

HB

528

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 18, 1996

FURTHER REFERRALS:

Date of Committee Action: 4/12/96

The FINANCE Committee considered:

HB 528

HOUSE BILL NO. 528

NURS.HOME MORATORIUM/CERTIFICATES OF NEED

"An Act relating to applications for certificates of need and licensing of nursing homes; amending the standard of review for certificates of need for health care facilities in the state; establishing a moratorium with respect to new applications by prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state until July 1, 1998; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 528 (Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) DHSS 3/18/96

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Foster</i>	Foster	X			
<i>Mark Hanley</i>	Hanley	X			
<i>Ed Mulder</i>	Mulder	X			
<i>Terry Martin</i>	Martin	X			
<i>Kate Parnell</i>	Parnell	X			
<i>Vic Kohring</i>	Kohring	X			
<i>Ben Grosswendorf</i>	Grosswendorf				X
<i>Trilee Davarre</i>	Davarre	X			
<i>Pete Brown</i>	Brown	X			
<i>Kelly Kelly</i>	Kelly	X			
<i>Gene Theriault</i>	Theriault	X			

CHAIR'S SIGNATURE *Mark Hanley* *Richard Foster*
 Hanley Foster

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS HB 528 (HESS)

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: Relating to applications of certificate of need BRU: Medical Assistance
and licensing of nursing homes; Component: Medicaid Services
 Sponsor: House Finance COMPONENT SERIAL NO. 2077
 Requestor: House Finance See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This bill does not directly reduce the Medical Assistance budget. It is aimed at avoiding future costs which will be incurred by the Medical Assistance program if a 2 year CON moratorium is not implemented and the industry builds the planned projects. CON Applications, Letters of Intent (LIO), or Strategic Plans have been received from 8 facilities interested in adding a total of 147 new beds in the next 3 years. Failure to pass this moratorium and the initiation of construction will result in additional incremental budget funding requests to meet the new costs associated with those beds totaling \$58,758,107 over the five fiscal years.

	FY97	FY98	FY99	FY00	FY01	FY02
Medical Assistance	0	(3,599)	(8,433)	(14,407)	(14,903)	(15,415)

Half of these costs are paid by federal funds and the other half by general fund match. Operating costs could continue to increase substantially after the first two years. Failure to avoid these new beds could have a deleterious effect on home and community-based services which enable elderly Alaskans to avoid entirely or postpone nursing home placement.

Prepared by: Randy Super
 Division: Medical Assistance
 Approved by Com: Karen Petric, Commissioner
 Agency: Department of Health & Social Services

Phone: 465-5833
 Date: 03/18/96

Date: 3/26/96

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9-LS1731G
Lauterbach
4/12/93

CS FOR HOUSE BILL NO. 528(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to applications for certificates of need and licensing of nursing
2 homes; establishing a moratorium with respect to acceptance of new applications
3 for a certificate of need or for a license for additional nursing home capacity in
4 the state until May 1, 1998; establishing a working group to study and issue a
5 report about long-term care; and providing for an effective date."

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

7 * Section 1. FINDINGS. The legislature finds that

8 (1) many nursing home residents would benefit from care that is less intensive
9 and less costly than nursing home care through assisted living facilities or through home care
10 agencies;

11 (2) this state has only recently begun to develop a system for providing long-
12 term care for seniors needing care through home care or assisted living facilities so that the
13 long-term care system is not in balance at the present time;

1 (3) with the unnecessary focus on nursing homes, the long-term care system
2 will remain out of balance until community-based services can be developed;

3 (4) a moratorium on the addition of nursing home beds will encourage the
4 development of home and community-based services, and direct the state's resources toward
5 the services that can best meet the needs of the recipients; and

6 (5) a moratorium on the addition of nursing home beds will facilitate actions
7 to provide a more balanced system of care, more appropriate placement of seniors, and
8 additional client choice, and to avoid new long-term care costs.

9 * Sec. 2. MORATORIUM FOR CERTIFICATE OF NEED. (a) Notwithstanding
10 AS 18.07, the Department of Health and Social Services may not accept an application for a
11 certificate of need under AS 18.07, and the department may not grant a certificate of need
12 based on an application filed before the effective date of this Act, except as provided in (b)
13 of this section, for

14 (1) construction of a health care facility that includes nursing home beds
15 requiring licensure under AS 18.20.020; or

16 (2) conversion of a building or part of a building to include nursing home beds.

17 (b) The Department of Health and Social Services shall consider the findings in sec. 1
18 of this Act when reviewing an application under AS 18.07 that was pending on the effective
19 date of this Act for the addition of nursing home beds or the conversion of existing beds to
20 nursing home beds. The department may grant a pending application only when granting it
21 would be consistent with the policy underlying the findings in sec. 1 of this Act.

22 (c) Notwithstanding AS 18.20, the department may not issue a license for

23 (1) construction of a health care facility that includes new nursing home beds;

24 or

25 (2) additional new nursing home beds in a health care facility.

26 (d) In this section, "nursing home bed" means a bed not used for acute care in which
27 nursing care and related medical services are provided over a period of 24 hours each day to
28 individuals admitted because of illness, disease, or physical infirmity; the term "nursing home
29 bed" does not include acute care beds converted to skilled nursing home beds used for
30 transitional short-term care needs.

31 * Sec. 3. WORKING GROUP; REPORT. (a) There is established a six-member working

1 group to analyze issues regarding long-term care services in the state. The members of the
2 group are

3 (1) two individuals appointed by the governor who are involved in providing
4 long-term care services, one of whom is a licensed nursing home administrator who operates
5 a community nursing home in this state;

6 (2) two individuals appointed by the governor who are receiving long-term care
7 services, at least one of whom must be at least 60 years of age;

8 (3) the commissioner of administration, or the commissioner's designee; and

9 (4) the commissioner of health and social services, or the commissioner's
10 designee.

11 (b) The working group established under this section may select a presiding officer
12 from among its members.

13 (c) After gathering information through methods considered appropriate by the group,
14 the working group established under this section shall prepare a report that includes the
15 following:

16 (1) a description of the current status and costs of the state's system for long-
17 term care services;

18 (2) the projected number of state residents who will be needing long-term care
19 services through the year 2000, the year 2005, the year 2010, and the year 2015;

20 (3) the projected costs to the state, based on the projection of needs under (2)
21 of this subsection, if no changes are made to the state's present system of long-term care
22 services;

23 (4) an estimated number of state residents who are currently receiving care in
24 nursing facilities that could more appropriately be receiving home- and community-based care
25 outside of nursing facilities;

26 (5) a description of the alternative methods available to provide nursing care
27 for state residents and the relative cost to the state for these methods; and

28 (6) recommendations for principles that should be used to guide the
29 development of the state's long-term care system, including principles that should guide the
30 certificate-of-need process under AS 18.07.

31 (d) The working group shall deliver its report to the governor by the first day of the

1 First Regular Session of the Twentieth Alaska State Legislature and notify the legislature that
2 the report is available.

3 * Sec. 4. Section 3 of this Act is repealed on the first day of the First Regular Session of
4 the Twentieth Alaska State Legislature.

5 * Sec. 5. Sections 1 and 2 of this Act are repealed May 1, 1998.

6 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

Certificate of Need Review Criteria

- (1) The relationship of the health services being reviewed to the applicable health systems plan and annual implementation plan adopted pursuant to section 1513(b) (2) and (3), respectively, of the Act.
- (2) The relationship of services reviewed to the long-range development plan (if any) of the person providing or proposing such services.
- (3)
 - (i) The need that the population served or to be served has for the services proposed to be offered or expanded, and the extent to which low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups are likely to have access to those services.
 - (ii) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the need that the population that is presently served has for the service, the extent to which that need will be met adequately by the proposed relocation or by alternative arrangement, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups to obtain needed health care.
- (4) The availability of less costly or more effective alternative methods of providing the services to be offered, expanded, reduced, relocated or eliminated.
- (5) The immediate and long-term financial feasibility of the proposal, as well as the probable impact of the proposal on the costs of and charges for providing health services by the person proposing the new institutional health services.
- (6) The relationship of the services proposed to be provided to the existing health care system of the area in which such services are proposed to be provided.
- (7) The availability of resources (including health manpower, management personnel, and funds for capital and operating needs) for the provision of the services proposed to be provided and the availability of alternative uses of such resources for the provision of other health services.
- (8) The relationship, including the organizational relationship, of the health services proposed to be provided to ancillary or support services.
- (9) Special needs and circumstances of those entities which provide a substantial portion of their services or resources or both, to individuals not residing in the health service areas in which the entities are located or in adjacent health services areas. Such entities may include medical and other health professional schools, multidisciplinary clinics and specialty centers.

HB 528
Attachment 1
4/12/96/P

- (10) The special needs and circumstances of Health Maintenance Organizations for which assistance may be provided under Title XIII of the Social Security Act. Such needs and circumstances shall be limited to:
- (i) The needs of enrolled members and reasonably anticipated new members of the HMO or proposed HMO for the new institutional health services proposed to be provided by the organization.
 - (ii) The availability of the new health services from non-HMO providers or other HMO's in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO or proposed HMO. In assessing the availability of these health services from these providers, the agency shall consider only whether the services from these providers:
 - (A) Would be available under a contract of at least five years duration;
 - (B) Would be available and conveniently accessible through physicians and other health professionals associated with the HMO (For example - whether physicians associated with the HMO have or will have full staff privileges at a non-HMO hospital);
 - (C) Would cost no more than if the services were provided by the HMO or proposed HMO; and
 - (D) Would be available in a manner which is administratively feasible to the HMO or proposed HMO.
 - (iii) Any other factors that the State Agency may propose and the Secretary may, in accordance with paragraph (c) of this section, find to be consistent with the purpose of Title XIII of the Act.
- (11) The special needs and circumstances of biometrical and behavioral research projects which are designed to meet a national need and for which local conditions offer special advantages.
- (12) In the case of a construction project -
- (i) The costs and methods of the proposed construction, including the costs and methods of energy provision, and
 - (ii) The probable impact of the construction project reviewed on the costs of providing health services by the person proposing such construction project.
- (13) The contribution of the proposed new institutional health service in meeting the health related needs of members of medically underserved groups which have traditionally experienced difficulties in obtaining equal access to health services (for example, low income persons, racial and ethnic minorities, women, and handicapped persons), particularly those needs identified in the applicable health systems plan and annual implementation plan as deserving of priority.
- (14) The special circumstances of health care facilities and HMO's with respect to the need for conserving energy.

