

HB

290

Department of Health and Social Services
Position Paper
House Bill 290

Section I. House Bill 290, creating a Hospital and Health Care Center fund within the Department of Public Works is in conflict with AS 18.20.140 - AS 18.25.120 which provides that the Hospital and Medical Facility Construction program will be administered by the Department of Health and Social Services. The intent of the statute is clearly stated in Section 18.25.030 and Section 18.25.080. These sections are quoted as follows:

Section 18.25.030 states it is the intent of sections 10 - 30 of this chapter to provide financial aid to municipalities, communities and associations for which an attempt at complete financing by themselves of a necessary project would entail great hardship. It is also intended that the department utilize the money authorized under sections 10 - 30 of this chapter so far as can be arranged to assist the municipalities, communities and associations in matching funds with the federal government under applicable federal law for hospital assistance.

Section 18.25.080 states it is the intent of sections 70 - 110 of this chapter to assist communities and areas in developing and improving health service facilities by the purchase, construction, renovation, or establishment of hospitals, health centers, or clinics, or quarters for personnel, and the purchase of furnishings, supplies and equipment and making the other expenditures necessary to carry out the purpose of sections 70 - 110 of this chapter. Assistance is to be given in areas which would otherwise be denied adequate facilities, because the taxable values are limited in scope and an attempt at total community financing of a project would cause hardship or prevent its realization. It is also intended that the department utilize the money authorized under sections 70 - 110 of this chapter so far as can be arranged to assist municipalities in matching funds with the federal government under federal law.

All of the Federal construction programs administered by the Department of Health and Social Services have complex developmental, accounting and reporting requirements. To have State matching funds administered by another Department would seriously jeopardize project development and construction.

The department administers the following Federal Hospital and Medical Facilities Construction programs:

1. Title XVI of P.L. 93-641, the Health Planning and Resource Development Act. This Act replaced the Hill-Burton Construction program.
2. The Developmental Disabilities Services and Facilities Construction Act. (P.L. 91-517)
3. The Community Mental Health Centers Construction Act. (P.L. 88-164)

4. Section 232 of National Housing Act (Long Term Care Facility Construction Loans).
5. Section 242 of National Housing Act (Hospital Construction Loans).
6. Farmers Home Administration (Hospital Loan Program).
7. Economic Development Administration and Indian Health Service Funds.

The Bill confines itself to hospitals and health care projects owned by or to be constructed by municipalities or the State. No mention is made of facilities owned or constructed by nonprofit organizations. The department feels that a construction fund for hospitals and medical facilities should include nonprofit as well as public facilities.

Section 1 (a) line 10

The words Department of Public Works should be changed to read Department of Health and Social Services

Section 1 (c) should be changed to read

All facilities shall be built in accordance with applicable Federal construction regulations, State and Local building codes including the obtaining of required permits. The Commissioner of Health and Social Services shall provide the project sponsor with a copy of any Federal Regulations and State Building Code applicable to the project.

Section 2 (a) and (b) should be deleted

This section is not applicable to projects administered by the Department of Health and Social Services

Section 3 should be deleted

This section is not applicable to Department of Health and Social Services projects as payment procedures have been established.

Section 4 should be deleted

Technical assistance is provided to all project sponsors by personnel of the Department of Health and Social Services and in the case of Federally assisted projects, by the staff of the regional office of Facilities Engineering and Construction.

Section 5 (a) should be changed to read

Title acceptable to the department to a suitable project site shall be vested in the owner of the facility before work is begun on the site.

Section 5 (b) should be deleted

Maintenance of a health facility should be the responsibility of the owner.

The department supports House Bill 290 with the above changes.

POSITION PAPER / Department of Health and Social Services

Recommended by: Lois M. Jurek
Coordinator
Office of Planning & Research

Date 3/10/77

Approved by: Lois M. Jurek, Acting
Commissioner
Department of Health and
Social Services

Date 3/16/1977

STATE OF ALASKA

DEPARTMENT OF REVENUE

JAY S. HAMMOND, GOVERNOR

STATE OFFICE BUILDING

POUCH SA - JUNEAU 99811

March 22, 1977

The Honorable Charles H. Parr
Chairman
House Health, Education and
Social Services Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Re: House Bill No. 290

Dear Mr. Parr:

House Bill No. 290, an Act creating the hospital and health care center fund, was introduced in the House on March 1, 1977 and was referred to the House Health, Education and Social Services and Finance Committees.

