HB
844

COMMITTEE REPORT

SENATE

4/1920/82

FURTHER: Finance

Date: 3-3-82

Mr. President:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had CSHB 844(HESS) an 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 CS for _____ [ ] same title [ ] new title

and recommends _____

[ ] 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:

CHAIRMAN

S 60 (Rev. 12/78)

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

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

March 16, 1982

DOCUMENT NO. 81-82

The Honorable Fred E. Brown
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Brown:

Enclosed is our report on the physical plant conditions of Alaska's rural hospitals and nursing homes. This report complements our initial report on construction needs among the state's 200 clinics which we recently provided to you. Both inventories were supported by a capital appropriation made to the Department by the Legislature for fiscal year 1982.

These reports were prepared to assist us in our long range planning as well as to guide the state in considering resource allocations for health facility construction. This increasing trend toward state assistance in health facility construction underscores the need for a systematic approach to allow the most urgent needs to be met in a timely manner.

A complete set of the reports is being placed on file with the State Library, the Legislative Library, and the Senate and House HESS committees. A full set of reports is also available for review in the Division of State Health Planning and Development. Each facility which participated has also been sent a copy of its report.

If you have any questions or comments on this report, you may wish to contact Phoebe A. Lindsey, Director of the Division of State Health Planning and Development at 465-3038.

Sincerely,

Helen O Beirne

Helen D. Beirne
Commissioner

Enclosure

06-F38LH

POSITION PAPER/Department of Health & Social Service

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 D. 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
TOTAL	22943.5	32454.8	24404.0	26670.0	33913.5	37304.1

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-
	-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)

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 recieve 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 eqivalent 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 with in 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 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 eqipment.

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 acquistion, 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 expendtures under this bill the Department

has assumed each rural health facility would bear 20% of the total project costs. Under the provisions of CSHB 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%.

DRAFT FOR PARR 4/24/82 Support FROM AK HOSP. ASSOC DENNIS DEWITT

Original sponsors: Haugen, Cato, Fuller, et al

Offered: 3/31/82
Referred: Finance

IN THE HOUSE

BY THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

CS FOR HOUSE BILL NO. 844 (HESS) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

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

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

* Section 1. FINDINGS AND PURPOSE. The legislature finds and declares that ~~rural~~ health facilities constitute an integral part of the health services of the state. The purpose of this Act is to assist those ~~rural~~ health facilities that are unable to secure reasonable alternative means of financing to secure the capital necessary to improve and maintain their physical plants so that those health facilities can continue to provide quality health care.

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

ARTICLE 5. FINANCING OF ~~RURAL~~ HEALTH FACILITY IMPROVEMENTS AND MAINTENANCE.

Sec. 18.25.130. ~~RURAL~~ HEALTH FACILITY IMPROVEMENTS AND MAINTENANCE FUND. There is created a ~~rural~~ health facility improvements and maintenance fund in the Department of Health and Social Services. Money appropriated to the fund shall be used for grants to ~~rural~~ health facilities in accordance with AS 18.25.140.

Sec. 18.25.140. GRANTS TO ~~RURAL~~ HEALTH FACILITIES FOR IMPROVEMENTS AND MAINTENANCE. (a) By November 1 of each year the Statewide Health Coordinating Council (AS 18.07.011) shall recommend priorities for making grants from the ~~rural~~ health facility improvements and maintenance fund. The recommendations shall be transmitted to the commissioner of health and social services, the governor, and the legislature.

(b) The Department of Health and Social Services shall provide the Statewide Health Coordinating Council with an inventory of ~~rural~~ health facilities and other appropriate information that would be helpful to the council in recommending priorities for making grants. The Department of Health and Social Services shall ~~annually~~ AS NECESSARY update the inventory provided to the Statewide Health Coordinating Council.

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

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

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

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

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

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

(d) The commissioner of health and social services shall review the recommendations of the Statewide Health Coordinating Council and shall ~~make grants from the fund established under AS 18.23.130 to rural health facilities for~~ PROVIDE TO THE GOVERNOR A PRIORITIZED LIST OF HEALTH FACILITIES IN NEED OF GRANT ASSISTANCE FROM THE FUND ESTABLISHED UNDER AS 18.23.130 FOR physical plant improvements and maintenance. ~~Each grant shall be sufficient to enable the facility to satisfy the financial requirements of the physical plant improvement or maintenance recommended by the council~~. The commissioner may not make RECOMMENDATIONS ~~grants~~ in an order other than that proposed by the council unless the commissioner

(1) makes written findings of fact to justify the modification of the priorities recommended by the council;

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

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

Sec. 18.25.150. APPROPRIATION GUIDELINES. (a) 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 divided into three catagories:

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

(B) inpatient health facilities with 100 or less beds

(C) health facilities serving communities with populations of less than 5000 4500 people;

(2) the amount proposed to be granted to each facility from the fund; and

(3) the estimated cost of each proposed project.

(b) proposed appropriations under this section shall not include any funding for a health facility operated or wholly supported by the state or federal government

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

(2) "health facility" means;

(a) a facility which is licensed, when required, by the state under AS 18.20.010 - 18.20.130 and which is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(b) includes a public health center, maternity home, community mental health center, XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX out patient clinic, or rural health clinic

POSITION PAPER

HOUSE BILL NO. 844

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

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 reports on the physical condition of the 200 + clinics in the state and on 15 rural hospitals and nursing homes are 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

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 benefit from further clarification. The bill as outlined would provide total state funding of improvements and maintenance at rural health 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 a responsibility to totally fund all health facility improvement or maintenance, whether rural or urban. In this regard the bill could be improved by a change in section 18.25.140(d) indicating assistance is to be given in areas which would otherwise be denied adequate facilities, because community tax bases are limited and an attempt at total community financing of a project would cause hardship or prevent its realization.

The bill also 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.

Health Facilities currently receive construction and operating assistance under the health facility revenue sharing statute (AS 29.89 and AS 29.90). The revenue sharing statutes provide for this assistance to a broad range of health facilities including hospitals, public health centers, maternity homes, community mental health centers, facilities for the mentally or physically handicapped, nursing homes and convalescent centers. House Bill 844 should define the types of health facilities to be covered by this act. A definition section should also include definitions for the scope of "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.

Under the bill the Statewide Health Coordinating Council (SHCC) is required to recommend priorities for making grants. The bill limits the considerations of the SHCC to four points:

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

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

3) the need in the community for additional services; and

4) the ability of the rural health facility to meet current licensure standards

Other considerations may impact a decision of prioritizing the need for grant funds. The body which is to make those prioritizations should not be restricted to these four points. The Department suggests that fifth consideration should be added:

5) Other considerations such as those addressed in the certificate of need review

The question may arise as to whether a program of this type would encourage the proliferation of unneeded facilities. The certificate of need program will serve to limit the development of these facilities covered by the program such as hospitals and nursing homes but would not restrict the construction of other facilities such as birthing centers and health clinics.

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 10, 1982

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

Date: 3-10-82

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

I. REQUEST

Bill/Resolution No. House Bill 844

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

Requested by _____

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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	57.0	62.7	69.0	75.0	83.0	91.9
200 TRAVEL	30.0	33.0	36.0	40.0	44.0	48.4
300 CONTRACTUAL	300.0	330.0	360.0	400.0	440.0	484.0
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	389.5	426.8	466.2	517.1	569.0	626.0

FUNDING (Thousands of Dollars)

GENERAL FUND	28,400	36,600	24,900	30,000	30,000	30,000
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

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 8, 1982

PREPARED BY Dave W. Williams

AGENCY State Health Planning & Development

PHONE 465-3015

cc

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

33-001 (Rev. 12/81)

III Analysis

The fiscal note has been prepared considering the maximum impact which can be expected under this bill, given the possible coverage of all rural health facilities (private, municipal, state or federal, psychiatric hospitals, tuberculosis hospitals, skilled nursing facilities, ambulatory surgical centers, health centers, health clinics, birthing centers,...)

An inflation rate of 10 percent has been assumed. The figures reflect the cost of having a consultant firm provide annual inventory of all rural health facilities.

Expenditures

Line 100 indicates the equivalent of salary and benefit costs for one staff position with appropriate qualifications. Duties of the proposed staff would include oversite of the required annual inventory of rural health facilities.

Line 200 reflects necessary travel to widely scattered areas for oversite of the consulting firm providing the inventory. Also included is the cost of periodic review of numerous on going and extensive construction projects.

Line 300 shows probable consultant requirements for engineering speciality investigation, travel, land etc. The inventory would result in reports not unlike the inventory of facilities accomplished in 1981. Telephone office rental and maintenance would be included.

Line 400 would provide for office supplies involved.

Line 500 would be necessary expenditures for office equipment.

General fund costs assume current estimates for actual surveyed facility needs spread over six years and extended to include approximately 200 health facilities in remote locations.

The costs of this program would be sharply reduced if "rural health facility" was defined to include only hospitals and nursing homes. The cost of providing an inventory would be substantially reduced if hospitals/nursing homes were required to submit annually updated long-range plans for each facility.

POSITION PAPER/Department of Health & Social Services

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 f 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:

POSITION PAPER/Department of Health & Social Services

. 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 D. 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
TOTAL	22943.5	32454.8	24404.0	26670.0	33913.5	37304.1

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-
	-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)

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 recieve 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 eqivalent 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 with in 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 undating the 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 eqipment.

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 acquistion, 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 expendtures under this bill the Department

has assumed each rural health facility would bear 20% of the total project costs. Under the provisions of CSHB 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%.

