

COMMITTEE REPORT

HOUSE

4/1/81

FURTHER:

(11)

Date: May 16, 1981

Mr. Speaker:

The Committee on FINANCE has had HB 131

"An Act increasing state aid for health facilities and hospitals; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 131 (H-5) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note (#2373-1)
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING

DO PASS

Freeman
Sanct
How
Carroll
Hansen
Montgomery
H. H. H.

MEMBERS HAVING

OTHER RECOMMENDATIONS:

Sanct

 CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 131 (HESS)
 Title Increasing Aid for Health Facilities and Hospitals
 Requested by House Finance Date 5/16/81

II. FISCAL DETAIL

Agency Affected Dept. of Community & Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants/Revenue Sharing
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2373.1				

TOTAL

FUNDING (Thousands of Dollars)

GENERAL FUND		2373.1				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 5/16/81 PREPARED BY Elmer Lindstrom
 AGENCY Legislative Finance
 PHONE 465-3795
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Original sponsors: Haugen, Bettisworth,
Cato, et al

Offered: 4/1/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 131 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act increasing state aid for health facilities and
7 hospitals; and providing for an effective date."

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

9 * Section 1. AS 29.89.030(a)(1) is amended to read:

10 (1) to a municipality which has the power to provide hospital
11 facilities and services and which exercises that power, \$1,000 per bed
12 for each bed actually used for patient care, limited to the number of
13 beds provided for in the construction design of the hospital, or
14 \$250,000 [\$75,000] a hospital for those hospitals with 10 or more beds,
15 or \$50,000 [\$25,000] a hospital for those hospitals with less than 10
16 beds, as the municipality may elect; money received under this paragraph
17 may be used only for hospitals and shall be apportioned among qualify-
18 ing hospitals as the municipality determines;

19 * Sec. 2. AS 29.89.030(a)(3) is amended to read:

20 (3) to a municipality in which a health facility is operated,
21 \$1,000 per bed for each bed actually used for patient care, limited to
22 the number of beds provided for in the construction design of the
23 health facility, or \$8,000 [\$4,000] per health facility as the munici-
24 pality determines.

25 * Sec. 3. This Act takes effect July 1, 1981.
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THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 131
 Title An Act relating to state aid for health facilities and hospitals
 Requested by Haugen Date May 18, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5
TOTAL		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND		2,373.1	2,610.4	2,871.5	3,158.6	3,474.5
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME		-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

2,373,067 additional funding would be required to fund HB 131 in FY 82. A 10 percent increase per year was assumed for funding the next five fiscal years.

IV. DATE May 18, 1981 PREPARED BY Netta Crago
 AGENCY Community and Regional Affairs
 PHONE 465-4733
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

COLUMN WRITE

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	Hospitals 1000/bed	Hosp. w/10 or more beds 250000/hosp.	Hosp. w/less than 10 beds 50,000/hosp.	Health Fac. 1000/bed	Health Fac. 8000/fac.
BOROUGHS					
Anchorage	425000			325000	64000
Juneau		250000		90000	
Kenai Peninsula		500000			
Kodiak Island				27000	72000
North Slope					56000
CITIES					
Cordova		250000			24000
Craig					8000
Fairbanks	155000			66000	24000
Galena					8000
Homer					16000
Hydaburg					8000
Kenai					16000
Ketchikan		250000			8000
King Cove					8000
Klawock					8000
Nome		250000			16000
Palmer		250000			
Pelican					8000
Petersburg		250000			16000
Sand Point					8000
Saint Mary's					8000
Seldovia					8000
Seward		250000		64000	16000
Stagway					8000
Unalaska					8000
Valdez		250000			8000
Wrangell		250000			8000
Yakutat					8000
Bethel				49000	8000
57 x 8,000					456000
Total	580000	2750000		621000	896000
4,847,000					
COLA 531,716					
5,378,716					
<3,005,649>	Current Funding				
2,373,067					

Original sponsors: Haugen, Bettisworth,
Cato, et al

Offered: 4/1/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 131 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing state aid for health facilities and
7 hospitals; and providing for an effective date."

