

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7815 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

1 (8) has demonstrated

2 (A) professional incompetence, gross negligence, or repeated  
3 negligent conduct; the board may not base a finding of professional  
4 incompetence solely on the basis that a licensee's practice is unconventional or  
5 experimental in the absence of demonstrable physical harm to a patient;

6 (B) addiction to, severe dependency on, or habitual overuse of  
7 alcohol or other drugs that impairs the licensee's ability to practice safely;

8 (C) unfitness because of physical or mental disability;

9 (9) engaged in unprofessional conduct or in lewd or immoral conduct  
10 in connection with the delivery of professional services to patients;

11 (10) has violated AS 18.16.010;

12 (11) has violated any code of ethics adopted by regulation by the board;

13 or

14 (12) [HAS DENIED CARE OR TREATMENT TO A PATIENT OR  
15 PERSON SEEKING ASSISTANCE FROM THE PHYSICIAN IF THE ONLY  
16 REASON FOR THE DENIAL IS THE FAILURE OR REFUSAL OF THE PATIENT  
17 TO AGREE TO ARBITRATE AS PROVIDED IN AS 09.55.535(a); OR

18 (13)] has had a license or certificate to practice medicine in another  
19 state or territory of the United States, or a province or territory of Canada suspended  
20 or revoked unless the suspension or revocation was caused by the failure of the  
21 licensee to pay fees to that state, territory, or province.

22 (b) In a case involving (a)(12) [(a)(13)] of this section, the final findings of  
23 fact, conclusions of law, and order of the authority that suspended or revoked a license  
24 or certificate constitutes a prima facie case that the license or certificate was suspended  
25 or revoked and the grounds under which the suspension or revocation was granted.

26 \* Sec. 3. AS 08.68.270 is amended to read:

27 Sec. 08.68.270. GROUNDS FOR DENIAL, SUSPENSION, OR  
28 REVOCATION. The board may deny, suspend, or revoke the license of a person who

29 (1) has obtained or attempted to obtain a license to practice nursing by  
30 fraud or deceit;

31 (2) has been convicted of a felony or other crime if the felony or other

1 crime is substantially related to the qualifications, functions or duties of the licensee;

2 (3) habitually abuses alcoholic beverages, or illegally uses controlled  
3 substances;

4 (4) has impersonated a registered or practical nurse;

5 (5) has intentionally or negligently engaged in conduct that has resulted  
6 in a significant risk to the health or safety of a client or in injury to a client;

7 (6) practices or attempts to practice nursing while afflicted with  
8 physical or mental illness, deterioration, or disability that interferes with the  
9 individual's performance of nursing functions;

10 (7) is guilty of unprofessional conduct as defined by regulations  
11 adopted by the board;

12 (8) has wilfully or repeatedly violated a provision of this chapter or  
13 regulations adopted under it;

14 (9) is professionally incompetent [;

15 (10) DENIES CARE OR TREATMENT TO A PATIENT OR PERSON  
16 SEEKING ASSISTANCE IF THE SOLE REASON FOR THE DENIAL IS THE  
17 FAILURE OR REFUSAL OF THE PATIENT OR PERSON SEEKING ASSISTANCE  
18 TO AGREE TO ARBITRATE AS PROVIDED IN AS 09.55.535(a)].

19 \* Sec. 4. AS 09.55.535 is repealed and reenacted to read:

20 Sec. 09.55.535. MANDATORY ARBITRATION. (a) A person who files an  
21 action for damages against a health care provider resulting from medical malpractice  
22 shall also submit the claim to the court for arbitration.

23 (b) When a claim is submitted as required by (a) of this section, the court shall  
24 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim  
25 shall interview the parties and examine all records or materials relating to the claim  
26 and may compel the attendance of witnesses, interview the parties, or consult with  
27 medical specialists.

28 (c) An arbitrator appointed under this section shall conduct a prehearing  
29 settlement conference within 30 days after the appointment. The arbitrator shall  
30 establish a period for discovery and a date for a hearing. The hearing date may not  
31 be more than 120 days after the settlement conference.

1 (d) An arbitrator shall render a decision within 30 days after hearing a claim  
2 under (c) of this section. The decision must contain findings of fact and conclusions  
3 of law. The decision of the arbitrator may be rejected by a party.

4 (e) If the decision of the arbitrator is rejected by a party, the action may  
5 proceed in the appropriate court. The arbitrator's decision is admissible evidence in  
6 that action and may be used by a party to support or oppose a claim of damages.

7 (f) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)  
8 apply to an arbitration under this section to the extent the provisions do not conflict  
9 with the provisions of this section.

10 \* Sec. 5. AS 09.55.536 is amended to read:

11 Sec. 09.55.536. EXPERT ADVISOR [ADVISORY PANEL]. (a) In an action  
12 for damages due to personal injury or death based upon the provision of professional  
13 services by a health care provider [WHEN THE PARTIES HAVE NOT AGREED TO  
14 ARBITRATION OF THE CLAIM UNDER AS 09.55.535,] the court shall appoint  
15 within 20 days after filing of answer to a summons and complaint an [A THREE-  
16 PERSON] expert medical advisor [EXPERT ADVISORY PANEL] unless the court  
17 decides that an expert advisory opinion is not necessary for a decision in the case.  
18 When the action is filed the court shall, by order, determine the professions or  
19 specialties to be represented by [ON] the medical expert [ADVISORY PANEL],  
20 giving the parties the opportunity to object or make suggestions.

21 (b) The expert advisor [ADVISORY PANEL] may compel the attendance of  
22 witnesses, interview the parties, physically examine the injured person if alive, consult  
23 with the specialists or learned works the advisor considers [THEY CONSIDER]  
24 appropriate, and compel the production of and examine all relevant hospital, medical,  
25 or other records or materials relating to the health care in issue. The advisor  
26 [PANEL] may meet in camera, but shall maintain a record of any testimony or oral  
27 statements of witnesses, and shall keep copies of all written statements received [IT  
28 RECEIVES].

29 (c) Not more than 30 days after selection of the advisor, the advisor [PANEL,  
30 IT] shall make a written report to the parties and to the court, answering the following  
31 questions and other questions submitted to the advisor [PANEL] by the court:

- 1 (1) What was the disorder for which the plaintiff came to medical care?
- 2 (2) What would have been the probable outcome without medical care?
- 3 (3) Was the treatment selected appropriate for the case?
- 4 (4) Did an injury arise from the medical care?
- 5 (5) What is the nature and extent of the medical injury?
- 6 (6) What specifically caused the medical injury?
- 7 (7) Was the medical injury caused by unskillful care?
- 8 (8) If a medical injury had not occurred, how would the plaintiff's
- 9 condition differ from the plaintiff's present condition?

10 (d) In any case in which the answer to one or more of the questions submitted  
11 to the advisor [PANEL] depends upon the resolution of factual questions that  
12 [WHICH] are not the proper subject of expert opinion, the report shall so state and  
13 may answer questions based upon hypothetical facts that are fully set out in the  
14 opinion. The report must [SHALL] include copies of all written statements, opinions,  
15 or records relied upon by the advisor [PANEL] and either a transcription or other  
16 record of any oral statements or opinions; must [SHALL] specify any medical or  
17 scientific authority relied upon by the advisor [PANEL]; and must [SHALL] include  
18 the results of any physical or mental examination performed on the plaintiff. The  
19 advisor [EACH MEMBER] shall sign the report and the signature constitutes the  
20 advisor's [MEMBER'S] adoption of all statements and opinions contained in it. An  
21 advisor [; HOWEVER, A MEMBER MAY, INSTEAD OF SIGNING THE REPORT,  
22 SUBMIT A CONCURRING OR DISSENTING REPORT WHICH COMPLIES WITH  
23 THE REQUIREMENTS OF THIS SUBSECTION. A MEMBER] may not attest to  
24 any portion of the report as to which the advisor [MEMBER] is not qualified to give  
25 expert testimony.

26 (e) The report of the advisor [PANEL WITH ANY DISSENTING OR  
27 CONCURRING OPINION] is admissible in evidence to the same extent as though its  
28 contents were orally testified to by the person [OR PERSONS] preparing it. The court  
29 shall delete any portion that would not be admissible because of lack of foundation for  
30 opinion testimony, or otherwise. Either party may submit testimony to support or  
31 refute the report. The jury shall be instructed in general terms that the report shall be

1 considered and evaluated in the same manner as any other expert testimony. The  
2 expert advisor [ANY MEMBER OF THE PANEL] may be called by any party and  
3 may be cross-examined as to the contents of the report [OR OF THAT MEMBER'S  
4 DISSENTING OR CONCURRING OPINION].

5 (f) Discovery [NO DISCOVERY] may not be undertaken in a case until the  
6 report of the expert advisor [ADVISORY PANEL] is received. However, the court  
7 may relax this prohibition upon a showing of good cause by a [ANY] party. If the  
8 advisor [PANEL] has not completed the [ITS] report within the 30-day period  
9 prescribed in (c) of this section, the court may, upon application, grant [IT] an  
10 additional 30 days.

11 (g) The expert advisor is [MEMBERS OF A PANEL ARE] entitled to travel  
12 expenses and per diem in accordance with state law pertaining to members of boards  
13 and commissions for all time spent in preparing the [ITS] report. If an advisor [A  
14 PANEL MEMBER] is called upon as a witness at trial or upon deposition, the advisor  
15 [MEMBER] is entitled to payment of an expert witness fee, which may not exceed  
16 \$150 per day. All expenses incurred by the advisor [PANEL] shall be paid by the  
17 court. However, in any case in which the court determines that a party has made a  
18 patently frivolous claim or a patently frivolous denial of liability, it shall order that all  
19 costs of the expert advisor [ADVISORY PANEL] be borne by the party making that  
20 claim or denial.

21 (h) Parties to the case and their counsel may not initiate communication out  
22 of court with an expert advisor [MEMBERS OF THE PANEL] on the subject matter  
23 of the advisor's [ITS] inquiry and report or cause or solicit others to do so, except  
24 through ordinary discovery proceedings.

25 \* Sec. 6. AS 09.55 is amended by adding a new section to read:

26 ARTICLE 5A. CERTAIN CLAIMS AGAINST HEALTH INSURERS.

27 Sec. 09.55.565. PROCEDURE FOR CERTAIN CLAIMS AGAINST A  
28 HEALTH INSURER. (a) Unless preempted by federal law that provides otherwise,  
29 a person who files an action against a health insurer resulting from a failure to timely  
30 pay a claim or to authorize a health care service under a plan or policy shall also  
31 submit the claim to the court for arbitration.

1 (b) When a claim is submitted as required by (a) of this section, the court shall  
2 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim  
3 shall interview the parties and examine all records or materials relating to the claim  
4 and may compel the attendance of witnesses, interview the parties, or consult with  
5 medical specialists.

6 (c) An arbitrator appointed under this section shall conduct a prehearing  
7 settlement conference within 30 days after the appointment. The arbitrator shall  
8 establish a period for discovery and a date for a hearing. The hearing date may not  
9 be more than 120 days after the settlement conference.

10 (d) An arbitrator shall render a decision within 30 days after hearing a claim  
11 under (c) of this section. The decision must contain findings of fact and conclusions  
12 of law. The decision of the arbitrator may be rejected by a party.

13 (e) If the decision of the arbitrator is rejected by a party, the action may  
14 proceed in the appropriate court. The arbitrator's decision is admissible evidence in  
15 that action and may be used by a party to support or oppose a claim of damages.

16 (f) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)  
17 apply to an arbitration under this section to the extent the provisions do not conflict  
18 with the provisions of this section.

19 (g) In this section,

20 (1) "health care service" has the meaning given in AS 21.86.900;

21 (2) "health insurer" has the meaning given in AS 44.19.639.

22 \* Sec. 7. AS 21.51 is amended by adding new sections to read:

23 Sec. 21.51.350. REVIEW AND APPROVAL OF RATES AND RATING  
24 FACTORS. (a) A disability insurer shall file with the director and the Alaska Health  
25 Commission rates or rating factors for disability insurance, including a change to such  
26 a rate or factor. The filing must include detailed information that allows the director  
27 and the commission to evaluate the appropriateness of the proposed rate or rating  
28 factor. A disability insurer may furnish the following information in support of a  
29 filing:

30 (1) actuarial judgment;

31 (2) interpretation of the statistical data relied upon by the disability

1 insurer;

2 (3) the loss and expense experience of the policy or plan or a similar  
3 policy or plan; or

4 (4) other information or data requested by the director.

5 (b) A filing shall be made at least 75 days before the intended effective date  
6 of the rate or rating factor and is subject to the approval of the Alaska Health  
7 Commission. Within 45 days after a filing under this section, the director shall review  
8 the filing and make a written recommendation to the Alaska Health Commission as to  
9 whether the commission should approve or disapprove the filing. This  
10 recommendation is not an order of the director and is not appealable under  
11 AS 21.06.230.

12 Sec. 21.51.360. RISK SHARING AND PURCHASING POOLS. After  
13 consulting with and considering any reports or recommendations of the Alaska Health  
14 Commission, the director shall adopt regulations to allow for the creation of pools,  
15 including pools for the primary benefit of children, for the purpose of sharing risks or  
16 purchasing insurance under this chapter.

17 \* Sec. 8. AS 21.86.070(g) is amended to read:

18 (g) The director may require that additional relevant material considered  
19 necessary by the director be submitted in order to determine the acceptability of a  
20 filing made under [EITHER] (b) [OR (e)] of this section.

21 \* Sec. 9. AS 21.86 is amended by adding a new section to read:

22 Sec. 21.86.075. REVIEW AND APPROVAL OF RATES AND CHARGES.

23 (a) A health maintenance organization shall file with the director and the Alaska  
24 Health Commission rates, rating factors, premiums, fees for services and enrollee fees,  
25 including a change to such a rate, factor, premium, or fee, used in providing health  
26 care services to enrollees of the health maintenance organization. The filing must  
27 include detailed information that allows the director and the commission to evaluate  
28 the appropriateness of the proposed rates, factors, premiums, and fees. A health  
29 maintenance organization may furnish the following information in support of a filing:

30 (1) actuarial judgment;

31 (2) interpretation of the statistical data relied upon by the health

1 maintenance organization;

2 (3) the loss and expense experience of the policy or plan or a similar  
3 policy or plan; or

4 (4) other information or data requested by the director.

5 (b) A filing required under this section shall be made at least 75 days before  
6 the intended effective date of the rate, rating factor, premium, fee for services, or  
7 enrollee fee and is subject to the approval of the Alaska Health Commission. Within  
8 45 days after a filing under this section, the director shall review the filing and make  
9 a written recommendation to the Alaska Health Commission as to whether the  
10 commission should approve or disapprove the filing. This recommendation is not an  
11 order of the director and is not appealable under AS 21.06.230.

12 \* Sec. 10. AS 21.86 is amended by adding a new section to read:

13 Sec. 21.86.320. RISK SHARING AND PURCHASING POOLS. After  
14 consulting with and considering any reports or recommendations of the Alaska Health  
15 Commission, the director shall adopt regulations to allow for the creation of pools,  
16 including pools for the primary benefit of children, for the purpose of sharing risks or  
17 purchasing insurance under this chapter.

18 \* Sec. 11. AS 21.87.190 is repealed and reenacted to read:

19 Sec. 21.87.190. REVIEW AND APPROVAL OF RATES AND CHARGES.

20 (a) Subscription rates, fees, and payments to be charged by a service corporation to  
21 or on account of its subscribers may not be excessive, inadequate, or unfairly  
22 discriminatory. Rates of payments to be made to participant providers and participant  
23 hospitals for services rendered under a subscriber's contract must be fair and  
24 reasonable.

25 (b) A service corporation shall file with the director and the Alaska Health  
26 Commission subscription rates, rating factors, fees, and payments, including a change  
27 to a rate, factor, fee, or payment, to be charged to or on account of the service  
28 corporation's subscribers. The filing must include detailed information that allows the  
29 director and the commission to evaluate the appropriateness of the proposed rates,  
30 factors, fees, and payments. A service corporation may furnish the following  
31 information in support of a filing:

- 1 (1) actuarial judgment;
- 2 (2) interpretation of the statistical data relied upon by the service
- 3 corporation;
- 4 (3) the loss and expense experience of the policy or plan or a similar
- 5 policy or plan; or
- 6 (4) other information or data requested by the director.

