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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.

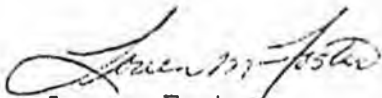
5. We were not aware that there had even been a change in the process until three months after it went into effect.
6. We are requesting the legislature set a cost of care rate for the Bethel Receiving Home at \$115.00 per day. Our current rate is \$75.52 per day. The \$115.00 is the average rate taken 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)

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

IN-STATE INSTITUTIONAL CARE RATES

PROVIDER	NAME	FY83 RATE	EFFECTIVE DATE	PROVISIONAL FY82 RATE	FY82 AUDITED
004996	ALASKA BAPTIST FAM SVS. CTR	\$117.02	7/1/82	\$117.02	
232007	ACS RECEIVING HOME	149.85	7/1/82	149.85	\$189.44
001455	ACS AQUARIUS HOUSE	107.60	7/1/82	107.60	106.61
002122	ACS COLLETTI HOUSE	117.51	7/1/82	117.51	118.79
001394	ACS JESSE LEE	165.46	7/1/82	165.46	134.70
001398	ACS RABBIT CREEK	166.40	7/1/82	166.40	168.84
001098	ACS NORTH STAR	103.55	7/1/82	103.55	102.61
004227	BETHEL GROUP HOME	59.06	7/1/82	59.06	57.72
231001	BETHEL RECEIVING HOME	75.52	7/1/82	75.52	
003339	BOOTH MEMORIAL	146.90	7/1/82	146.90	
001404	COVENANT HIGH SCHOOL	51.16	7/1/82	43.26	
004287	HILLTOP HOME	85.53	7/1/82	85.53	
001409	JUNEAU RECEIVING HOME	106.17	7/1/82	106.17	
004404	KENAI COMM CARE CTR	91.74	7/1/82	91.74	
236007	KETCH. INTENSIVE CARE UNIT	152.56	7/1/82	152.56	
004594	KETCHIKAN TEEN HOME I	74.26	7/1/82	74.26	69.59
236001	KETCHIKAN TEEN HOME II	81.61	7/1/82	81.61	69.59
001843	KODIAK BAPTIST MISSION	61.61	7/1/82	61.61	61.43
001037	KODIAK BAPTIST MISSION	61.61	7/1/82	61.61	61.43
005412	NOME RECEIVING HOME	116.97	7/1/82	116.97	109.20
233001	NORTH SLOPE BOROUGH REC HME	168.35	7/1/82	170.80	170.80
001004	NORTH STAR CHILDRENS HOME	62.25	7/1/82	62.25	
004247	PRESBYTERIAN HOSPITALITY HSE	111.98	7/1/82	111.98	
232005	"R" HOUSE			111.98	
001414	ST. MARYS MISSION			8.33	
005398	ST. JUDE CENTER, INC.	72.33	7/1/82	72.33	
005556	SITKA RECEIVING HOME	40.66	7/1/82	40.66	
001918	TURNING POINT BOYS RANCH	105.37	7/1/82	105.37	

Clay Row

ACS

ANCH/WILLOW

BETHEL

ACS Receiving Home
C/O AK Childrens Services
1200 E. 27th
Anchorage, AK 99504

Booth Memorial Home
C/O Salvation Army
Box 3-063
Anchorage, AK 99504

Bethel Receiving Home
Box 271
Bethel, AK 99559

#232007 X
\$149.85/day
07-01-82

#003330
\$146.90/day
07-01-82

#231001
\$75.52/day
07-01-82

ACS Aquarius House
C/O AK Childrens Services
1200 E. 27th
Anchorage, AK 99504

Hilltop Home Inc
P.O. Box 10-2223
Anchorage, AK 99511

Bethel Group Home
P.O. Box 385
Bethel, AK 99559

#001455
\$149.85/day
07-01-82

#004287
\$85.53/day
07-01-82

#004227
\$59.06/day
07-01-82

ACS Colletti House
C/O AK Childrens Services
1200 E. 27th
Anchorage, AK 99504

Turning Point Boy Ranch
Mile 68 Parks Highway
Willow, AK 99688

NOME
Nome Receiving Home
Box 1033
Nome, AK 99762

#002122
\$117.51/day
07-01-82

#001918
\$105.37/day
07-01-82

#005412 X
\$109.20/day
07-01-82

FAIRBANKS

OUT OF STATE

ACS Jesse Lee
C/O AK Childrens Services
1200 E. 27th
Anchorage, AK 99504

PHH-Receiving Home
C/O Pres. Hospitality House
1401 Kellum Street
Fairbanks, AK 99701

