

COMMITTEE REPORT  
SENATE

2/5/78

FURTHER: *None*

Date: 4/14/52

Mr. President:

The Committee on FINANCE has had CSHB 844 (HRS) on  
financing of rural health facility improvements and maintenance

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 <sup>S</sup>CS for HC HB 844 (HRS)  same title  
*AS AMENDED*  new title  
DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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CHAIRMAN

SENATE AMENDMENT

By Senate Finance Committee

To: SEE SENATE BILL No. \_\_\_\_\_  
To: SCS CS HOUSE BILL No. 844 (HESS)

PAGE:           LINE:

Page 3, line 17:

Change "three" to "four"

Page 3, line 20:

Change "(C)" to read: "health facilities in  
communities larger than 4,500;"

Add "(D)" to read: "health facilities in communities  
smaller than 4,500;"

Original sponsors: Haugen, Cato,  
Fuller, et al

Offered: 5/5/82  
Referred: Rules

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 844 (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 relating to the financing of health facility  
7 improvements and maintenance."

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

9 \* Section 1. FINDINGS AND PURPOSE. The legislature finds and declares  
10 that health facilities constitute an integral part of the health services of  
11 the state. The purpose of this Act is to assist health facilities in securing  
12 the capital necessary to improve and maintain their physical plants so that  
13 they can continue to provide quality health care.

14 \* Sec. 2. AS 18.25 is amended by adding new sections to read:

15 ARTICLE 5. FINANCING OF HEALTH FACILITY  
16 IMPROVEMENTS AND MAINTENANCE.

17 Sec. 18.25.130. HEALTH FACILITY IMPROVEMENTS AND MAINTENANCE FUND.  
18 There is created a health facility improvements and maintenance fund in  
19 the Department of Health and Social Services. Money appropriated to the  
20 fund shall be used for grants and loans to health facilities in accor-  
21 dance with AS 18.25.140.

22 Sec. 18.25.140. GRANTS AND LOANS TO HEALTH FACILITIES FOR IMPROVE-  
23 MENTS AND MAINTENANCE. (a) By November 1 of each year the Statewide  
24 Health Coordinating Council (AS 18.07.011) shall recommend priorities  
25 for making grants and loans from the health facility improvements and  
26 maintenance fund. The recommendations shall be transmitted to the  
27 commissioner of health and social services, the governor, and the legis-  
28 lature.

29 (b) The Department of Health and Social Services shall provide the

1 Statewide Health Coordinating Council with an inventory of health facili-  
2 ties, population served, services rendered, and other appropriate infor-  
3 mation that would be helpful to the council in recommending priorities  
4 for making grants and loans. The Department of Health and Social Ser-  
5 vices shall update the inventory provided to the Statewide Health Coor-  
6 dinating Council as necessary.

7 (c) In developing recommendations for making grants and loans  
8 under this section, the Statewide Health Coordinating Council shall  
9 consider

10 (1) the condition of the existing physical plant of a health  
11 facility;

12 (2) the ability of the health facility to continue to provide  
13 quality health services;

14 (3) the need in the community for additional services;

15 (4) the availability of quality health services in an adjacent  
16 community;

17 (5) the financial ability of the community to contribute to  
18 the cost of the project;

19 (6) the capacity of federal and state facilities to provide  
20 the health service needs of a community, the existence of cooperative  
21 agreements between federal and state facilities to provide the health  
22 service needs of a community, and foreseeable changes in the delivery of  
23 those services within a three-year period from the date of the council's  
24 recommendations under this section;

25 (7) the ability of the health facility to meet current licen-  
26 sure standards; and

27 (8) other related data that would assist the council in  
28 establishing grant and loan priorities.

