

S R

10

A M E N D M E N T

OFFERED IN THE SENATE:

By: Senate HESS

To: SR 10 SENATE BILL No. _____

HOUSE BILL No. _____

PAGE: 1

LINE: 18

Page 1, line 18: Delete "221" and insert "1122"

COMMITTEE REPORT

SENATE

5/27/81

FURTHER: None

Date: _____

Mr. President:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SR 10 review of capital expenditures of hospitals

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
- and recommends _____ new title
- 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

alaska
state
hospital
association

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

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

President
Sister Barbara Haase
Ketchikan General Hospital
Ketchikan

President-Elect
Tom Mingen
Fairbanks Memorial Hospital
Fairbanks

Secretary/Treasurer
Ron Pavellas
Alaska Hospital & Medical
Center
Anchorage

Immediate Past President
Al Camross
Providence Hospital
Anchorage

Executive Director
Dennis L. DeWitt
Juneau

May 28, 1981

The Honorable Terry Stimson
Alaska State Senate
Pouch V, State Capitol Bldg.
Juneau, Alaska 99811

Dear Senator Stimson:

The Alaska State Hospital Association wishes to inform you of our strong support for Senate Resolution 10 by Senator Parr.

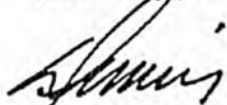
Currently Alaska is governed by both the State Certificate of Need law and an "1122 Agreement" which require review and approval of capital expenditures made by health facilities. The existence of the "1122 Agreement" requires reviews of capital expenditures to begin at \$100,000 rather than \$150,000 which can be adjusted for inflation, requires ultra sound services to be reviewed, and gives final authority to the U.S. Secretary of Health and Human Services rather than retaining that authority within the state. Attached is a letter to Senator Parr which demonstrates the unnecessary activity it has caused in Alaska.

The Department of Health and Social Services has indicated an unwillingness, after repeated requests, to terminate the "1122 Agreement", even though they agree that the threshold is too low. They claim the uncertainty at the Federal level necessitates continuing this agreement with the Federal government. As I am sure you are aware, AS 18.07 is a state statute controlling Certificate of Need in Alaska and stands independent of any Federal activity. We further believe that there is no need to defacto give up to the Federal government the final decision on Certificate of Need.

May 28, 1981
The Honorable Terry Stimson
Page Two

We respectfully request your support for Senate Resolution
10 which will reduce unnecessary regulation and return
control of Certificate of Need to the State of Alaska.

Sincerely,



Dennis L. DeWitt
Executive Director

DLD/b

cc: Senator Charles Parr

Enclosure

Alaska
state
hospital
association

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

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

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April 28, 1981

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Alaska State Senate
Pouch V, State Capitol Building
Juneau, Alaska 99811

Immediate Past President
Al Camosso
Providence Hospital
Anchorage

Dear Senator Parr:

Executive Director
Dennis L. DeWitt
Juneau

You ask who might be hurt by the continuation of an "1122 Agreement" for the period July 1981 - June 1982. I have been able to isolate the following specific items.

- 1) Bartlett Memorial Hospital - Replacement of X-Ray. Estimate \$128,000.
- 2) Kodiak Island Hospital - Capital modifications to comply with fire and life safety recommendations made by the State architect. State estimate by architect, \$145,000.
- 3) Valdez - Modification of front hall and reception area. City engineer currently developing plans. Current estimate \$100,000 - \$135,000.

As it relates to specific instances where facilities have had reviews caused by Section 1122 which would not have had to go through C.O.N. review, the following are examples:

- 1) Valdez - X-Ray replacement - 15 year old machine without fluoroscope. Cost \$149,615. Applications submitted January 1980. Final U.S. Department of Health and Human Services approval, June 15, 1980.
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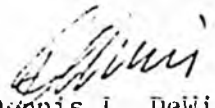
Finally, I am told that absent the "1122 Agreement", the State would not require a C.O.N. for ultra sound machines. Kodiak Island Hospital just finished a review for its ultra sound machine, Valdez and Seward are in the process of securing ultra sound machines and can be expected to commence the review process within this calendar year. I believe the cost of such a piece of equipment will run between \$25,000 and \$90,000, depending upon its size and sophistication.

