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COMMITTEE REPORT

HOUSE

FURTHER:

(5)

Date: April 15, 1982

Mr. Speaker:

The Committee on RULES has had HB 357

"An Act relating to Adult Public Assistance."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 357 (1/1) 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

[Signature]

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

CHAIRMAN

COMMITTEE REPORT

3/26

HOUSE

FURTHER: FINANCE

3/18/81

(5)

Date: 3/25/82

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 357

"An Act relating to adult public assistance."

under consideration and reports it back as follows:

[] do pass [] do not pass

[] do pass with attached amendments(s)

[x] replace with CS for HB 357 (New) [x] same title [] new title

and recommends

[] AND attaches a "Letter of Intent" [] New Fiscal Note as follows. (x) With Zero Fiscal Note to be attached to Bill

[x] reports it back without recommendation

[] referred to the Committee

MEMBERS SIGNING DO PASS

Mike Beane, ch

MEMBERS HAVING OTHER RECOMMENDATIONS:

Longwater - no rec.
Beth City - no rec
H. M. No Rec

Mike Beane
CHAIRMAN

COMMITTEE REPORT

HOUSE

4/8 Rules

FURTHER:

(11)

3/26/82

Date: 4-7-82

Mr. Speaker:

The Committee on FINANCE has had HB 357

"An Act relating to adult public assistance."

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)

[X] replace with CS for HB 357 (FIN) [X] 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

Handwritten signatures of members signing do pass, including names like Shulberg, Robert Curran, David (unclear), James (unclear), Jack (unclear), Albert H. Adams, and Montgomery.

MEMBERS HAVING OTHER RECOMMENDATIONS:

Handwritten notes under "OTHER RECOMMENDATIONS" including "R. B. Bittworth No Rec" and "Sen. Gata none".

Handwritten signature of Albert H. Adams, CHAIRMAN

HOUSE

FURTHER: FINANCE

3/18/81

(5)

Date: 3/5/82

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 357

"An Act relating to adult public assistance."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HO 357 (Hess) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back ^{as follows} without recommendation With Zero Fiscal Note to be attached to Bill
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

Mike Benson ch

MEMBERS HAVING OTHER RECOMMENDATIONS:

Terrell - no rec.
Boyd - no rec.
H. Melue No Rec

John Benson
CHAIRMAN

FURTHER:

(11)

3/26/82

Date: 4-7-82

Mr. Speaker:

The Committee on FINANCE has had HB 357

"An Act relating to adult public assistance."

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 357 (FIN) 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

[Handwritten signatures]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Handwritten signature] No Rec

[Handwritten signature]

 CHAIRMAN

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 357

Title An Act relating to adult public assistance

Requested by Rules, by request

Date March 12, 1981

II. FISCAL DETAIL

Agency Affected Health & Social Services

Program Category Affected Social & Economic Assistance Programs Aged/General Population

BRU, Program, or Subprogram(s) Affected (OAA, Aid to Blind, Aid to Disabled)

(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	0	0	0	0
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		0	0	0	0	0
400 COMMODITIES		0	0	0	0	0
500 EQUIPMENT		0	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		0	0	0	0	0
TOTAL		0	0	0	0	0

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME		0	0	0	0	0
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

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

This Bill is a "housekeeping" measure; it proposes revising Adult Public Assistance programs to better reflect current program policies and operations. It will have no measureable effect on the numbers of persons receiving assistance nor upon the amount of assistance they receive.

IV. DATE

3/12/81

PREPARED BY

John H. Lumb

AGENCY

DISS, OAA

PHONE

3147

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Dr. Hubbard 3/12/81

I. REQUEST

Bill/Resolution No. House Bill No. 357
 Title An Act Relating to Adult Public Assistance
 Requested by Rules, by Request Date 4/1/81

II. FISCAL DETAIL

Agency Affected Health & Social Services
 Program Category Affected Social and Economic Assistance for the Elderly
 BRU, Program, or Subprogram(s) Affected Old Age Assistance

(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 GPANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

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

POSITIONS

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

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

HB No. 357 will have no fiscal impact in FY82 or following fiscal years.

IV. DATE 3/31/81 PREPARED BY [Signature]
 AGENCY DHSS OPA
 PHONE 465-3347

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) M&B Approval [Signature] Date 4/1/81

STATE OF ALASKA

JAY S. HAMMONG, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

POUCH H-07
JUNEAU, ALASKA 99811

PHONE: (907) 465-3355

DOCUMENT NO. 139-82

April 12, 1982

The Honorable Albert Adams
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Adams:

During testimony before House Finance on Wednesday, April 17, I recommended several modifications to Section 6 of CSHR357 (Finance) which were not adopted prior to passage of the bill from the committee. The changes needed are as follows:

- Page 2, Line 12 - Delete wording "Unless otherwise provided by law,".
- Page 2, Line 13 - Delete word "local" preceding "government".
- Page 2, Line 23 - Add wording "with a person or local government" immediately after the phrase "under this section".

Department of Law legal counsel advises me that these changes are crucial for these reasons:

- (1) Line 12: Make it clear that the Department can enter into service delivery contracts. The wording "unless otherwise provided by law" sets up a potential catch 22 where the Department might be prevented from contracting due to the specificity of language found elsewhere in the present statutes calling for the Department to perform certain functions.
- (2) Line 13: Make it clear that the Department may contract with federal agencies to deliver departmental services. Current wording of CSHB357 restricts this flexibility to local governments only. Of particular concern is our intent to transfer the Adult Public Assistance programs to the federal government during FY83.
- (3) Line 23: Make it clear the Department may contract directly with the federal government to deliver departmental services without publishing a request for proposals. Where the Department might exercise this option, "Request for Proposals" would be inappropriate because there is only one federal government. Appropriate federal and state staff would simply negotiate the terms of any such contractual arrangement under the legal guidance of the Department of Law.

Representative Adams

-2-

April 12, 1982

The Department of Health and Social Services and the Department of Law continue to support the need for the above referenced changes. Any assistance you may be able to offer in this regard will be greatly appreciated.

Sincerely,



Rod Betit
Director

cc: Thomas H. Robertson,
Assistant Attorney General

Allen Korhonen,
Deputy Commissioner

Alice Farnan

HB 357

March 18, 1981

The Honorable Jim Duncan
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would revise and consolidate existing statutes dealing with adult public assistance. The primary purpose of this bill is to recognize the existence of supplemental security income (SSI) and the elimination of separate aged, blind, and disabled programs on the federal level. (See 42 U.S.C. 1381 et seq.; and P.L. 92-603, sec. 303(a) and (b), which repealed 42 U.S.C. 301 et seq. [old age], 1201 et seq. [blind], and 1351 et seq. [disabled].)

This bill would eliminate duplication and make incidental corrections and other technical improvements. This should increase clarity, efficiency of administration, and the ease of future amendments. Substantive changes are minimal. This bill would not alter the amounts to be paid recipients of adult public assistance.

A section-by-section description is attached for your convenience.

Sincerely,

S/SSH

Jay S. Hammond
Governor

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

POUCH H 01
 JUNEAU, ALASKA 99811
 PHONE: 465-3030

March 17, 1982

DOCUMENT NO. 92-82

The Honorable Jalmar M. Kerttula
 Senator
 Senate President
 Alaska State Legislature
 Pouch V
 Juneau, AK 99811

Dear Senator Kerttula:

COST OF CARE RATE HEARINGS
REPORT TO THE LEGISLATURE

Alaska Statutes, 47.05.010 (14), mandate that a public meeting be held by the Department of Health and Social Services "...in February to review, study and propose the necessary levels of care and the rates it [the department] will pay to anyone for the services required during the succeeding year; before final adoption by the department, the proposed levels of care and the rates of payment shall be reviewed by the Legislature annually while in session..."

