

HCR

20

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: HCR 20

Bill Version: HCR 20
Publish Date: HOUSE 4/28/87

Revision Date: _____
Title: Relating to an Interim Commission on the status of Health Care in Alaska
Sponsor: Boyer, Davidson, Frank & Kononen
Requestor: _____

Agency Affected: Health & Social Services
BRU: Medical Assistance Administration

Components: Central Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Please see attached.

Prepared by: Randall P. Burns

Phone: 465-3030

Division: Office of the Commissioner

Date: 4/23/87

Approved by Commissioner: Myra M. Munson

Date: 4/23/87

Agency: Department of Health & Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

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The department expects that the cost of the Commission will total approximately \$115,000. The proposed House Budget includes funds to cover these costs.

Medical Assistance Administration

\$80.0 G.F.
\$35.0 Gifts

The general funds will be used for three primary purposes:

- a) travel for the eleven member commission (approximately \$56,000 for 8 meetings) in Fairbanks, Anchorage, and Juneau;
- b) specialized research to help commission members gather statewide or national data necessary to make recommendations for policy makers in this complex area; and
- c) report preparation, printing and distribution of information gathered and analyzed. The recommendations made will be of value to health care professionals and public policy makers for years to come. Therefore, it is important to write, edit and professionally report the commission's activities and findings.

The department has also solicited private funds to help offset the cost of this effort to the State. Donations of up to \$35,000 could be received for this effort. These funds would be used to offset the costs for meeting space, travel for commission members and report preparation. If any or all of these funds become a reality, previously budgeted general funds will be reprogrammed to beef up specialized research efforts.

1 IN THE HOUSE

BY BOYER, DAVIDSON, FRANK
AND KOPONEN

2

HOUSE CONCURRENT RESOLUTION NO. 20

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

Relating to an Interim Commission on the

6

Status of Health Care and the Health

7

Care Industry in Alaska.

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

9 WHEREAS the ultimate goal of the health care system is to serve the
10 public interest, individually and collectively; and

11 WHEREAS the public interest includes a societal obligation to improve
12 access to health care services for those who face social, cultural, and
13 financial barriers to adequate health care; and

14 WHEREAS many factors have contributed to rapid dynamic change in the
15 accessibility and the cost of health care in the state such as changing
16 technology, development of new long-term care facilities, including Alaska
17 Pioneers' Homes, and replacement and renovation of older hospitals; and

18 WHEREAS the state's declining economy is contributing to an increased
19 demand for assistance under Medicaid and the general relief medical program
20 and is having an unknown effect on access to health care; and

21 WHEREAS the cost of medical care in the state is increasing at a rate
22 higher than the inflation rate and the cost of acute care and long-term
23 facilities increased even more rapidly in the past four years; and

24 WHEREAS the rates charged for nursing homes in the state are two and
25 one-half times the national average; and

26 WHEREAS state funding for the catastrophic illness assistance program
27 was eliminated in fiscal year 1986; and

28 WHEREAS the general relief medical program in the state was cut by 40
29 percent in fiscal year 1987, eliminating all but the most critical medical

1 services for about 5,000 Alaskans; and

2 WHEREAS the state participates in only about one-half of the options
3 available under the Medicaid Program; and

4 WHEREAS a balance between public and private sector involvement is
5 essential to the maintenance of an effective health care system;

6 BE IT RESOLVED that the Alaska State Legislature respectfully requests
7 the Governor to establish an Interim Commission on the Status of Health
8 Care and the Health Care Industry in Alaska to examine the causes of in-
9 creasing health care costs, to review laws and regulations relating to
10 health care in the state, to review the efforts of other states to contain
11 health care and medical costs, and to make recommendations for legislation
12 or regulations necessary to reduce the cost of health care and to increase
13 the effectiveness of health care delivery systems to the residents of the
14 state, especially the indigent; and be it

15 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
16 quests the Governor to appoint the commissioner of health and social ser-
17 vices, one member of the finance committee and one member of the health,
18 education and social services committee of each house of the Legislature,
19 and six members of the public knowledgeable in or experienced with the
20 provision of health care services in the state to constitute the interim
21 commission; and be it

22 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
23 quests the Governor to appoint the members of the interim commission by
24 July 1, 1987, and to direct the interim commission to submit a report of
25 its findings and proposals for legislation or regulations to the Governor
26 and the Legislature by January 15, 1988; and be it

27 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
28 quests the Governor to fund the operations of the interim commission by
29 appropriations and by private donations; and be it

1 FURTHER RESOLVED that the Alaska State Legislature respectfully re-
2 quests the Legislative Council to provide the administrative and legal
3 services of the Legislative Affairs Agency to assist the interim commission
4 in its work.

