

Leg. Finance - House & Senate Finance Comte Files (1975-76) 386

HB 250 cont., HB 251, CSHB 251

STATE OF ALASKA
 Dept. of Administration
 Budget & Management Div.

REVISED PROGRAM
 COST ANALYSIS SUMMARY
 by BUDGET COMPONENT

AGENCY	CATEGORY	code
Office of the Governor	PROGRAM	
DIVISION	SUB-PROGRAM	
Elections	ELEMENT	
	SUB-ELEMENT	

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	268.4	19.4	287.8
200	TRAVEL	11.0	5.8	16.8
300	CONTRACTUAL SERVICES	489.5	8.6	498.1
400	COMMODITIES	15.8	-0-	15.8
500	EQUIPMENT	23.6	-0-	23.6
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	TOTAL	808.3	33.8	842.1
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	808.3	33.8	842.1
	INTER-AGENCY TRANSFERS			
	OTHER:			
	TOTAL	808.3	33.8	842.1
	PERMANENT FULL-TIME POSITIONS	13		13
	PERMANENT PART-TIME POSITIONS	1		1
	TEMPORARY (FULL-TIME EQUIVALENTS)	6		6
	NUMBER OF MAN MONTHS	240.0		240.0

(CURRENT FY)

	FY 75	FY	FY	FY	FY
EXPENDITURE - TOTAL	842.1				
SCIP CHANGES					
FEDERAL					
REQ. G.F. MATCH					
OTHER G.F.	842.1				
OTHER (SPECIFY)					

Disaster Relief Fund

Fund Balance 6/30/74	\$365,400
Allocated for Bering Sea Disaster	<u>320,000</u>
Balance	\$ 45,000

Of the balance of \$45,000 the majority could be required to pay costs associated with the movement by the federal government of emergency power generator units. The federal government has been requiring the State to pay the cost of transportation of the units.

To provide for funding for the Disaster Relief Fund it is necessary to appropriate State General Funds because the original sources of funding, disaster taxes, have been repealed. It will most likely be necessary to repeal AS 44.19.173 to allow a direct appropriation.

An appropriation of \$1,000,000 would allow maximum funding for 2 major disasters or a number of minor items for which State assistance should be made available.

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111 25

REPORT ON EXAMINATION
OFFICE OF THE GOVERNOR
PUBLIC DEFENDER AGENCY
FOR JULY 1, 1974 - DECEMBER 31, 1974

STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION
STATE INTERNAL AUDITOR



REPORT ON EXAMINATION
OFFICE OF THE GOVERNOR
PUBLIC DEFENDER AGENCY
FOR JULY 1, 1974 - DECEMBER 31, 1974

I. INTRODUCTION

This is a review which we have completed on select expenditures paid by the Public Defender Agency for the first six months of fiscal year 1975. This review was initiated at the request of Mr. Bill Gordon, Special Assistant to the Governor, for the purpose of establishing the amount of fiscal year 1974 expenditures which have been charged against current year authorization balances. We have also examined current year expenditure balances at December 31, 1974 in order to assert the funds available to the Public Defender Agency for the remaining six months of fiscal year 1975 and the amount of supplemental appropriation which should be requested from the legislature.

In determining the fiscal position of the Public Defender Agency, we addressed four main areas: the amount of prior year expenditures charged against fiscal year 1975; the certifying officers who were responsible and the circumstances surrounding the payment of these expenditures; the legality of such actions; and the statutory stipulations pertaining thereto. We also reviewed the memo of January 22, 1975 which was submitted to Mr. Doug Baily, Administrative Assistant to the Governor, by the Fiscal Office within the Office of the Governor.

II. SCOPE

We reviewed all prior year expenditures that were charged against fiscal year 1975 as well as a review of vouchers applicable to lease rental fees and ASHA payments for fiscal year 1975. We have also examined findings and recommendations set forth in the State Internal Auditor's examination dated March 15, 1973 on the Public Defender Agency which covered fiscal years 1971, 1972, and 1973. Also, a review was made on the Special Audit Report dated November 7, 1973 which was prepared by Legislative Audit.

III. FINDINGS

1. Status of Prior Year Audit Findings.

The Internal Auditor's report found that the Public Defender Agency for fiscal year 1973 withheld invoices for two to three months before submission for payment. This in effect understated both the agency's and State's expenditure and authorization balances for the months that the bills were not paid. Also, it created a very unequitable situation because the vendor did not receive prompt payment.

The Legislative Audit's report which did a review of the status of action taken on the above finding found that the accounts payables were being kept current although a lack of filing equipment made it difficult to maintain orderly files.

2. Prior Year Expenditures.

We have identified \$66,554.00 of prior year expenditures which were charged against fiscal year 1975. A total of seventy six invoices

arges from fiscal year 1974 were examined. Of these seventy voices, there were forty three invoices which were contractual as related. It is our opinion that these expenditures were 1 charges against fiscal year 1975 appropriations. The es in support of the above expenditures were coded by the Defender Anchorage Office as prior year expenditures chargeable to 74 fiscal year. This coding apparently was changed to current charges by the certifying officers within the Office of the or.

Alaska Statutes 3.10.020 - 37.10.040 clearly and specifically s the following responsibilities of a Certifying Officer as follows:

The Certifying Officer is responsible for the existence of correctness of the facts recited in the certificate or stated on the voucher or its supporting papers and for the legality of the proposed payment under the appropriation or fund involved. (Emphasis added.)

The Certifying Off. er shall be held accountable for and required to make good to the State the amount of illegal, improper, or incorrect payment resulting from false, inaccurate, or misleading certification made by him, or a payment prohibited by law or which does not represent a legal obligation under the appropriation involved. (Emphasis added.)

Since the Certifying Officers - Mrs. Elsie Newton and Mr. Fennel - are no longer employed by the Office of the Governor, we not establish the circumstances surrounding the code changes. tly, prior year lapse funds were insufficient to cover the 4.00 and therefore, expenditures were illegally allowed to be over and charged against current appropriations. It is our n that prior year expenditures should have been paid with a mental appropriation or by prior legislative approval.

We believe that the responsibility for illegally certifying 6,554.00 of prior year expenditures cannot be affixed to any t employees of either the Public Defender Agency or the Fiscal of the Office of the Governor. Therefore, we recommend that rther legal action not be pursued.

. Untimely Submission of Invoices for Payment.

The same conditions as described in findings of prior audits n existence during fiscal year 1974. Invoices were held back by chorage Agency Office for submission at the end of fiscal year We found some invoices which dated back ten months, to ber, 1973, that were not submitted for payment until June, 1974. gh these vouchers were coded into the proper fiscal year by the Defender Agency, the codes, as described above, were later d by the Fiscal Office of the Office of the Governor because of icient lapse funds.