The meetings to conform to the statutes were held during February, 1982, as required. Testimony was presented on both the rates of payments and the levels of care during the hearing process.

Attachment 1 predicts FY 83 institutional child care daily rates within Alaska computed based on the FY 82 provisional rates which have been adjusted upward by 8% to compensate for actual costs incurred above the provisional rates for the first half of FY 82. The adjusted FY 82 provisional rates have then been increased by 11% to include the minimum salary/COLA increase recommended by the majority of providers at the meeting in February. (Some providers stated their belief that a salary/COLA increase for FY 83 of as high as 14% was warranted.) If the institutional child care rates shown in Attachment 1 are approved by the Legislature, the FY 83 budget is underfunded by \$2,363,380.

INSTITUTIONAL PAYMENTS REQUESTED BY IN-STATE PROVIDERS
AT HEARINGS

Estimated Cost	\$13,235,806
Governor's Budget	10,872,426
Underfunding	\$ 2,363,380

At the time the FY 83 budget was submitted, it was noted that revisions may be needed following the statutorily required hearings.

Attachment 2 estimates FY 83 institutional child care daily rates within Alaska based on the FY 82 provisional rates adjusted upward by 8% to compensate for the actual costs incurred above the FY 82 provisional rates during the first half of FY 82. (Note: this estimate does not include the 11% minimum salary/COLA increase recommended by providers). If the institutional child care rates shown in Attachment 2 are approved by the Legislature, the FY 83 budget is underfunded by \$1,051,342.

IN-STATE INSTITUTIONAL CARE COSTS AS BUDGETED FOR FY 83
BY THE DEPARTMENT VERSUS PROJECTION FOR FY 83
BASED ON FY 82 ACTUAL COSTS

Estimated Cost	\$11,923,767
Governor's Budget	10,872,426
Underfunding	<u>\$ 1,051,342</u>

The Department prepared the FY 83 budget request for institutional child care within the State with a 5% increment for allowable costs not covered in the provisional FY 82 rates plus a 6% COLA. The actual average daily rate for the first six months of FY 82 was higher than expected because the adjustment for actual allowable costs exceeded the 1.8% budgeted for FY 82 by 13.8%. (The FY 82 base rate of \$109.96 was 15.6% over the FY 81 rate of \$84.84). Attachment 3 provides additional detail on rate increases for the period from FY 79 through the first half of FY 82. This attachment also shows that there has been an increase of about \$48.00 in the average daily institutional child care rate actually paid over the years from FY 79 through the first half of FY 82.

Under either of the funding alternatives shown above for FY 83, additional funds would be required. If the appropriation is not revised, the department will not be able to purchase services from any new institution or program not now in existence or provide increases in rates beyond FY 82 levels and may not be able to continue purchasing services from all institutions currently providing child care.

Attachment 4 portrays graphically that there has been an increase of about 78% in the average daily institutional child care rate actually paid over the period from FY 79 through the first half of FY 82. Since 264 full-time equivalent (FTE) years of child care will be purchased during FY 83 at a total cost of \$13,235,800, that equates to approximately \$50,000 a year per FTE.

Full allowable expenditures incurred for FY 83 must be paid to child care institutions unless the Legislature repeals the full-cost-of-care statute or amends it to permit this department to obtain and accept, via the State's contracting process, the most cost effective, professionally acceptable, proposals for providing institutional child care. Under the State's

competitive contracting process for obtaining professional services it should be possible to effect a degree of cost containment with respect to the escalating costs in this program area.

FOSTER CARE RATES

Foster Care rates were developed and presented in the FY 82 budget assuming an 8% change in the Consumer Price Index for an estimated average daily rate of \$17.46. Attachment 5 displays the budgeted versus projected rates for foster care for FY 83 and shows that the amount budgeted is adequate.

FOSTER CARE COSTS

Governor's Budget	\$3,371,914
Estimated Cost	3,339,400
Balance	<u>\$ 32,514</u>

Sincerely,



Helen D. Beirne
Commissioner

Enclosures

PROJECTED FINANCING PLAN
FULL COST OF INSTITUTIONAL CHILD CARE FOR FY 83

PROVIDER	FY 82 PROVISIONAL RATE	+	ALLOW EXP. ADJUST. 8%	+	COLA INCREASE 11%	=	FY 83 PROPOSED RATE	X	STATE CENSUS	=	ANNUAL COST
ALASKA CHILDRENS SER.											
RECEIVING HOMES	\$149.85		11.99		17.81		179.65		5,146		\$ 924,479
AQUARIUS HOUSE	107.60		8.61		12.79		129.00		1,825		235,425
COLLETTI HOUSE	117.51		9.40		13.96		140.87		1,679		236,521
NORTH STAR	103.55		8.29		12.31		124.15		1,679		208,448
RABBIT CREEK	166.40		13.32		19.77		199.49		2,957		589,892
JESSE LEE HOME	165.46		13.24		19.66		198.36		13,323		2,642,750
BETHEL GROUP HOME	59.06		4.73		7.02		70.81		1,351		95,664
BETHEL REC. HOME	75.52		6.05		8.98		90.55		1,314		118,993
COVENANT HOUSE	51.16		4.10		6.08		61.34		256		15,703
HILLTOP HOME	85.53		6.85		10.17		102.55		5,986		613,864
JUNEAU RECEIVING	105.17		8.50		12.62		127.29		4,271		543,656
KENAI PENN. COMM.	91.74		7.34		10.90		109.98		2,519		277,040
KETCHIKAN											
TEEN HOME I	74.26		5.94		8.83		89.03		3,030		269,761
TEEN HOME II	81.61		6.53		9.70		97.84		2,446		239,317
KODIAK BAPTIST MISS.	61.61		4.93		7.32		73.86		6,242		461,034
HOME RECEIVING	116.97		9.36		13.90		140.23		1,241		174,025
NORTH SLOPE BOROUGH	168.35		13.47		20.00		201.82		2,372		478,717
NORTH STAR-DOT LAKE	62.25		4.98		7.40		74.63		4,234		315,983
PRESEYTERIAN HOSP. & "R" HOUSE	111.98		8.96		13.31		134.25		8,359		1,122,196
BOOTH MEMORIAL HOME	146.90		11.76		17.46		176.12		4,818		848,546
SITKA RECEIVING	40.66		3.26		4.84		48.76		1,679		81,868
TURNING POINT RANCH	105.37		8.43		12.52		126.32		13,140		1,659,345
ST. JUDE CENTER	72.33		5.79		8.60		86.72		73		6,331
KETCHIKAN INTENSIVE	152.56		12.21		18.13		182.90		1,460		257,034
KOTZEBU - NEW	168.35		13.47		20.00		201.82		1,825		368,322
AK BAPTIST FAM. CTR.	117.02		9.37		13.91		140.30		3,139		440,402
									<u>96,364</u>		<u>\$13,235,806</u>
							<u>\$137.36 CPU</u>		<u>264 FTE</u>		<u>\$13,235,806</u>

