

Introduced: 1/24/83  
Referred: Health, Education &  
Social Services and Finance

BY FRITZ, HAYES, ZHAROFF,  
CATO, LINDAUER, SZYMANSKI,  
MCBRIDE AND BUSSELL

1 IN THE HOUSE

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 19 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the certificate of need program,  
7 amending or repealing provisions relating to state  
8 aid for health facilities, Medicaid and general  
9 relief medical assistance; and providing for an  
10 effective date."

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

12 \* Section 1. AS 18.07.021 is amended to read:

13 Sec. 18.07.021. STATE HEALTH PLANNING AND DEVELOPMENT AGENCY.  
14 The division of planning, policy, and program evaluation [OFFICE OF  
15 PLANNING AND RESEARCH] in the department is the state health planning  
16 and development agency designated under 42 U.S.C. Sec. 300m(b)(3),  
17 (Sec. 3, P.L. 93-641) [SEC. 1521(b)(3), P.L. 93-641]. The division  
18 [OFFICE] shall perform the functions enumerated under 42 U.S.C.  
19 Sec. 300m-2(a)(1) - (3), (a)(6) - (8), (b) and (c), (Sec. 3, P.L.  
20 93-641) [SEC. 1523, P.L. 93-641, ADMINISTER THE CERTIFICATE OF NEED  
21 PROGRAM OUTLINED IN AS 18.07.041 - 18.07.111, AND OTHER FUNCTIONS  
22 PRESCRIBED IN THIS CHAPTER].

23 \* Sec. 2. AS 18.07.111 is amended by adding a new paragraph to read:

24 (13) "division" means the division of planning, policy, and  
25 program evaluation in the Department of Health and Social Services.

26 \* Sec. 3. AS 18.26.220 is repealed and reenacted to read:

27 Sec. 18.26.220. FACILITY COMPLIANCE WITH HEALTH AND SAFETY LAWS  
28 AND LICENSING REQUIREMENTS. In order to receive financial assistance  
29 under this chapter, a medical facility shall comply with AS 18.20 and

1 the licensing requirements of this chapter.

2 \* Sec. 4. AS 29.89.030(a)(1) is repealed and reenacted to read:

3 (1) to a municipality that has the power to provide hospi-  
4 tal facilities and services and that exercises that power, \$250,000  
5 per hospital for those hospitals with 10 or more acute care beds, and  
6 \$50,000 per hospital for those hospitals with less than 10 acute care  
7 beds; money received under this paragraph may be used only for hospi-  
8 tals and shall be apportioned among qualifying hospitals as the muni-  
9 cipality determines;

10 \* Sec. 5. AS 47.07.070 is repealed and reenacted to read:

11 Sec. 47.07.070. PAYMENT TO HEALTH FACILITIES. (a) The commis-  
12 sion shall determine prospectively the rate of payment to a health  
13 facility under this chapter and AS 47.25.120 - 47.25.300 based on a  
14 fair rate for reasonable costs incurred by the facility. The commis-  
15 sion shall by regulation list the factors it considers in making its  
16 rate determinations under this section.

17 (b) In determining a rate of payment to a health facility under  
18 this section, the commission shall consider the proportionate share of  
19 the facility's financial requirements for patient care for

20 (1) costs of current operations, including salaries and  
21 wages; purchased services, supplies, insurance, leases, depreciation,  
22 taxes, interest expense, maintenance and other health facility operat-  
23 ing expenses; and

24 (2) education, research, and appropriate capital develop-  
25 ment.

26 (c) In determining a rate of payment to a health facility under  
27 this section, the commission may consider whether the rate of utiliza-  
28 tion of the facility has been reduced because of improvement or care-  
29 less development of the facility.

1 \* Sec. 6. AS 47.07 is amended by adding new sections to read:

2           Sec. 47.07.071. REPORTS BY HEALTH FACILITIES. Not later than  
3 120 days after the end of each fiscal year of a health facility, the  
4 facility shall submit to the commission a report on the facility's  
5 financial performance during the fiscal year.

6           Sec. 47.07.072. REPORT BY THE COMMISSION. Not later than Sep-  
7 tember 30 of each year, the commission shall submit to the governor a  
8 report on the prospective payments made under this chapter during the  
9 current fiscal year and an estimate of the prospective payments that  
10 will be made during the remainder of the current fiscal year and the  
11 next fiscal year. The report shall state the assumptions that are  
12 used as a basis for the estimates.

13           Sec. 47.07.073. UNIFORM ACCOUNTING, BUDGETING, AND FINANCIAL  
14 REPORTING. (a) The commission by regulation shall require a uniform  
15 system of accounting, budgeting, and financial reporting for health  
16 facilities receiving prospective payments under this chapter. The  
17 regulations shall provide for the reporting of revenues, expenses,  
18 assets, liabilities, and units of service. The commission shall  
19 specify the date the system becomes effective for each health facil-  
20 ity.

21           (b) In adopting regulations under this section, the commission  
22 shall consider

23                   (1) accounting, budgeting, and financial reporting proce-  
24 dures used by health facilities;

25                   (2) variations among health facilities in the types of  
26 health care services provided by health facilities;

27                   (3) other factors the commission considers relevant, in-  
28 cluding the size and organizational structure of health facilities and  
29 the methods used by health facilities to obtain payments.

1 (c) The commission may waive or modify a requirement for ac-  
2 counting, budgeting, or financial reporting for a health facility if  
3 waiver or modification is

4 (1) necessary to avoid excessive costs to the facility; and

5 (2) consistent with the policies of this chapter.

6 (d) Notwithstanding other provisions of this section, the com-  
7 mission may, by regulation, modify the system of accounting, budget-  
8 ing, and financial reporting required under this section for a health  
9 facility having less than 25 acute care beds in order to reduce the  
10 operating costs of that facility.

