

Offered: 5/18/83
Referred: Finance

Original sponsor: Sackett

Funding Information
General Fund \$65,000
Other Funds -0-
 \$65,000

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 HOUSE CS FOR SENATE BILL NO. 97 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Health and Social Services for payment
8 as a grant to Bethel Social Services, Inc.; and
9 providing for an effective date."

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

11 * Section 1. The sum of \$65,000 is appropriated from the general fund
12 to the Department of Health and Social Services for payment as a grant to
13 Bethel Social Services, Inc. for the operation of the Bethel Receiving Home
14 during the fiscal year ending June 30, 1983.

15 * Sec. 2. The appropriation made by this Act shall be disbursed in
16 accordance with AS 37.05.316.

17 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
18 10.070(c).

The following individuals are expected to testify on
HCS SB 97 (HESS):

Max Gifford, staff to Senator Sackett, sponsor

A representative of the Department of Health and Social
Services may testify



Bethel Social Services, Inc.

• A PRIVATE NON-PROFIT CORPORATION •

November 5, 1982

Senator John Sackett
P. O. Box 29
Ruby, Alaska 99678

Dear Senator Sackett:

This letter is to follow-up on our recent conversation regarding the cost of care dilemma that the Bethel Receiving Home is now in.

Bethel Social Services, Inc., opened the original Receiving Home in 1969 in an old B.I.A. building. This project was closed on 1976 as the building was simply not licensable. At the request of many State agencies, especially the Department of Corrections, Bethel Social Services, Inc., built a new receiving home with a combination of borrowed funds and Criminal Justice monies. This facility was constructed at great financial risk to the Corporation with assurances from the State that it would be fully utilized.

Our cost of care was set at \$55.63 based on the proposed budget divided by 75% of the number of licensed beds. Thus began the cost of care rate of having to lose money to get the cost of care rate up to make money. The following circumstances have prevailed at the Bethel Receiving Home in regard to the cost of care:

1. When the new home was opened in 1980, the cost of care rate was set too low because the anticipated usage AS ESTIMATED BY THE STATE fell below the actual usage.
2. With the exception of one facility which has donated labor, the Bethel Receiving Home has had the lowest cost of care rate throughout the State.
3. The Bethel Receiving Home has lost money each year. It failed to lose enough money, however, to raise the cost of care rate substantially to make money.
4. We have always been opposed to the cost of care method of setting rates. It rewards the inefficient. However, the interim method of freezing the rates will cause the Bethel Receiving Home to close. Our rate has been frozen

at the lowest receiving home rate in the State with the exception of the Sitka Home which has donated labor, we understand.

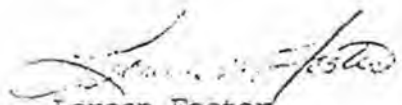
5. We were not aware that there had even been a change in the process until three months after it went into effect.
6. We are requesting the legislature set a cost of care rate for the Bethel Receiving Home at \$115.00 per day. Our current rate is \$75.52 per day. The \$115.00 is the average rate taken from averaging the rates from the receiving homes in Anchorage, Juneau, Nome and the North Slope. In essence we are saying that it should cost us an average of what the other facilities are providing care for. With sound management, this rate will allow the Bethel Receiving Home to provide care and reduce it's indebtedness.

Just to clarify the relationship between Bethel Social Services, Inc. and the Bethel Receiving Home, Inc. --- Bethel Social Services, Inc. operated the old receiving home. The building was owned by the Bureau of Indian Affairs. Bethel Social Services, Inc. built and owns the new receiving home and is the parent corporation and registered agent for Bethel Receiving Home, Inc., which operates the Bethel Receiving Home. (Without the two separate entities, there is no provision for paying the lease on the building under cost of care regulations.)

We are also enclosing a copy of the current rates for facilities throughout the State and a table of information pertinent to the Bethel Receiving Home's operations during the past three fiscal years. We have been in contact with John Pugh, Division of Youth & Family Services, and are trying to keep him abreast of our request through the legislature.

Please let us know if we can provide you with any additional information.