PROJECTED PAYMENTS FOR FULL COST OF
INSTUTIONAL CHILD CARE FOR FY 83 EXCLUDING COLA

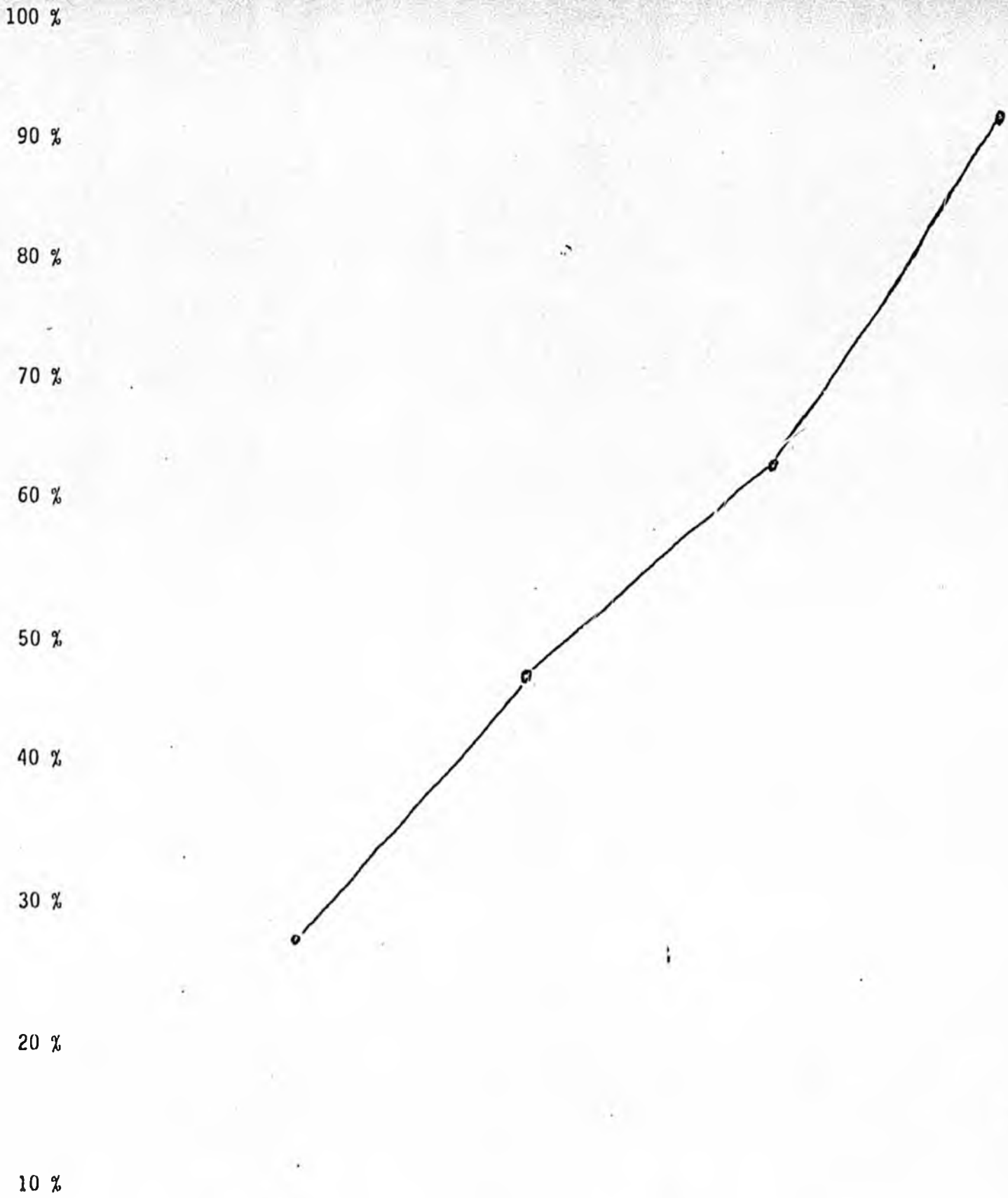
<u>PROVIDER</u>	<u>FY 82 PROVISIONAL RATE</u>	<u>+</u>	<u>ALLOW EXP. ADJUST. 8%</u>	<u>+</u>	<u>COLA INCREASE -0-%</u>	<u>=</u>	<u>FY 83 PROPOSED RATE</u>	<u>X</u>	<u>STATE CENSUS</u>	<u>=</u>	<u>ANNUAL COST</u>
ALASKA CHILDRENS SER. RECEIVING HOMES	\$149.85		11.99		-0-		161.84		5,146		\$ 832,829
AQUARIUS HOUSE	107.60		8.61		-0-		116.21		1,825		212,083
COLLETTI HOUSE	117.51		9.40		-0-		126.91		1,679		213,082
NORTH STAR	103.55		8.29		-0-		111.84		1,679		187,779
RABBIT CREEK	166.40		13.32		-0-		179.72		2,957		531,432
JESSE LEE HOME	165.46		13.24		-0-		178.70		13,323		2,380,820
BETHEL GROUP HOME	59.06		4.73		-0-		63.79		1,351		85,180
BETHEL REC. HOME	75.52		6.05		-0-		81.57		1,314		107,183
COVENANT HOUSE	51.16		4.10		-0-		55.26		256		14,147
HILLTOP HOME	85.53		6.85		-0-		92.38		5,986		552,987
JUNEAU RECEIVING	106.17		8.50		-0-		114.67		4,271		489,756
KENAI PENN. COMM. KETCHIKAN	91.74		7.34		-0-		99.08		2,519		249,583
TEEN HOME I	74.26		5.94		-0-		80.20		3,030		243,006
TEEN HOME II	81.61		6.53		-0-		88.14		2,446		215,590
KODIAK BAPTIST MISS.	61.61		4.93		-0-		66.54		6,242		415,343
NOME RECEIVING	116.97		9.36		-0-		126.33		1,241		156,776
NORTH SLOPE BOROUGH	168.35		13.47		-0-		181.82		2,372		431,277
NORTH STAR-DOT LAKE	62.25		4.98		-0-		67.23		4,234		284,652
PRESEYTERIAN HOSP. & "R" HOUSE	111.98		8.96		-0-		120.94		8,359		1,010,937
BOOTH MEMORIAL HOME	146.90		11.76		-0-		158.66		4,818		764,424
SITKA RECEIVING	40.66		3.26		-0-		43.92		1,679		73,742
TURNING POINT RANCH	105.37		8.43		-0-		113.80		13,140		1,495,332
ST. JUDE CENTER	72.33		5.79		-0-		78.12		73		5,703
KETCHIKAN INTENSIVE	152.56		12.21		-0-		164.77		1,460		240,554
KOTZEBUE - NEW	168.35		13.47		-0-		181.82		1,825		331,822
AK BAPTIST FAM. CTR.	117.02		9.37		-0-		126.39		3,139		396,728
									<u>96,364</u>		<u>\$11,923,767</u>
							<u>\$123.74 CPU</u>		<u>264 FTE</u>		<u>\$11,923,767</u>

COMPARISONS OF DEPARTMENTAL ALLOWANCES FOR IN STATE CHILD CARE INSTITUTIONAL INCREASES
AND ACTUAL INSTITUTIONAL RATE INCREASES OVER DEPARTMENTAL ALLOWANCES

AVERAGE DAILY RATE INCREASES: FISCAL YEAR 1979 - 1982 (SIX MONTHS)

