

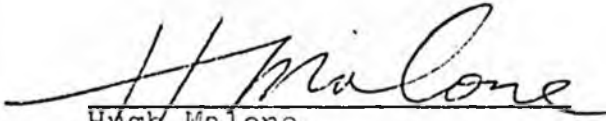
SB 531

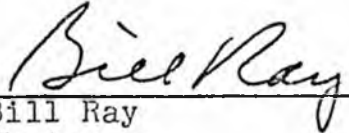
FY 76

Joint Finance Committee  
Intent  
for  
Sponsor Substitute for Senate Bill No. 606  
and  
Senate Bill No. 531

It is the Intent of the House and Senate Finance Committees that the Department of Health and Social Services transfer \$358,200 to Contract Institutions in the Division of Mental Health from general funds available in the Medicaid, General Relief Medical, or Assistance Payments appropriations notwithstanding prior Legislative Intent against transferring such funds.

\$53,200 of such funds are to be granted to the Association of Retarded Citizens of Anchorage in lieu of passage of Sponsor Substitute for Senate Bill No. 606. \$305,000 of such funds are to cover costs at the Atascadero State Hospital, the Fairbanks Rehabilitation Center, and the Association of Retarded Citizens of Anchorage in lieu of passage of Senate Bill No. 531.

  
Hugh Malone  
Chairman  
House Finance Committee

  
Bill Ray  
Chairman  
Senate Finance Committee

FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST  
 Bill No. N/A -- Information requested on Pressure Vessel Section  
 Title: Pressure Vessel Trainee  
 Requested by: Representative McKinnon Date: \_\_\_\_\_  
 Return Date Requested: \_\_\_\_\_  
 Agency: LABOR Program: PRESSURE VESSEL

II. FISCAL DETAIL  
 Budget Request Unit(s) Affected: \_\_\_\_\_  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES	0	19.0	1/ 21.3	3/ 22.9		
200 TRAVEL	0	2.3	2/ 2.4	4/ 4.7		
300 CONTRACTUAL	0	0.0	0.0	5/ 0.5		
400 COMMODITIES	0	0.0	0.0	0.0		
500 EQUIPMENT	0	0.3	0.0	0.0		
600 LAND & STRUCTURES	0	0.0	0.0	0.0		
700 GRANTS, CLAIMS, ETC.						
TOTAL <u>6/</u>	0	21.6	23.7	28.1		

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	21.6	23.7	28.1		
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	1 / 0	1 / 0	1 / 0	/	/
MAN. MONTHS (P./T.)	0 / 0	12 / 0	12 / 0	12 / 0	/	/

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

- NOTES:
1. No C.O.L. increase included, range 17, Step B
  2. 5.5% inflation factor included, in-state travel
  3. No C.O.L. increase included, range 18, Step B
  4. 5.5% inflation factor included, in-state travel plus two month training at ASME, Chicago

- IV. ATTACHMENTS <sup>5</sup> Two month ASME certification course tuition
1. Summary, Pressure Vessel Section Operations
  2. P.V. Inspector Qualifications, from 3.1 to 3.1.4

V. DATE: March 23, 1975 PREPARED BY: Tom Hair

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

6/ NOTES, (II: FISCAL DETAIL)

B. Program Summary: Pressure Vessel Section Summary Attached

1. Fiscal Note details cost projections for establishing one new position to be classified as Pressure Vessel Inspector Trainee. Position will be flexibly staffed from Range 16-18.
2. Equipment expenditures, FY'76, are for desk and chair. Travel is for intrastate, FY'76, '77 and intrastate plus two month ASME certification, FY'78, at Chicago, Ill.

shop, the installer or other parties involved in ASME Code related requirements.

### 3. AUTHORIZED SHOP INSPECTORS

#### 3.1 QUALIFICATIONS

All inspectors<sup>1</sup> shall comply with the National Board By-Laws, Articles III and IV, and hold a valid Certificate of Competency issued by a State of the United States or a Province of Canada (where required) and a valid National Board Commission.

An applicant for designation as an Authorized Inspector shall be at least 25 years of age and shall have education and experience equal to at least one of the following:

3.1.1 A degree in Mechanical Engineering plus one year of experience in design, construction, operation or inspection of high pressure boilers and pressure vessels.

3.1.2 A degree in a branch of Engineering other than Mechanical Engineering plus two years of experience in

<sup>1</sup> Shop Inspectors where the ASME Code Symbol Stamps are applied to the boiler, pressure vessel or piping.

design, construction, operation or inspection of high pressure boilers and pressure vessels.

3.1.3 The equivalent of a high school education plus three years of experience:

- (1) in high pressure boiler and pressure vessel construction or repair, or
- (2) as an operating engineer in charge of high pressure boiler operation, or
- (3) as an inspector of high pressure boilers and pressure vessels.

#### 3.2 PRACTICAL EXPERIENCE

In addition to the qualifications of (3.1), before an inspector is permitted to conduct shop inspections, except under direct personal supervision of a qualified Authorized Inspector, he shall:

3.2.1 Have a minimum of one year of diversified field and shop inspection experience in the construction of Section I and/or Section VIII, Pressure Vessels, or one year of

diversified experience as an inspector trainee of items under the direct supervision of an Authorized Inspector or Authorized Inspector Supervisor.

3.2.2 Through performance, have demonstrated his ability to perform shop and assembly (on-site) inspections to the satisfaction of the Authorized Inspection Agency employing him.