Excelsior Youth Center
15151 E. Quincy Avenue
Denver, CO 80015

#001394
\$165.46/day
07-01-82

#232005 X
\$111.98/day
07-01-82

#247011
\$64.77/day
07-01-81

ACS North Star

DDU Treatment Home

Child Care Center

Anticipated supplemental
- based on 1600 total
kid days between
July 1, 1982 - June 30, 1983

$1600 \times \$40^{00}$ (approx
diff.
between existing rate - $\$15^{52}$
and req. rate - 115^{00})

Total Supp. \$ 64,000.



Superior Court
State of Alaska

FOURTH JUDICIAL DISTRICT

P.O. BOX 130

BETHEL, ALASKA

99559

CHAMBERS OF
CHRISTOPHER R. COOKE, PRESIDING JUDGE

PHONE: (907) 543-2298

November 1, 1982

Mr. John Pugh, Director
Division of Family and
Youth Services
Pouch H-05
Juneau, Alaska 99811

Re: Bethel Receiving Home

Dear Mr. Pugh:

It has come to my attention that the Bethel Receiving Home is in serious financial trouble. The home is operating at a substantial loss and will soon be forced to close unless additional revenue can be secured.

The Receiving Home provides temporary shelter for juveniles detained in delinquency proceedings and emergency foster care for children in need of aid. Loss of the Receiving Home would have a great adverse impact upon the Alaska Court System and this region since it is the only facility of its type in this area.

Without the Receiving Home, juveniles detained in delinquency proceedings would have to be housed in the substandard Bethel City Jail and, at great expense and inconvenience, McLaughlin Youth Center in Anchorage. Emergency foster homes for neglected or abused children would have to be found on a case-by-case basis. This would constitute a giant step backward for the juvenile justice system in this region and for the local and regional operations of your department.

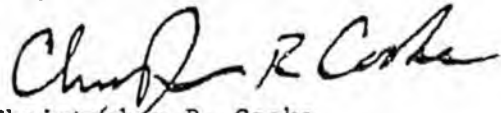
One reason for the Receiving Home's financial plight is the cost of care rate paid by your department. Currently that rate is \$75.52 per day while comparable facilities in Nome, Juneau and Anchorage receive

Mr. John Pugh
Page Two
November 1, 1982

\$116.97, \$106.17 and \$149.85, respectively. The Receiving Home would be financially viable if their daily rate were in the vicinity of \$100.00 or if bed space could be provided to your agency on a monthly retainer basis.

I would appreciate your prompt attention to this situation. If the Bethel Receiving Home is forced to close, this community, the 56 villages of our region, and both our agencies will suffer. With your cooperation I hope that such a drastic result can be avoided.

Very truly yours,



Christopher R. Cooke
Superior Court Judge

CRC/bn

cc: ✓ Senator John Sackett
Representative Tony Vaska
David E. Arnold
Gloria Hawkins
Bob Buttane
Loreen Foster
Don Constantine
Jim Shanks
Laurie Otto

POSITION PAPER/Department of Health & Social Services

POSITION PAPER

HOUSE CS FOR SENATE BILL NO. 97

PAGE 1

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

House Committee Substitute for Senate Bill No. 97 makes an appropriation of \$65,000 to the Department in the form of a grant designated for Bethel Social Services, Inc. to operate the Bethel Receiving Home during the remainder of the current fiscal year.

There are a variety of problems inherent in operating such facilities in Bush communities which are either unique to those facilities or exaggerated because of their location. For example, initial start-up and ongoing operating costs of such facilities are usually greater than for urban facilities.

In addition, smaller facilities located in rural areas generally have less predictable resident populations and suffer from cash flow problems.

The number of emergency placements has declined in the Bethel area as it has statewide. This decline has resulted from changing needs of children and more effective efforts to comply with the Indian Child Welfare Act, which mandates preferential placement of Native children in the homes of relatives or in Native foster homes. This has proven particularly problematic, however, to those facilities, such as the Bethel Receiving Home, operating in areas in which the majority or a very large percentage of the population is Native. Thus, while staffing is generally maintained at levels adequate to provide for the average population of the facility and for emergency circumstances the actual number of residents is often below the level required to provide fiscal support for the facility's operation. Since contracting for a number of beds is not allowable under existing purchase of services law, the facility cannot be assured of income necessary for operation during those periods when few or no placements are made.

