

Original sponsors: Malone and
O'Connell

Offered: 2/22/82
Referred: Finance

Funding Information

General Fund \$4,350,000
Other Funds -0-
\$4,350,000

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 349 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation for a grant to
7 the Kenai Peninsula Borough for hospital expansion and
8 improvement; and providing for an effective date."

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

10 * Section 1. The sum of \$4,350,000 is appropriated from the general fund
11 for payment as a grant to the Kenai Peninsula Borough for the South Peninsula
12 Hospital Service District for hospital expansion and improvement.

13 * Sec. 2. The appropriation made by this Act shall be disbursed in accor-
14 dance with AS 37.05.315 - 37.05.319.

15 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).

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Other Funds -0-
\$4,000,000

Introduced: 3/17/81
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY MALONE AND O'CONNELL

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HOUSE BILL NO. 349

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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TWELFTH LEGISLATURE - FIRST SESSION

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A BILL

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For an Act entitled: "An Act making a special appropriation to the City of
7 Homer for hospital expansion and improvement; and
8 providing for an effective date."

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

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16 070(c).

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Position Paper

House Bill 349

"An Act making a special appropriation to the City of Homer for hospital expansion and improvement; and providing for an effective date."

House Bill 349 makes a special appropriation of \$4,000,000 in the form of a grant to the City of Homer for hospital expansion.

During 1980 South Peninsula Hospital, Homer applied to the Department of Health and Social Services for certificate of need approval for the expansion and improvement of the hospital. On October 28, 1980 a Certificate of Need was issued to South Peninsula Hospital for basically the following activities:

- 0 Increase the acute care capacity from 13 to 26 beds;
- 0 Increase the long-term care bed capacity from 4 to 15 beds;
- 0 Expand the laboratory area from 240 sq. ft. to 1200 sq. ft.;
- 0 Expand the physical therapy department from 250 sq. ft. to 800 sq. ft., and;
- 0 Provide additional medical office space for 5 physicians.

The application also proposed the construction of a shelled-in space to meet the projected 1990 need. The development of the shelled-in space had not been projected and alternative architectural solutions had not been explained in sufficient detail for an evaluation of this portion of the project to be made by the Division of State Health Planning and Development. For this reason the Certificate of Need was issued under the condition that the projected development of the shelled-in space and an evaluation of alternative architectural solutions be submitted to the department demonstrating that the proposed shelled-in space is a cost-effective and reasonable solution to meet the needs demonstrated in the application. An architectural firm has been selected to develop this information and to design the hospital expansion.

During the time since the certificate of need was issued the residents of the Kenai Peninsula Borough have approved the issuance of tax exempt bonds for \$3,150,000 of the estimated \$7,150,000 total project cost.

The community of Homer increased its population by 104.2% from 1970 to 1980. Southcentral Health Planning and Development, Inc. has predicted an increase ranging from 23.8 to 64.2% in the hospital service area population between 1980 and 1985; 55.8% to 111.4% between 1980 and 1990. The fact that Homer is a rapidly growing community was a major consideration in approving the hospital proposed expansion and should be a major factor in further determining the hospital's proposed use of its shelled-in space.

As a step toward the development of a rational approach to health facility construction the Department of Health and Social Services has begun an inventory and condition survey of rural Alaskan hospitals and nursing homes. The purpose of the survey is two-fold: 1) to develop a detailed record of the current condition of each participating facility, emphasizing

physical condition and functional adequacy, and 2) to identify positive means for upgrading each facility to correct any deficiencies. This survey is scheduled for completion in mid-February, 1982. The preliminary report for the Homer facility supports the Department's decision to issue the certificate of need and recommends that the hospital proceed with the planned expansion.

Even though the final inventory and condition survey report is not yet available to provide a justifiable estimate of the costs involved in bringing the rural Alaskan hospitals up to current standards, it is evident to the Department from a reading of the preliminary reports, past contacts with the subject facilities and informal observations that several health care facilities around the State are in need of extensive renovation or replacement and that the associated costs will exceed the ability of the subject facilities to acquire the capital necessary to meet those costs. It would appear that in the absence of such state assistance in the form of grants, the renovation/replacement of rural hospitals and nursing homes will not be feasible.

The Department of Health and Social Services believes that State assistance for renovation, replacement, and expansion of existing hospitals and nursing homes in the form of grants may be appropriate for publicly owned or not-for-profit facilities; however, it is also realized that the availability of such grant funds may be limited. For this reason the Department supports the concept of state grants for hospital construction, but believes that the priority for such funds should be placed on facilities which are in need of renovation, replacement, and/or expansion in order to assure the continued offering of hospital services within their respective communities, and are unable to secure other types of financing. The Department would further recommend consideration of the development of a long range health facility construction program to equitably address the construction needs of all health facilities in the State.

Recommended by: Phoebe A. Lindsey
Phoebe A. Lindsey, Director,
Division of State Health
Planning & Development

Date: February 16, 1982

Approved by: Helen D. Beirne
Helen D. Beirne
Commissioner

Date: 2-16-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 349
Title "...to the City of Homer for hospital expansion and improvement..."
Requested by Department of health and Social Services Date 2/11/82

II. FISCAL DETAIL

Agency Affected Health and 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 82	FY 83	FY 84	FY 85	FY 86	FY 87
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 Source)		0				
		0				
		0				

POSITIONS

FULL TIME		0				
PART TIME		0				
TEMPORARY		0				
		0				

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

This Bill does not directly impact the Division of State Health Planning and Development. The amendments proposed do not change the original fiscal note which projected a -0- impact.

IV. DATE February 11, 1982

PREPARED BY Dave W. Williams

AGENCY Division of State Health Planning and Development *JCC*

Original: Legislative Finance

PHONE 465-3038

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

COMMITTEE REPORT

HOUSE

2/22

3/17/81

FURTHER: FINANCE

(5)

Date: _____

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 349

"An Act making a special appropriation to the City of Homer for hospital expansion and improvement; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 349 (New) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Mike Beirne Beirne
J. Malone Malone
B. Cato Cato
D. Smith Smith

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Terry Martin - No Comments Martin

Mike Beirne
CHAIRMAN

Request

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COMMITTEE COPY

Regan/Crow
12-1140

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