

"An Act relating to statewide coordination of health care planning."

COMMITTEE REPORT

4/15/76

HOUSE

Mr. Speaker:

Date 4/15/76

The Committee on FINANCE has had HB 665

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:

| | | |
|--------------------|-------|-------|
| <u>[Signature]</u> | _____ | _____ |
| <u>[Signature]</u> | _____ | _____ |
| <u>[Signature]</u> | _____ | _____ |
| _____ | _____ | _____ |

Members NOT concurring in the Majority report:

| | | |
|--------------------|-------------|---------------|
| <u>[Signature]</u> | recommends: | <u>No Rec</u> |
| <u>[Signature]</u> | recommends: | <u>no rec</u> |
| <u>[Signature]</u> | recommends: | <u>no rec</u> |
| <u>[Signature]</u> | recommends: | <u>no rec</u> |
| <u>[Signature]</u> | recommends: | <u>no rec</u> |

[Signature] Chairman

Introduced: 1/28/76
Referred: Health, Education &
Social Services and Finance

BY THE RULES COMMITTEE BY REQUEST
OF THE LEGISLATIVE COUNCIL SUB-
COMMITTEE ON HEALTH PLANNING

1 IN THE HOUSE

2 HOUSE BILL NO. 665

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to statewide coordination of health
7 planning."

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

9 * Section 1. AS 18.07.010 - 18.07.100 are repealed.

10 * Sec. 2. AS 18.07 is amended by adding new sections to read:

11 CHAPTER 7. STATEWIDE HEALTH COORDINATING COUNCIL.

12 ARTICLE 1. PLANNING AGENCIES.

13 Sec. 18.07.011. PURPOSE. (a) The objective of the Statewide
14 Health Coordinating Council is the attainment of the highest possible
15 level of health for all the people of the state. By means of its actions
16 and recommendations, the council seeks to improve the planning for, and
17 delivery of, health care services by developing and implementing state-
18 wide health care policies consistent with priorities established in P.L.
19 93-641 and related to

- 20 (1) moderating health care costs;
- 21 (2) closing the gaps in the delivery of health care services;
- 22 (3) preventing fragmentation and overlap in health care
23 services;
- 24 (4) encouraging the growth of preventive health care;
- 25 (5) promoting better distribution and wiser use of health
26 care resources;
- 27 (6) establishing public accountability for health care;
- 28 (7) ensuring that consumers of health care services have a
29 voice in health planning and decision making;

1 (8) assisting in the equitable delivery of quality primary
2 care services to medically underserved areas within the state.

3 (b) The concerns of the council are unique in that they encompass
4 all aspects of health and all factors that influence health.

5 Sec. 18.07.021. STATEWIDE HEALTH COORDINATING COUNCIL. There is
6 created a Statewide Health Coordinating Council composed of 25 individ-
7 uals whose membership reflects the broad geographic, socio-economic,
8 age, sex, ethnic, and professional health elements in the state.

9 s Sec. 18.07.031. MEMBERSHIP; TERM OF OFFICE. (a) The council,
10 created in response to sec. 1524 of P.L. 93-641, consists of members
11 appointed by the governor and confirmed by the legislature.

12 (b) Except as directed otherwise by the secretary, no fewer than
13 18 members shall be selected by the governor from lists of at least six
14 nominees submitted by each of the health systems agencies to the gover-
15 nor. Each health systems agency shall have the same number of repre-
16 sentatives on the council. At least one-half of each of the health
17 systems agency's representatives must be consumers who are also not
18 providers of health care.

19 (c) Except as directed otherwise by the secretary, both the chair-
20 man of the House Committee on Health, Education and Social Services and
21 the chairman of the Senate Committee on Health, Education and Social
22 Services shall serve on the council.

23 (d) In addition to those appointments made under (b) of this sec-
24 tion, the governor may appoint such council members as he considers
25 appropriate. The majority of the members appointed under this sub-
26 section must be consumers who are not also providers of health care, and
27 the number of persons so appointed may not exceed 40 per cent of the
28 total membership of the council. Persons appointed under this subsec-
29 tion shall include representatives of nongovernment and state organiza-

1 tions and groups which are concerned with planning, operations, or
2 utilization of community mental health centers or other mental health
3 facilities and include representatives of consumers of the services
4 provided by those centers and facilities.

5 (e) At least one-third of the providers of health care who are
6 members of the council shall be direct providers of health care services
7 as defined in sec. 300(15) of this chapter.

8 (f) All members serve for four-year staggered terms. Of the
9 initial appointees, the governor shall appoint six members to one-year
10 terms, six members to two-year terms, six members to three-year terms
11 and seven members to four-year terms.

12 (g) Vacancies shall be filled by the governor to complete the term
13 of the vacated seat in the same manner as the original appointments.

14 Sec. 18.07.041. OFFICERS. Except as directed otherwise by the
15 secretary, the council shall elect a chairman and a vice-chairman to
16 serve two-year terms. The chairmanship and vice-chairmanship shall
17 rotate between a provider-member and a consumer-member every two years,
18 and at no time may these positions be held simultaneously by two pro-
19 vider-members or two consumer-members.

20 Sec. 18.07.051. MEETINGS. The council shall meet at times and
21 places determined by the chairman, but no less than once in each calen-
22 dar quarter of a year. The council shall prescribe its own rules of
23 procedure. A quorum is a majority of the members of the council.
24 Effective action requires the affirmative vote of a majority of the
25 members of the council present. No council member may, with respect to
26 a matter before the council, vote for or on behalf of, or in any way
27 exercise the vote of, another member of the council.

28 Sec. 18.07.061. COMPENSATION AND PER DIEM. Members of the council
29 serve without compensation but are entitled to per diem and travel

1 expenses as authorized by law for boards and commissions.

2 Sec. 18.07.071. FUNCTIONS AND DUTIES. The council is assigned
3 functions enumerated under sec. 1524(c) of P.L. 93-641 and under
4 AS 47.30.605(b).

5 Sec. 18.07.081. STATE HEALTH PLANNING AND DEVELOPMENT AGENCY.

6 (a) The Department of Health and Social Services is the state agency
7 responsible for the administration of state health planning and develop-
8 ment functions under sec. 1521 of P.L. 93-641.

9 (b) The office of health planning and development in the depart-
10 ment is responsible for carrying out the comprehensive health planning
11 functions enumerated in secs. 110, 120 and 140 of this chapter. This
12 office shall provide professional staff for the council.

13 (c) The department shall adopt regulations under the Administra-
14 tive Procedure Act (AS 44.62) governing the scope and functions of the
15 office of health planning and development.

16 ARTICLE 2. PLANNING FUNCTIONS.

17 Sec. 18.07.110. PLANNING FUNCTIONS OF THE OFFICE OF HEALTH PLAN-
18 NING AND DEVELOPMENT; MEDICAL FACILITIES. (a) The office of planning
19 and development shall devise and revise a medical facilities plan for
20 the state, after consideration of the annual recommendations made in
21 accordance with sec. 1513(h) of P.L. 93-641 by the state's health system
22 agencies designated under sec. 1515 of P.L. 93-641, concerning projects
23 for the modernization, construction, and conversion of medical facili-
24 ties in the agency's health service area established in accordance with
25 sec. 1511 of P.L. 93-641.

26 (b) The medical facilities plan described under sec. 1603 of P.L.
27 93-641 shall, consistent with the state health plan proposed by the
28 council under sec. 1524 of P.L. 93-641, shall provide for the full
29 utilization of state funds available for construction, conversion, or

1 modernization of medical facilities.

2 Sec. 18.07.120. PLANNING FUNCTIONS OF THE OFFICE OF PLANNING AND
3 DEVELOPMENT; SERVICES. In order to implement the goals of the state
4 health plan in accordance with sec. 1523(a)(1) of P.L. 93-641, the
5 office of planning and development shall annually plan and establish
6 priorities for the delivery of any existing health services, any changes
7 in existing health services, and any delivery of new health services.

