medical expenses reimbursable under this chapter, except that the following are not reimbursable:

- (1) dentistry and optometry unless prescribed by a licensed dentist or physician as medically necessary as the result of the injury or illness;
- (2) elective medical or surgical procedures;
- (3) drugs and medications not prescribed by a licensed physician;
- (4) services received as a result of a pregnancy or birth without unusual complications;
- (5) private psychological or psychiatric treatment or private alcoholism treatment, unless not available from public agencies or programs;
- (6) chiropractic services;
- (7) services not of a medical nature;
- (8) medical services currently provided to persons in the custody of the division of corrections;
- (9) costs incurred before July 1976.

Sec. 47.08.060. CALCULATION OF APPLICANT'S SHARE. (a) As frequently as necessary the committee shall adopt, in light of appropriated funds and expected need, a formula to be used in determining the applicant's share of total medical expenses incurred as a result of a catastrophic illness, based on the applicant's annual gross income, number of dependents, amount of assets, and forthcoming third-party payments, all considered in light of the requirement that the applicant's share will be paid to the provider on a payment schedule covering a period of at least three years.

(b) For the purposes of applying the formula to determine the applicant's share, multiple catastrophic illness occurring within a 12-month period to the applicant or other members of the applicant's family shall be treated as one catastrophic illness.

(c) In applying the formula to determine the applicant's share, the total gross income and the total assets of the family of the applicant may be taken into account, with the following exceptions:

- (1) the applicant's permanent place of abode;
- (2) one noncommercial vehicle;
- (3) tools, equipment, vehicles and other assets required in a trade or business;
- (4) ordinary household and personal effects;
- (5) \$1,000 of liquid assets; *Person in business needs much more liquid assets to run business not enough for person not in business*
- (6) all nonliquid assets unless such an exclusion would bring about an inequitable result; however, all income derived from such property shall be taken into consideration in determining the recipient's gross income; *Should be reasonable limits on properties not used in business.*
- (7) inalienable shares in a Native corporation created under the Alaska Native Claims Settlement Act, P.L. 92-203; 43 U.S.C. 1601 et seq., for the period of their inalienability as specified in the Act;
- (8) Alaska longevity bonus payments;
- (9) any other assets specifically restricted for the use of the recipient by state or federal law.

(d) Assets received by the applicant as a custodian, guardian, conservator, or trustee for another are not considered assets of the custodian, guardian, conservator, or trustee himself.

(e) The applicant's share shall be reduced in the amount of any premiums paid for disability insurance or a prepaid medical plan up to \$500 if incurred in the 12-month period beginning with the occurrence of

the injury or the onset of the illness.

(f) Notwithstanding the provisions of this section, the committee may waive payment of an applicant's share when the catastrophic illness is the proximate result of an immunization required by law.

Sec. 47.08.070. STANDARDS FOR REIMBURSEMENT TO PROVIDERS. The amount that the committee reimburses providers for medical services rendered to a person who has suffered catastrophic illness may not be greater than 100 per cent of the total unpaid bills related to the catastrophic illness and shall be determined by the following standards:

(1) Only unpaid medical expenses for periods not to exceed 12 months, and related to catastrophic illness, may be considered. The initial 12-month period begins with the date of the first charges incurred because of the illness.

(2) The committee may not reimburse a provider if the applicant's total medical expenses related to the catastrophic illness are less than \$1,000 in any period not exceeding 12 months described in (1) of this section after all sources of third-party payment have been exhausted by the applicant or by someone acting on behalf of the applicant.

(3) The committee may not reimburse a provider for the applicant's share of the total medical expenses; moreover, a reimbursement to the provider shall be conditioned on the provider's agreement that the provider enter into a payment schedule with the applicant which will result in full liquidation of the applicant's share. Payment schedules may not be for a term of less than three years.

Sec. 47.08.080. RECONSIDERATION OF DECISION BY COMMITTEE. The committee shall promptly notify an applicant of its decision with written reasons for the amount of the award or denial. An applicant who is dissatisfied with a decision of the committee may apply to the committee

for reconsideration within 30 days of receipt of the decision. The request for reconsideration must include a written statement of grounds for reconsideration and any supporting documentation which was not available to the committee for its original decision. Within 30 days after receipt of a request for reconsideration, the committee shall affirm, amend, or reverse its original decision. The committee shall promptly notify the applicant of its decision upon reconsideration with written reasons for its action. Information describing hearing rights and procedures must be furnished with the written notification of denial.

Sec. 47.08.090. HEARING. An applicant who is dissatisfied with the committee's decision upon reconsideration may request a hearing in accordance with procedures established under AS 47.25.180.

Sec. 47.08.100. FINALITY OF DECISIONS. Decisions as to catastrophic illness awards are final

(1) 30 days after the applicant receives the committee's decision unless a reconsideration is requested during that time;

(2) 30 days after the applicant receives the committee's decision upon reconsideration unless a hearing is requested during that time;

(3) 15 days after the applicant receives the hearing authority's decision if that decision is not appealed to the director during that time;

(4) upon being notified of the decision of the director if an appeal is taken to the director under AS 47.25.180;

Sec. 47.08.110. EXTENSION OF TIME LIMITS. Time limits for reconsideration or for requesting an appeal may be extended, at the discretion of the committee, upon application or upon the committee's own motion. A request for reconsideration or for a hearing shall be con-

sidered made on the date when the request is dispatched rather than the date when it is received by the committee.