April 28, 1981
The Honorable Charles Parr
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As I indicated to you, the requirement of coverage of this is specified in the 1122 process and would most likely not be continued without an "1122 Agreement". It has been my impression that there is little concern about this equipment not being covered although, I would not want to warrant that being the case.

I hope this is helpful to you.

Sincerely,


Dennis L. DeWitt
Executive Director

DLD/b



Alaska State Legislature

TWELFTH LEGISLATURE - FIRST SESSION SENATE CALENDAR

OFFICIAL BUSINESS OF THE SENATE

One Hundred Forty-Fourth Legislative Day

THURSDAY
June 4, 1981
10:00 a.m.

Chaplain: Pastor John Reimer of the Auke Bay Bible Church

SECOND READING OF SENATE BILLS

SB 573 Regulating the sale and labeling of honey
(Resources offered CS pg 1305)

SECOND READING OF HOUSE BILLS

HB 55 Regulation and licensing of veterinarians
(Labor & Commerce waived, pg 1194, HESS
report pg 1305)

CSHB 274 (L&C) Electrical codes
_____ eff date
(L&C report pg 1239)

HB 314 am Employment of children
_____ eff date
(L&C report pg 1239)

SENATE BILLS IN THIRD READING

CSSB 124(SA) State complex at Anchorage
_____ eff date
(On reconsideration, held from June 3)

SECOND READING OF SENATE RESOLUTIONS

SR 10 Review of capital expenditures of hospitals
(HESS offered amd, pg 1315:
Pg 1, line 18: Delete "221" insert "1122")

PUBLICATION NOTICE Citations for Friday Calendar

Honoring Carolyn Doggett, by Senator Stimson
In Memoriam Lincoln G. Wallace, by Representatives Miller & Duncan and
Senator Ray
Honoring Palmer-Wasilla Wrestlers, by Representative Carney
Honoring Mari Kae Weed, by Representatives Miller & Duncan & Senator Ray
Honoring Sitka Summer Music Festival, by Reprs. Grown and Grussendorf
In Memoriam Denny G. Braid, by Reprs. Bettisworth, Smith, Rogers, Brown
Randolph, Fanning & Montgomery & Senators Fahrenkamp, Bennett, Parr and
Kerttula
Honoring Katsutaka Tanaka, by Reprs. Beirne, Phillips, Martin, Hayes, Clocksin,
Meekins & Halford

SB 573

SENATE JOURNAL - PAGE 1158- 1 5/20/8

SENATE BILL NO. 573 by Senator Kelly, entitled:

"An Act regulating the sale and
labeling of honey."

was read the first time and referred to the Resources Committee.

SB 573

SENATE JOURNAL - PAGE 1305- 2 6/ 1/8

The Resources Committee considered SENATE BILL NO. 573 (relating to the sale and labeling of honey) and a majority of the committee recommends it be replaced with CS FOR SENATE BILL NO. 573 (RES) and do pass. The report was signed by Senator Fahrenkamp, Chairman and concurred in by Senators Bradley, Sturgulewski and Gilman. Senator Mulcahy signed "no recommendation".

X-EXIT, E-END, <EN> TO CONTINUE ...

SENATE BILL NO. 573 was referred to the Rules Committee.

ALL DONE ... <EN> TO CONTINUE

HR 55

SENATE JOURNAL - PAGE 376- 1 3/ 5/81

HOUSE BILL NO. 55 by the Rules Committee by request of the Governor, entitled:

"An Act relating to regulation and licensing of veterinarians."

was read the first time and referred to the Labor and Commerce Committee and the Health, Education and Social Services Committee.

HR 55

SENATE JOURNAL - PAGE 1194- 2 5/22/81

Senator Mulcahy, Chairman of the Labor and Commerce Committee waived referral on HOUSE BILL NO. 55 (relating to regulation and licensing of veterinarians) and the bill was referred to the Health, Education and Social Services Committee.