9-LS1731\F ✓
Lauterbach
4/11/96

CS FOR HOUSE BILL NO. 528()

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to applications for certificates of need and licensing of nursing
2 homes; temporarily amending the standard of review for applications for
3 certificates of need for nursing home beds; prohibiting the issuance of a license
4 for additional nursing home capacity in the state until July 1, 1997; establishing
5 a planning group to study and issue a plan about long-term care; and providing
6 for an effective date."

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

8 * Section 1. FINDINGS. The legislature finds that

9 (1) many nursing home residents would benefit from care that is less intensive
10 and less costly than nursing home care through assisted living facilities or through home care
11 agencies;

12 (2) this state has only recently begun to develop a system for providing long-
13 term care for seniors needing care through home care or assisted living facilities so that the

1 long-term care system is not in balance at the present time;

2 (3) with the unnecessary focus on nursing homes, the long-term care system
3 will remain out of balance until community-based services can be developed;

4 (4) a moratorium on the addition of nursing home beds will encourage the
5 development of home and community-based services, and direct the state's resources toward
6 the services that can best meet the needs of the recipients; and

7 (5) a moratorium on the addition of nursing home beds will facilitate actions
8 to provide a more balanced system of care, more appropriate placement of seniors, and
9 additional client choice, and to avoid new long-term care costs.

10 * Sec. 2. MORATORIUM FOR CERTIFICATE OF NEED. (a) Notwithstanding
11 AS 18.07, the Department of Health and Social Services may not grant a certificate of need,
12 except as provided in (b) of this section, for

13 (1) construction of a health care facility that includes nursing home beds
14 requiring licensure under AS 18.20.020; or

15 (2) conversion of a building or part of a building to include nursing home beds.

16 (b) The Department of Health and Social Services shall consider the findings in sec. 1
17 of this Act when reviewing an application under AS 18.07 for the addition of nursing home
18 beds or the conversion of existing beds to nursing home beds. The department may grant an
19 application only when granting it would be consistent with the policy underlying the findings
20 in sec. 1 of this Act.

21 (c) Notwithstanding AS 18.20, the department may not issue a license for

22 (1) construction of a health care facility that includes new nursing home beds;

23 or

24 (2) additional new nursing home beds in a health care facility.

25 (d) In this section, "nursing home bed" means a bed not used for acute care in which
26 nursing care and related medical services are provided over a period of 24 hours each day to
27 individuals admitted because of illness, disease, or physical infirmity; the term "nursing home
28 bed" does not include acute care beds converted to skilled nursing home beds used for
29 transitional short-term care needs.

30 * Sec. 3. PLANNING GROUP; REPORT. (a) There is established a six-member planning
31 group to analyze issues and prepare a plan regarding long-term care services in the state. The

1 members of the group are

2 (1) two individuals appointed by the governor who are involved in providing
3 long-term care services, one of whom must be an administrator of a licensed community-
4 owned or nonprofit nursing home;

5 (2) two individuals appointed by the governor who are receiving long-term care
6 services, at least one of whom must be at least 60 years of age;

7 (3) the commissioner of administration, or the commissioner's designee; and

8 (4) the commissioner of health and social services, or the commissioner's
9 designee.

10 (b) The planning group established under this section may select a presiding officer
11 from among its members.

12 (c) After gathering information through methods considered appropriate by the group,
13 the planning group established under this section shall prepare a plan that includes the
14 following:

15 (1) a description of the current status and costs of the state's system for long-
16 term care services;

17 (2) the projected number of state residents who will be needing long-term care
18 services through the year 2000, the year 2005, the year 2010, and the year 2015;

19 (3) the projected costs to the state, based on the projection of needs under (2)
20 of this subsection, if no changes are made to the state's present system of long-term care
21 services;

22 (4) an estimated number of state residents who are currently receiving care in
23 nursing facilities that could more appropriately be receiving home- and community-based care
24 outside of nursing facilities;

25 (5) a description of the alternative methods available to provide nursing care
26 for state residents and the relative cost to the state for these methods; and

27 (6) recommendations for principles that should be used to guide the
28 development of the state's long-term care system, including principles that should guide the
29 certificate-of-need process under AS 18.07.

30 (d) The planning group shall deliver its plan to the governor by the first day of the
31 First Regular Session of the Twentieth Alaska State Legislature and notify the legislature that

- 1 the plan is available.
- 2 * Sec. 4. Section 3 of this Act is repealed on the first day of the First Regular Session of
- 3 the Twentieth Alaska State Legislature.
- 4 * Sec. 5. Sections 1 and 2 of this Act are repealed July 1, 1997.
- 5 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

called

245

9-LS17311C

4/12/96

Adopted

as

Amended

CS FOR HOUSE BILL NO. 528(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

**Offered: 3/18/96
Referred: Finance**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to applications for certificates of need and licensing of nursing
2 homes; amending the standard of review for certificates of need for health care
3 facilities in the state; establishing a moratorium with respect to new applications
4 by prohibiting the issuance of a certificate of need or a license for additional
5 nursing home capacity in the state until July 1, 1997; establishing a working
6 group to study and issue a report about long-term care; and providing for an
7 effective date."

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

9 ***Section 1. FINDINGS. The legislature finds that**

10 ~~(1) the current availability of nursing home beds exceeds the actual need for
11 nursing home beds in the state;~~

12 ~~(2) since 1989, based on national statistics, this state has had one of the lowest
13 statewide occupancy rates for nursing homes in the nation, with a 77.5 percent occupancy rate~~

1 in 1992 being the second lowest in the nation; in 1995, statistics show that the statewide
2 nursing home occupancy rate in the state was only 85 percent, which is still low by national
3 standards;

4 (3) many nursing home residents would benefit from care that is less intensive
5 and less costly than nursing home care through assisted living facilities or through home care
6 agencies;

7 (4) this state has only recently begun to develop a system for providing long-
8 term care for seniors needing care through home care or assisted living facilities so that the
9 long-term care system is not in balance at the present time;

10 (5) with the unnecessary focus on nursing homes, the long-term care system
11 will remain out of balance until community-based services can be developed;

12 (6) a moratorium on the addition of nursing home beds will encourage the
13 development of home and community-based services, and direct the state's resources toward
14 the services that can best meet the needs of the recipients; and

15 (7) a moratorium on the addition of nursing home beds will facilitate actions
16 to provide a more balanced system of care, more appropriate placement of seniors, and
17 additional client choice, and to avoid new long-term care costs.

18 * ~~Sec. 2. AS 18.07.041 is amended to read:~~

19 Sec. 18.07.041. STANDARD OF REVIEW FOR APPLICATIONS FOR
20 CERTIFICATES OF NEED. The office shall grant a sponsor a certificate of need or
21 modify a certificate of need if the department finds a lack of available [THE
22 AVAILABILITY AND QUALITY OF EXISTING] health care resources in the state.
23 The office shall consider the most cost-effective means of providing services and
24 consider the state and federal financing available for those services before
25 determining that a certificate will be granted [OR THE ACCESSIBILITY TO
26 THOSE RESOURCES IS LESS THAN THE CURRENT OR PROJECTED
27 REQUIREMENT FOR HEALTH SERVICES REQUIRED TO MAINTAIN THE
28 ~~GOOD HEALTH OF CITIZENS OF THIS STATE].~~

29 * Sec. 3. MORATORIUM FOR CERTIFICATE OF NEED. (a) Notwithstanding
30 AS 18.07, the Department of Health and Social Services may not accept an application for a
31 certificate of need under AS 18.07, and the department may not grant a certificate of need

1 based on an application filed before the effective date of this Act, except as provided in (b)
2 of this section, for

3 (1) construction of a health care facility that includes nursing home beds
4 requiring licensure under AS 18.20.020; or

5 (2) conversion of a building or part of a building to include nursing home beds.

6 (b) The Department of Health and Social Services shall consider the findings in sec. 1
7 of this Act when reviewing an application under AS 18.07 that was pending on the effective
8 date of this Act for the addition of nursing home beds or the conversion of existing beds to
9 nursing home beds. The department may grant a pending application only when granting it
10 would be consistent with the policy underlying the findings in sec. 1 of this Act.

11 (c) Notwithstanding AS 18.20, the department may not issue a license for

12 (1) construction of a health care facility that includes new nursing home beds;

13 or

14 (2) additional new nursing home beds in a health care facility.

15 (d) In this section, "nursing home bed" means a bed not used for acute care in which
16 nursing care and related medical services are provided over a period of 24 hours each day to
17 individuals admitted because of illness, disease, or physical infirmity; the term "nursing home
18 bed" does not include acute care beds converted to skilled nursing home beds used for
19 transitional short-term care needs.

20 * Sec. 4. WORKING GROUP; REPORT. (a) There is established a six-member working
21 group to analyze issues regarding long-term care services in the state. The members of the
22 group are

23 (1) two individuals appointed by the governor who are involved in providing
24 long-term care services; *one of whom is a licensed nursing home*

25 (2) two individuals appointed by the governor who are receiving long-term care
26 services, at least one of whom must be at least 60 years of age; *Administrator who operates a community*
nursing home in AK

27 (3) the commissioner of administration, or the commissioner's designee; and

28 (4) the commissioner of health and social services, or the commissioner's

29 designee.