8 Sec. 18.07.130. LEGAL STRUCTURES OF HEALTH SYSTEMS AGENCIES. A
9 health systems agency for a health service area shall be a nonprofit
10 private or public corporation not a subsidiary of, or otherwise con-
11 trolled by, any other private or public corporation or other legal
12 entity, and may only engage in health planning and development functions.
13 The agency shall be created and operated in accordance with standards
14 and criteria enumerated in regulations promulgated by the secretary
15 under sec. 1512(9) of P.L. 93-641.

16 Sec. 18.07.140. PLANNING GRANTS TO HEALTH SYSTEMS AGENCIES. (a)
17 The office of planning and development shall, with the approval of the
18 council, award grants to the health systems agencies for the following
19 purposes:

20 (1) to provide a match for federal funds to meet the staff
21 and planning requirements under P.L. 93-641;

22 (2) to plan health services and medical facilities within
23 designated health service areas;

24 (3) to review applications for certificates of need required
25 in sec. 150 of this chapter.

26 (b) The office shall adopt regulations implementing this section.
27 The regulations shall provide for a method of application, the time for
28 consideration, the type of record keeping, the requirements for report-
29 ing progress in planning, and notification to the applicant of the

1 action taken on the application.

2 (c) No grant may be awarded under this section without the approval
3 of the council.

4 (d) The office may accept on behalf of the state and deposit,
5 apart from other public funds, grants from the federal government or
6 gifts or contributions from other sources in carrying out the purposes
7 of this section.

8 ARTICLE 3. NEED CERTIFICATION FOR HEALTH CARE.

9 Sec. 18.07.150. CERTIFICATE OF NEED REQUIRED. (a) A certificate
10 of need issued by the office is required before

11 (1) state funds in excess of \$50,000 can be awarded or
12 expended

13 (A) to support health services in operation on or after
14 the effective date of this Act;

15 (B) to change a health service in existence after the
16 effective date of this Act; or

17 (C) to initiate a new health service after the effective
18 date of this Act;

19 (2) state funds in excess of \$100,000 may be awarded or
20 expended to construct a new medical facility, modernize a medical
21 facility, convert an existing medical facility for the provision of new
22 health services, or alter the bed capacity of a medical facility.

23 (b) If a provider offers more than one type of health service, a
24 separate certificate of need is required for each service.

25 (c) Nothing in this chapter or regulations adopted under this
26 chapter with respect to the requirement for certificates of need applies
27 to

28 (1) private office or clinics of physicians, dentists, or
29 other practitioners of the healing arts or laboratories, except in a

1 case of purchase or acquisition of equipment attendant to the delivery
2 of health care service and the instruction or supervision of health care
3 service for a private office or clinic or laboratory involving a total
4 expenditure of state funds in excess of \$100,000;

5 (2) dispensaries and first aid stations located in business
6 or industrial establishments maintained solely for the use of employees,
7 if the facilities do not regularly provide inpatient or resident beds
8 for patients or employees on a daily 24-hour basis;

9 (3) dwelling establishments, such as hotels, motels, and
10 rooming or boarding houses that do not regularly provide health care
11 facilities or health care services;

12 (4) home or institution conducted only for those who, under
13 the teachings, faith, or belief of a group, depend for healing upon
14 prayer or other spiritual means.

15 Sec. 18.07.160. TERMS, CONDITIONS OF ISSUANCE, AND MODIFICATION OR
16 SURRENDER OF CERTIFICATE. (a) Each certificate issued shall specify
17 terms of issuance describing the nature and extent of the activities
18 authorized by the certificate. The office may issue a certificate author-
19 izing only part of the activities for which authorization was sought or
20 attach to the certificate terms and conditions the office considers
21 necessary to protect and promote the public interest, including condi-
22 tions which would require the applicant to serve a specific geographical
23 area or provide a necessary health service not contemplated in the
24 sponsor's application for a certificate.

25 (b) The sponsor's acceptance of a certificate of need constitutes
26 the sponsor's agreement to undertake the activities authorized by the
27 terms of issuance and to abide by conditions imposed by the certificate.
28 The sponsor must apply to the office for a modification of his certifi-
29 cate before terminating part of the service authorized by the terms or

1 conditions of issuance.

2 (c) Should a sponsor terminate all of the activities authorized by
3 a certificate, the sponsor must surrender the certificate to the office
4 within 30 days.

5 Sec. 18.07.170. APPLICATION FOR CERTIFICATE OF NEED. (a) Appli-
6 cation for a certificate of need required under sec. 150(a)(1)(B) and
7 (C) of this chapter or to obtain modification of such a certificate is
8 made in writing to the office and a copy sent to the appropriate health
9 systems agency and must include the following information:

10 (1) the general geographic area to be serviced;

11 (2) the population to be served, and a characterization of
12 the population, as well as projections of population growth by an
13 official federal or state agency;

14 (3) a description of the service to be provided or reduced;

15 (4) the anticipated demand for the service to be provided;

16 (5) present utilization of existing programs within the area
17 to be served offering the same or similar health care services;

18 (6) the benefit to the community or the population to be
19 served which will result from the proposed project as well as the
20 anticipated impact on other facilities offering the same or similar
21 services in the area;

22 (7) a statement showing the existing working relationship
23 among the facilities in the defined service area;

24 (8) a description of how the service is consistent with the
25 objectives and priorities of the annual implementation plan of the
26 area for this character of service; and

27 (9) any other information as may reasonably be prescribed
28 by regulations of the commissioner.

29 (b) Application for a certificate of need required under sec.

1 150(a)(2) of this chapter or for a modification of a certificate is made
2 in writing to the office and a copy sent to the appropriate health
3 systems agency and must include the following information:

4 (1) the nature and extent of the sponsor's financial involve-
5 ment in the project;

6 (2) the estimated date of commencement and completion of the
7 project;

8 (3) the manner in which the project is expected to be financed;

9 (4) any other information as may be prescribed by regulations
10 promulgated by the commissioner; and

11 (5) a designation by appropriate reference to the medical
12 facilities plan of which project in that plan the sponsor is seeking a
13 certificate.

14 (c) The commissioner shall establish by regulation a time and man-
15 ner in which a health service which is required to obtain a certificate
16 under sec. 150(a)(1)(A) of this chapter may apply for that certificate.
17 The application procedure shall include the information required in (a)
18 of this section.

19 Sec. 18.07.180. REVIEW OF APPLICATIONS FOR CERTIFICATE OF NEED.

20 (a) No certificate of need required under sec. 150(a)(1)(A) of this
21 chapter may be granted unless the office finds that the health service
22 was operating in good faith on the effective date of this Act.

23 (b) No certificate of need required under sec. 150(a)(1)(B) and
24 (C) of this chapter may be granted unless the applicant demonstrates
25 that he is capable of providing the services for which the certificate
26 is sought; that those services are consistent with the objectives and
27 priorities among objectives enumerated in the annual implementation plan
28 for the health service area where the service will be provided; and that
29 those services will not otherwise

1 (1) create undue competition that will impair the quality of
2 service;

3 (2) create undue competition that will impair the economic
4 stability of providers; or

5 (3) divert health care resources to unneeded new health
6 services.

7 (c) No certificate of need required under sec. 150(a)(2) of this
8 chapter to construct, modernize, or convert a medical facility may be
9 granted unless the office finds that

10 (1) the council has approved a medical facilities plan after
11 finding it to be consistent with the state health plan in accordance
12 with sec. 1603(a)(3) of P.L. 93-641;

13 (2) the project for which the certificate of need is sought
14 is included within the medical facilities plan; and

15 (3) the sponsor is capable of completing the project auth-
16 rized in the certificate in such a manner as to comply with the condi-
17 tions of the certificate and regulations promulgated under this chapter.

18 Sec. 18.07.190. REVIEW PROCEDURE: TIME FRAMES. (a) The health
19 systems agency is entitled to 60 days from the date the office receives
20 the sponsor's application to review the application and issue recommen-
21 dations. If the office has not received the health systems agency's
22 recommendations at the end of that period, the office must furnish the
23 health systems agency with a notice stating that the application is
24 without agency recommendation and the office must wait an additional
25 30 days before taking any further action. The office may grant a health
26 systems agency a reasonable extension of time if the agency is unable to
27 adequately evaluate the application in the time allowed under this
28 section.

