

HB

42

COMMITTEE REPORT

CSHB42

In passing the committee substitute for House Bill 42, the House Local Government felt that the House HWE and Finance Committees should look into a cost-of-living differential for various areas of the State. It was felt that municipalities and boroughs which have health facilities and services in remote areas must spend more funds because of the higher costs of transportation and operation. The percentage differential throughout the State according to the only guidelines for cost of living differential available, the Department of Administration salary survey, recommends up to 139 3% for certain areas of the State.

It was felt in the committee that there were two methods of implementing a cost of living differential.

- (1) By adding to the total cost of House Bill 42, the percentages recommended in the Department of Administration's annual salary survey for various areas of the State. This would, in effect, add to the cost of the original bill.
- (2) Using only the total cost of House Bill 42, divide that amount among the recipients according to the cost of living differential percentages of the different areas mentioned above. This would require no additional funds other than those requested in the original House Bill 42.

The committee feels that the cost of living differential should be investigated, especially in hospital and health facilities revenue sharing in the remote areas of the State where equipment, transportation and operations are considerably higher than in metropolitan areas or than in other revenue sharing programs.

We therefore ask that the House H.W.E. Committee and the Finance

Committee seriously consider a cost of living differential to be added to House Bill 42.

COMMITTEE REPORT

HVE
Finance

HOUSE

Mr. Speaker:

Date January 30, 1972

The Committee on Finance has had HE

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

[Signature] _____

Members NOT concurring in the Majority report:

[Signature] recommends: _____
[Signature] recommends: _____
_____ recommends: _____
_____ recommends: _____
_____ recommends: _____

_____ Chairman

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B--JUNEAU 99801

March 20, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99801

Dear Representative Carrol:

Commissioner Mallott has asked me to outline for you the several questions the Department has been asked to deal with concerning Section 2, Chapter 87, SLA 1973, codified in AS 43.18.050.

In early August 1973, Mr. Rod Carman of the Greater Anchorage Area Borough Legal Department contacted us concerning our interpretation of this amendment to the State Revenue Sharing Act. Mr. Carman asked whether the addition of Section 050 to Title 43, Chapter 18, removed the latitude the Borough previously had under AS 43.18.010(h) and superseded the discretion the local government recipient appeared to have under AS 43.18.010(h)(4) with respect to the allocation of health facility funds granted under the State Revenue Sharing Program. We advised Mr. Carman we understood the "Specific Expenditures" amendment to remove the latitude the Borough previously had in that the provision specifically required funds received by virtue of this inclusion of a particular facility on the application to be expended for the operation and maintenance of that specific facility. We further interpreted this provision to mean funds must be expended for those approved facilities in amounts equal to the municipality's entitlement for each facility. We interpret the language of the new section (050) to remove the flexibility previously provided by Subsection (h) and view it as setting forth very definite guidelines for the expenditure of health facility funds.

Mr. Carman acknowledged the receipt of our explanation and no further communications were received from the Anchorage Borough until several weeks ago when the Anchorage Borough Health Officer, Dr. Colyar, contacted Commissioner of Health and Social Services

March 20, 1974

McGinnis inquiring as to the Borough's responsibilities under Section 050. Dr. Colyar's recent inquiry was no doubt sparked by our letter transmitting the Borough's FY 1974 State Revenue Sharing entitlement. In that letter, we again reminded the Borough that funds granted for hospitals and health facilities must be used for the expenses of the specific hospital or health facility for which the funds were received and that proof funds were expended in compliance with Section 050 would be required.

The Anchorage Borough's principal concern appears to be the requirement that they transfer funds to Providence and Anchorage Community Hospitals. The entitlements for each institution under AS 43.18.010(h)(1) are \$137,890 and \$76,299, respectively. I suspect Dr. Colyar is particularly concerned with the fact the Borough is denied the option, heretofore exercised in the absence of Section 050, of using entitlements payable in behalf of services provided at Providence and Community Hospitals in support of the Borough's own health programs. I suspect, too, that, if funds are transferred to Providence and Community, as we believe the Statute fairly requires, the Borough will find its own health program operating at a deficit in this fiscal year.

Members of the management staff of Providence Hospital and very likely other hospitals throughout the State are aware of the interpretation we have made with respect to Section 050. We have been notified, albeit informally, that the Anchorage Borough intends to refuse requests from Providence and Community for the transfer of these funds. Attorneys for Providence Hospital have asked the Anchorage Borough Health Department for copies of the applications upon which health facility funds were granted to the Borough in FY 1974. At this point, counsel for Providence Hospital appears only to be in the process of advising his client.