FISCAL YEAR	DEPARTMENTAL DECISIONS	ACTUAL RATE INCREASE	INSTITUTIONAL EXCESS RATE INCREASE OVER DEPARTMENTAL PERCENTAGE ALLOWANCES	AVERAGE DAILY RATES (ALL INSTITUTIONS)
1979	5% SALARY INCREASE 6% COST-OF-LIVING INCREASE 5.4% AVERAGE INCREASE	28.2%	+22.8%	\$ 61.95
1980	7% SALARY INCREASE 10% OTHER EXPENSE INCREASE 8.5% AVERAGE INCREASE	20.3%	+11.8%	74.52
1981	12% ACROSS-ALL-EXPENSES INCREASE INCLUDING SALARIES	13.8%	+ 1.8%	84.84
1982 - (6 MONTHS) JULY 1, 1981 - DEC 31, 81	14% ACCROSS-ALL-EXPENSES INCREASE INCLUDING SALARIES	29.6%	+15.6%	109.96

FY 1979 - 1982
COMBINED and CUMULATIVE



DAILY RATE	$\frac{\$61.95}{1979}$	$\frac{\$74.52}{1980}$	$\frac{\$84.84}{1981}$	$\frac{\$109.96}{1982}$ (First Half)
AVERAGE (ALL INSTITUTIONS)				

CLIENT AGE

<u>REGION</u>	<u>4 & UNDER</u>	<u>5 THRU 11</u>	<u>12 & OVER</u>
SOUTHCENTRAL	12.50	13.83	16.52
NORTHERN	14.36	15.88	18.97
SOUTHEASTERN	12.50	13.83	16.52
WESTERN	16.55	13.30	21.86
NORTHWESTERN (Includes Barrow)	17.14	13.96	22.65
SOUTHERN	12.50	13.83	16.52

MEMORANDUM

State of Alaska

TO: Commissioner Helen D. Beime
Department of Health and Social
Services

DATE: March 11, 1982

FILE NO:

TELEPHONE NO: 465-2200

FROM: Robert L. Rehfeld *RLR*
Hearing Officer
Department of Administration

SUBJECT: Alaska Childrens
Services (ACS) vs.
Department of Health
& Social Services -
Appeal of Disapproval
Expenditures

Attorneys for Alaska Childrens Services (ACS) have given notice that ACS is appealing your decision to disallow certain costs claimed by ACS for Fiscal Years 1978 and 1979 for the purpose of computing the purchase of services rate for the following years. The claim is submitted to the Department of Administration under AS 44.77.020.

In accordance with AS 44.77.020 this department is charged with reviewing the merits of a disallowed claim and shall make a decision to affirm, modify, or reverse the decision of the Officer who denied the claim under AS 44.77.010.

Upon receipt of this notice, you are requested to transmit to the Department of Administration all papers and memoranda which support your decision to deny the claim of ACS.

At a mutually agreed upon date, a hearing will be scheduled. I will be contacting you in the near future to set a time and place for the hearing.

RLR/mjc



FULL COST OF CARE

§ 47.37.270 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.37.270

Sec. 47.37.270. Definitions. In this chapter

(1) "alcoholic" means a person who habitually lacks self-control in using alcoholic beverages, or uses alcoholic beverages to the extent that his health is substantially impaired or endangered, or his social or economic function is substantially disrupted;

(2) "approved private treatment facility" means a private agency meeting the standards prescribed in § 140(a) of this chapter and approved under § 140(c) of this chapter;

(3) "approved public treatment facility" means a treatment agency operating under the direction and control of the office or providing treatment under this chapter through a contract with the office under § 130(g) of this chapter and meeting the standards prescribed in § 140(a) of this chapter and approved under § 140(c) of this chapter;

(4) "commissioner" means the commissioner of health and social services;

(5) "coordinator" means the coordinator of the office of alcoholism;

(6) "department" means the Department of Health and Social Services;

(7) "emergency service patrol" means a patrol established under § 230 of this chapter;

(8) "incapacitated by alcohol" means a person who is unconscious or has his judgment otherwise so impaired that he is incapable of realizing and making a rational decision with respect to his need for treatment, as evidenced objectively by extreme physical debilitation, physical harm or threats of harm to others or chronic inability to hold regular employment;

(9) "incompetent person" means a person who has been adjudged incompetent by the appropriate court;

(10) "intoxicated person" means a person whose mental or physical functioning is substantially impaired as a result of the use of alcohol;

(11) "office" means the office of alcoholism within the Department of Health and Social Services;

(12) "treatment" means the broad range of emergency, outpatient, intermediate, and inpatient services and care which may be extended to alcoholics and intoxicated persons, including diagnostic evaluation, medical, psychiatric, psychological, and social service care, vocational rehabilitation and career counseling. (§ 1 ch 207 SIA 1972)

Quoted in *Peter v. State*, Sup. Ct. Op. No. 1112 (File No. 2185), 531 P.2d 1263 (1975).

Chapter 40. Purchase of Services.

Section	Section
10. Purchase of services	50. Services
20. Licensing and supervision	60, 70. [Repealed]
30. Required accounting procedures	80. Definitions
40. Determination of full cost of services	

Sec. 47.40.010. Purchase of services. (a) When the department purchases services for persons for whom the state has assumed responsibility under the laws of the state, the department shall

- (1) adopt regulations establishing the levels of care to be provided;
- (2) determine the rates of payment for the full cost of services required;
- (3) pay all expenses related directly to the full cost of services at the levels of care required;
- (4) make the placement of persons in accordance with the levels of care provided for in the regulations.

(b) Services of jails and other penal institutions may not be included in services purchased by the state in this chapter. (§ 1 ch 136 SLA 1970)

Sec. 47.40.020. Licensing and supervision. Anyone providing services which are purchased by the department under this chapter shall, if required by the department, be licensed and supervised in the same manner as boarding homes, foster homes and other institutions as provided for in AS 47.35.010 — 47.35.080. (§ 1 ch 136 SLA 1970)

Sec. 47.40.030. Required accounting procedures. Anyone who solicits or receives funds from the department for the cost of services provided under this chapter shall

- (1) meet accepted standards of fiscal accountability for public funds and shall, upon request, submit a complete financial statement by an independent, certified public accountant to the department and to the division of legislative audit;
- (2) upon request before the meetings provided for in AS 47.05.010 (14), demonstrate the actual cost of services offered and cost accounting procedures as provided for by the department;
- (3) upon request, furnish the division of legislative audit all financial information, books, records, and accounts pertaining to services paid for under this chapter. (§ 1 ch 136 SLA 1970)

Sec. 47.40.040. Determination of full cost of services. (a) In this chapter, "full cost" of services shall be determined by the per person, per day cost in the preceding fiscal year plus a proportionate share of anticipated cost of living and staff salary increment increases for the fiscal year for which the full cost of services, determined to be necessary by the department, is being determined. Child care costs for foster homes shall be computed in the same manner as for child care and nursing home institutions except that no salary costs may be considered.

- (b) Full cost of services does not include the following:
- (1) expenses, including salaries and fees, incurred in raising funds;
 - (2) funds expended for construction, major equipment and other capital expenditures;
 - (3) depreciation and replacement costs of, and costs of additions to, major property and equipment;
 - (4) religious training and education; and

§ 47.40.050 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.40.080

(5) services provided which are substandard to, or exceed, the requirements of the department. (§ 1 ch 136 SLA 1970)

Sec. 47.40.050. Services. When determining the levels of service to be required the department shall consider program services as outlined within the Catalogue of Functional or Program Service Categories published by the United Funds and Councils of America, September 1967. (§ 1 ch 136 SLA 1970)

Sec. 47.40.060. Temporary placement.

Repealed by § 1 ch 210 SLA 1970.