29 (b) Unless the sponsor fails to supply required information or

1 additional information is needed, the office shall grant or deny the
2 application in whole or in part within 120 days of receipt of the origi-
3 nal application or within 30 days of receiving the findings and recom-
4 mendations of the health systems agency, whichever is earlier.

5 Sec. 18.07.200. REVIEW PROCEDURE: NOTICE. Except as otherwise
6 provided by sec. 250 of this chapter, the office shall give notice of
7 the substance of the application made under sec. 170 of this chapter
8 to the general public by publication in a newspaper of general circula-
9 tion published in the health service area in which the medical facility
10 or service is to be located at least once each week for three successive
11 weeks. The office shall publish this notice as soon as practicable
12 after a sponsor's application is found to be complete under sec. 170
13 of this chapter, but no later than 60 days from the date of receipt of
14 the application. In addition, the office may in its discretion mail a
15 notice to a person or a group of persons whom the office believes is
16 interested in the proposed action.

17 Sec. 18.07.210. REVIEW PROCEDURE: ACCESS TO REVIEWING AGENCIES.
18 The sponsor and interested parties shall be afforded an equal opportu-
19 nity to consult with the office and the reviewing health systems agency.
20 The sponsor and interested parties shall be furnished copies of any
21 relevant recommendations which the health systems agency makes to the
22 office in accordance with sections 1513(f), 1513(g), and 1513(h) of
23 P.L. 93-641 concerning the need for the new health services, the appro-
24 priateness of the existing health services, and the need for projects
25 for modernization, construction, and conversion of medical facilities in
26 the agency's health service area, respectively. In addition, the spon-
27 sor and interested parties shall be furnished copies of relevant find-
28 ings made by the office in accordance with sec. 1523(a)(5) of P.L. 93-
29 641 respecting the need for new health services and the appropriateness

1 of existing health services.

2 Sec. 18.07.220. REVIEW PROCEDURE: EVIDENCE REVIEWED. (a) If a
3 sponsor is applying for a certificate required under sec. 150(a)(1)(A)
4 of this chapter, the office and the reviewing health systems agency
5 shall review information submitted by the sponsor concerning the nature
6 and extent of the sponsor's health service in determining whether the
7 sponsor is eligible for a certificate.

8 (b) If a sponsor is applying for a certificate required under sec.
9 150(a)(1)(B) or (C) of this chapter, the office and the reviewing health
10 systems agency may consider any information it considers relevant in
11 determining whether to grant the certificate, including

12 (1) the annual implementation plan of the health service area
13 in which the service will operate and any recommendations made to the
14 office in accordance with section 1513(f) of P.L. 93-641 respecting the
15 need for new health services;

16 (2) the relationship of the health facilities or services
17 being reviewed to the long-range development plan, if any, of the person
18 providing or proposing the facility or service;

19 (3) the need of the population served or to be served for the
20 health facilities or services being reviewed;

21 (4) the feasibility and availability of alternative, less
22 costly, or more effective methods of providing the health facilities or
23 services being reviewed;

24 (5) the relationship of the health facilities or services
25 being reviewed to the existing system in the health services area or
26 areas in which the facilities or services are provided or proposed, in-
27 cluding the probable impact on the costs of providing health services in
28 the area or areas served;

29 (6) evidence of a defined and accepted service area;

1 (7) the potential of the institution which is to operate the
2 service to meet licensure and accreditation standards; if the institu-
3 tion is in existence, whether it has obtained approval and licenses as
4 required by law;

5 (8) the projected financial savings and improvement in ser-
6 vices which could be derived from the operation of joint central services
7 or from joint, cooperative or shared health resources which are access-
8 ible to the defined service area;

9 (9) in the case of health facilities or services proposed
10 under a certificate of need or other application, the availability or
11 the potential availability of resources (including health manpower,
12 management personnel, and funds for capital and operating needs) for the
13 provision of those facilities or services;

14 (10) the needs of members, subscribers or enrollees of health
15 maintenance organizations and health care plans which operate or support
16 particular hospitals for the purpose of rendering health care to members,
17 subscribers, or enrollees;

18 (11) the special needs and circumstances of those institutional
19 health care facilities and other entities which provide a substantial
20 part of their services or resources to individuals not residing in the
21 health service area in which the facilities or other entities are lo-
22 cated, or which serve special populations within the service area;

23 (12) the special needs and circumstances of health maintenance
24 organizations and other comprehensive health care programs; and

25 (13) in the case of a construction project, the costs and
26 methods of the proposed project; the probable impact of the project
27 reviewed on the costs of providing health services by the applicant.

28 (c) If a sponsor is applying for a certificate required under sec.
29 150(a)(2) of this chapter, the office shall consider the medical facil-

1 ity's plan in determining whether to grant the certificate.

2 Sec. 18.07.230. REVIEW PROCEDURE: ISSUANCE OF DECISION. (a) The
3 office shall review any findings and recommendations of the health
4 systems agency and approve them or issue its own findings and decision
5 within the time limits specified in sec. 190 of this chapter.

6 (b) When the office issues an order of denial, it shall be in
7 writing to the applicant and shall state the reasons for the denial.

8 (c) Publication of the office's decision shall be made as pre-
9 scribed by regulations in a newspaper of general circulation in the
10 service area in which the medical facility or service is to be located.

11 Sec. 18.07.240. REVIEW PROCEDURE: APPEAL FROM A DECISION OF THE
12 OFFICE. If a sponsor wishes to appeal from a decision rendered by the
13 office under this chapter, the sponsor may obtain a hearing de novo on
14 his application conducted in accordance with AS 44.62.330 - 44.62.630,
15 by filing a statement of issues under AS 44.62.370.

16 Sec. 18.07.250. TEMPORARY OR EMERGENCY CERTIFICATES. A person may
17 request waiver of the provisions of secs. 170 - 230 of this chapter and
18 apply for a temporary or emergency certificate for the construction,
19 conversion, or modernization of a medical facility or the temporary
20 operation of a health service. The office may, in its discretion, waive
21 these provisions and grant a temporary or emergency certificate upon a
22 showing, by affidavit or informal hearing, of (1) necessity for early,
23 immediate or temporary relief; and (2) adverse effect to the public
24 interest by reason of delay occasioned by compliance with the provisions
25 of secs. 170 - 230 of this chapter. Temporary certificates granted
26 under this section confer no vested rights and are subject to the spe-
27 cial limitations and restrictions, as to duration and right of exten-
28 sions or renewal, as may be imposed by the office. No temporary or
29 emergency certificate may be granted for a period longer than necessary

1 for the sponsor to obtain review of the action certified by the temporary
2 or emergency certificate under secs. 170 - 240 of this chapter.

3 Sec. 18.07.260. DURATION OF CERTIFICATE. (a) A certificate of
4 need required under sec. 150(a)(2) of this chapter is valid for that
5 period of time, not to exceed two years, as may reasonably be required
6 to complete preparation of detailed construction plans, secure neces-
7 sary funds and building permits, and commence construction of the medical
8 facility for which the certificate of need was issued. With the ap-
9 proval of the health systems agency, the office may renew the certifi-
10 cate for further periods which may be reasonable if the applicant has
11 shown that substantial and continuing progress toward commencement of
12 the project has been accomplished.

13 (b) A certificate of need required under sec. 150(a)(1) of this
14 chapter is valid until that time the certificate is surrendered or
15 suspended, modified or revoked under sec. 270 of this chapter.

16 Sec. 18.07.270. PROCEEDINGS FOR MODIFICATION, SUSPENSION, REVOCA-
17 TION OR OTHER CORRECTIVE ACTION BY THE OFFICE. (a) The certificate
18 holder may obtain modification of an existing certificate by utilizing
19 the application procedure enumerated in secs. 170 - 240 of this chapter.

20 (b) The office, a member of the public who is substantially
21 affected by the exercise of the certificate, or another applicant for a
22 certificate of need may initiate a hearing to obtain modification,
23 suspension, or revocation of an existing certificate of need by filing
24 an accusation as prescribed under AS 44.62.360 with the office. No
25 revocation, modification or suspension of an outstanding certificate
26 may be undertaken unless in accordance with AS 44.62.330 - 44.62.630.