7 (c) A filing required under this section shall be made at least 75 days before

8 the intended effective date of the subscription rate, rating factor, fee, or payment and

9 is subject to the approval of the Alaska Health Commission. Within 45 days after a

10 filing under this section, the director shall review the filing and make a written

11 recommendation to the Alaska Health Commission as to whether the commission

12 should approve or disapprove the filing. This recommendation is not an order of the

13 director and is not appealable under AS 21.06.230.

14 (d) If a subscriber contract to be issued by the service corporation provides for

15 indemnity benefits and is permitted under this chapter, the service corporation shall

16 include in the rate, fee, or payment required of the subscriber an adequate additional

17 charge for the indemnity benefit, and shall separately set out the amount of the

18 additional charge in the filing required by this section and AS 44.19.629.

19 \* Sec. 12. AS 21.87 is amended by adding a new section to read:

20 Sec. 21.87.285. RISK SHARING AND PURCHASING POOLS. After

21 consulting with and considering any reports or recommendations of the Alaska Health

22 Commission, the director shall adopt regulations to allow for the creation of pools,

23 including pools for the primary benefit of children, for the purpose of sharing risks or

24 purchasing insurance under this chapter.

25 \* Sec. 13. AS 36.30.015 is amended by adding a new subsection to read:

26 (h) The Alaska Health Commission shall adopt regulations to manage the

27 procurement of supplies, services, and professional services necessary for its operations

28 under AS 44.19.619 - 44.19.639. The regulations must be based on principles of

29 competitive procurement, consistent with this chapter, to satisfy the requirements of

30 the Alaska Health Commission as determined by that commission.

31 \* Sec. 14. AS 36.30.990(1) is amended to read:

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(1) "agency"

(A) means a department, institution, board, commission, division, authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of the executive branch of state government;

(B) does not include

(i) the University of Alaska;

(ii) the Alaska Railroad Corporation;

(iii) the Alaska Housing Finance Corporation;

(iv) a regional Native housing authority created under AS 18.55.996 or a regional electrical authority created under AS 18.57.020;

(v) the Department of Transportation and Public Facilities, in regard to the repair, maintenance, and reconstruction of vessels, docking facilities, and passenger and vehicle transfer facilities of the Alaska marine highway system;

(vi) the Alaska Aerospace Development Corporation;

(vii) the Alaska State Pension Investment Board;

(viii) the Alaska Health Commission;

\* Sec. 15. AS 39.25.110(11) is amended to read:

(11) the officers and employees of the following boards, commissions, and authorities:

(A) Alaska Gas Pipeline Financing Authority;

(B) Alaska Permanent Fund Corporation;

(C) Alaska Industrial Development and Export Authority;

(D) Alaska Commercial Fisheries Entry Commission;

(E) Alaska Commission on Postsecondary Education;

(F) Alaska Aerospace Development Corporation;

(G) Alaska Health Commission;

\* Sec. 16. AS 44.19 is amended by adding new sections to read:

ARTICLE 12. ALASKA HEALTH COMMISSION.

Sec. 44.19.619. CREATION OF COMMISSION. The Alaska Health

1 Commission is created in the Office of the Governor.

2 Sec. 44.19.621. PURPOSE OF COMMISSION. The purpose of the  
3 commission is to improve health care in this state by

4 (1) establishing and implementing a system for collecting and analyzing  
5 information and data relating to the individual and public health care needs of and  
6 services provided to residents of the state;

7 (2) promoting the use of electronic data transfer and the implementation  
8 of uniform procedures for billing, payment, and claim systems;

9 (3) promoting consumer confidence in the health care system through  
10 approval of rate filings by health insurers and disclosure of charges by health care  
11 providers;

12 (4) promoting the creation of pools, including pools for the primary  
13 benefit of children, for the purpose of sharing risks or purchasing insurance for health  
14 care services; and

15 (5) analyzing health care reform proposals, including a proposal that  
16 is based on a single payor system; recommending health care reform proposals to the  
17 governor and the legislature; and reporting to and making recommendations to the  
18 governor and legislature on the following:

19 (A) defining a range of potential benefit packages for universal  
20 health care coverage for residents of the state; a benefit package must include  
21 coverage for health care services without containing an exclusion based on a  
22 preexisting condition;

23 (B) determining the needs and requirements imposed on the  
24 state by federal enactments that affect health care reform; the commission shall  
25 make the determination required under this subparagraph within 60 days after  
26 each measure is enacted into law;

27 (C) determining the prospective costs for recommended  
28 comprehensive health care reform proposals, as requested by the governor or  
29 as determined by a majority vote of the commission;

30 (D) determining financing plans for recommended proposals;

31 (E) describing administrative structures necessary to implement

1 recommended proposals;

2 (F) identifying a process to implement statewide expenditure  
3 measures for health care goods and services;

4 (G) investigating health care standards of practice and  
5 determining their effect on medical tort liability and other aspects of health care  
6 delivery; and

7 (H) investigating alternatives to existing hospital licensing  
8 requirements to allow for less use of acute care facilities.

9 Sec. 44.19.622. COMPOSITION; QUALIFICATIONS; TERMS; REMOVAL;  
10 DESIGNATION OF CHAIR. (a) The commission consists of three members  
11 appointed by the governor and confirmed by the legislature for six-year terms. Not  
12 more than one member of the commission may be

13 (1) a health care provider; or

14 (2) employed by a health insurance company.

15 (b) A commission member may serve only one six-year term plus the  
16 remainder of any unexpired term to which the member was appointed.

17 (c) The governor may remove a member of the commission only for cause.

18 (d) The governor shall designate a member of the commission to serve, at the  
19 pleasure of the governor, as chair of the commission for a term of two years. The  
20 governor may reappoint the same member for additional terms as chair.

21 (e) A commission member shall comply with the applicable requirements of  
22 AS 39.50, and must be a state resident throughout the person's term as a member of  
23 the commission.

24 Sec. 44.19.623. STAFF. The commission may employ staff as necessary to  
25 carry out the purposes of this chapter. The staff of the commission is in the exempt  
26 service.

27 Sec. 44.19.624. COMPENSATION. Members of the commission are in the  
28 exempt service and are entitled to a monthly salary equal to Step C, Range 26, of the  
29 salary schedule set out in AS 39.27.011(a) for Anchorage, Alaska. Subject to the  
30 availability of appropriations, the chair may be paid at a higher step in the same range,  
31 if approved by the governor.

1           Sec. 44.19.625. MEETINGS. (a) The commission shall meet publicly not less  
2 than quarterly to accomplish its duties under AS 44.19.619 - 44.19.639. The  
3 commission shall comply with AS 44.62.310 - 44.62.312.

4           (b) Two members of the commission constitute a quorum for the transaction  
5 of business and the exercise of the powers and duties of the commission.

6           Sec. 44.19.626. POWERS AND DUTIES. (a) The commission may

7                 (1) enter into contracts and execute instruments necessary for carrying  
8 out its business;

9                 (2) establish advisory committees to the commission to conduct  
10 research or investigation and report back to the commission on findings; an advisory  
11 committee must consist of at least one member of the commission and may include  
12 other individuals with appropriate expertise appointed by the commission;

13                 (3) adopt regulations necessary to interpret or implement  
14 AS 44.19.619 - 44.19.639, including regulations establishing reasonable, necessary fees  
15 for services provided by the commission.

16           (b) The commission shall

17                 (1) conduct public meetings in accordance with AS 44.19.625,  
18 including holding public hearings as necessary;

19                 (2) collect and analyze data and information from public, private, or  
20 other sources relating to the cost, delivery, or financing of health care services  
21 provided to state residents;

22                 (3) monitor the costs of and the access to health care services to state  
23 residents;

24                 (4) make reports and recommendations to the governor and legislature  
25 in accordance with AS 44.19.619 - 44.19.639;

26                 (5) review and either approve or disapprove filings of rates, rate factors,  
27 and subscriber and enrollee fees as provided in AS 44.19.629;

28                 (6) establish a public health advisory committee that

29                         (A) consists of at least one member of the commission and  
30 other individuals with significant public health expertise appointed by the  
31 commission; the commission shall consider public and private health care

- 1 professionals, labor organizations, businesses, the education system, the Alaska  
2 Public Health Association, the Alaska Mental Health Board, and the Alaska  
3 Native Health Board for service on the public health advisory committee, as  
4 well as recognizing the need for geographic, ethnic, and cultural diversity;
- 5 (B) advises the commission on public health matters and the  
6 integration of public health services under AS 44.19.621;
- 7 (C) develops a public health improvement plan as described  
8 under (c) of this section;
- 9 (7) obtain waivers from federal agencies or under applicable federal law  
10 to the extent necessary to maximize the collection and analysis of health care data.
- 11 (c) The plan developed by the committee under (b)(6) of this section may
- 12 (1) recognize the need for
- 13 (A) community involvement in health care planning and  
14 delivery;
- 15 (B) attention to local needs that may vary from place to place;
- 16 (C) accountability for the use of public funds;
- 17 (D) equity and stability in the distribution of public funds;
- 18 (E) shared responsibility of all levels of government for  
19 administering and financing public health care delivery; and
- 20 (F) coordination of basic public health services; and
- 21 (2) include
- 22 (A) an analysis of the health status of the residents of the state;
- 23 (B) an assessment of the most appropriate role for various levels  
24 of government to play in addressing the health care needs of the residents of  
25 the state;
- 26 (C) a delineation of the standards that should be used in  
27 performing assessment, policy development, and quality assurance in the  
28 delivery of public health services;
- 29 (D) documentation of the extent to which the current public  
30 health system implements or achieves the standards identified under (C) of this  
31 paragraph;

1 (E) identification of interjurisdictional issues involved in health  
2 care access and delivery;

3 (F) recommendations, including recommendations for specific  
4 legislative action when necessary, pertaining to the following:

5 (i) strategies, time lines, financial needs, and specific  
6 sources of stable revenue for bringing the state public health care  
7 system up to standards identified by the committee;

8 (ii) appropriate sharing of the responsibility of local,  
9 regional, state, and federal government entities to deliver public health  
10 care services efficiently and effectively, including recommendations for  
11 organization within state government;

12 (iii) integration of the public health care system with  
13 state and national health care reform efforts;

14 (iv) the committee's estimate of the optimal share that  
15 public health should represent in the total health care delivery system  
16 of the state, expressed in terms of a percentage of health care dollars  
17 spent or in terms of public dollars per state resident.

18 Sec. 44.19.627. DUTY TO REPORT. At the request of the governor, the  
19 commission shall compile and issue to the governor, the legislature, and the public a  
20 report concerning its activities.

21 Sec. 44.19.628. UNIFORM DATA AND PROCEDURES FOR HEALTH  
22 CLAIMS. (a) The director of the division of insurance, after considering the advice  
23 of the commission, shall adopt by regulation uniform claims forms, uniform standards,  
24 and uniform procedures for the processing of data relating to billing for and payment  
25 of health care services provided to state residents. All health insurers shall comply  
26 with the uniform claims forms, standards, and procedures established under this  
27 section.

28 (b) To the extent that there is a conflict or inconsistency between a provision  
29 of AS 21 that applies to a health insurer and a provision of a regulation adopted under  
30 (a) of this section, the regulation governs. The director of the division of insurance  
31 shall ensure that regulations adopted by the director under AS 21 that apply to a health

1 insurer are not in conflict or inconsistent with regulations adopted under (a) of this  
2 section

3 Sec. 44.19.629. REVIEW AND APPROVAL OF RATES AND CHARGES.

4 (a) The commission shall review a rate filing and the recommendation of the division  
5 of insurance made under AS 21.51.350, AS 21.86.075, or AS 21.87.190. In reviewing  
6 a filing, the commission

7 (1) shall collect and analyze information and data from the health  
8 insurer that made the filing;

9 (2) may use any information or data collected under AS 44.19.619 -  
10 44.19.639; and

11 (3) shall hold a public hearing for comment on the filing and for  
12 verifying the basis for the filing.

13 (b) After the commission completes the requirements of (a) of this section, the  
14 commission shall issue a decision on the filing. The commission may approve or  
15 disapprove a filing reviewed under this section. If the commission fails to issue a  
16 decision within 75 days after the filing was made, the filing is considered to be  
17 approved by the commission under this section.

18 Sec. 44.19.630. APPEALS OF COMMISSION DECISIONS. A health insurer  
19 aggrieved by a decision of the commission under AS 44.19.629 concerning that  
20 insurer's filing may appeal the decision to the superior court.

21 Sec. 44.19.631. DISCLOSURE OF INFORMATION; PENALTY. (a) A  
22 person providing or insuring health care services in the state shall provide, upon  
23 request or order of the commission, reports, data, health information, insurance  
24 schedules, statistics, and other information, as determined necessary by the  
25 commission, by regulation, to carry out the purposes of AS 44.19.619 - 44.19.639.  
26 This subsection applies to the state and to a municipality; as well as to public and  
27 private health care facilities and providers, and health care insurers and self-insurers.

28 (b) Information and data obtained or produced by the commission is subject  
29 to AS 09.25.110 and 09.25.120 and regulations adopted under AS 09.25.110 and  
30 09.25.120. Information or data that identifies a recipient of health care services is  
31 considered to be a medical and related public health record that is subject to the

1 exception to public inspection under AS 09.25.120 and shall be kept confidential.

2 (c) A member, an employee, or an agent of the commission, or a member of  
3 an advisory committee to the commission, who wrongfully discloses or who uses or  
4 permits the use of confidential information or data in violation of (b) of this section  
5 is guilty of a class B misdemeanor.

6 Sec. 44.19.632. IMMUNITY FROM LIABILITY. Members of the  
7 commission, its employees, its agents, its advisory committee members, and persons  
8 providing information and data to the commission as required under AS 44.19.619 -  
9 44.19.639 are not liable for civil damages for an act or omission in the execution of  
10 their authorized activities or duties under AS 44.19.619 - 44.19.639. This section does  
11 not preclude liability for civil damages as a result of reckless or intentional  
12 misconduct.

13 Sec. 44.19.633. OATHS; SUBPOENAS. (a) The commission may administer  
14 oaths and may issue subpoenas to persons to require testimony or to require the  
15 production of records, information, or data under AS 44.19.629 or 44.19.631.

16 (b) If a person disobeys or resists a lawful subpoena issued by the commission,  
17 the commission may certify the facts to the superior court, and upon certification the  
18 court shall issue an order directing the person to appear before the court and show  
19 cause why the person should not be punished for contempt.

20 Sec. 44.19.634. APPROPRIATIONS. The legislature may appropriate a  
21 portion of the proceeds of the tax on insurance premiums collected under  
22 AS 21.09.210 to the Alaska Health Commission for the commission's operating costs.

23 Sec. 44.19.635. DISCLOSURE OF PROVIDER CHARGES; FINE FOR  
24 NONDISCLOSURE. (a) At least annually, a provider shall compile a list of charges  
25 for the 20 health care services most commonly provided by that provider. Charges for  
26 hospital services may be prepared on the basis of diagnosis-related groups. Upon  
27 request of a person who is considering obtaining services from a provider, the provider  
28 shall provide the list of charges to the person for use in comparing charges among  
29 providers.

30 (b) Upon the request of a patient and before the commencement of a medical  
31 procedure, the provider shall disclose to that patient the estimated charge for the

1 procedure. The estimated charge shall be made in good faith and must be based on  
2 the provider's history of charges for that procedure. Nothing in this subsection  
3 requires a provider to make a charge estimate if the provider does not agree to perform  
4 the procedure.

5 (c) A provider shall place the following statement either on a form to be  
6 signed by the patient or in a conspicuous location on an easily readable sign: "You  
7 are entitled to a charge estimate for a medical procedure before the procedure is  
8 performed by your health provider."

9 (d) If the commission, after investigation of a complaint by a patient,  
10 determines that a provider has not complied with this section, the commission may  
11 impose a fine of up to \$1,000 against the provider. The commission may impose only  
12 one fine under this section against a provider in a calendar year. A provider's  
13 violation of this section does not preclude the provider from collecting payment for  
14 services provided.

15 (e) A provider aggrieved by a decision of the commission under this section  
16 may appeal the decision to the superior court.