8

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

9

* Section 1. AS 29.89.030(a)(1) is amended to read:

10

(1) to a municipality which has the power to provide hospital

11

facilities and services and which exercises that power, \$1,000 per bed

12

for each bed actually used for patient care, limited to the number of

13

beds provided for in the construction design of the hospital, or

14

\$250,000 [\$75,000] a hospital for those hospitals with 10 or more beds,

15

or \$50,000 [\$25,000] a hospital for those hospitals with less than 10

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beds, as the municipality may elect; money received under this paragraph

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may be used only for hospitals and shall be apportioned among qualify-

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ing hospitals as the municipality determines;

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* Sec. 2. AS 29.89.030(a)(3) is amended to read:

20

(3) to a municipality in which a health facility is operated,

21

\$1,000 per bed for each bed actually used for patient care, limited to

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the number of beds provided for in the construction design of the

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health facility, or \$8,000 [\$4,000] per health facility as the munic-

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ipality determines.

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* Sec. 3. This Act takes effect July 1, 1981.

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POSITION PAPER
ON
HOUSE BILL 131
(Revised 3/18/81)

"An Act increasing state aid for health facilities and hospitals; and providing for an effective date."

House Bill 131 provides an increase in the amounts available under the health facilities revenue sharing program to municipalities for the operation of health facilities and hospitals. The Department recognizes the need for assistance in operations for many of the State's health facilities, particularly the small rural hospitals.

The health facility revenue sharing program, which was originated to relieve health facilities of financial strains placed upon them because of uncollectable debts, has undergone changes in support levels and perhaps in its philosophy since it was established in 1971. There have been similar efforts to increase the minimum amounts available in recent legislative sessions.

All health facilities have basic operational costs which must be supported regardless of the volume of patients available to generate revenues. This fact can perhaps best be seen by looking at the minimum requirements for a hospital.

Each hospital, whether rural or urban, must have the following basic areas in its facility through which to provide health care services:

Patient Care Including:

1 intensive care room	1 coronary care room
1 isolation room	1 psychiatric room
1 two-bed pediatric room	2 two-bed acute care rooms
1 five-crib nursery	
	TOTAL 5,600 sq. ft.

Gross square feet:

Surgical	2,400	Obstetrics	3,400
Emergency	1,100	Radiology	900
Laboratory	400	Physical therapy	500
Dietary	1,700	Administration	1,600
Central services	400	General storage	300
Laundry	700	Waste disposal	600
Morgue	400	Outpatient	2,000

COMBINED sq. ft. TOTAL 22,000

There is a basic cost of operation for this minimum hospital which results from staffing costs, building maintenance, and utilities.

The costs for building maintenance and utilities are almost entirely a function of the area of the hospital. The staffing costs are directly related to the services which are offered by the hospital and comprise the greater part of operating costs. A certain level of minimum staffing for the functions of medical records, dietary, maintenance, housekeeping, laundry, nursing, laboratory, x-ray, etc., is unavoidable and must exist in order for a hospital to provide service. Due to the low population served and thus the low levels of revenue generated, the rural hospitals and nursing homes have difficulty in meeting operating expenses. Many of the rural hospitals subsist only as a result of grants from local government.

Position Paper
for
Committee Substitute for House Bill 131

All facilities continue to experience operational cost increases as a result of inflation reflected in increased fuel costs, increased salaries and increased cost of supplies.

The health facility revenue sharing program which at present provides operational costs to facilities on a regular annual basis according to the number of patient care beds available in each facility is not sufficient to provide more than a small portion of the operating expense of rural hospitals in particular. It is the feeling of the Department that the \$250,000 amount proposed in CSHB 131 is not unreasonable.