27 (c) A certificate of need shall be suspended if an accusation is
28 filed before the commencement of construction of a medical facilities
29 project or health service which charges that factors upon which the

1 certificate of need was issued have changed or new factors have been
2 discovered which significantly alter the need for a project or signifi-
3 cantly alter the facts and circumstances which justified issuance of
4 the original certificate. A suspension of a certificate may not exceed
5 120 days. At the end of this period or sooner, the office shall revoke
6 or reinstate the certificate in accordance with the procedures outlined
7 in AS 44.62.330 - 44.62.630.

8 (d) A certificate of need may be revoked

9 (1) after six months of issuance if the sponsor has not
10 shown continuing progress toward commencement of the project;

11 (2) after commencement of the project if the applicant fails
12 without good cause to make reasonable and continuing progress toward
13 completion;

14 (3) if the sponsor fails to provide services required or
15 authorized by the certificate or otherwise fails to abide by its terms
16 or conditions; or if the sponsor fails to comply with the provisions of
17 this chapter or regulations adopted under this chapter;

18 (4) if the sponsor misrepresents a material fact in obtaining
19 the certificate;

20 (5) if the facts and circumstances charged in an accusation
21 filed under (c) of this section are established in hearings conducted in
22 accordance with AS 44.62.330 - 44.62.630; or

23 (6) if required by public convenience and necessity.

24 (e) In an area where the office determines that two or more medi-
25 cal facilities or health services are competing to furnish identical
26 health services and that the competition is impairing the quality of
27 service and the economic stability of providers, the office, in order to
28 eliminate the competition and any undesirable duplication of facilities
29 or services, may order competing medical facilities or health services

1 to enter into a contract among other things, would

2 (1) allocate health services among competing medical facili-
3 ties;

4 (2) eliminate existing duplication and paralleling to the
5 fullest reasonable extent;

6 (3) preclude future duplication and paralleling;

7 (4) provide for the exchange of consumers and facilities for
8 the purposes of providing better public service and of eliminating
9 duplication and paralleling; and

10 (5) provide such other mutually equitable arrangements as
11 would be in the public interest.

12 (f) The office may employ professional consultants to assist in
13 administering the provisions of this section and may apportion the
14 expenses relating to this administration among the competing health
15 services and medical facilities involved.

16 (g) When the office issues an order of revocation or suspension,
17 the order shall be in writing and shall state the reasons for the revoca-
18 tion or suspension.

19 Sec. 18.07.280. INJUNCTIVE RELIEF AND PENALTIES FOR VIOLATION OF
20 ACT. Injunctive relief against violations of this chapter or any reason-
21 able regulations of the office may be obtained from a court of competent
22 jurisdiction at the instance of the commissioner, a holder of a certifi-
23 cate of need that is adversely affected in the exercise of the privileges
24 in the certificate by the violation, or any member of the public sub-
25 stantially and adversely affected by the violation. Upon written request
26 by the commissioner, the attorney general shall furnish legal services
27 as may be appropriate and to prosecute the action for injunctive relief
28 to an appropriate conclusion. Wilful violation of the provisions of
29 this chapter, or lawful regulations issued under it, constitutes a

1 misdemeanor, punishable as otherwise provided by law, on the part of
2 that person and each other person having the control or management of
3 the person wilfully violating this chapter. Each day of continuing
4 violation constitutes a separate offense.

5 Sec. 18.07.290. REGULATIONS. The commissioner shall promulgate
6 regulations under AS 44.62.180 - 44.62.290 to carry out the provisions
7 and purposes of this chapter. These regulations shall include the
8 establishment of requirements for a uniform statewide system of report-
9 ing financial and other operating data.

10 ARTICLE 4. GENERAL PROVISIONS.

11 Sec. 18.07.300. DEFINITIONS. In this chapter

12 (1) "annual implementation plan" means the objectives given
13 priority by a health systems agency to achieve the goals of its health
14 systems plan under sec. 1513(b)(2) of P.L. 93-641;

15 (2) "commencement of construction of a medical facilities
16 project" means the visible commencement of actual operations on the
17 ground for the erection of a building, which everyone can readily
18 recognize as commencement of a building and which is alone with inten-
19 tion to continue the work until building is completed;

20 (3) "commencement of a health service" means the visible
21 commencement of the provision of health services to consumers;

22 (4) "commissioner" means the commissioner of health and
23 social services;

24 (5) "completion of construction of a medical facilities
25 project" means the substantial performance of all the work which all
26 parties participating in the project have obligated themselves to per-
27 form;

28 (6) "consumer of health care services" means a person who is
29 not a provider of health care services as defined in (13) of this

1 section;

2 (7) "construction" means the erection, building or substan-
3 tial acquisition, alteration, reconstruction, improvement, extension or
4 modification of a medical facility under this chapter, including equip-
5 ment, inspection and supervision, excavation or other necessary actions;
6 "construct" means and includes any action of construction;

7 (8) "council" means the Statewide Health Coordinating
8 Council;

9 (9) "department" means the Department of Health and Social
10 Services;

11 (10) "health systems agency" means an entity organized and
12 operated in accordance with sec. 1512(b) of P.L. 93-641, engaging in
13 health planning and development functions within a specified health
14 service area of the state designated by the secretary;

15 (11) "health systems plans" mean the detailed statement of
16 goals set out by a health systems agency under sec. 1513(b)(2) of
17 P.L. 93-641;

18 (12) "health services" means the health services provided on
19 either an inpatient or outpatient basis, whether or not involving use of
20 special equipment or facilities, including but not limited to nursing
21 care and services, X-ray examination or therapy, emergency room service,
22 obstetrical and newborn nursing service, pediatric service, anesthesia
23 and other services supportive of surgery, laboratory services, physical
24 laboratory services, physical therapy, maternal and child health ser-
25 vices, preventative medical services, public health nursing services,
26 nutrition services, health education services, drug abuse treatment,
27 prevention, rehabilitation services, pathology services, and pharma-
28 ceutical services, through and by the following entities: hospitals,
29 psychiatric hospitals, tuberculosis hospitals, skilled nursing facili-

1 ties, home health agencies, providers of outpatient physical therapy
2 services as defined in sec. 1861(e), (f), (g), (j), (o), and (p),
3 respectively, of the Public Health Service Act (except that this term
4 does not apply with respect to outpatient physical therapy services
5 performed by a physical therapist in his office or in a patient's home),
6 kidney disease treatment centers, including freestanding hemodialysis
7 units, intermediate care facilities as defined in sec. 1905(c) of the
8 Public Health Service Act; and organized ambulatory health care facili-
9 ties such as health centers, family planning clinics, and facilities
10 providing surgical treatment to patients not requiring hospitalization
11 (surgicenters), which are not part of a hospital but which are organized
12 and operated to provide medical care to outpatients; the term includes
13 health services provided through health maintenance organizations, as
14 those organizations are defined in 42 CFR 100.02f effective November 9,
15 1973, and health services provided through and by the following entities:

16 (A) outpatient clinics for the care of tuberculosis
17 authorized under AS 18.15.120;

18 (B) hospitals and medical facilities, community mental
19 health centers, and facilities for mentally retarded planned and
20 provided under AS 18.20.140 - 18.20.220;

21 (C) institutions for the care of needy persons designated
22 Alaska Pioneers Homes by the commissioner of administration under
23 AS 47.25.010;

24 (D) hospitals or other health facilities designated,
25 operated and maintained by the commissioner of health and social
26 services under AS 47.30.010(b);

27 (E) hospitals and other facilities for the examination,
28 observation, care and treatment of mentally ill persons constructed
29 and equipped under AS 47.30.350 or acquired under AS 47.30.390;

1 (F) facilities for alcoholic detoxification, prevention,
2 rehabilitation, or half-way house care under AS 47.30.475;

3 (G) maternity homes if the maternity homes receive state
4 or federal financial aid for the construction or acquisition of the
5 maternity home or for the care of its patients;

6 (H) community health facilities under AS 18.25.070;

7 (I) nonprofit hospitals under AS 18.25.010 - 18.25.030;

8 and

9 (J) health facilities under AS 43.18.010;

10 (K) "health services" does not include the lawful prac-
11 tice of a profession or vocation conducted independently of a
12 health care institution and in accordance with applicable licensing
13 laws of this state;