For the consideration of the House Health, Education and Social Services Committee, I am enclosing a Fiscal Note prepared by Mr. Jim Edenso, Deputy Commissioner, Department of Revenue, Juneau concerning the proposed legislation.

Very truly yours,



R. D. Stevenson
Special Assistant

cc: The Honorable Steve Cowper
Chairman
House Finance Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska

Jim Edenso
Deputy Commissioner
Department of Revenue
Juneau, Alaska

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 290
 Title An act creating the hospital and health care center fund
 Requested by Swanson, Eliason, Malone, Osi and Parr Date 3/1/77

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected General Government
 Budget Request Unit(s) Affected Treasury Management

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES		15.8	15.8	15.8	15.8	15.8
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES		.1	.1	.1	.1	.1
500 EQUIPMENT		.8				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		16.7	15.9	15.9	15.9	15.9

FUNDING (Thousands of Dollars)

GENERAL FUND		16.7	16.7	16.7	16.7	16.7
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

This notes enumerates a portion of the fiscal impact of HB 290 upon Treasury Management, specifically the need to add clerical staff if HB 290 becomes law. Potential loss of investment income, while real, is entirely dependent upon market conditions and is not calculable.

Every sale of State bonded debt is a composite of numerous authorizations, one of which could be for the construction of hospital and health care centers. Sale proceeds are presently commingled for investment purposes, and are accounted for under the State Bond Construction Fund. Income from the investment of sale proceeds is used for the payment of debt service.

The subject Act would require the segregation of bond sale proceeds into separate funds, and the return of income to the fund in which principal is deposited. Segregation of proceeds would preclude commingled investment and prevent the Department of Revenue from obtaining the most favorable rates available. Segregation would further increase the accounting task exponentially, and would require the addition of staff.

IV. DATE March 18, 1977 PREPARED BY Jim Edenso
 AGENCY Department of Revenue
 PHONE 465-2350
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

MINUTES OF HOUSE

HEALTH, EDUCATION & SOCIAL SERVICES COMMITTEE

March 18, 1977

The meeting was called to order by Chairman Parr at 3:05 p.m.

Those present: Parr, Nakak, Cotten, Ose, Bennett, Beirne, and Mr. Phillips came in later.

Absent: Chatterton, Buchholdt.

Chairman Parr announced the first order of business would be HB 290 and asked Mr. Swanson to speak on his bill.

HB 290
Mr. Swanson asked to discuss 291 first and then 290. Said HB 291 is a bond issue that is a partial bond issue that the Governor just vetoed the whole bond issue out of the program last year and there was a multitude of projects in it which included a lot of alcoholic centers and alcohol money and he felt if they stayed strictly with a bond issue that dealt with health versus a self-imposed sickness, that this bond issue would have a better chance of moving. Said he held it sacred and dear to him to protect the people that can't help being sick where he doesn't have a lot of feeling about people that are sick with a self-imposed sickness. Said the bill he has proposed deals strictly with people that are unfortunate enough to get sick and the facilities to take care of them. Said the Fairbanks bond issue last year called for \$300,000 for the addition on their family service center, the Cordova Health and family service center called for \$300,000, the Sitka Community Hospital addition was 3 million dollars, the Nenane Health Center and family service center was \$200,000 and this year he added Tok Health and Family Service Centers for \$200,000. The Bethel Health and Social Services was in there last year for 1 million dollars and the Ketchikan General Hospital Island View Manor wing was in for a million and a half. Said he would suggest an amendment that item No. 5, the Tok Health and Family Service Center be eliminated. Said he had put the Tok facility in another piece of legislation and is already in the budget so far.

Mr. Swanson said he was extremely interested in a health and family service center and felt a facility of this kind, especially for small communities that were large enough where they could get a physicians assistant to serve these places. Felt the money spent for this type of facility would be well spent.