X-EXIT, E-END, <EN> TO CONTINUE ...

HR 55

SENATE JOURNAL - PAGE 1305- 3 6/ 1/81

The Health, Education and Social Services Committee considered HOUSE BILL NO. 55 (regulation and licensing of veterinarians) and a majority of the committee recommends it do pass. The report was signed by Senator Parr, Chairman and concurred in by Senators Fischer and Kelly.

HOUSE BILL NO. 55 was referred to the Rules Committee.

ALL DONE ... <EN> TO CONTINUE

HB 274

SENATE JOURNAL - PAGE 620- 3 4/ 2/81

<CS FOR HOUSE BILL NO. 274 (L&C)> by the Labor and Commerce
Committee, entitled:

"An Act relating to electrical codes;
and providing for an effective date."

was read the first time and referred to the Labor and Commerce
Committee.

HB 274

SENATE JOURNAL - PAGE 1239- 1 5/28/81

The Labor and Commerce Committee considered <CS FOR HOUSE BILL>
<NO. 274 (L&C)> (electrical codes) and a majority of the commit-
tee recommends it do pass. The report was signed by Senator
Mulcahy, Chairman and concurred in by Senators Fahrenkamp...
and Ziegler.

CS FOR HOUSE BILL NO. 274 (L&C) was referred to the Rules
Committee.

ALL DONE ... <EN> TO CONTINUE

HB 314

SENATE JOURNAL - PAGE 586- 2 3/31/81

<HOUSE BILL NO. 314 am> by Representative Haugen, entitled:

"An Act relating to employment of
children; and providing for an
effective date."

was read the first time and referred to the Labor and Commerce
Committee.

HB 314

SENATE JOURNAL - PAGE 1239- 2 5/28/81

The Labor and Commerce Committee considered <HOUSE BILL NO. 314>
<am> (employment of children) and a majority of the committee
recommends it do pass. The report was signed by Senator
Mulcahy, Chairman and concurred in by Senators Fahrenkamp
and Ziegler.

HOUSE BILL NO. 314 am was referred to the Rules Committee.

X-EXIT, E-END, <EN> TO CONTINUE ...

SB 124

SENATE JOURNAL - PAGE 151- 3 1/30/81

SENATE BILL NO. 124 by Senators Fischer, Bradley, Colletta, Dankworth, Kelly, Rodey, Stimson and Sturgulewski, entitled:

"An Act relating to a state office complex at Anchorage; and providing for an effective date."

was read the first time and referred to the State Affairs Committee and the Finance Committee.

SB 124

SENATE JOURNAL - PAGE 258- 2 2/17/81

The State Affairs Committee considered SENATE BILL NO. 124 (state office complex at Anchorage) and a majority of the committee recommends it be replaced with CS FOR SENATE BILL NO. 124 (SA) and do pass. The report was signed by Senator Fischer, Chairman and concurred in by Senators Stimson and Colletta. Senator Bradley signed "no recommendation". Fiscal note accompanying the bill appears in Senate Supplement No. 11 to today's journal.

SENATE BILL NO. 124 was referred to the Finance Committee.

SB 124

SENATE JOURNAL - PAGE 1208- 1 5/26/81

The Finance Committee considered SENATE BILL NO. 124 (state office complex at Anchorage) and a majority of the committee recommends the State Affairs committee substitute offered on on page 258 do pass. The report was signed by Senator Bennett, Co-Chairman and concurred in by Senators Dankworth, Sturgulewski, Stimson and Sackett. Senators Ferguson and Eliason signed "no recommendation". The committee further attaches a new fiscal note which appears in Senate Supplement No. 48 to today's journal.

SENATE BILL NO. 124 was referred to the Rules Committee.