30 (b) The working group established under this section may select a presiding officer
31 from among its members.

1 (c) After gathering information through methods considered appropriate by the group,
2 the working group established under this section shall prepare a report that includes the
3 following:

4 (1) a description of the current status and costs of the state's system for long-
5 term care services;

6 (2) the projected number of state residents who will be needing long-term care
7 services through the year 2000, the year 2005, the year 2010, and the year 2015;

8 (3) the projected costs to the state, based on the projection of needs under (2)
9 of this subsection, if no changes are made to the state's present system of long-term care
10 services;

11 (4) an estimated number of state residents who are currently receiving care in
12 nursing facilities that could more appropriately be receiving home- and community-based care
13 outside of nursing facilities;

14 (5) a description of the alternative methods available to provide nursing care
15 for state residents and the relative cost to the state for these methods; and

16 (6) recommendations for principles that should be used to guide the
17 development of the state's long-term care system, including principles that should guide the
18 certificate-of-need process under AS 18.07.

19 (d) The working group shall deliver its report to the governor by the first day of the
20 ~~First~~ Regular Session of the Twentieth Alaska State Legislature and notify the legislature that
21 the report is available.

22 * Sec. 5. Section 4 of this Act is repealed on the first day of the First Regular Session of
23 the Twentieth Alaska State Legislature.

24 * Sec. 6. Sections 1 and 3 of this Act are repealed ^{may} July 1, 1998

25 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

April 10, 1996

Arguments - Support proposed substitute for CS HB 528 before House Finance Committee April 10, 1996. The Proposed substitute bill will continue to stop the construction of new nursing home beds or the conversion of hospital beds to nursing home beds in Alaska until July 1, 1997. The proposed substitute bill makes these changes:

Section 1 - Page 1 deletes subparagraph (1) and subparagraph (2) in the Findings. These two paragraphs were misleading on the availability of nursing home beds in the state. Nursing homes in Fairbanks, Nome and Anchorage are more than 90% full.

Section 2 - page 2. is deleted.

The Findings in Section 1 indicate the purpose of this bill is to stop the building of any nursing home beds in Alaska for at least a year so we can look at less expensive ways to provide care to seniors and the disabled.

Section 2 is not germane to the bill. It allows the Department of Health & Social Services to establish state policy on the funding of new construction or new services for health care facilities in Alaska. This is the responsibility of the Legislature.

Under the CON law, the Department is not suppose to issue a Certificate of Need if there is "less costly or more effective alternative methods of providing the services to be offered, (or) expanded....."

Section 3, line 29, page 2 - the language that would not allow an application for a certificate of need to be submitted is removed. The section would still not allow the granting of a certificate of need or the conversion of hospital beds to nursing home beds until July 1, 1997. This would allow a community to apply for a CON, and let the Department evaluate that CON. Otherwise this one year moratorium will turn into a 2 or more year moratorium. Valley hospital in Palmer has a CON pending for the Mat Su Valley. This CON was submitted in December, 1995. They deserve to know before July 1, 1997 whether or not the CON will be approved.

Section 4, page 3, line 20. - The changes in this section are to:

A - change of the name of the working group to planning group and to have this group not only answer the questions in this section, but to bring back to the Legislature what the plan should be to meet the long term care needs of all Alaskans.

B. have one of the two providers on the planning group to be a licensed nursing home administrator who operates a community nursing home here in Alaska.

More Information - Harlan Knudson, ASHNSA 586-1790.

###end###

①
ATTACHMENT
4/12/96A

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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ISSUES ANALYSIS CS FOR HOUSE BILL 528(HES)

"An Act relating to applications for certificates of need and licensing of nursing homes; amending the standard of review for certificates of need for health care facilities in the state; establishing a moratorium with respect to new applications by prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state until July 1, 1997; and providing for an effective date."

The Department of Health and Social Services strongly supports CSHB 528 and agrees with the legislative findings that are included in the bill.

This bill sets out legislative findings that no new beds are needed and that home and community-based services should be promoted. CSHB 528 places a one year moratorium on construction and/or the addition of nursing care beds and changes review standard language for the certificate of need (CON) program.

The adoption of CSHB 528 will:

1. Contain Medicaid costs;
2. Encourage the development of home and community based services;
3. Allow time for Alaska to move towards a more balanced long-term care system;
4. Provide more appropriate placement of seniors;
5. Redirect resources towards the services that can best meet the needs of recipients; and
6. Provide seniors with more choices in long-term care services.

The new CON review standard language will reflect current trends in care delivery, is more understandable, and gives the department more flexibility in meeting long-term care needs. The new standard gives greater consideration to client choice, alternatives, cost effectiveness, population base, and the continuum of care rather than just looking at the availability and quality of a service.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
ISSUES ANALYSIS
CSHB 528
PAGE 2

No new nursing care beds need to be built in the foreseeable future because of low statewide occupancy rates and the movement to more community based services. Although some Alaskan nursing homes may have high occupancy rates, the statewide occupancy rates remain low. In 1992, Alaska's statewide occupancy rate was only 77.5%, compared with the national average of 89.0%. In 1995, statistics show that the statewide nursing home occupancy rate had risen to only 85%, which is still low by national standards.

The health care industry in Alaska plans to build 147 new nursing home beds and 18 replacement beds by the year 2000. If all of the beds are built, the Medicaid budget will increase over a 5 year period of time from an estimated \$3.6 million in the second year to \$15.4 million annually by the year 2002. Half of the money (\$1.8 to \$7.7 million) will come out of the State general fund. Alaska's existing long-term care system is already "unbalanced" in favor of institutional nursing home services. This means that seniors often have to choose a nursing home which is the most intensive, restrictive, and expensive type of care because there are not enough community-based services available. The growth and maintenance of community based care is threatened by construction of unnecessary nursing home beds. Medicaid growth is likely to be capped or severely reduced in the future. If new nursing care beds are added, seniors' choices will be restricted because funding new nursing beds competes directly with funds available for community based services. A moratorium on new nursing home beds will encourage the development of home and community based services and allow time for Alaska to move towards a more balanced long-term care system.

Nursing home care beds are much more costly than community based services. In 1993, the average annual Medicaid rate for a nursing home bed was \$80 thousand while typical costs for community based care range from \$19 thousand to \$52 thousand per client. Before committing scarce financial resources to unneeded new nursing beds, Alaska needs to ensure better access to community based services. A very large percent of nursing home care is paid for by Medicaid. Nursing care beds in Alaska are extremely costly (nearly \$86 thousand per year per bed) which is much higher than other states (an estimated \$30 thousand more annually per bed than Oregon). This high cost exhausts most nursing home patient's resources in a short time. Most nursing home patients are forced to turn to welfare (Medicaid) to pay for care. As a result, 89% of all clients in Alaska nursing homes as of July 31, 1995, were Medicaid funded.

Nursing home care is not what Alaskan seniors want. They have indicated through surveys an overwhelming preference for alternatives to nursing homes. They want to live in the least restrictive setting close to family and friends. Community based alternatives to nursing homes allow seniors to stay at home longer and therefore avoid entirely or delay expensive nursing care.

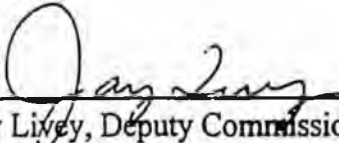
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
ISSUES ANALYSIS
CSHB 528
PAGE 3

CSHB 528 allows for the conversion of existing acute care beds to skilled nursing beds used for transitional short-term care. This will allow Alaska's hospitals the flexibility to transition patients out to the appropriate setting and utilize some of the many empty acute beds in the state.

Another component of CSHB 528 calls for the establishment of a 6-member working group composed of consumers, providers, and representatives of the state to analyze long-term care issues. This group would gather information and write a report within a year on the projected need for long-term care services, the status and cost of the system, alternatives to nursing homes, the estimated number of individuals currently in nursing homes who could live in an alternative setting, and recommendations for principles to guide the long-term care system and certificate of need process in the next five to twenty years.

In addition to the moratorium, CSHB 528 amends the standard of review for applications for certificates of need. The current review language in AS 18.07.041 is based on an old federal law from the 1970's which does not reflect the current health care trend towards less intensive care and shorter inpatient stays. The current language does not require consideration of less costly alternatives, the appropriate placement of clients, client choice, whether the population base is large enough to financially support a service, or if the state can afford it. The new language will redefine the standard by reflecting current trends, making the language more understandable, and giving the department more flexibility in considering the most cost effective means of providing services.


Recommended By: _____


Jay Livsey, Deputy Commissioner
Department of Health and Social Services

Date: _____

3/26/96

Approved by: _____


Karen Perdue, Commissioner
Department of Health and Social Services

Date: _____

3/26/96



TONY KNOWLES, GOVERNOR
State of Alaska

GOVERNOR'S COUNCIL ON DISABILITIES

P.O. Box 240249 • Anchorage, Alaska 99524-0249 • Phone: 907-563-6366 • Fax: 907-563-6367

Representative Mark Hanley
Room 507
State Capitol
Juneau, Alaska 99801-1182

March 1, 1996

Dear Representative Hanley;

Thank you for your efforts in addressing the long-term care needs of Alaskans with disabilities through House Bill 528. The Governor's Council on Disabilities and Special believes that House Bill 528 will encourage the development of home care services.

After looking into this issue with you last session, we found that Alaska has more long-term care beds in some communities than are required. In addition, the state currently has virtually no way to halt the process that hospitals and nursing homes use to increase the number of beds or convert from one kind of service to another. The operational costs fall to the state. For example, ten new long-term care beds cost the state roughly \$1 million in unplanned, unbudgeted Medicaid program expenses. If excess beds are available, the current nursing home rate structure creates an incentive for institutions to work diligently to fill them with Medicaid recipients.

