

Nome

STATE
of ALASKA

MEMORANDUM

Nome

at least 2-3 wks.
before a decision
from FEAS

TO: Lois Jund
Deputy Commissioner for
Program Management
Dept. of Health & Social Services

DATE : February 18, 1976

THRU: Richard Renninger (R)
~~FROM~~ Acting Coordinator
Office of Planning & Research

SUBJECT: New Nome Hospital

FROM: Walter C. Moyle, Architect WCM
Office of Planning & Research

Telephone discussions were held February 18, 1976 with Regional Program representatives Jim Van Hooissen, Pete Van Hee and Fred Tucker concerning this application.

A negative financial feasibility report has apparently gone to Dr. David Johnson from the review people.

The basis for the negative decision is that there is no reasonable assurance that the facility will have continuous support with sufficient and timely funds by the applicant.

Although the Indian Health Service has indicated that the project would have their continuous support, this is subject to year by year availability of funds.

The application is definitely not disapproved at this point but unless further and emphatic support is provided immediately, no other action is likely.

A letter from the Office of Public Assistance to David Johnson, M.D., does not support the application. This letter indicates that the current reimbursement for ICF would not meet the projected rates forecast for this facility.

The project is currently being reviewed by an independent consultant retained by HEW. His decision will no doubt be forthcoming within the next few days.

It appears to the writer, that some other means of financing the project must be found. Cost of debt service are adding an unbearable burden to this small facility.

WCM:RR:kp

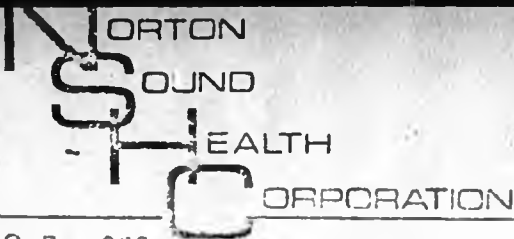
2/18/76

was 1,142,3
Now \$450,000

I spoke with James Armbrust of the Contract Health Care Program, in Indian Health Service (279-6661, ext. 368) about the Nome Hospital. He said that it was essential that approval from HEW arrive this week because if not, part of the 1.6 million State matching funds would be lost, and also the 900,000 Hillberton moneys would be lost. Also, there would be a higher cost of construction next year.

Telegram to ^{Sen} STEVENS
U.S. Sen. Don Young
Sen GRAVEL
~~Mike~~

Request your support on NSHC's efforts to secure HEW approval and Indian Health Service financial aid for the Northwest Hospital project. Delay of approval will cause state and ~~private~~ ^{fed} funds to lapse, as well as escalated costs for future construction. The health of our rural area people is at stake.



2-18-76
Nome
Delegate of Alaska Federation of Natives

P. O. Box 966

Nome, Alaska 99762

443-2261

February 15, 1976

US Senator Ted Stevens
411 Russell Building
Washington, D.C. 20510

Dear Senator Stevens:

This letter details the financial requirements of the corporation for the hospital project, which we are now dependent upon you to receive, by virtue of recent Indian Health Service action. Our financial requirements to continue the planning and architectural work on the project up to the point of drawing down the FHA mortgage money totals \$725,500 and is broken down in detail in Table I, attached to this letter.

Through January 31, 1976, the Methodist Church had paid for a total of \$240,000 worth of front-end work, and the Indian Health Service has paid another \$270,000. The total of \$510,000 received from these two sources is over and above the \$725,500 needed to complete the planning.

I was in Washington, D.C., Tuesday, February 3, meeting with Indian Health Service representatives to discuss our financial situation and requirements. During this meeting, IHS representatives indicated that they could not provide us with additional grant money because their budget add-ons had been rescinded. Further, they indicated they were at considerable risk because of lack of a Congressional mandate to support the Nome project.