3.2.3 Have satisfactory experience and background for the inspection of ASME Code items according to the complexity of the assignment.

3.2.4 Have knowledge of applicable Sections of the ASME Codes, Addenda and Case Interpretations.

3.2.5 Have knowledge of Quality Control Systems, Programs and shop procedures.

3.2.6 Have knowledge and ability to evaluate and monitor shop procedures.

3.2.7 Have knowledge of the requirements for maintenance and retention of in-

transit and permanent records.

#### 3.3 RECOMMENDED TRAINING COURSE

In addition, it is recommended that he attend a training course equivalent to that given by the National Board on Welding and Methods of Nondestructive Examination.

#### 3.4 DUTIES

The Inspector's duties are covered in the applicable ASME Codes and include, but are not limited to, the following:

3.4.1 He shall verify that the manufacturer or installer has the required Certificate of Authorization to fabricate the items to be constructed. It is necessary to check the Certificate to make certain it has not expired and to determine the scope of construction permitted under the terms of the Certificate. THE FACT THAT THE MANUFACTURER OR INSTALLER HAS THE REQUIRED CODE SYMBOL STAMP IS NOT SUFFICIENT EVIDENCE TO

## PRESSURE VESSEL SECTION

Russell D. Molt, Chief Pressure Vessel Engineer

The Pressure Vessel Section has the responsibility to protect the general public from inferior and often hazardous boilers and unfired pressure vessels. This is undertaken by a staff of nationally licensed pressure vessel engineers located in Anchorage, Fairbanks, Juneau, and Ketchikan. This program consists of two completely different areas.

In order for a manufacturer to fabricate a pressure vessel in the State of Alaska, he must first obtain a certificate of authorization to apply the code symbol stamp from the American Society of Mechanical Engineers (ASME). Prior to the issuance of the certificate, the society will request approval of the fabricator's facilities from this section and ascertain that the manufacturer has obtained an inspection contract and is utilizing state engineers. Fees for this service are set by regulation. The shop in question is visited several times during the construction of each pressure vessel to assure that the unit is being built according to the code. After successful completion of the hydrostatic test, the engineer will approve the application of the code symbol stamp and sign the data sheet indication to a prospective purchaser the unit was built under State supervision to the construction standards of the ASME code.

In addition to these duties, section engineers are required to evaluate the condition of all operational boilers and pressure vessels. Boilers with steam pressure in excess of 15 psig require two inspections per year. One is given while the unit is in operation to check the function of controls, safety valves and operator expertise. A thorough examination of all internal surfaces is done during an outage that is convenient to the company. Low pressure boilers and unfired pressure vessels such as air receivers, hot water storage tanks and refinery components are examined externally on a biennial basis or internally where construction permits. Upon completion of each object inspection, a comprehensive written report is sent to the Juneau office indicating whether or not the unit is suitable for certification.

There are approximately 30,000 operational units in Alaska. Of these, approximately 30 percent are insured and inspected by licensed pressure vessel engineers employed by an insurance company. These reports are sent to the Juneau office for processing in the same manner as the state reports. There are approximately 50 insurance field engineers licensed by the section to do business in this State. These licenses are renewable annually.

Certificates of inspection are required in every work place; in every place of public assembly, and in apartment houses containing six or more units. The workload of the section is directly related to business growth within the State. The Pressure Vessel Section is currently acquiring approximately 1,000 new operational objects per year. At the current rate of business and population growth, an additional engineer is required every 1.75 years to maintain the current level of activity.

With the pipeline and related functions not taken into consideration, the pipeline function in late 1974 brought a marked increase in the number of new object inspections for every area except Southeast. Preliminary surveys indicate 1975 will triple the work load in new Pressure Vessels alone, for example; Air Receivers on drilling rigs, Heating Boilers in construction camps, Power Boilers and related refinery components on the various topping plants on the slope. A new refinery is planned for Fairbanks and a LNG plant in Kenai, not to mention the pipeline Pumping Stations.

The national average work load for a field engineer is 1600 object inspections per year in a travel area of 100 sq. miles. There are presently two Pressure Vessel Inspectors based in Anchorage. The static work load is in excess of 3,000 objects per year, per man. There is one position in Fairbanks with a static load of 3,500 objects. These three positions are required to cover the entire State from Yakutat - Northward, an area and object count far in excess of the National average. The static load does not take into consideration new objects since 1970. New objects alone would exceed 4,000.

In addition to State business, the section furnishes inspection service to various departments within the federal establishment that do not employ licensed engineers, e.g. the U. S. Department of Interior, U. S. Army, U. S. Post Office, U. S. Forest Service, Federal Aviation Agency, General Services Administration, U. S. Department of Health, Education and Welfare, U. S. Public Health Service, and Atomic Energy Commission. Fees for this service are set by regulation to compensate the State for time spent on federal property.

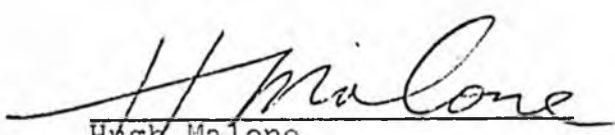
This expanding activity not only requires additions to the engineering staff but clerical staff as well. The Pressure Vessel Technician position is needed in the Juneau office to correlate incoming reports from the State as well as the participating insurance companies.