Facility-based care belongs on the spectrum of services to individuals who have disabilities. However, it should be a service of last resort. Alaskans who have disabilities benefit more from care which keeps them in their homes and communities. Facility-based care, at an average cost of \$100,000 per person per year, is much more expensive than community-based care, at an average cost of \$3,920 per person per year. Consequently, the state loses money when Alaskans stay in facilities.

This bill provides for a much needed moratorium on the construction of long-term care beds. During the moratorium, state agencies will provide more appropriate placement of seniors and people with disabilities, resources will be redirected towards services that can best meet the needs of recipients, and Medicaid costs will be contained. Enclosed please find the Council's position paper from last year.

Again, thank you for your attention to the needs of Alaskans with disabilities. If we can assist in any way, please call the Council's Executive Director, David Maltman, at (907) 563-5355.

Sincerely,

Kathy Fitzgerald
Governor's Council on Disabilities
and Special Education, Chair

Enclosure
cc: (H)HESS Chair



TONY KNOWLES, GOVERNOR

GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

P.O. Box 210219 • Anchorage, Alaska 99524-0219 • Phone: 907-563-3353 • Fax: 907-563-6357

Impact of a moratorium on long-term care beds in Alaska
April 18, 1995

Introduction

The Governor's Council on Disabilities and Special Education (the Council) advocates on behalf of individuals who have developmental disabilities and their families. Most people who have severe, lifelong disabilities use services funded by Medicaid. When the Medicaid program changes, the individuals most affected are those with disabilities.

In the mid-80s, the Council identified ways that Alaska could optimize Medicaid funding for individuals who have severe disabilities through Waivers. With the Older Alaskans Commission and the Department of Health and Social Services (DHSS), the Council developed a package of Waivers and the TEFRA Option in 1992. These innovations maximize federal Medicaid funding while reducing the cost to the state. The Council is interested in continuing to work with the Legislature and DHSS in identifying ways to use Medicaid more efficiently.

To this end, the Medicaid Subcommittee has investigated several ways to decrease the cost of Medicaid while improving program efficiency. One way to cut the cost of Medicaid is to place a moratorium on long-term care beds. This paper describes the problem, impact on individuals who have developmental disabilities, the cost of service, and the factors involved in a moratorium.

Recommendation

The Council recommends that the legislature impose a two year moratorium on long-term care bed construction and conversion. During this two year period, DHSS should reassess the process by which Certificates of Need are given.

Problem Statement

The Legislature is seeking ways to decrease the cost of health coverage to poor people in Alaska. Several ways to cut the cost of Medicaid deserve consideration. This paper will discuss one way to cut Medicaid costs, and the implications for Alaskans who have disabilities and their families.

Last year, the Legislature decreased Medicaid funding in two ways. By requiring that Medicaid recipients pay a share of home and community based care costs, the Legislature hoped to decrease the state's cost. The Legislature also chose to eliminate funds, resulting in loss of eight services to adults, as allowed in AS 47.07.035. These decreases came from the Medicaid non-facility budget, which serves most poor and disabled Alaskans at a fraction of the cost of facility based care. These decreases have hampered implementation of the home and community based waivers, which the 18th legislature put into place. Individuals ready to transition out of hospital based care are hard pressed to leave, because necessary community based care is not paid by Medicaid or is more costly to the consumer. The state pays a higher price for the same services in the institutional setting than in a community setting.

Alaska has been conservative in capturing federal dollars to supplement state health and social service expenditures. Imminent federal initiatives to give states funds through block grants will decrease Alaska's federal receipts significantly. This is not the time to cut Medicaid expenditures; it is time to assure that Alaska has the fiscal flexibility to meet adequately the needs of its poorest and most disabled citizens.

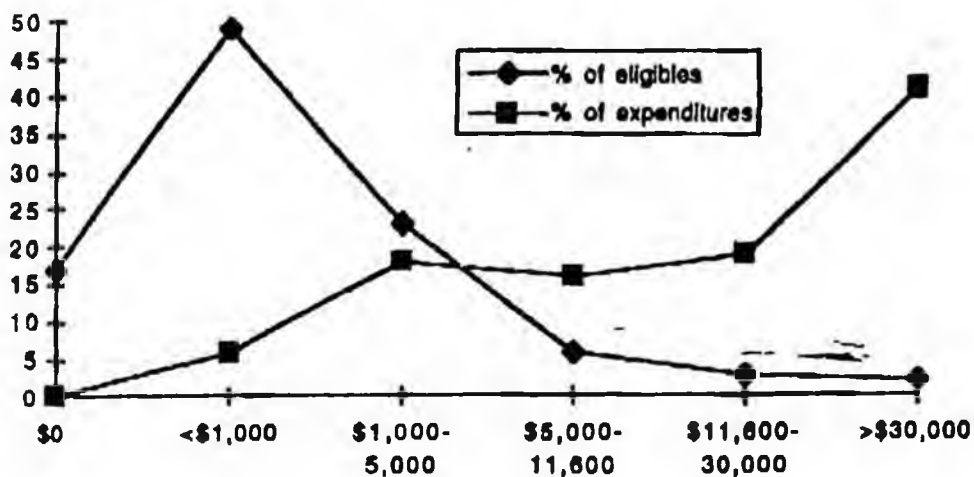
Cost of services

Alaska's costs of services are distributed disproportionately across the Medicaid-eligible population. A brief review of Medicaid expenditures in FY94 reveals that relatively few Alaskans require high cost Medicaid services--yet the bulk of funds pay for services to these few Alaskans who have serious disabilities. This high-cost care is paid to hospitals, nursing homes, and intermediate care facilities.

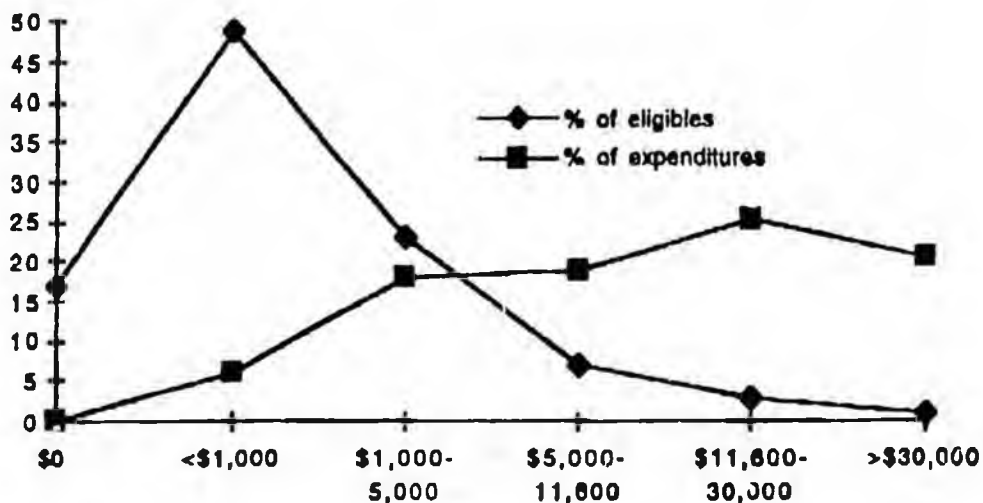
The state's Medicaid funds are tied to institutional care because of a federal requirement known as the Boren Amendment. The Boren Amendment guarantees institutional facilities reasonable payment rates. As long as poor Alaskans are in hospitals and nursing homes, the state is forced to pay these institutions anywhere from \$72,000 to \$300,000 per person per year. Not only are Alaska's Medicaid dollars funding institutional care, but state general funds cover 100 percent of the care to 2,200 Alaskans with disabilities who do not reside in institutions. The home and community based services waivers put into place in FY94 reduce the state's total cost by maximizing the federal government's share through Medicaid.

Virtually all Alaskans in institutional settings can benefit from less costly home and community based care. These home and community based services are funded in the Medicaid non-facility component. When home and community based services are reduced or eliminated, however, the number of individuals who can receive life-sustaining services nowhere else must return to hospitals and nursing homes at a higher cost to the state.

FY94 Medicaid Expenditure Distribution by Eligibles



By fully funding lower-cost home and community based services for the individuals who require specialized care, and reducing use of institutional care, the state could reduce its Medicaid expenditures significantly. Roughly, Medicaid expenditures could look more like the chart below:



However, as the state continues to decrease home and community based services through cuts to the non-facility Medicaid component, the state's institutional cost of care will continue to rise.

Relevance to people with disabilities and their families

Roughly 10,600 Alaskans have developmental disabilities.¹ Most adults with developmental disabilities are among the approximately 10,000 Medicaid users who are eligible for or use SSI and Adult Public Assistance because of their disabilities or chronic illnesses. These Medicaid users who have disabilities are also poor, and therefore qualify for the program. The monthly income for an individual who uses SSI and Adult Public Assistance ranges from about \$800 to \$825. About 678 of these poor individuals who have disabilities or who are aging use nursing facilities, ICFs-MR, or residential psychiatric hospital care.² Medicaid pays for the cost of long-term care and for all other health care costs, as required by state and federal laws.

Of the 67,631 individuals using the Medicaid program,³ 41,159 are children. As many as 15,155 Alaskan children experience health problems requiring special care.⁴ About 3,500 infants and toddlers require early intervention services to prevent or ameliorate disabilities, reducing the need for more intrusive and extensive lifelong supports.⁵ Other children with disabling conditions are served solely within the educational system, comprising 6.47 percent of the population of all children and youth ages 3 through 21.⁶ Despite the prevalence of children in the Medicaid population, children are very inexpensive to serve.

