

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 348 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to payment rates for health facil-
7 ities and to the Medicaid Rate Advisory Commission."

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

9 * Section 1. AS 47.07.040 is amended to read:

10 Sec. 47.07.040. STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE.
11 The department shall prepare a state plan in accordance with the
12 provisions of 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act,
13 Medical Assistance) and submit it for approval to the United States
14 Department of Health and Human Services. The plan shall designate
15 that the Department of Health and Social Services is the single state
16 agency to administer this plan. The department shall act for the
17 state in any negotiations relative to the submission and approval of
18 the plan. The department [, INCLUDING THE MEDICAID RATE COMMISSION,]
19 may make those arrangements or regulatory changes, not inconsistent
20 with law, as may be required under federal law to obtain and retain
21 approval of the United States Department of Health and Human Services
22 to secure for the state the optimum federal payment under the pro-
23 visions of 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act,
24 Medical Assistance). In addition, the department shall provide a
25 report to the legislature no later than March 15 of each year concern-
26 ing the status of this program and recommendations, with supporting
27 fiscal data, as to any changes in the coverage of eligible persons or
28 services to be provided.

29 * Sec. 2. AS 47.07.070 is amended to read:

1 Sec. 47.07.070. PAYMENT TO HEALTH FACILITIES. (a) The commis-
2 sion shall advise the department on the prospective [DETERMINE PRO-
3 SPECTIVELY THE] rate of payment to a health facility under this chap-
4 ter and AS 47.25.120 - 47.25.300 based on a fair rate for reasonable
5 costs incurred by the facility. The department shall set the rates of
6 payment to a health facility. The department [COMMISSION] shall by
7 regulation list the factors it considers in making its rate determina-
8 tions under this section, after consultation with the commission.

9 (b) In determining a rate of payment to a health facility under
10 this section, the department [COMMISSION] shall consider the propor-
11 tionate share of the facility's financial requirements for patient
12 care for

13 (1) costs of current operations, including salaries and
14 wages, purchased services, supplies, insurance, leases, depreciation,
15 taxes, interest expense, maintenance and other health facility operat-
16 ing expenses; and

17 (2) education, research, and appropriate capital develop-
18 ment.

19 (c) In determining a rate of payment to a health facility under
20 this section, the department [COMMISSION] may consider whether the
21 rate of utilization of the facility has been reduced because of im-
22 provident or careless development of the facility.

23 (d) In determining a rate of payment to a health facility under
24 this section, the department [COMMISSION] shall consider the appro-
25 priation limit set by the legislature for the department's programs
26 under this chapter and under AS 47.25.120 - 47.25.300, and available
27 federal revenue.

28 * Sec. 3. AS 47.07.073 is amended to read:

29 Sec. 47.07.073. UNIFORM ACCOUNTING, BUDGETING, AND FINANCIAL

1 REPORTING. (a) The department [COMMISSION] by regulation shall
2 require a uniform system of accounting, budgeting, and financial
3 reporting for health facilities receiving prospective payments under
4 this chapter. The regulations shall provide for reporting revenues,
5 expenses, assets, liabilities, and units of service. The department
6 [COMMISSION] shall specify the date the system becomes effective for
7 each health facility.

8 (b) In adopting regulations under this section, the department
9 [COMMISSION] shall consider

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

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

14 (3) the size and organizational structure of health facil-
15 ities;

16 (4) the methods used by health facilities to obtain pay-
17 ments; [AND]

18 (5) other factors the department [COMMISSION] considers
19 relevant; and

20 (6) the recommendations of the commission.

21 (c) The department [COMMISSION] may waive or modify a require-
22 ment for accounting, budgeting, or financial reporting for a health
23 facility if waiver or modification is

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

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

26 (d) Notwithstanding other provisions of this section, the de-
27 partment [COMMISSION] may, by regulation, modify the system of ac-
28 counting, budgeting, and financial reporting required under this
29 section for a health facility having fewer than 25 acute care beds in

1 order to reduce the operating costs of that facility.

2 * Sec. 4. AS 47.07.075 is amended to read:

3 Sec. 47.07.075. APPLICATION OF ADMINISTRATIVE PROCEDURE ACT.
4 Actions of the department [COMMISSION] under this chapter [AS 47.07]
5 and AS 47.25.120 - 47.25.300 are subject to the provisions of the
6 Administrative Procedure Act (AS 44.62).

7 * Sec. 5. AS 47.07.110 is amended to read:

8 Sec. 47.07.110. MEDICAID RATE ADVISORY COMMISSION ESTABLISHED.
9 The Medicaid Rate Advisory Commission is established in the Department
10 of Health and Social Services.

11 * Sec. 6. AS 47.07.180(a) is amended to read:

12 (a) The commission shall review proposed payment rates [AND MAY
13 REVIEW BUDGETS] of health facilities and advise the department on
14 [ESTABLISH] payment rates for health facilities under this chapter and
15 AS 47.25.120 - 47.25.300.

16 * Sec. 7. AS 47.07.180(b) is amended to read:

17 (b) The commission shall advise [CONSULT WITH] the department on
18 the state plan as it relates to health facilities. [THE COMMISSION MAY
19 NOT CHANGE THE UNIT OF PAYMENT WITHOUT THE WRITTEN CONSENT OF THE
20 DEPARTMENT.]

21 * Sec. 8. AS 47.07.180(c) is amended to read:

22 (c) When the department enters into a substantially revised
23 state plan under AS 47.07.040, and when, as part of the revised state
24 plan, the department [COMMISSION] adopts regulations which substan-
25 tially change the methods used or the factors considered in determin-
26 ing the prospective payment rates, the commission may, at its dis-
27 cretion, recommend that the department redetermine the prospective
28 payment rates for all facilities from the effective date of the new
29 regulations forward. Each redetermined rate will be effective from the

1 date of the department's [COMMISSION'S] new order as to each facility.

2 * Sec. 9. AS 47.07.190 is amended to read:

3 Sec. 47.07.190. EMPLOYMENT OF PERSONNEL. The department [COM-
4 MISSION] may employ and determine the salary of an executive director,
5 who shall provide staff assistance to the commission. With the ap-
6 proval of the department [COMMISSION], the executive director may
7 select and employ additional staff. The commission shall be assisted
8 by the officers or personnel of the department as the commissioner of
9 health and social services shall direct. The executive director [OF
10 THE COMMISSION] is in the exempt service under AS 39.25.

11 * Sec. 10. AS 47.07.900(4) is amended to read:

12 (4) "commission" means the Medicaid Rate Advisory Commis-
13 sion;

14 * Sec. 11. AS 47.07.180(d) is repealed.