

Introduced: 1/14/85
Referred: Health, Education and
Social Services, Judiciary
and Finance

1 IN THE SENATE

BY V.FISCHER

2

SENATE BILL NO. 33

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act renaming and expanding the functions of the
7 Medicaid Rate Commission and providing for the regu-
8 lation of rates charged for services provided by
9 health facilities."

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

11 * Section 1. AS 18.07.031 is amended to read:

12 Sec. 18.07.031. CERTIFICATE OF NEED REQUIRED. A [NO] person may
13 not make an expenditure of \$1,000,000 or more for any of the following
14 unless authorized under the terms of a certificate of need issued by
15 the commission [OFFICE]:

16 (1) construction of a health care facility;

17 (2) alteration of the bed capacity of a health care
18 facility; or

19 (3) addition or elimination of a category of health ser-
20 vices provided by a health care facility.

21 * Sec. 2. AS 18.07.041 is amended to read:

22 Sec. 18.07.041. STANDARD OF REVIEW FOR APPLICATIONS FOR CERTIFI-
23 CATES OF NEED. The commission [OFFICE] shall grant a sponsor a cer-
24 tificate of need or modify a certificate of need if the availability
25 and quality of existing health care resources or the accessibility to
26 those resources is less than the current or projected requirement for
27 health services required to maintain the good health of Alaska citi-
28 zens.

29 * Sec. 3. AS 18.07.061 is amended to read:

1 Sec. 18.07.061. MODIFICATION AND TERMINATION OF ACTIVITIES. The
2 certificate holder shall apply to the commission [OFFICE] for a modi-
3 fication of the certificate before terminating part of the activities
4 authorized by the terms of issuance, but the certificate holder is not
5 required to obtain the acquiescence of the commission [OFFICE] before
6 terminating all the activities authorized by the certificate. If a
7 certificate holder terminates all of the activities authorized by a
8 certificate, the certificate holder is required to notify the commis-
9 sion [OFFICE] 60 days before termination and to surrender the certifi-
10 cate to the commission [OFFICE] within 30 days of termination.

11 * Sec. 4. AS 18.07.071 is amended to read:

12 Sec. 18.07.071. TEMPORARY AND EMERGENCY CERTIFICATES. (a) The
13 commission [OFFICE] shall grant a sponsor an emergency certificate for
14 the construction of a health care facility for which a certificate is
15 required under AS 18.07.031 if the sponsor shows, by affidavit or
16 formal hearing, that the act of construction consists of effecting
17 emergency repairs.

18 (b) The commission [OFFICE] may grant a sponsor a temporary
19 certificate for the temporary operation of a category of health ser-
20 vice, if the sponsor shows by affidavit or formal hearing

21 (1) the necessity for early, immediate, or temporary re-
22 lief, and

23 (2) adverse effect to the public interest by reason of
24 delay occasioned by compliance with the requirements of AS 18.07.041
25 and application procedures prescribed by regulations under this chap-
26 ter.

27 (c) A temporary certificate granted under (b) of this section
28 confers no vested rights on behalf of the applicant. The commission
29 [OFFICE] shall impose those special limitations and restrictions

1 concerning duration and right of extension which the commission
2 [OFFICE] considers appropriate. A [NO] temporary certificate may not
3 be granted for a period longer than necessary for the sponsor to
4 obtain review of the action certified by the temporary certificate
5 under AS 18.07.051. Application for a certificate of need under
6 AS 18.07.041 must commence within 60 days of the date of issuance of
7 the temporary certificate.

8 * Sec. 5. AS 18.07.081(a) is amended to read:

9 (a) The commission [OFFICE], a member of the public who is
10 substantially affected by activities authorized by the certificate, or
11 another applicant for a certificate of need may initiate a hearing to
12 obtain modification, suspension or revocation of an existing certifi-
13 cate of need by filing an accusation with the commissioner as pre-
14 scribed under AS 44.62.360. A [NO] revocation, modification, or
15 suspension of an outstanding certificate may not be undertaken unless
16 it is in accordance with AS 44.62.330 - 44.62.630.