About 70 percent of all Alaskans with disabilities use Medicaid services. These are 16 percent of Medicaid users who cost the state more than \$3,920, the average yearly cost per person. Approximately 22,600 Alaskans ages 16 to 64 have work disabilities and do not receive institutional levels of care. Of those, 7,900 are prevented from working because of disabling conditions. An additional 8,600 Alaskans ages 16 to 64 have mobility and/or self-care limitations and do not receive institutional levels of care.⁷ More than 95,700 Alaskans have permanent disabilities that substantially limit one or more major life activities, have a history of such disabilities, or are regarded as having such disabilities.⁸

Parents of children with disabilities often find themselves forced to live on public assistance to guarantee Medicaid coverage for their children who have disabili-

¹ Gollay, E. (1981): *Summary Report on the Implications of Modifying the Definition of a Developmental Disability*. Department of Health, Education & Welfare.

² Division of Medical Assistance (1994). *Alaska Nursing Homes Census for 6/30/94*. State of Alaska, Department of Health and Social Services, Division of Medical Assistance.

³ Kim Busch, Policy Analyst, Division of Medical Assistance, February 1995. Although 83,920 Alaskans are eligible, only eighty percent actually use the Medicaid program.

⁴ Dick, S.E. (1992). *An Estimate of the Number of Children with Special Health Care Needs in the State of Alaska*. University of Illinois: Chicago.

⁵ Division of Public Health, Section of Maternal, Child, and Family Health.

⁶ Department of Education, Educational Program Support (1992): *Annual Data Reports*, parts III and IV, 1991-92 School Year. Juneau, AK. The number of children served in all special education programs was 11,721. The total number of children and youth ages 3 through 21 in Alaska is 123,621 (Alaska Population Overview, 1991).

⁷ U.S. Department of Commerce, Bureau of the Census (1992). *1990 Census of Population and Housing*.

⁸ Americans with Disabilities Act of 1990, Section 1(b)(2), Findings and Purposes, (a)(1).

ties. Adults who have disabilities find themselves unable to find work that provides them with adequate medical coverage. These individuals are those who are least likely to leave the medical and public assistance systems because their disabilities substantially limit their ability to work. This is also the group of people who use most Medicaid services. Any changes to the Medicaid system will affect them more than any other group of Alaskans.

Capping the number of long-term care beds.

In Alaska, the Medicaid facility budget accounts for 54 percent of expenditures-- a high price for relatively few services. The state pays for beds, and therefore has fewer funds for home and community based options. At the same time, state and federal law require that individuals who require long-term care and who can receive home or community based care at the same or lesser cost shall receive that option.

Alaska Statute 18.07.031 allows anyone or any agency to spend under \$1 million to construct a health care facility, change the number of beds in a health care facility, or change the kinds of services provided by a health care facility⁹. If a facility intends to spend over \$1 million, it requires a Certificate of Need from DHSS. A Certificate of Need is based on the availability, accessibility, and quality of existing health care resources. DHSS can issue temporary and emergency certificates, and certificates may be modified. When DHSS denies a Certificate of Need, an applicant may appeal the denial to a hearing officer. Appeals usually result in authorization to build, regardless of the community's actual need for long-term care beds.

Programs can make changes under \$1 million without DHSS approval. This creates the opportunity for unplanned increases in facility beds. Construction of several smaller projects over a period of time has the same effect as building a few large projects. The state currently has virtually no way to halt "nursing home creep," in which hospitals and nursing homes increase the number of beds or convert from one kind of service to another at state expense. The operational costs fall to the state, and are far more costly than the original capital costs. For example, ten new long-term care beds cost the state roughly \$1 million in unplanned, unbudgeted Medicaid program expenses. It is essential that the state identify all needed bed space and monitor its construction in a planned manner.

⁹ Statute describes "health care facility" as a private municipal, state, or federal hospital, psychiatric hospital, tuberculosis hospital, skilled nursing facility, kidney disease treatment center, intermediate care facility, and ambulatory surgical facility. "Health care facility" does not mean an Alaska Pioneers' Home, or private physicians' or dentists' offices.

Numbers and Costs of Long-term Care Beds in Alaska

Number of beds currently available	1,293
Beds needed in 1995	975
Beds needed in 2010	1,037
Planned new beds by 1997	123
Planned conversions by 1997	45
Average annual Medicaid cost per bed	\$100,000
Total average annual Medicaid increase	\$16,800,000

There are two ways Alaska can cap or decrease the number of long-term care beds: changing the Certificate of Need statute, or a legislative moratorium. The Legislature may change the Certificate of Need statute to delete the \$1 million threshold. By changing the statute, however, there is no guarantee that more beds will be built. The same problems would exist with the appeals process as do now. Without a legislative mandate, the administration can change regulations which now allow certain beds to be built or converted. However, regulations could only limit the number of beds costing over \$1 million, as per current statute.

A two-year moratorium on beds would allow the state to re-assess the process by which Certificates of Need are given. The Legislature may pass such a moratorium, and mandate DHSS to develop a more appropriate certification process. It would place a temporary halt on construction and conversion from short term to long-term care beds. Although Alaska currently has more long-term beds than the state will need until the year 2010, it is important to allow for some growth in areas where long-term beds are needed by individuals for whom home and community based care is not appropriate.

Implications for Alaska

Facility-based care belongs on the spectrum of services to individuals who have disabilities. However, it should be a service of last resort. Alaskans who have disabilities benefit more from care which keeps them in their homes and communities.

Because facility-based care (average cost-\$100,000 per person per year) is so much more costly than community-based care (average cost-\$3,920 per person per year), the state loses money when Alaskans stay in facilities. Both Alaskans with disabilities and the state win if a moratorium is imposed.



Alaska Commission on Aging

ALASKA COMMISSION ON AGING

RESOLUTION 96-3

In support of a moratorium on construction of additional nursing facility beds

WHEREAS Alaska's existing long term care system is now largely made up of institutional long term care services; and

WHEREAS the current availability of nursing home beds in many areas exceeds the actual need for nursing home beds in the state; and

WHEREAS Alaska's seniors have indicated through surveys an overwhelming preference for alternatives to nursing homes, and they want to live in the least restrictive setting close to family and friends; and

WHEREAS seniors often have to choose nursing home care, which is the most intensive, restrictive, and expensive type of care, because there is no community-based service available; and

WHEREAS the future of Medicaid financing is under discussion at the federal level; and

WHEREAS the state Medicaid financing is finite and is forcing choices among Medicaid programs; and

WHEREAS the growth and maintenance of much needed community-based care is threatened by construction of unnecessary nursing home beds; and

WHEREAS if new nursing home beds are added, seniors' choices will be restricted, because new nursing home beds compete directly for public funds available for community-based services; and

WHEREAS House Bill 528 will encourage the development of home and community-based services and allow time for Alaska to move toward a more balanced long-term care system;

NOW THEREFORE BE IT RESOLVED that the Alaska Commission on Aging strongly encourages the Alaska Legislature to enact House Bill 528, which would place a two year moratorium on new nursing home beds.

Adopted this 5th day of March, 1996.

A handwritten signature in cursive script that reads "Donald M. Hoover".

Donald M. Hoover, Chair
Alaska Commission on Aging

LONG-TERM CARE BED MORATORIUM IN ALASKA

The health care industry in Alaska is planning to build substantial number of new long term care beds. The total number of beds could increase by 20% within 3 to 5 years from 909 to a total of 1,087. Letters of intent or strategic plans were received from 9 facilities interested in adding a total of 178 new beds and 63 replacement beds. Initially, the Medicaid budget would increase an estimated \$11.9 to \$12.3 million annually and operating costs could increase substantially after that.

Seniors in Alaska want to avoid nursing homes and live at home as long as possible. The growth and maintenance of community care will be threatened if unplanned and unnecessary nursing home beds are allowed to be built. In 1993, the average annual Medicaid rate for a nursing home bed was \$80,926. Typical costs for community based care were significantly lower from \$19,770 to \$52,389 per client.

"Home and Community-Based services" enable elderly Alaskans to avoid entirely, or postpone nursing home placement. Programs specifically designed to keep seniors out of nursing homes include:

- Adult day care and family respite care (AS 47.65.100) target "frail older persons and other similarly disabled" who are "at risk of institutional placement."
- Home and Community-Based Waivers (7 AAC 43.100) offer an alternative to institutional care to Medicaid eligible clients.
- AS 47.33.005 promotes establishment of assisted living homes to help the elderly "age in place." There are currently 393 assisted living beds in Alaska.
- Personal care attendant services (7 AAC 43.750 (a)), enable an individual who would otherwise require nursing home placement to remain safely at home.

Other services include Home Health Care (7 AAC 43.800), homemaker/chore services, home health aid, adult foster care, specialized private duty nursing, case management, home delivered and congregate meals, habilitation services, and transportation.

Construction of some of the nursing home beds may be prevented by the Certificate of Need Program. However, a significant number (35 beds or 28%) could be built without a Certificate of Need review because of loopholes in the law.

A two year moratorium on long-term care beds would allow time for the community based services programs to more fully develop. Also, it would allow the Department of Health and Social Services and the Division of Senior Services time to develop a plan for the orderly development and proper mix of community based services and long-term care beds.

Potential Increase in Long-Term-Care Beds

Plans are being developed to build a substantial number of new long term care beds in Alaska. The total number of beds could increase by 20% from 909 to a total of 1,087. So far this year, letters of intent or strategic plans were received from 9 facilities interested in building new or converting to long term-care beds. A total of 178 new beds and 63 replacement beds are planned. Five beds were built in 1994, and 52 beds could be built in 1995. **Impact:** Medicaid costs for the next decade could increase by \$11 - \$15 Million (capital) and \$108 million (operating).