17 Sec. 44.19.639. DEFINITIONS. In AS 44.19.619 - 44.19.639, unless the  
18 context requires otherwise,

19 (1) "commission" means the Alaska Health Commission;

20 (2) "division of insurance" means the division of insurance in the  
21 Department of Commerce and Economic Development;

22 (3) "health care services" has the meaning given in AS 21.86.900;

23 (4) "health information" means all information and data relating to  
24 access to or delivery or financing of health care services;

25 (5) "health insurance" has the meaning given "disability insurance" in  
26 AS 21.12.050;

27 (6) "health insurer" means an entity transacting the business of health  
28 insurance, a health maintenance organization under AS 21.86, a hospital service  
29 corporation under AS 21.87, a medical service corporation under AS 21.87, or a  
30 combined medical service and hospital service corporation under AS 21.87;

31 (7) "pool" means a mechanism to facilitate or provide for sharing risks

1 or the purchase of health insurance in the event coverage is unavailable or  
2 unobtainable;

3 (8) "provider" has the meaning given in AS 21.86.900;

4 (9) "single payor system" means a method of financing health care  
5 services in a manner that provides every resident a minimum set of uniform benefits  
6 and that requires payment for services be made through a single entity.

7 \* Sec. 17. AS 44.62.310(d) is amended to read:

8 (d) This section does not apply to

9 (1) judicial or quasi-judicial bodies when holding a meeting solely to  
10 make a decision in an adjudicatory proceeding;

11 (2) juries;

12 (3) parole or pardon boards;

13 (4) meetings of a hospital medical staff; or

14 (5) meetings of the governing body or any committee of a hospital  
15 when holding a meeting solely to act upon matters of professional qualifications,  
16 privileges or discipline; or

17 (6) meetings of the Alaska Health Commission, except for meetings  
18 concerning the adoption of regulations or actions on filings under AS 44.19.629.

19 \* Sec. 18. AS 44.66.010(a) is amended by adding a new paragraph to read:

20 (20) Alaska Health Commission (AS 44.19.619) -- June 30, 1999.

21 \* Sec. 19. AS 09.55.560(2), 09.55.560(3); AS 21.86.070(e), and 21.86.070(f) are repealed.

22 \* Sec. 20. Alaska Rule of Civil Procedure 72.1 is repealed.

23 \* Sec. 21. APPLICABILITY. Sections 4, 5, and 6 of this Act apply to a cause of action  
24 accruing on or after the effective date of this Act.

25 \* Sec. 22. INITIAL APPOINTMENT OF COMMISSION MEMBERS. Notwithstanding  
26 AS 44.19.622(a), enacted by sec. 16 of this Act, the terms of persons initially appointed to the  
27 Alaska Health Commission under AS 44.19.622 shall be staggered as provided in  
28 AS 39.05.055.

29 \* Sec. 23. REAPPOINTMENT OF INITIAL APPOINTEES. Notwithstanding  
30 AS 44.19.622(b), enacted by sec. 16 of this Act, a person initially appointed to the Alaska  
31 Health Commission under (a) of this section may be reappointed to serve no more than one

1 six-year term as a member of the Alaska Health Commission.

2 \* Sec. 24. PHASED TRANSITION PERIOD. (a) Notwithstanding the provisions of  
3 AS 44.19.621 - 44.19.639, the Alaska Health Commission shall implement the provisions of  
4 AS 44.19.621 - 44.19.639 on a orderly and gradual basis as follows:

5 (1) by January 1, 1996, the commission shall complete the research necessary  
6 to report recommendations to the governor and the legislature on the issues described under  
7 AS 44.19.621(a)(5)(A), (C), (D), (E), and (G);

8 (2) by July 1, 1996, the commission shall complete the research necessary to  
9 report recommendations to the governor and the legislature on the issues described under  
10 AS 44.19.621(a)(5)(F) and adopt regulations necessary to implement AS 44.19.628(a);

11 (3) by January 1, 1997, the commission shall complete the research necessary  
12 to report recommendations to the governor and the legislature on the issues described under  
13 AS 44.19.621(a)(5)(H).

14 (b) Upon request of the commission, and for good cause shown, the governor may  
15 grant an extension of a deadline set in (a) of this section. The governor shall inform the  
16 legislature of a decision on a request to extend a deadline.

17 \* Sec. 25. AS 09.55.536(f), amended by sec. 5 of this Act, amends Alaska Rules of Civil  
18 Procedure 26 and 27 by providing that discovery may not be undertaken until the expert  
19 advisor's report is received.

20 \* Sec. 26. AS 09.55.536(e), amended by sec. 5 of this Act, amends Alaska Rules of  
21 Evidence 802, 803, and 804 by providing that the expert advisor's report is admissible in  
22 evidence to the same extent as though its contents were orally testified to by the advisor.

23 \* Sec. 27. Section 20 of this Act takes effect July 1, 1994, only if that section receives the  
24 two-thirds majority vote of each house required by art. IV, sec. 15, Constitution of the State  
25 of Alaska.

26 \* Sec. 28. This Act takes effect July 1, 1994.

8-GH2024J  
Ford  
3/22/94

CS FOR ' OUSE BILL NO. 414(HES)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act creating the Alaska Health Commission; relating to the delivery, quality,  
2 access, and financing of health care; relating to health insurers, health  
3 maintenance organizations, and medical service corporations; relating to certain  
4 civil actions against health care providers and health insurers; amending Alaska  
5 Rules of Civil Procedure 26 and 27 and Alaska Rules of Evidence 802, 803, and  
6 804; repealing Alaska Rule of Civil Procedure 72.1; and providing for an effective  
7 date."

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

9 \* Section 1. FINDINGS AND INTENT. (a) The legislature finds that the access to  
10 quality and affordable health care and maintenance of the public's health are vital to the public  
11 interest. The legislature further finds that health care costs have grown at a rate far in excess  
12 of the overall inflation rate in the economy due to several factors, including variations in  
13 treatment practices of providers, cost shifting by health care providers, administrative costs

1 of insurance claims practices, unavailability of affordable insurance, costs of increasing claims  
2 and liability for medical malpractice, and lack of coordination of population based public  
3 health services. The legislature therefore finds a present need for long-term reform of the  
4 health care system in the state.

5 (b) It is the intent of the legislature to promote access to affordable, quality health  
6 care for Alaskans by the implementation of health care reform measures, the stabilization of  
7 health care service costs, the collection and analysis of information and data concerning health  
8 care services, and the making of recommendations based on that data to the governor and the  
9 legislature.

10 \* Sec. 2. AS 08.64.326 is amended to read:

11 Sec. 08.64.326. GROUNDS FOR IMPOSITION OF DISCIPLINARY  
12 SANCTIONS. (a) The board may impose a sanction if the board finds after a hearing  
13 that a licensee

14 (1) secured a license through deceit, fraud, or intentional  
15 misrepresentation;

16 (2) engaged in deceit, fraud, or intentional misrepresentation while  
17 providing professional services or engaging in professional activities;

18 (3) advertised professional services in a false or misleading manner;

19 (4) has been convicted, including conviction based on a guilty plea or  
20 plea of nolo contendere, of

21 (A) a felony or other crime if the felony or other crime is  
22 substantially related to the qualifications, functions, or duties of the licensee;  
23 or

24 (B) a crime involving the unlawful procurement, sale,  
25 prescription, or dispensing of drugs;

26 (5) has procured, sold, prescribed, or dispensed drugs in violation of  
27 a law, regardless of whether there has been a criminal action;

28 (6) intentionally or negligently permitted the performance of patient  
29 care by persons under the licensee's supervision that does not conform to minimum  
30 professional standards even if the patient was not injured;

31 (7) failed to comply with this chapter, a regulation adopted under this

1 chapter, or an order of the board;

2 (8) has demonstrated

3 (A) professional incompetence, gross negligence, or repeated  
4 negligent conduct; the board may not base a finding of professional  
5 incompetence solely on the basis that a licensee's practice is unconventional or  
6 experimental in the absence of demonstrable physical harm to a patient;

7 (B) addiction to, severe dependency on, or habitual overuse of  
8 alcohol or other drugs that impairs the licensee's ability to practice safely;

9 (C) unfitness because of physical or mental disability;

10 (9) engaged in unprofessional conduct or in lewd or immoral conduct  
11 in connection with the delivery of professional services to patients;

12 (10) has violated AS 18.16.010;

13 (11) has violated any code of ethics adopted by regulation by the board;

14 or

15 (12) [HAS DENIED CARE OR TREATMENT TO A PATIENT OR  
16 PERSON SEEKING ASSISTANCE FROM THE PHYSICIAN IF THE ONLY  
17 REASON FOR THE DENIAL IS THE FAILURE OR REFUSAL OF THE PATIENT  
18 TO AGREE TO ARBITRATE AS PROVIDED IN AS 09.55.535(a); OR

19 (13)] has had a license or certificate to practice medicine in another  
20 state or territory of the United States, or a province or territory of Canada suspended  
21 or revoked unless the suspension or revocation was caused by the failure of the  
22 licensee to pay fees to that state, territory, or province.

23 (o) In a case involving (a)(12) [(a)(13)] of this section, the final findings of  
24 fact, conclusions of law, and order of the authority that suspended or revoked a license  
25 or certificate constitutes a prima facie case that the license or certificate was suspended  
26 or revoked and the grounds under which the suspension or revocation was granted.

27 \* Sec. 3. AS 08.68.270 is amended to read:

28 Sec. 08.68.270. GROUNDS FOR DENIAL, SUSPENSION, OR  
29 REVOCATION. The board may deny, suspend, or revoke the license of a person who

30 (1) has obtained or attempted to obtain a license to practice nursing by  
31 fraud or deceit;

1 (2) has been convicted of a felony or other crime if the felony or other  
2 crime is substantially related to the qualifications, functions or duties of the licensee;

3 (3) habitually abuses alcoholic beverages, or illegally uses controlled  
4 substances;

5 (4) has impersonated a registered or practical nurse;

6 (5) has intentionally or negligently engaged in conduct that has resulted  
7 in a significant risk to the health or safety of a client or in injury to a client;

8 (6) practices or attempts to practice nursing while afflicted with  
9 physical or mental illness, deterioration, or disability that interferes with the  
10 individual's performance of nursing functions;

11 (7) is guilty of unprofessional conduct as defined by regulations  
12 adopted by the board;

13 (8) has wilfully or repeatedly violated a provision of this chapter or  
14 regulations adopted under it;

15 (9) is professionally incompetent [;

16 (10) DENIES CARE OR TREATMENT TO A PATIENT OR PERSON  
17 SEEKING ASSISTANCE IF THE SOLE REASON FOR THE DENIAL IS THE  
18 FAILURE OR REFUSAL OF THE PATIENT OR PERSON SEEKING ASSISTANCE  
19 TO ACREE TO ARBITRATE AS PROVIDED IN AS 09.55.535(a)].

20 \* Sec. 4. AS 09.55.535 is repealed and reenacted to read:

21 Sec. 09.55.535. MANDATORY ARBITRATION. (a) A person who files an  
22 action for damages against a health care provider resulting from medical malpractice  
23 shall also submit the claim to the court for arbitration.

24 (b) When a claim is submitted as required by (a) of this section, the court shall  
25 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim  
26 shall interview the parties and examine all records or materials relating to the claim  
27 and may compel the attendance of witnesses, interview the parties, or consult with  
28 medical specialists.

29 (c) An arbitrator appointed under this section shall conduct a prehearing  
30 settlement conference within 30 days after the appointment. The arbitrator shall  
31 establish a period for discovery and a date for a hearing. The hearing date may not

1 be more than 120 days after the settlement conference.

2 (d) An arbitrator shall render a decision within 30 days after hearing a claim  
3 under (c) of this section. The decision must contain findings of fact and conclusions  
4 of law. The decision of the arbitrator may be rejected by a party.

5 (e) If the decision of the arbitrator is rejected by a party, the action may  
6 proceed in the appropriate court. The arbitrator's decision is admissible evidence in  
7 that action and may be used by a party to support or oppose a claim of damages.

8 (f) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)  
9 apply to an arbitration under this section to the extent the provisions do not conflict  
10 with the provisions of this section.

11 \* Sec. 5. AS 09.55.536 is amended to read:

12 Sec. 09.55.536. EXPERT ADVISOR [ADVISORY PANEL]. (a) In an action  
13 for damages due to personal injury or death based upon the provision of professional  
14 services by a health care provider [WHEN THE PARTIES HAVE NOT AGREED TO  
15 ARBITRATION OF THE CLAIM UNDER AS 09.55.535,] the court shall appoint  
16 within 20 days after filing of answer to a summons and complaint an [A THREE-  
17 PERSON] expert medical advisor [EXPERT ADVISORY PANEL] unless the court  
18 decides that an expert advisory opinion is not necessary for a decision in the case.  
19 When the action is filed the court shall, by order, determine the professions or  
20 specialties to be represented by [ON] the medical expert [ADVISORY PANEL],  
21 giving the parties the opportunity to object or make suggestions.

22 (b) The expert advisor [ADVISORY PANEL] may compel the attendance of  
23 witnesses, interview the parties, physically examine the injured person if alive, consult  
24 with the specialists or learned works the advisor considers [THEY CONSIDER]  
25 appropriate, and compel the production of and examine all relevant hospital, medical,  
26 or other records or materials relating to the health care in issue. The advisor  
27 [PANEL] may meet in camera, but shall maintain a record of any testimony or oral  
28 statements of witnesses, and shall keep copies of all written statements received [IT  
29 RECEIVES].

30 (c) Not more than 30 days after selection of the advisor. the advisor [PANEL,  
31 IT] shall make a written report to the parties and to the court, answering the following

1 questions and other questions submitted to the advisor [PANEL] by the court:

- 2 (1) What was the disorder for which the plaintiff came to medical care?  
3 (2) What would have been the probable outcome without medical care?  
4 (3) Was the treatment selected appropriate for the case?  
5 (4) Did an injury arise from the medical care?  
6 (5) What is the nature and extent of the medical injury?  
7 (6) What specifically caused the medical injury?  
8 (7) Was the medical injury caused by unskillful care?  
9 (8) If a medical injury had not occurred, how would the plaintiff's  
10 condition differ from the plaintiff's present condition?

11 (d) In any case in which the answer to one or more of the questions submitted  
12 to the advisor [PANEL] depends upon the resolution of factual questions that  
13 [WHICH] are not the proper subject of expert opinion, the report shall so state and  
14 may answer questions based upon hypothetical facts that are fully set out in the  
15 opinion. The report must [SHALL] include copies of all written statements, opinions,  
16 or records relied upon by the advisor [PANEL] and either a transcription or other  
17 record of any oral statements or opinions; must [SHALL] specify any medical or  
18 scientific authority relied upon by the advisor [PANEL]; and must [SHALL] include  
19 the results of any physical or mental examination performed on the plaintiff. The  
20 advisor [EACH MEMBER] shall sign the report and the signature constitutes the  
21 advisor's [MEMBER'S] adoption of all statements and opinions contained in it. An  
22 advisor [; HOWEVER, A MEMBER MAY, INSTEAD OF SIGNING THE REPORT,  
23 SUBMIT A CONCURRING OR DISSENTING REPORT WHICH COMPLIES WITH  
24 THE REQUIREMENTS OF THIS SUBSECTION. A MEMBER] may not attest to  
25 any portion of the report as to which the advisor [MEMBER] is not qualified to give  
26 expert testimony.

27 (e) The report of the advisor [PANEL WITH ANY DISSENTING OR  
28 CONCURRING OPINION] is admissible in evidence to the same extent as though its  
29 contents were orally testified to by the person [OR PERSONS] preparing it. The court  
30 shall delete any portion that would not be admissible because of lack of foundation for  
31 opinion testimony, or otherwise. Either party may submit testimony to support or

1 refute the report. The jury shall be instructed in general terms that the report shall be  
2 considered and evaluated in the same manner as any other expert testimony. The  
3 expert advisor [ANY MEMBER OF THE PANEL] may be called by any party and  
4 may be cross-examined as to the contents of the report [OR OF THAT MEMBER'S  
5 DISSENTING OR CONCURRING OPINION].

6 (f) Discovery [NO DISCOVERY] may not be undertaken in a case until the  
7 report of the expert advisor [ADVISORY PANEL] is received. However, the court  
8 may relax this prohibition upon a showing of good cause by a [ANY] party. If the  
9 advisor [PANEL] has not completed the [ITS] report within the 30-day period  
10 prescribed in (c) of this section, the court may, upon application, grant [IT] an  
11 additional 30 days.