The review of this matter conducted for us by the Attorney General's Office suggests our interpretation that the "Specific Expenditures" amendment precludes local government units from exercising discretion as to the allocation or use of funds received for facilities which the local government unit does not operate is correct.

Very truly yours,



Don Argetsinger
Deputy Commissioner

DA/ah

Proposed changes for HB 42

Section 1. AS 43.18.010(h) and (i) are repealed and re-enacted to read:

(h) During each fiscal year the state shall make payments as follows:

(4) funds received by a local government under (1), (2), or (3) of this subsection shall be used for expenses of operation, maintenance, or health services or facilities, of the hospital or health facilities for which funds are received as the local government or hospital outside an organized municipality determines:

(5) before funds may be distributed under this subsection, the commissioner of health and social services shall certify to the distributing agency

(A) that any accumulation of assets by nonprofit corporations or other recipients under this subsection are dedicated irrevocably to a public purpose.

(i) In (h) and (j) of this section

(1) "hospital facility" means a licensed hospital determined by the Department of Health and Social Services to be a general hospital; the term excludes facilities operated or wholly supported by the state or the federal government;

(2) "health facility" means community health centers, maternity homes and community mental health centers, facilities for the mentally retarded or physically handicapped, nursing homes and convalescent centers which are licensed, when required, by the state under AS 18.20.010-18.20.130 and are owned or operated or both by a local government or by a nonprofit corporation or other nonprofit sponsor; the term excludes facilities operated or wholly supported by the state or the federal government.

Purpose of Changes

Section L (h) (4) Suggested change is so that a community cannot use the funds for new or other services but must use the funds for the services or hospital which asked for the money. Recommended by Mr. Robert Ogden.

Section 1 (h) (5) (A) Change as recommended by all testifying before the committee due to the problem of accounting.

Section 1 (h) (5) (B) Changed to (A) because of removal of (A) in original bill.

Section 1 (h) (5) (A) - (2) Changing public on line 18, to community in order not to confuse service with Public Health Service which is prohibited in lines 24 and 25 of same subsection.

Section 1 (h) (5) (A) (2) Adding retarded to narrow down facilities rather than any mentally disturbed person served by an organization.

File #1042

REVENUE SHARING BASED ON HOSPITAL BEDS

HOSPITAL	NO. OF BEDS	PRESENT COST	HOUSE BILL NO. 26 COST
Anchorage Community Hospital - Anchorage	85	\$85,000	\$85,000
Providence Hospital - Anchorage	150	150,000	150,000
Cordova Community Hospital - Cordova	24	24,000	50,000
Fairbanks Memorial Hospital - Fairbanks	116	116,000	116,000
Faith Hospital - Glennallen	3	0	50,000
Homer Hospital - Homer	9	9,000	50,000
Bartlett Memorial Hospital - Juneau	67	67,000	67,000
Ketchikan General Hospital - Ketchikan	95	95,000	95,000
Kodiak Island Hospital - Kodiak	25	25,000	50,000
Maynard McDougall Hospital - Nome	24	24,000	50,000
Valley Hospital - Palmer	27	27,000	50,000
Petersburg General Hospital - Petersburg	25	25,000	50,000
Seward General Hospital - Seward	33	33,000	50,000
Sitka Community Hospital - Sitka	24	24,000	50,000
Central Peninsula General Hospital - Soluotna	30	30,000	50,000
Wrangell General Hospital - Wrangell	13	<u>13,000</u>	<u>50,000</u>
LMS:vm	TOTALS	\$747,000	\$1,063,000

1/12/73

747,000
51,000

51,000

TO Guy Van Doren
Staff Assistant
House Local Government Committee
State Capitol Building

DATE : January 26, 1973

FROM Lowell W. Swartz, Coordinator
Facilities Development

SUBJECT: Follow-Through on House Bill 42
Better Description of Type of
Facilities for Revenue Sharing

In my opinion the below listed facilities should be included for Revenue Sharing:

1. General Hospitals - Need no definition.
2. Nursing Homes - Needs no definition.
There are two types: Skilled Nursing Homes and Intermediate Care Homes.
3. Local Health Units - defined as a single borough, city, village or local district health unit where the primary function of the unit is the direct provision of health services to the population under its jurisdiction.

(Note: This would include public health centers and village clinics and non-profit clinics performing similar services).
4. Facilities for the Mentally Retarded or Physically Handicapped - Needs no definition.
5. Community Mental Health Centers - defined as a single borough, city, village, or local district health unit where the primary function of the unit is the direct provision of comprehensive mental health services to the population under its jurisdiction.
6. Maternity Homes - Needs no definition.
7. Alcoholic Treatment Centers - defined as a center where the patients are receiving medical treatment, nursing care and rehabilitation services under the direct supervision of physicians, registered nurses and rehabilitation specialists.