Since that time, we have been told by the HEW Region 10 financial analyst, that financial feasibility is contingent upon the Indian Health Service entering into a 25 year contract with the Norton Sound Health Corporation to pay for the cost of Native care as well as make up any other operating losses of the Corporation. This position clearly discriminates against the Native population as a potential borrower, and challenges the financial creditability of the Indian Health Service. Similar requirements are not made of Medicare, Medicaid, Blue Cross, or other third party payors of health care.

When word of the HEW Region 10 position reached Indian Health Service representatives in Washington, D.C. and in Anchorage, IHS withdrew its financial support of the project entirely and said that no further money of any kind would be available. It was only after the discriminatory nature of HEW Region 10's position had been forcefully pointed out to them, that they partially reconsidered and the Alaska Area Native Health Service agreed to try to continue funding us on a week by week basis.

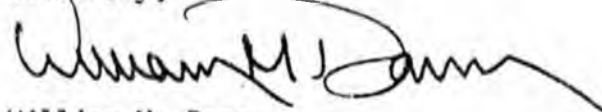
February 15, 1976

Because the architects are now in the construction documents phase of the design process, which requires that 15 to 20 people work on the project at the same time, our weekly cash requirements will run \$42,700 for each week during the next several months. The Alaska Area Health Service has promised to try to find this money on a week by week basis, until a decision has been made by HEW Region 10 in Seattle. At best, one week of support from the Alaska Area will be available. We, therefore, urgently request your assistance in providing a congressional mandate as well as any dollars required by IHS in order to continue planning this project. Funding on a grant basis is much more desirable since repaying a loan would reduce our equity, increase the mortgage amount, and the cost of the loan would be in excess of the revenue as well as the investment being made.

Secondly, funds are needed for an early construction start to get the building enclosed by late October 1976, thereby avoiding a one year construction delay and \$1.5 million in unnecessary cost escalation. The total amount required for this purpose is \$125,000. A detailed breakdown of this amount is shown in Table 2 attached. We can accomplish the early construction start if we can obtain an early drawdown of the State of Alaska matching grant monies of about \$1,600,000. In order to do this the State Attorney General's Office requires a guarantee for repayment of this money should the project not proceed. Since the NSHC has no fixed assets, the best method of providing this guarantee would be a surety bond signed by the Indian Health Service. Dr. Emery Johnson's office has agreed to consider signing such a surety bond, if provided some form of Congressional direction to participate in the project. We need authority to start drawing down the State matching grant money by March 15, 1976 so that our construction manager can order materials and arrange for their shipment to Nome.

We are grateful for the support you have given to us in the past, and are now giving to help reverse the discriminatory criteria being used by HEW Region 10 in reviewing our application, as well as your assistance in the matters discussed in this letter. We and the people of our region are extremely grateful that we have a U.S. Senator as sensitive and responsive to the needs of our people as you have been and continue to be. Thank you.

Sincerely,



William M. Dann
Executive Director

WMD:jkh

cc: Emery Johnson
Gerald Ivy
U.S. Representative Don Young
U.S. Senator Mike Gravel
Governor Jay Hammond
Representative Larry Davis

TABLE 1
 PLANNING FUNDING REQUIREMENTS 2/1 - 6/30/76

Architectural Services	\$ 379,000
Equipment Specification and Selection	60,000
Public Hearing	100
Planning Consultants	132,000
Legal Fees	15,000
Management Consultants	39,000
Construction Manager	27,000
Soils Testing	8,500
FHA Appraisal Cost	3,500
NSHC Travel and Administrative Expense	25,500
FHA Application Fee	26,000
Financial Advisors	<u>17,000</u>
	\$ 757,500
Balance IHS Funds Available (1)	<u>32,000</u>
	\$ 725,500

NOTES:

(1) Even though \$32,000 still remains in our hospital account, we have incurred \$195,000 worth of planning expenses through 2/13/76 which have not been paid.