29 (d) The commissioner of health and social services shall review

1 the recommendations of the Statewide Health Coordinating Council and  
2 shall provide the governor with a prioritized list of health facilities  
3 in need of assistance from the fund established under AS 18.25.130 for  
4 physical plant improvements and maintenance. The commissioner may not  
5 make recommendations in an order other than that proposed by the council  
6 unless the commissioner

7 (1) makes written findings of fact to justify the modifica-  
8 tion of the priorities recommended by the council;

9 (2) provides the council with a copy of the written findings;  
10 and

11 (3) allows the council a reasonable length of time to respond  
12 to the written findings.

13 Sec. 18.25.150. APPROPRIATION GUIDELINES. (a) Proposed appropri-  
14 ations for the health facility improvements and maintenance fund in the  
15 governor's annual budget submitted under AS 37.07 shall include

16 (1) an itemized listing of projects proposed to be financed,  
17 divided into ~~three~~ <sup>FOUR</sup> categories:

18 (A) inpatient health facilities with more than 100 beds;

19 (B) inpatient health facilities with 100 or less beds;

20 (C) other health facilities; <sup>over 4,500</sup>  
21 (D) <sup>order 4,500</sup>

22 (2) the amount proposed to be granted or loaned to each  
23 facility from the fund; and

24 (3) the estimated cost of each proposed project.

25 (b) Proposed appropriations under this section may not include  
26 financing for health facilities operated or wholly supported by the  
27 federal government.

28 Sec. 18.25.160. APPLICATION FOR IMPROVEMENTS AND MAINTENANCE  
29 PROJECTS. The state, a political subdivision of the state, or a public  
or other nonprofit agency may apply to the Department of Health and

1 Social Services for money for a health facility improvement and mainten-  
2 ance project. The application shall conform to federal and state  
3 requirements.

4 \* Sec. 3. AS 18.25.120 is amended by adding a new paragraph to read:

5 (2) "health facility"

6 (A) means a facility that is owned or operated by a  
7 municipality or by a nonprofit corporation or other nonprofit  
8 sponsor and, if required, is licensed under AS 18.20.010 - 18.20.-  
9 130;

10 (B) includes a public health center, maternity home,  
11 community mental health center, or rural health clinic.  
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I. REQUEST  
 Bill/Resolution No. SCS CS for House Bill 844 (HESS)  
 Title An Act Relating to the Financing of Health Facility Improvements  
 Requested by SENATE FINANCE Date May 13, 1982

II. FISCAL DETAIL  
 Agency Affected Department of 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 '83	FY '84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	57.0	62.7	69.0	75.0	83.0	91.0
200 TRAVEL	19.0	22.0	24.9	25.3	27.8	30.6
300 CONTRACTUAL	10.0	11.0	12.1	13.0	220.0	17.0
400 COMMODITIES	1.0	1.1	1.2	1.3	1.5	1.7
500 EQUIPMENT	1.5	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	88.5	96.8	107.2	114.6	332.3	140.3

FUNDING (Thousands of Dollars)

GENERAL FUND	88.5	99.7	105.2	114.6	332.2	140.3
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

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

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

(See Attached)

IV. DATE May 13, 1982 PREPARED BY Dave W. Williams *DW ml*  
 AGENCY State Health Planning & Development  
 Original: Legislative Finance PHONE 465-3015  
 cc: Budget and Management  
Prime Sponsor (First Legislator Named) Haugen  
 33-001 (Rev. 12/81)

III. ANALYSIS

The recently completed report on rural hospitals and nursing homes sets out a five year construction plan for rural hospitals and nursing homes. This report serves as the base for information provided in this fiscal note. Assuming that state funds would be 85% of construction costs, the cost for operating the SCS CSHB 844 program would be approximately .6% of grant funds. The cost of the program is not expected to be significantly changed under the Senate committee substitute since the costs are mainly related to the annual inventory update and an increased workload for review of hospital and nursing home construction plans.

To inventory facilities such as public health clinics and community mental health centers, the department would expect to use a less intensive approach than for hospitals. The approach for these types of facilities would be to use survey forms which request information about the physical plant and pertinent features of its operations. The survey would be followed by on site visits as appropriate.