Mr. Swanson then spoke on 290. Said he introduced the bill for 1 reason, where there is a health and family service center approved in a bond issue. On page 2, (c) on line 1, said (after reading the whole section) that he deliberately put that in to specifically put some local control in allowing this grant money to go to a community or municipality. He told the committee and gave an example of what happens to a small project that goes to a community in the area of a school building in the transfer of funds. He said last year they gave 1 million 50 thousand dollars for a school at Anderson and enacted a piece of legislation that governed the transfer of those moneys and allowed the Dept. of Public Works to promulgate all the rules and regulations and gave a brief rundown of what it cost the City of Anderson before they got the money. Mr. Swanson said he would make a copy of the facts he gave and make it available to the committee.

Mr. Ose asked if there was personnel to operate the buildings after they are finished. Mr. Swanson felt a mutual agreement could be worked out with the cities.

Mr. Swanson said he wanted to address both bills because they were companion measures. Mr. Parr said "but 290 could be passed and a different bonding bill could go through for health facilities."

Mr. Swanson hoped that what is on the books today and the transfer of these grants be taken, regardless of the REAA, and apply this philosophy to them -- could save 30 - 40 percent of the money that is going to be wasted in paper shuffling.

Dr. Beirne asked why Mr. Swanson wanted all the buildings to be built by the DPW instead of leaving it up to the municipalities. Mr. Swanson said the bill addresses itself to that by mutual agreement in that the municipality can assume all of the responsibility of building the facility. (line 13, page 2).

Next to testify was Mr. Richard Holden, Deputy Commissioner of Public Works. Said it was the Dept's position that this money is going to the wrong dept. Felt it should be going to Dept. of Health & Social Services. He said they were the people statutorily charged with this responsibility. He said he thought Mr. Edenso had problems with the constitutionality of a dedicated GO Bond fund as outlined in the bill, and presumably if the fund were to be created in the Dept. of Health & Social Services, it would be the responsibility of the Dept. of Transportation and Public Facilities to construct such projects unless using the previous statute (SB 398 of the last session). The Commissioner of that Dept. wanted to grant funds to a local political subdivision to assume local control. Said they have been running into quite a number of problems in granting funds to REAA's and although some of the district superintendent in the REAA's dispute this,

Mr. Holden didn't think it was necessarily that the Dept. of Public Works was over bearing. He said the numbers Mr. Swanson quoted show a misconception on the part of the people who gave him those numbers. He said the numbers he quoted came from a budget prepared by the Dept. of P.W. assuming it would do the design and construction of the Anderson school. Said since the funds were granted to the Upper Railbelt School District, those funds he quoted should be spent by the school district to assure that quality design and quality construction is maintained. Said he thought the Supt. who gave Mr. Swanson those numbers assumed that the Dept. of PW was going to charge him for running his architect.

Mr. Parr asked that in a case under 398 where the municipalities was going to build a building, there is no charge from Public Works. Mr. Holden said there is a charge. If the facility as contained in this bill is owned by the State, then it is a duty of the Dept. which is otherwise responsible for designing construction to insure that the building is built properly. To that extent, the Dept. would insure that the grantee would be properly equipped to administer a design. That it was properly equipped to administer construction.

Said normally when the DPW or its successor agency builds things of this kind, they are built by hiring a private firm to design and a private contractor to construct. Obviously it is a state building.

Mr. Holden said the Dept. had another problem with the bill, Page, 2, Sec. (c) line 4,--Said it seemed to the Dept. that a responsible local government agency which was willing to assume control of the construction project could send off to the Uniform Building Code people and buy their own code. On line 11, instead of saying the Dept. shall provide he felt it should read the Dept. may. Page 3, line 3. Compensation for that assistance has to come from projects, said they don't have funds to provide the assistance. Said they would have to charge a project budget to the tune of 1 - 1 1/2 percent. Said line 7 they had a problem with also.

Mr. Parr asked Mr. Holden if he was objecting to the wording of Sect. 5 of the bill. Mr. Holden said he wasn't objecting to the language as laid out here but procedurally there are lots of problems particularly until the land claims is settled.

Mr. Parr said he read section 5 to mean that unless the Dept is satisfied that there is clear title to the land, nobody can put the first concrete block down. Mr. Holden said this was what they wanted.

Mr. Holden felt that they should be the lead agency.