14 (13) "medical facility" means a hospital, public health
15 center, outpatient medical facility, rehabilitation facility, facility
16 for long-term care, intermediate care facility, residential care facili-
17 ty, or other facility that may be designated by the secretary of the
18 United States Department of Health, Education and Welfare for the pro-
19 vision of health care for ambulatory patients, including:

20 (A) outpatient clinics for the care of tuberculosis
21 authorized under AS 18.15.120;

22 (B) hospitals and medical facilities, community mental
23 health centers, and facilities for mentally retarded planned and
24 provided under AS 18.20.140 - 18.20.220;

25 (C) institutions for the care of needy persons designa-
26 ted Alaska Pioneer Homes by the commissioner of administration
27 under AS 47.25.010;

28 (D) hospitals or other health facilities designated,
29 operated and maintained by the commissioner of health and social

1 services under AS 47.30.010(b);

2 (E) hospitals and other facilities for the examination,
3 observation, care, and treatment of mentally ill persons constructed
4 and equipped under AS 47.30.350 or acquired under AS 47.30.390;

5 (F) facilities for alcoholic detoxification, rehabili-
6 tation, prevention or half-way house care under AS 47.30.475;

7 (G) maternity homes if the maternity homes receive state
8 or federal financial aid for the construction or acquisition of the
9 maternity home or for the care of its patients;

10 (H) community health facilities under AS 18.25.070 -
11 18.25.110;

12 (I) nonprofit hospitals under AS 18.25.010 - 18.25.030;

13 (J) health facilities under AS 43.18.010;

14 (14) "office" means the office of health planning and develop-
15 ment in the Department of Health and Social Services;

16 (15) "provider of health care services" means

17 (A) a person including a physician, dentist, nurse,
18 podiatrist, or physician assistant, who is a direct provider of
19 health care in that his primary current activity is the provision
20 of health care to individuals or the administration of medical
21 facilities, including hospitals, long-term care facilities,
22 outpatient facilities and health maintenance organizations in which
23 that care is provided;

24 (B) a person who is an indirect provider of health care
25 in that

26 (i) he holds a fiduciary position or interest in
27 an entity engaged in the provision of health care, the produc-
28 tion of drugs or medical supplies or in health research or
29 instruction;

1 (ii) he receives either directly or through his
2 spouse, more than one-tenth of his gross annual income from
3 any one or combination of the following: fees or other compen-
4 sation for research into or instruction in the provision of
5 health care; entities engaged in the provision of health care
6 or in health care research or instruction; producing or
7 supplying drugs or other medical supplies for use in the pro-
8 vision of, research into, or instruction in the provision of
9 health care; or entities engaged in producing drugs or other
10 medical supplies;

11 (iii) he is engaged in issuing policies or con-
12 tracts of individual or group health insurance or hospital or
13 medical service benefits;

14 (iv) he is a member of the immediate family of an
15 individual described in (i), (ii), or (iii) of this subpara-
16 graph;

17 (16) "secretary" means the secretary of the United States
18 Department of Health, Education and Welfare.

19 * Sec. 3. AS 18.15.120 is amended by adding a new subsection to read:

20 (b) The office of planning and development shall plan the estab-
21 lishment of facilities and the delivery of services of the type and
22 character authorized by this section, in accordance with AS 18.07.110
23 and 18.07.120. No funds appropriated under this section may be expended
24 unless the office of planning and development issues a certificate of
25 need, if required under AS 18.07.150.

26 * Sec. 4. AS 18.20.040 is amended to read:

27 Sec. 18.20.040. ISSUANCE AND RENEWAL OF LICENSE AND POSTING. Upon
28 receipt of an application for license and the license fee, the depart-
29 ment shall issue a license if the applicant meets the requirements

1 established under secs. 60 - 80 of this chapter and a certificate of
2 need if required under AS 18.07.150 has been issued for the facility or
3 service. If the applicant does not meet the requirements established
4 under secs. 60 - 80 of this chapter but makes continued efforts to com-
5 ply with them, the department may grant him a temporary or provisional
6 license for a reasonable period of time. A license, unless suspended
7 or revoked, is renewable annually without charge upon filing by the
8 licensee, and approval by the department of an annual report on the
9 uniform date and containing the information in the form the department
10 prescribes by regulation. Each license issued is for the premises and
11 person or governmental unit named in the application and is not trans-
12 ferable or assignable except with the written approval of the depart-
13 ment. Licenses shall be posted in a conspicuous place on the licensed
14 premises.

15 * Sec. 5. AS 18.20.050 is amended to read:

16 Sec. 18.20.050. DENIAL, SUSPENSION OR REVOCATION OF LICENSE. The
17 department may deny, suspend or revoke a license in a case in which it
18 finds that there has been a substantial failure to comply with the re-
19 quirements established under secs. 60 - 80 of this chapter or where the
20 office of planning and development in the department fails to issue a
21 certificate of need to an existing service required under AS 18.07.-
22 150(a)(1)(A) or revokes, suspends, or modifies a required certificate of
23 need under AS 18.07.230.

24 * Sec. 6. AS 18.20.141 is amended to read:

25 Sec. 18.20.141. DEPARTMENT FUNCTIONS. The office of planning and
26 development [DEPARTMENT] shall be the sole agency for the administration
27 of the plan as required by the federal act. The office [DEPARTMENT]
28 shall develop and administer any programs necessary for compliance with
29 the federal act.

1 * Sec. 7. AS 18.20.150 is amended to read:

2 Sec. 18.20.150. DUTIES OF DEPARTMENT. The office of planning and
3 development [DEPARTMENT] shall

4 (1) for each of the following groups of facilities: Group 1.
5 Hospitals and medical facilities; Group 2. Community mental health
6 centers; Group 3. Facilities for the mentally retarded;

7 (A) make a statewide inventory of existing public, non-
8 profit and proprietary facilities;

9 (B) survey the need for construction of these facilities;

10 (C) on the basis of the inventory and survey, develop
11 a program for the construction of public and other nonprofit facili-
12 ties for each of these groups which will, in conjunction with
13 existing facilities, afford the necessary physical facilities for
14 furnishing adequate facility services to all residents of the state;

15 (2) prepare and submit to the surgeon general a state plan,
16 including the hospital and medical facilities, community mental health
17 centers and facilities for the mentally retarded construction program
18 developed under (1) of this section. The plan will provide for the
19 establishment, administration, and operation of hospital and medical
20 facilities, community mental health centers and facilities for the
21 mentally retarded, and construction activities in accordance with the
22 requirements of the federal act and the regulations promulgated under
23 it; before the submission of the plan to the surgeon general, the
24 office of planning and development [DEPARTMENT] shall give adequate
25 publicity to a general description of the provisions proposed to be in-
26 cluded, and hold a public hearing where persons or organizations with
27 a legitimate interest in the plan may express their views. After ap-
28 proval of the plan by the surgeon general, the office of planning and
29 development [DEPARTMENT] shall publish a brief summary of the provisions

1 in at least one newspaper of general circulation in the state, and shall
2 make copies of the plan available upon request to interested persons,
3 and from time to time but not less often than annually, the office of
4 planning and development [COMMISSIONER] shall review the construction
5 program and submit to the surgeon general any modifications which it
6 [HE] finds necessary, and which are not inconsistent with the require-
7 ments of the federal act;

8 (3) provide for adequate facilities to furnish needed ser-
9 vices for persons unable to pay for them in accordance with regulations
10 prescribed under the federal act;

11 (4) submit any reports that the surgeon general considers
12 necessary for compliance with the federal act;

13 (5) do all things on behalf of the state necessary to obtain
14 benefits under the federal act.

15 * Sec. 8. AS 18.20.180 is amended to read:

16 Sec. 18.20.180. APPROVAL OF APPLICATIONS. The office of planning
17 and development [COMMISSIONER] of the department shall give every appli-
18 cant an opportunity for a fair hearing. If, after giving reasonable
19 opportunity for development and presentation of applications in the
20 order of relative need, the commissioner of the department finds that
21 a project application complies with the requirements of sec. 170 of
22 this chapter and conforms with the state plan, he shall approve and
23 recommend the application and forward it to the surgeon general. No
24 funds appropriated under this section may be expended unless the office
25 issues a certificate of need, if required under AS 18.07.150.