POSITION PAPER/Department of Health & Social Services

Position Paper

Senate HESS Draft

SENATE CS for House Bill 844 (HESS) am

"An Act relating to the financing of health facility improvements and maintenance."

The Senate HESS draft of CS for House Bill 844 (HESS) am creates a health facility improvement and maintenance fund for which all nonfederal, nonstate health facilities may apply. Types of facilities eligible for funding include those licensed by the state under AS 18.20.010 - 18.20.130 and public health centers, maternity homes, community mental health centers, out patient clinics and rural health clinics.

The Department supports a health facility maintenance and improvement program based on an application process which includes the identification of the level of community support, as is provided in Section 18.25.140.

This draft, however, has several apparent deficiencies and inconsistencies which need to be resolved. These are as follows:

1) The purpose of the bill is to assist those health facilities in securing the capital necessary to improve and maintain their physical plants so that these health facilities can continue to provide quality health care. The draft limits the type of state assistance which may be offered to [illegible]ty grants. A bill providing for state assistance for health facility construction should consider the use and availability of other types of State assistance such as loans, loan guarantees or revenue sharing funds, or the backing of tax-exempt bonds available through the Alaska Medical Facility Authority.

2) The bill should require that state funds be provided to the municipality or local government in which the facility making application is located. This provision would increase accountability for the use and disbursement of state funds and would permit participation by citizens and local government in the planning of the medical facility. 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.

3) Section 18.25.150 prohibits funding for any health facility operated or wholly supported by the state or federal government. The following section, 18.26.60, permits the state to be an applicant, presumably for a facility it owns and/or operates. The definition of eligible health facilities as those licensed by the state would also suggest that state facilities could be applicants, since state facilities such as the Alaska Psychiatric Institute are licensed by the state. The Department believes that state facilities should not be prioritized with other facilities for state funds. The Department does not believe that federal facilities at this time should be eligible for this assistance, however, as the federal government has its own maintenance and improvement program for its facilities.

4) The funding/budgeting process is unclear. If the Department's prioritized list, prepared by the Statewide Health Coordinating Council (SHCC), is to be presented to the Governor, the logical form for this presentation would be the Executive Budget process. If such a process were followed, there would be no need for a special fund. Such a process would also require that the SHCC recommend its priorities well in advance of November 1 in order to fit with current budget development schedules. The Department recommends that the appropriate funding mechanism is the Executive Budget process.

5) The purpose for requiring in Section 18.25.150 three separate categories of facility prioritization is unclear and would seem to refute the prioritization process, particularly when only one fund is created. The Department recommends that the requirement for these categories be removed from the bill.

The Department recognizes that many health facilities throughout the state are in need of state assistance for construction. 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
Division of State Health
Planning & Development

Date: April 30, 1982

Approved by: Helen D. Beirne

Helen D. Beirne, Commissioner
Department of Health and
Social Services

Date: 4-30-82

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)

	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	24.9	22.0	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	99.7	105.2	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-
	-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 April 30, 1982 PREPARED BY Dave W. Williams DW

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)

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.

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.

SENATE HESS DRAFT

CS FOR HOUSE BILL NO. 844 (HESS) am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

A BILL

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

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

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

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

ARTICLE 5. FINANCING OF HEALTH FACILITY IMPROVEMENTS AND MAINTENANCE.

Sec. 18.25.130. HEALTH FACILITY IMPROVEMENTS AND MAINTENANCE FUND. There is created a health facility improvements and maintenance fund in the Department of Health and Social Services. Money appropriated to the fund shall be used for grants to health facilities in accordance with AS 18.25.140.

Sec. 18.25.140. GRANTS TO HEALTH FACILITIES FOR

IMPROVEMENTS AND MAINTENANCE.

(a) By November 1 of each year the Statewide Health Coordinating Council (AS 18.07.011) shall recommend priorities for making grants from the health facility improvements and maintenance fund. The recommendations shall be transmitted to the commissioner of health and social services, the governor, and the legislature.

(b) The Department of Health and Social Services shall provide the Statewide Health Coordinating Council with an inventory of health facilities, population served, services rendered and other appropriate information that would be helpful to the council in recommending priorities for making grants. The Department of Health and Social Services shall update the inventory provided to the Statewide Health Coordinating Council as necessary.

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

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

(2) the ability of the health facility to continue to provide quality health services; and the need for services in relation to other facilities in geographic proximity to the community.

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

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

(5) the capabilities of federal and state health facilities and the existence of any cooperative agreements with the facilities and any expected changes within the forthcoming three year period.

(6) other related data that would assist the council in establishing grant priorities.

(d) The commissioner of health and social services shall review the recommendations of the Statewide Health Coordinating Council and shall provide to the Governor a prioritized list of health facilities in need of grant assistance from the fund established under AS 18.25.130 for physical plant improvements and maintenance. The amount of each grant shall be set after considering the ability of the community to contribute to the cost of the project. The commissioner may not make recommendations in an order other than that proposed by the council unless the commissioner

include & loans

(1) makes written findings of fact to justify the modification of the priorities recommended by the council;

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

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

Sec. 18.25.150. APPROPRIATION GUIDELINES.

(2) "health facility" means;

(a) a facility which is licensed, when required, by the state under AS 18.20.010 - 18.20.130 and which is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(b) includes a public health center, maternity home, community mental health center, out patient clinic, or rural health clinic.

definition??
physician practice?

(a) proposed appropriations for the health facility improvements and maintenance fund in the governor's annual budget submitted under AS 37.07 shall include

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

(A) inpatient health facilities with more than 100 beds; Anch - FBKS

(B) inpatient health facilities with 100 or less beds; all other hospitals.

(C) OTHER health facilities ~~serving communities with populations of less than 4500 people;~~

(2) the amount proposed to be granted to each facility from the fund and

(3) the estimated cost of each proposed project.

(b) proposed appropriations under this section shall not include any funding for health facility operated or wholly supported by the ~~state or~~ federal government

Sec. 18.25.160 APPLICATION FOR IMPROVEMENTS AND MAINTENANCE PROJECTS.

The state, a political subdivision of the state, or a public or other nonprofit agency requesting funds for a facility improvement and maintenance project shall apply to the department. The application shall conform to federal and state requirements.

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

HB 844 file

Possible Options
Designing a Funding Mechanism for Hospital/Health Care Facility Construction in Alaska

1. Develop annually a comprehensive long-range health facilities plan for the construction and maintenance of health care facilities for no less than the next five succeeding years. Each hospital or health care facility desiring state funds must submit plans including fund strategies, for no less than the next five succeeding years. The Department would evaluate these submissions and prepare cumulative statewide plans reflecting all requests. The Plan shall include detailed description of projects for the following year to include an itemization of the estimated cost and the total cost of all projects. State Health Coordinating Council would review the plan and offer recommendations to the Commissioner for funding. The Commissioner reviews the plan and recommendations, and submits decisions for next year funding as part of the Department's capital budget. The budget request is reviewed by the Budget Review Committee. The Governor's decisions on funding is included as part of his Capital Budget submission to the legislature and are included as part of the General Appropriations Act.

2. Establish a pool of hospital/health care facility construction funds the Department to which hospitals/health care facility submit application and plans if they desire state assistance. The fund would, if the application is approved, allow a grant for design monies so that plans are architecturally drawn and take into account community needs. These plans are then "costed out" and the requests for funding from state based on need are submitted to the Department for consideration. SHCC or another body designed to review proposals for funding. Advantage of this option would be flexible in allocating funds to match with specific plans and facility needs.

3. Have Department of Transportation and Public Facilities design all hospitals/health care facilities based on community requests. Contracts are let to appropriate bidders and DOT budget for hospitals/health care facilities, as part of its budget. The hospital/health care facility is then turned over to the local community for operation.

4. Have Alaska Hospital Association submit a plan to the Department for funding hospital/health care facility requests for the upcoming year. The Department reviews proposals and in light of existing funds, submits top priority projects as part of the Capital Budget Submission.

5. Require that all major hospital and health care facility construction be approved by referendum by the voters on a statewide election. The legislature would vote on which items to be included. The people would approve spending of state money for this purpose.

6. Designate a portion of General Revenue Sharing Money to be used for hospital/health care facility construction projects. (i.e. $1 out of $100 is to be used for this purpose.)

7. Provide no additional funds to communities to general hospitals above the general revenue sharing funds. Local communities can then decide if they are willing to offset costs with these funds.

8. Provide for direct appropriation for municipalities for hospital/health care facility construction through municipal grant account administered by the Department of Administration. The legislature would decide on projects and earmark funds directly for specific projects named.

KEY POINTS

To Consider In Designing A Funding Mechanism For Hospital/Health Care Facilities Construction in Alaska

1. Should the state assume the entire health facility construction? Should there be a community participation on a sliding scale basis?

