

HB

528

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. HB 528

Revision Date: _____	Dept. Affected: <u>Health and Social Services</u>
Title: <u>Relating to applications of certificate of need and licensing of nursing homes;</u>	BRU: <u>Medical Assistance</u>
Sponsor: <u>House Finance</u>	Component: <u>Medicaid Services</u>
Requestor: <u>House HES</u>	COMPONENT SERIAL NO. <u>2077</u>
	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 ()			
-------------------------	--	--	--

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 (FY98) 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 5 facilities interested in adding a total of 115 new beds and 45 replacement 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 \$47,025,000 over the five fiscal years.

	FY97	FY98	FY99	FY00	FY01	FY02
Medical Assistance	0	(3,599)	(8,433)	(11,272)	(11,660)	(12,061)

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.

5/4/96

Prepared by: Randy Super *B-L*
 Division: Medical Assistance
 Approved by Com: Karen Verdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 465-5833
 Date: 03/04/96
 Date: 3/5/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

ANALYSIS (cont.):

In 1996, the average annual Medicaid amount for a nursing home bed is \$85,607. Typical annual costs for community-based care are much lower, ranging from \$16,045 to \$47,821 per client with an average of \$30,544. The growth and maintenance of community-based care will be threatened if unnecessary nursing home beds are built. Alaska seniors prefer to stay at home as long as possible and avoid nursing home placement.

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

FY98 Medicaid costs were determined by projecting occupancy from estimated construction completion date and the Medicaid rate defined in regulations to be paid for new facility beds during the first two years of operation. The statewide swingbed rate, which is the average statewide nursing home rate of \$234.54 for FY96 is inflated forward by the 4 year average annual percentage change in that rate or 3.44% per year. This results in a rate of \$250.95 per day per new occupied bed in FY98. The following table displays the present status of new beds.

CON, Letter of Intent (LOI), Plan	Status	Number Beds	Estimated Construction Cost	Estimated Completion Date	FY98 Medicaid Cost	Annualized Medicaid Cost
Valley Hospital	Applied	60	10,488,500	Feb-97	2,890,944	5,495,805
Heritage Place	Pended	15	1,200,000	Apr-97	557,109	1,373,951
St. Ann's	LOI	45	13,720,000	Sep-98	0	0
South Peninsula	Plan	26	unknown	unknown	0	2,381,516
Sitka Community	LOI	14	>1,000,000	Mar-98	150,570	1,282,355
		160			3,598,623	10,533,626

The Annualized Medicaid Cost column displays what the Medicaid program would expend if every bed in that facility were occupied by a Medicaid recipient every day of the fiscal year.

7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 26, 1996

FURTHER REFERRALS:

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>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>				<input checked="" type="checkbox"/>

CHAIR'S SIGNATURE

[Signature]

9-LS1731\C

Lauterbach

3/13/96

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:
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; 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;

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;

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 July 1, 1997.

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

AMENDMENT

OFFERED IN THE HOUSE
TO: HB 528

- 1 Page 2, line 19:
- 2 Delete "may [SHALL]"
- 3 Insert "shall"

Alaska State Legislature

MAR 11 1996



Official Business
Fax: (907) 465-3472

Speaker of the House of Representatives

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3720
(907) 465-2689

March 11, 1996

Ms. Brenda Steenblock
Homer Senior Citizens, Inc.
PO Box 808
Homer, AK 99603

Dear Ms. Steenblock:

Thank you for your letter regarding House Bill 528 on setting a two year moratorium prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state. Currently HB 528 is in the House HESS Committee, and I will pass a copy of your letter along to the HESS Committee Co-Chairs for inclusion in the committee members' bill packets to assure that they give thorough consideration to your concerns.

Again, I appreciate hearing from you, and I assure you that if this bill makes it to the House floor for a vote, I will keep your comments in mind.

Sincerely,

A handwritten signature in cursive that reads "Gail Phillips".

Gail Phillips
SPEAKER OF THE HOUSE

GP:jmj

cc: Rep. Cynthia Toohay

A M E N D M E N T

OFFERED IN THE HOUSE.

BY REPRESENTATIVE TOOHEY

TO: HB 528

1 Page 1, line 5, following "1998;":

2 Insert "establishing a working group to study and issue a report about long-term
3 care;"

4 Page 3, following line 18:

5 Insert new bill sections to read:

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

9 (1) two individuals appointed by the governor who are involved in providing
10 long-term care services;

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

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

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

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

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

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

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

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

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

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

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

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

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

17 Renumber the following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE.
TO: HB 528

BY REPRESENTATIVE TOOHEY

1 Page 1, line 5, following "1998;":

2 Insert "establishing a working group to study and issue a report about long-term
3 care;"

4 Page 3, following line 18:

5 Insert new bill sections to read:

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

9 (1) two individuals appointed by the governor who are involved in providing
10 long-term care services;

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

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

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

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

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

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

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

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

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

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

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

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

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

17 Renumber the following bill sections accordingly.

ALASKA STATE
HOSPITAL & NURSING HOME
ASSOCIATION

March 7, 1996

Memo To: Representatives Cythia Toohey & Con Bunde, Co-Chair
House Committee on Health, Education & Social Services

From: Harlan Knudson, President, ASHNHA

Subject: Oppose HB 528, Amendments Certificate of Need Law

ASHNHA representing community hospitals and nursing homes from across the state is opposed to HB 528, relating to the Certificate of Need Program.

Page 1, Line 8, Section 1, FINDINGS, Subparagraphs (1), (2), (5), (6) and (7) are erroneous and should be deleted.

Attachment A shows the nursing home rates and occupancy for January 31, 1992, 1994 and 1996.

These Nursing Home Census reports show that the two Anchorage nursing homes, Our Lady of Compassion Care Center with 224 beds (renamed Providence Extended Care Center, 1995) and the Mary Conrad Center with 89 beds have an occupancy rate of better than 96% from 1992 through 1996.

These two nursing homes represent 41% the nursing beds in the state. A Certificate of Need for a new nursing home in the Mat Su Valley is pending.

