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Referred: Health,
Welfare and Educa-
tion

BY THE HEALTH, WELFARE AND
EDUCATION COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 240

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the purchase of primary services
7 by the Department of Health and Welfare from private
8 voluntary institutions and agencies."

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

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

11 CHAPTER 40. PURCHASE OF PRIMARY SERVICES FROM PRIVATE VOLUNTARY
12 INSTITUTIONS AND AGENCIES.

13 Sec. 47.40.010. PURCHASE OF PRIMARY SERVICES. When the department
14 purchases primary services from private voluntary institutions and
15 agencies for persons for whom the state has assumed responsibility
16 under the laws of the state, the department shall pay to the institu-
17 tions or agencies the full cost of the services according to the
18 schedule in sec. 60 of this chapter.

19 Sec. 47.40.020. LICENSING AND SUPERVISION OF PRIVATE VOLUNTARY
20 INSTITUTIONS. Private, voluntary institutions providing primary ser-
21 vices which are purchased by the department shall be licensed and
22 supervised in the same manner as boarding homes, foster homes and
23 other institutions for children as provided in AS 47.35.010 - 47.35.-
24 080.

25 Sec. 47.40.030. REQUIRED ACCOUNTING PROCEDURES. (a) Private,
26 voluntary institutions and agencies which receive funds from the
27 department for the cost of services provided under this chapter shall
28 meet acceptable standards of fiscal accountability for public funds
29 and shall submit a complete audit by an independent, licensed auditor

1 to the department each year as the department requires.

2 (b) These institutions and agencies shall record and report to
3 the department their financial activities according to, and demonstrate
4 the actual cost of services purchased using cost accounting procedures
5 compatible with, the standards in "Standards of Accounting and Finan-
6 cial Reporting for Voluntary Health and Welfare Organizations", pub-
7 lished in 1964 by the National Health Council and the National Social
8 Welfare Assembly.

9 Sec. 47.40.040. DETERMINATION OF FULL COST OF SERVICES. (a) In
10 this chapter, "full cost" of services is all expenses related directly
11 to providing the primary services being purchased by the department.
12 Full cost shall be determined by the per-person, per-day cost incurred
13 by the institution or agency in the preceding fiscal year plus a pro-
14 portionate share of anticipated staff salary increments for the fiscal
15 year for which the full cost of services is being determined.

16 (b) Full cost of services does not include the following:

17 (1) expenses, including salaries and fees, incurred in
18 raising funds for the institution or agency;

19 (2) funds expended for construction, major equipment and
20 other capital expenditures;

21 (3) depreciation and replacement costs of, and costs of
22 additions to, major property and equipment if funds for these purposes
23 have not actually been set aside; and

24 (4) religious training and education.

25 Sec. 47.40.050. PRIMARY SERVICES. "Primary services" are those
26 services which are defined as "primary services" by the "Catalogue of
27 Functional or Program Service Categories" published by the United Funds
28 and Councils of America, September, 1967.

29 Sec. 47.40.060. SCHEDULE OF FULL COST OF PRIMARY SERVICES

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PAYMENTS. The department shall pay a percentage of the full cost of primary services provided by private voluntary institutions and agencies according to the following schedule:

- (1) 75 per cent for the fiscal year ending June 30, 1970;
- (2) 85 per cent for the fiscal year ending June 30, 1971;
- (3) 100 per cent for the fiscal year ending June 30, 1972.

* Sec. 2. AS 47.05.010(14) is repealed and re-enacted to read:

(14) purchase primary services from private voluntary institutions and agencies as provided for under AS 47.40.