TABLE 2
EARLY CONSTRUCTION COSTS

Barge	\$ 20,000
Piling	60,000
Air Freight	128,000
Earthwork	23,000
Drill and Drive Piling	256,000
Fabricate Structural Steel	200,000
Fabricate Exterior Wall	200,000
Procure Mechanical and Electronic Equipment	100,000
Concrete Foundation	60,000
FHA Inspection Fee	<u>78,000</u>
TOTAL	\$1,125,000

South Central Health Planning and Development

1135 West Eighth Avenue

Anchorage, Alaska 99501

(907) 278-3631

Nome



March 9, 1976

Mr. Bill Dann
Norton Sound Health Corporation
P. O. Box 966
Nome, Alaska 99762

Dear Bill:

This letter is being written as a direct response to the letter addressed to the Chairman and Board members of South Central Health Planning and Development, Inc. by Jim Hahn and dated on March 5, 1976.

During the two-day meeting held on the 5th and 6th of March, the Board took action related to that letter and some of the concerns that were expressed in it. First of all, they asked me to come into the office and write this letter (I am on annual leave from my full-time responsibilities) and further asked that I call you today with a more personal response. I have been trying to call you for several hours now, and have been unsuccessful in reaching you, so as I write this letter I do so with a view to covering both the information that I would relay personally over the telephone and that which I would have normally have addressed in writing.

Dealing with the allegations concerning my "lobbying", I would relate that I have never stated to anyone, nor do I personally feel, that the hospital in Nome should not be constructed. I have, in a manner in which I shall describe, made the statement that the project should be subjected to scrutiny, and further that the appropriate body to do this would be the Hill-Burton Committee of the State Comprehensive Health Advisory Council. I made that statement (after the CHAC had taken formal action requesting the same) primarily as a concerned citizen, and have never, under any circumstances represented that as the view of any one of the several formal and informal organizations with which I am associated. The fact of the matter is that I am not personally opposed to the construction of a hospital in Nome if that project proves to be the most effective and cost-effective way to solve the health delivery problem of that area. I have expressed the fact that I have been approached by several people in the Anchorage area who were concerned about the potential "ripple effect" that such a costly project would have on the delivery of health care throughout the state--and have had that same concern myself. The only other occasion that I have had to state anything at all about the project is to use it as an example--in respect to the review provisions inherent in a Certificate of Need law of one sort or another, should such a piece of legislation become part of the Alaska Statutes.

Bill Dann
March 9, 1976
page 2

I can state clearly that I have not lobbied against the project. If such were the case, and if any of the organizations with whom I work would have directed me to lobby for any cause, I would have contacted many more people than those you refer to in your letter.

Again, in response to specific concerns from your letter, I agree that the (b) agency has no authority to review the Nome Hospital project and as a result has never considered that topic as a discrete subject nor has it contemplated such an endeavor. Secondly, I have never approached the representative from Nome with a "plea of non-support for the MMM project" or with any other plea. Until moments before preparing the draft of this letter, I didn't even know who the representative from Nome was. Once again, I may have, in testimony before the House HSS Committee, mentioned the project in reference to Certificate of Need, and as such, it would be possible to misconstrue the purpose of such testimony, particularly if quoted out of context. Finally, the Board of Directors of South Central Health Planning and Development, Inc., has not, nor to the best of my knowledge do they intend to review or to make any comment on the project in question. In fact, as a result of the March 5th letter they passed the following resolution and emphasized that this action should be communicated to the full board as it is seated:

Moved that: "Every member of the interim Board of Directors and staff is instructed to be explicit about whom they are representing or not representing when lobbying or influencing opinion on health matters. No member of the interim board of Directors or staff will speak for the interim Board of Directors of the H.S.A. unless a position has been established by action of the interim board."

The motion was carried unanimously.