RECEIVED

APR 23 1987

POSITION PAPER

HCR 20

LEGISLATIVE FINANCE
"Relating to an Interim Commission on the Status of Health Care and the Health Care Industry in Alaska."

I. Purpose of HCR 20:

HCR 20 requests the Governor to appoint an eleven member commission to comprehensively examine health care in Alaska, including issues relating to cost containment, accessibility and quality of care, with particular focus on the indigent. The commission, to be comprised of the commissioner of the Department of Health and Social Services, Legislators and members of the public, is charged with submitting a report of their findings and recommendations to the Legislature and the Governor by January 15, 1988.

II. Discussion:

During this period of economic crisis for the state, it is crucial that there be an analysis of existing health care expenditures so that policy decisions can be made balancing cost factors with access to care.

Health care costs in Alaska have traditionally been significantly higher than the costs of comparable services in the nation. In addition, while health care costs nationally have decreased in growth rate in recent years, Alaska has not experienced a similar reduction. The cost of medical care in Alaska has grown at a rate 10 per cent above inflation, with the costs for acute and long term care showing an even greater increase. While it is essential that the health care industry remain vital in order to provide access to health care for all Alaskans, the state must insure judicious spending patterns in a declining economy.

Acceptable levels of access to health care must also be defined, with particular concern for rural areas and the indigent population. In the past year, the Catastrophic Illness Assistance Program was eliminated and the General Relief Medical Assistance Program was reduced by 42%. In a period when a majority of states are exploring options for providing indigent care, reducing uncompensated care and providing health insurance options for the uninsured, Alaska is in the reverse position of eliminating long standing programs with a history of improving the health status of Alaskans.

III. Recommendation:

The Department regards the purpose of HCR 20 as exceptionally beneficial to Alaska. A study of this nature is beyond the scope and resources of the Department, and the types of policy recommendations called for in the resolution are more appropriately made at the Legislative level.

The Department endorses and strongly recommends passage of HCR 20.

Recommended by: Kim Busch
Kim Busch, Acting Director
Division of Medical Assistance

Date: 4/23/87

Approved by: Myra M. Munson
Myra M. Munson, Commissioner
Department of Health and
Social Services

Date: 4-23-87

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

APR 21 1987

April 21, 1987

The Honorable Mark Boyer
House of Representatives
P.O. Box V
Juneau, AK 99811

Dear Representative Boyer:

I am pleased that you have taken the lead on this administration's commitment to review the status and cost of health care in Alaska. It is clear that the cost of medical care is colliding with a shrinking state budget and the downturn in Alaska's economy. The commission proposed by your resolution will take us in the right direction.

The expense of health care in Alaska, including so-called ancillary services, jumped more than 15 percent between 1984 and 1986. The cost of medical care here has been increasing at a rate 10 percent above inflation, while the price tag for acute care and residence in longterm facilities has grown even faster.

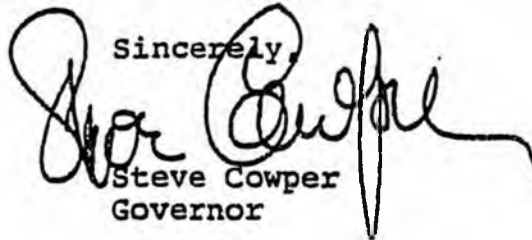
Costs have climbed at the same time many more Alaskans need the state's help in meeting medical bills. When people lose their jobs in a flagging economy, one of the most serious problems for families is the loss of health insurance. The state's medically indigent caseload expanded by nearly 15 percent between 1984 and 1986. And demand is growing. Meanwhile, the state's resources to assist those in need are limited. The general relief medical program, only available to Alaskans with the most meager incomes, was reduced by 40 percent last year and funding for the catastrophic illness assistance program was eliminated.