Editor's note. — The repealed section, which never took effect, derived from § 1, ch. 136, SLA 1970, and stated: "Temporary placement. (a) When anyone places a person in a borough, city, community or private hospital, institution, or agency pending establishment of state responsibility for his care, the department is not responsible for the cost of services purchased until the department officially

assumes responsibility for his care as provided for under the laws of the state.

(b) When the department temporarily places a person in a borough, city, community or private hospital, institution, or agency pending the determination of its responsibility it shall pay the actual cost of the services provided rather than the level authorized by regulation." See 1970 Senate Journal, p. 1060.

Sec. 47.40.070. Permanent placement.

Repealed by § 1 ch 210 SLA 1970.

Editor's note. — The repealed section, which never took effect, derived from § 1, ch. 136, SLA 1970, and stated: "Permanent placement. When the department places a person for whom it has assumed responsibility in a borough, city, community or private hospital, institution, or agency it shall, when offered, purchase

a level of care the department considers necessary to provide that person with reasonable rehabilitation services over and above the established level of care securing ordinary safety, comfort and general welfare." See 1970 Senate Journal, p. 1060.

Sec. 47.40.080. Definitions. In this chapter

(1) "anyone" means any person, city, organized borough and private or voluntary institution or agency;

(2) "services" means family, child welfare and nonprofit nursing home services but does not include health, hospital, profit-making nursing homes or medical services;

(3) "department" means the Department of Health and Social Services. (§ 1 ch 136 SLA 1970; am § 2 ch 210 SLA 1970; am § 55 ch 71 SLA 1972)

Effect of amendment. — The 1972 amendment added paragraph (3).

report on ch. 71, SLA 1972 (HCSSB 383 am H), see 1972 House Journal, p. 898.

Legislative committee report. — For

465-3030

DOCUMENT NO. 122-82

March 31, 1982

The Honorable John Fuller
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Fuller:

You have requested suggestions for language modifying AS 47.40, the "full cost of care" statute, in order to enable the Department to accommodate the reduction of \$2 million made by the House Finance Committee in the institutional care component of the Division of Family and Youth Services' budget.

At the onset, I would like to emphasize that statutory change will not enable us to approach a FY 1982 level of service in FY 1983 in the face of a \$2 million budget cut. The figure suggested by the Department was \$943,700. At the lower level of funding, it will be necessary to curtail placements to a significant degree and, in effect, place children who would be better served in an institutional setting in other types of care. We anticipate problems in finding alternative placements because of the nature of the juveniles who are usually placed in institutions.

However, regardless of the level of budget reduction, there are two approaches to the full cost of care statute which would help to control the costs of this program. The first, and the one the Department prefers, is a repeal of AS 47.40 in its entirety. The language necessary to accomplish this would simply be "AS 47.40 is repealed". The Department would then attempt to purchase services through a contracting mechanism for which there is existing authority.

We have heard that there may be a lack of support in the Legislature for complete repeal of the statute and also that certain of the providers may refuse to contract at a rate affordable with a significantly reduced appropriation. However, we also understand that residential care providers in Bethel, Juneau and Nome have indicated acceptance of repeal.

A second approach is amendment of the statute. At a minimum, an amendment would have to provide for exclusion of donations, other grant income or other sources of supplemental funds for the calculation of full cost of care. Some suggested language has been drafted by the President of the Residential Child

March 31, 1982

Care Association and a copy is enclosed. We understand that such an amendment is under consideration in the Senate Finance Committee and may be included as part of SB 651. We have not seen the actual language which may be adopted.

While we would prefer repeal, we could accept an amendment excluding other income in calculating cost. Since we need some mechanism for cost control of this program, we hope that a modification can be achieved this session. It would appear to be a matter of political judgement as to which alternative is achievable.

If you need additional information, please contact John Pugh, Director of the Division of Family and Youth Services, at 465-3170.

Sincerely,



Helen D. Beirne
Commissioner

Enclosure

HDB:DFT/j1

CS for Senate Bill No. 651 (HESS) is presently in Senate Finance. This new section relating to other sources of revenue could be added to this bill.

Section 2. AS 47.40.040(b) is repealed and re-enacted to read:

- (b) Full cost of services does not include the following:
- (1) expenses, including salaries and fees, incurred in raising funds;
 - (2) funds expended for construction, major equipment and other capital expenditures;
 - (3) program and administrative expenses supported by private contributions, grants, and other supplemental funding sources;
 - (4) religious training and education; and
 - (5) services provided which are substandard to, or exceed, requirements of the department (§ 1 ch 136 SLA 1970)

SECTION-BY-SECTION DESCRIPTION

Sec. 1. This section amends AS 44.29.020, which prescribes various duties of the Department of Health and Social Services, to refer to administration of "adult public assistance" rather than to administration of separate programs for "old age assistance" and "aid to the blind".

Secs. 2, 3, and 4. These sections accomplish the same thing with respect to AS 47.05.010(1), (2), and (5), respectively.

Sec. 5. This section accomplishes the same thing in AS 47.05.050, without having to eliminate reference to "aid to the blind" because that section currently does not refer to that program.

Sec. 6. This section changes the title of art. 4 of AS 47.25 and amends AS 47.25.430 to address all three components of adult public assistance.

AS 47.25.430, as amended in this section, collects significant provisions of former AS 47.25.430 (aged), AS 47.25.620 (blind), and AS 47.25.790 (disabled). The reference to "65 years" is deleted from AS 47.25.430 and put in the definitions section -- AS 47.25.615. A definition of "resident" which parallels language of the Social Security Act is added in place of AS 47.25.780(4). Specific reference to the Alaska Pioneers' Home is deleted. A definition of "public institution," broad enough to include it, is added to AS 47.25.615. Citations are appropriately changed and several phrases are modified in the interest of style.

Sec. 7. The language of AS 47.25.435 is amended to include all income exclusions specified in federal law. The SSI exclusions are included to assure that recipients of Adult Public Assistance will be eligible for Medicaid.

Reference to regulatory authority is deleted because it is addressed in AS 47.05.010. This section also includes a citation change necessitated by the consolidation of provisions.

- Sec. 8. This section simply clarifies AS 47.25.450.
- Sec. 9. This section amends AS 47.25.460. Subsection (b), as amended, consolidates the language of former AS 47.25.480 and AS 47.25.510 with this section. Other provisions are clarified. The deleted sentence in (d) (formerly (c)) relates to a procedure which the modern level of mail service renders unnecessary.
- Sec. 10. This section makes a citation change in AS 47.-25.470.
- Sec. 11. This section amends AS 47.25.500. Subsection (a) is amended to add clarity and to make it clear that there will be no prehearing termination of benefits, in accordance with United States Supreme Court decisions on this subject. Also, in the sentence on enforcement actions, the term "shall" is changed to "may" to conform to corresponding provisions in former AS 47.25.740 (blind) and AS 47.25.920 (disabled); this will assure continued prosecutorial discretion in the attorney general. Subsection (b) is amended to allow the department, within certain guidelines, to waive or reduce the amount to be recovered. The former language of this subsection is deleted to reflect the fact that the federal government awards SSI benefits independently.
- Sec. 12. This section makes minor, technical amendments to AS 47.25.515.
- Sec. 13. This section amends AS 47.25.520 to eliminate archaic language.
- Sec. 14. This section makes a citation change in AS 47.-25.550.