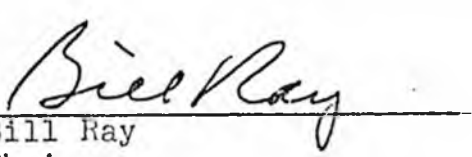
The preceding statistics may be verified by records in the Pressure Vessel Section.

Joint Finance Committee  
Intent  
for  
Sponsor Substitute for Senate Bill No. 606  
and  
Senate Bill No. 531

It is the Intent of the House and Senate Finance Committees that the Department of Health and Social Services transfer \$358,200 to Contract Institutions in the Division of Mental Health from general funds available in the Medicaid, General Relief Medical, or Assistance Payments appropriations notwithstanding prior Legislative Intent against transferring such funds.

\$53,200 of such funds are to be granted to the Association of Retarded Citizens of Anchorage in lieu of passage of Sponsor Substitute for Senate Bill No. 606. \$305,000 of such funds are to cover costs at the Atascadero State Hospital, the Fairbanks Rehabilitation Center, and the Association of Retarded Citizens of Anchorage in lieu of passage of Senate Bill No. 531.

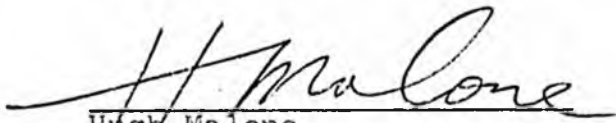
  
Hugh Malone  
Chairman  
House Finance Committee

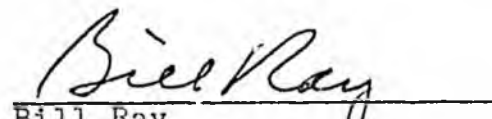
  
Bill Ray  
Chairman  
Senate Finance Committee

Joint Finance Committee  
Intent  
for  
Sponsor Substitute for Senate Bill No. 606  
and  
Senate Bill No. 531

It is the Intent of the House and Senate Finance Committees that the Department of Health and Social Services transfer \$358,200 to Contract Institutions in the Division of Mental Health from general funds available in the Medicaid, General Relief Medical, or Assistance Payments appropriations notwithstanding prior Legislative Intent against transferring such funds.

\$53,200 of such funds are to be granted to the Association of Retarded Citizens of Anchorage in lieu of passage of Sponsor Substitute for Senate Bill No. 606. \$305,000 of such funds are to cover costs at the Atascadero State Hospital, the Fairbanks Rehabilitation Center, and the Association of Retarded Citizens of Anchorage in lieu of passage of Senate Bill No. 531.

  
Hugh Malone  
Chairman  
House Finance Committee

  
Bill Ray  
Chairman  
Senate Finance Committee

COMMITTEE REPORT

1/29/76

SENATE

Mr. President:

Date \_\_\_\_\_

The Committee on FINANCE has had SB 531 supplemental appropriation for mental health contract institutions 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:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

COMMITTEE REPORT

\*\*FINANCE\*\*

SENATE

1/19/76

Mr. President:

Date 1-28-76

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SB 531 supplemental appropriation for mental health contract institutions 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:

*Ferguson* \_\_\_\_\_

*Genie Chance* \_\_\_\_\_

*Brad Bradley* \_\_\_\_\_

\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

*Ferguson* Chairman

531

Introduced: 1/19/76  
Referred: Health, Education  
and Social Services and  
Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 531

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Health and Social Services for mental  
8 health contract institutions; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$305,000 is appropriated from the general fund  
12 to the Department of Health and Social Services for mental health contract  
13 institutions.

14 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
15 10.070(c).

SB 531

JAN 16 1976

The Honorable Chancy Croft  
President of the Senate  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Health and Social Services for mental health contract institutions. This amount will fully fund the cost of care for persons in Atascadero State Hospital in California and in state institutions for care of the mentally retarded.

Sincerely,

Jay S. Hammond  
Governor

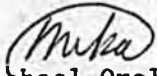
STATE  
of ALASKA

## MEMORANDUM

SB 531

TO:  FILE

DATE : January 6, 1976

FROM:   
Michael Orelove, Budget Analyst  
Division of Budget and Management  
Department of AdministrationSUBJECT: Department of Health and Social  
Services, FY 76 Supplemental Request  
of \$305.0 for Contract InstitutionsMental Retardation Program

\$65.0

The legislature funded this BRU as requested at the Governor's original level. By legislative intent, they funded two programs not approved, but they did not add the funding stating that "the remaining funds (will be) allocated at the Department's discretion". At the present time, there are no funds available within the Department. These facilities meet full cost of care and intent is expressed as: "The . . . two identified programs are to be fully funded - at \$20,000 (for Fairbanks Rehabilitation Program) and \$45,000 (ARCA)".

Atascadero State Hospital

\$240.0

The number and severity of mentally disordered offenders has exceeded the budgeted amount in this BRU. The Division was budgeted for 9 patients for 3 months. At the present time, 14 patients have been committed to this program and several more are expected before the end of this fiscal year. 75% of these cases have committed murder and require long periods of treatment.

The construction of the psychiatric security unit at API has been delayed because of the unavailability of certain supplies. Completion of the unit is now expected by April 1, 1976. This small unit will not be able to provide care for all the mentally disordered offenders referred by the courts.