We feel that all invoices should be paid in a regular and timely basis. The preparation of invoices for payment processing should be instituted, at the minimum, on a weekly basis. Furthermore, the statutory requirements in regards to controls and responsibility over fiscal year expenditures should be incumbent to only the agency which will bear ultimate responsibility. To avoid further occurrences of illegal code changes and certification of expenditures, we recommend to the Office of the Governor that they implement steps to grant full certifying authority to the Administrative Officer in the Public Defender Office. In so doing, it should be stressed that in the future, the Public Defender Agency will bear the full responsibility for financial control.

4. Lease and Rental Adjustments.

Lease payments for the Anchorage Agency Office were discontinued on December 15, 1974. The Division of Finance was not notified of this fact resulting in a \$2,503.75 overpayment. This amount has been requested as a refund from the vendor. The remaining unexpended \$8,612.50 of budgeted rent is available to the agency for the remainder of the year.

The Nome Office has closed its offices as of July 1, 1974 and has since been operating on a contractual basis. We have been informed by the Public Defender Office that \$400.00 of rent payments should be refunded from the contracting attorney. The remaining \$300.00 that was restricted is available to the Public Defender's account.

The Fiscal Office of the Office of the Governor has adjusted \$10,997.00 of ASHA payments from the Public Defender Office accounts to the Executive Office account. This appears to be proper because \$10,997.00 was budgeted by the Executive Office to cover payments of this type. Also, due to unbudgeted rental increases having been charged to the Ketchikan account, and the fact that the bond payment for the Fairbanks Office was not applicable to the Public Defender Agency, we feel that the \$10,977.00 transfer is in keeping with the intent of the Governor's Executive Office budget.

5. Ending Authorization Balances as of December 31, 1974.

As shown in Exhibit A, the current authorization balances on all budget categories except personal services available to the Public Defender Agency for the last six months of fiscal year 1975 is a minus \$1,442.

Mr. Nick Mangieri, Administrative Officer in the Public Defender Office, has informed us that the Fiscal Office of the Office of the Governor was informed by him early in the fiscal year of the possibility that fiscal year 1975 expenditures balances were overstated as the result of prior years expenditure being charged to the current fiscal year balances, particularly in the contractual services budget category. Apparently, Mr. Keith Wiese, at that time Administrative Officer in the Office of the Governor, responded to Mr. Mangieri concerns by stating that the situation was being taken care of. Although, this conversation was never confirmed in writing, we do believe from examining other correspondence between the Public Defender Agency in Anchorage and the Fiscal Office in the Office of the Governor that there was a serious lack of communications and non-response on the part of the Fiscal Office toward the Public Defender Agency.

We have projected the amount of additional funding that will be needed by the Public Defender Agency for the last six months of fiscal year 1975. At the present rate of expenditures, the Public Defender Agency will disburse approximately \$210,500.00 for the last half of fiscal year 1975. Contingent in obtaining lease rental and bond payment recoveries, \$13,980.00; and the transfer of personal services to contractual categories, \$82,800.00; we have determined that the Public Defender Agency will require \$113,720.00 supplemental appropriation from the legislature to avoid a deficit at fiscal year end. We recommend that a \$113,720.00 supplemental appropriation be requested, due in part from the \$66,500.00 of erroneous prior year expenditures.

The personal services transfers cover personnel positions in the Nome agency office which were deleted due to the closing of that office. The function of providing legal services to the City of Nome will be contracted out to private attorneys, therefore, justifying the transfer of personal services into the contractual budget categories.

SUMMARY

We recommend that the Administrative Officer within the Office of the Governor take prompt attention to monitoring all refunds of rents, refunds of rent restrictions, and the transference of personal services into contractual budget categories applicable to the Nome Office in order to assure that adequate authorized balances will be available to cover all current outstanding obligations. We also suggest that all current outstanding obligations be promptly paid upon the transference of sufficient balances.

As mentioned in our findings, further legal action in regards to unauthorized payments on prior year expenditures should not be pursued being that the responsible certifying officers are no longer employed by the State.

We recommend that expeditious action be taken by the Office of the Governor to request an additional \$113,720.00 from the legislature in order to fund expenditures that will be incurred by the Public Defender Office for the last six months of fiscal year 1975.

We feel it is imperative that full certifying authority be granted to the Administrative Officer of the Public Defender Agency, Mr. Nick Mangieri, in order to place full statutory responsibilities upon the Public Defender Agency and therefore making it incumbent upon that agency for future fiscal accountability.

01-41
Sam D. Jurgens
Internal Auditor
February 4, 1975

EXHIBIT A

PUBLIC DEFENDER AGENCY
CURRENT YEAR AUTHORIZATIONS AND EXPENDITURE BALANCES
AS OF 12/31/74

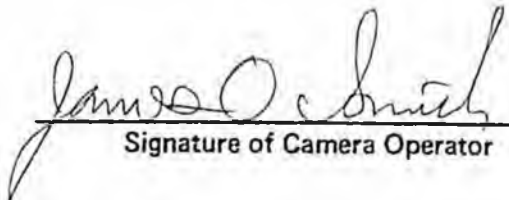
<u>Budget Category</u>	<u>Authorization</u>	<u>Disbursements</u>	<u>Transfer-Out</u>	<u>Expenditures</u>	<u>Restrictions</u>	<u>Balance</u>
100 Personal Services	\$ 784,200.00	\$363,096.06		\$363,096.06		\$421,103.94
200 Travel	45,500.00	33,370.97	(\$1,329.00)	32,041.97		13,458.03
300 Contractual Services	182,822.00	198,472.44	838.36	199,310.80	\$2,683.68	(19,172.48)
400 Commodities	10,900.00	7,778.44		7,778.44		3,121.56
500 Equipment	<u>4,500.00</u>	<u>1,897.69</u>		<u>1,897.69</u>		<u>2,602.31</u>
Total	<u>\$1,027,922.00</u>	<u>\$604,615.60</u>	<u>(\$ 490.64)</u>	<u>\$604,124.96</u>	<u>\$2,683.68</u>	<u>\$421,113.36</u>

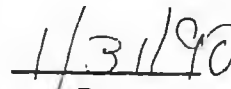


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT

20775

HOUSE

Mr. Speaker:

Date 4/7/75

The Committee on FINANCE has had HB 251

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR HB 251 AND THAT

CS FOR HB 251 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

[Signature] recommends: [Signature]