SB 124

SENATE JOURNAL - PAGE 1319- 1 6/ 2/81

The Rules Committee considered SENATE BILL NO. 124 (state office complex at Anchorage) and recommends it be placed on the June 2 calendar. The report was signed by Senator Kelly, Chairman and concurred in by Senators Ferguson, Ziegler and Dankworth. Senator Ferguson further signed "should do same for other cities". Senator Ziegler further

signed "what about Willow complex?".

SENATE BILL NO. 124 appears on today's calander.

SB 124

SENATE JOURNAL - PAGE 1328- 1 6/ 2/81

SENATE BILL NO. 124 (relating to a state office complex at Anchorage) was read the second time.

Senator Fischer moved and asked unanimous consent for the adoption of the State Affairs Committee Substitute offered on page 258. Without objection, <CS FOR SENATE BILL NO. 124> <(SA)> was adopted.

CS FOR SENATE BILL NO. 124 (SA) was read the second time.

Senator Rodey moved and asked unanimous consent that CS FOR SENATE BILL NO. 124 (SA) be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 124 (SA) was read the third time.

The question being: "Shall CS FOR SENATE BILL NO. 124 (SA) (relating to a state office complex at Anchorage) pass the Senate?" The roll was taken with the following result:

CS SB 124 SA 3RD

Yeas: 17 Bennett, Bradley, Colletta,
Dankworth, Eliason, Fahrenkamp,
Ferguson, Fischer, Gilman, Kelly,
Mulcahy, Parr, Rodey, Sackett,
Stimson, Sturgulewski, Ziegler

Nays: 3 Hohman, Kerttula, Ray

and so, CS FOR SENATE BILL NO. 124 (SA) passed the Senate.

Senator Rodey moved and asked unanimous consent that the roll call on the passage of the above bill be considered the roll call on the effective date clause. Without objection, it was so ordered.

Senator Ray gave notice of reconsideration on CS FOR SENATE BILL NO. 124 (SA).

SB 124

SENATE JOURNAL - PAGE 1350- 2 6/ 3/81

Senator Ray requested that the reconsideration of <CS FOR SENATE> <NO. 124 (SA)> (state office complex at Anchorage) be taken up at

this time.

SENATE BILLS IN THIRD READING

CS FOR SENATE BILL NO. 124 (SA) was before the Senate at this time on reconsideration.

Senator Ray moved and asked unanimous consent that CS FOR SENATE BILL NO. 124 (SA) be held one legislative day. Without objection, it was so ordered.

SR 10

SENATE JOURNAL - PAGE 1226- 1 5/27/81

SENATE RESOLUTION NO. 10 by Senator Parr,

Relating to review of capital
expenditures of hospitals,

was read the first time and referred to the Health, Educa-
tion and Social Services Committee.

SR 10

SENATE JOURNAL - PAGE 1315- 3 6/ 2/81

The Health, Education and Social Services Committee considered
SENATE RESOLUTION NO. 10 (review of capital expenditures of
hospitals) and recommends it do pass with the following amend-
ment:

Page 1, line 18: Delete "221" insert "1122"

The report was signed by Senator Parr, Chairman and concurred
X-EXIT, E-END, <EN> TO CONTINUE ...

in by Senators Fischer and Stimson.

SENATE RESOLUTION NO. 10 was referred to the Rules Committee.

ALL DONE ...

FACT SHEET SENATE RESOLUTION NUMBER 10

<u>1122 AGREEMENT COVERS</u>	<u>CONSIDERATION</u>	<u>STATE C.O.N. LAW COVERS</u>
Anythings over \$100,000	Capital expenditures	Anything over \$150,000 can be adjusted for inflation.
Yes	New Services	Yes
Yes	Ultra Sound	No
U.S. Secretary of Health and Human Services	Final Authority	State Commissioner of Health & Social Services