26 * Sec. 9. AS 18.20.190 is amended to read:

27 Sec. 18.20.190. INSPECTION OF PROJECTS. The office of planning
28 and development in [COMMISSIONER. OF] the department shall inspect each
29 construction project approved by the surgeon general from time to time.

1 If the office [COMMISSIONER] finds that work has been performed upon the
2 project or purchases have been made in accordance with the approved
3 plans and specifications, it [HE] shall certify to the surgeon general
4 that this is the fact and that payment of an installment of federal
5 funds is due the applicant.

6 * Sec. 10. AS 18.25.020 is amended to read:

7 Sec. 18.25.020. DETERMINATION OF NECESSITY. The department shall
8 initiate appropriate action under secs. 10 - 30 of this chapter when
9 the office of planning and development [IT] determines which projects
10 are of most immediate necessity, and shall allot money to the munici-
11 palities, communities and associations on a matching basis, or in
12 accordance with their financial ability and urgency of the need. The
13 office of planning and development shall plan the purchase, construction,
14 and repair of facilities and the acquisition of equipment authorized
15 by secs. 10 - 30 of this chapter, in accordance with AS 18.07.110. No
16 funds appropriated under this section may be expended unless the office
17 issues a certificate of need, if required under AS 18.07.150.

18 * Sec. 11. AS 18.25.050 is amended to read:

19 Sec. 18.25.050. DETERMINATION OF NECESSITY. The department shall
20 initiate appropriate action in accordance with the provisions of secs.
21 40 - 60 of this chapter as soon as the office of planning and develop-
22 ment in the department determines which projects are of most immediate
23 necessity. No funds may be transferred to community-operated nonprofit
24 hospitals and clinics under this section unless the office issues a
25 certificate of need, if required under AS 18.07.150.

26 * Sec. 12. AS 18.25.070 is amended to read:

27 Sec. 18.25.070. DEPARTMENT TO RENDER ASSISTANCE. The department
28 may assist in the purchase, construction, repair, and equipping of
29 facilities to improve and protect community health, and may provide

1 financial assistance for the operation of the facilities in case of
2 operational deficits. No funds appropriated under this section may be
3 expended unless the office issues a certificate of need, if required
4 under AS 18.07.150.

5 * Sec. 13. AS 43.18.010(h)(4) is amended to read:

6 (4) funds received by a local government under (1), (2) or
7 (3) of this subsection shall be used for expenses of operation, mainte-
8 nance, or health services or facilities; the office of planning and
9 development in the Department of Health and Social Services shall plan
10 the establishment of facilities and delivery of services funded by this
11 subsection, in accordance with AS 18.07.110 and 18.07.120; no funds
12 appropriated under this subsection may be transferred to an organized
13 borough, city, or hospital unless the office issues a certificate of
14 need, if required under AS 18.07.150 [, AS THE LOCAL GOVERNMENT OR
15 HOSPITAL OUTSIDE A MUNICIPALITY DETERMINES];

16 * Sec. 14. AS 43.18.010(j) is amended to read:

17 (j) If a construction of a facility began after January 1, 1968
18 and state matching aid for construction approved for payment to the
19 local government or other facility sponsor constitutes less than 25 per
20 cent of the total project cost, the state shall pay to the local govern-
21 ment or other facility sponsor each fiscal year a sum equal to \$2,500
22 a bed for the maximum number of beds provided for in the construction
23 design of the facility. State aid provided for in this subsection shall
24 continue until the local government or other facility sponsor has re-
25 ceived an amount which, combined with state matching money for con-
26 struction of the facility, equals 25 per cent of the total project cost.
27 No funds received for construction shall be used for any other purpose.
28 No funds appropriated under this subsection may be transferred to the
29 local government or other facility sponsor unless the office issues a

1 certificate of need, if required under AS 18.07.150.

2 * Sec. 15. AS 47.25.010(a) and (b) are amended to read:

3 (a) The state shall maintain an institution for the care of
4 needy persons, known as the Alaska Pioneers' Home. The principal home
5 shall be maintained at Sitka, and a branch may be maintained at a site
6 or sites designated by the office of planning and development in the
7 Department of Health and Social Services [COMMISSIONER OF ADMINISTRA-
8 TION] north and west of Yakutat.

9 (b) The Department of Administration shall formulate general
10 policies relating to all administrative or executive matters except the
11 planning for the delivery of services authorized under this chapter or
12 the establishment of new institutions under this chapter, but has no
13 administrative or executive functions other than those set out in secs.
14 10 - 110 of this chapter. It may hold hearings and subpoena witnesses
15 and documents and may administer oaths in connection with them.

16 * Sec. 16. AS 47.25.010(c)(3) is amended to read:

17 (3) perform all executive or administrative duties necessary
18 and advisable to carry out the purpose of secs. 10 - 110 of this
19 chapter, except planning of services authorized under this chapter or
20 the establishment of new institutions, including the power to make
21 contracts and to make disbursements on vouchers against funds for the
22 purpose of secs. 10 - 110 of this chapter, within the limit of funds
23 available;

24 * Sec. 17. AS 47.25.010 is amended by adding a new subsection to read:

25 (e) The office of planning and development shall plan the estab-
26 lishment of facilities and the delivery of services of the type and
27 character authorized by this section, in accordance with AS 18.07.110
28 and 18.07.120. No funds appropriated under this section may be expended
29 unless the office has issued a certificate of need under AS 18.07.170.

1 * Sec. 18. AS 47.30.010(a) is amended to read:

2 (a) The department is the mental health authority of the state,
3 and shall (1) through its office of planning and development, develop
4 and submit to the surgeon general of the United States Public Health
5 Service [, AND ADMINISTER] a complete and comprehensive program for the
6 prevention of mental illness and the care and treatment of the mentally
7 ill, including in-patient and out-patient care and treatment; (2) ad-
8 minister that program; (3) take the actions and undertake the obliga-
9 tions which are necessary to participate in federal grants-in-aid pro-
10 grams and accept federal or other financial aid from whatever sources
11 for the study, examination, care and treatment of the mentally ill; and
12 (4) [(3)] shall administer secs. 10 - 340 of this chapter.

13 * Sec. 19. AS 47.30.010 is amended by adding a new subsection to read:

14 (c) The office of planning and development shall plan the estab-
15 lishment of facilities and the delivery of services of the type and
16 and character authorized by this section in accordance with AS 18.07.110
17 and 18.07.120. No funds appropriated under this section may be expended
18 unless the office has issued a certificate of need, if required under
19 AS 18.07.150.

20 * Sec. 20. AS 47.30.350 is repealed and re-enacted to read:

21 Sec. 47.30.350. POWERS AND DUTIES OF DEPARTMENT. (a) The office
22 of planning and development in the department shall

23 (1) develop and submit to the surgeon general of the United
24 States Public Health Service a comprehensive program for the construct-
25 ing and equipping of hospitals and other facilities for the examination,
26 observation, care and treatment of the mentally ill;

27 (2) develop and submit to the surgeon general plans and
28 specifications for the constructing and equipping of the hospitals and
29 other facilities.

1 (b) The department shall:

2 (1) construct and equip the hospitals and other facilities
3 in accordance with the program, plans and specifications approved by
4 the Surgeon General;

5 (2) cooperate, coordinate and contract, wherever indicated
6 and desirable, with other state boards, departments and agencies, and
7 agencies of the United States in the construction program, and to hire
8 necessary personnel and enter into contracts with private individuals
9 and companies, to the end that the hospitals and other facilities are
10 constructed in the most economical and expeditious manner.

11 (c) An action, agreement, or transaction taken or entered before
12 April 3, 1957, by the Mental Health Authority consistent with secs. 350
13 400 of this chapter is affirmed and ratified.

14 (d) The office of planning and development in the department shall
15 plan the establishment of facilities and the delivery of services of the
16 type and character authorized by this section, in accordance with AS 18.
17 07.110 and 18.07.120. No funds appropriated under this section may be
18 expended unless the office has issued a certificate of need, if required
19 under AS 18.07.150.