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Introduced: 3/3/75
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 CS HOUSE BILL NO. 251

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Health and Social Services; and pro-
8 viding for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of ^{7,662,200}~~7,635,500~~ is appropriated from the following
11 sources to the Department of Health and Social Services for the fiscal year
12 ending June 30, 1975 to be allocated as follows:

	General Fund	Federal Program
	1,035	Receipts
15 Assistance Payments, Aid to Families	1,306,212	1,035
16 with Dependent Children	1,336,162	1,336,162
	\$1,360,700	\$1,360,800
17 Program Services, Institutional		
18 Care program	221,800	
19 Medical Assistance, Medicaid		
20 Program	1,712,750	1,712,750
	±,809,300	±,809,300
21 General Relief Medical	293,600	
22 Mental Health, Contract		
23 Institutions	173,000	173,500
	113,200	
24 Violent Crimes Compensation Board,		
25 pending claims - FY 74 and 75	75,000	
26 Adult Confinement	176,000	
27 Juvenile Confinement	[- 489,300]	
	510,900	
28 Adult Rehabilitation	77,400	
29 Probation and Parole	21,500	

MEMORANDUM

House
Document #11

TO: Francis S.L. Williamson
Commissioner
Department of Health and Social Services

DATE : April 1, 1975

FROM: Freda M. Borchick
Acting Director
Division of Family and Children Services

SUBJECT: *HB 251*
FY 75 Supplemental Budget
Request - Assistance
Payments BRU

This is to advise you of a need for a supplemental appropriation for FY 75 for the Assistance Payments BRU, AFDC cash grants line item. As you know, the last legislature increased the maximum monthly payment in the AFDC program which has resulted in an average increase from about \$67.00 to \$88.37 per person, per month.

In the period of January 1, 1974 through October 31, 1974 the average number of recipients per month has been 11,006. We expect that this average per month will hold true through June, 1975. If our expectations are correct, a total of \$12,392.0 (6,196.0 S&F and 6,196.0 Fed) will be needed for the AFDC grants in FY 75.

At this time there are not enough funds to meet the AFDC payrolls for April, May and June, 1975.

FMB:bmn

STATE
of ALASKA

MEMORANDUM

TO: Cathy Lloyd, Deputy Director
Div. of Administrative Services

DATE : April 1, 1975

FROM: Freda M. Borchick
Acting Director
Div. of Family & Children ServicesSUBJECT: Program Services Supplemental
for Institutional Care

In November the Division of Family and Children Services prepared a supplemental budget request for the Program Services ERU, Institutional Care, which is under full cost of care AS47.40, indicating a need for 221.8 supplement for the remainder of FY75. The projected deficit of 221.8 was based on the Authorized Balances reports.

Caseload average has increased from 188 children in November 1974 to 205 children in February 1975. The caseload is expected to continue to increase proportionately.

Institutional care payments through 1-31-75 (represents 6 months billings) 743.3 X 2	=	1,486.6
Seven additional children recently placed in Hope Cottage	=	26.0
Contingency for unforeseen shift to more ex- pensive institutions or increase in number of children	=	100.0

July, August and September are low population months. In December many of the children return to their homes for two weeks. January through April are the heaviest population months.

Travel of children and escort to and from placement	=	22.6
Clothing for children in custody	=	.9
Total projected expenditures in FY75	=	1,658.2
FY75 authorized	=	<u>(1,436.4)</u>
FY75 supplemental request	=	<u>221.8</u>

Institutional Care has experienced a growth in the numbers of children services and an inflation in rates which were completely unanticipated at the time the FY75 budget request was prepared. The number of children placed in institutions is up 4% over the number estimated for FY75. The average actual rates set for the institutions under the full cost-of-care statute for FY75 increased 26% over the rates projected in building the FY75 budget.

1 712 75
FY 75 MEDICAID SUPPLEMENTAL \$3,125,500

The FY 75 (FCC) budget document, pages 80-81, identified the Medicaid budget as \$7,211,200, accompanied by a breakdown by service category showing estimated utilization, estimated rates and estimated total costs per those service categories, all done on the basis of recommendations of an out-of-state consultant. On Page 80, the following statement was included:

"A supplemental for FY 75 would be considered based upon documentation showing which of the above factors have been underestimated."

Experience through December 31, 1974, shows serious underestimation in virtually all categories by previous Legislature's consultant.

The budget document further "provided 6% COL" (cost of living). Experience in the first 4-5 months of FY 75 reflected a 24-25% increase in COL. More recently, in the past 30-45 days, approved rate increases have resulted in cumulative rate increases in the range of 30-40 percent. For all of FY 75, then, COL is expected to run 5-6 times that percentage budgeted, reflecting the "sky-rocketing" health industry costs, yet uncontrolled at the national level.

In a recently completed HEW audit, the State was advised our past and present practice of providing nursing home care to some 21 Alaskans in the State of Oregon (begun prior to the time the State of Alaska provided nursing home care), and allowing the State of Oregon to claim their rate of FFP (federal funding) for those patients was illegal. We are to begin immediate steps to pay full cost (state and federal) of those patients, then claim the State of Alaska FFP for those patients. This will then at least double our present rate for those patients. Implementation of this policy will take effect during the 1975 fiscal year and is reflected in the fiscal year 1976 Medicaid budget. Therefore, the original supplemental request based on a projected implementation date of fiscal year 1975 will be reduced accordingly \$193,198.

Projections done for the state and federally required annual report, based upon actual expenditures and utilization figures as of December 31, 1974 data from the computer (history file) reflect an average (composite) utilization increase separate from COL increases, of approximately 15 percent over prior year same time period.

The attached summary of service costs, by category of service, presents a more accurate identification of utilization and unit costs than reflected in the FY 75 budget document, again based upon actual experience to date.

With Budget Review Committee and legislative approval of this supplemental request, the FY 75 Medicaid budget becomes \$10,461,700, a 31.8 percent increase over the FY 74 budget (including supplemental) of \$7,936,600.

STATE
of ALASKA

MEMORANDUM

TO: David Freer, Administrative Office
Office of the Commissioner
Department of Health & Social Services

DATE : March 26, 1975

Thru: Myrton L. Charney, Comptroller
Division of Administrative Services

SUBJECT: Supplemental Request
Justification

FROM: Jerry L. Schrader, M.D.
Director
Division of Mental Health

By: Charles M. McLean
Assistant Director
Division of Mental Health

The Division of Mental Health, in two separate requests dated January 29 and March 20, 1975, requested supplemental in the amounts of \$113,200.00 and \$19,800.00 additional.