THE FOLLOWING SHOWS THE IMPACT THE "1122 AGREEMENT" HAS ON ALASKA

<u>FACILITY</u>	<u>1122 REVIEW</u>	<u>C.O.N. REVIEW</u>
<u>Bartlett Hospital</u>		
Replace X-Ray \$128,000	Yes	No
<u>Kodiak Island</u>		
Capital Modification \$145,000	Yes	No
Ultra Sound \$35,000	Yes	No
<u>Valdez Hospital</u>		
Capital Modification \$100-135,000	Yes	No
Replace X-Ray \$149,000	Yes	No
<u>Seward</u>		
Replace Roof \$100,000	Yes	No
Ultra Sound \$35,000	Yes	No
<u>Homer</u>		
New beds & added space \$4 Million	Yes	Yes
<u>Petersburg</u>		
Replace Physical Plant \$8 Million	Yes	Yes
Ultra Sound \$35,000	Yes	No
<u>Wrangell</u>		
Replace Physical Plant \$7.1 Million	Yes	Yes
Ultra Sound \$35,000	Yes	No
<u>Valley (Palmer)</u>		
Replace Physical Plant: \$10 Million	Yes	Yes

TELEGRAM

ALASCOM, INC.
PHONE: 586-6442
JUNEAU, AK 99802

SR 10 - members.
copies

#

02265 NL ANCHORAGE ALASKA 172 05-28 1615P ADT
PMS SEN CHARLES PARR

MAY 28 PM 11 41

2362

JUNEAU

RE: SENATE RESOLUTION 10 TO BE HEARD IN COMMITTEE ON JUNE 1:
I WHOLE HEARTEDLY SUPPORT THIS RESOLUTION WHICH WILL, IF ACTED
UPON, REMOVE A LAYER OF BUREAUCRATIC CONTROL OVER AN ALREADY
REGULATED PUBLIC SERVICE. OUR HOSPITAL WAS FORCED TO SUBMIT
TO FEDERAL QUOTE 1122 UNQUOTE PROCEDURES AND THE FEDERAL
DEPARTMENT OF HHS RULED AGAINST US AND IMPOSED A PENALTY FOR
QUOTE UNTIMELY UNQUOTE BUILDING OF OUR HOSPITAL FLOOR 6 AND 7.
WE ARE USING AND HAVE BEEN USING ALL FLOORS OF THE HOSPITAL.
THE STATE DID NOT TAKE AN ADVERSE POSITION AGAINST US IN THIS
MATTER. ALL THIS DID WAS TO COST US LAWYERS FEES, POTENTIAL
LOSS OF SOME REIMBURSEMENT FROM MEDICARE AND MEDICAID, AND
ENERGY WHICH COULD HAVE BEEN MORE FRUITFULLY DIRECTED TOWARDS
SERVING OUR COMMUNITY. POSITIVE ACTION ON THIS RESOLUTION
WILL HELP ALL HOSPITALS IN ALASKA TO PLAN THEIR FUTURES.
MORE EFFECTIVELY AND TO TAKE PROMPTER ACTION IN IMPLEMENTING
THEM AND IT WILL SAVE MONEY FOR THE PURCHASER OF HOSPITAL
SERVICES. THANK YOU FOR READING THIS.

RONALD A PAVELLAS

ADMINISTRATOR

ALASKA HOSPITAL

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Dear Senator Parr:

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- 1) Bartlett Memorial Hospital - Replacement of X-Ray. Estimate \$128,000.
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As it relates to specific instances where facilities have had reviews caused by Section 1122 which would not have had to go through C.O.N. review, the following are examples:

- 1) Valdez - X-Ray replacement - 15 year old machine without fluoroscope. Cost \$149,615. Applications submitted January 1980. Final U.S. Department of Health and Human Services approval, June 15, 1980.
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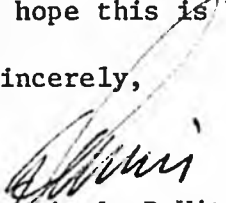
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I hope this is helpful to you.