2. Should the state assist in construction to proprietary facilities (Careage North, Nakoyia)?

3. What facilities should be included?
   a) Hospitals
   b) Long-term care facilities
   c) Clinics
   d) Health centers
   e) Residential care facilities
   f) Transitional facilities
   g) Alcohol and drug abuse treatment facilities
   h) Birthing centers
   i) Doctor's offices
   j) Others

4. Which facilities should be included in Plan?
   a) All
   b) Those who are receiving any state money from any service (i.e. Medicaid, Catastrophic Illness, etc.)
   c) Only those that desire state funds for construction or maintenance

5. How should funds be appropriated by legislature?
   a) Pool
   b) Specific amount for specific facility.

6. Who should design the construction plans for facility?
   a) Hospital/health facility
   b) Hospital/health facility with state technical assistance
   c) State with hospital/health facility assistance
   d) State (similar to case in state owned building - we would lease for operations)

7. Which state department should be the lead agency for administration?
   a) Transportation and Public Facilities
   b) Revenue
   c) Health and Social Services
   d) Administration
   e) Community and Regional Affairs

8. Should a review body be employed in the process? If so, which one?
   a) SHCC
   xb) Medical Care Advisory Board - subcommittee
   c) Budget Review Committee and/or Legislative Budget and Audit
   d) Medical Facility Review Authority
   e) New committee designed for this purpose

9. Should the state let contracts or grants design funds to hospitals/health facilities to insure estimates are correct and facilities are designed to meet community needs, prior to requesting funds from the actual site clearing and construction?

10. Should a referendum of the people be required to approve major projects?

11. Should the construction funds be granted for limited time period (i.e. two to three years)?

12. Should funds be limited only to meeting construction projects designed to bring facility up to state health and safety codes?

IN THE BY THE

BILL NO. _____
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - SECOND SESSION

For an Act entitled: "An Act relating to State Health Facilities Plan"

* Section 1. AS 44.29 is amended by adding a new Article to read:

Article 4. STATE HEALTH FACILITIES PLAN.

*Sec. 44.29.200. STATE HEALTH FACILITIES PLAN. (a) The commissioner shall develop a comprehensive long-range health facilities plan for the state and their construction. The program shall annually project proposed construction and maintenance of health facilities for not less than the next succeeding five years. In developing and revising the state plan, the commissioner shall consider means and cost of improving and operating existing facilities. The plan shall be based on information supplied by Alaska health facilities. All health facilities receiving state funds for services or construction must submit plans annually to the department in a form specified by regulation. The commissioner shall also consider the recommendation of the State Health Coordinating Council. The plan shall be submitted to the governor for his review and approval and submitted by the governor to the legislature.

(b) In developing and revising the plan, the commissioner shall seek public review and evaluation by any reasonable means and may

(1) consult and cooperate with officials and representatives of the federal government, other governments, and local agencies and authorities, interested corporations, and other organizations concerning problems affecting

construction and maintenance of health facilities for not less than the next succeeding five years. In developing and revising the state plan, the commissioner shall consider means and cost of improving and operating existing facilities. The plan shall be based on information supplied by Alaska health facilities. All health facilities receiving state funds for services or construction must submit plans annually to the department in a form specified by regulation. The commissioner shall also consider the recommendation of the State Health Coordinating Council. The plan shall be submitted to the governor for his review and approval and submitted by the governor to the legislature.

(b) In developing and revising the plan, the commissioner shall seek public review and evaluation by any reasonable means and may

(1) consult and cooperate with officials and representatives of the federal government, other governments, and local agencies and authorities, interested corporations, and other organizations concerning problems affecting health care services in the state; and

(2) request from any agency or other unit of the state government or if a political subdivision of it, or from a public authority, the assistance and data that may be necessary to enable the commissioner to carry out the responsibilities under this section; every such entity shall provide this assistance and data requested.

(c) Copies of this plan, as revised, shall be kept on file as a public document in the Office of the Commissioner and at each regional health office of the department.

(d) The plan shall include a description of projects planned for design and construction for the following year. The description is in addition to the long-range plan required by (a) of this section. The description shall include an itemization of the estimated cost for each project and the total cost to all projects. The commissioner shall propose and forward to the Governor for his review and approval and inclusion, as approved, in the capital budget a construction program which includes projects to be undertaken during the following year, including recommended project priorities. Funds for health facility construction projects and necessary contingencies shall be itemized as allocations within the bill for the General Appropriations Act.

Sec. 44.29.210. DEFINITIONS. In AS 44.29.200 - 44.29.210 of this chapter:

(1) "commissioner" means the commissioner of health and social services.

(2) "construction" means the erection, building, alteration, reconstruction, improvement, extension or modification of health care facility, including lease or purchase of equipment, excavation or other necessary action.

(3) "health care facility" means a private, municipal, state or federal hospital, psychiatric hospital, tuberculosis hospital, skilled nursing facility, kidney disease treatment center (including free-standing hemodiaylsis units), intermediate care facility, and ambulatory surgical facility; the term excludes the office of private physicians or dentists whether in individual or group practice.

* Sec. 2. This act takes effect July 1, 1982.

DRAFT

This memorandum proposes one approach to a workable health care facilites construction program. What will be presented is not entirely new, but parallels the proceedure which the department followed in allocating and disbursing funds from the 1970, 1972, and 1974 health facilities construction funds appropriated by the Legislature. The forms necessary for the program are available and most of the hospitals and long-term care facilities in Alaska are familiar with the proceedures of the program which will be outlined in this memorandum.

The text of this memorandum will begin with a description of certain methodologies of the design and construction of health care facilities. These methodologies are well established within the health care industry and the architecture and construction industries. This memorandum will then present a description of the proposed health care facilities construction program and define certain terms necessary to an understanding of the program. The construction program will be discussed as is pertinent to the construction of hospitals and long-term care facilities. The same basic approach may be modified to also include the construction of other health care facilities such as health clinics and health centers.

BACKGROUND INFORMATION

The design and construction of a health care facility generally follows six basic steps:

I. Perception of the need for a building program;
II. Completion of a need survey and feasibility evaluation;
III. Organization of a construction planning committee;
IV. Deciding upon the planning, design and construction approach;
V. Development of a planning, design and costruction schedule, and
VI. Opening of the completed facility.

Any State health facilities construction program should allow for the continuance of these steps to avoid confusion and hostilities from the groups involved.

I. Perception of the need for a building program.

Typically, the perception of the need for a building program results from clearly observable facility inadequacies: The facility is too small, too old, does not provide sufficient space for a recently

perceived need such as a birthing room, long-term care rooms, ultrasound services, etc. As such, the need for a building program is generally perceived on a local level by physicians, facility staff, the community served by the facility and is approved by the facilities board of directors. The State may point out the need for a building program as a result of licensure or architectural surveys; however, it is essential that the people who work in the facility and are served by the facility be involved in the development of a solution to an identified need if the solution is to be acceptable.

II. Completion of a need survey and feasibility evaluation.

Once a need has been perceived, active planning begins with a need survey and feasibility evaluation. The work required by the need survey will depend upon the parameters of the perceived need. If the perceived need is to meet a code requirement the need survey may simply be a statement of the facts. If the perceived need is for a new facility the need survey would be more extensive, identifying what services the community desires, what services may reasonabley be offered in the community, workloads for those services, etc. The most important point to determine with the need survey is whether the perceived need is an actual need. This step is often given little or no attention when, as a result of the present affluence of Alaska, funding is provided directly sans formal request.

III. Organization of a Construction Planning Committee

A construction planning committee is generally organized for the purpose of determining alternative approaches to design and construction for an extensive remodeling or expansion of a facility or the construction of a new facility. In accomplishing its task the committee works with a professional planning and design team. The construction planning committee generally interviews a number of professional planning teams and submits an analysis and recommendation to the facilities board of directors as to which of the teams would best suit the facilities needs and desires. The board of directors then makes the actual selection, typically after several meetings and many hours of laborious and often times heated debate.

The professional planning and design team works with the construction planning committee in gathering and weighing the considerations of physicians, staff, the administration, the community and other affected groups. The design of a new facility or expansion/remodeling of an existing facility is not taken at all lightly by such persons; therefore, it is important that any governmental construction assistance program not ignore such persons or attempt to usurp the leading role of either the committee or the facilities board of directors.

IV. Deciding upon the Planning, Design, and Construction Approach

Once a professional planning and design team has been selected the facility should decide upon the approach to be taken toward construction.