The issue is not just the price of health care, but how to balance cost with access. Alaskan's small population, spread amongst tiny, remote towns makes access to health care complicated and expensive. Health care providers must be able to operate in the black. If they cannot recover their costs, then a facility may be forced to close, thus reducing health care opportunities.

The Honorable Mark Boyer
Page 2
April 21, 1987

Considering these facts, it makes a lot of sense to review all aspects of Alaska's health care picture and place it in perspective. We need to find out why medical attention in Alaska costs what it does, and what we can do about it. At the same time, we need to make sure that the health care industry is in good enough condition to provide the level of care we feel is basic. We need to make sure that all Alaskans have access to fundamental health care.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper". The signature is written in black ink and is positioned above the printed name and title.

Steve Cowper
Governor

health association of alaska

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

Chairman of the Board
Mike Lockwood
Central Peninsula General
Hospital
Soldotna

Chairman-Elect
John Vowell
Wrangell General Hospital

Immediate Past Chairman
Mike Herring
South Peninsula Hospital
Homer

Secretary/Treasurer
Jim Gingerich
Kodiak Island Hospital
Kodiak

Delegate to the American
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Anchorage

Alternate Delegate to the
American Hospital Assoc.
Sister Barbara Haase
Ketchikan General Hospital
Ketchikan

Delegate to the American
Health Care Association
Tom Boiling
Our Lady of Compassion
Care Center
Anchorage

Alternate Delegate to the
American Health Care
Association
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Denali Center
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of Western Hospitals
C. Keith Campbell
Seward General Hospital
Seward

Alternate Delegate to the
Association of Western
Hospitals
Phillip Koon
Fairbanks Memorial
Hospital
Fairbanks

Delegate to the National
Congress of Hospital
Governing Boards
Jan Trattner
Seward General Hospital
Seward

Alternate Delegate to the
National Congress of
Hospital Governing
Boards
Richard Blue
Charter North Hospital
Anchorage

Executive Director
Dale C. Shirk
Juneau

April 22, 1987

The Honorable Niilo Koponen
The Honorable Johnny Ellis
Alaska House of Representatives
Box V
Juneau, AK 99811

RE: HCR 20

Dear Representatives Koponen and Ellis:

The Health Association of Alaska supports the concept of HCR20, but seeks to amend some of its provisions. Specifically, we maintain that the bill directs a commission to do something which may be mutually exclusive, e.g., to reduce the cost of health while increasing the effectiveness of healthcare delivery systems. Secondly we would like to see the membership of the proposed commission clearly designed to include health care professionals as well as members of the legislature, state government and the general public. Enclosed is a copy of our amendments.

I have discussed our proposal with the sponsor, Representative Mark Boyer, and the measure's proponent, DHSS Commissioner Myra Munson. Mr. Boyer has agreed to consider our position, but I have not had an opportunity to visit with him since our last meeting of April 16. Commissioner Munson agrees with our position with respect to the charge to the commission (amendment numbers one (1) and four (4)), but does not concur in our proposal to name three (3) positions among the eleven (11) member commission.

We consider our requests to be very reasonable and hope that you and members of your committee will agree. We look forward to testifying on Friday, April 24. If you have any questions prior to that time, please let me know. Thank you.

Sincerely,



Dale C. Shirk
Executive Director

cc: Representative Mark Boyer
House HESS Committee Members

health association of alaska

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Executive Director
Dale C. Shirk
Juneau

Proposed amendments to HCR 20

1. Change page 2, lines 11 and 12 to read:

health care and medical costs, and to make
recommendations regarding [for legislation or
regulations necessary to reduce] the cost of health
care and [to increase]

2. Change page 2, line 19 to read:

and three [six] members of the public knowledgeable
in or experienced with the

3. Change page 2, line 20 to read:

provision of health care services in the state, and
three individuals who are actively engaged in the
provision of health care in the private sector who
shall be one licensed physician, one hospital
administrator and one nursing home administrator, to
constitute the interim

4. Change page 2, line 25 to read:

its findings and recommendations [proposals for
legislation or regulations] to the Governor

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