

Introduced by: Mayor
(@ request of HCAC)
Date: 08/17/93
Hearing: 09/07/93
Hearing: 09/21/93
Postponed to: 10/12/93
Action: Defeated
Vote: Unanimous

**KENAI PENINSULA BOROUGH
ORDINANCE 93-43**

**CREATING THE KENAI PENINSULA BOROUGH HEALTH CARE CORPORATION
AS A PUBLIC CORPORATION FOR THE PURPOSE OF ESTABLISHING
A HEALTH MAINTENANCE ORGANIZATION AND OPERATING AND
ADMINISTERING HEALTH CARE PAYMENT SYSTEMS**

WHEREAS, the Health Care Advisory Council studied the issue of availability of affordable health insurance for residents of the borough; and

WHEREAS, that study concluded and recommended that a combination of a health care maintenance organization and coordination of case delivery could result in health care coverage for some segments of the population not currently able to attain coverage; and

WHEREAS, the Health Care Advisory Council has recommended the program to be operated under the auspices of the borough; and

WHEREAS, the creation of a public corporation for the purpose of establishing a health maintenance organization and administering payment programs appears to be the most feasible approach for the borough to meet that objective;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Code of Ordinances is hereby amended by adding a new chapter to be numbered 10.20. which shall read as follows:

10.20.010. Establishment of health care corporation.

There is hereby established a public corporation to be known as the Kenai Peninsula Borough Health Care Administration Corporation. The Authority is an instrument of the Borough, but having a legal existence independent of and separate from the Borough. The Corporation shall continue to exist until terminated by ordinance. When the Corporation's existence is terminated, all of its rights, assets and properties shall pass to the borough.

10.20.020. Definitions.

As used in this chapter,

- A. "Assembly" means the assembly of the Kenai Peninsula Borough.
- B. "Board" means the board of directors of the Kenai Peninsula Borough Health Care Corporation.
- C. "Bonds" means bonds, notes and any other debt obligation of the Authority.
- D. "Borough" means the Kenai Peninsula Borough.
- E. "Mayor" means the mayor of the Kenai Peninsula Borough.
- F. "Corporation" means the Kenai Peninsula Borough Health Care Administration Corporation.
- G. "Resident employer" means a business or employer having a business location within the borough with employees designated as being assigned to that location as their place of employment.

10.20.030. Board of directors.

A. The Health Care Administration Corporation shall be governed by a board of directors consisting of nine members. Eight members shall be selected by enrollees in a health maintenance organization to be established by the corporation and one member shall be appointed from the borough executive staff by the mayor and confirmed by the assembly. Until such time as a health maintenance organization has been formed by the corporation all directors shall be appointed by the mayor and confirmed by the assembly. Directors shall serve for a term of three years and shall not receive compensation other than reimbursement for expenses incurred for service as director. No one may serve as a director and simultaneously hold office as a member of the assembly or the mayor.

B. The board shall elect from its membership a chairman who shall be the chief executive officer of the corporation unless the board has provided otherwise. The board may prescribe other duties for the office of chairman. The board shall elect a vice chairman and prescribe his duties by rule or bylaw. The board shall elect a secretary whose duties will be as prescribed in this ordinance and as additionally prescribed by the board.

C. Elections for directors by enrollees in a health maintenance organization as provided in KPB 10.20.030(a) shall be conducted by the secretary of the corporation. The election shall be held annually as established by the board through the adoption of bylaws. Elections shall be conducted by ballot of enrollees and shall be tabulated and the results confirmed by the board at the annual meeting.

10.20.040. Powers of the corporation.

Subject to provisions of this ordinance and state laws the corporation shall have the authority to:

A. Establish and operate a health maintenance organization as defined under AS 21.86 and engage in the activities permitted a health maintenance organization under those laws except it may not as a health maintenance organization or otherwise 1) acquire, construct or operate a hospital or other health care facility; 2) make loans to any persons or organization providing health care services to the corporation or its subscribers;

B. Enter agreements for administration of Medicaid, Medicare, CHAMPUS, BIA, and VA programs;

- C. Enter agreements with the state of Alaska for administration of health care services provided by the state and coordination of the public health nurse program;
- D. Sue or be sued in its own name;
- E. Borrow money as provided in this chapter to carry out its corporate purposes;

10.20.060. Programs limited to residents.

Enrollment and/or participation in authorized health care programs and operations of the corporation shall be limited to residents of the Kenai Peninsula Borough. For purposes of this limitation, "resident" shall mean an individual who has resided in the borough for one year and has an intent to remain indefinitely or an individual employed by a resident employer with a business location within the borough that offers participation or enrollment in the programs or plans of the corporation as an employment benefit to its employees.