17 * Sec. 6. AS 18.07.081(c) is amended to read:

18 (c) A certificate of need shall be suspended if an accusation is
19 filed before the commencement of activities authorized under AS 18.-
20 07.041 which charges that factors upon which the certificate of need
21 was issued have changed, or new factors have been discovered which
22 significantly alter the need for the activity authorized. A suspen-
23 sion of a certificate may not exceed 60 days. At the end of this
24 period or sooner, the commission [OFFICE] shall revoke or reinstate
25 the certificate.

26 * Sec. 7. AS 18.07.101 is amended to read:

27 Sec. 18.07.101. REGULATIONS. The commissioner shall adopt, in
28 accordance with the Administrative Procedure Act (AS 44.62), regu-
29 lations that [WHICH] establish procedures under which sponsors may

1 make application for certificates of need required by this chapter and
2 that [WHICH] govern the review of those applications by the commission
3 [OFFICE], establish requirements for a uniform statewide system of
4 reporting financial and other operating data, and otherwise carry out
5 the purposes of this chapter.

6 * Sec. 8. AS 18.07.111 is amended by adding a new paragraph to read:

7 (13) "commission" means the Medical Rate Commission
8 (AS 47.07.110).

9 * Sec. 9. AS 47.07.070 is amended to read:

10 Sec. 47.07.070. PAYMENT TO HEALTH FACILITIES. (a) The commis-
11 sion shall determine prospectively the rate of payment to a health
12 facility under this chapter and AS 47.25.120 - 47.25.300, and the
13 rates that may be charged for services provided by a health facility
14 that is not owned or operated by the federal government, based on a
15 fair rate for reasonable costs incurred by the facility. The commis-
16 sion shall by regulation list the factors it considers in making its
17 rate determinations under this section.

18 (b) In determining a rate [OF PAYMENT TO A HEALTH FACILITY]
19 under this section, the commission shall consider the proportionate
20 share of the health facility's financial requirements for patient care
21 for

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

26 (2) education, research, and appropriate capital develop-
27 ment.

28 (c) In determining a rate [OF PAYMENT TO A HEALTH FACILITY]
29 under this section, the commission may consider whether the level

1 [RATE] of utilization of the health facility has been reduced because
2 of improvident or careless development of the facility.

3 (d) In determining a rate under this section, the commission
4 shall consider the effect the establishment of the rate may have on a
5 health facility's admissions of uninsured, low-income, high cost, or
6 emergency patients, and on a health facility's ability to continue to
7 operate in a financially sound manner.

8 * Sec. 10. AS 47.07.072 is amended to read:

9 Sec. 47.07.072. REPORT BY THE COMMISSION. Not later than Sep-
10 tember 30 of each year, the commission shall submit to the governor a
11 report on the prospective payments made under this chapter during the
12 current fiscal year and an estimate of the prospective payments that
13 will be made during the remainder of the current fiscal year and the
14 next fiscal year. The report shall state the assumptions that are used
15 as a basis for the estimates. The report shall also include a summary
16 of the commission's actions during the preceding 12 months concerning
17 the regulation of rates charged for services provided by health facil-
18 ities that are not owned or operated by the federal government.

19 * Sec. 11. AS 47.07.074 is amended by adding a new subsection to read:

20 (b) If the commission finds that it is necessary to verify the
21 accuracy of information in reports made by health facilities under
22 this chapter, the commission may require the health facility to have
23 conducted an independent audit of its records and accounts, to be paid
24 by the health facility.

25 * Sec. 12. AS 47.07.110 is amended to read:

26 Sec. 47.07.110. MEDICAL [MEDICAID] RATE COMMISSION ESTABLISHED.
27 The Medical [MEDICAID] Rate Commission is established in the Depart-
28 ment of Health and Social Services.

29 * Sec. 13. AS 47.07.180 is repealed and reenacted to read:

1 Sec. 47.07.180. DUTIES. The commission shall
2 (1) review proposed payment rates and budgets of health
3 facilities and establish payment rates for health facilities under
4 this chapter and AS 47.25.120 - 47.25.300;
5 (2) regulate the costs of services provided by health
6 facilities not owned or operated by the federal government; and
7 (3) administer the certificate of need program (AS 18.-
8 07.031 - 18.07.111).
9 * Sec. 14. AS 47.07.900(2) is amended to read:
10 (2) "commission" means the Medical [MEDICAID] Rate Com-
11 mission;