12 (g) The expert advisor is [MEMBERS OF A PANEL ARE] entitled to travel  
13 expenses and per diem in accordance with state law pertaining to members of boards  
14 and commissions for all time spent in preparing the [ITS] report. If an advisor [A  
15 PANEL MEMBER] is called upon as a witness at trial or upon deposition, the advisor  
16 [MEMBER] is entitled to payment of an expert witness fee, which may not exceed  
17 \$150 per day. All expenses incurred by the advisor [PANEL] shall be paid by the  
18 court. However, in any case in which the court determines that a party has made a  
19 patently frivolous claim or a patently frivolous denial of liability, it shall order that all  
20 costs of the expert advisor [ADVISORY PANEL] be borne by the party making that  
21 claim or denial.

22 (h) Parties to the case and their counsel may not initiate communication out  
23 of court with an expert advisor [MEMBERS OF THE PANEL] on the subject matter  
24 of the advisor's [ITS] inquiry and report or cause or solicit others to do so, except  
25 through ordinary discovery proceedings.

26 \* Sec. 6. AS 09.55 is amended by adding a new section to read:

27 ARTICLE 5A. CERTAIN CLAIMS AGAINST HEALTH INSURERS.

28 Sec. 09.55.565. PROCEDURE FOR CERTAIN CLAIMS AGAINST A  
29 HEALTH INSURER. (a) Unless preempted by federal law that provides otherwise,  
30 a person who files an action against a health insurer resulting from a failure to timely  
31 pay a claim or to authorize a health care service under a plan or policy shall also

1 submit the claim to the court for arbitration.

2 (b) When a claim is submitted as required by (a) of this section, the court shall  
3 appoint an arbitrator to review the claim. The arbitrator appointed to review the claim  
4 shall interview the parties and examine all records or materials relating to the claim  
5 and may compel the attendance of witnesses, interview the parties, or consult with  
6 medical specialists.

7 (c) An arbitrator appointed under this section shall conduct a prehearing  
8 settlement conference within 30 days after the appointment. The arbitrator shall  
9 establish a period for discovery and a date for a hearing. The hearing date may not  
10 be more than 120 days after the settlement conference.

11 (d) An arbitrator shall render a decision within 30 days after hearing a claim  
12 under (c) of this section. The decision must contain findings of fact and conclusions  
13 of law. The decision of the arbitrator may be rejected by a party.

14 (e) If the decision of the arbitrator is rejected by a party, the action may  
15 proceed in the appropriate court. The arbitrator's decision is admissible evidence in  
16 that action and may be used by a party to support or oppose a claim of damages.

17 (f) The provisions of AS 09.43.010 - 09.43.180 (Uniform Arbitration Act)  
18 apply to an arbitration under this section to the extent the provisions do not conflict  
19 with the provisions of this section.

20 (g) In this section,

21 (1) "health care service" has the meaning given in AS 21.86.900;

22 (2) "health insurer" has the meaning given in AS 44.19.639.

23 \* Sec. 7. AS 21.51 is amended by adding new sections to read:

24 Sec. 21.51.350. PREMIUM RATES AND RATING FACTORS. A disability  
25 insurer

26 (1) shall file with the director rates or rating factors for disability  
27 insurance before the intended effective date of the rate or rating factor;

28 (2) may not use a rate or rating factor that has not been filed with the  
29 director; and

30 (3) may file a new rate or rating factor at any time.

31 Sec. 21.51.360. RISK SHARING AND PURCHASING POOLS. After

1 consulting with and considering any reports or recommendations of the Alaska Health  
2 Commission, the director shall adopt regulations to allow for the creation of pools,  
3 including pools for the primary benefit of children, for the purpose of sharing risks or  
4 purchasing insurance under this chapter.

5 \* Sec. 8. AS 21.86.070(g) is amended to read:

6 (g) The director may require that additional relevant material considered  
7 necessary by the director be submitted in order to determine the acceptability of a  
8 filing made under [EITHER] (b) [OR (e)] of this section.

9 \* Sec. 9. AS 21.86 is amended by adding a new section to read:

10 Sec. 21.86.075. PREMIUM RATES AND CHARGES. A health maintenance  
11 organization

12 (1) shall file with the director rates, rating factors, premiums, fees for  
13 services, and enrollee fees, including a change to a rate, rating factor, premium, or fee,  
14 used in providing health care services to enrollees of the health maintenance  
15 organization;

16 (2) may not use a rate, rating factor, premium, or fee that has not been  
17 filed with the director; and

18 (3) may file a new rate, rating factor, premium, or fee at any time.

19 \* Sec. 10. AS 21.86 is amended by adding a new section to read:

20 Sec. 21.86.320. RISK SHARING AND PURCHASING POOLS. After  
21 consulting with and considering any reports or recommendations of the Alaska Health  
22 Commission, the director shall adopt regulations to allow for the creation of pools,  
23 including pools for the primary benefit of children, for the purpose of sharing risks or  
24 purchasing insurance under this chapter.

25 \* Sec. 11. AS 21.87.190 is repealed and reenacted to read:

26 Sec. 21.87.190. RATES AND CHARGES. A service corporation

27 (1) shall file with the director subscription rates, rating factors, fees,  
28 and payment charges, including a change to a rate, rating factor, fee, or payment  
29 charge, to be charged to or on account of the service corporation's subscribers;

30 (2) may not use a rate, rating factor, fee, or payment charge that has  
31 not been filed with the director, and

1 (3) may file a new rate, rating factor, fee, or payment charge at any  
2 time.

3 \* Sec. 12. AS 21.87 is amended by adding a new section to read:

4 Sec. 21.87.285. RISK SHARING AND PURCHASING POOLS. After  
5 consulting with and considering any reports or recommendations of the Alaska Health  
6 Commission, the director shall adopt regulations to allow for the creation of pools,  
7 including pools for the primary benefit of children, for the purpose of sharing risks or  
8 purchasing insurance under this chapter.

9 \* Sec. 13. AS 36.30.015 is amended by adding a new subsection to read:

10 (h) The Alaska Health Commission shall adopt regulations to manage the  
11 procurement of supplies, services, and professional services necessary for its operations  
12 under AS 44.19.619 - 44.19.639. The regulations must be based on principles of  
13 competitive procurement, consistent with this chapter, to satisfy the requirements of  
14 the Alaska Health Commission as determined by that commission.

15 \* Sec. 14. AS 36.30.990(1) is amended to read:

16 (1) "agency"

17 (A) means a department, institution, board, commission,  
18 division, authority, public corporation, the Alaska Pioneers' Home, or other  
19 administrative unit of the executive branch of state government;

20 does not include

21 (i) the University of Alaska;

22 (ii) the Alaska Railroad Corporation;

23 (iii) the Alaska Housing Finance Corporation;

24 (iv) a regional Native housing authority created under  
25 AS 18.55.996 or a regional electrical authority created under  
26 AS 18.57.020;

27 (v) the Department of Transportation and Public  
28 Facilities, in regard to the repair, maintenance, and reconstruction of  
29 vessels, docking facilities, and passenger and vehicle transfer facilities  
30 of the Alaska marine highway system;

31 (vi) the Alaska Aerospace Development Corporation;

1 (vii) the Alaska State Pension Investment Board;

2 (viii) the Alaska Health Commission;

3 \* Sec. 15. AS 39.25.110(11) is amended to read:

4 (11) the officers and employees of the following boards, commissions,  
5 and authorities:

6 (A) Alaska Gas Pipeline Financing Authority;

7 (B) Alaska Permanent Fund Corporation;

8 (C) Alaska Industrial Development and Export Authority;

9 (D) Alaska Commercial Fisheries Entry Commission;

10 (E) Alaska Commission on Postsecondary Education;

11 (F) Alaska Aerospace Development Corporation;

12 (G) Alaska Health Commission;

13 \* Sec. 16. AS 44.19 is amended by adding new sections to read:

14 ARTICLE 12. ALASKA HEALTH COMMISSION.

15 Sec. 44.19.619. CREATION OF COMMISSION. The Alaska Health  
16 Commission is created in the Office of the Governor.

17 Sec. 44.19.621. PURPOSE OF COMMISSION. The purpose of the  
18 commission is to improve health care in this state by

19 (1) establishing and implementing a system for collecting and analyzing  
20 information and data relating to the individual and public health care needs of and  
21 services provided to residents of the state;

22 (2) promoting the use of electronic data transfer and the implementation  
23 of uniform procedures for billing, payment, and claim systems;

24 (3) promoting consumer confidence in the health care system through  
25 rate filings by health insurers and disclosure of charges by health care providers;

26 (4) promoting consumer confidence in the health care system by  
27 requiring insurers and managed care plans to fully disclose the health care benefits  
28 provided under the policy or plan and explain any exclusions or restrictions on  
29 benefits; disclosure should include an explanation of limitations on

30 (A) referral to a specialty physician or other provider;

31 (B) the insured's choice of provider;

- 1 (C) diagnostic tests, including mammography;  
2 (D) prescription drugs;  
3 (E) dental services;  
4 (F) laboratory tests;  
5 (G) mental health services; and  
6 (H) reproductive tests;
- 7 (i) promoting the creation of pools, including pools for the primary  
8 benefit of children, for the purpose of sharing risks or purchasing insurance for health  
9 care services; and
- 10 (6) analyzing health care reform proposals, including a proposal that  
11 is based on a market based single payer system; recommending health care reform  
12 proposals to the governor and the legislature; and reporting to and making  
13 recommendations to the governor and legislature on the following:
- 14 (A) defining a range of potential benefit packages for universal  
15 health care coverage for residents of the state; a benefit package must include  
16 coverage for health care services without containing an exclusion based on a  
17 preexisting condition;
- 18 (B) determining the needs and requirements imposed on the  
19 state by federal enactments that affect health care reform; the commission shall  
20 make the determination required under this subparagraph within 60 days after  
21 each measure is enacted into law;
- 22 (C) determining the prospective costs for recommended  
23 comprehensive health care reform proposals, as requested by the governor or  
24 as determined by a majority vote of the commission;
- 25 (D) determining financing plans for recommended proposals;
- 26 (E) describing administrative structures necessary to implement  
27 recommended proposals;
- 28 (F) identifying a process to implement statewide expenditure  
29 measures for health care goods and services;
- 30 (G) investigating health care standards of practice and  
31 determining their effect on medical tort liability and other aspects of health care

1 delivery; and

2 (H) investigating alternatives to existing hospital licensing  
3 requirements to allow for less use of acute care facilities.

4 Sec. 44.19.622. COMPOSITION; QUALIFICATIONS; TERMS; REMOVAL;  
5 DESIGNATION OF CHAIR. (a) The commission consists of three members  
6 appointed by the governor and confirmed by the legislature for six-year terms. Not  
7 more than one member of the commission may be

8 (1) a health care provider, or

9 (2) employed by a health insurance company.

10 (b) A commission member may serve only one six-year term plus the  
11 remainder of any unexpired term to which the member was appointed.

12 (c) The governor may remove a member of the commission only for cause.

13 (d) The governor shall designate a member of the commission to serve, at the  
14 pleasure of the governor, as chair of the commission for a term of two years. The  
15 governor may reappoint the same member for additional terms as chair.

16 (e) A commission member shall comply with the applicable requirements of  
17 AS 39.50, and must be a state resident throughout the person's term as a member of  
18 the commission.

19 Sec. 44.19.623. STAFF. The commission may employ staff as necessary to  
20 carry out the purposes of this chapter. The staff of the commission is in the exempt  
21 service.

22 Sec. 44.19.624. COMPENSATION. Members of the commission are in the  
23 exempt service and are entitled to a monthly salary equal to Step C, Range 26, of the  
24 salary schedule set out in AS 39.27.011(a) for Anchorage, Alaska. Subject to the  
25 availability of appropriations, the chair may be paid at a higher step in the same range,  
26 if approved by the governor.

27 Sec. 44.19.625. MEETINGS. (a) The commission shall meet publicly not less  
28 than quarterly to accomplish its duties under AS 44.19.619 - 44.19.639. The  
29 commission shall comply with AS 44.62.310 - 44.62.312.

30 (b) Two members of the commission constitute a quorum for the transaction  
31 of business and the exercise of the powers and duties of the commission.

1           Sec. 44.19.626. POWERS AND DUTIES. (a) The commission may

2                   (1) enter into contracts and execute instruments necessary for carrying  
3 out its business;

4                   (2) establish advisory committees to the commission to conduct  
5 research or investigation and report back to the commission on findings; an advisory  
6 committee must consist of at least one member of the commission and may include  
7 other individuals with appropriate expertise appointed by the commission;

8                   (3) adopt regulations necessary to interpret or implement  
9 AS 44.19.619 - 44.19.639, including regulations establishing reasonable, necessary fees  
10 for services provided by the commission.

11           (b) The commission shall

12                   (1) conduct public meetings in accordance with AS 44.19.625,  
13 including holding public hearings as necessary;

14                   (2) collect and analyze data and information from public, private, or  
15 other sources relating to the cost, delivery, or financing of health care services  
16 provided to state residents;

17                   (3) monitor the costs of and the access to health care services to state  
18 residents;

19                   (4) make reports and recommendations to the governor and legislature  
20 in accordance with AS 44.19.619 - 44.19.639;

21                   (5) establish a public health advisory committee that

22                           (A) consists of at least one member of the commission and  
23 other individuals with significant public health expertise appointed by the  
24 commission; the commission shall consider public and private health care  
25 professionals, labor organizations, businesses, the education system, the Alaska  
26 Public Health Association, the Alaska Mental Health Board, and the Alaska  
27 Native Health Board for service on the public health advisory committee, as  
28 well as recognizing the need for geographic, ethnic, and cultural diversity;

29                           (B) advises the commission on public health matters and the  
30 integration of public health services under AS 44.19.621;

31                           (C) develops a public health improvement plan as described

1 under (c) of this section;

2 (6) obtain waivers from federal agencies or under applicable federal law  
3 to the extent necessary to maximize the collection and analysis of health care data.

4 (c) The plan developed by the committee under (b)(5) of this section may

5 (1) recognize the need for

6 (A) community involvement in health care planning and  
7 delivery;

8 (B) attention to local needs that may vary from place to place;

9 (C) accountability for the use of public funds;

10 (D) equity and stability in the distribution of public funds;

11 (E) shared responsibility of all levels of government for  
12 administering and financing public health care delivery; and

13 (F) coordination of basic public health services; and

14 (2) include

15 (A) an analysis of the health status of the residents of the state;

16 (B) an assessment of the most appropriate role for various levels  
17 of government to play in addressing the health care needs of the residents of  
18 the state;

19 (C) a delineation of the standards that should be used in  
20 performing assessment, policy development, and quality assurance in the  
21 delivery of public health services;

22 (D) documentation of the extent to which the current public  
23 health system implements or achieves the standards identified under (C) of this  
24 paragraph;

25 (E) identification of interjurisdictional issues involved in health  
26 care access and delivery;

27 (F) recommendations, including recommendations for specific  
28 legislative action when necessary, pertaining to the following:

29 (i) strategies, time lines, financial needs, and specific  
30 sources of stable revenue for bringing the state public health care  
31 system up to standards identified by the committee;

1 (ii) appropriate sharing of the responsibility of local,  
2 regional, state, and federal government entities to deliver public health  
3 care services efficiently and effectively, including recommendations for  
4 organization within state government;

5 (iii) integration of the public health care system with  
6 state and national health care reform efforts;

7 (iv) the committee's estimate of the optimal share that  
8 public health should represent in the total health care delivery system  
9 of the state, expressed in terms of a percentage of health care dollars  
10 spent or in terms of public dollars per state resident;

11 (v) a program designed to give incentives to primary  
12 care providers to practice in the state, especially in rural and under  
13 served areas of the state.

14 Sec. 44.19.627. DUTY TO REPORT. At the request of the governor, the  
15 commission shall compile and issue to the governor, the legislature, and the public a  
16 report concerning its activities.

17 Sec. 44.19.628. UNIFORM DATA AND PROCEDURES FOR HEALTH  
18 CLAIMS. (a) The director of the division of insurance, after considering the advice  
19 of the commission, shall adopt by regulation uniform claims forms, uniform standards,  
20 and uniform procedures for the processing of data relating to billing for and payment  
21 of health care services provided to state residents. All health insurers shall comply  
22 with the uniform claims forms, standards, and procedures established under this  
23 section.