Line 100

This line indicates the equivalent of salary and benefit costs for one staff position with appropriate qualifications. Duties of the proposed staff would include maintenance of the inventory of rural health facilities, review of requests for state assistance, and the research for and preparation of reports regarding grant requests as necessary under provisions within the bill.

Line 200

This line reflects necessary travel to health facility sites during the maintenance of the inventory of health facilities and the cost of periodic review of health facility construction. The costs shown here are based mainly upon the cost of inventorying hospitals and nursing homes.

Line 300

This line shows probable costs for consultants for mechanical, electrical, and structural engineers required for maintaining the inventory of rural health facilities and for assessing code compliance of construction documents. During FY 82 a full inventory of rural hospitals and nursing homes was completed. This full inventory should be repeated every five years. The FY 87 figures consider the cost of completing a full inventory in that year.

Line 400

This line shows expenditure for necessary office supplies.

Line 500

This line shows necessary expenses for office equipment.

Line 700

This fiscal note does not estimate the amount of grant and loan funds which may be provided under the program set out in SCS CSHB 844.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS for House Bill 844  
 Title An Act relating to the financing of Rural Health Facility Improvement  
 Requested by \_\_\_\_\_ Date April 7, 1982

II. FISCAL DETAIL  
 Agency Affected Department of 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	19.0					
300 CONTRACTUAL	10.0					
400 COMMODITIES	1.0					
500 EQUIPMENT	1.5					
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC.	0					
<b>TOTAL</b>	<b>31.5</b>					

FUNDING (Thousands of Dollars)

GENERAL FUND	31.5					
FEDERAL FUNDS	0					
OTHER (Specify Source)	0					
	0					

POSITIONS

FULL TIME	0					
PART TIME	0					
TEMPORARY	0					
	0					

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

  
Al Adams, Chair

IV. DATE April 7, 1982 PREPARED BY House Finance Committee  
 AGENCY \_\_\_\_\_  
 Original: Legislative Finance PHONE \_\_\_\_\_  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

POSITION PAPER  
ON  
WORK DRAFT PAPER  
CS HOUSE BILL NO. 844 (HESS)

For an Act entitled: "An Act relating to the financing of rural health facility improvements and maintenance."

Committee Substitute for House Bill 844 creates a fund in the Department of Health & Social Services for the purpose of providing grant funds for improvement and maintenance of rural health facilities.

The Department has historically supported the establishment of a formalized health facility construction program in Alaska to better guide the allocation of limited resources. The recently distributed report on the physical condition of 15 rural hospitals and nursing homes is a first step in the development of a systematic approach to health facility construction. Other components of a system for health facility construction should include:

- facility long range plans
- a statewide plan for medical facilities
- certificate of need review
- a funding mechanism
- periodic inventories of health facility physical plants

The CS for House Bill 844 would create a fund within the Department of Health and Social Services for plant improvements and maintenance at rural health facilities. The bill provides that the Statewide Health Coordinating Council will make recommendations to the Commissioner of the Department as to the prioritization of projects and that the Commissioner would make grants to rural health facilities based on those recommendations.

Although the concept of providing state assistance to rural health facilities is strongly supported by the Department, the bill would be improved with further clarification.

The bill would make improvement and maintenance funds available regardless of ownership of the facility. The Department believes the bill would be improved by limiting distribution of State funds to only non-profit and community owned facilities.

It can be argued that the state has a responsibility for ensuring access to quality health care facilities to its citizens by providing grants funds when other sources of funding are non-existent or insufficient; however, the Department does not believe the state has the responsibility stated in section 18.25.40(d) of assuring that state grants are sufficient to enable a facility to satisfy the financial requirements of the physical plant improvement or maintenance recommended by the Statewide Health Coordinating Council. The responsibility of assuring that sufficient funds are available to meet total project costs properly lies with the municipality or local administrative entity which desires State assistance. In this regard, a grantee should be required to demonstrate the availability of total project funding before any state grant funds are expended, but the balance of the project costs sought from other sources would probably be more readily found once a commitment is made for the State grant.