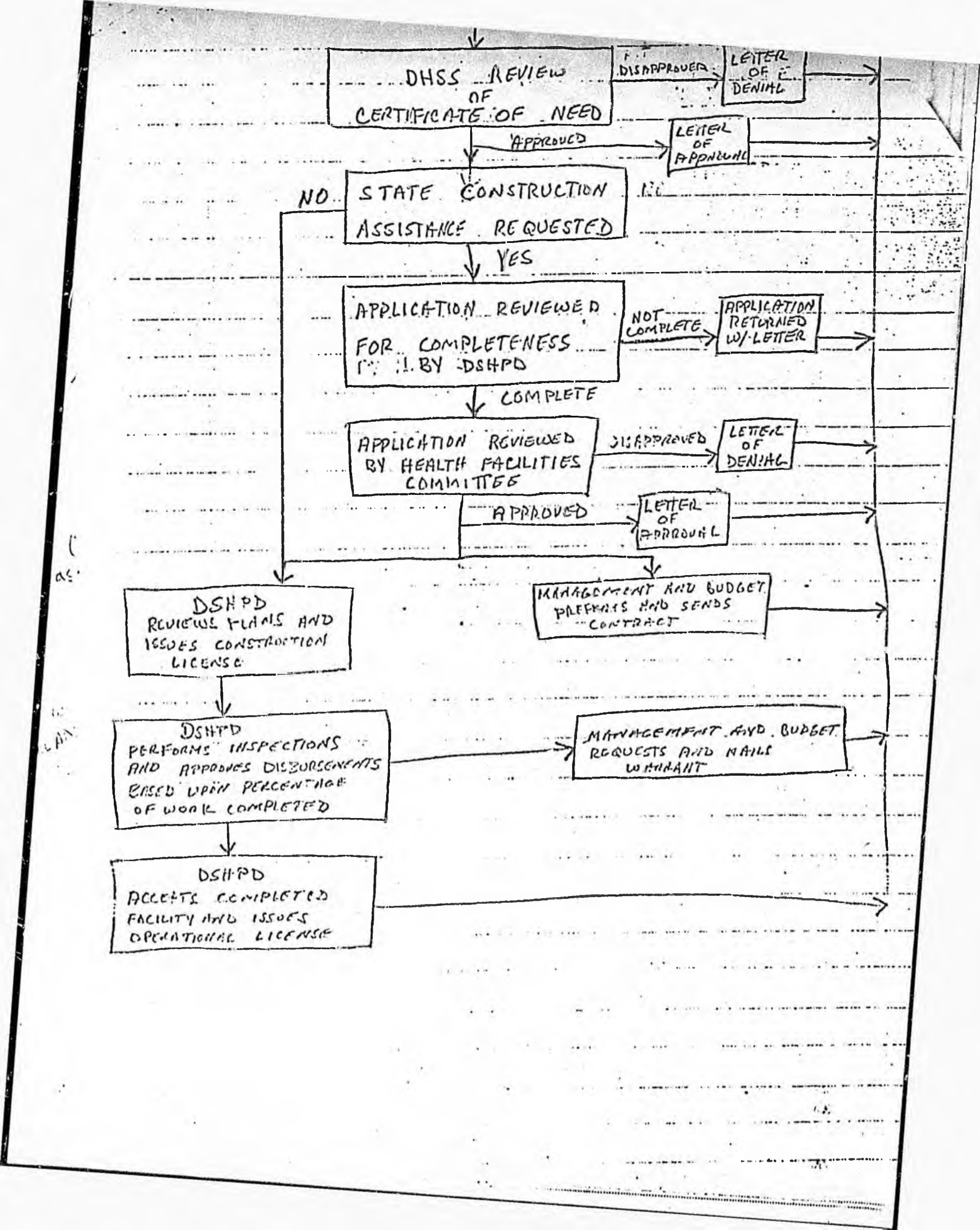
Several alternative approaches have been developed within the architectural and construction industries; however, the construction of hospitals generally follows one of two approaches: The "traditional approach" in which all design documents are prepared and approved prior to any construction or the "fast track" approach in which design is accomplished concurrently with construction. Although the traditional approach usually causes less problems than the fast track approach, a properly administered fast track project often saves dollars and is often prefered by communities. A health facilities construction assistance program should be flexible so as to accomodate either of these approaches.

V. Development of a Planning, Design, and Construction Schedule

The schedule for the construction project may take one of several generally accepted formats, but must describe the entire flow of work, show assignments among committee and team members, and relate reviews and approvals by the facility and governmental authorities.

IV. Opening of the Completed Facility

The opening of a completed facility must be as well planned as is the design of the facility. The hiring and organizing of staff, orientation and training, preparation of policy and procedure manuals, systems and equipment testing, etc. must all be carefully planned and coordinated prior to the opening of the completed facility.


DHSS REVIEW OF CERTIFICATE OF NEED
DISAPPROVED
LETTER OF DENIAL
APPROVED
LETTER OF APPROVAL
NO
STATE CONSTRUCTION ASSISTANCE REQUESTED
YES
APPLICATION REVIEWED FOR COMPLETENESS BY DSHPD
NOT COMPLETE
APPLICATION RETURNED W/ LETTER
COMPLETE
APPLICATION REVIEWED BY HEALTH FACILITIES COMMITTEE
DISAPPROVED
LETTER OF DENIAL
APPROVED
LETTER OF APPROVAL
MANAGEMENT AND BUDGET PREPARES AND SENDS CONTRACT
DSHPD REVIEWS PLANS AND ISSUES CONSTRUCTION LICENSE
DSHPD PERFORMS INSPECTIONS AND APPROVES DISBURSEMENTS BASED UPON PERCENTAGE OF WORK COMPLETED
MANAGEMENT AND BUDGET REQUESTS AND MAILS WARRANT
DSHPD ACCEPTS COMPLETED FACILITY AND ISSUES OPERATIONAL LICENSE

Several alternative approaches have been developed within the architectural and construction industries; however, the construction of hospitals generally follows one of two approaches: The "traditional approach" in which all design documents are prepared and approved prior to any construction or the "fast track" approach in which design is accomplished concurrently with construction. Although the traditional approach usually causes less problems than the fast trac approach, a properly administered fast track project often saves dollars and is often prefered by communities. A health facilities construction assistance program should be flexible so as to accomodate either of these approaches.

V. Development of a Planning, Design, and Construction Schedule

The schedule for the construction project may take one of several generally accepted formats, but must describe the entire flow of work, show assignments among committee and team members, and relate reviews and approvals by the facility and governmental authorities.

IV. Opening of the Completed Facility

The opening of a completed facility must be as well planned as is the design of the facility. The hiring and organizing of staff, orientation and training, preparation of policy and procedure manuals, systems and equipment testing, etc. must all be carefully planned and coordinated prior to the opening of the completed facility.

I. DHSS Review of Certificate of Need

This stage of the program determines the relative need for the project, considering: workload projections, project feasibility, consistency with the facilities LRP & SHP, and the relationship of the project to other health care providerrs. This relationshiop of the project to other health care providers. This stage of the program compliments the second basic step in the design and construction of health care facilities . A final determination to issue or not issue a certificate of need is made by the commissioner DHSS.

II. State Construction Assistance Requested

In this stage of the program the facilities makes application to the DHSS for construction assistance. In making application the facility describes the project, target dates for completion of plans and construction , the level of state assistance necessary for the project, and gives assurances that should state proved the requested funding that:

(A) It possesses adequate finances to construct the proposed facilities; that a resolution, motion, or similar action has been adopted or passed as an official act of the applicant's governing board, authorizing the submission of the application, including all understandings and assurances contained therein and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required;

(B) It will comply with the provisions of Chapter 7 and Chapter 9 of Title 7 of the Alaska administrative Code relating to the construction of health facilities;

(C) Sufficent funds will be available to meet the cost of constructing the facility prior to the commencement of construction, and that sufficient funds will be available when construction is completed to assure effective operation and maintenance of the facility for the purposes for which constructed;

(D) Approval by the Health Resources Development Section, Divsiion of State Health Planning and Development, Department of Health and Social Services of the final drawings and specifications will be obtained before the project is advertised or placed on the market for bidding; that it will construct the project, or cause it to be constructed, to final completion in accordance with the application and approved drawings and specification; that it will submit to the Health Resources Development Section for prior approval changes that materially alter the scope, cost, use of space, or functional layout of the project.

(E) On projects which are financed in whole or in part by State funds, all contractors and subcontracts working on the project will pay the prevailing rate of pay established by the Alaska Department of Labor as required under Title 36 "Public Contracts" of the Alaska Statutes and will comply with regulations adopted pursuant to Title 36.

(F)

CIVIL RIGHTS STUFF

(G) It will provide and maintain competent and adequate architectural and engineering supervision and inspection at the construction site to ensure that the completed work conforms with the approved drawings and specifications; that it will furnish progress reports as required by the Health Resources Development Section, Division of State Health Planning and Development, Department of Health and Social Services.

(H) The facility will be operated and maintained in accordance with the requirements of applicable Federal, state and local agencies for the maintainance and operation of such facilities.

III. Application Reviewed By DSHPD for Completeness

This stage of the program involves a review of the application to determine that all information necessary for the committee to make a decision is included in the application. At this stage the DSHPD would also prepare a review and summary of the application

IV. Application Reviewed by Health Facilities Committee

A health facilities committee reviews application for state assistance. Based upon information given in the application, the facilities LRP, and the State Plan for construction of Health Facilities the committee prepares a report to the commissioner DHSS. The report would include a recommendation as the the level of State assistance for the proposed project.

The state assistance could be either a grant or loan, The amount given as a grant should be based upon a percentage of the total construction costs to allow the flexibility needed in meeting change orders, alternates, and other unforeseeable cost. If the facility has applied for a grant, but the committee finds a grant to be more appropriate than a loan, the facility should be advised of the availabiltiy of the Alaska Medical Facilities Authority bond program.

V. Review of plans and Issuance of Construction Licence

This stage is routine with all hospital and longterm care facilities construction, and is established in 7AAC 09.

VI. This stage is also routine, but in this model the responsibility for preparation and management of the contract has been transferred to the Division of Management and Budget

Dave Davidson
3rd floor - Public Assist

EXECUTIVE SUMMARY

Background

The need for a comprehensive and systematic approach to hospital construction in Alaska has been of concern to the Department of Health and Social Services for some time. As a step toward the development of a rational approach to hospital construction the Department of Health and Social Services has begun an inventory and condition survey of rural Alaskan hospitals. The purpose of the survey is two-fold: 1) to develop a detailed record of the current condition of each participating facility, emphasizing physical condition and functional adequacy, and; 2) to identify possible means for upgrading each facility to correct any deficiencies. This survey is scheduled for completion in mid-February 1982.

Although it is still too early in the survey to determine a justifiable estimate of the costs involved in bringing the rural Alaskan hospitals up to current standards, from past contacts and informal observations it is evident to the Department that several of Alaska's rural hospitals are in need of extensive renovation and, in some cases, replacement.