\$73,900.00 of the \$113,200.00 plus the \$19,800.00 are to cover costs incurred through a patient load increase at Atascadero State Hospital in the care and treatment of the mentally disordered offenders. These patients are committed by the Superior Court under the Criminal Code for Psychiatric Care, but are not convicted. Our patient load has increased from the appropriated five patients to, at this time, twelve, with one more known admission pending. The minimum rate has also been increased by an average of \$4.30 per patient per day effective January 1, 1975.

The balance of the supplemental \$39,300.00 is made up of programs transferred with insufficient funding from the Division of Family and Children Services with no potential funds available to cover. These programs comprise the balance of Hope Cottage, Anchorage; and Hope Center, Fairbanks, and the fact we have been unable to adequately control admissions based on need.

Total supplemental request for Division of Mental Health is \$133,000.00.

Itemized details comprising three pages have been submitted and approved by the Governor's Review Committee and copies are available, if desired.

CMM:cal

c: Catherine Lloyd, Deputy Director
Division of Administrative Services

.. FACT SHEET - SUPPLEMENTAL HEARING

VIOLENT CRIMES COMPENSATION BOARD

Request for a supplemental appropriation
of \$75,000 for FY74 and FY75 claims

The following FY74 claims are still pending determination by the Board and the projected possible awards are based on the policies of the former Board, actual expenditures by the claimant and estimated loss of earnings. As the applications come to Board determination facts may be brought out which would preclude the payment of an award or it may be determined that only a partial award can be made but until that time we must consider each claim as requiring funding in the amount the claimant has requested or the documentation has warranted:

Claim	Brief Summary	Projected Award
74-035	Victim, young child who was kidnapped and sexually abused requiring hospitalization, medication and prolonged psychiatric treatments.	\$ 7,000
74-044	Victim and two children killed, leaving one dependent child; claim filed by guardian	10,000
74-027	Victim, a student, severely beaten and robbed and stabbed when offenders broke into his apartment. Sustained permanent disability and has had prolonged hospitalization and therapy.	8,000
74-042	Victim employed as a roughneck on the pipeline, lost an eye in an altercation in a bar when someone hit him with a beer bottle. If no provocation is established on the part of the victim, under the Board's Standards of Compensation that they have developed they could consider an award (\$3,000 to \$7,000).	3,000/7,000
74-048	Victim, a carpenter suffered the loss of an eye when attacked by an unknown assailant. Under the Board's Standards of Compensation an award (\$3,000 to \$7,000)	<u>3,000/7,000</u>
Total FY 74 Awards		\$31,000/39,000

We have a FY 74 balance of \$2,188.32. Further we still have eight outstanding undocumented applications which may be pursued by the claimants as they have two years in which to be considered.

Reasons for delay in determinations of the above claims:

1. Two claims involved hearings in bush areas therefore coordination between attorneys, witnesses, claimants and hearing officers were involved. Now ready for determination.
2. One claim awaiting the trial of the offender.
3. Prolonged medical and counselling treatments required.
4. Delays in receiving information from insurance companies regarding their payments on hospital and medical bills due to extended medical care needed.
5. No decisions can be made until we have an appointment of two Board members.

Thus far only 8 FY75 claims have been determined by the Board; 5 were awarded in the amount of \$3,270.85 leaving a balance of \$46,729.15 to take care of the completed claims, a list is attached. It is difficult to project the final determination of the Board as their actual awards may be more or less than projected at their discretion after review of the hearing data and the facts of the claim.

FY 75 Claim No.	Brief Description	Status	Projected Award
75-003	Claimant, young man shot and severely injured while getting water at a stream by unknown offender; sustained serious injuries requiring prolonged medical care	Pending receipt of amount of insurance payments on medical expenses	\$ 5,000
75-010	Claimant, injured by a discharged employee; sustained partial disability to right hand; also continued threats to his family.	Failed to attend scheduled hearing but can request reopening of his claim.	-0-
75-011 75-015 75-016	Claimant, survivors of murdered mother; children witnessed the incident and one child has required continued psychiatric counselling	Awaiting trial of the offender	\$10,000
75-012 75-013	Claimants, dependent survivors of a father who was stabbed to death	Hearing held; awaiting Board decision	\$10,000
75-014	Claimant, young girl who was subjected to lewd incidents and attempted rape, resulting in medical expenses and loss of earnings	Hearing scheduled	\$ 1,000
75-017	Claimant, assaulted and raped; claiming for medical expenses and loss of earnings	Hearing scheduled	\$ 2,160
75-018	Claimant; severely beaten and suffered permanent loss of hearing when an unknown assailant broke into his home and robbed him	Arrangements for hearing are being made	\$10,000
75-019	Claimant, wife of above also beaten and injured in the incident	Arrangements for hearing are being made	share in maximum award as noted above
75-021	Claimant, victim of a beating sustaining a broken leg; medical expenses paid by medicare and was on unemployment	Failed to attend scheduled hearing; but can request reopening of his claim	-0-
75-022	Claimant, although incident occurred prior to 1971 still insists on pressing his claim	Arrangements for hearing are being made	-0-
75-023	Claimant, elderly man who was assaulted and robbed resulting in prolonged medical care; medical expenses claimed	Arrangements for hearing are being made	\$ 987.00

FY 75 Claim No.	Brief Description	Status	Projected Award
75-025 75-026 75-027 75-028	Claimant, Guardian for children of deceased victim who was shot and killed after a slight altercation	Awaiting judgement of the offender	\$10,000
75-029 75-030 75-031	Claimant, widow and two children of a victim who was deliberately run over and killed	Additional information relative to other collateral receipts	\$10,000
75-032	Claimant, sister of a young girl who was kidnapped, threatened with a knife and raped resulting in medical and psychiatric treatment	Arrangements for hearing are being made	\$ 500
75-033	Claimant, victim of an assault with a deadly weapon with intent to rape, claiming medical expense	Hearing scheduled	\$ 500
75-034	Claimant, young man who was shot in the face and sustained injuries to the lower half of his face and is still under medical treatment	Pending further medical treatment	\$ 3,000/7,000
75-035	Claimant, victim of a robbery and beating sustaining extended injuries and is under medical treatment	Pending further medical treatment	\$3,000/7,000
75-036	Claimant, middle aged woman beaten up in front of her apartment house	Pending police report and employment history	No definite amount requested
75-037	Claimant, young family man shot in the back of the neck and arm resulting in prolonged medical treatment and possible partial disability	Hearing Scheduled	\$10,000
75-038	Claimant, young boy shot and seriously wounded and still in very critical condition; claiming for unpaid medical expenses and loss of earnings	Pending medical and Police report	\$ 3,000/7,000
75-039	Claimant, young man shot in the ankle resulting in 15 to 20 per cent total disability	Pending police report and status of the case against the offender	\$10,000
			\$89,147/101,147

Additionally we have 28 outstanding applications needing completion and further documentation.