To increase accountability for the use and disbursement of grant funds, a provision should be included in the bill which would permit the Department to provide grant funds for health facility improvement and maintenance to a municipality (or local administrative entity) where a rural health facility is located. Experience gained under the Hill-Burton program indicates that this step provides a form of local audit responsibility and a valuable neutral link for necessary administrative transactions without undue cost or delay.

To address these concerns the Department suggests revising the language in section 18.25.140(d) of CS HB 844 as follows:

18.25.140(d) The commissioner of Health and Social Services shall review the recommendations of the Statewide Health Coordinating Council and may make grants from the fund under AS 18.25.130 to a municipality (or local administrative entity) for physical plant improvements and maintenance. The local match for improvements and maintenance shall be sufficient to enable the municipality or local administrative entity to satisfy the remaining balance of total financial requirements of the physical plant improvement or maintenance supported by a State grant made under this section.

CS HB 844 provides a definition of the scope of the term "rural health facilities." The Department believes the bill should be further clarified by including definitions for the scope of the terms "maintenance" and "improvements."

The Department supports the use of a review body in recommending priorities for making grants. The Department recommends expansion of this concept to include review by experts knowledgeable in health facility financing and community support capabilities. This review body would evaluate proposals for health facility improvements and maintenance, determine whether current financing mechanisms such as revenue sharing, the Alaska Medical Facilities Authority, bond sales or other financing mechanisms are available to the health facility and what level of state support is needed. On the basis of this review and recommendation the Commissioner of Health and Social Services could then make grants from the fund established under AS 18.25.130.

The question may arise as to whether a program of this type would encourage the proliferation of unneeded facilities. The certificate of need program would serve to limit the development of hospitals, psychiatric hospitals, tuberculosis hospitals, skilled nursing facilities, kidney disease treatment centers, intermediate care facilities, and ambulatory surgical facilities, whether private, municipal, state or federal. Although the CSHB 844 definition of rural health facilities is not entirely consistent with the coverage of the certificate of need program, there are very few facilities eligible for grants under CSHB 844 which are not required to obtain a certificate of need and this is not seen as a significant problem.

The certificate of need review addresses the following aspects of proposed health facility construction which are pertinent to a consideration of state financial assistance:

- . the need for additional acute care beds in the hospital service area:

- . the relationship of the project to other health care providers in the area:
- . the anticipated impact of the project on hospital operating costs, revenues, and patient charges:
- . the financial feasibility of the project:
- . the cost-effectiveness of constructing shelled-in space for future use.

With requests for health facility assistance increasing in number and in scope, the establishment of a systematic approach to health facility construction can guide the allocation of limited state resources.

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

Date: March 25, 1982

Approved by: Helen N. Beirne  
Helen N. Beirne, Commissioner  
Department of Health  
& Social Services

Date: 3/30/82

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

I. REQUEST

Bill/Resolution No. CS House Bill 844

Title An Act Relating to the Financing of Rural Health Facility Improvements

Requested by HESS

II. FISCAL DETAIL

Agency Affected Department of 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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	57.0	62.7	69.0	75.0	83.0	91.0
200 TRAVEL	30.0	33.0	36.0	40.0	44.0	48.4
300 CONTRACTUAL	150.0	165.0	180.0	200.0	220.0	242.0
400 COMMODITIES	1.0	1.1	1.2	1.3	1.5	1.7
500 EQUIPMENT	1.5	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	22704.0	32191.0	24118.0	26354.0	33565.0	36921.0
<b>TOTAL</b>	<b>22943.5</b>	<b>32454.8</b>	<b>24404.0</b>	<b>26670.0</b>	<b>33913.5</b>	<b>37304.1</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	22943.5	32454.8	24404.0	26670.0	33913.5	37304.1
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	1	1	1	1	1	1
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-