Letter of Intent or Plans Received:	Number of Beds Planned	Estimated Construction Cost	Estimated Completion Date	Is a CON Required?	Annual Medicaid Construction Costs	Annual Medicaid Operating Costs
Heritage Place	15 new beds	\$ 920,000	1/96	No	\$ 36,800	\$ 747,578
St. Ann's Care Ctr.	20 new/45 replaced	\$ 13-20 Million	12/96-8/97	Yes	\$ 520K-\$800,000	\$ 1,257,271
Valley Hospital	60 new beds	\$5,000,000	9/96-4/97	Yes	\$ 200,000	\$ 3,445,623
So. Peninsula Hospital	8 new/18 replaced	\$ 150,000? to \$3 M	1996 or 1998-2000	No/Yes*	\$ 5K-\$120,000	\$ 728,027
YK Health Corp	34 new beds	\$ 6,923,720	analysis only	Yes	\$ 276,949	\$ 2,440,650
Conversions:						
AK Regional Hosp.	16 beds	\$ 488,000	5/15/95	No	\$ 19,520	\$ 918,833
Sitka Community	5 beds	\$ 155,000	11/94	No	\$ 6,200	\$ 300,446
Fairbanks Memorial	8 to 12 beds	\$ 230,000 to \$1.3 M	1995	No/Yes*	\$ 9,200-\$52,000	\$ 459,416
Plumfield House	8 beds	\$ 6,000	June-July, 1995	No	\$ 240	\$ 459,416
Totals:	178 new, 63 replacement beds	\$ 26,872,720 to \$ 37,792,720		4 NO, 3 YES, 2 UNK	\$ 1,074,909-\$ 1,511,709	\$ 10,757,261

South Peninsula Hospital is considering adding 8 LTC beds (by converting acute beds) and then building a new LTC facility for \$3 million in 3 to 5 years. Sitka Community Hospital wants to add additional beds at a future date and Providence Hospital has expressed interest in converting some beds from acute to long-term care. Fairbanks and Alaska Regional want to designate their beds as "Subacute care." St. Ann's will be connected to Bartlett memorial Hospital and Valdez Hospital and Seward General Hospital are interested in merging facilities with Sourdough Place and Wesley Rehabilitation and Care Center respectively. The purpose of co-locating is to increase revenues. The \$6.9 million YK project would be almost totally funded by Medicaid, since federal funds are not available for long-term care.

Capital depreciation will cost Medicaid an estimated \$1.1 to \$1.5 million annually, and operational costs nearly \$11 million. If all the beds are built, the fiscal impact would increase Medicaid by \$12 million annually. 44% to 66% of projects would not be reviewed by a CON. The largest component of cost, operating costs, are 7-10 times greater than depreciation and would not be reviewed by CON. **Methodology:** Medicaid occupancy rates are from the July 31, 1994, Alaska Nursing Home Census; per diem rates from a special Medicaid Rate Advisory Commission report (4/10/95). New facilities with no prior per diem rates used the swing bed rate of \$218.52. Medicaid depreciation was figured by dividing the total cost of the project by 25 years and multiplying by the percent of Medicaid utilization. Operational costs were figured using per diem rates multiplied by the number of beds multiplied by the % Medicaid occupancy rate.

*May require a CON if over \$1 million threshold.



Yukon-Kuskokwim Health Corporation

Yukon-Kuskokwim Delta Regional Hospital

"Fostering Native Self-Determination in Primary Care, Prevention and Health Promotion"

March 12, 1996

The Honorable Cynthia Toohey
Room 104
State Capital
Juneau, AK 66501-1182

The Honorable Con Bunde
Room 108
State Capital
Juneau, AK 99801-1182

Dear Representative Hooley and Bunde:

The Yukon-Kuskokwim Health Corporation (YKHC) is the primary regional health care provider throughout the Yukon-Kuskokwim Delta. We serve the approximately 25,000 Alaska Native and non-Natives who make their homes in Bethel and the other 57 villages of this region. We have had the opportunity to review HB 528, which is being heard in the Health, Education and Social Services Committee this afternoon. This act would among other things establish a moratorium with respect to new applications for certificates of need by prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state until July 1, 1998.

While YKHC shares the concern of members of the Legislature about unnecessary expansion of nursing home beds in Alaska, we must oppose the bill as currently drafted. There are no nursing home beds in the entire Yukon-Kuskokwim Delta. There is no Pioneer Home in our region. We cannot accept any moratorium on expansion that would prohibit even consideration of a need for nursing home beds in our region. The family members of an elder or injured person in our region who wants to maintain contact with their loved one must now travel hundreds of miles by plane to do so. This is certainly not an acceptable situation.

If control of unwarranted increase in nursing home beds in the state is the objective, we respectfully recommend that the bill address the conversion of beds in projects that cost less than the triggering amount for a certificate of need. That is the primary source of new nursing home beds in the past few years, with the exception, of course, of the must needed replacement of Denali Center in Fairbanks.

We appreciate your consideration of our concerns. We are willing to work with the Committee to try to find more acceptable language if that would be helpful.

Sincerely,

Gene Peltola
President/CEO

cc: The Honorable Tony Knowles
The Honorable Karen Perdue

TONY KNOWLES, GOVERNOR

STATE INDEPENDENT LIVING COUNCIL

1016 West 6th Avenue, Suite 102
Anchorage, AK 99501-1965
Phone/TTY: (907) 272-8244
Message TTY: (907) 563-0153
Fax: (907) 277-8504

March 6, 1996

Representative Mark Hanley
Representative Richard Foster,
Co-Chairs, House Finance Committee
State Capitol
Juneau, AK 99801

Dear Sirs:

The State Independent Living Council (SILC) applauds the introduction of HB 528, *"An Act relating to applications for certificates of need and licensing of nursing homes; amending the standard of review for certificates of need for health care facilities in the state; establishing a moratorium with respect to new applications by prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state until July 1, 1998; and providing for an effective date."*

The SILC feels this legislation is long over due. It is a step in the right direction - putting greater emphasis on community based, individualized care versus the expensive long term care provided via nursing homes. We feel the current system, funded in a large part with public Medicaid dollars, is slanted toward "institutionalization" as a matter of course when it comes to long term care for both seniors and Alaskans with severe disabilities. In talking with our disabled colleagues across the country, we have found this to be true in every state.

For example, in 1995, 141,000 people with disabilities in the United States were served in nursing homes at a cost of \$9.2 billion to Medicaid, an average of \$65,250 per person. On the other hand, through Medicaid waivers, 155,000 people were provided home and community based services at a cost of \$4.3 billion, or \$27,740 per person.

Alaska is no different. According to the Department of Health & Social Services, the average annual cost to house one of our citizens in a nursing home in 1993 was \$80,926, while typical costs for community based care ranged from \$19,770 to \$52,389. DHHS is acting in the best interest of all Alaskans through their support of this legislation, as well as their planned de-institutionalization of state run facilities, such as Harborview.

Page 2/SILC

The question of finances, and the gross inequity of care costs for institutionalization versus community based care, is obviously a major concern to you and all Alaskans. Your bill questions the need for more beds for senior citizens in nursing homes, but it also addresses the question for the 140 plus Alaskans with disabilities under the age of 64 years also living in these institutions?

Do these citizens, stripped of their dignity and independence, deserve to be housed in medical institutions? Perhaps, for some individuals who are sick, and who require, at the moment, 24 hour medical care, the need for care provided from these institutions is relevant. But most people with significant disabilities who have found themselves, one way or another, in our state sponsored institutions, are not "sick". They are not patients. They are people. And many of these people want out. They want independence to direct their own lives and to cope with their disability on their own terms. But they need our support in a way that provides them with the tools to direct their own lives.

What are these tools that we can provide? The SILC has held a number of town meetings around the State to gather input from the public on a number of issues that effect the lives of persons with disabilities and their ability to live independently. We have gathered testimony from people who live in institutions, those who have "been freed" (as they often put it), and those who have successfully lived their lives outside the institutional walls. We have heard from people directly, what makes it work for them, and what would make it work better.

Foremost, it is providing a well-trained, personal assistance work force who are available to be hired (and fired if need be) by disabled consumers themselves. Alaska has a severe shortage of personal care assistants. Many of the programs that provide these services are so grossly under funded (most of our Medicaid dollars is going to institutionalizing people). Consumers, who are trying to live independently, are given few options as to who their care giver is from one week to the next. The wages paid to personal assistants are often so low, that not many hired "program" personal assistants, stick around for very long. (People who have the ability to hire their own personal assistants have typically fared much better, but often need help in learning how to "hire" and "fire" such assistants). Consumers are often told their is a limit to the hours of service they can get, sometimes putting their very lives in danger and often times, forcing individuals back into institutions because of the lack of consistent care. We need to put more funding in personal assistance services, and we need to direct more "consumer control" in the services themselves.

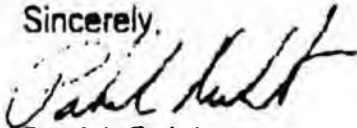
Page 3/SILC

Other major concerns we have heard about, for which the Council has been and will continue to work with Legislature and other policy makers on, are transportation services, accessible and affordable housing, access to interpreters for the deaf, independent living skills training, recreation and more.

Again, we urge you to pass this bill. We also urge you to redirect funding now going toward institutional care to more cost efficient, consumer directed, home and community based services.

Should you have any questions regarding the State Independent Living Council or any of the issues we are concerned with, please feel free to call me at 272-8244 (V/TTY).

Sincerely,



Patrick Reinhart
Executive Director
State Independent Living Council

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Providence Options For Older Alaskans



Providence Home Health Care – 261-3173

The oldest home health care provider in Alaska, caring for the medical needs of older Alaskans while they remain in their own homes. We provide assistance with daily activities, medical services and rehabilitative services, backed by the resources of Providence Alaska Medical Center. We also provide Lifeline personal emergency response service.