In addition, the following was passed:

"That a letter be drafted stating that the Board of South Central Health Planning and Development, Inc. has taken no stand on any project, nor has the Board reviewed any project, nor has anyone been authorized by the Board to speak for it on any project with the exception of P.L. 93-641 and that the letter indicate that the minutes of the Board meetings reflect this, and that the letter encourage Norton Sound Health Corporation to participate in the selection process and in the formulation of the full board of directors."

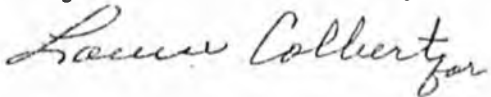
As president of the corporate board, I have responded in reaction to those actions of the board. I can fully understand also, wearing the several hats that I do, how cautious I must be in expressing personal opinions while carrying the banner of an organization with which I am affiliated. To the extent that I have not fully identified personal feelings as contrasted to organizational positions, I have erred. It is regrettable that others have understood references to the project in question on my behalf to be lobbying efforts aimed at defeating the project-- for I have made no such effort. I have asked questions, used illustrations that

Bill Dann
March 9, 1976
page 3

I felt appropriate, and passed along concerns expressed by others, and hopefully this has been done in a professional way and for professional, and not, personal reasons.

On a personal as well as professional level, I would like to express my sincere hope that Norton Sound Health Corporation will remain as an active partner in the implementation of Public Law 94-641 and in that, the development of a viable health systems agency that can and must serve all of the people in the area for which it is responsible. If there are any further questions, please call me. While on vacation, I can be reached at 745-4732.

Sincerely,
(Letter drafted by H. F. Janneck;
Signed in his absence by



H. F. Janneck, President
South Central Health Planning and Development, Inc.

HFJ/lc

cc: Mr. Peter Van Hee, HSA Coordinator, Region X
Interim Board Members
Mr. Jerry Ivey, Area Director, Alaska Area Native Health Service
Chairman, MMM Hospital Board, Nome, Alaska
Chairman, NSHC Board, Nome, Alaska
Representative Larry Davis, State of Alaska
Representative Frank Ferguson, State of Alaska
Dr. Williamson, Commissioner, State Department of Health & Social Services
Senator Mike Gravel, Washington, D.C.
Senator Ted Stevens, Washington, D.C.
Representative Don Young, Washington, D.C.
Mr. Jerome Trigg, Bering Straits Native Corp., Nome, Alaska
Mr. Robert Renshaw, Mayor, Nome, Alaska
Mr. Lar Krug, Task Coordinator, South Central Health Planning & Development, Inc.

Nome

March 5, 1976

Chairman & Board Members
Interim Board
South Central Health Planning & Development, Inc.
1135 West Eighth Avenue
Anchorage, Alaska

Dear Sirs:

During the past five years the Norton Sound and Seward Peninsula communities have pursued replacement of the Maynard McDougall Memorial (MMM) Hospital facility located in Nome, Alaska. The major thrust of this effort was carried by the MMM Hospital Board and the Board of the Norton Sound Health Corporation by application through the Hill-Burton process with professional consultants of Tribrook Group, Inc., a health planning firm, and the architectural firm of Henningson, Durham and Richardson.

Throughout the course of our project, we have anticipated negative opinions and criticism as to the scope and feasibility of replacing the MMM Hospital facility. These are more than welcome when channeled through the proper application procedures, as constructive criticism can only lead to a better product and more competent health delivery.

We have, however, been informed that some negative lobby efforts have been initiated by Mr. Hal Janneck, Interim Executive Director of the South Central Health Planning and Development, Inc., which is the HSA agency applicant for the Region encompassing the Norton Sound Area. These have allegedly been a statement advocating non-support for the MMM Hospital facility at a 314 (b) agency meeting, lobby encounters with the State of Alaska Representative from Nome, and a lobby effort with Senator Mike Gravel's office in Washington, D. C.