In summary, the Department is supportive of maintaining facilities such as the Bethel Receiving Home which serve as necessary placement resources for abused or neglected children and for delinquent youth who do not require detention. Maintenance of such facilities in rural areas is critical due to

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Josephson,

the general paucity of alternative resources. Without such resources many children and youth would necessarily be placed in urban facilities far from the systems of support provided in their communities and separated from their families. Such separation at times nullifies efforts to resolve the precipitating social or family problems and may prevent reunification of the child and family or rehabilitation of delinquent youth.

RECOMMENDED: *Yvonne Elder Walker*
Yvonne Elder Walker
Acting Director
Division of Family and
Youth Services

DATE: May 23, 1983

APPROVED BY: *Robert London Smith*
Robert London Smith, Ph.D.
Commissioner

DATE: 5/24/83

MINUTES OF THE RCCF
PAYMENT RATE STUDY COMMITTEE

November 8, 1982

BACKGROUND:

CCSHB 357, which was passed by the Twelfth Legislature in 1982, suspended operation of AS 47.05.010(14), AS 47.40.010, 47.40.040, and 47.40.050 from July 1, 1982 through June 30, 1984 and established a five member committee to study alternatives to the method of establishing payment rates under AS 47.40. Under CCSHB 357, the committee is to be composed of five members appointed by the Commissioner of the Department of Health and Social Services, three of whom are to be employees of the Department of Health and Social Services (DHSS), and two are to be providers of residential child care services. The following persons were appointed by Commissioner Helen D. Beirne to serve on the committee: John Garvin, Executive Director of Alaska Children's Services and President of the Alaska Association of Children's Homes; Linden Staciokas, Director of Presbyterian Hospitality House; Joe Betit, Deputy Director of the Division of Administrative Services (DHSS); Marsha Hubbard, Director of the Division of Management and Budget (DHSS); and John Pugh, Director of the Division of Family and Youth Services (DHSS). Dale Voltz, Director of the Juneau Receiving Home, and Bill Webb, Director of the Nome Receiving Home, were appointed as non-voting members of the committee to service as alternates in the case of the absence of a voting residential child care provider, as well as to provide comments from the perspective of smaller and rural facilities.

FIRST MEETING:

The first meeting of the committee was held in Juneau on the morning of November 8, 1982, the purpose of which was to delineate the scope and plan the work of the committee. Present were Joe Betit, John Pugh, Marsha Hubbard, John Garvin, and Dale Voltz. Linden Staciokas was absent due to illness. Bill Webb was not present since the travel costs for the short meeting did not appear to be justified. Ted Sponsel, Presbyterian Hospitality House, attended the meeting, and two staff members of the Division of Family and Youth Services (Jackie Damon and Nina Kinney) were present to provide staff support for the committee.

John Pugh was chosen chairman of the committee.

ISSUES:

After reviewing CCSHB 357, the committee members identified the following issues to be addressed by the committee:

1. Rate Setting Mechanism: Consideration will be given to the full cost of care method, contracts, grants, and any other methods identified by the committee or DFYS staff.
2. Methods of reimbursement for capital costs, including lease-back depreciation.

3. Sources of Funding: The availability and use of other sources of money to finance residential child care services and to finance the construction of residential child care facilities.
4. Allowable Expenses
5. Who shall be the service providers? John Garvin suggested consideration of this topic to include consideration of the types of organizations the Department should purchase from (profit, non-profit, municipalities, etc.) and whether the Department should require accreditation by an independent body.
6. Purchase of Service Regulations: Once the rate setting approach and other major issues are decided on, the final committee report will include a preliminary draft of regulations which would be needed to implement the committee's recommendations. There was agreement that it would not be feasible to have a finished set of regulations, but that at least the broad categories and approaches would be addressed by the committee and the Division would complete a first draft.

TIME FRAMES:

CCSHB 357 requires a report to the Legislature by the 30th day of the second session of the 13th Legislature (approximately mid-February, 1984). However, the committee decided it would be preferable to complete the work by November 15, 1983.

