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COMMITTEE REPORT

HOUSE

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 1113 317  same title  
 new title
- and recommends no pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS

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MEMBERS HAVING OTHER RECOMMENDATIONS:

Long Master - No Amendments

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CHAIRMAN

POSITION PAPER/Department of Health & Social Services

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, and 2, to

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 support 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. Heirne  
Helen D. Heirne  
Commissioner

Date:

2-16-82

POSITION PAPER 3/Department of Health & Social Services

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)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER (Specify Source)		0				
		0				

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		0				
PART TIME		0				
TEMPORARY		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 M. Williams *Phoebe A. Lindsey*

AGENCY Division of State Health Planning and Development *JCC.*

Original: Legislative Finance  
cc: Budget and Management

PHONE 465-3130

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)