Several issues emerge here. First, is that the 314 (b) agencies have no review authority for hospital replacement projects, therefore, any statement of position indicating support or non-support, if made, would be totally improper and not be within the legislated scope of the 314 (b). Second, while all private citizens have the right to approach their elected representatives on any issue, there is certainly some question as to the intent of such approach should that individual be construed to represent a formal agency position. In this case, if again the allegation is true and Mr. Janneck, in fact, did approach the legislative constituents with a plea of non-support for the MMM project, then we would question whether or not it was a formal HSA position. If so, we at the NSHC did not, as a participating member of the Interim Board, receive any communication as to what our vote as a Board member would be.

March 5, 1976
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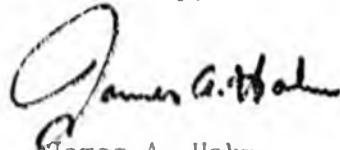
We realize, of course, that the NSHC as a Native dominated health corporation is exempt from following the HSA mandates, as the Native groups are specifically excluded from the Act if they so choose. We have up to this point participated on a good faith effort in the interest of better health care through competent planning. This participation has been encouraged also by the Alaska Area Native Health Service. We are now wondering if our participation has been a shuck, and if we are eating the first worm from a rather large political platter designed to impede and coerce the Native and "bush" health interests.

Our present position is as follows:

1. We would like for an explanation and position statement from either the Interim Board, or the seated Board before continuing further in the HSA process. This we see coming through:
 - a. An investigation into the above allegations by appointed committee of either the HSA Board or the seated Board.

Until something is resolved and forwarded to Norton Sound Health Corporation, we must temporarily abstain from HSA participation and withhold our letter of support for the applicant agency. We await your prompt reply.

Sincerely,



James A. Hahn
Research & Development Specialist
Norton Sound Health Corporation

cc: Mr. Peter Van Hee, HSA Coordinator, Region X
Interim Board Members
Mr. Jerry Jvey, Area Director, Alaska Area Native Health Service
MM Hospital Board, Nome, AK
NSHC Board, Nome, AK
Representative Larry Davis & Frank Ferguson, State of Alaska
Mr. Williamson, Commissioner, State Dept. Health & Social Services
Senator Mike Gravel, Washington, D. C.
Senator Ted Stevens, Washington, D. C.
Representative Don Young, Washington, D. C.
Mr. Jerome Trigg, Bering Straits Native Corp., Nome, AK
Mr. Robert Renshaw, Mayor, Nome, AK

DON YOUNG
CONGRESSMAN FOR ALL ALASKA

COMMITTEES:
INTERIOR AND INSULAR
AFFAIRS
MERCHANT MARINE AND
FISHERIES

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE

1210 LONGWORTH BUILDING
TELEPHONE 202/225-5765

DISTRICT OFFICES

115 U.S. FEDERAL BUILDING
ANCHORAGE, ALASKA 99501
TELEPHONE 907/279-1587

202 U.S. FEDERAL BUILDING
FAIRBANKS, ALASKA 99701
TELEPHONE 907/456-6949

February 18, 1976

Senator Frank Ferguson
Pouch V
Juneau, Ak. 99811

Dear Senator Ferguson:

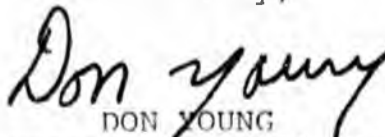
Thank you for your telegram expressing support for the Norton Sound Health Corporation's application for a loan for the construction of a new hospital in Nome.

I am aware of the situation and have expressed my strong support for this project. I know the unsafe condition of the present health facility and agree that a new hospital is essential to prompt and adequate health care delivery.

As you may know, this proposal is currently under review in the H.E.W. Region X office. I understand that F.H.A. is inclined to guarantee a loan providing H.E.W. finds the plan a viable one. I have spoken with Mr. James Neiffert in the Washington office of the Indian Health Service and he has assured me that I.H.S. supports the Corporation's project.

I appreciate your taking the time to let me know of your concern in this matter.

Sincerely,



DON YOUNG
Congressman for all Alaska

DY:dcv