This would eliminate all social services facilities and sleep-off centers for Alaskan's where little or no treatment is being provided.

LWS:vm

Attachment

HB 42

● PRESENT Cost of Revenue Sharing
Excluding Revenue Sharing for Hospitals Under
Construction - \$ 1,165,000

Cost projection under original HB 42

\$ 1,637,000

Difference between present costs and HB 42

\$ 472,000

● Cost Projection for HB 42 with Cost of Living
differential

\$ 1,732,700

Difference Between original HB 42 and HB 42
with Cost of Living differential \$ 95,700

Difference between present cost and HB 42
with Cost of Living differential

\$ 567,700

REVENUE SHARING FOR HOSPITALS: (\$1,000 Per Bed or \$50,000 Per Facility for any Hospital With less than 50 Beds).

<u>Name of Facility</u>	<u>Number of Beds</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Fairbanks Memorial Hospital	116	\$116,000 107.5	\$116,000 124,700
Barlett Memorial Hospital	67	67,000 107.5	67,000 72,000
Homer Hospital	10	10,000 111.5	50,000 55,900
Central Peninsula General Hospital - Soldotna	30	30,000 111.5	50,000 55,800
Wayland McDougall Hospital - Nome	24	24,000 124.7	50,000 62,400
Seward General Hospital	33	33,000 103.8	50,000 51,700
Kodiak Island Hospital	25	25,000 111.5	50,000 55,800
Valley Hospital - Palmer	27	27,000 100.0	50,000 —
Sitka Community Hospital	24	24,000 107.5	50,000 54,800
Cordova Community Hospital	22	22,000 115.8	50,000 57,900
Ketchikan General Hospital	95	95,000 100.0	95,000 —
Providence Hospital - Anchorage	150	150,000 100.0	150,000 —
Anchorage Community Hospital	85	85,000 100.0	85,000 —
Wrangell General Hospital	13	13,000 103.8	50,000 51,700
Petersburg General Hospital	25	25,000 103.8	50,000 51,900
TOTALS		\$747,000	\$1,063,000 1,074,000

REVENUE SHARING FOR HEALTH CENTERS AND CLINICS: (\$8,000 Per Facility).

<u>Name of Facility</u>	<u>Number of Facilities</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Ketchikan Mental Health Center	1	\$ 4,000 —	\$ 8,000
Fairbanks Health Center	1	4,000 107.5	8,000 8,600
Sitka Health Center	1	4,000 107.5	8,000 8,600
Kodiak Health Center (Mental)	1	4,000 115.8	8,000 9,200
Cordova Public Health Center	1	4,000 —	8,000
Gateway Community Mental Health Center Ketchikan	1	4,000 —	8,000
Russian Mission Clinic	1	4,000 139.3	8,000 11,100
Sand Point Clinic	1	4,000 120.0	8,000 9,600
Seldovia Hospital	1	4,000 111.5	8,000 8,700
Dani Memorial Health Center - Skagway	1	4,000 107.5	8,000 8,600
City Public Health Center - St. Mary's	1	4,000 139.3	8,000 11,100
Norton Sound Clinic - St. Michael's	1	4,000 124.7	8,000 10,000
Teller Clinic	1	4,000 124.7	8,000 10,000
Illiulik Family and Health Services Clinic Unalaska	1	4,000 120.0	8,000 9,600
Knitvier First Aid Center	1	4,000 115.8	8,000 9,300
Gateway Community Mental Health Center Wrangell - Monthly	1	4,000 103.8	8,000 8,300
Goodnews Bay Clinic	1	4,000 139.3	8,000 11,100
Holy Cross Clinic	1	4,000 124.7	8,000 10,400
Delta Junction Surgical Medical Clinic	1	4,000 107.5	8,000 8,600
Eek Health Clinic	1	4,000 139.3	8,000 11,100
Fortuna Ledge Health Clinic	1	4,000 139.3	8,000 11,100
Rondalton Community Health Center	1	4,000 124.7	8,000 10,400
Health Clinic - Pilot Station	1	4,000 124.7	8,000 11,100
Health Clinic - Point Hope	1	4,000 124.7	8,000 10,700
Public Health Center - Hydaburg	1	4,000 —	8,000

511,900

REVENUE SHARING FOR HEALTH CENTERS AND CLINICS CONTINUED:

