

**SB**

**59**

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FILE

SB 59

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

Scheduled 5/10/99 but not heard

## GARY WILKEN

SENATOR  
Districts 29 & 30  
West Fairbanks

### Senate Standing Committees

Member: Finance  
Member: Health, Education, &  
Social Services (HESS)  
Member: Legislative Budget & Audit  
Member: State Affairs

Alaska State Legislature

Senate

During Session:  
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## MEMORANDUM

TO: ✓ Senator John Torgerson, Co-chair  
Senator Sean Parnell, Co-chair  
Senate Finance Committee

FROM: Senator Gary Wilken 

DATE: April 21, 1999

RE: Request for Hearing

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I respectfully request that SB 59, *Certificates of Need for Health Facilities*, be scheduled for a hearing before the Senate Finance Committee.

Senate Bill 59 adopts a new standard of need for nursing home Certificate of Need (CON) requests. Under the Certificate of Need program, the Department of Health and Social Services reviews all nursing home expansions that cost over \$1 million.

The proposed standard will broaden the criteria used to measure the appropriateness of the expansion. The revision allows decisions to be made on need, financial feasibility and availability of alternatives. A new nursing home project will need to demonstrate the cost-effectiveness of each request and the appropriateness of the service.

Senate Bill 59 gives the Department Health and Social Services the needed tools in which to make a more informed decision.

Thank you for your assistance in this request.



**Denali Center  
Fairbanks Memorial Hospital**

**Denali Center**  
1510 19th Avenue  
Fairbanks, AK 99701  
(907) 458-5100

**Fairbanks Memorial Hospital**  
1650 Cowles Street  
Fairbanks, AK 99701-5998  
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## MEMORANDUM

**To:** House and Senate Finance Committee Members

**From:** Rick Solie  
Director of Community Relations & Planning  
Fairbanks Memorial Hospital/Denali Center

**Date:** April 27, 1999

**Subject:** HB 187/ SB 59 - Certificate of Need for Long-Term Care Facilities  
Opposition to an amendment related to imaging services and day surgery facilities

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SB 59 and HB 187 are the result of the Long Term Care Task Force efforts to modify the Certificate of Need (CON) program governing the expansion of nursing homes. We support this legislation and appreciate the Legislature's attention to this important area of health care.

Recently, an amendment was offered to HB 187 in the House HESS Committee (which failed) that would exempt imaging services and day (ambulatory) surgery facilities from the current CON requirements of the Department of Health and Social Services. This exclusion is both unrelated to the Task Force recommendation and would create a piece-meal approach to modifying the CON laws. **We oppose this amendment.**

The Alaska State Hospital and Nursing Home Association (ASHNHA) has recognized the need for clarification of the CON laws to create a level playing field between health care providers. We are willing to work with the Legislature to develop some appropriate changes and have identified the need to do so in our 1999 work plan. However, this legislation is not the appropriate vehicle.

In Fairbanks, there are currently three applicants, including Fairbanks Memorial Hospital, who have requested a CON to provide ambulatory surgery facilities. The current process will require a Departmental review of the application(s), public hearings and a decision by the Commissioner. Approval of this exemption would circumvent the CON process currently underway in Fairbanks.

Quality and access are important elements of our health delivery system and we ask that you not consider this exclusion without a thorough examination of the issues related to ambulatory services and the state's role in oversight.

Thank you for your consideration.

**cc:** Interior Legislative Delegation  
Commissioner Karen Perdue

**Attachments:** Amendment to HB 187

Post-It <sup>®</sup> Fax Note	7671	Date	4/22/99	# of pages	2
To	Rick Solie, C.	From			
Co./Dep.	Mike Powers F.W.A.	Co.			
Phone #		Phone #			
Fax #	488-5829	Fax #			

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Leuterbach  
4/21/99

OFFERED IN THE HOUSE

TO: HB 187

- 1 Page 3, line 3:
- 2 Delete "A"
- 3 Insert "Except as provided in (c) of this section, (A.)
  
