

Original sponsor: Parr

Offered: 5/2/80
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR 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 AS 47.40.010(a) is repealed and re-enacted to read: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 of services which
17 are reasonable and necessary;

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

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 AS 47.40.040(a) is repealed and re-enacted to read: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 allowable cost of
29 services shall be made upon determination of a provisional daily rate

1 using generally accepted cost-accounting principles for costs for the
2 preceding fiscal year (excluding costs listed in (b) of this section),
3 plus a cost-of-living increase based on the United States Department of
4 Labor, Bureau of Labor Statistics Consumer Price Index for Anchorage,
5 Alaska. Salary increases, including benefits, determined to be reason-
6 able and necessary shall also be determined as part of the payment of
7 the provisional rate. Cost settling under (c) of this section shall
8 occur upon determination of a final rate, based on departmental audit,
9 for the allowable cost of providing reasonable and necessary services
10 for the fiscal year. An interim cost settlement will be made upon the
11 submission of a year-end expenditure report with a final settlement made
12 at the time a departmental audit is completed.

13 * Sec. 4. AS 47.40.040(b) is amended to read:

14 (b) Allowable [FULL] cost of services does not include the follow-
15 ing:

16 (1) expenses, including salaries and fees, incurred in
17 raising funds;

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

20 (3) [DEPRECIATION AND] replacement costs of, and costs of
21 additions to, major property and equipment;

22 (4) religious training and education [; AND

23 (5) SERVICES PROVIDED WHICH ARE SUBSTANDARD TO, OR EXCEED,
24 THE REQUIREMENTS OF THE DEPARTMENT].

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

26 (c) The allowable costs incurred by a provider of services under
27 this chapter are to be computed annually and compared to the amount the
28 provider has received from the state in the form of the provisional
29 daily rate. If state payments under the provisional daily rate exceed

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the provider's allowable costs, the provider shall refund the excess to the state. If the provider's allowable costs exceed the state payments under the provisional daily rate, the state shall pay the provider the excess amount.

* Sec. 6. This Act takes effect July 1, 1981.