Sincerely,



Dennis L. DeWitt
Executive Director

DLD/b

FACT SHEET SENATE RESOLUTION NUMBER 10

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Anythings over \$100,000	Capital expenditures	Anything over \$150,000 can be adjusted for inflation.
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Yes	Ultra Sound	No
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<u>Valley (Palmer)</u>		
Replace Physical Plant \$10 Million	Yes	Yes

* Certificate of Need
 Submitted by Dennis De Witt,
 A.K. St. Hospital Assoc. 6-1-81

SR 10 members files

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01 - JUNEAU 99811

May 22, 1981

Document# 112-81

Senator Charles H. Parr
Alaska State Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

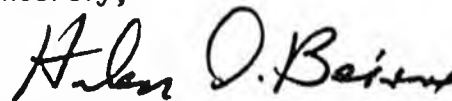
Dear Senator Parr:

Thank you for the opportunity to review the proposed resolution related to the Social Security 1122 capital expenditure review program.

It is our belief, as we expressed in our meeting April 21, 1981, that given the unknowns about health planning requirements from the federal level and our interest in some type of capital expenditure review capability, an appropriate course of action for us was to use this next year to assess the situation and determine the most reasonable approach. Our 1122 agreement does provide for cancellation by either party with thirty (30) day notice, so we are not necessarily locked in to a full year.

The 1122 review is run concurrently with the certificate of need review so in that sense it is not duplicative. However, the review threshold for 1122 is indeed lower, as the resolution notes; we continue to agree that this threshold (as well as the certificate of need threshold) is simply too low. We are aware of discussions at the national level to raise at least the certificate of need threshold and we will be supporting such efforts. We appreciate the opportunity to comment on this important issue.

Sincerely,



Helen D. Beirne
Commissioner

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01 - JUNEAU 99811

June 3, 1981

Document# 158-81


Honorable Charles H. Parr
Alaska State Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Parr:

This letter is written to provide correction to testimony offered by Phoebe Lindsey of this Department on SR 10 relating to the 1122 capital expenditure review program. The State's participation in that program dates from 1974 rather than from 1976, the date Ms. Lindsey provided.

Thank you for the opportunity to offer this correction.

Sincerely,



Helen D. Beirne
Commissioner

cc: Phoebe Lindsey

alaska
state
hospital
association

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

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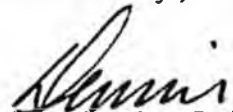
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Currently Alaska is governed by both the State Certificate of Need law and the "1122 Agreement" which require review and approval of capital expenditures made by health facilities. The existence of the "1122 Agreement" requires reviews of capital expenditures to begin at \$100,000, rather than \$150,000 which is provided for in state law; requires ultra sound services to be reviewed and gives final authority to the U.S. Secretary of Health and Human Services rather than retaining that authority within the state. Attached is a summary sheet which demonstrates the unnecessary activity it has caused in Alaska.

The Department of Health and Social Services has indicated an unwillingness, after repeated requests, to terminate the "1122 Agreement", even though they agree that the threshold is too low. They claim the uncertainty at the Federal level necessitates continuing this agreement with the Federal government. As I am sure you are aware, AS 18.07 is a state statute controlling Certificate of Need in Alaska and stands independent of any Federal activity. We further believe that there is no need to give up to the Federal government the final decision on Certificate of Need.

We respectfully request your support for Senate Resolution 10 which will reduce unnecessary regulation and return control of Certificate of Need to the State of Alaska.

Sincerely,


Dennis L. DeWitt
Executive Director

Enclosure

FACT SHEET SENATE RESOLUTION NUMBER 10

<u>1122 AGREEMENT COVERS</u>	<u>CONSIDERATION</u>	<u>STATE C.O.N. LAW COVERS</u>
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U.S. Secretary of Health and Human Services	Final Authority	State Commissioner of Health & Social Services