MO/lw

# MEMORANDUM

TO: Francis S. L. Williamson  
Commissioner  
Department of Health and Social Services

Thru: Catherine Lloyd  
Deputy Commissioner  
Administrative Management

From: Jerry L. Schrader, M.D.  
Director  
Division of Mental Health

DATE : November 26, 1975

SUBJECT: Supplemental Request:  
Division of Mental Health

The Division of Mental Health is facing budgetary short-falls in three areas as a result of a) legislative intent without funding; b) continued care of several more mentally disordered offenders for a longer period of time than expected during FY 1976 budget preparations at Atascadero State Hospital; c) increase in inter-agency charges at Harborview Memorial Hospital from the Department of Highways for heat and rent, effective July 1, 1975, without advance notice for budgetary preparation.

The Budget Request Units (BRU) and the amounts involved are summarized below:

A. Contract BRU

1. Mental Retardation Program:

The Legislature funded this BRU as requested at the Governor's original level. By legislative intent, they funded two programs not approved, but they did not add the funding stating that "the remaining funds (will be) allocated at the Department's discretion". At the present time, there are no funds available within the Department. These facilities meet full cost of care and intent is expressed as: "The . . . two identified programs are to be fully funded - at \$20,000 (for Fairbanks Rehabilitation Program) and \$45,000 (ARCA)".

\$65,000

2. Atascadero State Hospital

The number and severity of mentally disordered offenders has exceeded the budgeted amount in this BRU. The Division was budgeted for 9 patients for 3 months. At the present time, 14 patients have been committed to this program and several more are expected before the end of this fiscal year. 75% of these cases have committed murder and require long periods of treatment.

The construction of the psychiatric security unit at API has been delayed because of the unavailability of certain supplies. Completion of the unit is now expected by April 1, 1976. This small unit will not be able to provide care for all the mentally disordered offenders referred by the courts.

The referrals just for pre-trial psychiatric evaluation have increased from 8/month to 12/month and must be given priority for the beds in this unit. The Division plans to provide long term treatment on this unit for approximately 5 to 7 mentally disordered offenders. This will require a continuation of treatment services purchased at the Atascadero State Hospital in the foreseeable future.

In addition to the large increase in clients in this program, the Atascadero State Hospital increased its charges 10% as of July 1, 1975. Based on our past experience with them, the Division expects another 10% increase in January 1976. The Atascadero cost allocation system is complex and these increases are reflected in a variety of specific charges. For example, the current room charge for patients on a regular ward was increased in July from \$33.20 to \$38.75. Similar increases have occurred in laboratory, physician, clinic, dental, radiology, and other services.

Assumptions and computations in determining Atascadero short-fall:

Budget authorization was for three months at \$900/pt/mo. average for 9 patients. As of September 30, 1975 we had 14 patients at an average cost of 1,272.43 for that month for estimated total of \$47,581.15.

We anticipate:

1. Due to delays in construction and equipping, we do not now expect the Security Unit at API to be available before April 1, 1976.
2. A 10% increase in cost of care effective January 1, 1976.
3. Continued patient census increase at Atascadero: November Add 1, December Add 2, January-April Add 1 each month.
4. Patient load should stabilize in February at 18. Patient returns will depend upon patient condition and when the security unit actually becomes physically operational, and our actual capacity to absorb the existing patients at Atascadero.

Budget Appropriation	\$24,300
Existing Appropriation:	
14 patients, end of September 1975	
Total expenditure	<u>47,521</u>
Existing shortage 9/30	<u>23,281</u>
October 1975 = at 14 patients	17,919.02
November 1975 = at 15 patients	19,086.45
December 1975 = at 17 patients	<u>21,631.31</u>
Sub Total	<u>58,536.78</u>
Total estimated short-fall, 6 mo.	<u>81,818.</u>

If 18 patients are hospitalized at Atascadero for the remaining 6 months, short-fall can be estimated at 10% increase per patient per month \$1,399.67.

Estimated total short-fall for Atascadero FY 76.	<u>\$151,164.36</u>
	<u>232,982.36</u>

B. Harborview Memorial Hospital

Interagency charges by Department of Highways for heat, steam and rent of space.

In July 1975, we were informed by the Department of Highways that the cost to Harborview for utilities and space rental in the boiler plant building was going to be immediately increased. A review of their accounts indicated:

November 26, 1975

Page 3

Steam & Heat*	\$281,400
Space rental	<u>22,000</u>
Total	<u>303,400</u>
Appropriated	<u>214,000</u>
Short-fall Payable to Dept. of Highways	<u>89,400</u>
Total Supplemental Request:	<u>89,400</u>

\*(Using average consumption of 3,310,830 gals. of steam condensate return @ .085¢ per gal.)

JLS:CL:prv

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

SUPPLEMENTAL

AGENCY Health and Social Services DIVISION Mental Health	CATEGORY PROGRAM SUB-PROGRAM ELEMENT SUB-ELEMENT	code 03 32 02	Health Mental Health Contract Inst.
---	--	------------------------	---

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES			
200	TRAVEL	6.5	7.0	13.5
300	CONTRACTUAL SERVICES	1409.2	298.0	1707.2
400	COMMODITIES			
500	EQUIPMENT			
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
<b>NEW CODE</b>	<b>TOTAL</b>	1415.7	305.0	1720.7
	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	1415.7	305.0	1720.7
	INTER-AGENCY TRANSFERS			
	OTHER:			
	<b>TOTAL</b>	1415.7	305.0	1720.7
	PERMANENT FULL-TIME POSITIONS	---	---	---
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	---	---	---

(CURRENT FY)  
 ↓

	FY ____	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

SENATE BILL NO531

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making a supplemental appropriation to the Department of Health and Social Services for mental health contract institutions; and providing for an effective date."

supp. approp. for mental health contract institutions  
Introduced in the Senate 1/19, 1976

HISTORY IN THE SENATE

1976

1 19

129

Read first time and referred to Committee on

Health, Education and Social Services and Finance

Reported back with recommendation that *Hess: no rec to Finance*

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by President  
Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reconsideration

PASS Effective Date  
Yeas Yeas  
Nays Nays  
Absent Absent  
Excused Excused

Reported correctly engrossed  
Signed by Speaker  
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No. ....

