

**HOUSE CS FOR CS FOR SENATE BILL NO. 45(2d L&C) am H(efd add H)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Amended: 4/5/24

Offered: 2/28/24

Sponsor(s): SENATORS WILSON, Hughes, Myers, Kaufman

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to insurance; relating to direct health care agreements; relating to the**  
2 **duties of the director of the division of insurance in the Department of Commerce,**  
3 **Community, and Economic Development; and providing for an effective date."**

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

5 \* **Section 1.** AS 21.03 is amended by adding a new section to read:

6 **Sec. 21.03.025. Direct health care agreements.** (a) A health care provider or  
7 health care business and a patient or the representative of a patient may enter into a  
8 direct health care agreement. Health care services provided under a direct health care  
9 agreement are limited to the type of health care services that a primary care provider  
10 may provide to a patient. A patient is not eligible to enter into a direct health care  
11 agreement under this section if the patient is eligible to receive assistance under  
12 AS 47.07 (Medical Assistance for Needy Persons) or AS 47.08 (Assistance for  
13 Catastrophic Illness and Chronic or Acute Medical Conditions).

14 (b) To be eligible to enter into a direct health care agreement under this

1 section, a health care provider or health care business must

2 (1) accept new patients who are enrolled in the Medicare program; or

3 (2) maintain a practice in which 20 percent or more of the patients

4 (A) are enrolled in the Medicare program; or

5 (B) do not have health insurance.

6 (c) A direct health care agreement must

7 (1) describe the health care services that the health care provider or  
8 health care business makes available to the patient in exchange for payment of a  
9 periodic fee and each location at which the health care services are available;

10 (2) specify

11 (A) the amount of the periodic fee a patient or the  
12 representative of a patient pays in exchange for the health care services that the  
13 health care provider or health care business makes available to the patient;

14 (B) the period covered by the periodic fee under (A) of this  
15 paragraph; and

16 (C) additional fees that the health care provider or health care  
17 business may charge in addition to the periodic fee, including cancellation  
18 fees;

19 (3) identify and include contact information for a representative of the  
20 health care provider or health care business that is responsible for receiving and  
21 addressing

22 (A) a complaint made by a patient relating to the agreement;

23 and

24 (B) a request made by a patient to amend the agreement,  
25 including a patient's request to change the name of the representative of the  
26 patient or the patient's mailing address, physical address, telephone number,  
27 electronic mail address, or other personal information;

28 (4) prominently state that the patient is not entitled to the protections  
29 under AS 21.07 (Patient Protections Under Health Care Insurance Policies).

30 (d) A patient or the representative of a patient may terminate a direct health  
31 care agreement in writing within 30 days after entering into the agreement. If a patient

1 or representative terminates an agreement under this subsection, the health care  
2 provider or health care business shall, not later than 30 days after the patient or  
3 representative terminates the agreement, refund to the patient or representative  
4 payments made under the agreement, less payments made for services the health care  
5 provider or health care business has already performed that are not included in the  
6 periodic fee.

7 (e) A health care provider or health care business may immediately terminate  
8 a direct health care agreement if

9 (1) a patient's behavior threatens the safety of the health care provider,  
10 the staff of the health care provider or health care business, or other patients of the  
11 health care provider or health care business;

12 (2) a patient engages in disrespectful, derogatory, or prejudiced  
13 behavior that is within the patient's control and the patient does not stop the behavior  
14 even after the health care provider or the staff of the health care provider or health care  
15 business requests the patient to stop the behavior; or

16 (3) a patient or the representative of a patient breaches the terms of the  
17 agreement.

18 (f) A patient or the representative of a patient may immediately terminate a  
19 direct health care agreement if a health care provider or a health care business  
20 breaches the terms of the agreement.

21 (g) A health care provider or health care business may not change the periodic  
22 fee under the agreement more than once a year and shall provide at least 45 days'  
23 written notice of a change in the periodic fee. If a health care provider or health care  
24 business increases the amount of the periodic fee, a patient or the representative of a  
25 patient may terminate the agreement by providing to the health care provider or health  
26 care business written notice of the termination not later than the day before the date on  
27 which the change to the periodic fee is scheduled to take effect.

28 (h) Except as otherwise provided in this section, a health care provider, a  
29 health care business, a patient, or the representative of a patient may terminate a direct  
30 health care agreement for any reason in writing after at least 30 days' notice.