By placing a two year moratorium on the issuing of a Certificate of Need for long term, the Department increases the cost of health care to Medicare, and individuals with private insurance who would be referred to lower cost nursing beds for rehabilitation and convalescence following an in-hospital stay.

Your attention is called to the rates paid by Medicaid at the Mary Conrad Center in 1992 (\$232.55 per day) versus the rate today (\$223.49). The rate at Our Lady in 1992 was \$184.92. That rate for January, 1996 was \$204.41.

The staff at the Department of Health & Social Services will not be the ones to tell the very elderly and very ill or frail in the Anchorage Bowl and Mat Su Valley if you want nursing care, go to Seward. The message the public will get from the Department is "The Legislature" has denied you access to long term care.

ASHNHA members agree with subparagraphs (3) and (4), though paragraph (3) should be amended so that level of care needed is measured by a "common assessment" tool.

Attachment B is a summary of the DHSS Medicaid budget. Your attention is called to how that budget, which for the most part is 50% state funding and 50% federal funding has increased since 1991.

Facility costs have increased by 54% while non-facility costs have increased \$101%. HB 528 does not address the fastest growing costs within the Medicaid program.

Page 2, Line 17 Section 2 This section makes three significant changes in the current Certificate of Need law.

First. "shall" is changed to "may" (page 2, line 19). The effect of this change would be that, even if the standards for granting a certificate of need were satisfied, the Department would not be obligated to issue a certificate. The Manual of Legislative Drafting (published by the Legislative Affairs Agency for use by Legislative Staff) includes the following comments on the use of "shall" and "may" in statutes (page 51):

Use the word "shall" only to impose a duty upon someone. . . . Use the word "may" to grant a privilege or discretionary power. . . . For example:

The commissioner shall issue a license duty to do so. . . .

The commissioner may inspect records. . . . i.e., the commissioner may if it is necessary or proper, but the commissioner is not obligated to do so.

Applied literally, the use of "may" would permit the Department to deny an application for a certificate of need, even if all factors under the statute weighed in favor of granting the certificate. In fact, however, the Department's discretion would not be that broad because, under basic principles of due process, an administrative agency's decision must be based on the evidence presented and may not be "arbitrary and capricious." If the Department were to deny an application where all the statutory requirements had been satisfied, that decision would be subject to legal challenge on due process grounds, as a arbitrary and capricious administrative decision, even if "may" were used in the statute. Nevertheless, using "may" does broaden the scope of the Department's discretion somewhat.

Second, the phrase "in the state" is added (page 2, lines 21-22) and "accessibility" is eliminated as a standard (page 2, line 24). With these changes, the

amended statute would permit the Department to evaluate "availability" on a statewide basis rather than on a community basis. For example, under the amended version, the Department, theoretically at least, could deny a certificate of need for new nursing home beds in Nome on the ground that beds are "available" in Seward. In the language of the amended statute, if beds were available anywhere in the State, the Department could deny an application for a certificate of need on the ground that there was no "lack of available health care resources in the state" (lines 2-21).

Third, cost-effectiveness and availability of state and federal financing are added as new review standards (page 2, lines 22-24). The amended version requires that Department to "consider" these factors before granting a certificate. Thus, even if the Department found "a lack of available health care resources" (page 2, line 20-21), the Department could still deny an application for a certificate of need, if it also found that inadequate Medicaid funding would be available to pay for the anticipated utilization of the new facility or new beds. In essence, the availability of Medicaid funding, not the patients need for the services, could become the determining factor in whether a certificate of need is granted--whether the certificate is for a new hospital, a new nursing home, additional beds for an existing hospital, or any other new program exceeding the \$1 million threshold.

The second and third changes described above represent a real change in emphasis from the present statute. The significant factors under the present statute are (1) "availability," (2) "quality," (3) "accessibility," and (4) "maintain[ing] the good health of Citizens of this state." These patient-oriented factors are missing from the amended version, and, in their place, the amended version emphasizes financial factors. This change represents a disturbing change of focus that could result in a certificate of need review process that eliminates any consideration of the real health needs of Alaska citizens.

Page 2, Line 28 (Section 3): The effect of this section would be that no new nursing home beds could be added until at least July 1, 1998, either by new construction or by conversion of existing beds. There is one exception to this "moratorium." It would be possible for the Department to issue a certificate of need in response to an application that had been filed before the effective date of the amended statute, but the new review standards would be applied to that application (page 3, lines 5-9--subsection (b)).

This exception to the moratorium, however, would have little effect because of subsection (c) (page 3, lines 10-13). As the legislation is currently worded, the Department is absolutely prohibited from issuing a construction license or an operating license for new beds during the moratorium, even if a certificate of need has been properly issued under subsection (b). If there are applications now in the pipeline that might be granted under subsection (b), it would be important that subsection

(c) be amended to recognize that the Department could issue construction and operating licenses for the beds authorized by those certificates of need. If the wording is not changed, a certificate could be issued in response to a currently-pending application but nothing could be built or placed in operation because no license could be issued.

This problem could be eliminated by making the following change in House Bill 528:

Page 3, line 10: A new sentence should be added to subsection (c), to read as follows:

- (c) Notwithstanding AS 18.20, the department may not issue a license for
- (1) construction of a health care facility that includes new nursing home bed; or
 - (2) additional new nursing home beds in a health care facility.

This subsection does not apply to projects for which a certificate of need has been issued under subsection (b) of this section.

Under section 4 of the bill (page 3, line 19), the effect of the moratorium is limited to the period before July 1, 1998. On that date, section 1 ("Findings") and section 3 ("Moratorium for Certificate of Need") are repealed and would no longer have any effect. There is nothing in the amended statute that would prohibit anyone from filing an application for a certificate of need during the moratorium period. Presumably an application could be submitted and reviewed while the moratorium was in effect, but the Department could not actually issue a certificate or license until after July 1, 1998.

As an alternative to HB 528, we would recommend that a substitute bill be written, dropping sections one and two, changing section 3 to one year, with a new section calling for a joint study by the Department of Health & Social Services, Department of Administration, consumer organizations representing both seniors and disabled, but also groups that represent rural and bush Alaska, along with provider group, including home health, assisted living, the medical profession and acute and long term care.

