

**Title 3. Commerce, Community, and Economic Development.**

**Part 2. Division of Insurance.**

**Chapter 26. Trade Practices.**

3 AAC 26.110(a) is repealed and readopted to read:

(a) A person that provides coverage in this state for health care services or supplies on an expense incurred basis for which benefits are based on an amount that is less than the actual amount billed for the health care services or supplies shall

(1) maintain or use a statistically credible profile of covered health care services and supplies on which to base payment; the profile must

(A) be updated at least every six months;

(B) contain billed charges for services performed not more than one year before the date of the most recent profile; and

(C) contain billed charges for each geographical area in which a claimant might receive treatment or, if statistically credible data for a particular service or supply item in a certain geographical area is unavailable, contain a sufficient number of billed charges for that service or supply item from another geographical area so that a reliable basis is established;

(2) except as provided in (3) of this subsection, determine the final payment for a covered service or supply based on an amount that

(A) reflects the general cost differences between the geographical area where the service was performed and the other geographical areas used in establishing

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the statistically credible profile under (1) of this subsection; the adjustment may be based on the Consumer Price Index, the medical care component of the Consumer Price Index, or another reasonable basis stated in writing; and

(B) is equal to or greater than the 80th percentile of charges under (1) of this subsection for the health care services or supplies;

(3) for a vaccine covered by an insurance policy that is an included vaccine and purchased by a provider instead of obtained from the state under the statewide immunization program established under AS 18.09.200, determine the final payment for the covered vaccine at an amount equal to or greater than the cost of the state purchased vaccine under the statewide immunization program; in this paragraph, "included vaccine" has the meaning given in AS 18.09.900;

(4) provide with any claim payment an explanation of the basis of payments in clear and simple terms, including explanation of any adjustments made under (2)(A) of this subsection, and document the explanation provided in the claim file; and

(5) provide an explanation in the health insurance policy of the basis of payments, including any payments for which a covered individual may be responsible and include on any schedule or summary of benefits page accompanying the policy

(A) the percentile used to determine final payment under (2)(B) of this subsection; and

(B) a statement regarding whether the covered individual is responsible for any amount billed for a health care service or supply item that exceeds the amount of final payment. (Eff. 5/6/89, Register 110; am 4/20/97, Register 142; am 1/2/98,

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Register, 145; am 9/15/2004, Register 171; am 10/16/2011, Register 200; am

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**Authority:**    AS 21.06.090            AS 21.36.125            AS 21.42.205