Health Facilities Future Needs

The hospital construction assistance program would be based upon a Statewide Medical Facilities Plan which sets out the future needs for each facility. The format of the plan will be determined by the Department of Health and Social Services; however, the development and approval of the plan would involve: the individual hospitals, the Statewide Health Coordinating Council, the Alaska State Hospital Association, the State Health Planning and Development Agency, and the Health Systems Agencies.

To provide a data base for the plan, each facility would be requested to submit, on a voluntary basis, a long-range plan. The long-range plan would, at a minimum, anticipate the facilities program needs and construction needs for the current yea. and the next five years. These institution

specific plans would be included with other pertinent data into the Statewide Medical Facilities Plan.

Funding of Statewide Hospital Needs

Department of Health and Social Services is aware of several problems which have occured as a result of the present methods of funding hospital construction. Smaller facilities have found the existing loan program available through the Alaska Medical Facilities Authority to be inadequate to meet their needs. Such facilities have been requesting State grants for each specific project. This method of funding has provided excess funding in some instances, and insufficient funding in other instances, funding levels have been set before reliable cost estimates are available.

The program set out in this summary proposes to avoid inaccurate funding levels by providing separate funds for 1) planning and design, and; 2) construction. Planning and design of a hospital construction project should be completed to the degree necessary to establish reliable construction cost estimates before construction funding levels are determined. Although some adjustments to cost estimates will occur during construction, this method of determining funding levels will avoid the large excess funding and funding shortfalls which have resulted from current methods of funding hospital construction.

The attached charts describe the flow of information and decisions for this program. To understand the flow chart, it is desirable to observe how one project would proceed, step to step, toward completion.

The first step in any building program is the perception that a need exists. Typically, the perception of the need for a building program results from clearly observable facility inadequacies: The facility is too small, too old, does not provide sufficient space for a recently perceived need such a birthing room, long-term care rooms ultra-sound services, etc. As such, the need for a building program is generally perceived on a local level by physicians, facility staff, the community served by the facility and is approved by the facilities board of directors. The State may point out the need for a building program as a result of licensure or architectural surveys; however, it is essential that the people who work in the facility and are served by the facility be involved in the development of a solution to an identified need if the solution is to be acceptable.

Once a need has been perceived, active planning begins with a need survey and feasibility evaluation. The work required by the need survey will

depend upon the parameters of the perceived need. If the perceived need is to meet a code requirement the need survey may simply be a statement of the facts. If the perceived need is for a new facility the need survey would be more extensive, identifying what services the community desires, what services may reasonabley be offered in the community, workloads for those services, etc. The most important point to determine with the need survey is whether the perceived need is an actual need.

These steps usually result in a certificate of need application and approval. (When following investigations and data collection, the perceived need does not prove to be an actual need the facility generally does not submit an application for a certificate of need. As such, few certificate of need applications are disapproved.) Should the certificate of need application be disapproved the State would, of course, supply no funding for the project.

Assuming certificate of need approval, two major decisions remain: 1) the priority of the project for State funding with respect to other hospital construction projects identified in the Statewide Medical Facilities Plan, and 2) the appropriate level of State assistance for the project.

The priority of the proposed project for State funding is determined by the Department of Health and Social Services based upon the Statewide Medical Facilities Plan, public input, certification and licensing reports, the State Health Plan, and other relavant information.

To assist in determining the appropriate level of State financial participation in the planning and design phase and in the construction phase the facility would supply information by means of an application for State assistance to the Alaska Medical Facilities Authority. Based upon the application, recommendations from the Department of Health and Social Services, and other information which may properly come before the Board, the Alaska Medical Facilities Authority determines the level of State participation in the project and whether the State participation will be in the form of a grant, loan, loan guarantee, etc.

Once the level of state funding has been established the facility would be required to demonstrate the availability of total construction funds neccesary to the completion of the project. Such a demonstration will help avoid situations where the funds run out before the project is complete.

To give further assurance that funds will be sufficient to complete the project it is necessary for the disbursement of funds to be made in phases according to the percentage of work completed.

The Department of Health and Social Services currently reviews plans and specifications for hospital construction and observes construction in progress to assure that the completed facility meets codes and is acceptable for Medicaid Certificaton and State licensure. Under this program the Department of Health and Social Services representative would have the added responsibility of determining the percentage project completion and reporting that percentage to the disbursement officer in charge of State funds for the project.

Required Legislation

Existing statutes provide authority for most of this proposed program. Enabling legislation may be required to permit the Alaska Medical Facilities Authority to make decisions on funding which differs from State backing for bond sales.

PROPOSED AMENDMENTS TO HB 844

1. Add 18.25.140(e)

   e. Rural Health Facility means a health facility license persuant to AS 18.20 located in an unorganized borough or an organized borough with a population of less than 45,000 people.

2. Add 18.25.150

   The Governor's Annual Budget shall contain the proposed appropriation to the rural health facility improvements and maintenance fund including an itemized listing of projects to be funded, the amount proposed to be granted to each facility and the estimated total cost of each project.

alaska state hospital association

319 Seward St., Juneau, Alaska 99801 • (907) 586-1790

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

March 7, 1982

The Honorable Michael F. Beirne
Alaska State House of Representatives
Pouch V, State Capital Building
Juneau, Alaska 99811

Dear Representative Beirne:

The Alaska State Hospital Association requests your support for House Bill 844 by Representatives Haugen, Cato, Fuller, Malone and Sutcliff.

This measure is an attempt to create order and reason in the process by which the state involves itself in the construction of rural hospitals and nursing homes. We believe that the prioritization of facility needs will encourage the systematic addressing of the needs of each facility rather than the current hit or miss process. HB 844 provides for the prioritization of the needs of facilities by the Commissioner of Health & Social Services with the assistance of the statewide Health Coordinating Council. Once the priority is established, the Governor will decide the number of priorities that will be proposed for funding in the Governor's budget. The legislature will involve itself in the process via budget considerations.

While we acknowledge that HB 844 leaves open the potential for a zero funding decision, we are hopeful that the state will continue to accept its role in funding assistance to rural facilities.

We have attached three proposed amendments which clarify the intent of HB 844 and respectfully request your favorable consideration of this bill.

Sincerely,

Dennis L. DeWitt
President

DLD:bf
cc: Rep. Haugen

PROPOSED AMENDMENTS TO HB 844

1. Page 2, line 20 strike "totally" and insert "enable the facility to".

2. Add 18.25.140 (e) after line 29 on page 2.

   (e) Rural Health Facility means a health facility licensed persuant to AS 18.20 located in an unorganized borough with a population less than 45,000 people.

3. Add 18.25.150

   The Governor's Annual Budget shall contain a proposed appropriation to the rural health facility improvements and maintenance fund including an itemized listing of projects to be funded, the amount proposed to be granted to each facility and the estimated cost of each project.

Nancy –

TRY This ON for Size!

Let me know if it ~~sat of~~ satisfies your IMPRESSION of charlie's REQUEST

I believe it PRIORITIZES everyone STATE, Fed, NON PROFIT, URBAN, RURAL, etc. FUNDING goes to hosp + NURSING homes AND clinics in RURAL & POOR populations communities. LESS THAN

Give me a call either at The office 586-1750 or Home 789-4259

DENNIS

D. Williams

CS HB 844 (am)

- only licensed facilities – should address all
- STRIKE word RURAL throughout bill
- 18.20 reference to licensed limits to nursing homes & hospitals
- limits state asst to GRANTS only
    1. loans
    loan guarantee
    Bond backing Med. Soc. Auth

    Consider
- community should request funds
  state should be able to request info from community
- no accountability for funds.

April 26
12:15

Charlie

Bessie Hedrick, Director of University Museum called looking for support in Senate Budget for collection acquisition appropriation ($100,000 total)
She's calling Don Bennett but wanted me to let you know he had called

Nancy

Nancy -
your opinion on Dept position paper/draft CS for 844?

#51

REPORT ON RURAL ALASKA HOSPITALS AND NURSING HOMES

INVENTORY AND EVALUATION

SURVEY

PREPARED FOR

ALASKA LEGISLATURE

BY

DIVISION OF STATE HEALTH PLANNING AND DEVELOPMENT

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

HELEN D. BEIRNE, COMMISSIONER

MARCH 8, 1982

TABLE OF CONTENTS

INTRODUCTION

Ensuring access to and availability of care is an important planning responsibility of the State of Alaska. The needs for and adequacy of health care facilities, manpower, services and equipment are all important considerations in determining an appropriate health care delivery system for Alaska.

With the support of a 1981 legislative appropriation, the Department of Health and Social Services has conducted an inventory of 15 rural hospitals and nursing homes and a survey of more than 200 clinics in the State to assess their physical plant condition and functional adequacy. This report describes the inventory design and process, the findings, and alternative construction funding sources. In a separate effort, the Department surveyed all health clinics in the State and has provided an initial report on the needs for clinic construction to the legislature.

Information provided in these reports is intended to serve as a guide in determining an appropriate level of State support for health facility construction, since the number and size of construction aid requests and/or appropriations are increasing each year. Cost estimates are provided to outline the dimension of construction need, but cannot be interpreted as a recommended level of State support.