<u>Name of Facility</u>	<u>Number of Facilities</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Kotlik Health Clinic	1	\$ 4,000 139.3	\$ 8,000 11,100
Nenokotak Clinic	1	4,000 126.4	8,000 10,400
Mountain Village Health Clinic	1	4,000 139.3	8,000 11,100
King Cove Health Clinic	1	4,000 126.0	8,000 9,600
Tuluksak Health Center	1	4,000 139.3	8,000 11,100
ARCA Pre-School - Anchorage	1	4,000 -	2,000
Alaska Treatment Center - Anchorage	1	4,000 -	2,000
Brevig Mission	1	4,000 124.7	8,000 10,000
Kotzebue Hope Center	1	4,000 134.2	8,000 10,700
TOTALS		<u>\$135,000</u>	<u>\$272,000</u> 329,500

REVENUE SHARING FOR OUTPATIENT HEALTH FACILITIES: (\$8,000 Per Facility).

57,500

<u>Name of Facility</u>	<u>Number of Facilities</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Ketchikan Health Center	1	\$ 4,000 -	\$ 8,000 -
Open Door Clinic - Anchorage	1	4,000 -	8,000 -
Akolmist City Clinic	1	4,000 139.3	8,000 11,100
Akiak Health Center	1	4,000 139.3	8,000 11,100
Koyuk Health Clinic	1	4,000 124.7	8,000 10,100
TOTALS		<u>\$ 20,000</u>	<u>\$ 40,000</u> 48,300

REVENUE SHARING FOR MISCELLANEOUS FACILITIES: (\$1,000 Per Bed for Each Facility).

300

<u>Name of Facility</u>	<u>Number of Beds</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Wesleyan Nursing Home	24	\$ 24,000	\$ 24,000
Hope Cottage, Inc. - Anchorage	92	92,000 -	92,000
Booth Memorial Maternity Home - Anchorage	15	15,000 -	15,000
Hope Center - Anchorage	35	35,000 -	35,000
Bethel Prematernal Home	14	14,000 137.5	14,000 19,500
City of Fairbanks Supportive Living Facility	25	25,000 107.5	25,000 26,900
Juneau Alcoholism Rehabilitation Center	16	16,000 107.5	16,000 17,200
Betel Sleep-Off Center	20	20,000 139.3	20,000 27,900
Nome Alcoholic Rehabilitation Facility	6	6,000 124.7	6,000 7,500
Anchorage Graduate House	15	15,000 -	15,000
TOTALS		<u>\$262,000</u>	<u>\$262,000</u> 280,000

REVENUE SHARING FOR HOSPITALS UNDER CONSTRUCTION: (\$2,500 Per Bed for Each Facility).

<u>Name of Facility</u>	<u>Number of Beds</u>	<u>Present Cost</u>	<u>HB-42 Cost</u>
Fairbanks Memorial Hospital	116	\$290,000.00	\$290,000.00
Sarlet Memorial Hospital	67	86,993.97	86,993.97
Central Peninsula General Hospital - Soldotna	30	75,000.00	75,000.00
Anchorage Community Hospital	85	78,708.00	78,708.00
Evidence Hospital - Anchorage	127	317,500.00	317,500.00
TOTALS		<u>\$848,201.97</u>	<u>\$848,201.97</u>

LMS:vm
1/23/73

95,700

Present 1,165,000

- (h) During each fiscal year the state shall pay to an organized borough or a city outside an organized borough, in which a health facility is operated, a sum equal to \$1,000 for each bed actually used for patient care within the facility, limited to the maximum number of beds provided for in the construction design of the facility, or \$4,000 for a facility, if the local government elects to accept payment on that basis for a particular facility. Funds received by a local government under this subsection shall be used for expenses of operation, maintenance or health services or facilities, as the local government determines.
- (i) In (h) and (j) of this section "health facility" or "facility" includes hospitals, public health centers, maternity homes and community mental health centers, facilities for the mentally retarded or physically handicapped, nursing homes and convalescent centers which are licensed, when required, by the state under AS 18.20.010 -- 18.20.130 and are owned or operated or both by a local government or by a nonprofit corporation or other nonprofit sponsor; the term excludes facilities operated or wholly supported by the state or the federal government and excludes nonprofit facilities leased from private profit-making groups or corporations.
- (j) If construction of a facility began after January 1, 1968 and state matching aid for construction approved for payment to the local government or other facility sponsor constitutes less than 25 per cent of the total project cost, the state shall pay to the local government or other facility sponsor each fiscal year a sum equal to \$2,500 a bed for the maximum number of beds provided for in the construction design of the facility. State aid provided for in this subsection shall continue until the local government or other facility sponsor has received an amount which, combined with state matching money for construction of the facility, equals 25 per cent of the total project cost. No funds received for construction shall be used for any other purpose.

LWS:vm

1/9/73

8:30 House Local Government Committee