Introduced: 1/19/76  
Referred: Health, Education  
and Social Services and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 531

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Health and Social Services for mental  
8 health contract institutions; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$305,000 is appropriated from the general fund  
12 to the Department of Health and Social Services for mental health contract  
13 institutions.

14 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
15 10.070(c).

16

17

18

19

20

21

22

23

24

25

26

27

28

29

# STATE OF ALASKA

## THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU 99801

AUDIT DIVISION  
POUCH W — ALASKA OFFICE BUILDING

FINANCE DIVISION  
POUCH WF — STATE CAPITOL

### MEMORANDUM

TO: The Hon. Bill Ray  
Chairman  
Senate Finance Committee

DATE: February 10, 1976

FROM: Milt Barker  
Fiscal Analyst  
Legislative Finance

SUBJ: SB 531

As Ms. Debbie Staack pointed out, Contract Institutions received \$499,000 in Interagency Funds from Medicaid, and their General Fund appropriation was reduced by half of this amount. Arguably, under Sec. 13 of the FY 76 General Appropriations Act, Contract Institution's General Funds should have been reduced the full amount of the additional Interagency Receipts. However, RP 76-142 was approved which permits an increase of \$249,500 in Contract Institutions' total appropriation.

If the Committee now wishes the funds required under SB 531 to be transferred from Medicaid, or several other areas, they are available as indicated by the attached memo.

MBB/aef  
Attachment

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

JAY S. HAMMOND, GOVERNOR

OFFICE OF THE COMMISSIONER

POUCH H-01 - JUNEAU 55811

January 30, 1976

Document# HFC 4

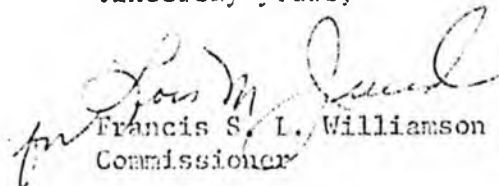
Mr. Milt Barker  
Financial Analyst  
Division of Legislative Finance

Dear Mr. Barker:

Pursuant to a verbal request by the House Finance Committee during a meeting on January 22, we have prepared the enclosed summary of projected June 30, 1976 balances for all BRU's in the Department of Health and Social Services. Because of the time lag in the State's accounting system these projected balances have been necessarily based on cost data covering only three to five months into the current fiscal year. Consequently certain factors which might occur during the remainder of the year could result in dramatic changes in the projected balances before the year is ended. Where appropriate, we have made comments concerning factors which have been the basis for our projections at this point in time.

Please contact our Administrative Services Division if you have any questions concerning this matter.

Sincerely yours,

  
Francis S. L. Williamson  
Commissioner

Enclosure

FY'76 Projected Year-End Balances  
per December 31, 1975 Forecast

<u>Budget Request Unit</u>	<u>Amount</u>	<u>GF</u>	<u>Remarks</u>
Special Education Grants	--		
ATU Nursing Grant	--		
Public Health Nursing	(35.9)	-	Supplemental request for 25.0 submitted
Community Health	(27.5)	-	Supplemental request for 18.5 submitted
Environmental Health	(2.0)	-	
Child & Family Health	36.9	22.1	Balance to be totally offset by filling Medical Director & PHN Supervisor positions and resulting clinics
Laboratories	18.9	17.3	Filling of vacant positions will reduce projected balance to zero
Health Program Support	7.6	5.3	
Certification & Licensing	14.8	-	Federal funds available only in this BRU
Public Health Administration	28.8	26.7	Filling of Director, Deputy Director and clerk position will utilize all projected lapses
Vital Statistics	4.2	4.2	
Alaska Psychiatric Institute	(73.7)		
Harborview Memorial Hospital	(55.3)		Supplemental Request for 39.4 submitted SB 532
Contract Institutions	(304.5)		Supplemental Request for 305.0 submitted SB 531
State Operated M.H. Centers	(15.8)		Supplemental Request for 23.3 submitted
Community Operated M.H. Centers	--		
M.H. Administration & Support	(30.8)		

Program Services	(268.2)		Supplemental request to be submitted
Alcatraz	10.1	2.0	
Social Services	(184.6)		plus (49.1) = (233.7)
Administration & Support	2.8	1.7	
Staff Development	(15.3)		
FIN/AFDC	271.8	27.7	Reduction in Federal funding ; probably reduce balance to zero
Adult Confinement	14.3	14.3	
Juvenile Confinement	(62.5)		Supplemental request for 42.6 submitted 118,573
Probation & Parole	(51.8)		
Admin. & Support	8.7	2.7	
Medicaid	1,023.4	50.0	Case loads have not increased as much as anticipated (50% Federal funds)
General Relief Medical	1,581.9		Represents efforts to control expenditures
Assistance Payments	(637.4)		Case loads slightly below original estimates
Eligibility Determination	27.3	27.3	
Public Assistance Administration	3.8		
BHSS--Admin & Support	(3.8)		
Quality Control/Collection			
Office on Aging	15.4	1.4	
Child Support Enforcement			

Drug Abuse	2.4	1.7
Planning & Research	(19.3)	
Violent Crimes Comp. Board	5.3	5.3
Parole Board	(10.8)	
Office of Alcoholism	(796.9)	

Due to shortfall in Federal receipts. RP and supplemental request  
in preparation

ANALYSIS OF SENATE BILL NO. 531

For an Act entitled: "An Act making a supplemental appropriation to the Department of Health and Social Services for mental health contract institutions; and providing for an effective date."