Sec. 47.08.120. RECOVERY FROM A COLLATERAL SOURCE. If the applicant or a provider receives payment from any other source for medical expenses which have been paid by the committee, the applicant or provider is liable to the committee in the amount of that payment. An application may not be considered by the committee unless the applicant agrees to this provision. A provider may not be paid by the committee under this chapter unless the provider agrees to this provision.

Sec. 47.08.130. REGULATIONS. The department may adopt regulations, in accordance with the Administrative Procedure Act, which establish rates of reimbursement to providers for medical expenses incurred, as well as other regulations necessary to carry out the purposes of this chapter.

Sec. 47.08.140. DEFINITIONS. In this chapter

(1) "applicant" means a person who has suffered a catastrophic illness and is applying for assistance under this chapter or is the subject of an application for assistance under this chapter;

(2) "applicant's share" means the amount of the total medical expense related to the catastrophic illness which the committee determines the applicant can reasonably be expected to pay based on income, assets, and number of dependents under sec. 60 of this chapter;

(3) "catastrophic illness" means illness or injury which result in medical expenses of over \$1,000 during a period not to exceed 12 months, after all other sources of third-party payment have been exhausted;

(4) "committee" means the Catastrophic Illness Committee, created under sec. 20 of this chapter;

(5) "elective medical or surgical procedures" means treatment

1 which is not essential to the life or health of a person;

2 (6) "family" means two or more persons related by blood or
3 marriage or adoption living as one economic unit;

4 (7) "liquid assets" means assets which can be readily con-
5 verted to cash;

6 (8) "medical expense" means any financial obligation incurred
7 in the course of treatment of illness as prescribed by a physician, in-
8 cluding bills for ancillary services, patient transportation, transpor-
9 tation of a medical or family escort when reasonably necessary, or
10 living expenses while receiving outpatient treatment in a community to
11 which the applicant is not reasonably able to commute from his permanent
12 place of abode;

13 (9) "nonliquid assets" means all assets which are not liquid
14 assets;

15 (10) "permanent place of abode" means a dwelling, or a dwell-
16 ing unit in a multiple dwelling, including lots and outbuildings or an
17 appropriate portion of these, which are necessary to convenient use of
18 the dwelling unit;

19 (11) "provider" means a licensed physician, pharmacist, den-
20 tist, or other health service worker or a licensed hospital, clinic,
21 skilled nursing home, intermediate care facility or health maintenance
22 organization which has provided services not excluded by sec. 50 of this
23 chapter to an applicant as a result of a catastrophic illness;

24 (12) "third-party payments" means payments of medical expenses
25 related to a catastrophic illness by sources other than the applicant or
26 the committee, including but not limited to state and federal medical
assistance programs, private health insurance, employment-related health
insurance, military health insurance, workmen's compensation, violent
crimes compensation, Indian Health Service of the United States Depart-

ment of Health, Education and Welfare, and awards in legal actions.

* Sec. 2. AS 47.25.255 is repealed.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

Net Income should not be considered
unless over \$10,000

Cliff Warren

Thelma Buchholdt,

Please review this revised draft of HB 409. Commissioner Beirne has received a copy of this revision today and we will be meeting later in the week to discuss it. We spoke on the phone today and have reached tentative agreement. A revised fiscal note is forthcoming to support the bill. Basically we are asking for a full-time admin asst and clerk typist rather than a half time position.

Comments from your office are welcomed. You will be advised of our next meeting sometime later this week.

Sincerely

Barbara O. Bouns

Chairman of Catastrophic Illness Committee
364-2121 x 142, D.O.T.

For an Act entitled: "An Act relating to catastrophic illness; and providing for an effective date".

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

*Section 1. AS 47 is amended by adding a new chapter to read:

Chapter 08. CATASTROPHIC ILLNESS ASSISTANCE.

Sec. 47.08.010. REIMBURSEMENT OF PROVIDERS. According to the provisions of this chapter, the Department of Health and Social Services Catastrophic Illness Committee shall reimburse providers of medical care for unpaid costs incurred in the treatment of a person suffering an illness or accident which results in financial catastrophic to the person or his family as defined in regulations adopted by the Committee.

Sec. 47.08.015. CATASTROPHIC ILLNESS COMMITTEE. There is created the Catastrophic Illness Committee, consisting of a medical review officer from the Department of Health and Social Services, a member appointed by the governor who has suffered a catastrophic illness, and a representative of the Department of Commerce and Economic Development appointed by the governor, and necessary administrative staff.

Sec. 47.08.020. POWERS AND DUTIES OF COMMITTEE. The Catastrophic Illness Committee shall determine eligibility, allowable costs and levels of reimbursement. It shall adopt regulations, make reasonable classifications of persons according to the size of family, family income and assets, and health care coverage from all other sources. Other sources include, but are not limited to, state and federal medical assistance programs, private health insurance, employment-related health insurance, military health insurance, workmen's compensation, violent crimes compensation, and Indian Health Service. In order not to exceed the budget appropriated by the legislature, the committee shall establish priorities for those eligible for assistance under this chapter. The committee

may not make reimbursement for costs incurred before July 1, 1976.

Sec. 47.08.025. NOTICE. The Catastrophic Illness Committee shall seek the assistance of medical providers to assure that the public is aware of the catastrophic illness program.

*Sec. 2. AS 47.25.255 is repealed.

*Sec. 3. This Act takes effect immediately in accordance with AS 01.-
10.070 (c).