Mitchell's copy
11-12-74
HHSS 6

DIVISION OF CORRECTIONS

"SUPPLEMENTAL FUNDS REQUEST JUSTIFICATION - FY '75"

ADULT CONFINEMENT

BRU: 06-66-4-01-00-00

Food Costs

The Division of Corrections predicted a confinement food need on the following basis for FY '75 in the fall of 1973.

	<u>Predicted #Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Food	455	\$2.156	358.1

The Legislature appropriated the following as a result of not funding the Anchorage State Jail for FY '75.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Appropriation</u>
Food	417	\$2.156	328.1

The Division of Corrections prediction(fall '74) for confinement food needs reasserts the need for providing for 455 beds and a heavy inflation factor on the cost per day. The FY '74 actual cost per day was \$2.349, even considering the fact that statewide Division of Corrections experienced a slight inventory shrinkage. A 12% inflation factor on food over FY '74 actuals is predicted.

	<u>#Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Food (fall '74)	455	\$2.631	436.9

On a Division of Corrections pipeline request, legislative budget and audit approved \$10.0 in commodities for re-opening the Anchorage State Jail (RP 75-51). This amount theoretically should be deducted from the predicted food needs.

SUPPLEMENTAL REQUEST RECAP FOR FOOD COSTS

Predicted Need (fall 74)	436.9
Less: Pipeline \$ via LB&A	(10.0)
Adjusted need	<u>426.9</u>
Less: Current Appropriation	328.1
	<u><u>98.8</u></u>
Supplemental Request	98.8

~~98.8~~

Prior Year Charges, Unpaid or charged to current year

Unpaid prior year charges:

None Renovations	11.0
Palmer Oven purchase	1.6
Various others	4.2

Prior year charges to current year:

Various invoices paid after closing	25.0
Medical cost incurred in prior year and charged in error to current year	25.5

Supplemental Request	67.3
----------------------	------

+10.4 for increase in None rent

Adult Confinement BRU Recap of Supplemental Request

	<u>Food Cost</u>	<u>Unpaid Charges</u>	<u>Error Charges</u>	<u>TOTAL</u>
Supplemental Request	98.8	16.8	50.5	166.1
				<u>10.4</u>
				176.5

JUVENILE CONFINEMENT

BRU: 06-66-4-02-00-00

Local Facilities Component - 02

The Division of Corrections predicted a local facilities need in the fall of 1973 for FY '75. The following figures appear in the Division of Corrections request document.

	<u>Predicted #Children</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Foster Home	75	\$ 8.40	229.9
Private Institutions	62	\$30.33	680.6
	<u>137</u>		<u>910.5</u>

The Division of Corrections requested a local facilities budget for FY '75 with the following annotation *"The following display shows rates, placements and total costs in October 1973. We are requesting substantially less than these actual figures to remain within the constraints of the preliminary appropriation guidelines."

	<u>Request</u>
Foster Home	181.1
Private Institution	580.4
	<u>761.5</u>

The Legislature appropriated to local facilities the amount of the request level, less \$39.0, because Turning Point Boys Ranch rates were considered too high (pg. 56, F.C.C.)

	<u>Approp.</u>
Foster Home	181.1
Private Institution	491.4
	<hr/>
	672.5

The Division of Corrections prediction (fall of 74) for local facility needs based on preliminary actuals are as follows:

	<u>Pred. # Children</u>	<u>Pred. Cost/Day</u>	<u>Need</u>
Foster Home	85 ✓	\$ 9.00	279.2
Priv. Institution	75 ✓	\$31.82	871.1
	<hr/>		<hr/>
	160		1150.3

Based on FY 74 eligibility determination experience the Division of Corrections may be able to recover 50% of the local facility care expenditures made on behalf of children eligible for AFDC. This would be a pass through expenditure recovery of federal funds from the Division of Family and Children Services.

	<u>Eligib. Ratio</u>	<u>50% Adjust.</u>	<u>Recovery of Need</u>
Foster Home	12%	6%	16.8
Priv. Institution	17%	8.5%	74.0
			<hr/>
			90.8

SUPPLEMENTAL REQUEST RECAP FOR LOCAL FACILITIES

	<u>Foster Home</u>	<u>Priv. Institution</u>	<u>Component Total</u>
Predicted need (fall 74)	279.2	871.1	1150.3
Less: Possible Recovery	(16.8)	(74.0)	(90.8)
Adjusted Need	<hr/>	<hr/>	<hr/>
	262.4	797.1	1059.5
Less: Current Approp.	181.1	491.4	672.5
	<hr/>	<hr/>	<hr/>
Supplemental Request	81.3	305.7	<u>387.0</u>

OUT-OF-STATE FACILITIES Component - 03

The Division of Corrections predicted out-of-state care in the original FY 75 request document as follows:

	<u>Pred. # Children</u>	<u>Pred. Cost/Day</u>	<u>Need</u>
Out-of-State	22	\$23.64	189.8

The Division of Corrections requested an out-of-state facilities budget for FY 75 with the following annotation *"The following display shows

rates, placements, and total costs in October 1973. We are requesting substantially less than these actual figures to remain within the constraints of the preliminary appropriation guideline."

	<u>Request</u>
Out-of-State	113.1

The Legislature appropriated exactly what was requested (pg. 59, F.C.C.)

	<u>Appropriation</u>
Out-of-State	113.1

The Division of Corrections prediction (fall of '74) for out-of-state needs is based on preliminary actuals as follows:

	<u>Predicted #Children</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Out-of-State	25	\$30.30	279.3 276.5

Based on FY '74 eligibility determination experience, the Division of Corrections may recover 50% of out-of-state facility expenditures made on behalf of children eligible for AFDC. This would be a pass through expenditure recovery of federal funds from the Division of Family and Children Services.

	<u>Eligib. Ratio</u>	<u>50% Adjust.</u>	<u>Recovery of Need</u>
Out-of-State	24%	12%	33.5 <u>Rev.</u>

SUPPLEMENTAL REQUEST RECAP FOR OUT-OF-STATE FACILITIES

	<u>Revised</u>
Predicted Need (fall '74)	279.3
Less: Possible Recovery	<u>(33.5)</u>
Adjusted Need	245.8
Less: Current Appropriation	<u>113.1</u>

SUPPLEMENTAL REQUEST

132.7

JUVENILE CONFINEMENT BRU RECAP OF SUPPLEMENTAL REQUEST

	<u>Component - 02</u> <u>Local Facilities</u>	<u>Component - 03</u> <u>Out-of-State</u>	<u>Total</u>
Supplemental Request	387.0	132.7	519.7

ADULT REHABILITATION

BRU: 06-66-4-03-00-00

Medical Costs

The Division of Corrections predicted a medical care need as follows for FY '75 in the fall of 1973.