Have this group look at the February, 1996 AARP Public Policy Institute report (#9602, February, 1996) on New Directions for State Long Term Care Systems. This report begins the discussion on:

- 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.

Lets also look at the AARP report on the "cost-effectiveness" of using home or community based care as an alternative to nursing facility or other institutional care.

It would be good to all of us to hear from the authors of a report completed in November, 1995 on "The Relationship Between Certificate of Need, Long Term Care, and Medicaid Expenditures: A National Analysis."

Working together, state administrative agencies, consumer and advocacy groups and providers can recommend policies and programs to meet the health care needs of Alaskans.

HB 528 does not address the health care needs of Alaskans. It is merely an indirect way to ration health care.

###

Attachments (2)

in the New Senior Assisted Living Apartments



ONE MONTHLY PAYMENT COVERS

1 BEDROOM APARTMENT - Each apartment is handicapped accessible. All utilities are paid. There's a kitchenette, living room/dining room combo and bath with a shower.

COOKING - Three delicious meals will be served seven days a week in rooms facing the beautiful Kachemak Bay and snow capped mountains.

HOUSEKEEPING - Our staff will assist you in keeping your prized possessions sparkling.

LAUNDRY - Your laundry will be done to your specifications once a week.

TRANSPORTATION - For shopping or medical needs our staff will assist you.

MEDICATION - If all you need is a friendly face to remind you, our staff will assist you.

All this for **\$1,850** per month
Need help with the costs? Call us.
Telephone and cable t.v. are extra.

HOMER SENIOR CITIZENS, Inc.
3935 Svedlund Street . Homer, Ak 99603
(907) 235-7655 phone . (907)235-3739 (fax)



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 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 housing, personal care assistance, meals and activities, all under one roof. Residents live in their own one- or two-bedroom 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 Lady 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 health screenings.

Extended care services of



Providence Health System

ALASKA NURSING HOMES CENSUS

RECEIVED

MAR - 5 1992

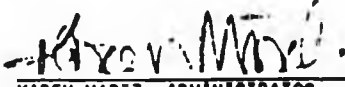
AS OF: January 31, 1992

Page 1 of 2

AK HOSPITAL &
NURSING HOME ASSOC.

FACILITY	MEDICAID PERDIEM RATE	CERTIFIED CAPACITY		MEDICAID/GRM PLACEMENTS		NON-DMA PLACEMENTS		TOTAL CENSUS	VACANT BEDS	% OCCUPANCY OF TOTAL BEDS	
		SNF/ ICF	SWING BEDS	ICF	SNF	MEDI- CARE	OTHER*			OVERALL	MEDICAID
CORDOVA HOSPITAL LTC	333.34	10	4	11	0	n/a	0	11	3	79%	79%
DEHALI CENTER (Fairbanks)	228.99	101	0	47	10	9	11	77	24	76%	56%
HERITAGE PLACE (Soldotna)	232.85	45	0	27	2	7	4	40	5	89%	64%
ISLAND VIEW MANOR	269.71	46	0	12	3	5	15	35	11	74%	33%
KOTZEBUE SENIOR CIT., SEN CARE CTR.	205.87	9	0	4	4	0	0	8	1	89%	89%
KODIAK ISLAND HOSPITAL LTC	269.32	19	4	16	0	2	1	19	4	83%	70%
MARY CONRAD CENTER (Anchorage)	232.55	84	0	82	0	n/a	2	84	0	100%	98%
OUR LADY OF COMPASSION (Anchorage)	184.92	224	0	141	46	5	28	220	4	98%	83%
PETERSBURG HOSPITAL LTC	271.60	14	4	11	0	0	2	13	5	72%	61%
QUYAANA CARE CENTER (Nome)	279.47	15	0	10	1	n/a	2	13	2	87%	73%
SOURDOUGH PLACE (Valdez)	233.18	16	0	10	0	n/a	3	13	3	81%	63%
SOUTH PENINSULA HOSP. LTC (Homer)	306.53	18	4	12	3	n/a	3	18	4	82%	68%
ST. ANN'S NURSING HOME (Juneau)	203.08	45	0	27	5	0	6	38	7	84%	71%
WESLEY REHAB. CARE CTR. (Seward)	183.07	66	0	42	1	n/a	3	46	20	70%	65%
WRANGELL GENERAL HOSPITAL LTC	265.78	14	4	5	1	1	4	11	7	61%	33%
SWING BEDS (Acute to LTC):											
CENT. PENINSULA HOSP (Soldotna)	198.18	0	4	0	0	2	1	3	1	75%	0%
SEWARD GENERAL HOSPITAL	198.18	0	2	0	0	2	0	2	0	100%	0%
SITKA COMMUNITY HOSPITAL	198.18	0	2	0	0	0	0	0	2	0%	0%
VALDEZ COMMUNITY HOSPITAL	198.18	0	6	0	0	0	1	1	5	17%	0%
VALLEY HOSPITAL (Palmer)	198.18	0	4	0	0	0	0	0	4	0%	0%
TOTAL			764	457	76	33	86	652	112	85%	70%

* - Includes VA, private pay, insurance and other.


 KAREN MARTZ, ADMINISTRATOR
 DIVISION OF MEDICAL ASSISTANCE (907) 561-8081
 DEPARTMENT OF HEALTH & SOCIAL SERVICES

2/27/92
 DATE

A

ICF/MR AND IMH CENSUS

AS OF: January 31, 1992

PAGE 2 of 2

PSYCHIATRIC BEDS	PERDIEM RATE	CERTIFIED BEDS	CURRENT OCCUPANCY			NON-MEDICAID	TOTAL CENSUS	VACANT BEDS
			TOTAL	MEDICAID				
				UNDER 22	OVER 65			
ALASKA PSYCHIATRIC INSTITUTE Anchorage	\$336.59	160	19	15	4	50	69	91
CHARTER NORTH HOSPITAL Anchorage	N/A	60	33	33	0	22	55	5
NORTH STAR HOSPITAL Anchorage	N/A	34	16	16	0	0	16	18