INFORMATION GATHERING:

There was a discussion regarding sources and methods of gathering information with the following decisions made:

1. The Division will review information on purchase of residential child care services from other states, and provide an analysis to committee members, and copies of any particularly useful documents.
2. John Garvin has compiled material from the Child Welfare League Library and offered to share an analysis and copies of relevant information.
3. John Pugh stated that the Region X Resource Center for Children, Youth, and Families at the University of Washington is planning a workshop on purchase of residential child care services. As soon as he receives the dates and agenda, John will notify committee members.
4. If outside consultants are available free of charge to the committee, they will be requested to provide information. Mention was made of Jim Mann, Western Regional Representative of the Child Welfare League of America, and the possibility of ORPSCA sharing the information they compiled two years ago from all the states.

COMMUNICATION WITH RCCF PROVIDERS:

There was discussion regarding the ways in which the committee could solicit and receive comments from providers. It was decided that everyone receiving full cost of care should receive a summary of the minutes of each meeting, and that they would be asked to share any concerns, comments, and reactions with

the Chairman of the Committee, John Pugh. Providers would thus receive ongoing communication as issues are addressed and would have the opportunity to provide comments.

There was also a suggestion made that teleconferencing could be utilized by the committee, especially when consultants are available.

DECISION-MAKING:

Plans are for the committee to meet in work sessions, primarily in Juneau to minimize the number of people who need to travel, and to be able to provide staff support to the committee. Meetings are open to the public, and prior to any votes on recommendations, the Department will give written public notice.

The Committee adopted Robert's Rules of Order, requiring a simple majority for any votes taken. If the Committee does not reach consensus on issues, the final report will include minority reports indicating the minority views and identifying the committee member votes.

COMMUNICATION WITH THE LEGISLATURE:

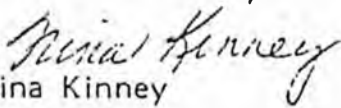
It was decided that it would be useful to keep the Chairmen of Health, Education, and Social Services Committees in the House and Senate apprised of the work of the committee. Therefore, once the chairmen are appointed, the Division will send them copies of the preceding minutes and provide other information as requested.

NEXT MEETING:

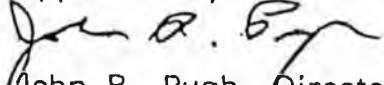
The next meeting, and first full committee meeting will be held on Monday, December 20, 1982, at 8:30 a.m. The topic for this meeting will be the rate-setting mechanism.

The following meeting will focus on capital costs (Issue #2) and the subsequent meeting will address allowable costs (Issue #4).

Minutes Taken By:


Nina Kinney
Social Services Program
Coordinator
Division of Family and
Youth Services

Approved By:


John R. Pugh, Director
Division of Family and Youth Services
Chairman of Committee

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF FAMILY AND YOUTH SERVICES

POUCH H-05
JUNEAU, ALASKA 99811
PHONE: (907) 465-3170

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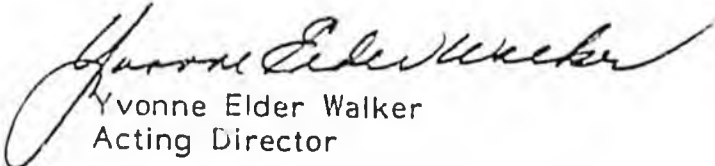
February 3, 1983

Honorable Joe Josephson
Chairperson, Senate HESS
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Josephson:

This is in follow-up to my letter of January 31, 1983 in which the minutes of the Payment Rate Study Committee were inadvertently omitted. They are now enclosed.

Sincerely,



Yvonne Elder Walker
Acting Director

Enclosures

YEW:NK:kk

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Minutes of the RCCF Payment Rate Study Committee

December 20, 1982

The second meeting of this Committee was held on December 20, 1982 in Juneau. Present were: John Garvin, Linden Staciokas, Joe Betit, Joann Clark (for Marsha Hubbard), John Pugh, Dale Voltz, and Bill Webb. The Division of Family and Youth Services staff members present were: Jackie Damon and Nina Keeler.

John Pugh convened the meeting and asked for feedback on the minutes of the previous meeting. There being none, John Garvin reported on the meeting of the Alaska Child Care Providers Assn. which occurred subsequent to the first meeting of this Committee. Mr. Garvin stated that the members of the Assn. want to try to preserve the basic components of the current reimbursement system for cost of care. They feel that controls can be instituted by developing purchase of service regulations which address other income plus a mechanism for reimbursement of capital expenses.