Sincerely,



Loreen Foster
Administrative Director

cc: John Pugh, Director, Div. of Youth & Family Services
Chet Adkins, President, Board of Directors

Encl: (2)

DEC 27 1982

Handwritten initials



Bethel Social Services, Inc.

• A PRIVATE NON-PROFIT CORPORATION •

December 7, 1982

Mr. Lee Stoops
Aide to Senator Sackett
Pouch V
Juneau, Alaska 99811

Dear Lee,

As per our phone conversation on December 3, 1982, please find enclosed the letter which we delivered to Senator Sackett on November 5, 1982 when he was visiting in Bethel. I will attempt to clarify the urgent request from the legislature for a supplemental budget request for the Bethel Receiving Home. With the constant escalation of real operational costs, it has been a battle trying to achieve a cost of care level that allows us to recoup the true costs of the program. We feel we have reached our limit on how much we can jeopardize the corporation for one project.

As you can see from the summary of operations table, we have lost a total of \$31,680. on this project as of June 1982. We had hoped to have the cost of care rate raised this fiscal year and were unaware of the freeze that is now in effect. I have requested an audit from the Dept. to get the cost of care rate raised, but that request was denied. It seems that we are audited bi-annually and this is not our year.

If our rate for FY'83 were \$115., which is the average rate in this state for comparable services, we could recoup some of this money and would not be faced with the possibility of closing this facility. We believe that the Receiving Home does play an important role in Bethel, and without it many children would have to be placed outside the area and at a much higher cost to the state.

If there is anything further you require, please contact me. We are anxiously awaiting an answer to this dilemma.

Sincerely,

Loreen M. Foster
Administrative Director
Bethel Social Services, Inc.

SUMMARY OF OPERATIONS
 BETHEL RECEIVING HOME
 FEBRUARY, 1980—JUNE, 1982

PERIOD	TOTAL EXPENDITURES	EXCESS OF EXPENDITURES OVER REVENUES	TOTAL KID DAYS	COST OF RATE	ACTUAL COST OF CARE
Feb - June, 1980	\$39,728.	(\$8,883.) (Losses covered by Crimi- nal Justice Start-up Funds)	695 (audited)	\$53.63	\$57.16
July, 1980- June, 1981	\$126,061.	(\$3,520.)	1,903	\$64.02	\$66.24
July, 1981- June, 1982	\$131,768.	(\$28,121.)	1,350	\$75.52	\$97.61

TOTAL SUPPLIMENTAL BUDGET REQUEST FOR FY' 83:

- 1) Difference between current rate at \$75.52 and requested rate of \$115. = \$39.48 per day
 - 2) Multiplied by the average child care days per year = 1640
- Total Request \$ 65,000.

Alaska State Legislature

SENATOR

John C. Sackett

CO-CHAIRMAN
SENATE FINANCE COMMITTEE

MEMBER

COMMUNITY & REGIONAL AFFAIRS COMMITTEE
LABOR & COMMERCE COMMITTEE
BUDGET & AUDIT COMMITTEE
REGULATION REVIEW COMMITTEE



Senate

HOME ADDRESS
P.O. BOX 11
RUBY, ALASKA 99768

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
TELEPHONE 465-3753

Monday, May 16, 1983

The Honorable Al Adams
Chairman-House Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Adams:

SB-97, making a supplemental appropriation to the Department of Health for payment as a grant to Bethel Social Services for the operation of the Bethel Receiving Home, was passed out of the House Health, Education, and Social Services Committee this afternoon.

The funds correct a mistake made last year by the passage of CCSHB-357 (Chapter 138, SLA 1982), which established daily rate payments authorized by the placement of children in various residential care facilities by the Department of Health. Testimony received based on inaccurate information resulted in a daily rate substantially lowered than what should have been authorized. The rate approved was at \$75.52 per day, per child, when in fact, the rate should have been \$115.0 per day, per child. The loss to Bethel Social Services receiving home during the year is \$65,000.

I would appreciate your attention to the importance of this bill and would ask that the bill be scheduled as soon as possible before the House Finance Committee.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "John C. Sackett".

JOHN C. SACKETT
Co-Chair, Senate Finance

JCS/mg

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