	<u>Predicted #Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Medical Care	446	\$1.84	299.5

The Legislature appropriated the following as a result of not funding the Anchorage State Jail and an across the board reduction in medical care costs/day of \$.30.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Appropriated</u>
Medical Care	406	\$1.54	228.2

The Division of Corrections prediction (fall '74) for medical care needs is based on 455 beds and a reassertion of the appropriateness of a cost of 1.34/manday. The actual medical costs for FY '74 were \$1.75 per manday, however, after adjusting for errors in fiscal year charging the cost per manday reached \$1.92. The Division of Corrections believes it can maintain FY '75 costs at \$1.84/manday if it can proceed expeditiously with its new incentive medical services contracts.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Need</u>
Medical Care	455	\$1.84	305.6

SUPPLEMENTAL REQUEST FOR MEDICAL CARE AND ADULT REHABILITATION BRU

Predicted Need (fall '74)	305.6
Less: Current Appropriation	<u>(228.2)</u>
Supplemental Request	77.4

PROBATION AND PAROLE

BRU: 06-66-4-05-00-00

Rent Cost

The Division of Corrections predicted rent costs for the two problem facilities for FY '75 in the fall of 1973 as follows.

Nome	4.0	
Ketchikan	10.3	
Rent		<u>Need</u> 14.3

The legislature appropriated 4.0 for Nome but disallowed any rent for Ketchikan.

Rent	<u>Appropriation</u> 4.0
------	-----------------------------

Executive mandate required that Division of Corrections occupy and pay for the Ketchikan facility and the new facility in Nome for FY '75.

Nome	7.8
Ketchikan	17.7

Rent	<u>Need</u>
	25.5

SUPPLEMENTAL REQUEST FOR RENT AND PROBATION AND PAROLE BRU.

Predicted Need (fall '74)	25.5
Less: Current Appropriation	<u>(4.0)</u>

Supplemental Request	21.5
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MEMORANDUM

TO: Susan Sullivan, Chairman
House H&SS Committee

DATE : March 21, 1975

FROM: Ed Mitchell
Administrative Officer
Division of Corrections

SUBJECT: Correction and clarification
of testimony on H3251 before
H&SS Committee on 3/20/75

During the meeting you asked what percentage the Division of Corrections supplemental request of 791.8 was of the total Division appropriation for FY75.

My erroneous reply was 4%, when in fact the request represents 5.6% of our total FY75 appropriation.

As further clarification, our request is 18.4% of our non-personal services appropriation for FY75. That relationship gives a better indication of the influence of increased workload and inflation on food, fuel, medical, and "full cost of care" categories of our budget.

Please convey this information to the Committee.

Ed:dl

cc: Charles G. Adams

SYNOPSIS OF DIVISION OF CORRECTIONS' FY75 SUPPLEMENTAL REQUEST

ADULT CONFINEMENT Request 176.0

Influence: 45 bed additional workload; budgeted for 417 beds, currently experiencing 462.

Inflation on unit costs; for example, food was budgeted at \$2.155/day, currently experiencing \$2.400/day; 11.3% inflation.

JUVENILE CONFINEMENT Request 516.9

Influence: 19 bed additional workload; for private institutions; budgeted for 84 beds, currently experiencing 103 (each bed costs \$11,500/year) (\$213,500).

Full Cost of Care; For private institutions; budgeted for \$7,200/year, currently experiencing \$11,500/year. (84 beds x \$4300 deficit/bed) (\$361,200)

ADULT REHABILITATION Request 77.4

Influence: 45 bed additional workload; (same as confinement)

Inflation on medical costs

FY 74 actual	31.92/day
FY 75 budget	1.54/day
FY 75 target	1.84/day

PROBATION & PAROLE Request 21.5

Influence: Rent increase; by moving into ASHA facilities

Nome rent	7.8
Ketchikan rent	17.7
	<u>25.5</u>

Less appropriation 4.0

Need 21.0



Alaska State Legislature

House

JUNEAU ALASKA

M E M O R A N D U M

TO: The Hon. Hugh Malone
Chairman
House Finance Committee

DATE: April 4, 1975

FROM: Milt Barker and Bob Grogan
Fiscal Analysts
Legislative Finance Division

SUBJ: HSS Supplemental
HB 251

The following items in the HSS supplemental might be reduced:

1. AFDC

Expended through March	8,875,394
3 additional months @ March caseload	2,987,259
Total FY 75 required funds	11,862,653
Less: FY 75 appropriation	9,670,500
Required supplemental	2,192,153
General Funds (50%)	1,096,076
Federal Funds (50%)	1,096,077

Similar reasoning indicates an excess of \$887,512 in the Adult Assistance categories. The department could transfer these funds to AFDC, further reducing their supplemental requirements to \$1,304,642 or \$652,321 each in General Funds and Federal Funds.

2. PROGRAM SERVICES

According to the department's earlier estimates, this item contains a \$100,000 contingency for increases in caseload. Latest estimates indicate the request to be \$130,700 more than projected needs.

3. MEDICAID

Oregon nursing home patients were budgeted under both Medicaid and General Relief Medical, but should only be budgeted under General Relief Medical. Thus, the Medicaid supplemental should be only \$3,425,514 or \$1,712,757 each in Federal and General Funds.

The Hon. Hugh Malone
April 4, 1975
Page 2

4. CORRECTIONS

The Division of Corrections did not budget for the full amount of incoming federal receipts approved in RP 75-256. As a result, an excess of \$27.6 occurs and could be deleted from Line 27.

MBB&RLG/af



Alaska State Legislature House

JUNEAU ALASKA

MEMORANDUM

TO: The Hon. Hugh Malone
Chairman
House Finance Committee

FROM: Milt Barker
Fiscal Analyst
Legislative Finance Division

DATE: April 5, 1975

SUBJ: HSS Supplemental - HB 251

Part of the necessity for an HSS supplemental is the fact that a Touche Ross study of the Division of Family and Children's Services for \$75,000 has been charged against the Medicaid and Adult Assistance appropriations.