- Sec. 15. This section makes technical amendments to AS 47.25.580, including one related to the deletion of the former language of AS 47.25.500(b).
- Sec. 16. This section makes citation and name changes in AS 47.25.590. It also adds language relating to relations with the federal government which derives from former AS 47.25.930.
- Sec. 17. This section amends AS 47.25.600 to reflect the terminology of the new criminal code. A class B misdemeanor is punishable by up to 90 days in jail, a \$1000 fine, or both.
- Sec. 18. This section amends AS 47.25.610 to proscribe violation of both statutes and regulations. Confusing language concerning "no other penalty" is deleted. Reference is also made to a class B misdemeanor.
- Sec. 19. This section, which derives from AS 47.25.780 and AS 47.25.960, includes the definitions mentioned above.
- Sec. 20. This section repeals statutes which are unnecessary or which concern matters that are readily addressed by regulation.

This is background information on the history of full cost of care which Allipon provided

Repealing the full cost of care statute (AS 47.40) will allow the State to (1) contract for only the beds it needs and reduce overall expenditures, (2) provide equalization of rates on a regional basis (for example, urban rates are higher because they benefit from private donations, fund-raising drives; equalization on a regional basis will spread out the money more equitably around the state and into rural areas), (3) the repeal will allow a specialized foster care program to be established whereby foster families are provided with a daily rate of funding, resulting in the placement of more children in foster homes rather than in institutions.

Currently AS 47.40 states that the State must pay based on total expenditures from last year; thus the State is picking up the tab in future years for any other income received by institution (private donation, community contributions, etc.). AND

if the institution is licensed for 10 children but cares for only 5, the overhead costs must be paid for 5 rather than 10 individuals thereby effectively increasing rates. Because the state must pay at the higher rates if the institution is only half full, the institutions are not encouraged to maintain occupancy at most cost-effective levels. In FY 81, average occupancy rates over all institutions was only 70%, yet the state paid the overhead costs (included in daily rate calculation) as if the institutions were 100% filled.

per Div. of Budget + Management

The providers of institutional care met with the Department of Health and Social Services and proposed a compromise which would amend (rather than repeal) AS 47.40. While the department advocates repeal, it agreed that the amendment represented a step in the right direction. The amendment removed private contributions, grants and other supplemental funding sources from calculating the full cost of services.

In addition, the providers told H&SS that salaries and COLA for FY 83 would be held at the FY 82 level to absorb a legislative budget reduction, but subsequent correspondence from John Garvin (President of Alaska Association of Homes for Children, Inc.) reflects that should the Legislature adopt the Governor's revised budget of \$10.9 million for Institutional Care (\$1 million less than Governor's original request), one of three alternatives to be considered by the Association in addressing the \$1 million cut is

"to support the Association in bringing litigation against the State for the salary/COLA increases mandated by AS 47.40.040(a)."

Thus the effort by the providers to amend the Statute to effect a cost savings to the State has little meaning should the providers turn to suing the State, ~~for~~ -- even after they told the department that salaries and COLA would be held at the FY 82 level to absorb a legislative budget reduction..

John Pugh (Director of the Family & Children's Svcs Division, DHSS) and/or Marsha Hubbard (Budget Director for DHSS) will be present to answer any questions.

CS for Senate Bill No. 651 (HESS) is presently in Senate Finance. This new section relating to other sources of revenue could be added to this bill.

Section 2. AS 47.40.040(b) is repealed and re-enacted to read:

(b) Full cost of services does not include the following:

- (1) expenses, including salaries and fees, incurred in raising funds;
- (2) funds expended for construction, major equipment and other capital expenditures;
- (3) program and administrative expenses supported by private contributions, grants, and other supplemental funding sources;
- (4) religious training and education; and
- (5) services provided which are substandard to, or exceed, requirements of the department (§ 1 ch 136 SLA 1970)

alaska association
of
homes for children, inc.

*Serving the Residential Care and Treatment Needs
of Alaska's Children through Voluntary Member Agencies*

Address correspondence to:

March 26, 1982

MEMORANDUM

TO: Member Agency Executives of AAHC Copy: John Pugh, DFYS Director
FROM: John C. Garvin, President
RE: Proposed Amendments to AS 47.40

There has been a strong move in the Department of Health and Social Services and the Alaska State Legislature to repeal AS 47.40 (the Full Cost of Care Statute) due to the Department's lack of control over escalating cost of care rates. Some of this increase is due to agencies being able to use private contributions for cost reimbursable expenses.

At meetings in Juneau on March 25 I arrived at a possible compromise as an alternative to the repeal of AS 47.40. It is based on amending AS 47.40 to disallow expenses paid for by private donations, grants, interest earned, etc. These currently tend to inflate total State expenditures to providers by more than one-half million dollars annually.

The proposed amendments also permit depreciation and capital expenses up to \$25,000 to become allowable costs in rate determination while specifically excluding certain education related expenses.

In order to facilitate the legislative process, it is proposed that these amendments to AS 47.40 be included in a bill already in the legislative system, Committee Substitute for Senate Bill 651 (CSSB 651). It is expected that this bill will soon be acted upon by the Senate Finance Committee. The original CSSB 651 amends AS 47.40 to allow for paid, specialized foster homes.

A copy of CSSB 651 with the proposed additional amendments is appended for your careful consideration. I am also appending a copy of AS 47.40 with the suggested changes noted.

I shall try to arrange a conference telephone call for Friday, April 2nd, at which time we can together discuss this matter. Please obtain input from your Board of Directors if possible prior to our telephone call. Should you not be able to participate in the conference call, please call me direct with your input.

We are still planning to have the special meeting of the Association on Monday, April 26th, 2:00 p.m., at the Baranof Hotel in Juneau.

JCG:cm (Enclosures)

P.S. I am including a second memorandum pertaining to the State budget for FY 1983 for your consideration.

John C. Garvin, Ph.D., President • Phone 907-275-4515 • 1200 E. 27th Avenue, Anchorage, Alaska 99504

Several of the private agencies are filled to capacity with waiting lists for certain types of very troubled children. As more unstable families continue to migrate to Alaska in search of employment, the case loads are continuing to grow. Regional treatment centers for the severely disturbed children are urgently needed in Fairbanks and Juneau. Some provision must be made for expanding and improving the current services.

According to Department of Labor cost of living studies, it is anticipated that inflation will continue at approximately six percent through the coming year. Housing costs, especially, will continue to rise rapidly; and employees as well as the agencies must anticipate continued escalation in the cost of living. A minimum of six percent will be needed by the agencies to cover salary increases and other inflation-related cost of living increases.

JCG
3/26/82

alaska association
of
homes for children, inc.

*Serving the Residential Care and Treatment Needs
of Alaska's Children through Voluntary Member Agencies*

Address correspondence to:

March 26, 1982

MEMORANDUM

TO: AAHC Member Agency Executives
FROM: John C. Garvin, President
RE: Proposed FY '83 State Budget Considerations

In behalf of the Association I attended the House of Representatives' Finance Committee budget hearings in Juneau on March 24. The Committee approved a Department of Health and Social Services (DHSS) budget that included the appropriation for FY '83 for residential child care facilities.

In this budget the Department and the Governor had requested 11.9 million dollars for residential child care services. The House Finance Committee reduced this by two million dollars, cutting the amount down from 11.9 million dollars to 9.9 million.

At the rate hearings in February, we concluded that 13.2 million dollars would be needed if an 11 percent salary/COLA increase, and a three percent employee benefit/retirement increase were granted. The current FY '82 budget for residential care is 10.9 million dollars.

The action of the House Finance Committee will leave a shortfall of approximately one million dollars available for next year in relation to the current funding level of 10.9 million. The Department estimates that they will have to reduce placements in our private facilities by approximately 50 children per day statewide unless this amount can be increased.