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

(See Attached)

IV. DATE March 9, 1982

PREPARED BY Dave W. Williams

AGENCY State Health Planning & Development

PHONE 465-3015

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Haugen

33-001 (Rev. 12/81)

*ml* *JCC*

This fiscal note has been prepared considering the full impact which could be expected under this CSHB 844. Even though not all rural health facilities eligible for state assistance under CSHB 844 will necessarily desire state assistance. This fiscal note assumes that all facilities eligible under CSHB 844 would desire and receive state assistance. This may not necessarily be true. Assumptions regarding expenditure levels made by the Department in preparing this fiscal note are as follows:

Line 100

This line indicates the equivalent of salary and benefit costs for one staff position with appropriate qualifications. Duties of the proposed staff would include oversight of the required annual inventory of rural health facilities, review of requests for state assistance, and the research for and preparation of reports regarding grant requests as necessary under provisions within this Bill.

Line 200

This line reflects necessary travel to rural health facility sites during the update of the annual inventory of rural health facilities and the cost of periodic review of rural health facility construction projects.

Line 300

This line shows probable costs for consultants for mechanical, electrical, and structural engineers required for updating the annual inventory of rural health facilities.

Line 400

This line shows expenditure for necessary office supplies.

Line 500

This line shows necessary expenses for office equipment.

Line 700

The estimated grant expenditures shown on this line are provided to outline the dimension of need, but cannot be interpreted as a recommended level of state support.

These expenditures for grants are based upon the recent inventory of 15 rural hospitals and nursing homes. The inventory found numerous and serious deficiencies at the surveyed facilities. The fiscal note shows the probable grant expense to the state for correcting the noted deficiencies spread over the next six years. Grant expenses for subsequent years (1989 and beyond) should decline once the noted deficiencies are corrected.

The inventory report gave estimated 1982 construction costs for the correction of deficiencies which were noted at each facility. The inventory report cost estimates do not include costs for fees, equipment, inflation, site acquisition, and other project costs. To arrive at total project costs, the inventory report cost estimates must be adjusted by a factor between 125% and 160%. In preparing this fiscal note the Department has used a factor of 150% with inflation calculated at 10% a year. In estimating the grant expenditures under this bill the Department

has assumed each rural health facility would bear 20% of the total project costs. Under the provisions of CSHR 844 the local portion of costs may be adjusted to meet the needs of each facility and, therefore, may be higher or lower than the assumed 20%.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

I. REQUEST

Bill/Resolution No. SENATE HESS Draft CS for House Bill 844 (HESS) am  
Title An Act Relating to the Financing of Rural Health Facility Improvements  
 Requested by SENATE HESS Date April 30, 1982

II. FISCAL DETAIL

Agency Affected Department of 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)

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300 CONTRACTUAL	10.0	11.0	12.1	13.0	220.0	17.0
400 COMMODITIES	1.0	1.1	1.2	1.3	1.5	1.7
500 EQUIPMENT	1.5	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	<b>88.5</b>	<b>99.7</b>	<b>105.2</b>	<b>114.6</b>	<b>332.3</b>	<b>140.3</b>

FUNDING (Thousands of Dollars)

	88.5	99.7	105.2	114.6	332.2	140.3
GENERAL FUND	88.5	99.7	105.2	114.6	332.2	140.3
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS

	1	1	1	1	1	1
FULL TIME	1	1	1	1	1	1
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-	-0-

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

(See Attached)

IV. DATE April 30, 1982

PREPARED BY Dave W. Williams  
 AGENCY State Health Planning & Development  
 PHONE 465-3015

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Haugen

33-001 (Rev. 12/81)

*DW*  
*JCC*

### III. ANALYSIS

The recently completed report on rural hospitals and nursing homes sets out a five year construction plan for rural hospitals and nursing homes. This report serves as the base for information provided in this fiscal note. Assuming that state funds would be 85% of construction costs, the cost for operating the CSHB 844 program would be approximately .6% of grant funds. The cost of the program is not expected to be significantly changed under the senate committee substitute since the costs are mainly related to the annual inventory update and an increased workload for review of hospital and nursing home construction plans.