Recommended by:

Phoebe A. Lindsey

Phoebe A. Lindsey
Director, Division
of State Health Planning
and Development

Date:

April 7, 1981

Approved by:

Helen D. Beirne

Helen D. Beirne
Commissioner

Date:

4/18/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for HB 131

Title An Act increasing state aid for health facilities and hospitals.

Requested by _____ Date 4/9/81

II. FISCAL DETAIL

Agency Affected Health & Social Services

Program Category Affected Health

BRU, Program, or Subprogram(s) Affected _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER (Specify Fund Source)		0				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE _____ PREPARED BY _____

AGENCY _____

PHONE _____

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 2/6/81
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY HAUGEN, BETTISWORTH, CATO,
FREEMAN AND GARDINER

2 HOUSE BILL NO. 131

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act increasing state aid for health facilities and
7 hospitals; and providing for an effective date."

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

9 * Section 1. AS 29.89.030(a)(1) is amended to read:

10 (1) to a municipality which has the power to provide hospital
11 facilities and services and which exercises that power, \$2,000 [\$1,000]
12 per bed for each bed actually used for patient care, limited to the
13 number of beds provided for in the construction design of the hospital,
14 or \$250,000 [\$75,000] a hospital for those hospitals with 10 or more
15 beds, or \$50,000 [\$25,000] a hospital for those hospitals with less
16 than 10 beds, as the municipality may elect; money received under this
17 paragraph may be used only for hospitals and shall be apportioned among
18 qualifying hospitals as the municipality determines;

19 * Sec. 2. AS 29.89.030(a)(3) is amended to read:

20 (3) to a municipality in which a health facility is operated,
21 \$2,000 [\$1,000] per bed for each bed actually used for patient care,
22 limited to the number of beds provided for in the construction design
23 of the health facility, or \$8,000 [\$4,000] per health facility as the
24 municipality determines.

25 * Sec. 3. This Act takes effect July 1, 1981.
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Original sponsors: Haugen, Bettisworth,
Cato, et al

Offered: 4/1/81
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2

CS FOR HOUSE BILL NO. 131 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act increasing state aid for health facilities and

7

hospitals; and providing for an effective date."

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the number of beds provided for in the construction design of the

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health facility, or \$8,000 [\$4,000] per health facility as the munici-

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pality determines.

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* Sec. 3. This Act takes effect July 1, 1981.

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POSITION PAPER
ON
HOUSE BILL 131
(Revised 3/18/81)

HB 131

"An Act increasing state aid for health facilities and hospitals; and providing for an effective date."

House Bill 131 provides an increase in the amounts available under the health facilities revenue sharing program to municipalities for the operation of health facilities and hospitals. The Department recognizes the need for assistance in operations for many of the State's health facilities, particularly the small rural hospitals.

The health facility revenue sharing program, which was originated to relieve health facilities of financial strains placed upon them because of uncollectable debts, has undergone changes in support levels and perhaps in its philosophy since it was established in 1971. There have been similar efforts to increase the minimum amounts available in recent legislative sessions.

All health facilities have basic operational costs which must be supported regardless of the volume of patients available to generate revenues. This fact can perhaps best be seen by looking at the minimum requirements for a hospital.

Each hospital, whether rural or urban, must have the following basic areas in its facility through which to provide health care services:

Patient Care Including:

- | | |
|--------------------------|----------------------------|
| 1 intensive care room | 1 coronary care room |
| 1 isolation room | 1 psychiatric room |
| 1 two-bed pediatric room | 2 two-bed acute care rooms |
| 1 five-crib nursery | |
| | TOTAL 5,600 sq. ft. |

Gross square feet:

Surgical	2,400	Obstetrics	3,400
Emergency	1,100	Radiology	900
Laboratory	400	Physical therapy	500
Dietary	1,700	Administration	1,600
Central services	400	General storage	300
Laundry	700	Waste disposal	600
Morgue	400	Outpatient	2,000

COMBINED sq. ft. TOTAL 22,000

There is a basic cost of operation for this minimum hospital which results from staffing costs, building maintenance, and utilities.