10.20.070 Meetings of the board.

A. The board shall meet annually and at such other times as may be prescribed through bylaws. The board shall elect a chairman, vice chairman and secretary from among its membership at the annual meeting.

B. Meetings of the board shall be open to the public in accordance with the provisions of the Alaska Open Meetings law.

C. A majority of the members constitute a quorum for organizing the board, conducting its business, and exercising the powers of the corporation.

D. The board shall keep minutes of each meeting and send a copy of all approved minutes to the Mayor.

10.20.080. Administration of affairs.

The board shall manage the assets and business of the corporation and may adopt, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board may appoint officers, hire employees and engage professional and technical advisors as independent contractors. The board shall prescribe duties and compensation of corporate personnel.

10.20.090. Financial procedures and purchasing.

The board shall establish policies for purchasing of goods and services and is not subject to the provisions of the borough Procurement and Purchasing Code KPB 5.28.

10.20.100. Conflicts of interest.

A. Except as provided in this section, a board member, officer, employee or agent of the corporation may not participate in a decision of the corporation in which that person or a member of that person's immediate family has a direct or indirect financial interest unless the financial interest is a remote financial interest and participation is approved under (B) of this section.

B. A board member, officer, employee or agent may participate in a decision if that person or a member of that person's immediate family has only a remote interest, the fact and extent of the interest is disclosed to the board in a public meeting and is noted in the minutes of the board before any participation by the member or in the decision, and thereafter in a public

meeting the board by vote authorizes or approves the participation. If the person whose participation is under consideration is a board member, that person may not vote under this subsection. For purposes of this subsection, "remote interest" means an interest that in good faith is defined as remote by rules adopted by the corporation.

C. A board member, officer, employee or agent is not considered to be financially interested in a decision when the decision could not affect that person in a manner different from its effect on the public.

D. Within 120 days of the first meeting of the board, the board shall adopt and may subsequently amend rules implementing this section, providing additional conflict of interest and ethical rules it considers appropriate.

E. For purposes of this section

1. "Participate in a decision" includes all discussions, deliberations, preliminary negotiations, and votes;

2. "Immediate family" means

(a) spouse;

(b) dependent, parent, parent-in-law, child son-in-law, daughter-in-law, sibling, uncle, aunt, niece, or nephew.

10.20.120. Assembly approval required.

A. Unless the assembly approves the action by resolution or ordinance if required by law, the corporation may not

1. Exchange, donate, sell or otherwise convey its entire interest in land;

2. Arrange for or issue bonds;

3. Purchase real property with a value in excess of \$100,000;

4. Enter leases, as either lessor or lessee, for real property or interests in real property for a period in excess of five (5) years.

B. Initial health maintenance organization plans or agreements, initial agreements with the state or federal government or their agencies for administration of programs must be approved by the assembly prior to the corporation commencing performance of those agreements. After approval of the initial agreements or plans assembly approval is not required for modifications or changes to the programs, agreements and plans of the corporation except as may be specifically required by this chapter.

10.20.130. Use of corporation assets.

The corporation shall apply all money, property, other assets, and credit of the corporation toward activities authorized by this chapter. The corporation may not make private distributions of assets, make loans to directors, or engage in business for private benefit. The use of money, property, another asset, or credit of the corporation for a purpose not authorized by this ordinance by a person having possession or control of it is prohibited.

10.20.140. Indemnification.

The corporation may defend and indemnify a current or former member of the board, employee, or agent of the corporation against all costs, expenses, judgements and liabilities, including attorney's fees, incurred by or imposed upon that person in connection with a civil or criminal action in which the person is involved by affiliation with the corporation, if the person acted in

good faith on behalf of the corporation and within the scope of official duties and powers.

SECTION 2. That notwithstanding the provisions of section 1 of this ordinance for a three-year term for directors, the initial board of directors shall be appointed for their terms staggered as one-, two- and three-year terms so as to have three terms ending each year.

SECTION 3. That no taxes may be levied to finance the operation of the Kenai Peninsula Borough Health Care Corporation established by this ordinance.

SECTION 4. First HMO or other administrative agreement must be approved by assembly.

SECTION 5. That this ordinance shall take effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS
_____ DAY OF _____, 1993.

Betty J. Glick, Assembly President

ATTEST:

Gaye J. Vaughan, Borough Clerk