To inventory facilities such as public health clinics and community mental health centers, the department would expect to use a less intensive approach than for hospitals. The approach for these types of facilities would be to use survey forms which request information about the physical plant and pertinent features of its operations. The survey would be followed by onsite visits as appropriate.

#### Line 100

This line indicates the equivalent of salary and benefit costs for one staff position with appropriate qualifications. Duties of the proposed staff would include maintenance of the inventory of rural health facilities, review of requests for state assistance, and the research for an preparation of reports regarding grant requests as necessary under provisions with in this Bill.

#### Line 200

This line reflects necessary travel to health facility sites during the maintenance of the inventory of health facilities and the cost of periodic review of health facility construction. The costs shown here are based mainly upon the cost of inventorying hospitals and nursing homes.

#### Line 300

This line shows probable costs for consultants for mechanical, electrical, and structural engineers required for maintaining the inventory of rural health facilities and for assessing code compliance of construction documents. During FY 82 a full inventory of rural hospitals and nursing homes was completed. This full inventory should be repeated every five years. The FY 87 figures consider the cost of completing a full inventory in that year.

#### Line 400

This line shows expenditure for necessary office supplies.

SENATE HESS Draft  
CS for House Bill 844 (HESS) am  
Page 2

Line 500

This line shows necessary expenses for office equipment.

Line 700

This fiscal note does not estimate the amount of grant funds which may be provided under the program set out in CSHB 844.

In estimating the grant expenditures under this bill the department has assumed each rural facility would bear 15% of the total project costs. The local portion of costs may, in practice, be higher or lower than 15% and is undefined by this bill.

SECTIONAL ANALYSIS

HB 844 creates a process by which small rural health facilities will be placed in a prioritized order, based on the comparative need for physical plant replacement or renovation.

SECTION 1 Establishes legislative intent to address the needs of rural health facilities.

SECTION 2 Creates a methodology for prioritization

130. Creates a fund to receive the appropriation

140. Requires the Statewide Health Coordinating Council (SHCC) to review and annually recommend the priority of needs to be addressed. The recommendation goes to the Governor, the Legislature and the Commissioner of Health and Social Services.

The Commissioner may alter priorities established by the SHCC if such alteration can be justified by a finding of fact, such as one facility being further along in the renovation project than another, emergency needs, or legislative reordering of priorities.

Language is included to encourage the Administration to propose appropriation amounts, which, when taken into account with any other sources of funding will provide a completed financing package.

150. Suggests a format for proposed appropriations included in the Governors budget to include, a listing of projects along with the proposed appropriation and an expected total cost of each project.

SECTION 3 Defines a rural health facility.

Original sponsors: Haugen, Cato,  
Fuller, et al

Offered: 5/5/82  
Referred: Rules

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 844 (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 relating to the financing of health facility  
7 improvements and maintenance."

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

9 \* Section 1. FINDINGS AND PURPOSE. The legislature finds and declares  
10 that health facilities constitute an integral part of the health services of  
11 the state. The purpose of this Act is to assist health facilities in securing  
12 the capital necessary to improve and maintain their physical plants so that  
13 they can continue to provide quality health care.

14 \* Sec. 2. AS 13.25 is amended by adding new sections to read:

15 ARTICLE 5. FINANCING OF HEALTH FACILITY  
16 IMPROVEMENTS AND MAINTENANCE.

17 Sec. 18.25.130. HEALTH FACILITY IMPROVEMENTS AND MAINTENANCE FUND.  
18 There is created a health facility improvements and maintenance fund in  
19 the Department of Health and Social Services. Money appropriated to the  
20 fund shall be used for grants and loans to health facilities in accor-  
21 dance with AS 18.25.140.