24 (b) To the extent that there is a conflict or inconsistency between a provision  
25 of AS 21 that applies to a health insurer and a provision of a regulation adopted under  
26 (a) of this section, the regulation governs. The director of the division of insurance  
27 shall ensure that regulations adopted by the director under AS 21 that apply to a health  
28 insurer are not in conflict or inconsistent with regulations adopted under (a) of this  
29 section.

30 Sec. 44.19.631. DISCLOSURE OF INFORMATION; PENALTY. (a) A  
31 person providing or insuring health care services in the state shall provide, upon

1 request or order of the commission, reports, data, health information, insurance  
2 schedules, statistics, and other information, as determined necessary by the  
3 commission, by regulation, to carry out the purposes of AS 44.19.619 - 44.19.639.  
4 This subsection applies to the state and to a municipality; as well as to public and  
5 private health care facilities and providers, and health care insurers and self-insurers.

6 (b) Information and data obtained or produced by the commission is subject  
7 to AS 09.25.110 and 09.25.120 and regulations adopted under AS 09.25.110 and  
8 09.25.120. Information or data that identifies a recipient of health care services is  
9 considered to be a medical and related public health record that is subject to the  
10 exception to public inspection under AS 09.25.120 and shall be kept confidential.

11 (c) A member, an employee, or an agent of the commission, or a member of  
12 an advisory committee to the commission, who wrongfully discloses or who uses or  
13 permits the use of confidential information or data in violation of (b) of this section  
14 is guilty of a class B misdemeanor.

15 Sec. 44.19.632. IMMUNITY FROM LIABILITY. Members of the  
16 commission, its employees, its agents, its advisory committee members, and persons  
17 providing information and data to the commission as required under AS 44.19.619 -  
18 44.19.639 are not liable for civil damages for an act or omission in the execution of  
19 their authorized activities or duties under AS 44.19.619 - 44.19.639. This section does  
20 not preclude liability for civil damages as a result of reckless or intentional  
21 misconduct.

22 Sec. 44.19.633. OATHS; SUBPOENAS. (a) The commission may administer  
23 oaths and may issue subpoenas to persons to require testimony or to require the  
24 production of records, information, or data under AS 44.19.631.

25 (b) If a person disobeys or resists a lawful subpoena issued by the commission,  
26 the commission may certify the facts to the superior court, and upon certification the  
27 court shall issue an order directing the person to appear before the court and show  
28 cause why the person should not be punished for contempt.

29 Sec. 44.19.634. APPROPRIATIONS. The legislature may appropriate a  
30 portion of the proceeds of the tax on insurance premiums collected under  
31 AS 21.09.210 to the Alaska Health Commission for the commission's operating costs.

1           Sec. 44.19.635. DISCLOSURE OF PROVIDER CHARGES; FINE FOR  
2 NONDISCLOSURE. (a) At least annually, a provider shall compile a list of charges  
3 for the 20 health care services most commonly provided by that provider. Charges for  
4 hospital services may be prepared on the basis of diagnosis-related groups. Upon  
5 request of a person who is considering obtaining services from a provider, the provider  
6 shall provide the list of charges to the person for use in comparing charges among  
7 providers.

8           (b) Upon the request of a patient and before the commencement of a medical  
9 procedure, the provider shall disclose to that patient the estimated charge for the  
10 procedure. The estimated charge shall be made in good faith and must be based on  
11 the provider's history of charges for that procedure. Nothing in this subsection  
12 requires a provider to make a charge estimate if the provider does not agree to perform  
13 the procedure.

14           (c) A provider shall place the following statement either on a form to be  
15 signed by the patient or in a conspicuous location on an easily readable sign: "You  
16 are entitled to a charge estimate for a medical procedure before the procedure is  
17 performed by your health provider."

18           (d) If the commission, after investigation of a complaint by a patient,  
19 determines that a provider has not complied with this section, the commission may  
20 impose a fine of up to \$1,000 against the provider. The commission may impose only  
21 one fine under this section against a provider in a calendar year. A provider's  
22 violation of this section does not preclude the provider from collecting payment for  
23 services provided.

24           (e) A provider aggrieved by a decision of the commission under this section  
25 may appeal the decision to the superior court.

26           Sec. 44.19.639. DEFINITIONS. In AS 44.19.619 - 44.19.639, unless the  
27 context requires otherwise,

28           (1) "commission" means the Alaska Health Commission;

29           (2) "division of insurance" means the division of insurance in the  
30 Department of Commerce and Economic Development;

31           (3) "health care services" has the meaning given in AS 21.86.900;

1 (4) "health information" means all information and data relating to  
2 access to or delivery or financing of health care services;

3 (5) "health insurance" has the meaning given "disability insurance" in  
4 AS 21.12.050;

5 (6) "health insurer" means an entity transacting the business of health  
6 insurance, a health maintenance organization under AS 21.86, a hospital service  
7 corporation under AS 21.87, a medical service corporation under AS 21.87, or a  
8 combined medical service and hospital service corporation under AS 21.87;

9 (7) "market based single payer system" means a system in which a  
10 single entity provides health insurance to all residents of the state and the insurance  
11 is based on market forces, and may include provider defined fees, defined patient  
12 copayments, sliding scale copayments for the indigent, provider fees that are posted  
13 or made otherwise available at the point of services, published or disseminated fees in  
14 comparative lists that allow fee comparison by consumers, voluntary expenditure  
15 targets, provider peer review and control of volume, utilization, and quality of health  
16 services, and a regularly published description of the various types of providers  
17 licensed to provide services in the benefit package;

18 (8) "pool" means a mechanism to facilitate or provide for sharing risks  
19 or the purchase of health insurance in the event coverage is unavailable or  
20 unobtainable;

21 (9) "provider" has the meaning given in AS 21.86.900.

22 \* Sec. 17. AS 44.62.310(d) is amended to read:

23 (d) This section does not apply to

24 (1) judicial or quasi-judicial bodies when holding a meeting solely to  
25 make a decision in an adjudicatory proceeding;

26 (2) juries;

27 (3) parole or pardon boards;

28 (4) meetings of a hospital medical staff; or

29 (5) meetings of the governing body or any committee of a hospital  
30 when holding a meeting solely to act upon matters of professional qualifications,  
31 privileges or discipline; or

1                                   (6) meetings of the Alaska Health Commission, except for meetings  
2                                   concerning the adoption of regulations.

3       \* Sec. 18. AS 44.66.010(a) is amended by adding a new paragraph to read:

4                                   (20) Alaska Health Commission (AS 44.19.619) -- June 30, 1999.

5       \* Sec. 19. AS 09.55.560(2), 09.55.560(3); AS 21.86.070(e), and 21.86.070(f) are repealed.

6       \* Sec. 20. Alaska Rule of Civil Procedure 72.1 is repealed.

7       \* Sec. 21. APPLICABILITY. Sections 4, 5, and 6 of this Act apply to a cause of action  
8 accruing on or after the effective date of this Act.

9       \* Sec. 22. INITIAL APPOINTMENT OF COMMISSION MEMBERS. Notwithstanding  
10 AS 44.19.622(a), enacted by sec. 16 of this Act, the terms of persons initially appointed to the  
11 Alaska Health Commission under AS 44.19.622 shall be staggered as provided in  
12 AS 39.05.055.

13       \* Sec. 23. REAPPOINTMENT OF INITIAL APPOINTEES. Notwithstanding  
14 AS 44.19.622(b), enacted by sec. 16 of this Act, a person initially appointed to the Alaska  
15 Health Commission under (a) of this section may be reappointed to serve no more than one  
16 six-year term as a member of the Alaska Health Commission.

17       \* Sec. 24. PHASED TRANSITION PERIOD. (a) Notwithstanding the provisions of  
18 AS 44.19.621 - 44.19.639, the Alaska Health Commission shall implement the provisions of  
19 AS 44.19.621 - 44.19.639 on a orderly and gradual basis as follows:

20                                   (1) by July 1, 1995, the director of the division of insurance shall adopt  
21 regulations necessary to implement AS 44.19.628(a);

22                                   (2) by January 1, 1996, the commission shall complete the research necessary  
23 to report recommendations to the governor and the legislature on the issues described under  
24 AS 44.19.621(a)(6)(A), (C), (D), (E), and (G);

25                                   (3) by July 1, 1996, the commission shall complete the research necessary to  
26 report recommendations to the governor and the legislature on the issues described under  
27 AS 44.19.621(a)(6)(F);

28                                   (4) by January 1, 1997, the commission shall complete the research necessary  
29 to report recommendations to the governor and the legislature on the issues described under  
30 AS 44.19.621(a)(6)(H).

31                                   (b) Upon request of the commission, and for good cause shown, the governor may

1 grant an extension of a deadline set in (a) of this section. The governor shall inform the  
2 legislature of a decision on a request to extend a deadline.

3 \* Sec. 25. AS 09.55.536(f), amended by sec. 5 of this Act, amends Alaska Rules of Civil  
4 Procedure 26 and 27 by providing that discovery may not be undertaken until the expert  
5 advisor's report is received.

6 \* Sec. 26. AS 09.55.536(e), amended by sec. 5 of this Act, amends Alaska Rules of  
7 Evidence 802, 803, and 804 by providing that the expert advisor's report is admissible in  
8 evidence to the same extent as though its contents were orally testified to by the advisor.

9 \* Sec. 27. Section 20 of this Act takes effect July 1, 1994, only if that section receives the  
10 two-thirds majority vote of each house required by art. IV, sec. 15, Constitution of the State  
11 of Alaska.

12 \* Sec. 28. This Act takes effect July 1, 1994.

# 24

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE BRICE

TO: CSHB 414(HES)

Page ~~4~~<sup>14</sup>, line ~~25~~<sup>10</sup>, following "commission":

Insert a new paragraph to read:

"(4) fly to the moon."

Renumber the following paragraph accordingly.

# 25

8-GH2024V.1 ✓

Ford

3/22/94

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE B.DAVIS

TO: CSHB 414(HES)

*Tom Bruce*

Page 10, line 12:

Delete "AS 44.19.619 - 44.19.639"

Insert "AS 44.19.619 - 44.19.701"

Page 13, line 28:

Delete "AS 44.19.619 - 44.19.639"

Insert "AS 44.19.619 - 44.19.701"

Page 14, line 10:

Delete "."

Insert ";

(4) exercise the powers granted to insurers under the laws of the state when allowed under AS 44.19.636(c); if the commission acts as an insurer, the commission shall comply with the requirements applicable to insurers under AS 21."

Page 14, line 20:

Delete "AS 44.19.619 - 44.19.639"

Insert "AS 44.19.619 - 44.19.701"

Page 15, line 3:

Delete "."

Insert ";

(7) establish and provide uniform health insurance coverage for all residents of the state and monitor and control health care expenditures in the state;

(8) establish the cost control system required under AS 44.19.642,

44.19.648, 44.19.652, 44.19.656, 44.19.660, 44.19.664, and the voluntary cost control system required under AS 44.19.651 and 44.19.662;

(9) implement the state health insurance plan as a market based single payor system."

Page 17, line 3:

Delete "AS 44.19.619 - 44.19.639"

Insert "AS 44.19.619 - 44.19.701"

Page 17, lines 17 - 18:

Delete "AS 44.19.619 - 44.19.639"

Insert "AS 44.19.619 - 44.19.701"

Page 17, line 19:

Delete "AS 44.19.619 - 44.19.639"

Insert "AS 44.19.619 - 44.19.701"

Page 18, after line 25:

Insert new sections to read:

"Sec. 44.19.636. PROCUREMENT OR PROVISION OF INSURANCE. (a)

The commission shall

(1) solicit proposals from insurance companies that are licensed to transact health insurance in the state under the procurement procedures adopted by the commission under AS 36.30.015(e); and

(2) if the commission does not act as an insurer as provided under (c) of this section, select one or more companies with which it will contract to provide insurance, after considering the cost of the insurance, the availability from the company of program features directed at reducing the cost of providing health care services, and other relevant factors as determined by the commission.

(b) The commission may contract for insurance coverage for enrollees for a term that it considers to be the most advantageous to the commission and its enrollees, for a period not exceeding three years.

(c) If, after the proposal process under (a) of this section has been completed, the commission determines that the desired coverage or benefits are not available from insurers licensed in this state or the commission can provide the desired coverage and benefits at a lower cost per eligible person, the commission may act as an insurer.

Sec. 44.19.638. ENROLLEES. (a) A person is eligible to be an enrollee in the state health insurance plan provided under AS 44.19.641 in a given year if the person is a resident of the state and has complied with the procedures established by the commission under (d) of this section. For purposes of enrollment, the commission shall by regulation define residency in a manner that is consistent with AS 01.10.055 and with this chapter.

(b) A person who is eligible to be an enrollee shall be enrolled by the commission in the state health insurance plan.

(c) The commission shall cancel an enrollee's coverage if, during the fiscal year, the enrollee becomes ineligible to be an enrollee.

(d) The commission shall establish by regulation appropriate procedures for processing applications for enrollment, for determining the eligibility of enrollees, for enrolling enrollees, for determining and collecting the applicable fees, for canceling an enrollee's coverage, and for processing appeals by enrollees of adverse decisions by the commission regarding eligibility, enrollment, determination or collection of applicable fees, or cancellation of coverage.

Sec. 44.19.641. HEALTH INSURANCE PLAN. (a) The commission shall adopt regulations specifying the health care services required to be covered by the state health insurance plan, taking into consideration the services requested by the public, the needs and characteristics unique to state residents, the goal of prevention of illness and promotion of wellness, the cost of providing the benefits package, the cost of providing or procuring the insurance coverage, and the funds available in the state health insurance fund.

(b) The commission shall conduct a comprehensive public involvement process designed to solicit information and opinions regarding the services required to be covered under (a) of this section.

Sec. 44.19.642. DEDUCTIBLES AND COPAYMENTS. Subject to AS 44.19.641, the commission shall establish the deductible and copayment amounts

applicable under the state health insurance plan.

Sec. 44.19.644. **PREMIUMS.** A premium may be charged to an enrollee for coverage as established by the commission by regulation. In establishing a premium, the commission shall establish a standard fee and a sliding scale fee and shall consider the cost of coverage, funding available, and other factors the commission determines are relevant.

Sec. 44.19.646. **HEALTH CARE DATA SYSTEM.** (a) The commission shall develop and periodically update a health care data system. To the extent practicable, the data system base year shall be calendar year 1993 and the system must include

(1) health care expenditures, including capital expenditures associated with receiving health care;

(2) demographic data;

(3) clinical information, including patient diagnosis, type of provider, type of service, location and length of care, referral patterns, quality of care, and result of care;

(4) billing and payment data; and

(5) public health data, including vital statistics and health status.

(b) The commission may, by regulation, require health care providers, including providers not being reimbursed by the commission, to submit claims data and additional information necessary to develop or update the data system required under (a) of this section.

Sec. 44.19.648. **STATEWIDE HEALTH CARE EXPENDITURE TARGET.**

(a) The commission shall prescribe by regulation a statewide health care expenditure target, based on the data obtained under AS 44.19.646. To the extent practicable, the base year for the statewide health care expenditure target shall be calendar year 1993.

(b) The commission annually shall adjust the health care expenditure target established under this section to reflect changes in the Consumer Price Index and the following factors:

(1) changes in the size and demographic characteristics of the state's population including aging;

(2) changes in medical technology;

- (3) changes that improve access to health care services;
- (4) changes in the burden of disease resulting from epidemics, disasters, and reduction or elimination of disease;
- (5) elimination of unnecessary care;
- (6) changes in costs associated with professional liability insurance;
- (7) changes in administrative costs;
- (8) changes in patterns of utilization.

Sec. 44.19.651. **VOLUNTARY HEALTH CARE PROVIDER COMPLIANCE.** The health care expenditure target adopted by the commission under AS 44.19.648 shall constitute a recommended target for expenditures within each specified category or subcategory of health care services or products. Health care providers may voluntarily comply with the expenditure target and may take all appropriate steps not prohibited by law to attempt to ensure that annual expenditures for health care in the state do not exceed the expenditure target adopted by the commission.