I. HEALTH FACILITY INVENTORY DESIGN AND IMPLEMENTATION

The Need for a Health Facility Inventory

The Department of Health and Social Services has become increasingly aware that many health care facilities, particularly rural hospitals and nursing homes,

are in need of renovation or replacement. This awareness has sharpened as the Department fulfills its responsibilities for review and approval of facility construction plans, for issuing construction licenses, for annual operational licensure surveys, for certification for Medicare and Medicaid reimbursement and in analyzing applications for certificate of need. Knowledge that there were significant needs for upgrading facilities was accompanied by an awareness that many communities were unable to undertake hospital or nursing home renovations because the community's economic base could not support the total costs. The Department initially outlined its concerns related to health facility construction and operation in a 1981 report to the Legislature on health facility revenue sharing.

Designing the Inventory

As a result of an appropriation by the 1981 Legislature to inventory health facilities, the Department defined its scope as those rural hospitals and nursing homes designated as Level III facilities in the State Health Plan. This designation includes communities with sufficient population and health care services, manpower, equipment and facilities to provide basic hospital services and long term care services. The inventory was limited to these communities because construction, licensing and certification staffs had identified major deficiencies in these facilities which communities had been unable to correct. These deficiencies included:

- Building, fire and life safety code violations;
- Lack of adequate mechanical ventilation to patient care areas;
- Mechanical and electrical inadequacies resulting from acquisition and use of modern equipment which places higher demands on original mechanical and electrical systems;

- Structural constraints which inhibit facility flexibility to respond to changes in health care practices, patterns of use, medical technology and community attitudes;

- Space shortages resulting from increased complexity of information processing and records storage requirements;

- Space shortages resulting from more medical equipment;

- Storage shortages related to greater use of disposables rather than reuseable items.

Changes in service area populations (growth or decreases) modifying needs for space.

To determine interest in participating in the survey, the Department contacted all rural hospitals and nursing homes to advise them of the survey and to request their participation. Anchorage and Fairbanks hospitals were not included as they are not considered rural facilities and were not experiencing code compliance correction issues faced by rural facilites. For-profit facilities such as Nakoyia Health Care Center in Anchorage and Careage North in Fairbanks were also excluded since they are not eligible for State assistance. All rural hospitals and nursing homes elected to participate in the inventory with the exception of Valley Hospital in Palmer, since financing had been secured for renovation/replacement of the facility and project design was in progress. Sitka Community Hospital also declined to participate since construction of a replacement facility was underway.

Conducting the Inventory

Once the listing of facilities to be inventoried had been finalized, the Department of Health and Social of Services issued a Request for Proposal to architectural firms for the completion of an on-site inventory and evaluation survey of fifteen rural health care facilities in the State.

The purpose of the survey is two-fold: 1) to develop a detailed record of the current condition of each subject facility, emphasizing physical condition and functional adequacy; and, 2) based on an analysis of those current conditions and any anticipated future developments (expressed in long-range plans, and certificate of need applications, for example), to formulate recommended activities for the correction of noted deficiencies and provide preliminary cost estimates for the recommended activites.

The inventory and condition survey was organized into three basic phases:

Phase One: Pre-inventory Activity

The first phase consisted of pre-inventory activity including:

- preparation of request for proposals
- selection of architectural firm
- initial consultation with selected firm
- collection and review of available documents/plans
- confirmation of site visit schedule
- development of forms and questionnaires
- final coordination meeting between architectural firm and DHSS

Phase Two: On-site Inventory

The second phase included all the on-site inventory activity. To accomplish this portion of the work in the limited time available, two survey teams were formed, each with a hospital systems planner, an architectural investigator, a mechanical investigator, and an electrical investigator. The facilities surveyed were divided into an eastern region and a western region with one survey team assigned to each region. Pre-determined survey formats were used to assure consistency between the two regions.

Each site survey consisted of the following steps:

Document Review:

Examination of existing documents including plans, code reviews, pertinent facilities board actions, pending physical plant changes, fire marshal reports, licensing agency recommendations and long-range plans.

Staff Interview:

An interview session including representatives from the facility's administration and medical staff (as deemed appropriate by the facility's administrator).

Facility Examination:

The survey team inspected all portions of the facility to gather first-hand information on all systems. Standardized forms and checklists were used to assure thorough investigation and standardized reporting. Field notes were used to itemize deficiencies not covered by the standardized forms and checklists.

Final Meeting:

A final meeting was held with the facility's administrator to communicate the results of the facility examination, preliminary findings of the team, and to discuss the nature of the report.

Phase Three - Evaluation of Reports

The third phase of the inventory and condition survey included the evaluation of collected data, and preparation and submission of draft reports. The Health Resources Development Section of the Division of State Health Planning and Development, DHSS analyzed several drafts and worked with the consulting architectural firm toward the completion and printing of the report.

II. OVERVIEW OF SURVEYED FACILITIES

During its evaluation of the physical facilities of each hospital/nursing home the architectural team discovered a number of serious deficiencies. Generally, the deficiencies result from advances and changing techniques in the medical field, coupled with more stringent building, fire and life safety codes which have been adopted over the years since construction of the facilities. Space and flexibility limitations in the facilities were also judged to be important deficiencies and were considered in arriving at the recommendations for corrective measures.

The majority of nursing units were found to lack required electrical capacity, mechanical ventilation systems and nurse call systems. Surgical units

in some hospital facilities were found not to meet minimum area requirements and to be poorly ventilated. Often the surgical areas were laid out in a manner providing undesirable circulation patterns which created cross-contamination problems.

Advanced laboratory and treatment equipment is increasingly being placed in service at the facilities. Usage of the radiology and laboratory units of the facilities is also increasing. These areas require large amounts of mechanical and electrical service to accommodate these increases. Most of the facilities surveyed were drastically short on space in these areas. Most of the older facilities provide insufficient waiting areas for outpatients, causing the use of corridors, foyers, and other access areas for waiting areas. These conditions result in Life Safety Code violations.

Many facilities have found it necessary to store medical equipment in corridors due to the lack of storage space, thus compounding circulation problems.

New obstetrical practices such as "birthing rooms" and "rooming in" have become popular in recent years causing changes in space requirments for obstetrical areas.

Administration areas in most facilities are cramped, with records storage space lacking. As these facilities convert to the use of computerized data storage systems, this problem will increase due to the sophisticated mechanical and electrical requirements for this equipment. Retrofitting most facilites to handle this type of equipment will be costly and difficult.

Bringing some of the surveyed facilities into compliance with the governing

mechanical and electrical codes is expected to be more costly than new construction. This is due, in part, to a lack of physical space in which to install the required systems. Examples of this are:

The existence of concrete floor slab-on-grade construction, where the floor would have to be removed to install new plumbing or mechanical systems; and,

Buildings that have little or no space between ceilings and the roof framing for the installation of mechanical systems.

Although, in some instances the report recommends facility replacement based upon the conclusion that it would not be cost-efficient to attempt to bring the facility up to current hospital construction standards by remodeling or renovation, many of those facilities may still be useful for non-hospital programs.

The reports do not recommend the correction of noted deficiencies when the costs involved appear to outweigh the benefits. In such instances replacement is suggested. In other instances the reports recommend immediate remedial action to correct hazards even though the final conclusion is for replacement of the facility.

III. PRIORITIZATION OF SURVEY FACILITIES

In conducting the inventory and evaluation study of the fifteen hospitals and long-term care facilities, the architectural consultants identified six facilities which are in greater need of immediate attention than others, due

to their more severe physical and functional deficiencies. To arrive at a ranking of all surveyed facilities based upon relative need for construction to correct noted deficiencies, the Department assembled a committee to review the report. This committee consisted of one member of:

The Alaska Medical Facility Authority;
The Alaska State Hospital Association
Southeast Alaska Health Systems Agency, Inc:
South Central Health Planning and Development, Inc.;
The Medical Care Advisory Committee, and
The Statewide Health Coordinating Council.

The ranking provided by this committee was based only upon the relative severity of all physical and functional deficiencies found at each facility and did not consider other factors such as facility utilization or population trends: The committee ranking was as follows:

1.) Cordova Community Hospital and Long-Term Care Facility
2.) Petersburg General Hospital and Long-Term Care Facility
3.) Seward General Hospital
4.) Kodiak Island Hospital and Long-Term Care Facility
6.) Wesleyan Nursing Home
7.) Wrangell General Hospital
8.) South Peninsula General Hospital and Long-Term Care Facility
9.) Ketchikan General Hospital and Island View Manor
10.) Central Peninsula General Hospital
11.) Bartlett Memorial Hospital
12.) Valdez Community Hospital

13.) St. Ann's Nursing Home

14.) Norton Sound Regional Hospital

To develop a construction plan for addressing the need for correcting the noted deficiencies, the Department considered the recommendations given in the report and the recommended ranking provided by the review committee in light of factors other than physical characteristics such as occupancy rates, population trends, accessibility, and alternative sources of health care. The construction plan (attached as an appendix) recognizes the need for an orderly progression for each facility on a year to year basis from preparation of long-range planning to design and then to construction. The plan also recognizes the fact that some of the facilities have completed the planning phase or design phase and are prepared to proceed with the correction of deficiencies. For these reasons the construction plan is not entirely consistent with the prioritized listing which was based only upon the severity of deficiencies. The plan also spreads the estimated costs for planning and construction over a five year period.

For some facilities the consultants report provided estimated costs for correcting deficiencies. For other facilities where estimated costs were more difficult to assess the report recommended long-range planning before establishment of cost estimates. Readers of this report should note that the estimated costs have been proposed without the benefit of detailed long-range planning and should only be viewed as guidelines. The costs shown in the report and construction plan are estimated 1982 values without projection for inflation and do not include other project costs such as fees, equipment, or site acquisition. More accurate figures have been presented for the Petersburg facility since that facility is nearing the end of the design phase.