22 Sec. 18.25.140. GRANTS AND LOANS TO HEALTH FACILITIES FOR IMPROVE-  
23 MENTS AND MAINTENANCE. (a) By November 1 of each year the Statewide  
24 Health Coordinating Council (AS 18.07.011) shall recommend priorities  
25 for making grants and loans from the health facility improvements and  
26 maintenance fund. The recommendations shall be transmitted to the  
27 commissioner of health and social services, the governor, and the legis-  
28 lature.

29 (b) The Department of Health and Social Services shall provide the

1 Statewide Health Coordinating Council with an inventory of health facili-  
2 ties, population served, services rendered, and other appropriate infor-  
3 mation that would be helpful to the council in recommending priorities  
4 for making grants and loans. The Department of Health and Social Ser-  
5 vices shall update the inventory provided to the Statewide Health Coor-  
6 dinating Council as necessary.

7 (c) In developing recommendations for making grants and loans  
8 under this section, the Statewide Health Coordinating Council shall  
9 consider

10 (1) the condition of the existing physical plant of a health  
11 facility;

12 (2) the ability of the health facility to continue to provide  
13 quality health services;

14 (3) the need in the community for additional services;

15 (4) the availability of quality health services in an adjacent  
16 community;

17 (5) the financial ability of the community to contribute to  
18 the cost of the project;

19 (6) the capacity of federal and state facilities to provide  
20 the health service needs of a community, the existence of cooperative  
21 agreements between federal and state facilities to provide the health  
22 service needs of a community, and foreseeable changes in the delivery of  
23 those services within a three-year period from the date of the council's  
24 recommendations under this section;

25 (7) the ability of the health facility to meet current licen-  
26 sure standards; and

27 (8) other related data that would assist the council in  
28 establishing grant and loan priorities.

29 (d) The commissioner of health and social services shall review

1 the recommendations of the Statewide Health Coordinating Council and  
2 shall provide the governor with a prioritized list of health facilities  
3 in need of assistance from the fund established under AS 18.25.130 for  
4 physical plant improvements and maintenance. The commissioner may not  
5 make recommendations in an order other than that proposed by the council  
6 unless the commissioner

7 (1) makes written findings of fact to justify the modifica-  
8 tion of the priorities recommended by the council;

9 (2) provides the council with a copy of the written findings;  
10 and

11 (3) allows the council a reasonable length of time to respond  
12 to the written findings.

13 Sec. 18.25.150. APPROPRIATION GUIDELINES. (a) Proposed appropri-  
14 ations for the health facility improvements and maintenance fund in the  
15 governor's annual budget submitted under AS 37.07 shall include

16 (1) an itemized listing of projects proposed to be financed,  
17 divided into three categories:

18 (A) inpatient health facilities with more than 100 beds;

19 (B) inpatient health facilities with 100 or less beds;

20 (C) other health facilities;

21 (2) the amount proposed to be granted or loaned to each  
22 facility from the fund; and

23 (3) the estimated cost of each proposed project.

24 (b) Proposed appropriations under this section may not include  
25 financing for health facilities operated or wholly supported by the  
26 federal government.

27 Sec. 18.25.160. APPLICATION FOR IMPROVEMENTS AND MAINTENANCE  
28 PROJECTS. The state, a political subdivision of the state, or a public  
29 or other nonprofit agency may apply to the Department of Health and

1 Social Services for money for a health facility improvement and mainten-  
2 ance project. The application shall conform to federal and state  
3 requirements.