This appears to have been charged directly to these accounts; however, the propriety and even legality of charging consultant fees against money appropriated for grants is questionable. Ordinarily, an agency must get approval to transfer money between appropriations if dissimilar needs are to be met.

MBB/af

MEMORANDUM

9,184,862

House
Document #11

TO: Francis S.L. Williamson
Commissioner
Department of Health and Social Services

DATE: April 1, 1975

FROM: Freda W. Borchick
Acting Director
Division of Family and Children Services

SUBJECT: HB251
FY 75 Supplemental Budget
Request - Assistance
Payments BRU

This is to advise you of a need for a supplemental appropriation for FY 75 for the Assistance Payments BRU, AFDC cash grants line item. As you know, the last legislature increased the maximum monthly payment in the AFDC program which has resulted in an average increase from about \$67.00 to \$88.37 per person, per month.

In the period of January 1, 1974 through October 31, 1974 the average number of recipients per month has been 11,686. We expect that this average per month will hold true through June, 1975. If our expectations are correct, a total of \$12,392.0 (6,196.0 S&F and 6,196.0 Fed) will be needed for the AFDC grants in FY 75.

At this time there are not enough funds to meet the AFDC payrolls for April, May and June, 1975.

FHB:bin

12,196,175

Milt

11,686

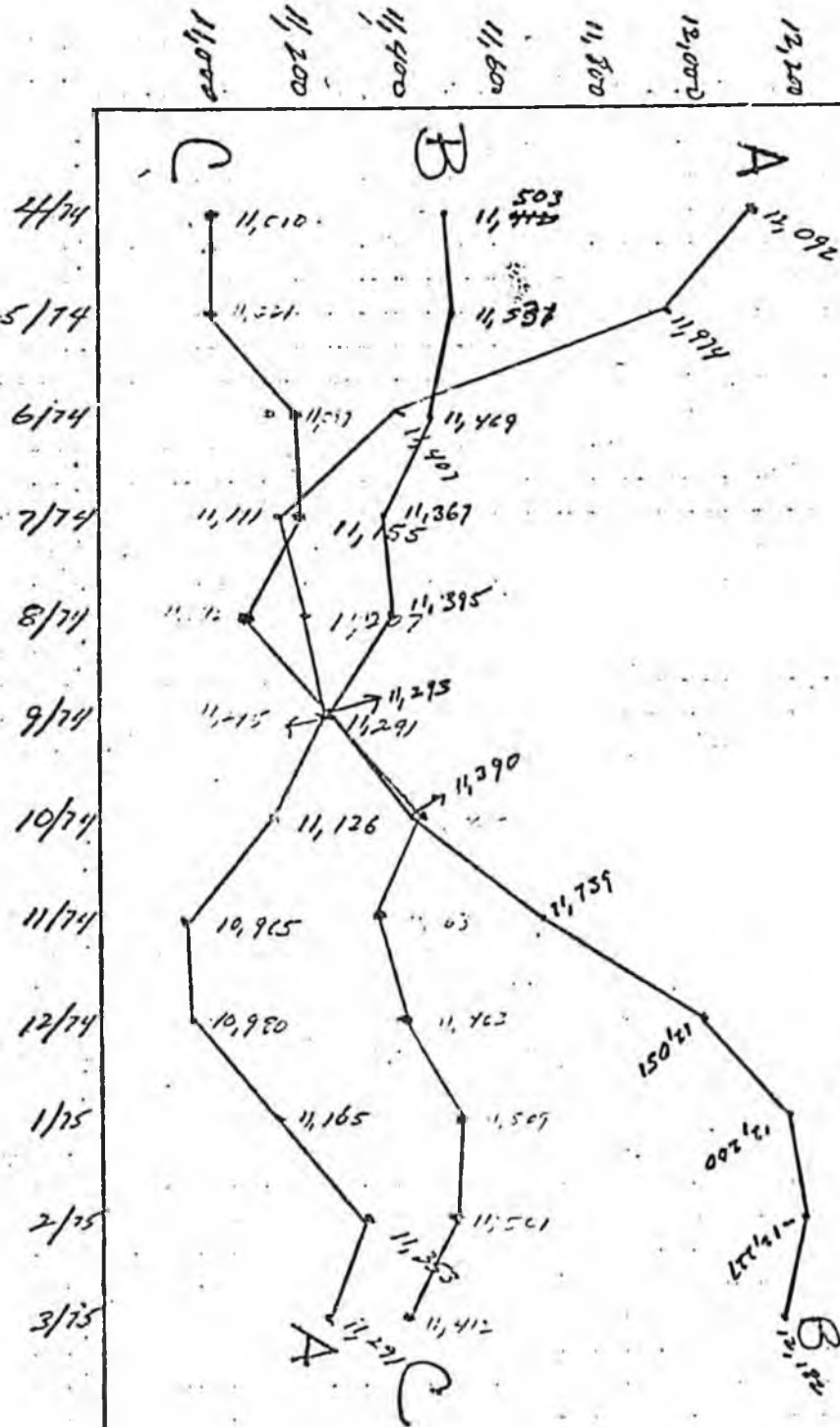
if you take these figures
and throw in
@ 1000 per mo
"judge factor",
what do you get?

1000 recipients
x 5 months =
5000
x \$88 A-Grant
24000
21000
\$264000

AFDC PROGRAM # RECIPIENTS PER MONTH

APRIL, 1974 - MARCH, 1975

AVERAGE PER MONTH = 11,333



A — 4/74 - 3/75
 B — 4/73 - 3/74
 C — 4/72 - 3/73

DK 3/25/75

[Handwritten signature]

TO: Cathy Lloyd, Deputy Director
Div. of Administrative Services

DATE : April 1, 1975

FROM: Freda M. Borchick
Acting Director
Div. of Family & Children Services

SUBJECT: Program Services Supplemental
for Institutional Care

In November the Division of Family and Children Services prepared a supplemental budget request for the Program Services BRU, Institutional Care, which is under full cost of care AS47.40, indicating a need for 221.8 supplement for the remainder of FY75. The projected deficit of 221.8 was based on the Authorized Balances reports.

Caseload average has increased from 188 children in November 1974 to 205 children in February 1975. The caseload is expected to continue to increase proportionately.

Institutional care payments through 1-31-75 (represents 6 months billings) 743.3 X 2	=	1,486.6
Seven additional children recently placed in Hope Cottage	=	26.0
Contingency for unforeseen shift to more ex- pensive institutions or increase in number of children	=	100.0

July, August and September are low population months. In December many of the children return to their homes for two weeks. January through April are the heaviest population months.