Review of Materials From Other States

The Division of Family and Youth Services presented copies of selected materials from other states (purchase statutes, regulations and cost manuals), and the Committee reviewed the packet. In addition, John Garvin added comments on some of the states systems based on his discussions with providers from other states. States which were discussed included:

- a. Michigan. Michigan uses a utilization rate of 85%, with a reimbursement rate range of \$45-\$100/day, which is based on the previous year's costs. There is no mandated cost of living increase factor, but cost of living is taken into account in rate-setting. A facility can spend donated funds on allowable costs and these costs will then be factored into the following year's rate. Significant programming changes must have approval of licensing and program staff of the State.

Each facility has a master contract which includes an average number of beds the agency will provide. The department's appropriation amount determines the maximum number of children who will be served. In last year's negotiations with the State the Michigan Association agreed that rates would not escalate more than 15%. This year's rates, however, are frozen. The material sent by the state of Michigan on interim rate setting will be useful to review in more depth.

- b. Pennsylvania. Pennsylvania is organized by county, and their system would not be workable for Alaska.
- c. Wisconsin. Wisconsin negotiates individual contracts with facilities, and has a prospective rate setting system with

partial cost setting. They require a surety bond for advances.

The providers at this meeting stated that cash advances for receiving homes would be very helpful, because providers of emergency shelter care have such a hard time with the current system.

- d. Alabama. Alabama also provides exceptions for emergency shelter care.

Two other issues arose in reviewing material from states. Cost of living adjustments if allowed must be used with discretion. For example, applied to fixed capital costs, COLA becomes very inflationary. Contracts or written agreements are not currently required under full cost-of-care; however, the Department of Administration is moving towards requiring RFP's and contracts with many more providers, and it may be that they will be required in the future.

The Committee then chose to compare rate setting methods by comparing the strengths and weaknesses in each method from the perspective of both the administration (State) and the providers. The following tables will provide comparisons, and will identify providers by a (P) and the State administration by (A).

STRENGTHS AND WEAKNESSES OF THE
FLAT RATE/SCHEDULED RATE METHOD

Description:

Under this method, a specified rate is paid to all facilities regardless of the actual costs involved in providing the necessary care. As a result, although the rates paid are often based on surveys of provider costs or on general governmental indices, some providers are underreimbursed for their expenses while others can realize a "profit". However, a scheduled rate method is the easiest and least costly method to administer.

(Discussion based on assumption that rates set prior to appropriation.)

Strengths

- A. Easy to administer
- P. Pre-determined knowledge of rate
- A. Uniformity and, with proper levels of care, could be fairness
- A. Costs for next FY established prior to budget

Weaknesses

- A. Profits and severe underfunding could affect quality of care
- P. Failure to take into account individual agencies' programming
- A. Difficulties in developing levels of care
- P. Negotiations take time, resources, etc.
- P. Rate is generally set historically, fails to keep pace with inflation and industry norms (COLA)

A = Administration
P = Provider

NEGOTIATED RATES

Description

This method relies on the supply/demand relationship between the number of institutions able to provide the required care and the amount of public funds available to pay for that care. Negotiated rate methods often start out as cost-based methods, but deviate from them if provider costs increase more quickly than government revenues.

(Based on contract - but could be a grant process also.)

<u>Strengths</u>	<u>Weaknesses</u>
A/P Individualized contracts for each agency	A/P Complexity and difficulty of administration (RFP)
A Creation of new programs where needed	A/P Possible lack of continuity
A Competition among providers	A Capital projects paid by the State decrease competition*
A Ability to live within appropriation	A Necessitates the development of levels of care
A Administration can set limits on costs, expenditures (based on appropriation)	A/P Adversarial process
P More "sophisticated" providers would have an advantage in RFP process	P Smaller/rural programs may have difficulty competing
	A/P More out-of-state bidders - 1. not knowledgeable about Alaska - 2. megabucks behind them and out-of-state bidders unaware of high ongoing salary costs

*Taking State funded buildings into account in negotiation would be very difficult.

A = Administration
P = Provider

FEE FOR COMPONENT SERVICE METHOD

Description:

This method is more sophisticated than the flat rate method in terms of relating the rate paid to the service provided. There are two basic approaches under a fee for component service method. The first is to set rates for various groups of institutions providing similar services. The other approach is to set rates for specific services to be provided to an individual child, such as certain types of therapy or tutoring.