Providence Horizon House – 261-4140

An assisted living, residential community for older Alaskans that combines personal care assistance, meals and activities, all under one roof. Residents live in independent studio apartments and help decide which services they need.



Mary Conrad Center – 333-8100

A 90-bed long-term care facility in east Anchorage providing 24-hour skilled nursing care that reflects the Providence mission of compassion, respect for the dignity of persons and excellence of service. (Mary Conrad Center is operated by Cook Inlet Housing Development Corporation and managed by the Providence Health System.)



Providence Extended Care Center – 562-2281

A 224-bed long-term care facility in mid-town Anchorage providing 24-hour skilled nursing care and rehabilitation services. Our care also reflects the Providence mission, emphasizing compassion and respect and striving for excellence. (Formerly Our Home of Compassion Care Center.)



Senior Connection – 762-0260

A health promotion membership program for seniors 55 and over that provides a newsletter, insurance billing counseling and discounts on cafeteria meals and screenings.

Extended care services of



Providence Health System

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

March 22, 1996

Representative Mark Hanley, Co-Chair
Finance Committee
House of Representatives
State Capitol
Juneau AK 99801-1182

Re: Oppose CSHB 528
Certificate of Need

Dear Representative Hanley:



ASHNHA, representing community hospitals and nursing homes across the state asks that you vote "No" on CSHB 528.

ASHNHA members share with this Legislature the need to hold the 1997 Medicaid budget at no growth, but feel strongly that CSHB 528 concentrates on nursing beds and care provided in hospitals and nursing homes while ignoring non-facility and home-community based care that is growing in cost at almost twice the percentage rate as facility based care.

The Certificate of Need program is a failed program. The Department that issued the Certificate of Need for our small rural hospital/nursing homes now tells us those beds were not needed. This same agency has provided no information on the future need or cost for home and community based services, assisted living care or nursing care.

CSHB 528 establishes as public policy that individuals living in Fairbanks (92% nursing home occupancy); Anchorage (97% occupancy); Nome (100% occupancy); Homer (100% occupancy) Bethel (no beds) and the Mat Su Valley (CON pending) travel hundreds of miles (or leave the state) for nursing home care.

CSHB 528 - Section 1 provides misleading information on the number of nursing home beds in Alaska by implying Alaska has more beds than needed and that many current nursing home patients can be cared for in assisted living facilities.

Section 2 transfer to the DHSS the final approval of any/all CONs for hospitals and nursing homes, authorizing DHSS to reject an approved CON based on availability of Medicaid funding. Hospitals needing subacute care beds or new equipment for private pay and/or Medicare patients can be denied an approved CON because DHSS fears these needed services may impact the Medicaid budget.

(More)

We see this section as giving the administrators within the DHSS total control over the availability of facility based health care in Alaska.

Section 3 - prohibits the DHSS to accept a CON application for new or conversion to nursing beds for (1 year) from effective date of the act. In 1992 there were 764 licensed nursing home beds in Alaska (excludes Pioneer System). On February 29, 1996 there are 761 nursing beds. Nursing home beds in the past 5 years have decreased. DHSS predictions that over a hundred new nursing beds are going to be built in Alaska is totally without valid data.

Section 4 - Calls for work group (2 providers - 2 over age 60 consumers; 1 Dept. of Administration & 1 DHSS) to study and report back on long term care needs in Alaska. This section added by House HESS Committee is the only section in bill that has merit. **Section 5** - repeals section 4 on the opening of the 1997 session of the Legislature. **Section 6** - sunsets moratorium on issuing a CON for nursing beds as of July 1, 1997. **Section 7** - has act take effect immediately once the Governor signs the bill.

The association really believes that state Certificate of Need program is a "failed" program and that enacting any part of this bill only perpetuates this failed state program.

We ask that you vote no on HB 528 and that you consider an appropriate Resolution calling for the Departments of Administration, Department of Health & Social Services, health care providers and senior health care advocacy groups to bring back to the Legislature and Governor in 1997 answers to these kinds of questions:

The Department of Health & Social Services, in collaboration with the Department of Administration is directed to appoint an Alaska Inter-Agency - Provider - Consumer Workgroup on Long Term Care Policies, Costs, Funding Sources & Needs.

Purpose of the workgroup will be to report to the Legislature and Governor by January 31, 1997 on:

1. Number of individuals in Alaska over age 60, and the projected growth in this population by ages of 60, 70, 80 and 90 needing long term care services.
2. Number of disabled in Alaska who need (are eligible) for home, community based, and nursing home care (by geographic area) in Alaska.
3. Provide both projections for 1998, and a methodology for identifying and projecting the number of disabled Alaskans, and Alaskans needing senior long term care services by geographic areas throughout Alaska that will show the need (by individual & family) for:

(More)

- health care coordination;
- in-home respite care;
- personal care;
- adult day care;
- home health care;
- nutrition care;
- assisted living (community based and Pioneer Home)
- adult foster care
- nursing home care

The number of individuals currently residing in nursing homes (both community and Pioneer Homes) that meet agreed upon (health/medical/financial & family) criteria that would indicate a lesser level of care.


3. Report on the cost, quality review requirements, funding sources and estimated federal, state and private expenditures for the services described in paragraph 2.

4. Review and report back on the AARP Public Policy Institute report (#9602, February, 1996) on New Directions for State Long Term Care Systems. This report reviews:

- Limiting the Use of Nursing Homes;
- Expanding Home and Community-Based Services;
- The importance of maintaining family residences
- Consolidating state long term care systems
- Assuring a single point of entry into the long term care system.

5. Review and report back on the Center for Metropolitan Area Health Policy Study (November, 1995) on The Relationship Between Certificate of Need, Long Term Care and Medicaid Expenditures: A National Analysis. This is a national in-depth study on the history of CON laws; the current state CON policies; the impact of CON moratorium on bed growth, Medicaid expenditures and Medicaid reimbursement methods. The report concludes a need for CON requirements for long term care, but opens the door for review and debate of the need for CON requirements for acute care, particularly under managed care reimbursement systems.

Sincerely,



Harlan R. Knudson
President/CEO

~~"I'm sure the vets could tell you more about their physical condition, but it's all mental," he said.~~

~~The Anchorage Daily News~~
Anchorage Daily News 3/96

CARING WHERE CARE IS NEEDED
PROGRAM TAKES ON 2 PROBLEMS AT ONCE

By DAVID HULEN
Daily News reporter

CHEVAK - With a blizzard howling across the tundra, Maria Slats slips on a pair of snow bibs and a parka, then picks up a daypack and trudges across the village to work. Today, as she does every weekday afternoon, she heads for the house of Mary Chimeralrea, an elder who lives in a boxy little house in the middle of the village.

"Cangacit?" says Slats as she steps inside, speaking in the Cup'ik dialect of the Bering Sea coast. How are you?

Four months ago, Slats was a welfare mother, relying on a monthly check and food stamps to support herself and three kids. Now, she's part of an unusual new program that is training and hiring village welfare recipients to provide home care for elderly Bush residents.

Developed in recent months by a group of state and regional agencies, the program is aimed at two of rural Alaska's toughest problems - heavy dependence on public assistance in many villages and a rapidly growing elderly population in need of care.

Chimeralrea, a slight woman in a faded blue-print kuspuk, answers Slats' question in a near-whisper.

"She said she's doing fine today," Slats translates. "She has a slight cold and her eyes are red today. But she's doing OK."

Chimeralrea is frail and old. No one is sure exactly how old, but she's thought to be in her early- to mid-90s. She has trouble seeing, gets tired easily and moves slowly through her house, which she shares with a grown son who works during the day at the tribal council.

Slats steps into the house, past two dead ducks on the living room floor, a gift for the old woman from a relative. For the next two hours, she sits and talks with Chimeralrea, washes her dishes, reminds her to take her medicine.

The program started last fall. With \$147,000 in federal job-training money and matching state funds, a group of state and regional agencies recruited about two dozen villagers in the

Interior and here in Southwest Alaska as part of a pilot program to help people off public assistance and provide care for elders.

"We were trying to hit two problems at once," said Patricia Nault, an official with the state Department of Health and Social Services.

After being screened by the regional Native health agencies, the recruits go through three weeks of training in hubs such as Bethel or Fairbanks to be certified nursing assistants. Then they head home and go to work. They're each assigned elders who've been evaluated by nurses, and a care plan is drawn up. The aides check in several times a week with supervisors in Bethel or Fairbanks.

The aides' salaries - \$11.05 an hour - are paid for primarily with federal Medicaid funds, which pays for similar programs for low-income residents in other parts of the country.

Home care programs for elderly people have been growing around in the country as an alternative to nursing homes. Here in Alaska, several Native health agencies have made keeping elders home a priority, and several home-care programs have been set up. But recruiting aides has been difficult and training expensive. The new program has provided money for training sessions out in the regions. Planners hope to expand it to other areas of the state.

The problem is relatively new. As modern health care became more available in the Bush over the past 30 years, the village elderly population has grown steadily. But there's been a cost. While people are living longer than ever, many elders experience the same difficulties as elderly people anywhere - loss of mobility, higher risk of stroke and cancer and other health problems, Alzheimer's disease, neglect and loneliness.

Some villagers are skeptical of the home-care program, arguing that indigenous cultures with long histories of respect for elders shouldn't need government-paid workers to care for them. But as a practical matter, health agencies say, many families can't care for their elderly parents and grandparents, or need help doing it.

Elders are sometimes sent to nursing homes in Anchorage or Fairbanks, but some wind up miserable, according to villagers and rural health care workers. No one speaks their language. They can't eat their own foods. The surroundings are alien.

"The elders want to be at home in their own villages, around their families and people they know," said Ruth Oltoff, home-care coordinator for the Bethel-based Yukon-Kuskokwim Health Corp.