THE FOLLOWING SHOWS THE IMPACT THE "1122 AGREEMENT" HAS ON ALASKA

<u>FACILITY</u>	<u>1122 REVIEW</u>	<u>C.O.N. REVIEW</u>
<u>Bartlett Hospital</u>		
Replace X-Ray \$128,000	Yes	No
<u>Kodiak Island</u>		
Capital Modification \$145,000	Yes	No
Ultra Sound \$35,000	Yes	No
<u>Valdez Hospital</u>		
Capital Modification \$100-135,000	Yes	No
Replace X-Ray \$149,000	Yes	No
<u>Seward</u>		
Replace Roof \$100,000	Yes	No
Ultra Sound \$35,000	Yes	No
<u>Homer</u>		
New beds & added space \$4 Million	Yes	Yes
<u>Petersburg</u>		
Replace Physical Plant \$8 Million	Yes	Yes
Ultra Sound \$35,000	Yes	No
<u>Wrangell</u>		
Replace Physical Plant \$7.1 Million	Yes	Yes
Ultra Sound \$35,000	Yes	No
<u>Valley (Palmer)</u>		
Replace Physical Plant \$10 Million	Yes	Yes

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 (907) 586-1790
REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

President
Sister Barbara Haase
Ketchikan General Hospital
Ketchikan

President-Elect
Tom Mingen
Fairbanks Memorial Hospital
Fairbanks

Secretary/Treasurer
Ron Pavellas
Alaska Hospital & Medical
Center
Anchorage

Immediate Past President
Al Camosso
Providence Hospital
Anchorage

Executive Director
Dennis L. DuWitt
Juneau

June 5, 1981

The Honorable Jay Hammond
Governor
State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Hammond:

The Alaska State Hospital Association joins with the Alaska State Senate (See Attachment #1) and the South Central Health Planning and Development, Incorporated (See Attachment #2) in requesting that you not renew the agreement with the Federal government for the review capital expenditures under Section 1122 of P.L. 92.603.

Currently Alaska is governed by both the State Certificate of Need law and the "1122 Agreement". The "1122 Agreement" requires review and approval of capital expenditures to begin at \$100,000, rather than \$150,000 which is provided for in state law, requires ultra sound services to be reviewed and gives final approval authority to the U.S. Secretary of Health and Human Services, rather than retaining that authority within the state. Attached is a letter to Senator Parr which demonstrates the unnecessary activity it has caused in Alaska (See Attachment #3).


The Department of Health and Social Services has indicated an unwillingness, after repeated requests, to recommend termination of the "1122 Agreement", even though they agree that the threshold is too low. They claim the uncertainty at the Federal level necessitates continuing this agreement with the Federal government. As I am sure you are aware, AS 18.07 is a state statute controlling Certificate of Need in Alaska and stands independent of any Federal activity. We further believe that there is no need to give up to the Federal government the final decision on Certificate of Need.

June 5, 1981
The Honorable Jay Hammond
Page Two

The non-renewal of the "1122 Agreement" will eliminate unnecessary and costly regulations while not materially altering any meaningful part of the Certificate of Need process. We believe that the continuance of the "1122 Agreement" on the basis that " while it is not needed now, it may be later " is a poor reason to force health facilities to incur unnecessary expenditures. We believe the proper approach ought to be to renew the "1122 Agreement" if and when there is again a need for it in Alaska.

We would be pleased to discuss this matter with you at your earliest convenience.

Sincerely,



Dennis L. DeWitt
Executive Director

DLD/b

cc: Lieutenant Governor Terry Miller
Senator Charles Parr
South Central Health Planning & Development
South East Alaska Health Systems Agency
Northern Alaska Health Resources Association
Alaska State Hospital Association Members

SR 10 file

This resolution would ask the Governor not to extend the existing agreement with the Federal government for review of capital expenditures of appropriate health care facilities. This agreement, which established the section 1122 capital expenditure review program in Alaska, is renewable annually at the option of the State of Alaska. The next renewal date is July 1, 1981.

It is the basic assumption of this resolution that the section 1122 capital expenditure review program is no longer necessary since the State of Alaska did adopt a similar program in 1976 -- the certificate of need review program. Although it may appear that these two programs are duplicative, the section 1122 reviews and certificate of need reviews are combined to avoid duplicative applications and reviews for the same proposal.