Strengths

- A/P Allows for individual programming/child (cost-incentive) and allows for payment of those services
- A This type of system would be necessary to implement a goal oriented system (GOSS) which could allow for evaluation of services for each child
- A/P Truer picture of costs per type of child

A = Administration
P = Provider

Weaknesses

- A/P Staff resources
- A Administrative problems - fiscal, audit
- P Additional administrative A costs to the provider
- A/P Possibility for conflict between provider and administration over services needed

COST BASED METHOD

Description:

This method bases the rate paid on the costs incurred by the institution in providing care to the foster child. Determination of the costs may be accomplished either by taking historical costs and applying a cost-of-living adjustment to allow for the intervening time lag, or by using costs which have been projected by the provider for the period to be covered by the rate.

<u>Strengths</u>	<u>Weaknesses</u>
P Helps providers to keep up with increasing costs 1. Inflation factor 2. Upgrading of program	A/P Great fluctuation in percentage increases/decreases
P Program continuity	P Providers have major cash flow problems since it's retrospective rate setting
A/P Up-front administrative costs are minimal	A Difficulty in initiating new programs
A/P Detailed regs can provide a clearer understanding of allowables/unallowables, etc., (Preferred by providers)	A Provider competition
P Provides an opportunity for improved quality of care if resources are available	A No incentive for cost effectiveness
A/P Better Department/provider rapport	A Requires audit resources
	A Lack of control over program development and costs
	A Inability to adequately forecast rates for budget purposes
	A Lack of ability to influence programming
	P Severe problems with emergency shelter

A = Administration
P = Provider

ALASKA'S FULL COST-OF-CARE SYSTEM

Strengths

- P Help provider keep pace
 - inflation
 - development
- P Program continuity
- A/P Administrative costs are minimal
- A/P Opportunity for improved quality of care
- A/P Provider/State rapport is good
- A If programs stay full, there is an advantage to the State
- A Private dollars do supplement State dollars

Weaknesses

- A/P Lack of detailed regs
 - lack of specificity of allowable costs
 - lack of depreciation as allowable
- A Annual audit for rate-setting is required and audit staff are insufficient
- P High increases by one or few providers means decreasing dollars for others
- A/P Uncontrollable cost escalation (private dollars can escalate costs)
- A/P Inability to forecast rates for budgeting purposes
- A Leads to deficit spending
- A/P Extreme fluctuation in rates
- P Cash flow Problems
- P Funding problems for ES
- A Inability to control program development

A = Administration
P = Provider

IDEAL SYSTEM

Following the comparisons of the five methods, the Committee considered the elements that an "ideal system" might include. Providers and the state representatives were in agreement that an ideal system would be easy to administer, would improve quality of care for children, provide continuity of care and for a reasonable growth in the amount of beds. In addition, it would control cost escalation, provide for individualized programming for children, would address other income sources and depreciation, and would set program standards. There was also agreement that emergency shelter beds would be treated as a separate component, ideally.

Providers felt that their ideal system would allow for program development autonomy. They would like to see a formal rate setting mechanism which is not totally controlled by the Department, but would allow them to influence the rate setting process.

In addition, they would like system reimbursement of a predetermined number of beds rather than per diem, a prepayment system on monthly basis, and for payment of all allowable expenses. They would like to salaries to be not less than 80% nor more than 100% of the comparable State salaries, not including benefits. They would also like to see accreditation by a body like JCAH, CWLA, or NAHC.

The state representatives felt an ideal system would allow the state program control and a predictable system to forecast costs for budget, would provide for competition/cost-effectiveness, would require an 85% census for full payment and 70% for emergency shelter care.

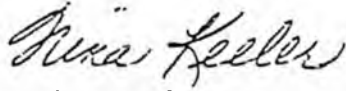
CONCLUSIONS

After review of the above methods, the Committee requested the staff members to prepare for the next meeting two items for their consideration:

1. An amendment to AS 47.40
2. A bill for contracting

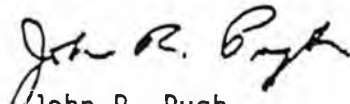
The next meeting was set for Monday, February 7, 1983, in Juneau.