11 Sec. 47.07.074. AUDITS AND INSPECTIONS. As a condition of  
12 obtaining payment under AS 47.07.070, a health facility shall allow

13 (1) the department and the commission reasonable access to  
14 the financial records of medical assistance beneficiaries; and

15 (2) inspection of financial records by state and federal  
16 agencies to the extent required by federal law.

17 Sec. 47.07.075. APPLICATION OF ADMINISTRATIVE PROCEDURE ACT.  
18 Actions of the commission under AS 47.07 and AS 47.25.120 - 47.25.300  
19 are subject to the provisions of the Administrative Procedure Act  
20 (AS 44.62).

21 \* Sec. 7. AS 47.07.080 is amended by adding new paragraphs to read:

22 (6) "commission" means the Medicaid Rate Commission;

23 (7) "health facility" includes a hospital, skilled nursing  
24 facility, intermediate care facility, intermediate care facility for  
25 the mentally retarded, rehabilitation facility, inpatient psychiatric  
26 facility, home health agency, rural health clinic, and outpatient  
27 surgical clinic.

28 \* Sec. 8. AS 47.07 is amended by adding new sections to read:

29 ARTICLE 2. MEDICAID RATE COMMISSION.

1           Sec. 47.07.110.   MEDICAID RATE COMMISSION ESTABLISHED.    The  
2 Medicaid Rate Commission is established in the Department of Health  
3 and Social Services.

4           Sec. 47.07.120.   COMPOSITION OF COMMISSION.    The commission  
5 consists of five members as follows:

6                   (1) the chief executive officer of a health facility that  
7 is licensed by the state but not owned or operated by the state or  
8 federal government and that is subject to the budget review process  
9 under this chapter;

10                   (2) the commissioner of administration, the commissioner of  
11 health and social services, or the appointed designee of either com-  
12 missioner;

13                   (3) a physician licensed to practice medicine in the state  
14 who is actively engaged in the practice of medicine and who is not  
15 employed by the state;

16                   (4) a certified public accountant with relevant experience;

17                   (5) a person representing consumers of health services who  
18 does not have a direct or indirect interest in an entity that provides  
19 health care services.

20           Sec. 47.07.130.   APPOINTMENT OF MEMBERS.   Members of the commis-  
21 sion are appointed by the governor and serve at the pleasure of the  
22 governor.

23           Sec. 47.07.140.   TERM OF MEMBERSHIP.   The term of a member of the  
24 commission appointed under AS 47.07.120(1), (3), (4), or (5) is three  
25 years. A member may not be appointed to a successive term. The terms  
26 of the members shall be staggered. A member appointed to fill a  
27 vacancy serves for the unexpired term of the member. A term shall be  
28 measured from January 1 of the year in which the term of the vacant  
29 position begins, regardless of when the vacancy is filled.

1           Sec. 47.07.150. COMPENSATION. A member of the commission serves  
2 without compensation but is entitled to per diem and travel expenses  
3 authorized by law for boards and commissions under AS 39.20.180.

4           Sec. 47.07.160. OFFICERS. At the first meeting of each year,  
5 the commission shall elect a chair from among its members.

6           Sec. 47.07.170. MEETINGS AND QUORUM. The commission shall meet  
7 as often as is necessary to conduct its business. Three members of  
8 the commission constitute a quorum.

9           Sec. 47.07.180. DUTIES. The commission shall review proposed  
10 payment rates and budgets of health facilities and establish payment  
11 rates for health facilities under this chapter and AS 47.25.120 -  
12 47.25.300.

13           Sec. 47.07.190. EMPLOYMENT OF PERSONNEL. The commission may  
14 employ and determine the salary of an executive director. With the  
15 approval of the commission, the executive director may select and  
16 employ additional staff. The commission shall be assisted by the  
17 officers or personnel of the department as the commissioner of health  
18 and social services shall direct. The executive director of the  
19 commission is in the exempt service under AS 39.25.

20 \* Sec. 9. AS 47.25 is amended by adding a new section to read:

21           Sec. 47.25.195. PAYMENT TO HEALTH FACILITIES FOR TREATMENT OF  
22 NEEDY PERSONS. (a) The department may make payments to a health  
23 facility for the treatment of a needy person.

24           (b) A health facility receiving a payment under this chapter is  
25 subject to the requirements of AS 47.07.070 - 47.07.075.

26           (c) For purposes of this section, "health facility" includes a  
27 hospital, skilled nursing facility, intermediate care facility, inter-  
28 mediate care facility for the mentally retarded, rehabilitation facil-  
29 ity, inpatient psychiatric facility, home health agency, rural health

1 clinic, and outpatient surgical clinic.

2 \* Sec. 10. INTERIM PROSPECTIVE PAYMENT SYSTEM. The department shall  
3 establish an interim system of prospective payments for health facilities  
4 under this Act for the period July 1, 1983 to June 30, 1984.

5 \* Sec. 11. The sponsor of a hospital or health facility construction  
6 project who is receiving or entitled to receive state aid under AS 29.90 on  
7 the day preceding the effective date of this Act shall continue to receive  
8 state aid until the sponsor has received an amount which, combined with  
9 state matching money for construction of the hospital or health facility,  
10 equals 25 percent of the total project cost. Money received for construc-  
11 tion may not be used for any other purpose.

12 \* Sec. 12. AS 18.07.031 - 18.07.101, 18.07.111(1) - (4), 18.07.111-  
13 (7) - (11); AS 29.90; AS 47.07.080(1) and AS 47.80.140(b) are repealed.

14 \* Sec. 13. This Act takes effect immediately in accordance with AS 01.  
15 10.070(c).