There are two differences between the thresholds for determining what types of capital expenditures are subject to section 1122 review and certificate of need review. The capital expenditure review threshold of the section 1122 program is \$100,000 rather than the certificate of need threshold of \$150,000. The department agrees that both the section 1122 threshold and the certificate of need threshold are too low. At this time there are discussions at the national level regarding raising at least the certificate of need threshold. The department will be supporting such efforts. The section 1122 review also denotes the offering of ultrasound services as a service subject to review -- the certificate of need review does not.

At this time there are several unknowns as to what the position of the Federal Government will be with respect to the certificate of need program. The department believes that some capability for health facility capital expenditure review is essential. Because of these unknowns and because the section 1122 agreement may be terminated by the state with 30 days notice it is the position of the department that the agreement should be renewed, thereby allowing the department an opportunity to assess the Federal requirements for the certificate of need review program and determine what is the most desirable approach.

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

Date: June 1, 1981

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

Date: 6/1/81

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SR 10
Title Relating to review of capital expenditures of health care facilities.
Requested by Dept. of Health & Social Services Date June 1, 1981

II. FISCAL DETAIL

Agency Affected Dept. 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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE

June 1, 1981

PREPARED BY

Phoebe A Lindsey

AGENCY

DH&SS - Div. of State Health Planning & Development

PHONE

465-3037

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) M&B Approval _____

Date 6/1/81

AK 10 file

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

June 11, 1981

JAY S. HAMMOND, GOVERNOR

POUCH H 81 - JUNEAU 99811

465-3030

Document# 163-81

Honorable Charles H. Parr
Alaska State Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Parr:

The Department has been considering for some time our continued participation in the Social Security 1122 capital expenditure review program. Given the uncertainty at the national level surrounding the entire health care facility regulatory program and given the Department's commitment to some type of capital expenditure review capability, we had expressed our interest in continuing our participation during this next year.

While the regulation versus competition debate will continue in all likelihood to be aired for some time, we can discontinue our 1122 participation at this time since our certificate of need program is established. Our discontinuation of participation in 1122 would have no impact to health care facilities on the federal financial participation in Medicaid. We have been advised by federal officials in DHHS, Seattle, that we can resume participation in the 1122 program at any time. This potential is important should there be any major change in the certificate of need program; the state should have direct input in the development of facilities and services if for no other reason than the ever-increasing Medicaid and general relief medical budgets which indirectly pays for such facilities and services.

Bernard Kelly, Regional Director, Department of Health and Human Services - Region X, has been advised that this Department does not intend to continue its participation in the 1122 program at this time.

Sincerely,



Helen D. Beirne
Commissioner

cc: Phoebe A. Lindsey



**South Central
Health Planning and Development, Inc.**
1135 West Eighth Avenue • Suite 1 • Anchorage, Alaska 99501
(907) 278-3631

May 28, 1981

Senator Charlie Parr
Chairman, Senate HESS Committee
Pouch V, Mail Stop 3100
Juneau, Alaska 99811

Dear Senator Parr,

The SCHPD Executive Committee at their meeting on 5/27/81 discussed the intent of SR 10 as understood at that time. A copy obtained since then confirms their understanding.

The Committee agrees with the intent of the resolution and supports the request that the Governor not renew the agreement with the Federal government for the review of capital expenditures under Section 1122 of P.L. 92-603.

Sincerely,

Ron Hammett
Administrator

- cc: Terry Stimson
- Vic Fisher
- Mike Colletta
- Tim Kelly
- Governor Jay S. Hammond
- SCHPD Board

RH/cr

Copies members

TELEGRAM

ANCHORAGE AK
JUN 29 1951
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PMS SEN CHARLES PARR

JUNEAU

2440

JUN 29 PM 9 51

PROVIDENCE HOSPITAL STRONGLY SUPPORT SENATE RESOLUTION 10 WHICH
WOULD NOT RENEW THE 1122 AGREEMENT. THIS ACTION WILL ALLEVIATE
ADDITIONAL UNNECESSARY BUREAUCRATIC REGULATION.

L.M. CAMOSSO, ADMINISTRATOR