The estimated costs shown are provided as a guideline in determining the dimensions of a given community's need. No estimates have been made or indeed can be made from this inventory as to the level of State assistance appropriate to any one community.

The construction plan emphasises the need for long-range planning prior to construction. The consultant report indicates that sufficient long-range planning was not done before construction of several of the facilities surveyed. The Department recommends a requirement for formal long-range planning for those facilities which have not begun or have not have adopted a long-range plan before any State funding is provided. One important aspect of long-range planning is to identify possible future expansion and thereby, avoid "boxing in" service areas which can reasonably be expected to require more space in future years. Long-range planning and State policy development should also consider both Pioneers and non-Pioneers requiring long-term nursing care. The expected growth of the age group of Alaskans eligible for Pioneer services, which include skilled nursing care, make this an important consideration.

IV. ALTERNATIVE SOURCES OF CONSTRUCTION FUNDS

Possible sources for construction funds are limited and apparently do not meet the needs of most of the surveyed facilities. Existing sources are:

Revenue Sharing

Under AS 29.90 municipalities or other hospital or health facilities sponsors may receive reimbursement for up to 25% of total project costs. This partial reimbursement is available only to those facilities which have successfully secured financing and have completed a health facility construction project. Most rural facilities do not have the capacity for debt required to secure

financing for completion of a facility. For this reason access to the partial reimbursement is essentially denied to those facilities.

Alaska Medical Facility Authority

Under AS 18.26 medical facilities may apply to the Alaska Medical Facility Authority for State backing relative to the sale of tax-exempt bonds for the purpose of financing medical facility construction. One project has been financed through this program to date -- a 1978 Fairbanks Memorial Hospital expansion project in the amount of approximately $12 million. Alaska Hospital and Medical Center, Anchorage, is presently working with the Authority for the refinancing of that facility and the acquisition of the adjacent professional office building.

One determination which the Authority must make before bonds may be issued under this statute is that the lease or operator agreement for the medical facility being financed by that issue is at least sufficient to meet all obligations in connection with the lease or operator agreement, including all costs necessary to service the bonds. This prerequisite essentially disallows use of the program by rural facilities, most of which do not have more than a minimal capacity for servicing bonds.

Federal Funding

Federal funding for health facility construction provided under the Hill-Burton program is no longer available.

Congress has approved a program which may provide construction funds for the purpose of converting existing hospitals and long-term care facilities to

other uses. The intent of this program is to provide for an orderly closure of an unneeded hospital or long-term care facility. This program has not been funded and would not serve the needs of Alaskan facilities which are seeking funds for renovation or replacement.

The only Federal funds which are available for health facility construction are esentially limited to construction or renovation of Federally owned facilities such as Public Health Service hospitals or Veterans hospitals.

Municipal or Borough Bonds

The issuance of municipal or borough bonds is a possible source of funds for community hospitals. Most of the surveyed facilities are, however, located in municipalities or boroughs which do not have the bond capacity necessary to meet more than a portion of estimated construction costs.

Direct Legislative Funding

Direct legislative funding through the sale of bonds or from general funds has been an important source of State support for health facility construction, particularly for rural facilities. There are, however, several problems which may result from a direct legislative appropriation to a named recipient. This method of funding has provided excess funding in some instances, and insufficient funding in other instances, since, under this method, funding levels are necessarily set before reliable cost estimates are available. An excess of funds usually results in additions to the original building concept such as additional administrative space, another operatory or another feature which may not be essential. Insufficient funding either causes delays

in project construction, incomplete projects, or the construction of a facility which is reduced in scope from the original design.

Conventional Loans

Conventional loans from lending institutions may be another source of construction dollars for hospitals; however, lending institutions usually have more stringent requirements and higher interest rates than previously mentioned alternatives.

V. DETERMINING A STATE ROLE IN HEALTH FACILITY CONSTRUCTION

The question of the appropriate state role in assisting construction needs of existing facilities is a complex one. This report has noted that the State and Federal Government have previously had roles in establishing and/or assisting with the construction of many health care facilities. With the discontinuation of Federal funds which had previously supported construction of health care facilities, the State's role has become less clear and in need of further exploration and definition. Regardless of the extent of the State's role, the fact remains that many of Alaska's health care facilities, which are deemed to be needed facilities by virtue of access to the services they provide, are in need of renovation, modernization or replacement in order to continue to make quality health care reasonably accessible to Alaskans as well as to the many visitors to this State.

Health facility construction funding is presently limited to the aforementioned alternatives. The likelihood of Federal assistance for which Alaska facilities would be eligible any time in the near future is remote. Health facility construction need not be bound by current programs if it is determined that the State has a role in assisting with systematic health facility upgrading and construction.

Two legislative proposals address the need for a statutorily established health facility construction program. House Bill 844 and the identical Senate Bill 782 pose one possible format for a program adressing health facility construction. These bills would create a fund within the Department of Health and Social Services for plant improvements and maintenance at rural health facilities. The bills provide that the Statewide Health Coordinating Council will make recommendations to the Commissioner of the Department of Health and Social Services as to the prioritization of projects. Under these bills the priorization of projects would be based upon:

1) The condition of the existing physical plant of a rural health facility (as determined by an annual inventory prepared by the Department of Health and Social Services);

2) The ability of the rural health facility to continue to provide quality health services;

3) The need in the community for additional services; and

4) The ability of the rural health facility to meet current licensure standards.

Although the concept of providing state assistance to rural health facilities as outlined in these bills appears valid, the bills do have some shortcomings. The bills apparently provide for total State funding of construction of rural health facilities. It can be argued that the State has a responsibility for ensuring access to quality health care facilities by its citizens by providing

grant funds when other sources of funding are non-existent or insufficient; however, the Department does not believe the State has a responsibility to totally fund health facility construction. Some level of local support for health facility construction is essential.

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 completed rural hospital and nursing home inventory and condition survey and the committee's review comments described in this report are viewed as the first step in the development of a systematic approach to state assistance for health facility construction. Such an approach should include the following components as well:

- a Statewide Medical Facilities Plan
- certificate of need review
- a funding mechanism
- construction progress assessments

A proposed format and discussion of these components follows:

Statewide Medical Facilities Plan

A hospital construction assistance program should be based upon a Statewide Medical Facilities Plan which sets out the future needs for medical facilities in the State. This plan may be included as a part of the State Health Plan prepared on a regular basis by the Department of Health and Social Services and the Statewide Health Coordinating Council. The purpose of the Statewide Medical

Facilities Plan would be to orderly set forth and prioritize the need for construction of health facilities. The format of such a plan should be determined by the Department of Health and Social Services; however, the development and approval of the plan would involve the individual hospital, the Statewide Health Coordinating Council, the Alaska State Hospital Association, the State Health Planning and Development Agency, and the health systems agencies or successor organizations. To provide a data base for the plan, each facility would be requested to submit, on a voluntary basis, a long-range plan. The long-range plan would, at a minimum, anticipate the facility's program needs and construction needs for the current year and the next five years. These institution-specific plans would be included and prioritized in the Statewide Medical Facilities Plan by the Division of State Health Planning and Development and approved by the Statewide Health Coordinating Council (SHCC). In its consideration for approval of the Statewide Medical Facility Plan the SHCC would consider public input, certification and licensure reports, the State Health Plan, and other pertinent information.

Funding Mechanism

The funding mechanism should allow sufficient flexibility to permit non-grant financing to be used in conjunction with grant funds. Planning and design of a hospital construction project should be completed to the degree necessary to establish reliable construction cost estimates before construction funding levels are determined. The mechanism might also serve to reduce the inaccuracy of funding levels by providing separate allocations for 1) planning and design, and 2) construction. Although some adjustments to cost estimates will occur during construction, this method of determining funding levels

will reduce the excess funding and funding shortfalls which have resulted from current methods of funding hospital construction.

The first step in any building program is the perception that a need exists. Typically, the perception of the need for a building program results from observable facility inadequacies: The facility is too small, too old, does not provide sufficient space for a recently perceived need such as birthing room, long-term care rooms, ultra-sound services, for example. As such, the need for a building program is generally perceived on a local level by physicians, facility staff, the community served by the facility and is subsequently brought before the facility's board of directors for approval. The State may point out the need for a building program as a result of licensure or architectural surveys; however, it is essential that the people who work in the facility and are served by the facility be involved in the development of a solution to an identified need if the solution is to be acceptable.

Once a need has been perceived, active planning begins with a need survey and feasibility evaluation. The work required by the need survey will depend upon the specific points of the perceived need. If the perceived need is to meet a code requirement, the need survey may simply be a statement of the facts. If the perceived need is for a new facility, the need survey would be more extensive, identifying what services the community desires, what services may reasonably be offered in the community, and workloads for those services. The most important point to determine with the need survey is whether the perceived need is an actual need.

Certificate of Need Review

The certificate of need review is essential to any process whereby State funds are provided for hospital and nursing home construction. It is this review which offers a safeguard against the proliferation of health care beds, avoids unnececessary duplication of facilities, and gives assurance that the size and cost of facilities are reasonable.

The above noted need survey and feasibility evaluation are the major components of a certificate of need application. A positive indication by the need survey and feasibility evaluation usually result in the issuance of a certificate of need approving the requested construction project. (When a negative indication results from the need survey or feasibility study the facility's board generally does not proceed with the submission of an application for a certificate of need. As such, few certificate of need applications are disapproved.)