Minutes taken by:



Nina Keeler
Social Services Program
Coordinator

Approved by:



John R. Pugh
Director

	Address	Phone	Director	Licensed Capacity	Days of Care	FY '83 Budget	Capital Investment
1.	Alaska Children's Services, Inc. 1200 E. 27th Ave Anchorage, Ak. 99504	(907) 276-4515	John C. Garvin	107	27,468	\$5,000,000	\$6,000,000
2.	Alaska Baptist Family Service Center SRA Box 1791A	(907) 349-2222	Gordon Lantrip	12	3,216	\$ 406,000	\$750,000 - La \$500,000 - B
3.	North Slope Receiving Home Box 371 Barrow, Ak. 99723	(907) 852-7007	Charles Tadgerson	10			
4.	Bethel Group Home, Inc. Box 385 Bethel, Ak. 99559	(907) 543-2846	Kent R. Kaltenbacher	8	1,692	\$ 120,000	\$200,000
5.	Salvation Army Booth Memorial Home Pouch SA 3-063 Anchorage, Ak. 99501	(907) 279-0522	Lt. Gene Ragan	18		\$1,100,000	
6.	Presbyterian Hospitality House, Inc. 1401 Kellum St. Fairbanks, Ak. 99701	(907) 456-6445	Linden Staciokas	28	3,524	\$ 870,000	
7.	Juneau Receiving Home P.O. Box 2839 Juneau, Ak. 99803	(907) 789-7610	Dale Voltz	12	4,123	\$ 435,000	
8.	Kenai Peninsula Community Care Center Drawer 3573 Kenai, Ak. 99611	(907) 283-7635	Billie Hardy	10	2,847	\$ 276,000	\$480,000
9.	Ketchikan Children's Home P.O. Box 6555 Ketchikan, Ak. 99901	(907) 225-2360	Carl Robins	23	6,580	\$ 717,709	\$ 8,000
10.	Kodiak Baptist Mission, Inc. Box 785 Kodiak, Ak. 99615	(907) 486-5181	David Cook	30	6,112	\$ 400,000	\$2,000,000
11.	Nome Receiving Home, Inc. P. O. Box 1033 Nome, Ak. 99762	(907) 443-2154	Bill Webb	5	1,170	\$ 168,438	
12.	Crossroads Youth Center P.O. Box 1349 Delta Junction, Ak. 99737	(907) 895-4521	Duane Schlekau	5		\$ 129,298	\$ 29,410
13.	Turning Point Boys Ranch Box 1070 Willow, Ak. 99688	(907) 495-6241	Ilene Hahn	40		\$1,200,000	\$1,400,000
14.	Sitka Receiving Home Box 664 Sitka, Ak. 99688	(907) 747-3682	Dave Dapceovich (Bd. member)				

	Date Founded	Board of Directors	No. of Staff	% of State Cost of Care	Amount of Endowment	Related to	Accreditation/Affiliation
Alaska Children' Services, Inc.	1970	18 members	150	94%	\$1,900,000	United Methodist/ American Baptist/ American Lutheran/ Disciples of Christ/ Community	Council on Accreditation Child Welfare League of Amer United Way
Alaska Baptist Family Service Center	1973	9 members	8.5	70%	\$ 950,000	Southern Baptist City of Barrow	National Assn. of Homes for Children
North Slope Receiving Home							
Bethel Group Home, Inc.	1972	7 members	5	100%		Community	Natl. Assn. Homes for Childr
Salvation Army Booth Memorial Home		18 member Council	26	80%		Salvation Army	United Way Natl. Assn. Homes for Childr
Presbyterian Hospitality House, Inc.	1957	12 members	25	90%		United Presbyterian Church	United Way Natl. Assn. Homes for Childr
Juneau Receiving Home	1961	11 members	12	95%		Community	
Kenai Peninsula Community Care Center	1973	9 members	7 full 2 pt	98%		Community	
Ketchikan Children's Home	1957	11 members	17	95-100%			Natl. Assn. Homes for Childr
Kodiak Baptist Mission, Inc.	1893	12 members	14	80%		American Baptist Church	Natl. Assn. Homes for Childr American Baptist Homes and Hospitals
Nome Receiving Home, Inc.	1977	7 members	4	100%		Community	Natl. Assn. Homes for Childr
Crossroads Youth Center	1982	10 members	6	100%		Community	
Turning Point Boys Ranch	1970	12 members	35	85-90%		Community	American Corrections Assn.
Sitka Receiving Home						Community	