20 * Sec. 21. AS 47.30.390 is amended to read:

21 Sec. 47.30.390. ACQUISITION OF EXISTING MENTAL HEALTH CARE FACILI-
22 TIES. The department may acquire existing facilities for mental health
23 care. The office of planning and development in the Department of
24 Health and Social Services shall plan the acquisition of facilities of
25 the type authorized by this section, in accordance with AS 18.07.110.
26 No funds appropriated under this section may be expended unless the
27 office has issued a certificate of need, if required under AS 18.07.150.

28 * Sec. 22. AS 47.30.475 is amended to read:

29 Sec. 47.30.475. GRANT-IN-AID PROGRAM. (a) A nonprofit corpora-

1 tion, a city or borough government, or other political subdivision of
2 the state, or a combination of these, is eligible for grant-in-aid funds
3 under this section. Applications shall be sent to the office of plan-
4 ning and development in the department.

5 (b) The office of planning and development shall plan the estab-
6 lishment of facilities and the delivery of services of the type and
7 character authorized by this section in accordance with AS 18.07.110
8 and 18.07.120. No funds may be awarded under this section unless the
9 office of planning and development in the department issues a certifi-
10 cate of need, if required under AS 18.07.150, to the applicant. The
11 department shall award grants under this section with the advice of the
12 Advisory Board on Alcoholism, in the interest of providing or developing
13 a comprehensive program of alcoholic rehabilitation and prevention.
14 Grants will be awarded on a competitive basis. The department shall
15 consider the amount of money that is available for all applications and
16 whether an application would contribute to the wise development of a
17 comprehensive program.

18 * Sec. 23. AS 47.30.530(2), (5), (7) and (8) are amended to read:

19 (2) assign its office of planning and development the task
20 of providing [PROVIDE] fiscal and professional technical assistance in
21 planning, organizing, developing, implementing, and administering local
22 mental health services;

23 (5) assign its office of planning and development the task of
24 assisting [ASSIST] the community in establishing the organization and
25 operation of community mental health services;

26 (7) assign its office of planning and development the task
27 of providing [PROVIDE] each local community planning and services
28 delivery entity with statistics, reports, and other data relevant to
29 development of indices indicating the need for mental health services,

1 or relevant to evaluating the effectiveness of existing services;

2 (8) assign its office of planning and development the task
3 of reviewing [REVIEW] each local community plan and require each plan to
4 include

5 (A) an affirmative showing that the most effective and
6 economic use will be made of all available public and private
7 resources in the community including careful consideration of the
8 most effective and economic alternative forms and patterns of
9 services;

10 (B) a five-year projection of needs, services and re-
11 sources; and

12 (C) adequate provisions for review and evaluation of
13 services provided in the local community;

14 * Sec. 24. AS 47.30.540(a) and (b) are amended to read:

15 (a) A city or borough government or other political subdivision
16 of the state, a nonprofit corporation, or a combination of these, is
17 eligible to receive funds and administer local programs under secs.
18 520 - 620 of this chapter. In order to insure equitable access to funds
19 and programs through the state, the office of planning and development
20 in the department shall determine appropriate geographical areas to be
21 served by local programs in consultation with representatives of the
22 geographical areas in question.

23 (b) The entity designated by the office of planning and develop-
24 ment in the department in the local area as the organizational unit to
25 receive funds under secs. 520 - 620 of this chapter and to administer
26 the program shall insure a broad base of community support as evidenced
27 by a governing board reasonably representative of the professional,
28 civic, and citizen groups in the community. No more than two members,
29 or 40 per cent of the membership, whichever is greater, may be pro-

1 viders of services under the program. In order to receive funds under
2 secs. 520 - 620 of this chapter, a local community entity shall agree
3 to

4 (1) give priority to mental health programs and services
5 that have a maximum impact on other tax funded programs;

6 (2) furnish services through a qualified staff meeting
7 reasonable standards of experience and training;

8 (3) conform to a state cost accounting system showing the
9 true cost of services rendered, collect fees for services according to
10 a schedule based on an analysis of reasonable ability to pay, and pro-
11 vide that no person shall be refused services because of inability to
12 pay for those services;

13 (4) maintain adequate clinical and administrative records
14 and to furnish periodic reports to the department;

15 (5) furnish the department an annual report of the preceding
16 fiscal year, including an evaluation of the effectiveness of the pre-
17 vious year's programs and their costs; and

18 (6) furnish the department each year a satisfactory annual
19 update of a long-range planning and budget statement that describes pro-
20 gram goals for the coming year, the steps and resources necessary to
21 implement the goals, the projected means by which these resources will
22 be secured and the procedures necessary to evaluate the program.

23 * Sec. 25. AS 47.30.550 is amended to read:

24 Sec. 47.30.550. COST-SHARING FORMULA; LIMITATIONS. If the office
25 of planning and development in the department finds that it is neces-
26 sary for the purposes of secs. 520 - 620 of this chapter, the depart-
27 ment may enter into a contract with an eligible community entity under
28 which the department purchases community mental health services from
29 the entity in accordance with the community entity's approved plan and

1 secs. 520 - 620 of this chapter. The department shall purchase the
2 services by participating in 75 per cent of the eligible costs of the
3 services to be furnished under the plan subject to the availability of
4 state funds to the department for implementing secs. 520 - 620 of this
5 chapter. In districts designated by the department as poverty areas,
6 the department shall purchase the services by participating in 90 per
7 cent of the eligible costs. The office of planning and development
8 shall plan the delivery of community mental health services purchased
9 under this section. No funds appropriated under this section may be
10 expended unless the office has issued a certificate of need, if required
11 under AS 18.07.150.

12 * Sec. 26. AS 47.30.605(a), (c) and (d) are repealed.

13 * Sec. 27. AS 47.30.605(b) is amended to read:

14 (b) The Statewide Health Coordinating Council [COUNCIL] shall

15 (1) advise the division on the state mental health plans
16 before implementation of these plans;

17 (2) periodically review all mental health services in the
18 state, reports of which shall be prepared and submitted to the governor,
19 the legislature, the department and the Comprehensive Health Advisory
20 Council;

21 (3) conduct independent investigations and studies as may be
22 necessary;

23 (4) recommend rules, regulations and standards for the admin-
24 istration of community mental health services;

25 (5) encourage coordination on a regional basis, of community
26 mental health services to insure nonduplication and nonfragmentation of
27 services.
28
29

House

January 23, 1976

HB 665

Honorable Mike Bradner, Speaker
House of Representatives

Dear Mr. Speaker:

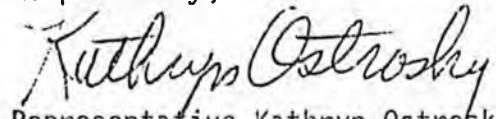
Attached is a bill prepared by the Legislative Council Sub-Committee on Health which has been prepared to meet the requirements of the federal health planning law.

The Council Sub-Committee has included all health issues that should be considered and a policy decision made. Since the policy decisions are so many and of such magnitude, the Sub-Committee felt it imperative that the Legislature be aware of many alternatives and the effect of possible changes on existing law and practices before making those policy decisions.

Consequently, this comprehensive draft is the result of a thorough review of all present laws relating to health issues as well as proposed new law.

A section-by-section analysis and a fiscal note have been prepared to submit to the standing committees. We hope that the standing committees of the House and Senate will find the research done is beneficial.

Respectfully,



Representative Kathryn Ostrosky
Chairman, Legislative Sub-Committee
on Health

PROPOSED HEALTH SYSTEMS AGENCY FUNDING MECHANISM (Sec. 3, CSHB 665):

| | <u>Funding for One Health Systems Agency</u> | | | | |
|---|--|-------------|-------------|-------------|-------------|
| | <u>1977</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> |
| Federal (direct) | 115,000 | 115,000 | 175,000 | 175,000 | 175,000 |
| Local Match to State Incentive | 25,000 | 50,000 | 75,000 | 100,000 | 100,000 |
| State Incentive | 25,000 | 50,000 | 75,000 | 100,000 | 100,000 |
| State "Seed" Money | 100,000 | 75,000 | 50,000 | 25,000 | - 0 - |
| Total Funding for each HSA | 265,000 | 290,000 | 375,000 | 400,000 | 375,000 |
| Total State Funding for each HSA | 125,000 | 125,000 | 125,000 | 125,000 | 100,000 |
| Total State Funding for three HSA's | 375,000 | 375,000 | 375,000 | 375,000 | 300,000 |

The proposed grants are determined by a specific formula relating to local contributions to health systems agencies. The expenditures included in the Fiscal Note assume maximum local participation in funding the three health systems agencies. The formula mechanism is designed to permit development of health systems agencies until local funding sources are organized.