4 \* Sec. 3. AS 18.25.120 is amended by adding a new paragraph to read:

5 (2) "health facility"

6 (A) means a facility that is owned or operated by a  
7 municipality or by a nonprofit corporation or other nonprofit  
8 sponsor and, if required, is licensed under AS 18.20.010 - 18.20.-  
9 130;

10 (B) includes a public health center, maternity home,  
11 community mental health center, or rural health clinic.  
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Original sponsors: Haugen, Cato,  
Fuller, et al

Offered: 3/31/82  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

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CS FOR HOUSE BILL NO. 844 (HESS) am

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the financing of rural health

7

facility improvements and maintenance."

8

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

9

\* Section 1. FINDINGS AND PURPOSE. The legislature finds and declares

10

that rural health facilities constitute an integral part of the health ser-

11

vices of the state. The purpose of this Act is to assist those rural health

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facilities that are unable to secure reasonable alternative means of financ-

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ing to secure the capital necessary to improve and maintain their physical

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plants so that those health facilities can continue to provide quality health

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care.

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\* Sec. 2. AS 18.25 is amended by adding new sections to read:

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ARTICLE 5. FINANCING OF RURAL HEALTH FACILITY

18

IMPROVEMENTS AND MAINTENANCE.

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Sec. 18.25.130. RURAL HEALTH FACILITY IMPROVEMENTS AND MAINTENANCE

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FUND. There is created a rural health facility improvements and mainte-

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nance fund in the Department of Health and Social Services. Money

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appropriated to the fund shall be used for grants to rural health facil-

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ities in accordance with AS 18.25.140.

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Sec. 18.25.140. GRANTS TO RURAL HEALTH FACILITIES FOR IMPROVEMENTS

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AND MAINTENANCE. (a) By November 1 of each year the Statewide Health

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Coordinating Council (AS 18.07.011) shall recommend priorities for

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making grants from the rural health facility improvements and maintenanc

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fund. The recommendations shall be transmitted to the commissioner of

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health and social services, the governor, and the legislature.

1 (b) The Department of Health and Social Services shall provide the  
2 Statewide Health Coordinating Council with an inventory of rural health  
3 facilities and other appropriate information that would be helpful to  
4 the council in recommending priorities for making grants. The Department  
5 of Health and Social Services shall annually update the inventory pro-  
6 vided to the Statewide Health Coordinating Council.

7 (c) In developing recommendations for making grants under this  
8 section, the Statewide Health Coordinating Council shall consider

9 (1) the condition of the existing physical plant of a rural  
10 health facility;

11 (2) the ability of the rural health facility to continue to  
12 provide quality health services;

13 (3) the need in the community for additional services;

14 (4) the ability of the rural health facility to meet current  
15 licensure standards; and

16 (5) other related data that would assist the council in  
17 establishing grant priorities.

18 (d) The commissioner of health and social services shall review  
19 the recommendations of the Statewide Health Coordinating Council and  
20 shall make grants from the fund established under AS 18.25.130 to rural  
21 health facilities for physical plant improvements and maintenance. Each  
22 grant shall be sufficient to enable the facility to satisfy the financing  
23 requirements of the physical plant improvement or maintenance recommended  
24 by the council. The commissioner may not make grants in an order other  
25 than that proposed by the council unless the commissioner

26 (1) makes written findings of fact to justify the modifica-  
27 tion of the priorities recommended by the council;

28 (2) provides the council with a copy of the written findings;  
29 and

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(3) allows the council a reasonable length of time to respond to the written findings.

Sec. 18.25.150. APPROPRIATION GUIDELINES. Proposed appropriations for the rural health facility improvements and maintenance fund in the governor's annual budget submitted under AS 37.07 should include

- (1) an itemized listing of projects proposed to be financed;
- (2) the amount proposed to be granted to each facility from the fund; and
- (3) the estimated cost of each proposed project.

\* Sec. J. AS 18.25.120 is amended by adding a new paragraph to read:

(2) "rural health facility" means a nonprofit or publicly owned health facility located in an organized borough with a population less than 45,000 or in the unorganized borough.