Sec. 44.19.652. **REVIEW AND REPORT ON HEALTH CARE EXPENDITURES.** The commission shall annually review and report to the legislature and the governor on

- (1) the total amount of health care expenditures in the state;
- (2) the amount of increase or decrease in health care and capital medical expenditures in the state;
- (3) changes in health care provider prices;
- (4) changes in patterns of utilization or expenditures; and
- (5) factors that are responsible for changes in patterns of utilization or expenditures.

Sec. 44.19.654. **MANDATORY HEALTH CARE PROVIDER COMPLIANCE.** (a) Based on the data compiled under AS 44.19.646, the commission shall monitor the success of voluntary compliance under AS 44.19.651. At any time beginning three years after the voluntary expenditure target has been in effect, if the commission concludes that voluntary compliance has failed substantially to achieve the adopted expenditure target, the commission shall impose by regulation a mandatory expenditure limit as provided under (b) of this section.

(b) The commission may, by regulation,

- (1) impose a mandatory expenditure limit on one or more subcategories or on specific items within the expenditure limit;
- (2) directly assume all or part of the cost control functions described in this section;
- (3) establish mandatory price and utilization controls or guidelines;
- (4) annually monitor health care expenditures, patterns of utilization, and factors contributing to changes in expenditures or utilization;
- (5) establish cost sharing recommendations relevant to the mandatory expenditure limit.

(c) A health care provider shall comply with the mandatory cost control provisions that may be established by the commission under (a) and (b) of this section. An enrollee who receives a charge that does not comply with the mandatory cost control provisions that are imposed under this section is not required to pay the portion of the charge that exceeds the mandatory cost control provisions. A health care provider shall refund an amount received that exceeds the mandatory cost control provisions.

(d) The commission shall establish by regulation procedures for monitoring compliance with the mandatory cost control provisions and for providing notice to a person who is determined to have been overcharged.

Sec. 44.19.656. PEER REVIEW OF UTILIZATION AND QUALITY. The commission shall contract with health care providers in the state to develop utilization and quality controls. The contract must include the use of peer specialty groups that are given the goal of controlling utilization within a specialty. The commission shall ensure that the contract stresses the development of the use of incentives to control costs.

Sec. 44.19.658. CLAIMS CLEARINGHOUSE. (a) The commission shall establish a claims clearinghouse in the state. A provider of health care services shall submit all claims for payment for health care services under the state health insurance plan to the claims clearinghouse. The commission may, by regulation, require providers to submit specified additional information pertaining to providing health care services in the state to the claims clearinghouse.

(b) Subject to appropriation, the claims clearinghouse shall pay claims approved for payment by the commission.

(c) The claims clearinghouse may deny a claim only for a reason that has been specified as an acceptable reason under regulations adopted by the commission.

Sec. 44.19.661. REQUIRED AVAILABILITY OF PRICE LIST. (a) A health care provider shall prepare a list of the provider's prices that includes the dates during which the prices will be applicable. The price list shall be made available either by posting the price list in a conspicuous location in the health care provider's office or by similarly posting a notice that the price list is available for review upon request. The corporation shall determine by regulation the contents of the price list required under this section.

(b) At least annually, a health care provider shall submit to the corporation copies of the provider's current price list. The corporation shall specify by regulation the date for submitting the price lists.

Sec. 44.19.662. INFORMATION ON PRICES FOR HEALTH CARE SERVICES. The corporation shall at least annually publish a description of types of health care providers licensed to provide covered services and a comparative list of provider prices. The corporation shall make the publications available to the public upon request.

Sec. 44.19.664. COMPARATIVE LISTS OF PRICES. (a) At least annually, the corporation shall compile comparative lists of prices for commonly provided health care services based on abstracted data provided by the claims clearinghouse under AS 44.19.658, on the price lists submitted to the corporation under AS 44.19.661, and on other relevant information as determined by the corporation.

(b) The lists required under this section shall be prepared to allow identification and comparison of prices made by individual providers for the listed services. Hospital services may be compared on the basis of diagnosis related groups."

Page 18, line 26:

Delete "Sec. 44.19.639. DEFINITIONS. In AS 44.19.619 - 44.19.639"

Insert "Sec. 44.19.701. DEFINITIONS. In AS 44.19.619 - 44.19.701"

Page 19, line 21:

Delete "has the meaning given in AS 21.86.900"

Insert "means an acupuncturist licensed under AS 08.06; an audiologist licensed under AS 08.11; a chiropractor licensed under AS 08.20; a dental hygienist licensed under AS 08.32; a dentist licensed under AS 08.36; a marital or family therapist licensed under AS 08.63; a direct-entry midwife certified under AS 08.65; a nurse licensed under AS 08.68; a dispensing optician licensed under AS 08.71; a naturopath licensed under AS 08.45; an optometrist licensed under AS 08.72; a pharmacist licensed under AS 08.80; a physical therapist or occupational therapist licensed under AS 08.84; or a physician's assistant certified under AS 08.64; a physician licensed under AS 08.64; a podiatrist; a psychologist and a psychological associate licensed under AS 08.86; a clinical social worker licensed under AS 08.95; an emergency medical technician certified under AS 18.08.082; a mobile intensive care paramedic trained as required under AS 18.08.082; a hospital as defined in AS 18.20.130, including a governmentally owned or operated hospital; and an employee of a health care provider acting within the course and scope of employment"

Page 20, line 17, through page 21, line 2:

Delete all material.

Insert a new bill section to read:

**\*\* Sec. 24. PHASED TRANSITION PERIOD.** Notwithstanding the provisions of AS 44.19.619 - 44.19.701, the Alaska Health Commission shall implement the provisions of AS 44.19.619 - 44.19.701 on an orderly and gradual basis as follows:

(1) by December 31, 1994, the commission shall establish the data system required under AS 44.19.646 and begin collecting data and determine the federal waivers necessary to implement AS 44.19.619 - 44.19.701;

(2) by December 31, 1995, the commission shall determine the health care services required under AS 44.19.641 and begin monitoring health care expenditures and utilization patterns;

(3) by January 1, 1996, the commission shall implement the peer review system for utilization and quality required under AS 44.19.656 and shall adopt regulations that establish eligibility criteria for enrollment in the state health insurance plan, including a definition of the term "resident" that is consistent with AS 01.10.055 and the purposes of

this Act;

(4) by December 31, 1996, the commission shall establish the voluntary cost control system required under AS 44.19.651;

(5) by January 1, 1997, the commission shall establish the deductible and copayment amounts required under AS 44.19.642 and present options to the governor and the legislature on how to finance a state health insurance plan under a market based single payer system; in considering options on financing a state health insurance plan the commission shall strive to structure the options in a manner that provides protection for benefits provided to retired employees through public or private retirement systems;

(6) by January 1, 1998, the commission shall establish the statewide health care expenditure target required under AS 44.19.648, and, subject to appropriation, begin to provide health insurance coverage for state residents as required under AS 44.19.619 - 44.19.701."

#26

8-GH2024J.2 ✓  
Ford  
3/22/94

AMENDMENT

Rep Bettye Davis  
Tom Brice

OFFERED IN THE HOUSE  
TO: CSHB 414(HES)

Page 1, line 1, through page 21, line 12:

Delete all material and insert:

**""An Act establishing the Alaska Health Insurance Corporation and requiring licensed health care providers to comply with certain statutes and regulations relating to the corporation; relating to disability insurance claims processing and to approval of rates for disability insurance, including health insurance; and providing for an effective date."**

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

\* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

(1) health care services and health insurance in the state are becoming prohibitively costly, and a growing number of our citizens are unable to obtain health insurance or pay for needed care;

(2) the reasons that health care expenditures are increasing are complex and are accounted for by general inflation; by inflation specific to the health care industry or changes in the cost of labor, capital, and other industry factors; by population growth; by utilization or the number of times people use health care services; by increasingly complex and costly technology and other resources; by the aging of the population; and the practice of defensive medicine;

(3) the primary responsibility for controlling health care expenditures in the state should be borne by Alaska health care providers, particularly physicians, on whose orders and recommendations most health care expenditures are incurred; at present, federal and state antitrust laws effectively preclude health care providers from engaging in voluntary self-regulation regarding fees and volume of services; this Act mandates the participation by health care providers in the peer review process of cost control and volume control to assure that health care expenditures do not increase faster than the general inflation rate; if voluntary

care expenditures and by making health insurance available to the people in the state;

(2) create a market based single payer state health insurance system that provides health insurance to all residents of the state, that utilizes market forces to make consumers more aware of the actual costs of health services, and that provides consumers with information enabling them to make more informed purchasing decisions;

(3) provide a structure for addressing the health care needs of the state including

(A) developing a comprehensive long-term care plan that integrates support services and that promotes human dignity;

(B) use of preventive and wellness programs to reduce health care costs; and

(C) the different health care needs of urban and rural areas of the state.

(c) It is not the purpose of this Act to change the existing agreements between employers and employees, including retirees, in a manner that would diminish health care benefits.

\* Sec. 2. AS 08.02 is amended by adding a new section to read:

Sec. 08.02.025. COMPLIANCE WITH REQUIREMENTS OF STATE HEALTH INSURANCE CORPORATION. A health care provider shall comply with the required price list availability provisions of AS 21.58.230 and the health care data system provisions of AS 21.58.260 that are applicable to health care providers including regulations adopted by the Alaska Health Insurance Corporation under those provisions. Notwithstanding another provision of law, the license of a health care provider is not valid unless the health care provider complies with this section. In this section, "health care provider" has the meaning given in AS 21.58.400.

\* Sec. 3. AS 21.39.020 is amended to read:

Sec. 21.39.020. APPLICABILITY. (a) This chapter applies to disability insurance, to all forms of casualty insurance, including fidelity, surety, and guaranty bonds, to all forms of fire, marine, and inland marine insurance, and to a combination of any of them, or risks or operations in this state. Inland marine insurance includes insurance defined by statute, or by interpretation of statute, or if not defined or interpreted, by ruling of the director, or as established by general custom of the

# **CORRECTION**

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

#26

8-GH2024V.2 ✓  
Ford  
3/22/94

AMENDMENT

Rep Bettye Davis  
Tom Brice

OFFERED IN THE HOUSE

TO: CSHB 414(HES)

Page 1, line 1, through page 21, line 12:

Delete all material and insert:

"An Act establishing the Alaska Health Insurance Corporation and requiring licensed health care providers to comply with certain statutes and regulations relating to the corporation; relating to disability insurance claims processing and to approval of rates for disability insurance, including health insurance; and providing for an effective date."

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

\* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that

(1) health care services and health insurance in the state are becoming prohibitively costly, and a growing number of our citizens are unable to obtain health insurance or pay for needed care;

(2) the reasons that health care expenditures are increasing are complex and are accounted for by general inflation; by inflation specific to the health care industry or changes in the cost of labor, capital, and other industry factors; by population growth; by utilization or the number of times people use health care services; by increasingly complex and costly technology and other resources; by the aging of the population; and the practice of defensive medicine;

(3) the primary responsibility for controlling health care expenditures in the state should be borne by Alaska health care providers, particularly physicians, on whose orders and recommendations most health care expenditures are incurred; at present, federal and state antitrust laws effectively preclude health care providers from engaging in voluntary self-regulation regarding fees and volume of services; this Act mandates the participation by health care providers in the peer review process of cost control and volume control to assure that health care expenditures do not increase faster than the general inflation rate; if voluntary

self-regulation fails to control health care costs, mandatory cost controls should be imposed;

(4) in order to increase access to health care by containing the rate of increase of health care expenditures and by making basic health insurance available to the people in the state, it is essential that the factors contributing to the increasing costs of health care and the unavailability of health insurance be addressed comprehensively and consistently;

(5) there is a compelling need for a strong, clear focus on public health issues in the interest of protecting and promoting the public health of the residents of the state;

(6) there are inherent problems in our health system infrastructure, including the lack of physical access to services in many areas of the state;

(7) the state should immediately begin to create a system that will provide health insurance to all residents of the state, control health care expenditures, preserve the high quality of care that residents demand, preserve the individual's choice of health care provider, and, by doing so, avoid the imposition of a federally mandated health care reform system on the state;

(8) because the state constitution's single subject rule precludes the consideration of comprehensive tort reform in the same legislative enactment as health care reform, tort reform should be addressed in a separate legislative enactment;

(9) a market based single payer system is preferable to either an employer mandate or a "pay or play" approach because

(A) both of the employer mandate approaches are based on the current mix of public, employer, and individual financing that inevitably creates coverage gaps for some people, particularly when their employment status changes;

(B) health care financing approaches that require all businesses to provide health care benefits or that levy additional taxes on those businesses threaten the economic viability of many small businesses in the state;

(C) multiple payer systems would not necessarily address the problems of cost shifting that exist in our current system; and

(D) systems that are built upon the existing public and private financing arrangements can be expected to inherit the inefficiencies in those arrangements.

(b) The purpose of this Act is to

(1) increase access to health care by containing the rate of increase of health

care expenditures and by making health insurance available to the people in the state;

(2) create a market based single payer state health insurance system that provides health insurance to all residents of the state, that utilizes market forces to make consumers more aware of the actual costs of health services, and that provides consumers with information enabling them to make more informed purchasing decisions;

(3) provide a structure for addressing the health care needs of the state including

(A) developing a comprehensive long-term care plan that integrates support services and that promotes human dignity;

(B) use of preventive and wellness programs to reduce health care costs; and

(C) the different health care needs of urban and rural areas of the state.

(c) It is not the purpose of this Act to change the existing agreements between employers and employees, including retirees, in a manner that would diminish health care benefits.

\* **Sec. 2.** AS 08.02 is amended by adding a new section to read:

Sec. 08.02.025. COMPLIANCE WITH REQUIREMENTS OF STATE HEALTH INSURANCE CORPORATION. A health care provider shall comply with the required price list availability provisions of AS 21.58.230 and the health care data system provisions of AS 21.58.260 that are applicable to health care providers including regulations adopted by the Alaska Health Insurance Corporation under those provisions. Notwithstanding another provision of law, the license of a health care provider is not valid unless the health care provider complies with this section. In this section, "health care provider" has the meaning given in AS 21.58.400.

\* **Sec. 3.** AS 21.39.020 is amended to read:

Sec. 21.39.020. APPLICABILITY. (a) This chapter applies to disability insurance, to all forms of casualty insurance, including fidelity, surety, and guaranty bonds, to all forms of fire, marine, and inland marine insurance, and to a combination of any of them, or risks or operations in this state. Inland marine insurance includes insurance defined by statute, or by interpretation of statute, or if not defined or interpreted, by ruling of the director, or as established by general custom of the

business, as inland marine insurance.

(b) This chapter does not apply to

(1) reinsurance, other than joint reinsurance to the extent stated in AS 21.39.110;

(2) [DISABILITY INSURANCE;

(3)] insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine insurance policies;

(3) [(4)] insurance against loss of or damage to aircraft or against liability, other than workers' compensation and employer's liability, arising out of the ownership, maintenance, or use of aircraft; or, to insurance of hulls of aircraft, including their accessories and equipment.

\* Sec. 4. AS 21.39.030(a) is amended to read:

(a) Rates shall be made in accordance with the following provisions:

(1) rates may [SHALL] not be excessive, inadequate, or unfairly discriminatory;

(2) consideration shall be given to past and prospective loss experience inside and outside this state, to the conflagration and catastrophe hazards, to a reasonable margin for underwriting profit and contingencies, to dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers, to past and prospective expenses both countrywide and those specially applicable to this state, and to all other relevant factors inside and outside this state;

(3) the systems of expense provisions included in the rates for use by an insurer or group of insurers may differ from those of other insurers or group of insurers to reflect the requirements of the operating methods of the insurer or group of insurers with respect to any kind of insurance, or with respect to a subdivision or combination of them [THEREOF] for which subdivision or combination separate expense provisions are applicable;

(4) risks may be grouped by classifications for the establishment of rates and minimum premiums; classification rates may be modified to produce rates for individual risks in accordance with rating plans that establish standards for

measuring variations in hazards or expense provisions, or both; the standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expenses;

(5) in the case of fire insurance rates, consideration may be given to the experience of the fire insurance business during a period of not more than the most recent five-year period for which experience is available;

(6) when there is an established program to inspect new and existing dwellings and the program has been certified by the director as likely to reduce the incidence of fires in inspected dwellings, then in any rate plan used in this state, dwellings that have been found by the inspection to meet the standards established by the program shall have credits applied to the rate in amounts approved by the director;

**(7) in the case of disability insurance rates, rates shall be made on a statewide basis; rates may vary depending on age and family status.**

\* Sec. 5. AS 21.54 is amended by adding a new section to read:

Sec. 21.54.025. CLAIMS PROCESSING. (a) An insurer authorized to transact disability insurance in the state shall

(1) pay each claim within 15 business days after a claim is received or, within that same time period, give the person that submitted the claim notice that the claim is denied; and

(2) adopt a claims grievance procedure and submit the procedure to the division for approval; after the procedure has been approved, the insurer shall follow the procedure.