"They don't want to move to Anchorage or even Bethel. But the logistics in the villages of hauling water and honeybuckets and

preparing food, and then you get health problems on top of that, it makes it very difficult for a family unless they're going to spend 24 hours a day doing it."

Chevak, with about 600 people, has three home-care aides who've been working since December, caring for between six and 10 elders. All the aides have gone off welfare. It's one of nine villages in the Yukon-Kuskokwim Delta with the program. It expands to another dozen-or-so villages in the Y-K region next month, and at least another dozen communities there want it.

What the aides do with their elders - they call them patients or clients - varies depending on what the person needs.

"With her, sometimes I just sit and talk with her," says Slats as she cleans Chimeralrea's kitchen counter. "I'll just ask her things like, 'Have you washed your face today?' I'll help her with her household chores 'cause she gets very tired. But I also just talk with her. I may be the only person who visits her today. It brightens up her day just to have someone visit. She brightens up my day, too. She's such a jolly person. I've learned so much from her."

Sometimes Chimeralrea tells stories, of growing up in sod houses in a settlement that no longer exists, of a lifetime of traditional subsistence living. Sometimes she sings old Yup'ik songs that tell stories about a world that doesn't exist any more.

"She had a lot of kids but most of her kids have passed away," Slats says. "She remembers when there was no Chevak, just tundra here."

Other elders require much more attention.

Two houses away, another of the Chevak home-care aides, Maggie Atcherian, sits with 90-something elder Mary Friday - bed-bound, partially blind, paralyzed on her left side from a stroke. She lives with an adopted grown daughter and her children, and in recent weeks has spent her life in a bed in a corner of the living room, next to a big window looking out on the village. When she's not sleeping, she sits up in the bed, her head bent over her knees, for hours at a time. Mary Friday whispers that she's cold, and Atcherian wraps her in a sweater. She feeds her. Atcherian takes dried herring in seal oil and peels off the skin and tears the fish into bite-sized chunks. She combs Friday's hair. Atcherian changes the dressing on a bed sore, helps her with a bedpan, gives her a bath.

Friday slipped into a coma several days later, and died on Valentine's Day.

The work is tough and can be lonely and depressing. Burnout is common among home-care workers nationally. Some elders don't

appreciate the help and can be difficult. Some are in the program because they required too much effort for their own families. Aides, taught to respect and defer to elders, sometimes find themselves in the awkward position of arguing with them.

"Sometimes the job can make you feel so low you're like a speck of dust on the floor," says Slats. "You feel so sad you feel like crying."

Other villagers sometimes get nosy.

"I tell them, 'What I do is confidential. If you really want to know how so-and-so's doing, why don't you go see them?'" says Slats. "Go visit them and say, 'You're looking good today.'"

Toughest of all, according to the Chevak aides, is growing close to elders who then pass away. It's happened twice in the village since the first of the year.

"Sometimes you get blamed if they get worse. But they told us in the training we're not miracle workers," says another aide, Dorothy Chayalkun. One of her patients, a 69-year-old woman suffering from cancer - Mary Friday's daughter - died in January. "I decided after that I couldn't do this any more. I decided I wasn't going back to work."

A supervisor flew out to the village from Bethel and talked Chayalkun through those days, and she changed her mind and decided to keep working. She says she has a new attitude now.

"When our patients pass away from old age or natural causes, in a way you can feel good because you helped their suffering," Chayalkun says. "You were part of that person's life."

After that death, members of the elder's family honored Chayalkun, insisting that she be first in line at a funeral dinner. When Friday passed away last month, the family bought Atcherian a sewing machine to show their gratitude.

Of the 14 Western Alaska welfare recipients who started to work in December, all are still on the job, said Kathy Harsch, a Bethel registered nurse who oversees the program. The Interior program, run by the Tanana Chiefs Conference, has seen similar results.

"Some of them are working for the first time, and it's been an adjustment balancing their families and work, but they've stuck with it," Harsch said.

The Chevak aides say they've stayed with it for two reasons - they want to stay off welfare and the work is important.

"AFDC and food stamps are getting cut and who knows, they may not be here in Alaska that long," says Slats. "I was thinking, 'What's it going to be like when the store only takes money?'"

But cash jobs here, as in many villages, are scarce. So when Slats got a pamphlet with her monthly aid check last fall asking if she'd like to go to work, "I thought 'Wow, sure I'd like to

go to work." Having the aide certification could make it easier to get a job at a nursing home or hospital if the aide ever moved to a larger community such as Bethel or Anchorage, she said.

And when they're feeling low, the Chevak aides turn to each other, they say.

"When you feel like you've helped an elder, it's like you're on Cloud 9," says Slats. "You go home and tell your husband or boyfriend or whoever and they say, 'That's nice.' That's why we talk to each other."

"When a patient says, 'Quyana (thank you), I feel better,' that means so much," says Atcherian.

"We know how the angels feel," says Chayalkun.

BILL FUELS LAND-USE DEBATE ANTI-REGULATION LAW COSTLY, CRITICS WARN

By STEVE RINEHART

Daily News reporter

If the state refused to let loggers cut trees next to a salmon stream, should it pay for the trees left standing?

If a city council told a landowner not to build a fast-food restaurant in a residential neighborhood, should the government have to pay her for the lost land value?

If a borough government told waterfront landowners they could not build on the edge of a lake because that would spoil the view for everyone, should they be reimbursed for the lost use of their land?

The answers are yes, yes and yes, according to Rep. Vic Kohring, freshman Republican from Wasilla and author of a proposed law to require the government to pay landowners when regulations significantly diminish the value of their property. Government regulation has systematically eroded people's rights to use their property as they desire, he said.

The answers are no, no and no, according to critics, who worry that such a law could tie government in knots and pit neighbors against each other.

Kohring's bill, HB 154, has brought Alaska into a nationwide debate about property rights and government regulations. The issue grabbed a high profile as part of congressional Republicans' "Contract With America" last year, but so-called "regulatory takings" laws have been introduced in dozens of state legislatures in recent years, and have passed in several.

In one of the most publicized cases, the Washington Legislature passed a takings law, only to have voters dump it with a referendum last fall.

6

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 26, 1996

FURTHER REFERRALS:

3/18/96

Finance

Date of Committee Action: 3/14/96

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 528

HOUSE BILL NO. 528

NURS.HOME MORATORIUM/CERTIFICATES OF NEED

"An Act relating to applications for certificates of need and licensing of nursing homes; amending the standard of review for certificates of need for health care facilities in the state; establishing a moratorium with respect to new applications by prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state until July 1, 1998; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 528(HES) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) H+SS

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i> G. Davis			<input checked="" type="checkbox"/>	
<i>[Signature]</i> Rokoberg			<input checked="" type="checkbox"/>	
<i>[Signature]</i> Bunde			<input checked="" type="checkbox"/>	
<i>[Signature]</i> Toohay	<input checked="" type="checkbox"/>			
<i>[Signature]</i> Uzay	<input checked="" type="checkbox"/>			
<i>[Signature]</i> Robinson				<input checked="" type="checkbox"/>
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CO-CHAIR'S SIGNATURE

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Bunde



APRIL 8, 1996

Dear Representative Hanley,

Currently, HB 528 is being debated in the legislature. As you know, this bill originally posed a two year moratorium on the construction of new nursing home beds for Alaska. State projections clearly indicate that 147 new beds are planned for construction/operation within the next three to five years. If all beds come on line, as anticipated, incremental budget funding will be necessary to meet associated costs totaling approximately \$56,756,107.

In these times of perceived fiscal decline, actual budget reduction, and financial accountability, failure to pass HB 528 will impact community based services throughout our state. State statistics tell us that the average annual Medicaid cost for a nursing home bed is \$85,607, compared to significantly lower community based costs which range from \$16,045 to \$47,821 per person (average of \$30,544). In addition, Alaskan seniors clearly prefer to remain at home as long as possible and avoid nursing home placement. In fact, I do not believe that I have ever heard a single child or adult proclaim, "Gee- when I get old, I'd like to live in a nursing home!" Have you?

It is entirely possible and highly likely that such an operational impact on budgets, in the next three to five years, will significantly threaten the life of our community programs that have consistently manifested cost effectiveness, fiscal accountability, and the highest degree of consumer satisfaction (State survey).

The Alaska State Association on Developmental Disabilities, our state-wide coalition of community providers of individualized supports for children, adolescents and adults who experience developmental disabilities **endorses the passage of HB 528 with a two year moratorium** on the construction of new nursing home beds. We strongly believe that the moratorium will accomplish several critical elements :

REF ID: A6107111
F. 3

- *It will "buy time" for the Department of Health and Social Service to develop a short and long term plan for the orderly development of long term supports for rural and urban Alaska;

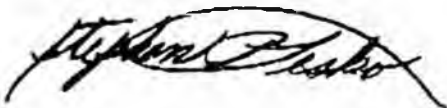
- *It will afford community programs the opportunity to meet the projected need for long term senior care within a two year period of concerted development and implementation of community supports;

- *It will, potentially and probably, save the state of Alaska millions of dollars that it need not spend on the institutionalization of our seniors, while community programs continue to expand their individualized supports throughout our state.

ADD clearly believes that the passage of HB 528 is the only fiscally responsible action that we can take, with our state looking forward to several more years of economic decline in what government can and can not adequately fund. Help us to "buy time" to study the effects of nearly 60 million dollars of new beds on our service delivery system. Help us impose a moratorium that will develop an action plan, an intelligent blend of community supports, for our seniors. Help us extend the promise of community to our senior citizens.

We do not believe that a two year moratorium will, in any way, injure the service needs of our elderly population. In fact, time spent in intelligently planning for the community needs of seniors can certainly have substantial paybacks in terms of fiscal conservatism and also, in the ultimate variable of quality of life.

Sincerely,



Stephen P. Lesko
President
Alaska State Association
on Developmental Disabilities