It is essential, therefore, that the Senate Finance Committee and ultimately the Alaska State Legislature approve an appropriation of at least the 11.9 million dollars requested by the Department/Governor in the original FY '83 budget request. A revised Governor's budget, soon to be made public, is reported to reduce the initial 11.9 million to approximately 10.9 million. This, of course, provides for no increases over the current FY '82 funding level of 10.9 million dollars.

If only 10.9 million dollars is appropriated, no rate increases at all will be possible unless placements are reduced in some or all of our private agencies.

(over)

As an Association, as well as individual agencies, we need to consider several courses of action which include:

(1) How to persuade the Department/Governor and the Legislature to increase our appropriation to the 13.2 million dollars needed to improve services and salaries. Failing in this, we need to prevail upon the Legislature to adopt a budget which includes 11.9 million dollars needed if cost of care rates are to be increased at all in FY '83.

(2) What to do should only the current 10.9 million be approved for next year. Possibilities:

(a) Each agency agree to continue at its FY '82 rate.

(b) Plan for program cuts necessary to survive should the Department reduce placements by approximately 10 percent.

(c) Support the Association in bringing litigation against the State for the salary/COLA increases mandated by AS 47.40.040(a).

(3) What to do should the House Finance Committee's recommendation of 9.9 million dollars or less be the final appropriation, thus requiring a 20 percent reduction or greater in the number of placements.

It appears that the Governor must be persuaded to restore and/or retain his initial request for 11.9 million dollars. Also, we must urge the Senate to support the Governor's budget as its minimum appropriation for residential child care services. To do this will, of course, require that we compromise substantially this year and settle for less than the 13.2 million dollars needed.

Finally, we must prevail upon the Budget Prod Conference Committee members, once they are identified, to approve no less than the 11.9 million dollars originally requested by the Department and the Governor.

Appended is a summary page of budget considerations for FY '83.

Your counsel, support and action are needed NOW! The troubled children and youth of Alaska are counting on you, your agency and your Board of Directors as never before.

JCG:cm

alaska association
of
homes for children, inc.

*Serving the Residential Care and Treatment Needs
of Alaska's Children through Voluntary Member Agencies*

Address correspondence to:

STATE OF ALASKA, DEPARTMENT OF HEALTH AND SOCIAL SERVICES

RESIDENTIAL CHILD CARE BUDGET CONSIDERATIONS FOR FY '83

Amount needed to fund AS 47.40 with an 11 percent Salary/COLA increase, and three percent for Employee Pension/Benefits, and five percent for necessary new and expanded services.	\$13,200,000
Amount needed to fund AS 47.40 with a six percent Salary/COLA increase, and three percent for new services.	\$11,900,000
Amount requested by Department/Governor in initial FY '83 budget.	\$11,900,000
Amount requested by Department/Governor in revised FY '83 budget.	\$10,900,000
Amount in current FY '82 budget for residential child care services.	\$10,900,000
Amount passed by the House of Representatives' Finance Committee on March 24, 1982, for FY '83 budget.	\$ 9,900,000
Absolute compromised bottom line amount needed by private agencies to continue serving State-placed abused, neglected, troubled children in FY '83.	*\$11,900,000

* Needed for the State's 16 private residential child care agencies to provide quality, professional residential child care services for more than 1,000 of the State's abused, neglected, troubled children and youth in FY '83. This will result in about 100,000 days of care at an average daily rate of approximately \$119.

Due to the severely disturbed nature of most children now placed in residential treatment centers and their personal need for intense supervision and individual relationships, the minimum child/staffing ratios and required State of Alaska minimum wage/overtime/worker's compensation coverage, as well as stringent health, fire and safety codes, these daily rates are barely adequate.

(over)

(10) "intoxicated person" means a person whose mental or physical functioning is substantially impaired as a result of the use of alcohol;

(11) "office" means the office of alcoholism within the Department of Health and Social Services;

(12) "treatment" means the broad range of emergency, outpatient, intermediate, and inpatient services and care which may be extended to alcoholics and intoxicated persons, including diagnostic evaluation, medical, psychiatric, psychological, and social service care, vocational rehabilitation and career counseling. (§ 1 ch 207 SLA 1972; am § 4 ch 116 SLA 1978)

Effect of amendment. — The 1978 amendment inserted "or through a grant awarded under AS 47.30.475" in paragraph (8).

Quoted in Peter v. State, Sup. Ct. Op. No. 1112 (File No. 2185), 531 P.2d 1263 (1975).

Chapter 40. Purchase of Services.

Section

- 10. Purchase of services
- 20. Licensing and supervision
- 30. Required accounting procedures
- 40. Determination of full cost of services

Section

- 50. Services
- 60 — 70. [Repealed]
- 80. Definitions

Sec. 47.40.010. Purchase of services. (a) When the department purchases services for persons for whom the state has assumed responsibility under the laws of the state, the department shall

- (1) adopt regulations establishing the levels of care to be provided;
- (2) determine the rates of payment for the full cost of services required;
- (3) pay all expenses related directly to the full cost of services at the levels of care required;
- (4) make the placement of persons in accordance with the levels of care provided for in the regulations.

(b) Services of jails and other penal institutions may not be included in services purchased by the state in this chapter. (§ 1 ch 136 SLA 1970)

Sec. 47.40.020. Licensing and supervision. Anyone providing services which are purchased by the department under this chapter shall, if required by the department, be licensed and supervised in the same manner as boarding homes, foster homes and other institutions as provided for in AS 47.35.010 — 47.35.080. (§ 1 ch 136 SLA 1970)

Sec. 47.40.030. Required accounting procedures. Anyone who solicits or receives funds from the department for the cost of services provided under this chapter shall

- (1) meet accepted standards of fiscal accountability for public funds and shall, upon request, submit a complete financial statement by an independent, certified public accountant to the department and to the division of legislative audit;

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§ 47.40.030

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§ 47.40.040 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.40.080

(2) upon request before the meetings provided for in AS 47.05.010 (14), demonstrate the actual cost of services offered using cost accounting procedures as provided for by the department;

(3) upon request, furnish the division of legislative audit all fiscal information, books, records, and accounts pertaining to services paid for under this chapter. (§ 1 ch 136 SLA 1970)

Sec. 47.40.040. Determination of full cost of services. (a) In this chapter, "full cost" of services shall be determined by the per person, per day cost in the preceding fiscal year plus a proportionate share of anticipated cost of living and staff salary increment increases for the fiscal year for which the full cost of services, determined to be necessary by the department, is being determined. Child care costs for foster homes shall be computed in the same manner as for child care and nursing home institutions except that no salary costs may be considered.

(b) Full cost of services does not include the following:

(1) expenses, including salaries and fees, incurred in raising funds;

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(3) depreciation and replacement costs of, and costs of additions to, major property and equipment;

(4) religious training and education; and

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Sec. 47.40.050. Services. When determining the levels of service to be required the department shall consider program services as outlined within the Catalogue of Functional or Program Service Categories published by the United Funds and Councils of America, September 1967. (§ 1 ch 136 SLA 1970)

Sec. 47.40.060. Temporary placement.

Repealed by § 1 ch 210 SLA 1970.

Editor's note. — The repealed section derived from § 1, ch. 136, SLA 1970.

Sec. 47.40.070. Permanent placement.

Repealed by § 1 ch 210 SLA 1970.

Editor's note. — The repealed section derived from § 1, ch. 136, SLA 1970.

