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Original Sponsor: Finance  
Committee

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IN THE SENATE BY THE HEALTH, WELFARE AND EDUCATION COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 240

IN THE LEGISLATURE OF THE STATE OF ALASKA  
SIXTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the purchase of services by the Department of Health and Welfare from municipalities and private voluntary institutions and agencies; and providing for an effective date."

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

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

CHAPTER 40. PURCHASE OF SERVICES FROM MUNICIPALITIES AND PRIVATE VOLUNTARY INSTITUTIONS AND AGENCIES.

Sec. 47.40.010. PURCHASE OF SERVICES. (a) When the department purchases services from municipalities and private voluntary institutions and agencies for persons for whom the state has assumed responsibility under the laws of the state, the department shall pay to the municipalities, institutions or agencies the full cost of the services.

(b) Services of jails and other penal institutions of municipalities may not be included in services purchased by the state in this chapter.

(c) The department shall determine the rate of payment for full cost of services based on the financial information submitted as required under sec. 30 of this chapter.

(d) The department shall hold public meetings each February to review and study the rates of payment and the services purchased under this chapter.

Sec. 47.40.020. LICENSING AND SUPERVISION OF PRIVATE VOLUNTARY INSTITUTIONS. Private, voluntary institutions providing primary

1 services which are purchased by the department shall be licensed and  
2 supervised in the same manner as boarding homes, foster homes and  
3 other institutions for children as provided in AS 47.35.010 - 47.35.080.

4 Sec. 47.40.030. REQUIRED ACCOUNTING PROCEDURES. (a) Municipali-  
5 ties and private voluntary institutions and agencies which receive  
6 funds from the department for the cost of services provided under this  
7 chapter shall meet acceptable standards of fiscal accountability for  
8 public funds and shall submit a complete financial statement by an  
9 independent, certified public accountant to the department each year  
10 as the department requires.

11 (b) These municipalities, institutions and agencies shall record  
12 and report to the department their financial activities according to,  
13 and demonstrate the actual cost of services purchased using cost  
14 accounting procedures compatible with, the standards in "Standards of  
15 Accounting and Financial Reporting for Voluntary Health and Welfare  
16 Organizations", published in 1964 by the National Health Council and  
17 the National Social Welfare Assembly.

18 Sec. 47.40.040. DETERMINATION OF FULL COST OF SERVICES. (a) In  
19 this chapter, full cost of services is all expenses related directly  
20 to providing the services being purchased by the department. Full cost  
21 shall be determined by the per person, per day cost incurred by the  
22 municipality, institution or agency in the preceding fiscal year plus  
23 a proportionate share of anticipated staff salary increments for the  
24 fiscal year for which the full cost of services is being determined.

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

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

28 (2) funds expended for construction, major equipment and  
29 other capital expenditures;

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

4 (4) religious training and education.

5 Sec. 47.40.050. SERVICES. "Services" are those services which  
6 are defined as "program services" by the "Catalogue of Functional or  
7 Program Service Categories" published by the United Funds and Councils  
8 of America, September, 1967.

9 Sec. 47.40.060. DEFINITION. In this chapter "municipality" means  
10 a city or organized borough of any class.

11 \* Sec. 2. AS 47.05.010(14) is amended to read:

12 (14) annually hold public meetings to review and study rates  
13 of payment made by the department for [NURSING HOME, INSTITUTIONAL AND]  
14 foster home care and use the findings of these meetings to establish  
15 the rates it will pay for this care during the succeeding year.

16 \* Sec. 3. This Act takes effect on July 1, 1970.  
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