Where construction of a health facility is proposed the certificate of need review addresses considerations such as:

1. The relationship of the project to the State Health Plan;

2. The relationship of the proposed project to the long-range plan of the facility;

3. The relationship of the proposed project to the Health Systems Plan and Annual Implementation Plan of the Health Systems Agencies;

4. The need of the population to be served served by the facility;

5. The availability of less costly or more effective alternative methods of meeting the needs of the area to be served by the facility;

6. The immediate and long-term financial feasibility of the proposed facility;

7. The relationship of the facility to other existing health care facilities in the area;

8. The availabiltiy of resources including health manpower, management personnel and the availability of funds needed for construction or those funds needed for operating costs;

9. The probable impact of the construction project on the cost of providing health services to the citizens to be served.

Level of State Assistance

Assuming certificate of need approval, one major decision regarding a proposed health facility project would remain: the appropriate level of state assistance for the project. The appropiate level could be determined in a simple and straight forward manner by the provision of a ratio of State assistance to local assistance, such as 70% State funding and 30% local match. Obviously several variations in the ratio are possible. An important consideration which this simple formula would overlook is the capability of the community served to provide the matching funds. The discontinued Federal Hill-Burton program for health facility construction worked on this basis; however, in Alaska the local match was provided by the State.

It may be more appropriate to establish an application process by which the facility would request an amount of State assistance with accompanying justification to support the request. Department of Health and Social Services staff or an advisory committee would review the application for State assistance and provide to the Commissioner a recommended level of State participation in the form of a grant, loan, loan guarantee or a combination. In this model a proceedure would be established to coordinate the expenditure of grant funds with lenders, the Alaska Medical Facility Authority, and other possible funding sources.

Once any level of State funding has been established, the recipient should be required to demonstrate the availability of total construction funds neccessary for the completion of the project before the expenditure of State funds. Such a demonstration will help avoid situations where funding is depleted before the project is completed or where the scope of a project is reduced to the point where the completed facility will be inadequate to fulfill needs and requirements for which it was originally planned.

Construction Progress Assessments

To give further assurance that funds will be sufficient to complete the project, it is advisable for the disbursement of funds to be made in phases according to the percentage of work completed. The Department of Health and Social Services currently reviews plans and specifications for hospital construction and intermittently visits construction sites to assure that the completed facility meets codes and it is acceptable for Medicare and Medicaid certification and State licensure. Under this program the Department of

Health and Social Services representatives would have the added responsibilities of verifying the percentage of project completion and reporting that percentage to the disbursement officer in charge of State funds for each project.

APPENDIX

FIVE-YEAR CONSTRUCTION PLAN FOR STATE HEALTH PLAN LEVEL III

HOSPITALS AND NURSING HOMES

FIVE-YEAR CONSTRUCTION PLAN FOR STATE HEALTH PLAN LEVEL III

HOSPITALS AND NURSING HOMES

FACILITY	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
Bartlett Memorial Hospital Juneau	long-range plan is complete	———	$2,000,000 for design	const. cost to be determined during design phase	———
Central Peninsula General Hospital Soldotna	Addition & remodel design is complete and construction to begin in 1982	construction is to be completed in FY 84 with borough funds	———	———	———
Cordova Comunity Hospital & LTCF Cordova	$1,000,000 for design of new facility	$13,000,000 for construction of new facility	———	———	———
Faith Hospital Glennallen	Addition & remodel $1,200,000 for construction of new facility	———	———	———	———
Ketchikan General Hospital and Island Veiw Manor Ketchikan	new addition & remodeling has been completed	$50,000 for long-range planning	$1,000,000 for design	construction costs to be determined during design phase	———
Kodiak General Hospital & LTCF Kodiak	———	$1,000,000 for design	$10,000,000 for construction	———	———
Norton Sound Hospital & LTCF Nome	———	———	$50,000 for long range planning	design costs to be determined in planning phase	construction costs to be determined in planning
Petersburg General Hospital & LTCF Petersburg	$10,000,000 for construction design to be comp. w/state grant fund	———	———	———	———
Seward General Hospital Seward	———	$40,000 for long range planning	$1,500,000 for design	$15,000,000 for construction	———
Weselyan Nursing Home Seward	———	$40,000 for long range planning (cooperative program)			
Sitka Community Hospital Sitka	A new facility is under construction	———	———	———	———
South Pen. General Hospital & LTCF Homer	$4,000,000 for construction	———	———	———	———
St. Ann's Nursing Home Juneau	———	$40,000 for planning	$500,000 for design	Construction costs to be determined in design phase	
Valley Hospital & LTCF Palmer	Addition & remodel design is complete to be under construction in 1982	———	———	———	———
Valdez Community Hospital Valdez	———	———	$50,000 for long-range planning	design costs to be determined in planning phase	const. costs to be determined in design phase
Wrangell General Hospital & LTCF Wrangell	$1,000,000 for design	$8,000,000 for construction	———		
OTHER	———	———	———	unknown	unknown
TOTAL	$17,200,000	$22,170,000	$15,100,000	$15,000,000 plus	$15,000,000 plus

* LTCF = Long-Term Care Facility

APPROXIMATE COSTS SHOWN ARE ESTIMATED 1982 VALUES WITHOUT PROJECTIONS FOR FUTURE INFLATION AND DO NOT INCLUDE OTHER PROJECT COSTS SUCH AS FEES, EQUIPMENT, SITE ACQUISITION, ETC. THE ESTIMATED COSTS SHOWN ARE PROVIDED AS A GUIDELINE IN DETERMINING THE DIMENSIONS OF A GIVEN COMMUNITY'S NEED. NO ESTIMATES HAVE BEEN MADE OR INDEED CAN BE MADE FROM THIS INVENTORY AS TO THE LEVEL OF STATE ASSISTANCE APPROPRIATE TO ANY ONE COMMUNITY.

Notes to Five-Year Construction Plan for State Health Plan Level III

Bartlett Memorial Hospital

A long-range plan has recently been completed. Preparation of plans and specifications for the correction of deficiencies may begin once the facility's board has assessed the long-range plan. The five year plan indicates $2,000,000 for design during FY 85 with construction costs determined thereby in FY 86. The source of financing has not been identified.

Central Peninsula General Hospital

Facility operations have recently expanded into a major addition for outpatient and administration departments. Another addition for needed beds and surgery department improvements is in the contracting phase. A borough bond issue has been approved for the purpose of financing the project and a certificate of need has been issued.

Cordova Community Hospital and LTC Facility

Has recently completed a certificate of need application for a new structure. A bill for funding of the design phase is currently before the legistature. A decision regarding this application is expected in late March. The five-year plan indicates an estimated $1,000,000 for design during FY 83 and $13,000,000 toward construction in FY 84.

Faith Hospital

Has completed preliminary drawings for an addition and renovation project. Funding has not been arranged. This facility's board has in the past indicated reluctance to accept State funding. The five-year plan suggests a sum of $1,200,000 as needed for this project.

Ketchikan General Hospital and Island View Manor Nursing Home

Has recently completed an extensive addition and renovation project. Funds shown anticipate future needs of $50,000 in FY 84 for planning and $1,000,000 in FY 85 for design. Construction costs as determined during these phases would follow in FY 86.

Kodiak Island Hospital and LTC Facility

Is currently completing long-range planning and program work and has submitted a certificate of need application. $1,000,000 for design and $10,000,000 for construction are estimated for FY 84 and FY 85.

Norton Sound Community Hospital

Recently occupied a new hospital wing and remodeled facility. $50,000 for formal long-range planning is estimated for FY 85 with funds required for subsequent phases to follow in succeeding years. Long-range planning should consider both Pioneer and non-Pioneer long-term nursing care.

Petersburg General Hospital and LTC Facility

$10,000,000 is before the legislature. Planning and design has ben completed with funds provided from previous state grants.

Seward General Hospital and Wesleyan Nursing Home

Should be encouraged to join in cooperative planning at an early date in order to maintain quality standards consistent with recognized goals. Long-range planning funds of $40,000 for each facility are scheduled in FY 84 and design funds of $1,500,000 in FY 85. Approximate construction costs for joint usage are shown at $15,000,000 in FY 86. Long-range planning should consider both Pioneer and Non-Pioneer long-term nursing care.

Sitka Community Hospital

A new Facility is under construction.

South Peninsula Hospital

Has completed some preliminary planning and has been granted a certificate of need for an addition. A bill for funding has been introduced into the legislature to provide $4,000,000 for construction in FY 83.

St. Ann's Nursing Home

Occupies quarters which were remodeled and expanded in the late 1970s. Establishment of a Pioneer Home providing other nursing home services in Juneau would profoundly affect this facility. The five-year plan schedules long-range planning funds of $40,000 in FY 84 and design funds of $500,000 in FY 85. Construction funds as necessary would be designated in FY 86 following the design phase.

Valdez Community Hospital

Is deficient in certain respects and should be studied particulary in regard to overall Harborview Developmental Center relationship and future need. Long-range planning funds of $50,000 in FY 85 would establish probable costs to be considered in FY 86 and 87.

Valley Hospital

Is currently completing construction drawings in accordance with the certificate of need issued. Construction is expected to begin in early summer of 1982

Wrangell General Hospital and LTC facility

Has expressed a need for additional space to satisfy current standards and goals. Design funds of 1,000,000 are indicated for FY 83 with construction funds of $8,000,000 in FY 84.