Sec. 47.40.080. Definitions. In this chapter

(1) "anyone" means any person, city, organized borough and private or voluntary institution or agency;

(2) "services" means family, child welfare and nonprofit nursing home services but does not include health, hospital, profit-making nursing homes or medical services;

A M E N D M E N T

Offered in the HOUSE

TO: CSHB 357(Fin)

Page 1, line 6, after "assistance"

Insert "; and providing for an effective date"

Page 10, after line 3:

Insert the following new material:

* Sec. 21. AS 47.40.010(a)(4) is repealed and reenacted to read:

(4) place persons for whom the state has assumed responsibility at appropriate levels of care in light of individual needs.

* Sec. 22. AS 47.40.020 is amended to read:

Sec. 47.40.020. LICENSING AND SUPERVISION. A person [ANYONE] providing services which are purchased by the department under this chapter shall [, IF REQUIRED BY THE DEPARTMENT,] be licensed and supervised in the same manner as boarding homes, foster homes and other institutions as provided for in AS 47.35.010 - 47.35.080.

* Sec. 23. AS 47.40.030 is repealed and reenacted to read:

Sec. 47.40.030. REQUIRED ACCOUNTING PROCEDURES. (a) A person who solicits or receives payment for services, other than foster home care, under this chapter shall

(1) meet generally accepted accounting principles; and

(2) upon request of the department, produce for inspection

and copying all fiscal information, books, records, and accounts relating to the cost of providing services.

(b) Information acquired by the department under (a) of this section is public information unless its disclosure is prohibited by law.

* Sec. 24. AS 47.40.040 is repealed and reenacted to read:

Sec. 47.40.040. DETERMINATION OF FULL COST OF SERVICES. (a) In this chapter, "full cost" of services shall be determined by the per person, per day cost in the preceding fiscal year plus a proportionate share of anticipated cost of living and staff salary increment increases for the fiscal year for which the full cost of services, determined to be necessary by the department, is being determined.

(b) In determining daily rates for each level of service under this section the following factors may not be included:

(1) expenses, including salaries and fees, incurred in raising money for the operation of a residential child care facility;

(2) money expended for construction, major equipment, and other capital expenditures;

(3) program and administrative expenses provided by private contributions, grants, and other public or private funding sources not provided under this chapter;

(4) expenses incurred for education or religious training of children residing at a residential child care facility; and

(5) expenses for services that exceed or do not meet the requirements of the department.

(c) This section does not apply to the provision of foster home care.

* Sec. 25. AS 47.40 is amended by adding a new section to read:

Sec. 47.40.047. FOSTER HOME CARE RATES. The department shall establish foster home care rates by regulation under AS 47.40.075.

* Sec. 26. AS 47.40 is amended by adding a new section to read:

Sec. 47.40.075. REGULATIONS. The department may adopt regulations necessary to carry out this chapter.

* Sec. 27. AS 47.40.080 is repealed and reenacted to read:

Sec. 47.40.080. DEFINITIONS. In this chapter

(1) "capital expenditures" means money expended for construction, renovation, or equipment purchases over \$25,000 in value;

(2) "department" means the Department of Health and Social Services;

(3) "education" means formal schooling at the pre-elementary, elementary, or secondary level which is generally provided by public or private schools but does not include tutoring, music, art lessons, or other supplementary programs that are determined to be important for a child's development;

(4) "services" means care provided in a foster home or residential child care facility, but does not include medical care or any service for which the manner or rate of payment is otherwise prescribed by law.

* Sec. 28. CREATION OF RESIDENTIAL CHILD CARE SERVICES COMMITTEE. (a)

Notwithstanding AS 47.40.040, there is created a Residential Child Care

Services Committee for the purpose of establishing for the 1983 fiscal year cost of care rates per person per day for each level of child care services established by the Department of Health and Social Services. The committee shall review available audits of residential child care facilities and hold public hearings in establishing daily rates under this section.

(b) The Residential Child Care Services Committee consists of five members appointed by the commissioner of health and social services. Two members of the committee shall be appointed from among owners, operators, and employees of residential child care facilities, two members shall be employees of the Department of Health and Social Services and one member shall be a member of the legislature.

(c) Members of the Residential Child Care Services Committee serve without compensation but are entitled to per diem and travel expenses authorized by law for boards and commissions.

(d) The Residential Child Care Services Committee shall report its findings to the Department of Health and Social Services by September 1, 1982.

Page 10, line 4:

Change "Sec. 21" to "Sec. 29"

Page 10, line 5:

Delete "AS 47.40" and insert "AS 47.40.050" in its place

Page 10, after line 5:

Insert the following new material:

* Sec. 30. This Act takes effect July 1, 1982.

HB 357 TITLE & SPONSOR SUMMARY
AMENDED TITLE:
AN ACT RELATING TO ADULT PUBLIC ASSISTANCE

11:08 4/08/82 PAGE 1 OF 2

PRIME SPONSOR: HOUSE RULES COMMITTEE.
CO-SPONSORS:
CURRENT STATUS: 3/26/82 IN (H) FINANCE

HB 357 HOUSE ACTION
DATE SEQ PAGE

11:09 4/08/82 PAGE 2 OF 2
LEGISLATIVE ACTION

03/18/81	01	0601	FIRST READING -- COMMITTEE REPORTS
03/18/81	02	0601	FISCAL NOTE HSE SUPPL #19
03/18/81	03	0601	GOV TRANSMITTAL LETTER
03/26/82	04	0925	HESS -- CS01, NR03
3/26/82	05	0925	F/NOTE EQUALS ZERO
			FINANCE
			RULES

**** ** ** **** ** *

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

JAY S. HAMMOND, GOVERNOR

POUCH H-07
JUNEAU, ALASKA 99811

PHONE: (907) 465-3355

DOCUMENT NO. 139-82

April 12, 1982

The Honorable Albert Adams
Representative
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Adams:

During testimony before House Finance on Wednesday, April 17, I recommended several modifications to Section 6 of CSHB357 (Finance) which were not adopted prior to passage of the bill from the committee. The changes needed are as follows:

- Page 2, Line 12 - Delete wording "Unless otherwise provided by law,".
- Page 2, Line 13 - Delete word "local" preceding "government".
- Page 2, Line 23 - Add wording "with a person or local government" immediately after the phrase "under this section".

Department of Law legal counsel advises me that these changes are crucial for these reasons:

- (1) Line 12: Make it clear that the Department can enter into service delivery contracts. The wording "unless otherwise provided by law" sets up a potential catch 22 where the Department might be prevented from contracting due to the specificity of language found elsewhere in the present statutes calling for the Department to perform certain functions.
- (2) Line 13: Make it clear that the Department may contract with federal agencies to deliver departmental services. Current wording of CSHB357 restricts this flexibility to local governments only. Of particular concern is our intent to transfer the Adult Public Assistance programs to the federal government during FY83.
- (3) Line 23: Make it clear the Department may contract directly with the federal government to deliver departmental services without publishing a request for proposals. Where the Department might exercise this option, "Request for Proposals" would be inappropriate because there is only one federal government. Appropriate federal and state staff would simply negotiate the terms of any such contractual arrangement under the legal guidance of the Department of Law.

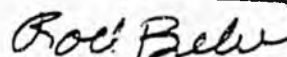
Representative Adams

-2-

April 12, 1982

The Department of Health and Social Services and the Department of Law continue to support the need for the above referenced changes. Any assistance you may be able to offer in this regard will be greatly appreciated.

Sincerely,



Rod Estit
Director

cc: Thomas H. Robertson,
Assistant Attorney General

Allen Korhonen,
Deputy Commissioner

Alice Farnan