ICF/MR BEDS	PERDIEM RATE	CERTIFIED BEDS	CURRENT OCCUPANCY		TOTAL CENSUS	VACANT BEDS
			MEDICAID	NON-MEDICAID		
HARBORVIEW DEVELOPMENTAL CENTER Valdez	339.61	64	47	0	47	17
HOPE COTTAGES Anchorage	335.98	40	40	0	40	0


 KAREN MARTZ, ADMINISTRATOR
 DIVISION OF MEDICAL ASSISTANCE (907) 561-8081
 DEPARTMENT OF HEALTH & SOCIAL SERVICES

DATE

ALASKA NURSING HOMES CENSUS

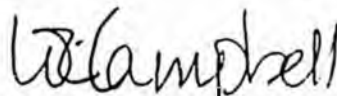
AS OF: JANUARY 31, 1994

Page 1 of 2

FACILITY	MEDICAID PER DIEM RATE	CERTIFIED CAPACITY		MEDICAID/GRM PLACEMENTS		NON-DMA PLACEMENTS		TOTAL CENSUS	VACANT BEDS	% OCCUPANCY OF TOTAL BEDS	
		SNF/ICF	SWING BEDS	ICF	SNF	MEDI-CARE	OTHER*			OVERALL	MEDICAID
CORDOVA HOSPITAL LTC	\$435.97	10	4	8	0	n/a	0	8	6	57%	57%
DENALI CENTER (Fairbanks)	209.48	101	0	48	11	5	6	70	31	69%	58%
HERITAGE PLACE (Soldotna)	186.71	45	0	38	1	1	4	44	1	98%	87%
ISLAND VIEW MANOR (Ketchikan)	299.94	46	0	11	2	7	3	23	23	50%	28%
KODIAK ISLAND HOSPITAL LTC	292.18	19	4	11	0	0	3	14	9	61%	45%
MARY CONRAD CENTER (Anchorage)	231.25	87	0	82	0	n/a	3	85	2	98%	94%
OUR LADY OF COMPASSION (Anchorage)	192.45	224	0	115	64	12	24	215	9	96%	80%
PETERSBURG HOSPITAL LTC	282.58	14	4	11	0	0	0	11	7	61%	61%
JUYANNA CARE CENTER (Home)	344.69	15	0	9	5	n/a	0	14	1	93%	93%
SOURDOUGH PLACE (Valdez)	245.46	16	0	15	0	n/a	0	15	1	94%	94%
SOUTH PENINSULA HOSP. LTC (Homer)	341.54	18	4	12	5	n/a	0	17	5	77%	77%
ST. ANN'S NURSING HOME (Juneau)	208.00	45	0	23	12	0	3	38	7	84%	78%
WESLEY REHAB. CARE CTR. (Seward)	196.82	66	0	42	1	n/a	2	45	21	68%	45%
WRANGELL GENERAL HOSPITAL LTC	288.31	14	4	9	1	0	2	12	6	67%	56%
SWING BEDS (Acute to LTC):											
CENT. PENINSULA HOSP (Soldotna)	218.52	0	4	0	0	0	1	1	3	25%	0%
SEWARD GENERAL HOSPITAL	218.52	0	2	0	0	1	0	1	1	50%	0%
SITKA COMMUNITY HOSPITAL	218.52	0	4	0	0	1	0	1	3	25%	0%
VALDEZ COMMUNITY HOSPITAL	218.52	0	6	0	0	2	0	2	4	33%	0%
VALLEY HOSPITAL (Palmer)	218.52	0	4	0	0	2	0	2	2	50%	0%
TOTAL		760		434	102	31	51	618	142	81%	71%

* - Includes VA, private pay, insurance and other.

NOTE: Rate increase for Denali Center, Heritage Place and Our Lady of Compassion all effective 1/1/94. Swing Bed rate increase effective 1/1/94.


 KAREN MARTZ, ADMINISTRATOR
 DIVISION OF MEDICAL ASSISTANCE (907) 561-8081
 DEPARTMENT OF HEALTH & SOCIAL SERVICES

2/22/94
 DATE

ICF/MR AND IMH CENSUS

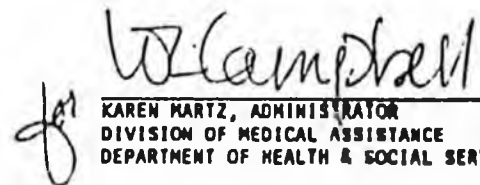
AS OF: JANUARY 31, 1994

PAGE 2 of 2

PSYCHIATRIC BEDS	PERDIEM RATE	CERTIFIED BEDS	CURRENT OCCUPANCY			TOTAL CENSUS	VACANT BEDS	
			TOTAL	MEDICAID				
				UNDER 22	OVER 65			
ALASKA PSYCHIATRIC INSTITUTE Anchorage	\$446.01	130	30	24	6	75	105	25
CHARTER NORTH HOSPITAL Anchorage	N/A	60	20	20	0	13	33	27
NORTH STAR HOSPITAL Anchorage	N/A	34	8	8	0	7	15	19

ICF/MR BEDS	PERDIEM RATE	CERTIFIED BEDS	CURRENT OCCUPANCY		TOTAL CENSUS	VACANT BEDS
			MEDICAID	NON-MEDICAID		
HARBORVIEW DEVELOPMENTAL CENTER Valdez	397.24	64	41	0	41	23
HOPE COTTAGES Anchorage	360.91	41	41	0	41	0

NOTE:


2/22/94
 KAREN MARTZ, ADMINISTRATOR
 DIVISION OF MEDICAL ASSISTANCE (907) 561-8081
 DEPARTMENT OF HEALTH & SOCIAL SERVICES