(b) If a claim form is fully completed and an insurer fails to pay a claim or give notice that the claim is denied within the time specified in (a) of this section, the insurer shall pay interest at the rate specified in AS 45.45.010, from the 16th business day after the claim was received until paid, on the amount finally determined to be due.

(c) If an insurer denies a claim, the notice that the claim is denied must include a statement of the reason for the denial. The statement must be sufficiently clear to allow the provider to understand the reason for the denial and to take corrective action, including resubmission of the claim, if appropriate.

\* Sec. 6. AS 21 is amended by adding a new chapter to read:

**CHAPTER 58. ALASKA HEALTH INSURANCE CORPORATION.**

**Sec. 21.58.010. CREATION AND PURPOSE.** (a) The Alaska Health Insurance Corporation is established. The corporation is a public corporation and an instrumentality of the state in the Department of Commerce and Economic Development but has a legal existence independent of and separate from the state. The exercise by the corporation of the powers conferred by this chapter is considered an essential function of the state.

(b) The purposes of the corporation are to establish and provide uniform health insurance coverage for all residents of the state and to monitor and control all health care expenditures in the state.

**Sec. 21.58.020. BOARD OF DIRECTORS.** The corporation is managed by a board of seven directors.

**Sec. 21.58.030. APPOINTMENT AND REMOVAL OF DIRECTORS.** (a) The directors of the corporation are appointed by the governor, subject to confirmation by the legislature. A director may be removed only for good cause.

(b) In appointing directors to the board, the governor shall ensure that

(1) a majority of the board are experts in health care issues and fairly represent the interests of the general public in having access to quality and affordable health care;

(2) the interests of consumers and health care providers are fairly represented;

(3) the director is a resident of the state; and

(4) the board has a gender and geographic composition that approximates the population of the state.

**Sec. 21.58.040. TERM OF SERVICE.** The term of a director is four years. Terms of directors shall be staggered. A director may be appointed to successive terms. A director appointed to fill a vacancy serves for the unexpired term of the director. A term shall be measured from January 1 of the year in which the term of the vacant position begins, regardless of when the vacancy is filled.

**Sec. 21.58.050. COMPENSATION AND EXPENSES.** A director is entitled to receive compensation at the rate of \$400 for each day spent in performing duties as a board member and to travel and per diem expenses authorized by law for boards

and commissions under AS 39.20.180.

Sec. 21.58.060. OFFICERS. At the first meeting of each year, the board of the corporation shall elect a chair and a vice-chair from among its members. The corporation shall prescribe their duties by regulation.

Sec. 21.58.070. MEETINGS AND QUORUM. The board of the corporation shall meet at least once every three months. Four members of the board constitute a quorum for the transaction of business and the exercise of the powers and duties of the corporation.

Sec. 21.58.080. ADMINISTRATIVE PROCEDURE. Actions of the corporation under this chapter are subject to AS 44.62 (Administrative Procedure Act).

Sec. 21.58.090. STAFF AND PROFESSIONAL SERVICES CONTRACTS. The corporation shall employ an executive director who serves at the pleasure of the corporation as its chief administrative officer. The executive director may, with the approval of the corporation, select and employ additional staff as necessary. The executive director is in the exempt service under AS 39.25.110. Employees of the corporation other than the executive director are in the classified service under AS 39.25.100. In addition to its staff of regular employees, the corporation may contract for the services of consultants and professional, technical, and financial advisors the corporation considers necessary for the purpose of developing information, conducting hearings, studies, investigations, or other proceedings, or otherwise exercising its powers.

Sec. 21.58.100. GENERAL POWERS. The corporation may

(1) exercise the powers granted to insurers under the laws of the state when allowed under AS 21.58.130(c); if the corporation acts as an insurer, the corporation shall comply with the requirements applicable to insurers under this title;

(2) sue or be sued;

(3) make contracts and execute all instruments necessary or convenient for carrying out its business;

(4) establish administrative or accounting procedures;

(5) acquire, own, hold, dispose of, and encumber personal property and lease real property in the exercise of its powers;

(6) establish appropriate levels of reserves to cover expenses of the

corporation;

(7) perform all other acts necessary and proper to carry out the duties of the corporation.

Sec. 21.58.110. DUTIES. The corporation shall

- (1) adopt regulations to implement this chapter;
- (2) create and implement the formal public involvement process required under AS 21.58.320, for the purpose of gathering broad input on the state health insurance plan, options for financing the cost of coverage, cost-sharing of the health insurance plan, and the cost of plan administration;
- (3) establish the comprehensive health care data system required under AS 21.58.260;
- (4) create and implement a uniform claims form;
- (5) develop and update the public health improvement plan for the state required under AS 21.58.310;
- (6) establish the claims clearinghouse required under AS 21.58.220;
- (7) develop a benefits package of health care services that enrollees in the state health insurance plan are entitled to receive and determine the eligibility requirements for enrollment;
- (8) annually determine the appropriate fee to be paid by an enrollee, after considering the enrollee's income, assets, financial obligations, or other criteria, as determined by the corporation;
- (9) define acceptable reasons for denial of claims under the state health insurance plan;
- (10) at least annually, review the health care benefits package and revise it as determined by the corporation, taking into consideration the health needs of the state, available funding, and other relevant factors as determined by the corporation;
- (11) establish the cost control system required under AS 21.58.180, 21.58.230, 21.58.250, 21.58.270, 21.58.290, and 21.58.330, and the voluntary cost control system required under AS 21.58.240 and 21.58.280;
- (12) periodically review options to finance the state health insurance plan and present options to the legislature;

(13) with funds from the state health fund, provide or procure coverage required under the state health insurance plan; as provided under AS 21.58.130, the corporation may act as an insurer or procure coverage from one or more companies licensed to transact health insurance in the state for all persons who are eligible to be enrollees of the state health insurance plan;

(14) pursue necessary federal waivers from applicable federal law or other federal health care payers in order to incorporate both claims data and revenue streams into the corporation's data system and additional revenue into the state health insurance fund;

(15) implement the state health insurance plan as a market based single payer system;

(16) design a program to give incentives to primary care providers to practice in the state, especially in rural and under served areas of the state; incentives may include added premiums on prices for primary care providers, a student loan forgiveness program, an in-state family practice residency program, training and rotations for midlevel practitioners, and other appropriate incentives;

(17) impose a mandatory cost control system in part or overall if the corporation determines that the voluntary cost control system described under AS 21.58.280 has failed to substantially achieve the adopted expenditure target;

(18) establish committees of experts and others as needed to make recommendations to the corporation regarding how to contain the cost of health care, including incorporating a greater emphasis on healthful lifestyles, prevention of disease and injury, promoting effective medical treatments, identifying the optimal provider mix within the state, or other matters determined by the corporation;

(19) develop a plan that comprehensively addresses the needs of residents of the state for long-term care; and

(20) hold public meetings and annually report to enrollees, the governor, and the legislature.

Sec. 21.58.120. HEALTH INSURANCE FUND. The state health insurance fund is established as a separate account in the general fund. The fund shall be administered by the corporation and used to provide or to purchase insurance under AS 21.58.110 or 21.58.130. The fund consists of appropriations by the legislature,

individual or employer contributions, and private or government grants.

Sec. 21.58.130. **PROCUREMENT OR PROVISION OF INSURANCE.** (a)

The corporation shall

(1) solicit proposals from insurance companies that are licensed to transact health insurance in the state under the procurement procedures adopted by the corporation under AS 36.30.015(e); and

(2) if the corporation does not act as an insurer as provided under (c) of this section, select one or more companies with which it will contract to provide insurance, after considering the cost of the insurance, the availability from the company of program features directed at reducing the cost of providing health care services, and other relevant factors as determined by the corporation.

(b) The corporation may contract for insurance coverage for enrollees for a term that it considers to be the most advantageous to the corporation and its enrollees, for a period not exceeding three years.

(c) If, after the proposal process under (a) of this section has been completed, the corporation determines that the desired coverage or benefits are not available from insurers licensed in this state or the corporation can provide the desired coverage and benefits at a lower cost per eligible person, the corporation may act as an insurer.

Sec. 21.58.140. **ENROLLEES.** (a) A person is eligible to be an enrollee in the state health insurance plan under this chapter in a given year if the person is a resident of the state and has complied with the procedures established by the corporation under (d) of this section. For purposes of enrollment, the corporation shall by regulation define residency in a manner that is consistent with AS 01.10.055 and with this chapter.

(b) A person who is eligible to be an enrollee shall be enrolled by the corporation in the state health insurance plan.

(c) The corporation shall cancel an enrollee's coverage if, during the fiscal year, the enrollee becomes ineligible to be an enrollee.

(d) The corporation shall establish by regulation appropriate procedures for processing applications for enrollment, for determining the eligibility of enrollees, for enrolling enrollees, for determining and collecting the applicable fees, for canceling an enrollee's coverage, and for processing appeals by enrollees of adverse decisions

by the corporation regarding eligibility, enrollment, determination or collection of applicable fees, or cancellation of coverage.

**Sec. 21.58.150. DISCRIMINATION AGAINST ENROLLEES PROHIBITED.**

A health care provider may not discriminate against an enrollee with respect to the availability, cost, or quality of health care services wholly or in part on the basis of the person's status as an enrollee.

**Sec. 21.58.160. CONFIDENTIALITY OF ENROLLEE INFORMATION.**

Medical and financial information regarding applicants or current or former enrollees is confidential and is not subject to public disclosure. The corporation by regulation may establish reasonable standards for the release of limited information in specified circumstances, including the release of reasonably necessary information to insurance companies and the release of information with the written authorization of the applicant or enrollee.

**Sec. 21.58.170. HEALTH INSURANCE PLAN.** (a) The corporation shall adopt regulations specifying the health care services required to be covered by the state health insurance plan, taking into consideration the services requested by the public, the needs and characteristics unique to state residents, the goal of prevention of illness and promotion of wellness, the cost of providing the benefits package, the cost of providing or procuring the insurance coverage, and the funds available in the state health insurance fund.

(b) The corporation shall conduct a comprehensive public involvement process designed to solicit information and opinions regarding the services required to be covered under (a) of this section.

**Sec. 21.58.180. DEDUCTIBLES AND COPAYMENTS.** Subject to AS 21.58.170, the corporation shall establish the deductible and copayment amounts applicable under the state health insurance plan.

**Sec. 21.58.190. PREMIUMS.** A premium may be charged to an enrollee for coverage as established by the corporation by regulation. In establishing a premium, the corporation shall establish a standard fee and a sliding scale fee and shall consider the cost of coverage, funding available, and other factors the corporation determines are relevant.

**Sec. 21.58.200. PROHIBITED DISCRIMINATION BETWEEN HEALTH**

CARE PROVIDERS. The corporation may not discriminate between health care providers who are licensed to perform a covered health care service unless the type of health care service provided is not included under the state health insurance plan.

Sec. 21.58.210. SOLICITATION OF ELIGIBLE PERSONS. (a) The corporation, under a plan approved by the director, shall disseminate appropriate information to the residents of the state regarding the existence of the state health insurance plan and the means of enrollment.

(b) The corporation shall devise and implement a means of maintaining public awareness of the provisions of this chapter regarding the state health insurance plan and shall administer this chapter in a manner that facilitates public participation in the state health insurance plan.

Sec. 21.58.220. CLAIMS CLEARINGHOUSE. (a) The corporation shall establish a claims clearinghouse in the state. A provider of health care services shall submit all claims for payment under the state health insurance plan to the claims clearinghouse. The corporation may, by regulation, require providers to submit specified additional information pertaining to providing health care services in the state to the claims clearinghouse.

(b) Subject to appropriation, the claims clearinghouse shall pay claims approved for payment by the corporation under the state health insurance plan.

(c) The claims clearinghouse shall comply with the provisions of AS 21.54.025, except that the claims grievance procedure required by AS 21.54.025(a)(2) shall be submitted to the board of directors of the corporation for approval.

(d) The claims clearinghouse may deny a claim only for a reason that has been specified as an acceptable reason by the corporation under AS 21.58.110(9).

Sec. 21.58.230. REQUIRED AVAILABILITY OF PRICE LIST. (a) A health care provider shall prepare a list of the provider's prices that includes the dates during which the prices will be applicable. The price list shall be made available either by posting the price list in a conspicuous location in the health care provider's office or by similarly posting a notice that the price list is available for review upon request. The corporation shall determine by regulation the contents of the price list required under this section.

(b) At least annually, a health care provider shall submit to the corporation copies of the provider's current price list. The corporation shall specify by regulation the date for submitting the price lists.

Sec. 21.58.240. INFORMATION ON PRICES FOR HEALTH CARE SERVICES. The corporation shall at least annually publish a description of types of health care providers licensed to provide covered services and a comparative list of provider prices. The corporation shall make the publications available to the public upon request.

Sec. 21.58.250. COMPARATIVE LISTS OF PRICES. (a) At least annually, the corporation shall compile comparative lists of prices for commonly provided health care services based on abstracted data provided by the claims clearinghouse under AS 21.58.220, on the price lists submitted to the corporation under AS 21.58.230, and on other relevant information as determined by the corporation.

(b) The lists required under this section shall be prepared to allow identification and comparison of prices made by individual providers for the listed services. Hospital services may be compared on the basis of diagnosis related groups.

Sec. 21.58.260. HEALTH CARE DATA SYSTEM. (a) The corporation shall develop and periodically update a health care data system. To the extent practicable, the data system base year shall be calendar year 1993 and the system must include

(1) health care expenditures, including capital expenditures associated with receiving health care;

(2) demographic data;

(3) clinical information, including patient diagnosis, type of provider, type of service, location and length of care, referral patterns, quality of care, and result of care;

(4) billing and payment data; and

(5) public health data, including vital statistics and health status.

(b) The corporation may, by regulation, require health care providers, including providers not being reimbursed by the corporation, to submit claims data and additional information necessary to develop or update the data system required under (a) of this section.

Sec. 21.58.270. STATEWIDE HEALTH CARE EXPENDITURE TARGET.

(a) The corporation shall prescribe by regulation a statewide health care expenditure target, based on the data obtained under AS 21.58.260. To the extent practicable, the base year for the statewide health care expenditure target shall be calendar year 1993.

(b) The corporation annually shall adjust the health care expenditure target established under this section to reflect changes in the Consumer Price Index and the following factors:

- (1) changes in the size and demographic characteristics of the state's population including aging;
- (2) changes in medical technology;
- (3) changes that improve access to health care services;
- (4) changes in the burden of disease resulting from epidemics, disasters, and reduction or elimination of disease;
- (5) elimination of unnecessary care;
- (6) changes in costs associated with professional liability insurance;
- (7) changes in administrative costs;
- (8) changes in patterns of utilization.

Sec. 21.58.280. VOLUNTARY HEALTH CARE PROVIDER COMPLIANCE. The health care expenditure target adopted by the corporation under AS 21.58.270 shall constitute a recommended target for expenditures within each specified category or subcategory of health care services or products. Health care providers may voluntarily comply with the expenditure target and may take all appropriate steps not prohibited by law to attempt to ensure that annual expenditures for health care in the state do not exceed the expenditure target adopted by the corporation.

Sec. 21.58.290. REVIEW AND REPORT ON HEALTH CARE EXPENDITURES. The corporation shall annually review and report to the legislature and the governor on

- (1) the total amount of health care expenditures in the state;
- (2) the amount of increase or decrease in health care and capital medical expenditures in the state;
- (3) changes in health care provider prices;
- (4) changes in patterns of utilization or expenditures; and

(5) factors that are responsible for changes in patterns of utilization or expenditures.

