

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS HOUSE BILL NO. 432

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the state's purchasing of services  
7 for persons under its responsibility."

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

9 \* Section 1. AS 47.40.010(a)(1), (2) and (3) are amended to read:

10 (1) adopt regulations governing purchase of services by the  
11 department [ESTABLISHING THE LEVELS OF CARE TO BE PROVIDED];

12 (2) determine standards of allowable cost which are reason-  
13 able and necessary [THE RATES OF PAYMENT FOR THE FULL COST OF SERVICES  
14 REQUIRED];

15 (3) cost settle all allowable [PAY ALL] expenses related  
16 directly to the full cost of services [AT THE LEVELS OF CARE REQUIRED];

17 \* Sec. 2. AS 47.40.020 is amended to read:

18 Sec. 47.40.020. LICENSING AND SUPERVISION. Anyone providing ser-  
19 vices which are purchased by the department under this chapter shall [,  
20 IF REQUIRED BY THE DEPARTMENT,] be licensed and supervised in accordance  
21 with regulations adopted by the department [THE SAME MANNER AS BOARDING  
22 HOMES, FOSTER HOMES AND OTHER INSTITUTIONS AS PROVIDED FOR IN AS 47.35.-  
23 010 - 47.35.080].

24 \* Sec. 3. AS 47.40.040(a) is repealed and re-enacted to read:

25 (a) In this chapter, payment for "full cost" of services shall be  
26 made upon determination of a provisional per diem rate based upon the  
27 per person, per day costs of the preceding fiscal year, plus a cost-of-  
28 living increase based upon the state Department of Labor cost-of-living  
29 index. Personnel salary increment increases determined to be reasonable

1 and necessary shall also be determined. Cost settling shall occur upon  
2 determination of a final rate based upon departmental audit to be com-  
3 pleted within 180 days of close of the fiscal year for which the full  
4 cost of services, determined to be reasonable and necessary, is being  
5 determined. Child care costs for foster homes shall be computed in the  
6 same manner as for child care and nursing home institutions except that  
7 no salary costs may be considered.

8 \* Sec. 4. AS 47.40.040(b)(3) and (5) are amended to read:

9 (3) cost of additions to [DEPRECIATION AND REPLACEMENT COSTS  
10 OF, AND COSTS OF ADDITIONS TO,] major property and equipment;

11 (5) services specified as nonallowable in departmental regu-  
12 lations [PROVIDED WHICH ARE SUBSTANDARD TO, OR EXCEED, THE REQUIREMENTS  
13 OF THE DEPARTMENT].

14 \* Sec. 5. AS 47.40.050 is repealed and re-enacted to read:

15 Sec. 47.40.050. SERVICES. To the greatest extent possible the  
16 department shall select services that best meet the child's needs, pro-  
17 mote stability for child and family, and are available near the child's  
18 home community.

19 \* Sec. 6. AS 47.40.080 is amended by adding a new paragraph to read:

20 (4) "cost-settling" means the process by which, on an annual  
21 basis, the actual costs incurred by a provider of services to the state  
22 under this chapter are compared to the amount he has received in the  
23 form of the daily rate; if state payments exceed the provider's costs,  
24 the provider shall refund the excess to the state; if the provider's  
25 costs exceed the state payments, the state shall pay the provider the  
26 excess amount.

27 \* Sec. 7. AS 47.40.010(a)(4) is repealed.  
28  
29