DATE

ALASKA NURSING HOMES CENSUS

AS OI: January 31, 1996

PAGE 1 OF


FACILITY	MEDICAID PER DIEM RATE	CERTIFIED CAPACITY		MEDICAID PLACEMENTS		NON-DMA PLACEMENTS		TOTAL CENSUS	VACANT BEDS	% OCCUPANCY OF TOTAL BEDS	
		NF BEDS	SWING BEDS	ICF	SNF	MEDI-CARE	OTHER			OVERALL	MEDICAID
CONDOVA COMMUNITY MEDICAL CENTER LTC	\$414.28	10	4	8	1	0	0	9	5	64%	64%
DENALI CENTER (Fairbanks)	***264.64	90	0	51	17	9	7	64	6	93%	76%
HERITAGE PLACE (Soldotna)	**172.49	45	0	37	1	0	3	41	4	91%	84%
KETCHIKAN GENERAL HOSPITAL LTC	299.37	46	0	13	3	5	2	23	23	50%	35%
KODIAK ISLAND HOSPITAL CARE CENTER	312.48	19	4	11	0	1	0	12	11	52%	48%
MARY CONRAD CENTER (Anchorage)	**223.29	89	0	73	11	1	1	86	3	97%	94%
PROVIDENCE EXTENDED CARE CENTER (Anchorage)	**204.41	224	0	102	78	17	18	215	9	96%	80%
PETERSBURG MEDICAL CENTER LTC	272.11	14	4	10	0	1	2	13	5	72%	58%
QUYAANA CARE CENTER (Nome)	***439.69	15	0	15	0	0	0	15	0	100%	100%
SITKA COMMUNITY HOSPITAL LTC	230.31	8	4	4	1	1	0	6	3	87%	58%
SOURDOUGH PLACE (Valdez)	309.70	16	0	15	0	0	1	16	0	100%	94%
SOUTH PENINSULA HOSP. LTC (Homer)	375.55	20	4	16	3	2	1	22	2	92%	79%
ST. ANN'S CARE CENTER (Juneau)	**239.26	45	0	20	13	1	3	37	8	82%	73%
WESLEY REHABILITATION CARE CENTER (Seward)	203.14	66	0	42	1	1	3	47	19	71%	85%
WRANGELL GENERAL HOSPITAL LTC	***286.02	14	4	11	0	0	1	12	6	87%	61%
SWING BEDS (Acute to LTC):											
CENTRAL PEN. HOSPITAL (Soldotna)	**234.54	0	4	0	0	0	0	0	4	0%	0%
SEWARD GENERAL HOSPITAL	**234.84	0	2	0	0	0	0	0	2	0%	0%
VALDEZ COMMUNITY HOSPITAL	**234.54	0	6	0	0	1	0	1	5	17%	0%
VALLEY HOSPITAL (Palmer)	**234.54	0	4	0	0	0	0	0	4	0%	0%
TOTAL			768		129	42	42	639	119	84%	72%

* Includes VA, private pay, insurance, and other.

** Effective 1/1/96 - 12/31/96

*** Effective 1/1/96 - 4/30/96 (Temp.)

**** Effective 7/1/95 - 6/30/96


 SHELBERT LARSEN, ACTING ADMINISTRATOR
 DIVISION OF MEDICAL ASSISTANCE (907) 561 8081
 HEALTH FACILITIES LICENSING & CERTIFICATION

2/14/96
 DATE

ICF/MR AND IMH CENSUS


AS OF: January 31, 1996

PAGE 2 OF 2

PSYCHIATRIC BEDS	PER DIEM RATE	CERTIFIED BEDS	CURRENT OCCUPANCY			TOTAL CENSUS	VACANT BEDS
			MEDICAID		NON-MEDICAID		
			UNDER 22	OVER 65			
ALASKA PSYCHIATRIC INSTITUTE Anchorage	\$507.82	130	11	2	47	60	70
CHARTER NORTH HOSPITAL Anchorage	N/A	46	17	0	15	32	14
NORTH STAR HOSPITAL Anchorage	N/A	34	10	0	6	16	18

ICF/MR BEDS	PER DIEM RATE	CERTIFIED BEDS	CURRENT OCCUPANCY		TOTAL CENSUS	VACANT BEDS
			MEDICAID	NON-MEDICAID		
HARBORVIEW DEVELOPMENTAL CENTER Valdez	425.56*	84	23	1	24	40
HOPE COTTAGES Anchorage	360.84*	41	41	0	41	0

* Retro rate - effective 7/1/95 - 6/30/96



 SHELBERT LARSEN, ACTING ADMINISTRATOR
 DIVISION OF MEDICAL ASSISTANCE (907) 581-8081
 HEALTH FACILITIES LICENSING & CERTIFICATION