Sec. 21.58.300. MANDATORY HEALTH CARE PROVIDER COMPLIANCE. (a) Based on the data compiled under AS 21.58.260, the corporation shall monitor the success of voluntary compliance under AS 21.58.280. At any time beginning three years after the voluntary expenditure target has been in effect, if the corporation concludes that voluntary compliance has failed substantially to achieve the adopted expenditure target, the corporation shall impose by regulation a mandatory expenditure limit as provided under (b) of this section.

(b) The corporation may, by regulation,

(1) impose a mandatory expenditure limit on one or more subcategories or on specific items within the expenditure limit;

(2) directly assume all or part of the cost control functions specified under AS 21.58.110(11);

(3) establish mandatory price and utilization controls or guidelines;

(4) annually monitor health care expenditures, patterns of utilization, and factors contributing to changes in expenditures or utilization;

(5) establish cost sharing recommendations relevant to the mandatory expenditure limit.

(c) A health care provider shall comply with the mandatory cost control provisions that may be established by the corporation under (a) and (b) of this section. An enrollee who receives a charge that does not comply with the mandatory cost control provisions that are imposed under this section is not required to pay the portion of the charge that exceeds the mandatory cost control provisions. A health care provider shall refund an amount received that exceeds the mandatory cost control provisions.

(d) The corporation shall establish by regulation procedures for monitoring compliance with the mandatory cost control provisions and for providing notice to a person who is determined to have been overcharged.

Sec. 21.58.310. PUBLIC HEALTH IMPROVEMENT PLAN. (a) The corporation shall develop and annually update a public health improvement plan for the state. The plan required under this section must recognize the need for

- (1) community involvement in health care planning and delivery;
- (2) attention to local needs that may vary from place to place;
- (3) accountability for the use of public funds;
- (4) equity and stability in the distribution of public funds;
- (5) shared responsibility of all levels of government for administering and financing public health care delivery; and
- (6) coordination of basic public health services.

(b) The plan required under this section must include

- (1) an analysis of the health status of the residents of the state;
- (2) an assessment of the most appropriate role for various levels of government to play in addressing the health care needs of the residents of the state;
- (3) a delineation of the standards that should be used in performing assessment, policy development, and quality assurance in the delivery of public health services;
- (4) documentation of the extent to which the current public health system implements or achieves the standards identified under (3) of this subsection;
- (5) identification of interjurisdictional issues involved in health care access and delivery;
- (6) recommendations, including recommendations for specific legislative action when necessary, pertaining to the following:
  - (A) strategies, time lines, financial needs, and specific sources of stable revenue for bringing the state public health care system up to standards identified by the corporation;
  - (B) appropriate sharing of the responsibility of local, regional, state, and federal government entities to deliver public health care services efficiently and effectively, including recommendations for organization within state government;
  - (C) integration of the public health care system with state and national health care reform efforts;
  - (D) the corporation's estimate of the optimal share that public health should represent in the total health care delivery system of the state, expressed in terms of a percentage of health care expenditures in the state.

Sec. 21.58.320. **REQUIRED PUBLIC INVOLVEMENT PROCESS.** The corporation shall design, implement, and maintain an extensive community based public involvement process for the purpose of providing residents with an ongoing opportunity to participate in decisions made by the corporation's board of directors regarding

- (1) health care services residents want included in the benefit package;
- (2) financing options;
- (3) revenue sources that should be used to finance the health plan;
- (4) cost-sharing options; and
- (5) administration of the health care plan.

Sec. 21.58.330. **PEER REVIEW OF UTILIZATION AND QUALITY.** The corporation shall contract with health care providers in the state to develop utilization and quality controls. The contract must include the use of peer specialty groups that are given the goal of controlling utilization within a specialty. The corporation shall ensure that the contract stresses the development of the use of incentives to control costs.

Sec. 21.58.400. **DEFINITIONS.** In this chapter,

(1) "clearinghouse" means the claims clearinghouse designated by the corporation under AS 21.58.220;

(2) "Consumer Price Index" means the Consumer Price Index for Anchorage, All Items Index, compiled by the Bureau of Labor Statistics, United States Department of Labor;

(3) "corporation" means the Alaska Health Insurance Corporation established in AS 21.58.010;

(4) "enrollee" means a person whose application for coverage under the state health insurance plan has been accepted by the corporation, who has completed applicable enrollment procedures, who is covered by insurance under the program;

(5) "health care provider" means an acupuncturist licensed under AS 08.06; an audiologist licensed under AS 08.11; a chiropractor licensed under AS 08.20; a dental hygienist licensed under AS 08.32; a dentist licensed under AS 08.36; a marital or family therapist licensed under AS 08.63; a direct-entry

midwife certified under AS 08.65; a nurse licensed under AS 08.68; a dispensing optician licensed under AS 08.71; a naturopath licensed under AS 08.45; an optometrist licensed under AS 08.72; a pharmacist licensed under AS 08.80; a physical therapist or occupational therapist licensed under AS 08.84; or a physician's assistant certified under AS 08.64; a physician licensed under AS 08.64; a podiatrist; a psychologist and a psychological associate licensed under AS 08.86; a clinical social worker licensed under AS 08.95; an emergency medical technician certified under AS 18.08.082; a mobile intensive care paramedic trained as required under AS 18.08.082; a hospital as defined in AS 18.20.130, including a governmentally owned or operated hospital; and an employee of a health care provider acting within the course and scope of employment;

(6) "health care services" means preventive, diagnostic, medical, surgical, reproductive, psychiatric, psychologic, rehabilitative, health maintenance, dental, podiatric, optometric, optical, audiologic, nutritive, and chiropractic care; prescription drugs, laboratory and radiologic services, medical supplies, durable medical equipment and devices; personal assistance services; inpatient and outpatient care; home health care; hospice care; and long-term or institutional care;

(7) "health insurance" means an individual or group contract or other plan providing coverage of health care services that is issued by the corporation or by a health insurance company, a hospital service corporation, a medical service corporation, or a health maintenance organization; "health insurance" includes disability insurance under AS 21.12.050;

(8) "health insurance company" means an insurer that is authorized to transact health insurance;

(9) "market based single payer system" means a system in which a single entity provides health insurance to all residents of the state and the insurance is based on market forces, including provider defined fees, defined patient copayments, sliding scale copayments for the indigent, provider fees that are posted or made otherwise available at the point of services, published or disseminated fees in comparative lists that allow fee comparison by consumers, voluntary expenditure targets, provider peer review and control of volume, utilization, and quality of health services, and a regularly published description of the various types of providers

licensed to provide services in the benefit package;

(10) "state health insurance fund" is the fund established in AS 21.58.120.

\* Sec. 7. AS 24.20.206 is amended to read:

Sec. 24.20.206. DUTIES. The Legislative Budget and Audit Committee shall

(1) report to the legislature its recommendations relating to the confirmation of appointees to the Board of Trustees of the Alaska Permanent Fund Corporation;

(2) annually review the long-range operating plans of all agencies of the state which perform lending or investment functions;

(3) review periodic reports from all agencies of the state which perform lending or investment functions;

(4) present a complete report of investment programs, plans, performance, and policies of all agencies of the state which perform lending or investment functions to the legislature within 30 days after the convening of each regular session;

(5) present to the legislature within 30 days after the convening of each regular session a review of the report of the governor under AS 37.07.020(d) with recommendations for needed legislation;

(6) in conjunction with the finance committee of each house recommend annually to the legislature the investment policy for the general fund surplus and for the income from the permanent fund;

(7) provide for an annual post audit and annual operational and performance evaluation of the Alaska Permanent Fund Corporation investments and investment programs;

(8) provide for an annual operational and performance evaluation of the Alaska Housing Finance Corporation and the Alaska Industrial Development and Export Authority; the performance evaluation shall include, but is not limited to, a comparison of the effect on various sectors of the economy by public and private lending, the effect on resident and nonresident employment, the effect on real wages, and the effect on state and local operating and capital budgets of the programs of the Alaska Housing Finance Corporation and the Alaska Industrial Development and

Export Authority;

(9) provide assistance to the trustees of the trust established in AS 37.14.400 - 37.14.450 in carrying out their duties under AS 37.14.415;

(10) provide for an annual post audit and annual operational and performance evaluation of the Alaska Health Insurance Corporation.

\* Sec. 8. AS 36.30.015(e) is amended to read:

(e) The board of directors of the Alaska Railroad Corporation, [AND] the board of directors of the Alaska Aerospace Development Corporation, and the board of directors of the Alaska Health Insurance Corporation shall adopt procedures to govern the procurement of supplies, services, professional services, and construction. The procedures must be substantially equivalent to the procedures prescribed in this chapter and in regulations adopted under this chapter.

\* Sec. 9. AS 37.07.030 is amended to read:

Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legislature shall

(1) provide for a budget review function;

(2) analyze the comprehensive operating and capital improvements programs and financial plans recommended by the governor;

(3) adopt legislation to authorize implementation of the governor's comprehensive operating and capital improvements programs and financial plans or appropriate alternatives to those plans;

(4) provide for a post-audit function to cover financial transactions, program accomplishment, and compliance with legislative intent;

(5) adopt or revise the estimate of receipts required to balance the succeeding fiscal year's budget in order that proposed expenditures do not exceed estimated receipts for that fiscal year;

(6) adopt, revise, or initiate revenue measures in order to balance the succeeding fiscal year's budget and the capital improvements section of the budget for the succeeding six years;

(7) appropriate funds for the operation of the Alaska Health Insurance Corporation.

\* Sec. 10. AS 39.25.110 is amended by adding a new paragraph to read:

(30) the executive director of the Alaska Health Insurance Corporation.

\* **Sec. 11.** AS 44.62.330(a) is amended by adding a new paragraph to read:

(59) Alaska Health Insurance Corporation.

\* **Sec. 12.** PHASED TRANSITION PERIOD. Notwithstanding the provisions of AS 21.58, the Alaska Health Insurance Corporation shall implement the provisions of AS 21.58 on an orderly and gradual basis as follows:

(1) by December 31, 1994, the corporation shall begin to implement the public involvement process required under AS 21.58.320, establish the data system required under AS 21.58.260 and begin collecting data, begin the first public health improvement plan required under AS 21.58.310, determine the federal waivers necessary to implement AS 21.58, and begin to develop incentives to attract health care providers required under AS 21.58.110(16);

(2) by June 31, 1995, the corporation shall complete the uniform claims form required under AS 21.58.110(4);

(3) by December 31, 1995, the corporation shall establish the claims clearinghouse required under AS 21.58.220, determine the health care services required under AS 21.58.170, begin monitoring health care expenditures and utilization patterns, and begin collecting fee information required under AS 21.58.230;

(4) by January 1, 1996, the corporation shall implement the peer review system for utilization and quality required under AS 21.58.330 and shall adopt regulations that establish eligibility criteria for enrollment in the state health insurance plan, including a definition of the term "resident" that is consistent with AS 01.10.055 and the purposes of this Act;

(5) by December 31, 1996, the corporation shall establish the voluntary cost control system required under AS 21.58.280;

(6) by January 1, 1997, the corporation shall develop a long-term health care plan required under AS 21.58.110(19), and establish the deductible and copayment amounts required under AS 21.58.180 and present options to the governor and the legislature on how to finance a state health insurance plan under a market based single payer system; in considering options on financing a state health insurance plan the corporation shall strive to structure the options in a manner that provides protection for benefits provided to retired employees through public or private retirement systems;

(7) by January 1, 1998, the corporation shall establish the statewide health care expenditure target required under AS 21.58.270, and, subject to appropriation, begin to provide health insurance coverage for state residents as required under AS 21.58.

\* Sec. 13. Notwithstanding AS 21.58.270(b), enacted in sec. 6 of this Act, the corporation shall increase the health care expenditure target by the following percentages of the target established under AS 21.58.270:

- (1) in 1998, 1.5 percent;
- (2) in 1999, 1.0 percent; and
- (3) in 2000, 0.5 percent.

\* Sec. 14. This Act takes effect July 1, 1994."

HB

417

# HOUSE COMMITTEE REPORT

(9)

Date Referred: January 31, 1994

FURTHER REFERRALS:

Judiciary

Date of Committee Action: 2/22/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 417

HOUSE BILL NO. 417

POSSESSION OF FIREARMS IN SCHOOL LOCKERS

"An Act relating to the possession of deadly weapons within the grounds of or on the parking lot of preschools, elementary, junior high, and secondary schools; and relating to school lockers and other containers provided in a public or private school by the school or the school district."

RECOMMENDATIONS:

be replaced with

CS HB 417 (HESS)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Law, Public Safety

zero fiscal note(s) \_\_\_\_\_

SIGNING/DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>Peter [Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	

*[Signature]*  
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HB 417

Revision Date: February 9, 1994  
Title: "...possession of deadly weapons...relating to school lockers..."  
Sponsor: Representative Bunde  
Requestor: Representative Bunde

Department Affected: Department of Law  
BRU: Prosecution  
Component: All  
COMPONENT SERIAL NO. 0085 through 0090

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)  
Please

Prepared by: Richard I. Pegues, Director Phone: 465-3672  
Division: Administrative Services Division Date: February 9, 1994  
Approved by Commissioner: Bruce M. Botelho Attorney General  
Agency: Department of Law Date: February 9, 1994

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FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HB 417

ANALYSIS CONTINUATION:

First, this bill amends AS 11.61.220(a) to prohibit possession of a deadly weapon within the grounds of or on a parking lot immediately adjacent to a public or private preschool, elementary, junior high, or secondary school, within the crime of misconduct involving weapons in the third degree. The existing statute prohibits possessing a firearm under these circumstances. The bill also expands the existing prohibition to include postsecondary educational institutions.

Second, the bill amends AS 14.03 to permit school officials, in private and public schools and in private and public postsecondary institutions, to search and examine the contents of student lockers and other containers to determine compliance with school regulations and local, state, and federal laws. Schools would be required to post notices in prominent locations throughout a school two weeks before a search is conducted stating the right and the intention of a school to conduct a search or examination. The bill also provides that this requirement is satisfied if the notices are posted continuously.

These changes should not have a fiscal impact for the Department of Law. It is possible that schools could be liable for damages if they do not protect the privacy of students, by revealing the contents of lockers that are not the purpose of a search authorized by this bill.

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO: HB 417

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: Possession of Firearms in Schools BRU: Alaska State Troopers  
 Component: Detachments  
 Sponsor: Rep. Bunde  
 Requestor: H. HES COMPONENT SERIAL NO. 799

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ( ) <small>Revenue Code</small>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 94) impact: \$ \_\_\_\_\_

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact is anticipated to the Department of Public Safety.

Prepared By: Lee Ann Lucas Phone: 465-4322  
 Division: Office of the Commissioner Date: 2/16/94  
 Approved by Commissioner: [Signature] Date: \_\_\_\_\_  
 Agency: Richard L. Burton, Dept. of Public Safety

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Public Safety - Troopers - DFN



Alaska State Legislature  
 House of Representatives  
 COMMITTEE ON HEALTH, EDUCATION  
 AND SOCIAL SERVICES

DATE: 2/22/94

PLACE: Capitol Room 106

SUBJECT OF MEETING:  
 \* HB 362: AIDING NONPAYMENT OF CHILD SUPPORT  
 \* HB 429: SPECIAL EDUCATION SERVICE AGENCY  
 \* HB 559: APPROP: CONSTRUCT/UPGRADE ON-BASE SCHOOLS  
 HJR 47: FUNDS TO UPGRADE MILITARY BASE SCHOOLS

\* INDICATES FIRST PUBLIC HEARING

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Larain Torr	SED					Y N	only if necessary
PAT MADROS	YUKON-KUYUKUK SCH DIST		99765	474-9406		* N	359
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	

8-LS15890 ✓  
Luckhaupt  
2/22/94

CS FOR HOUSE BILL NO. 417( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE BUNDE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the possession of weapons within the grounds of or on the  
2 parking lot of preschools, elementary, junior high, and secondary schools or while  
3 participating in a school-sponsored event; and relating to school lockers and other  
4 containers provided in a public or private school by the school or the school  
5 district."

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

7 \* Section 1. AS 11.61.210(a) is amended to read:

8 (a) A person commits the crime of misconduct involving weapons in the fourth  
9 degree if the person

10 (1) possesses on the person, or in the interior of a vehicle in which the  
11 person is present, a firearm when the person's physical or mental condition is impaired  
12 as a result of the introduction of an intoxicating liquor or a controlled substance into  
13 the person's body in circumstances other than described in AS 11.61.200(a)(7);