The costs for building maintenance and utilities are almost entirely a function of the area of the hospital. The staffing costs are directly related to the services which are offered by the hospital and comprise the greater part of operating costs. A certain level of minimum staffing for the functions of medical records, dietary, maintenance, housekeeping, laundry, nursing, laboratory, x-ray, etc., is avoidable and must exist in order for a hospital to provide service. Due to the low population served and thus the low levels of revenue generated, the rural hospitals and nursing homes have difficulty in meeting operating expenses. Many of the rural hospitals subsist only as a result of grants from local government.

All facilities continue to experience operational cost increases as a result of inflation reflected in increased fuel costs, increased salaries and increased cost of supplies.

The health facility revenue sharing program which at present provides operational costs to facilities on a regular annual basis according to the number of patient care beds available in each facility is not sufficient to provide more than a small portion of the operating expense of rural hospitals in particular. It is the feeling of the Department that the \$250,000 amount proposed in HB 131 is not unreasonable. The Department fails, however, to see a need or justification for the \$2,000 per bed figure in line 11 of the Bill. This per bed allocation would increase amounts to the larger hospitals while the greater need is at the smaller rural hospitals.

AS 29.89.100(3) defines "hospital" as "...a licensed hospital determined by the Department of Health and Social Services to be a general hospital;...". 7 AAC 12.010(c)(2) permits the Department of Health and Social Services to license specialized hospitals and sanatoria. A facility specializing in a particular type of care or a facility which does not provide all the services of a general hospital (e.g., major heart surgery) may qualify for licensure under 7 AAC 12.010(c)(2) as a specialized hospital. Such facilities would have needs similar to those of general hospitals with regard to revenue sharing.

Since it is possible that the Department of Health and Social Services will be licensing such facilities in the near future, the needs of such facilities should also be addressed.

Recommended by:

Phoebe A. Lindsey

Phoebe A. Lindsey
Director, Division
of State Health Planning
and Development

Date:

March 18, 1981

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

3-19-81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 135
Title An act relating to housing loans and providing for an effective date.
Requested by House Finance Committee Date 3/6/81

II. FISCAL DETAIL

Agency Affected Community and Regional Affairs
Program Category Affected Housing Assistance Division
BRU, Program, or Subprogram(s) Affected Nonconforming Housing Loans
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	70.0					
200 TRAVEL						
300 CONTRACTUAL	100.0					
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	170.0					

FUNDING (Thousands of Dollars)

GENERAL FUND	170.0					
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	2					
PART TIME						
TEMPORARY						

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

Sec. 44.47.395, of House Bill 135 establishes the Operating Loss Reserve Account, and it is recommended that \$100,000 be appropriated for this fund. The funding would be used for the specific purpose of renovation and repair on foreclosed properties; this account is to be continued from year to year.

Two additional positions are requested to be located in the Anchorage office.

One position is for a Loan Closing Clerk, responsible for reviewing loan documents, obtaining title policies, and recording loan documents to provide expeditious closing of loans.

(continued on page 2.)

IV. DATE March 6, 1981 PREPARED BY Elmer A. Lindstrom, Fiscal Analyst
AGENCY Legislative Finance Division
PHONE 465-3795/3796

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

FISCAL NOTE

HB 135

III. ANALYSIS (cont'd)

The second position is an Accounting Technician, to account for the disbursement of loan funds and to account for and monitor phased loan disbursements, for direct loans, construction loans, building material loans, and repair and renovation loans.

NOTE: Administrative costs based upon estimates provided by Community and Regional Affairs for Senate Bill 148.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB-135
Title An act relating to housing loans; and providing for an effective date.
Requested by Malone Date 2-18-81

II. FISCAL DETAIL

Agency Affected Department of Commerce and Economic Development
Program Category Affected Public Protection
BRU, Program, or Subprogram(s) Affected DIVISION OF INSURANCE

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

IV. DATE 2-18-81 PREPARED BY Kenneth C. Moore, Director
AGENCY Division of Insurance
PHONE 465-2515
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)