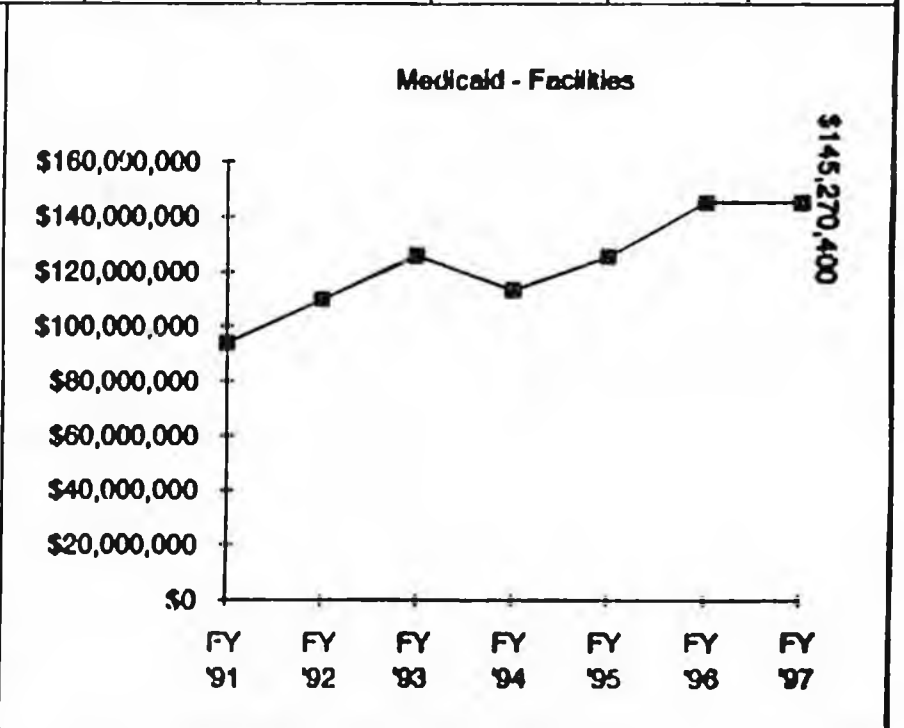
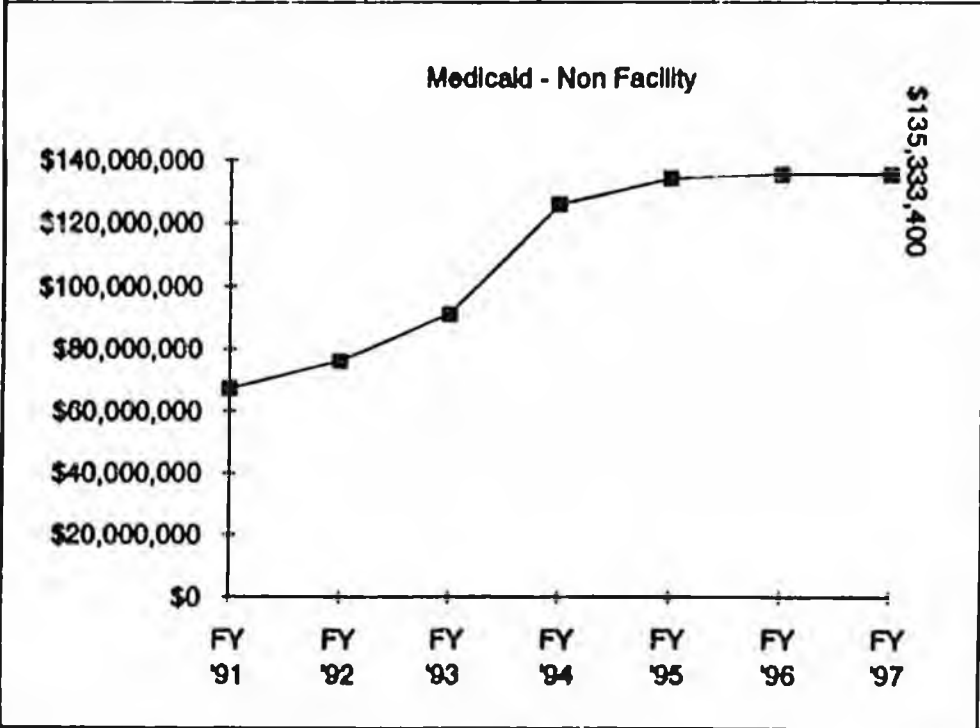
2/14/96

 DATE

B

Medical Assistance Division Budget History - 1991 to 1997 request - Total All Funds

	FY '91	FY '92	FY '93	FY '94	FY '95	FY '96	Governor's Request FY '97	FY '91 - '97 Percent Increase (Decrease)
Medical Assistance Allocations:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	
Medicaid - Non Facility	\$67,280,200	78,108,700	90,893,200	125,701,000	133,892,600	\$135,333,400	\$135,333,400	101.15%
Medicaid - Facilities	\$93,913,300	109,821,200	125,978,600	113,132,800	125,387,300	\$145,270,400	\$145,270,400	54.68%
Indian Health Service	\$9,457,900	15,101,100	16,529,800	17,016,400	19,822,000	\$24,432,700	\$24,432,700	158.33%
Perm. Fd. Div. Hold Harmless	\$1,795,800	2,621,200	2,621,200	1,600,000	1,100,000	\$1,100,000	\$1,100,000	-(38.75%)
Longevity Bonus Hold Harmless	\$1,433,100	1,825,200	0	58,400	65,700	\$25,700	\$25,700	-(98.21%)
General Relief Medical	\$5,812,700	8,718,500	5,455,600	6,090,000	6,584,500	\$5,311,100	\$5,311,100	-(5.37%)
Waivered Services (CHOICE)	\$0	0	0	5,078,600	8,881,500	\$11,248,800	\$11,248,800	121.49% '94-'97
Medicaid State Programs	\$3,807,600	3,793,800	5,174,700	11,543,900	19,385,200	\$19,945,200	\$19,945,200	423.83%
Medical Assistance Totals	\$183,300,600	\$217,987,700	\$246,653,100	\$280,219,100	\$315,118,800	\$342,667,300	\$342,667,300	86.94%



B

DIVISION OF SENIOR SERVICES

	<u>FY96</u> <u>Authorized</u>	<u>FY97</u> <u>Governor's</u>
Longevity Bonus Grants	72,152.6	72,152.6
Pioneers' Homes	29,842.3	31,038.7
Protection, Community Services & Administration	3,569.9	3,691.8
Nutrition, Transportation & Support Services Grant	5,505.1	5,505.1
Senior Employment Services Grants	1,752.3	1,752.3
Home & Community Based Care Grants	2,732.2	2,982.2
Senior Residential Services Grants	1,015.0	933.8
Foster Care Review	136.0	138.3

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

ISSUES ANALYSIS HOUSE BILL 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 Department of Health and Social Services strongly supports House Bill 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. House Bill 528 places a two year moratorium on construction or addition of nursing care beds and changes review standard language for the certificate of need (CON) program.

The adoption of House Bill 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,

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES
ISSUES ANALYSIS
HOUSE BILL 528
PAGE 2**

population base, and the continuum of care rather than just looking at the availability and quality of a service.

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 218 new nursing home beds by the year 2000. If all of the beds are built, the Medicaid budget will increase an estimated \$11.2 to \$12.6 million. Half of the money (\$5.7 to \$6.3 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.

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. 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

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
ISSUES ANALYSIS
HOUSE BILL 528
PAGE 3

scarce financial resources to unneeded new nursing beds, Alaska needs to ensure better access to community based services.

House Bill 528 also 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.

In addition to the moratorium, HB 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 the 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 Livey
Jay Livey, Deputy Commissioner
Department of Health and Social Services

Date: 3-5-96

Approved by: Karen Perdue
Karen Perdue, Commissioner
Department of Health and Social Services

Date: 3-5-96



TONY KNOWLES, GOVERNOR
State of Alaska

GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

P.O. Box 240249 • Anchorage, Alaska 99524-0249 • Phone: 907-563-5355 • Fax: 907-563-5357

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,

A handwritten signature in cursive script that reads "Kathy Fitzgerald".

