

Introduced: 1/30/80
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY PARR

2 HOUSE BILL NO. 637

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the purchase of services by the
7 state for persons under its responsibility; and pro-
8 viding for an effective date."

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

10 * Section 1. AS 47.40.010(a) is repealed and re-enacted to read:

11 (a) When the department purchases services for persons for whom
12 the state has assumed responsibility under the laws of the state, the
13 department shall

14 (1) within one year from the effective date of this Act,
15 adopt regulations governing purchase of services by the department;

16 (2) determine standards of allowable cost which are reason-
17 able and necessary;

18 (3) pay all allowable expenses related directly to the full
19 cost of services.

20 * Sec. 2. AS 47.40.020 is amended to read:

21 Sec. 47.40.020. LICENSING AND SUPERVISION. Anyone providing ser-
22 vices which are purchased by the department under this chapter shall [,
23 IF REQUIRED BY THE DEPARTMENT,] be licensed and supervised in accordance
24 with regulations adopted by the department [THE SAME MANNER AS BOARDING
25 HOMES, FOSTER HOMES AND OTHER INSTITUTIONS AS PROVIDED FOR IN AS 47.35.-
26 010 - 47.35.080].

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 AS 47.40.040(a) is repealed and re-enacted to read:

28 (a) In this chapter, provisional payment for full cost of services
29 shall be made upon determination of a provisional daily rate based on

1 the per-person, per-day costs using standard industry cost-accounting
2 principles for fixed and variable costs for the preceding fiscal year
3 (excluding costs listed in (b) of this section), plus a cost-of-living
4 increase based on the state Department of Labor cost-of-living index.
5 Salary increases determined to be reasonable and necessary shall also be
6 determined as part of the payment of the provisional rate. Cost set-
7 tling under (c) of this section shall occur upon determination of a
8 final rate, based on departmental audit, for the full cost of providing
9 reasonable and necessary services for the fiscal year. An interim cost
10 settlement will be made upon the submission of a year-end expenditure
11 report with a final settlement made at the time a departmental audit is
12 completed.

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

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

16 (5) services specified as not allowable in regulations
17 adopted by the department under this chapter [PROVIDED WHICH ARE SUB-
18 STANDARD TO, OR EXCEED, THE REQUIREMENTS OF THE DEPARTMENT].

19 * Sec. 5. AS 47.40.040 is amended by adding a new subsection to read:

20 (c) The actual costs incurred by a provider of services under this
21 chapter are to be computed annually and compared to the amount the
22 provider has received from the state in the form of the provisional
23 daily rate. If state payments exceed the provider's costs, the provider
24 shall refund the excess to the state. If the provider's costs exceed
25 the state payments, the state shall pay the provider the excess amount.

26 * Sec. 6. This Act takes effect July 1, 1980.
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