Section 1 is a new section which provides for appropriation of \$305,000 from the general fund to Department of Health and Social Services for mental health contract institutions.

Section 2 is a new section which provides for the Act to be effective immediately.

POINTS OF VIEW ON BASIS OF NEED  
FOR SUPPLEMENTAL APPROPRIATION

- I. Legislative Intent to Fund Workshops at Fairbanks Rehabilitation Program and ARCA

Justification

The FY 76 Free Conference Committee Report included a statement of legislative intent which affected this Budget Request Unit.

The work activities programs of the Fairbanks Rehabilitation Association and ARCA are to be fully funded from the appropriation. At \$20,000 and \$45,000 respectively, with the remaining funds allocated at the Department's discretion.

The Department views this as a requirement to fund these programs, although they were "not approved" for inclusion in the Governor's budget request. No additional funds were included in order to implement the intent. Transfer of funds from other budget request units to provide for these services is not possible this year as there are no available funds from the Department, per Budget and Management memo of January 6, 1976.

Rebuttal

The following is an analysis of the process by which the FY 76 appropriation for the Contract Institutions Budget Request Unit was made.

<u>Program</u>	<u>Dept.'s Request</u>	<u>Gov.'s Budget</u>	<u>Legis. Intent</u>	<u>Free Conference Committee</u>
Frbks. Rehab- ilitation Ass.				
Hope Center Residential	\$ 299,380	\$ 299,380	NO MENTION	NO
Hope Indus- tries	Ø	Ø	\$20,000	REDUCTION
ARCA				FROM
Workshop Program	64,693	64,693	NO MENTION	GOVERNOR'S
Activity Center Program	45,174	Ø	45,000	REQUEST
TOTAL FOR <u>ALL</u> CONTRAC- TUAL SERVICES (INCLUDING THE ABOVE)	\$1,114,300	\$1,049,100	\$65,000	\$1,049,100

REMAINDER FOR  
DEPARTMENT'S DISCRETION -  
\$984,000 or 93.8% OF TOTAL GOVERNOR'S REQUEST

The Legislature only channeled 6.2% or \$65,000 of the total appropriation through its intent. Legislative intent clearly stated that the \$65,000 was earmarked for ARCA and Fairbanks Rehabilitation Association and the "remaining funds allocated at the Department's discretion". The original budget request had included funds for ARCA and the Fairbanks Rehabilitation Association, and the intent appears to have been added to insure the channeling of funds to those agencies. The legislative intent was merely stating a readjustment of funding designations. Basing a supplemental request on the legislative intent appears to require additional justification.

II. Funding Shortage at Atascadero State Hospital for Mentally Disordered Offenders

Justification

The Division of Mental Health was originally budgeted for 9 patients for 3 months of care for mentally disordered offenders. The numbers and severity of these type of offenders require treatment costs beyond the FY 76 budgeted amount. Current patient loads of 14 far exceed the projected 9 patients for the fiscal year.

The Department anticipates the psychiatric security unit at API to be open on April 1, 1976, because of a delay due to unavailability of certain supplies. The unit will not be able to provide care for all the mentally disordered offenders referred by the courts so care for some of them will be contracted to other facilities.

Rebuttal

A. Availability of Funds from API Psychiatric Security Unit

The contract institutions budget request unit was funded at the level requested by the Agency. That request included 9 persons care for only 3 months or FY 76 at Atascadero, in anticipation that the Psychiatric Security Unit at API

would be opened for 10 months of FY 76. The Legislature seeing that the construction project for the Psychiatric Security Unit had not gone to bid by May 15, 1975, reduced the appropriation to that unit. It was anticipated, as stated in legislative intent that the unit would be open for only 6 months, therefore a reduction in funding for staff and other necessities seemed in order. The legislative intent also stated that a supplemental would be considered necessary if "early completion necessitates greater funding".

Therefore, the Department received the following funds for mentally disordered offenders:

<u>Institution</u>	<u>Months of Care</u>	<u>Total Appropriation</u>
Atascadero	3 months	\$ 24,300
Psychiatric Security Unit	6 months	\$218,200

The Legislature appropriated funds for 9 months of care (3 months at Atascadero and 6 months at API Psychiatric Security Unit). 3 additional months of service were required for these patients, but appear to be unfunded.