31 (i) A health care provider or health care business may charge a termination fee

1 only for termination of an agreement by a patient or the representative of a patient  
2 under (d) or (h) of this section. The termination fee may not exceed an amount equal  
3 to one month's cost of the periodic fee.

4 (j) Upon termination of an agreement under (g) or (h) of this section, the  
5 patient shall pay the health care provider or health care business the periodic fee,  
6 prorated through the date of termination of the agreement, and any additional fees for  
7 services the health care provider or health care business has already performed that are  
8 not included in the periodic fee.

9 (k) A health care provider or health care business may bill a patient or the  
10 representative of a patient for the periodic fee only after the end of the period to which  
11 the periodic fee applies.

12 (l) A patient's employer may pay the periodic fee and additional fees the  
13 patient owes a health care provider or health care business under a direct health care  
14 agreement. A payment by the employer under this subsection does not constitute  
15 engaging in the business of insurance or underwriting in this state, and the employer is  
16 not an insurer, a health maintenance organization, a health care insurer, or a medical  
17 service corporation by virtue of the payment.

18 (m) A direct health care agreement and a health care provider or health care  
19 business providing health care services under a direct health care agreement are  
20 subject to AS 21.36 (Trade Practices and Frauds) to the extent applicable and when  
21 not in conflict with the express provisions of this section.

22 (n) A health care provider or health care business may not decline to enter into  
23 a direct health care agreement with a new patient or terminate a direct health care  
24 agreement with an existing patient solely because of the patient's race, religion, color,  
25 national origin, age, sex, physical or mental disability, marital status, change in marital  
26 status, pregnancy, parenthood, or any other characteristic of a class of persons  
27 protected by a state law that prohibits discrimination.

28 (o) A health care provider or health care business may decline to enter into a  
29 direct health care agreement with a new patient if the health care provider or health  
30 care business

31 (1) is unable to provide to the patient the health care services the

1 patient requires; or

2 (2) does not have the capacity to accept new patients.

3 (p) A health care provider or health care business may terminate a direct  
4 health care agreement with an existing patient based on the patient's health status only  
5 if the health care provider is unable to provide to the patient the health care services  
6 the patient requires or in accordance with this section.

7 (q) A health care provider or health care business may not make, publish,  
8 disseminate, circulate, broadcast, or place before the public, or cause, directly or  
9 indirectly, to be made, published, disseminated, circulated, broadcast, or placed before  
10 the public, in a newspaper, magazine, or other publication, or in the form of a notice,  
11 circular, pamphlet, letter, or poster, or over a radio or television station, or in any other  
12 way, an advertisement, announcement, or statement containing an assertion,  
13 representation, or statement that is untrue, deceptive, or misleading with respect to

14 (1) the terms of or the benefits or advantages provided by a direct  
15 health care agreement;

16 (2) the characterization of a direct health care agreement, including the  
17 characterization of a direct health care agreement as health care insurance or an  
18 alternative to health care insurance;

19 (3) the business of a direct health care agreement.

20 (r) In this section,

21 (1) "direct health care agreement" means a written agreement between  
22 a health care provider or health care business and a patient or the representative of a  
23 patient to provide health care services in exchange for payment of a periodic fee;

24 (2) "health care business" means a business licensed by the state that  
25 employs health care providers;

26 (3) "health care insurance" has the meaning given in AS 21.12.050(b);

27 (4) "health care insurer" has the meaning given in AS 21.54.500;

28 (5) "health care provider" has the meaning given in AS 21.07.250;

29 (6) "health care service"

30 (A) means a health care service or procedure that is provided in  
31 person or remotely by telemedicine or other means by a health care provider

1 for the care, prevention, diagnosis, or treatment of a physical or mental illness,  
2 health condition, disease, or injury;

3 (B) does not include "emergency services" as defined in  
4 AS 21.07.250;

5 (7) "health insurance" has the meaning given in AS 21.12.050;

6 (8) "health maintenance organization" has the meaning given in  
7 AS 21.86.900;

8 (9) "medical service corporation" has the meaning given in  
9 AS 21.87.330;

10 (10) "primary care provider" has the meaning given in AS 21.07.250.

11 \* **Sec. 2.** This Act takes effect January 1, 2025.