- 4 Page 3, following line 14:
- 5 Insert a new bill section to read:
- 6 "Sec. 4. AS 18.07.031 is amended by adding a new subsection to read:
- 7 (c) A certificate of need is not required for the
- 8 (1) construction of a day surgery center or imaging center;
- 9 (2) alteration of the bed capacity of a health care facility if the
- 10 alteration is necessary solely to accommodate the addition of day surgery or imaging
- 11 services to the facility; or
- 12 (3) addition of day surgery or imaging services to a health care
- 13 facility."
  
- 14 Renumber the following bill sections accordingly.
  
- 15 Page 7, line 3:
- 16 Delete "a new paragraph"
- 17 Insert "new paragraphs"
  
- 18 Page 7, following line 3:
- 19 Insert new paragraphs to read:
- 20 "(13) "day surgery" means surgery performed on a patient who arrives
- 21 at the surgery facility on the day of surgery and is not expected to remain overnight

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1 at the facility after the surgery is performed;

2 (14) "imaging" means diagnostic testing, such as fluoroscopy or an x-

3 ray, computerized axial tomography (CAT scan), bone scan, ultrasonography,

4 scintigraphy, or magnetic resonance imaging (MRI), that produces a picture or

5 conception with a likeness to an objective reality by providing clarity, contrast, and

6 detail through the use of colored fluids, radionuclides, or other materials introduced

7 to the human body; ionizing or nonionizing radiation; or an external magnetic field;"

8 Page 7, line 6: . .

9 Delete "(13)"

10 Insert "(15)"

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF ADMINISTRATIVE SERVICES


TONY KNOWLES, GOVERNOR

P.O. BOX 110650  
JUNEAU, ALASKA 99811-0650  
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### MEMORANDUM

**DATE:** May 5, 1999

**TO:** Elmer Lindstrom, Special Assistant, Department of Health & Social Services

**FROM:** David Pierce, Certificate of Need Coordinator 

**SUBJECT:** Certificate of Need Law - Effect of Delay

Although there are currently no active letters of intent for nursing home beds, over the past 3 years information from a variety of sources indicates that there is a potential of between 154-184 new nursing home beds that are under ongoing consideration in seven Alaskan communities. If certificate of need applications were submitted and approved, there is the potential to raise the state Medicaid budget by about \$1 million in operating and depreciation costs for every 10 beds, or a total of \$15.4 to \$18.4 if all the beds were built. Within the last 3 years, a total of 27 beds have been added without a certificate of need and this trend is likely to continue unless the new certificate of need law is passed.

If the certificate of need law is not passed this session, a window of opportunity is created for facilities to submit letters of intent or certificate of need applications before the new law goes into effect in order to be considered under the old rules. The old rules require approval if it an applicant shows that the quality and accessibility is "less than the current or projected requirement" to maintain the good health of Alaskans. Although the new law states that it applies to any pending applications, this only saves about 90 days because the certificate of need program has a deadline to meet once an application is submitted. In addition, there is a possibility that any applicant who submits a letter of intent may fall under the old law and would at the very least be subject to litigation. Any letter of intent that comes in under the old law and has a determination that a certificate of need is not required will not be able to be reviewed or re-evaluated once the new law passes. This primarily relates to conversions of acute beds to long-term, which cost less than \$1 million.

RECEIVED

MAY 03 1999

Senate Finance  
Committee

SENATE FINANCE COMMITTEE

SIGN-IN

SB 59-CERTIFICATES OF NEED FOR HEALTH FACILITY

NAME: David Pierce Sub./Bill No: SB 59  
Co./Dept./Title: Health & Social Services Phone: 465-3001  
Address: 350 Main Street Zip: 99811

Do you wish to testify?  Yes  No  Respond to Questions

NAME: JAY Livey Sub./Bill No: 59  
Co./Dept./Title: HEALTH & SOCIAL SERVICES Phone: 3030  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions

NAME: \_\_\_\_\_ Sub./Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond to Questions