The Psychiatric Security Unit is now scheduled to be completed by April 1, 1976, due to delays caused by construction problems. Basically this unit will be able to provide maximum of 3 months of service during FY 76, instead of the 6 months as was previously anticipated. The Department makes no mention in its justification of the use of the extra funding. Projected excess of fund at Psychiatric Security Unit due to delayed opening would be approximately \$103,700 for FY 76. (See Chart A)

CHART A

ANALYSIS OF PSYCHIATRIC SECURITY  
UNIT BUDGET APPROPRIATION FOR FY 76

APPROPRIATION  
(Based on 6 Months Service)

Personal Services	\$185,000
Travel	10,400
Contractual Services	6,500
Commodities	5,500
Equipment	<u>10,800</u>
TOTAL	<u>\$218,200</u>

---

PROJECTED CURRENT NEEDS  
(Based on 3 Months Service)

Personal Services	\$92,500
Travel	5,200
Contractual Services	3,250
Commodities	2,750
Equipment	<u>10,800</u>
TOTAL	<u>\$114,500</u>

---

PROJECTED "LAPSE" - \$103,700 STATE GENERAL FUNDS

B. Transfer of \$249,500 in State General Funds to Medicaid Budget Request Unit

By Reimbursable Service Agreement #222, the Division of Mental Health transferred \$249,500 in State General Funds from its FY 76 Contract Institutions Appropriation to pay for the 50% required match for Title XIX Federal Funds for Medicaid eligibles in certified intermediate care facilities for the mentally retarded. The need for this transfer seems questionable:

1. Medicaid program is required by federal regulations to offer its complete service package equally to all of its eligibles. It could not deny services, or jeopardize federal reimbursement, to these individuals if they are eligible and are in Title XIX certified facilities, regardless of whether they had insufficient funding.
2. The Legislature indicated its intent to consider a supplemental for the Medicaid budget request unit in order to pay for all legally obligated services. The contract institutions budget request unit did not have such an assurance.
3. Original FY 76 Budget projections for Medicaid were based on 15% utilization increase over FY 75. Current statistics show that assistance caseloads are stable. The Medicaid budget seems to have been adequately funded to absorb the increase from these patients.

In light of the funding problems of the Atascadero Unit, the transfer of State funds for this purpose seem questionable. Interagency funds could still be gained for these clients without the transfer of State funds. The funds could have been put to use to offset the need for a supplemental request for this budget request unit.

I. SUMMARY

The Departments requests an supplemental appropriation of \$305,000, yet the following actions were taken:

\$103,700 General Fund	Delayed Start of Opening of API Psychiatric Security Unit would Result in Significant Decrease in Significant Decrease in Need of Funds.
\$249,500 General Fund	Transfer of State Funds to Public Assistance to Pay State Portion of Medicaid for Contract Institution Eligibles.
<u>\$353,200</u> General Fund	Total "Available" Funds
- 305,000 General Fund	Supplemental Appropriation Request
<u>\$ 48,200</u> General Fund	Additional Funds

SB 531

JAN 16 1976

The Honorable Chancy Croft  
President of the Senate  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Health and Social Services for mental health contract institutions. This amount will fully fund the cost of care for persons in Atascadero State Hospital in California and in state institutions for care of the mentally retarded.

Sincerely,

Jay S. Hammond  
Governor

STATE  
of ALASKA

## MEMORANDUM

SB 531

TO:  FILE

DATE : January 6, 1976

FROM:

*M. Orelove*  
 Michael Orelove, Budget Analyst  
 Division of Budget and Management  
 Department of Administration

SUBJECT: Department of Health and Social  
 Services, FY 76 Supplemental Request  
 of \$305.0 for Contract Institutions

Mental Retardation Program

\$65.0

The legislature funded this BRU as requested at the Governor's original level. By legislative intent, they funded two programs not approved, but they did not add the funding stating that "the remaining funds (will be) allocated at the Department's discretion". At the present time, there are no funds available within the Department. These facilities meet full cost of care and intent is expressed as: "The . . . two identified programs are to be fully funded - at \$20,000 (for Fairbanks Rehabilitation Program) and \$45,000 (ARCA)".

Atascadero State Hospital

\$240.0

The number and severity of mentally disordered offenders has exceeded the budgeted amount in this BRU. The Division was budgeted for 9 patients for 3 months. At the present time, 14 patients have been committed to this program and several more are expected before the end of this fiscal year. 75% of these cases have committed murder and require long periods of treatment.

The construction of the psychiatric security unit at API has been delayed because of the unavailability of certain supplies. Completion of the unit is now expected by April 1, 1976. This small unit will not be able to provide care for all the mentally disordered offenders referred by the courts.

MO/lw

STATE  
of ALASKA

# MEMORANDUM

TO: Francis S. L. Williamson  
Commissioner  
Department of Health and Social Services

Thru: Catherine Lloyd  
Deputy Commissioner  
Administrative Management

From: Jerry L. Schrader, M.D.  
Director  
Division of Mental Health

DATE : November 26, 1975

SUBJECT: Supplemental Request:  
Division of Mental Health

The Division of Mental Health is facing budgetary short-falls in three areas as a result of a) legislative intent without funding; b) continued care of several more mentally disordered offenders for a longer period of time than expected during FY 1976 budget preparations at Atascadero State Hospital; c) increase in inter-agency charges at Harborview Memorial Hospital from the Department of Highways for heat and rent, effective July 1, 1975, without advance notice for budgetary preparation.

The Budget Request Units (BRU) and the amounts involved are summarized below:

A. Contract BRU

1. Mental Retardation Program:

The Legislature funded this BRU as requested at the Governor's original level. By legislative intent, they funded two programs not approved, but they did not add the funding stating that "the remaining funds (will be) allocated at the Department's discretion". At the present time, there are no funds available within the Department. These facilities meet full cost of care and intent is expressed as: "The . . . two identified programs are to be fully funded - at \$20,000 (for Fairbanks Rehabilitation Program) and \$45,000 (ARCA)".