Health Systems Agencies are a requirement of PL 93-641, the Health Planning and Resources Development Act of 1974. The function of the agencies is to provide greater local participation in the health planning process and greater involvement in the distribution of health resources provided by the federal government. Plans developed by these agencies are incorporated into an overall state health plan by the designated state agency to ensure consistency at the statewide level. PL 93-641 specifically mentions the inclusion of HSA's in the allocation process for programs funded under the Public Health Service Act, the Community Mental Health Centers Act, and the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970.

Attachment 2

POSITIONS REQUESTED TO ADMINISTER STATE CERTIFICATE OF NEED PROGRAM (Article 2,
CSHB 665:

| | | | |
|-------------------------------|----------|-----------|-----------|
| Temp. Attorney II | Range 19 | 9 months | \$19,638* |
| Senior Economist | Range 18 | 12 months | 27,201 |
| Health Facilities Surveyor | Range 18 | 12 months | 27,201 |
| Statistical Technician | Range 12 | 12 months | 17,726 |
| Clerk Typist II | Range 7 | 12 months | 13,356 |

* Salaries include benefits figured at 20%.

Inflation factor - 10%

POSITION PAPER

ON

COMMITTEE SUBSTITUTE FOR HOUSE BILL 665

"An Act relating to statewide coordination of health planning."

CSHB 665 represents a significant departure from the original bill relating to the planning for and delivery of health services in Alaska. The objective of the Committee Substitute seems to be to bring the state into conformity with the provisions of P.L. 93-641, the National Health Planning and Resources Development Act. Because the Department feels that any more than a strict conformance to the mandated provisions of the federal law would be premature and possibly impractical for the state to undertake at this time, it supports the minimum compliance approach taken in CSHB 665.

The Committee Substitute establishes a Statewide Health Coordinating Council, its composition and its functions by reference to P.L. 93-641. In addition, reference is made to the federal and state community mental health legislation so that requirements of those laws may be met when the SHCC Council assumes the functions of the mental health advisory council, as specified in section 605 of the Alaska Community Mental Health services Act passed last year.

CSHB 665 establishes a Certificate of Need program as called for in P.L. 93-641. The program is designed to cover only those facilities, and the services provided thereby, as mandated in P.L. 93-641. The certification program does not, however, apply to health maintenance organizations, as required in the federal act. While the Department feels that IMO's should be included among those facilities requiring a Certificate of Need, it recognizes that there are no facilities meeting the federal definition of an IMO currently operating in Alaska. Further, it is the Department's understanding that the Legislature intends to discuss including health maintenance organizations when IMO statutory authority is enacted in Alaska, perhaps during the next Session.

The Department is pleased to note that the factors activating the Certificate of Need program in CSHB 665 are much the same as the activators for the 1122 Program currently administered by the Department. The inclusion of the sanction of injunctive relief, to be applied in cases in which the certification process is violated, is also endorsed by the Department. Without such a sanction, the state program would not only be out of compliance with the federal regulations, but the time-consuming review process could be for naught, to the frustration of the many health-consumers, planners and providers involved in the program.

CSHB 665 establishes a grant program for Health Systems Agencies responsible for health planning and development activities in Alaska, a provision the Department strongly supports. The grants would provide "seed" money from the state to each agency, beginning with \$100,000 the first year, and declining each year thereafter by \$25,000, so that in the fifth year of operation no additional funds will be granted by the state. In addition, the state would offer an incentive to the regional areas concerned to contribute to the costs of health planning and development activities. Local contributions would be matched on a progressive scale, beginning with \$25,000 and increasing each year thereafter by \$25,000 to a maximum of \$100,000 in the fifth and succeeding years of operation. The Department feels that the incentive provision could encourage all entities engaged in health planning within a region to cooperate in the planning activities of its respective Health Systems Agency.

The cost of the grant program is reflected within line item 700 of the attached Fiscal Note, whereas the other costs indicated reflect the administrative costs related to the Certificate of Needs Program. The Department of Health and Social Services supports the Committee Substitute for House Bill 665 and urges its enactment.

Francis S.L. Williamson
Francis S.L. Williamson, Commissioner 4/20/1996
Day:

POSITION PAPER

ON

COMMITTEE SUBSTITUTE FOR HOUSE BILL 665

"An Act relating to statewide coordination of health planning."

CASHB 665 represents a significant departure from the original bill relating to the planning for and delivery of health services in Alaska. The objective of the Committee Substitute seems to be to bring the state into conformity with the provisions of P.L. 93-641, the National Health Planning and Resources Development Act. Because the Department feels that any more than a strict conformance to the mandated provisions of the federal law would be premature and possibly impractical for the state to undertake at this time, it supports the minimum compliance approach taken in CASHB 665.

The Committee Substitute establishes a Statewide Health Coordinating Council, its composition and its functions by reference to P.L. 93-641. In addition, reference is made to the federal and state community mental health legislation so that requirements of those laws may be met when the SHCC Council assumes the functions of the mental health advisory council, as specified in section 605 of the Alaska Community Mental Health services Act passed last year.

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The Department is pleased to note that the factors activating the Certificate of Need program in CASHB 665 are much the same as the activators for the 1122 Program currently administered by the Department. The inclusion of the sanction of injunctive relief, to be applied in cases in which the certification process is violated, is also endorsed by the Department. Without such a sanction, the state program would not only be out of compliance with the federal regulations, but the time-consuming review process could be for naught, to the frustration of the many health-consumers, planners and providers involved in the program.

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Francis S.L. Williamson
Francis S.L. Williamson, Commissioner Date: 4/20/1996

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST

Bill No. CSHB 665
 Title: An act relating to statewide coordination of health planning
 Requested by: _____ Date: April 19, 1976
 Return Date Requested: _____
 Agency: Health & Social Services Program: Planning and Research

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Planning and Research

A. EXPENDITURES: (Thousands of dollars)

| OBJECT | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 | FY 81 |
|--------------------------|------------|--------------|--------------|--------------|--------------|--------------|
| 100 PERSONAL SERVICES | | 105.0 | 93.9 | 103.2 | 113.5 | 124.8 |
| 200 TRAVEL | | 10.5 | 9.4 | 10.3 | 11.4 | 12.5 |
| 300 CONTRACTUAL | | 10.5 | 9.4 | 10.3 | 11.4 | 12.5 |
| 400 COMMODITIES | | 1.0 | .9 | 1.0 | 1.1 | 1.2 |
| 500 EQUIPMENT | | 3.0 | -0- | -0- | -0- | -0- |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | 375.0 | 375.0 | 375.0 | 375.0 | 300.0 |
| TOTAL | -0- | 505.0 | 488.6 | 499.8 | 512.4 | 451.0 |

B. FUNDING: (Thousands of dollars)

| | | | | | | |
|---------------|-----|-------|-------|-------|-------|-------|
| GENERAL FUND | -0- | 505.0 | 488.6 | 499.8 | 512.4 | 451.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |

C. POSITIONS:

| | | | | | | |
|---------------------|--------|------|------|------|------|------|
| PERMANENT/TEMPORARY | 4 / 1 | 4 / | 4 / | 4 / | 4 / | 4 / |
| MAN MONTHS (P./T.) | 48 / 9 | 48 / | 48 / | 48 / | 48 / | 48 / |

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. ATTACHMENTS

See attachment 1 and 2

V. DATE: April 17, 1976 PREPARED BY: Richard Rummage

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

REVIEWED BY FINANCIAL MANAGEMENT: Eugene A. Smith
 EUGENE A. SMITH
 HSS FINANCE OFFICER

PROPOSED HEALTH SYSTEMS AGENCY FUNDING MECHANISM (Sec. 3, CSHB 665):

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