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: 907-563-5355 • Fax: 907-563-5357

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.

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.

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 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.

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.

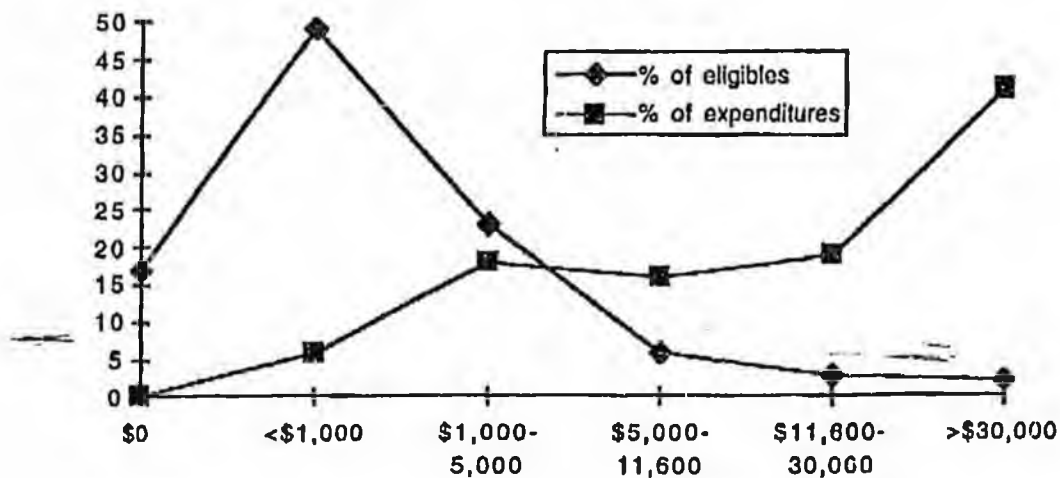
⁵ Division of Public Health, Section of Maternal, Child, and Family Health.

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).

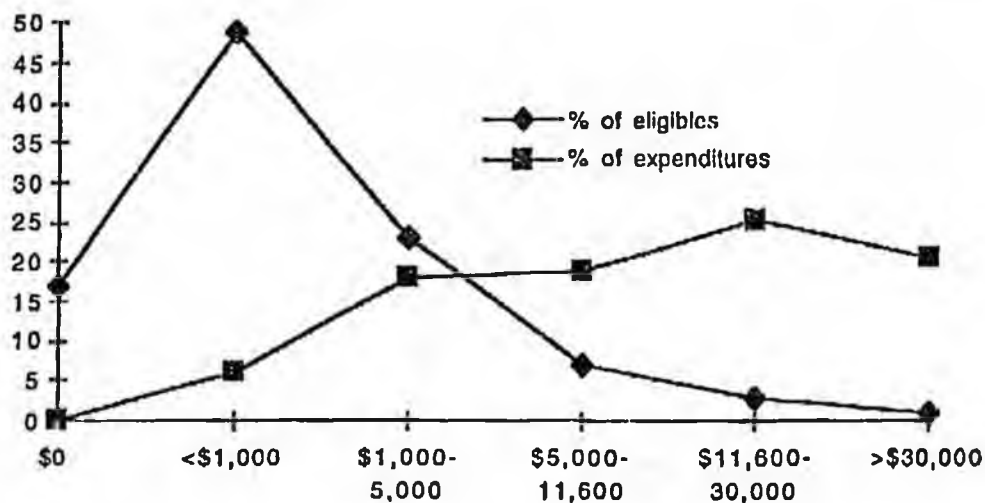
⁷ U.S. Department of Commerce, Bureau of the Census (1992). *1990 Census of Population and Housing*.

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

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.

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.

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

March 12, 1996

Memo To: House Committee on Health, Education & Social Services
Representative Con Bunde, Co-Chair
Representative Cynthia Toohey, Co-Chair
Representative Al Vezey
Representative Gary Davis
Representative Norm Rokeberg
Representative Tom Brice
Representative Caren Robinson

From: Harlan Knudson, President, ASHNHA

Subject: Oppose - HB 528, re Certificate of Need Law &
Moratorium Nursing Home Beds

We appreciate Representative Toohey's effort to bring DHSS staff and myself together in attempt to resolve differences in HB 528.

The association really believes that state Certificate of Need program is a "failed" system 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:

- 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:

- health care coordination;
- in-home respite care; personal care;
- adult day care;
- home health care;
- nutrition care;
- residential care (including Pioneer System)
- 397 community assisted living beds and the 292 Pioneer System Assisted Living Beds
- adult foster care
- nursing home care including the 758 Community Nursing home beds and the 106 Pioneer Skilled (and or enhanced assisted living) beds.

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.

Recommended Composition - Inter-Agency - Provider - Consumer Workgroup on Long Term Care Policies, Costs, Funding Sources & Needs.

Membership to be appointed by the Commissioners of the Department of Administration and Health & Social Services with one representative & one alternate representative from:

Department of Health & Social Services

Representing all Divisions and Advisory Commissions/Councils

Department of Administration

Representing all Divisions and Advisory Commissions/Councils

Office of the Governor

Organizations Representing Consumers (1 rep and 1 alt)

- Seniors
- Mentally ill
- Disabled
- Native Health Care

Organizations Representing Provider Groups(1 rep - 1 alt)

- Hospitals & Nursing Homes
- Home Health Care
- Assisted Living
- Mental Health
- Native Health Care

#####

AROUND THE STATE

Nursing home fund grows

The treasure chest to build Bethel's first nursing home grew recently after a donation to the Betty Guy Memorial Fund.

Glenna and Dwight Lefner contributed \$2,500 bringing the fund's treasury to \$31,000.

Glenna says she became a big supporter of the Bethel Nursing Home after her own mother suffered a heart attack in December and was no longer able to live independently.

The event has pushed her to encourage others to contribute so elders won't have to be sent away to nursing homes in other parts of the state, she says.

The fund's treasurer, Gladys Jung, is hopeful after the latest donation

that the home will be built. Most of the donations so far have come from elders themselves, village fund raisers and from donation cans around town, Jung says.