Mr. Parr asked Mr. Holden where in the bill he got the indication that the Dept. is the one to decide whether or not there should be a hospital. He said the way he understood the intent of the bill was that the legislature appropriated money on a bond issue and the voters had ratified it. The voters have

said

/there will be a hospital or health care facility. Said he didn't understand Mr. Holden's point because the voters have already decided whether there should be one. Mr. Holden said Mr. Swanson stated that illnesses he was funding for here, people who were physically sick. He said his point was that they aren't now equipped to decide whether the plans that came in were for clinic or alcoholism center. Said the DPW doesn't know that when they look at plans. Mr. Parr felt if it was their responsibility to build state buildings it was their responsibility to have the people to decide this. Mr. Holden said normally what happens is the funds for the specific program purpose are vested in the Dept. which is equipped to handle this.

Next to testify was Mr. Jim Edenso, Deputy Commissioner for the Department of Revenue. He said his Dept. opposes HB 290. He said in its current form it is attempting to establish precedent which does not exist in the current management policy of the state Dept. of Revenue and also for Administration. He said Sec. 1, (b), line 26 on page 1. the objections they had to that is that the act creates a separate bond construction fund for the proceeds of hospital and health care authorizations. A separate bond is not necessary to properly account for the proceeds of general obligation bond sales and establishes a dangerous precedent. He said bond proceeds are invested in on a co-mingle basis by the Dept. of Revenue. He said segregation of these proceeds into separate funds would preclude co-mingle investment and prevent the Dept. of Revenue from obtaining the best return available on management of such funds. He felt there were some constitutional problems with the bill. He said he believes the state constitution prohibits the dedication of funds. He said his recommendation to the Governor should this bill pass would be to veto the bill on the strength of the inclusion of paragraph (b) Sec. 1 on the first page.

Mr. Parr asked what money is being talked about in investing here? Are we talking about drawing some kind of interest on that money until we would pay a contractor? Mr. Edenso said that was correct, the money they were referring to would be obtained from a bond sale based upon the position of the voters in the state and any bond resolution that they pass on.

Next to testify was Lois Jund, Deputy Commissioner of Health and Social Services. Said she wasn't going to testify as to the constitutionality of this bill. She said they don't really feel this legislation is necessary, and gave a little background. Said the proposed bill is actually in conflict with the statute on the book (AS 18.20.140 through AS 18.25.120) which provides that the hospital and medical facilities construction program will be administered by the Dept. of Health & Social Services.

She said there was a reason for this in that hospital construction standards tie in very closely with certification and licensing which is also under the Dept.'s jurisdiction and also with medical facilities planning. She said at the present time under the present statutes, the Dept. of Health and Social Service can do just about everything that is in HB 290. Said they do provide technical assistance on all projects under the Aid to Communities. The only they don't do is have a fund and she just heard that is somewhat unconstitutional so she doesn't feel there is a great necessity for the bill. She said one of the reasons it goes through their Dept. is so that they can take advantage of Hill Burton Construction funds. She said Public Works has really constructed very few of these facilities. She said in most instances the municipalities themselves have hired their own architects and enginners.

There was discussion as to whether the purpose of the bill was to cause expeditious procedures in order to get these health care facilities in the various locations. There was also discussion about the lack of state responsibilities to provide emergency care throughout the state, such as along the highway.

Mrs. Jund said she wondered if they were aware of the present statute, actually 2 statutes, Sec. 18.20.080 with attendant regulations which provides for hospital construction. Said they also have regulations on nursing homes 7 AAC 12.020. She said the other statute is assistance for community health facilities. She further stated that the Department is very actively working on emergency medical services for various communities.

Next to testify was Sharron Osborn who gave a little background on the EMS situation in Alaska. Said most of the money has been federal money and that money is earmarked for planning, not implementation. Said they have a statewide plan going in now that is developed at the regional level. So this year they will be getting implementation money. Said she would be glad to make the plan available which is presently being prepared and should be finalized the 1st week in April.

The bills were held over and no action was taken on them.

Mr. Parr said he had received a note from the Speaker about the confirmations and he read the list he had received that were assigned to the Hess Committee. Said he felt it was the committee's feeling that we would only interview the Regent's candidates and Mr. Bennett was interested in the Nursing Home Administrators. Said he felt it was a waste of time and money in having some of the people come down to be interviewed when it wasn't necessary. Said he would suggest

on the professional ones, that he would be happy to write a letter to the associations and asked if the nominee had their concurrence.

The meeting adjourned at 4:30 p.m.