\$65,000

2. Atascadero State Hospital

The number and severity of mentally disordered offenders has exceeded the budgeted amount in this BRU. The Division was budgeted for 9 patients for 3 months. At the present time, 14 patients have been committed to this program and several more are expected before the end of this fiscal year. 75% of these cases have committed murder and require long periods of treatment.

The construction of the psychiatric security unit at API has been delayed because of the unavailability of certain supplies. Completion of the unit is now expected by April 1, 1976. This small unit will not be able to provide care for all the mentally disordered offenders referred by the courts.

The referrals just for pre-trial psychiatric evaluation have increased from 8/month to 12/month and must be given priority for the beds in this unit. The Division plans to provide long term treatment on this unit for approximately 5 to 7 mentally disordered offenders. This will require a continuation of treatment services purchased at the Atascadero State Hospital in the foreseeable future.

November 26, 1975

Page 2

In addition to the large increase in clients in this program, the Atascadero State Hospital increased its charges 10% as of July 1, 1975. Based on our past experience with them, the Division expects another 10% increase in January 1976. The Atascadero cost allocation system is complex and these increases are reflected in a variety of specific charges. For example, the current room charge for patients on a regular ward was increased in July from \$33.20 to \$38.75. Similar increases have occurred in laboratory, physician, clinic, dental, radiology, and other services.

Assumptions and computations in determining Atascadero short-fall:

Budget authorization was for three months at \$900/pt/mo. average for 9 patients. As of September 30, 1975 we had 14 patients at an average cost of 1,272.43 for that month for estimated total of \$47,581.15.

We anticipate:

1. Due to delays in construction and equipping, we do not now expect the Security Unit at API to be available before April 1, 1976.
2. A 10% increase in cost of care effective January 1, 1976.
3. Continued patient census increase at Atascadero: November Add 1, December Add 2, January-April Add 1 each month.
4. Patient load should stabilize in February at 18. Patient returns will depend upon patient condition and when the security unit actually becomes physically operational, and our actual capacity to absorb the existing patients at Atascadero.

Budget Appropriation	\$24,300
Existing Appropriation: 14 patients, end of September 1975	
Total expenditure	<u>47,521</u>
Existing shortage 9/30	<u>23,281</u>
October 1975 = at 14 patients	17,919.02
November 1975 = at 15 patients	19,086.45
December 1975 = at 17 patients	<u>21,631.31</u>
Sub Total	<u>58,536.78</u>
Total estimated short-fall, 6 mo.	81,818.

If 18 patients are hospitalized at Atascadero for the remaining 6 months, short-fall can be estimated at 10% increase per patient per month \$1,399.67.

Estimated total short-fall for Atascadero FY 76.	<u>\$151,164.36</u>
	<u>232,982.36</u>

B. Harborview Memorial Hospital

Interagency charges by Department of Highways for heat, steam and rent of space.

In July 1975, we were informed by the Department of Highways that the cost to Harborview for utilities and space rental in the boiler plant building was going to be immediately increased. A review of their accounts indicated:

November 26, 1975  
Page 3

Steam & Heat*	\$281,400
Space rental	<u>22,000</u>
Total	<u>303,400</u>
Appropriated	214,000
Short-fall Payable to Dept. of Highways	<u>89,400</u>
Total Supplemental Request:	<u>89,400</u>

\*(Using average consumption of 3,310,830 gals. of steam condensate return  
@ .085¢ per gal.)

JLS:CL:prv

STATE OF ALASKA  
 Dept. of Administration  
 Budget & Management Div.

REVISED PROGRAM  
 COST ANALYSIS SUMMARY  
 by BUDGET COMPONENT

SUPPLEMENTAL

AGENCY	Health and Social Services DIVISION	CATEGORY	03	Health
		PROGRAM	32	Mental Health
		SUB-PROGRAM	02	Contract Inst.
	Mental Health	ELEMENT		
		SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES			
200	TRAVEL	6.5	7.0	13.5
300	CONTRACTUAL SERVICES	1409.2	298.0	1707.2
400	COMMODITIES			
500	EQUIPMENT			
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	<b>TOTAL</b>	<b>1415.7</b>	<b>305.0</b>	<b>1720.7</b>
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	1415.7	305.0	1720.7
	INTER-AGENCY TRANSFERS			
	OTHER:			
	<b>TOTAL</b>	<b>1415.7</b>	<b>305.0</b>	<b>1720.7</b>
	PERMANENT FULL-TIME POSITIONS	---	---	---
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	---	---	---

(CURRENT FY)

	FY ____	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

Introduced: 1/19/76  
Referred: Health, Education  
and Social Services and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 531

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Health and Social Services for mental  
8 health contract institutions; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$305,000 is appropriated from the general fund  
12 to the Department of Health and Social Services for mental health contract  
13 institutions.

14 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
15 10.070(c).

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Introduced: 1/19/76  
Referred: Health, Education  
and Social Services and  
Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 531

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Health and Social Services for mental  
8 health contract institutions; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$305,000 is appropriated from the general fund  
12 to the Department of Health and Social Services for mental health contract  
13 institutions.

14 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
15 10.070(c).

16

17

18

19

20

21

22

23

24

25

26

27

28

29