Donations have also come from the Veteran's of Foreign Wars Ladies Auxiliary (\$10,000), Calista (\$5,000) and the Lion's Club (\$104).

The nursing home fund was inspired by retired judge Nora Guinn over a year and a half ago with a \$50 donation.

An account has been set up for the Betty Guy Memorial Fund at the First National Bank in Bethel.

- Courtesy KYUK radio in Bethel

TONY KNOWLES, GOVERNOR

STATE INDEPENDENT LIVING COUNCIL

1016 West 6th Avenue, Suite 102
Anchorage, AK 99501-1963
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.

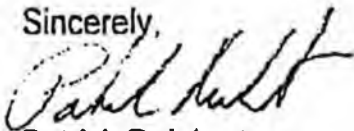
Page 3/SiLC

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



TONY KNOWLES, GOVERNOR
State of Alaska

GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION

P.O. Box 240249 • Anchorage, Alaska 99524-0249 • Phone: 907-563-5355 • Fax: 907-563-5357

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,

A handwritten signature in cursive script that reads "Kathryn Fitzgerald".

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

Enclosure
cc: (H)HESS Chair

MAR 10 1996

DATE: March 8, 1996
TO: Rep. Gal
FROM: Brenda ^{SPS} *Steenblock*, Advocating for Seniors
(Homer Senior Citizens, Inc.)
RE: HB No. 528

PD Box 808
Homer

I do support HB 528 regarding the two year moratorium on prohibiting the issuance of a certificate of need or a license for additional nursing home capacity in the state.

I will support this bill under the following circumstances:

- 1) That you advocate for continued funding through Medicaid to support the efforts of insuring funding to the Choices Program.
 - a) Any monies left over in the FY '96 Choices budget be rolled over into the FY '97.
 - b) Do not cut or reduce funding to the FY '97 Choices budget.

In Homer the Homer Senior Citizens, Inc. is just coming on line (May 1, 1996) with a 40 unit Assisted Living Facility. Kenai will be going on line this fall. If funding is cut or decreased to assist our seniors to afford to live in these facilities, you will definitely have to lift the two year moratorium on CON's. Homer's bed capacity of Long Term Care Beds is full at 100% occupancy with a waiting list of approximately 25 to 30 clients. Therefore, if seniors cannot be admitted to the Assisted Living Facilities through funding by the Choices Program, where do our seniors go?

I feel that by your giving support and assistance to continue the Choices Program with funding that all of us will be saving the State of Alaska money and giving our seniors a choice in living out their lives to the fullest at a reduced cost. At present it costs approximately \$100,000.00 per client to be in a Long Term Care bed. If Choices is continued we can take care of from 2 to 4 clients for the same cost.

Thank you for your considerations.

Sincerely, *Brenda Steenblock*

Brenda Steenblock
Administrative Assistant, Homer Senior Citizens, Inc.

Calista Elders Council

601 W. 5th Avenue, Suite 200, Anchorage, Alaska 99501-2225 • Phone 279-5516 • Facsimile 272-5060



Testimony on HB 528

"... relating to applications for certificates of need and licensing of nursing home; 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."

to
Members
of
the Alaska State ~~Health~~ HESS Committee
by
Gloria Simeon

My name is Gloria Simeon and I am the Executive Director of the Calista Elders Council, representing 1,146 Elders who are our members.

Since 1986, the Elders of the Calista region have worked long and hard to organize themselves so the regional entities which provide services and programs to them would listen to their needs and concerns regarding present and future health care needs. They were mainly concerned that too many of our Elders were placed in a position where they and their family's only alternative was and still is to leave the region to receive the medical care and services they require. They must leave their homes, families, friends and most importantly, the language and traditions which they rely on to sustain them. They are relocated to unfamiliar environments, exposed to an language and way of life which is not their own. Additionally, they are almost totally cut-off from family and friends because of the difficulty and expense involved in even an annual visit.

I'm sure you are aware that there are no roads linking our region to the rest of the State and all travel must be done by air. The cost of a round trip ticket from one of the regional villages to Anchorage, is in excess of \$700.00. Our region is one of the most economically depressed in the State, many families are not able to afford the airfare. Left alone in an unfamiliar environment, our Elders lose their will to live and often come home within a short period of time to be buried. This conflicts with the values and traditions of the Yup'ik culture and cannot be allowed to continue.

While I understand the reasoning behind this bill, I am also aware that the majority of nursing facilities are located in urban centers, far removed from the indigenous population located in the rural areas. I further understand that the rural health corporations are

developing and expanding programs which offer home care delivery and are considering assisted living centers as being more viable options on a sub-regional level. However, the reality is there is a need for a nursing facility in the Calista region and the regional hospital is an ideal place to co-locate such a facility.

A study done in 1993, by the State of Alaska, stated that there were 41 of our Elders in nursing facilities throughout the State and the social and psychological trauma experienced by these Elders who have been forced to re-locate, not only resulted in excess mortality, poorer adjustment, feelings of powerlessness and abandonment, but also a much higher death rate.

Data also indicates that the two fastest growing segments of our population are the Elders, age 65 and older and the age 5 and under. With the number of our Elders on the increase, I feel it is absolutely necessary that we begin to look at how, we as a State, are going to meet their future needs.

The Calista Elders Council is committed to obtaining an intermediate care facility for the region. We are working on putting together the certificate of need and have identified a funding source from within the private sector for the construction of this facility. It will take us approximately 200 days to put our package together. If it is possible to make an exception to a nursing home for the Calista region and to change the effective date to sometime in 1997, this would allow us the time we need to complete our package, we could support HB 528. If this is not possible, we oppose the passage of this bill in its entirety.

I propose to you that rather than putting a moratorium on nursing homes and beds in Alaska, that we take a serious look at the present and future needs of Elders and begin to develop a plan of service on how we are going to meet these needs. I also suggest that the Elders be involved in the development of any plans to meet their needs, from beginning to end.

Our Elders must be afforded the respect due them and should be able to live out the remainder of their lives as close as possible to all that is familiar and dear to them.

I believe that by working together we can create a plan for Elderly care in Alaska, that would be supported by all people.

Thank you for giving me this opportunity to testify.



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



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 Toohey 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 most 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