Travel of children and escort to and from placement	=	22.6
Clothing for children in custody	=	.9
Total projected expenditures in FY75	=	1,658.2
FY75 authorized	=	<u>(1,436.4)</u>
FY75 supplemental request	=	<u>221.8</u>

Institutional Care has experienced a growth in the numbers of children services and an inflation in rates which were completely unanticipated at the time the FY75 budget request was prepared. The number of children placed in institutions is up 4% over the number estimated for FY75. The average actual rates set for the institutions under the full cost-of-care statute for FY75 increased 26% over the rates projected in building the FY75 budget.

FY 75 MEDICAID SUPPLEMENTAL \$5,425,500

The FY 75 (FCC) budget document, pages 80-81, identified the Medicaid budget as \$7,221,200, accompanied by a breakdown by service category showing estimated utilization, estimated rates and estimated total costs per those service categories, all done on the basis of recommendations of an out-of-state consultant. On Page 80, the following statement was included:

"A supplemental for FY 75 would be considered based upon documentation showing which of the above factors have been underestimated."

Experience through December 31, 1974, shows serious underestimation in virtually all categories by previous Legislature's consultant.

The budget document further "provided 6% COL" (cost of living). Experience in the first 4-5 months of FY 75 reflected a 24-25% increase in COL. More recently, in the past 30-45 days, approved rate increases have resulted in cumulative rate increases in the range of 30-40 percent. For all of FY 75, then, COL is expected to run 5-6 times that percentage budgeted, reflecting the "sky-rocketing" health industry costs, yet uncontrolled at the national level.

In a recently completed HEW audit, the State was advised our past and present practice of providing nursing home care to some 21 Alaskans in the State of Oregon (begun prior to the time the State of Alaska provided nursing home care), and allowing the State of Oregon to claim their rate of FFP (federal funding) for those patients was illegal. We are to begin immediate steps to pay full cost (state and federal) of those patients, then claim the State of Alaska FFP for those patients. This will then at least double our present rate for those patients. Implementation of this policy will take effect during the 1975 fiscal year and is reflected in the fiscal year 1976 Medicaid budget. Therefore, the original supplemental request based on a projected implementation date of fiscal year 1975 will be reduced accordingly \$195,198.

Projections done for the state and federally required annual report, based upon actual expenditures and utilization figures as of December 31, 1974 data from the computer (history file) reflect an average (composite) utilization increase separate from COL increases, of approximately 15 percent over prior year same time period.

The attached summary of service costs, by category of service, presents a more accurate identification of utilization and unit costs than reflected in the FY 75 budget document, again based upon actual experience to date.

With Budget Review Committee and legislative approval of this supplemental request, the FY 75 Medicaid budget becomes \$10,461,700, a 31.8 percent increase over the FY 74 budget (including supplemental) of \$7,936,600.

TO: Jay S. Hammond, Governor
State of Alaska

DATE : December 2, 1974

FROM: Richard W. Freer, Commissioner
Department of Administration

SUBJECT: Department of Health and
Social Services, Division
of Medical Assistance, Request
to Receive and Expend \$233,000
in Additional Federal Funds

The Department of Health and Social Services, Division of Medical Assistance, requests authority to receive and expend \$233,000 in additional federal funds. The funds will be earned by the State as a result of legislation passed in the last session of the State legislature which expanded Medicaid coverage to inpatient mentally retarded clients at intermediate care facilities (ICFs). Harborview Memorial Hospital will be provisionally certified as an ICF for Medicaid purposes in time to commence Medicaid funding of eligible patients by January 1, 1975.

There are approximately 62 Medicaid eligible patients at Harborview. For the remainder of FY 75, the Medicaid program will pay \$38 per patient-day for these eligible patients. These Medicaid funds, which are 50% federal will replace the 100% general funds which are currently paying for all Harborview patient care. This revised program requests authority to increase the Medicaid appropriation by the federal funds necessary to implement this program. Subsequent revised programs, which do not require the approval of Legislative Budget and Audit Committee, will adjust the funding at Harborview from general fund to interagency Medicaid receipts, and transfer the general funds to match the additional federal funds requested in this revised program from Harborview to the Medicaid budget. This action will essentially result in the liberation of \$233,000 in general funds from the Harborview budget. It is the intent of the Department to use these funds to pay for existing contract services for the inpatient mentally retarded which were underbudgeted in the Division of Family and Children Services for FY 75. This is being done in lieu of requesting a supplemental for FY 75.

The Medicaid funding of eligible Harborview patients will be continued in the FY 76 budget, and will be expanded to cover the care of inpatient psychiatric service for patients under 21 and over 65 at API, and also the care for inpatient mentally retarded patients at API. In addition, the cost per patient day allowed by Medicaid will increase from \$38 in FY 75 to about \$78 in FY 76.

ROI-33F-2193

STATE OF ALASKA HEALTH & SOC SERVICE COMPONENT BUDGET REPORT

RUN DATE 04/28/74

OBJECT GROUP	CATEGORY HEALTH OBJECT GROUP DESCRIPTION	PROGRAM MEDICAL ASSISTANCE FY 1973 ACTUAL	SUB-PROGRAM MEDICAID FISCAL YEAR 1974		ELEMENT MAINTENANCE	FISCAL YEAR 1975			F.C.C.	
			AUTHORIZED	REVISION		REQUEST	GOV. BUDGT.	HOUSE		SENATE
100	PERSONAL SERVICES									
200	TRAVEL	19.3	176.0		202.4	202.4	168.2	168.2	185.0	185.0
300	CONTRACTUAL SERVICES	4,428.0	6,785.6	25.0	7,916.4	7,916.4	7,574.1	6,626.2	7,315.0	8,035.2
400	COMMODITIES	.1								
500	EQUIPMENT									
600	LANDS, BUILDINGS, IMPROVEMENTS									
700	GRANTS, CLAIMS, SHARED REVENUE									
800	MISCELLANEOUS									
TOTAL		4,447.4	6,961.6	25.0	8,118.8	8,118.8	7,742.3	6,796.4	7,500.0	8,221.2
	INTER-AGENCY TRANSFERS	233.8	225.6		238.0	238.0	238.0	238.0	238.0	238.0
	FUNDING SOURCE									
	FEDERAL RECEIPTS	2,223.7	3,468.3	25.0	4,059.4	4,059.4	3,871.2	3,398.2	3,750.0	4,110.6
	REQUIRED GEN. FUND MATCHING	2,223.7	3,468.3	25.0	4,059.4	4,059.4	3,871.1	3,398.2	3,750.0	4,110.6
	OTHER GENERAL FUND		25.0	25.0-						
	INTER-AGENCY RECEIPTS									

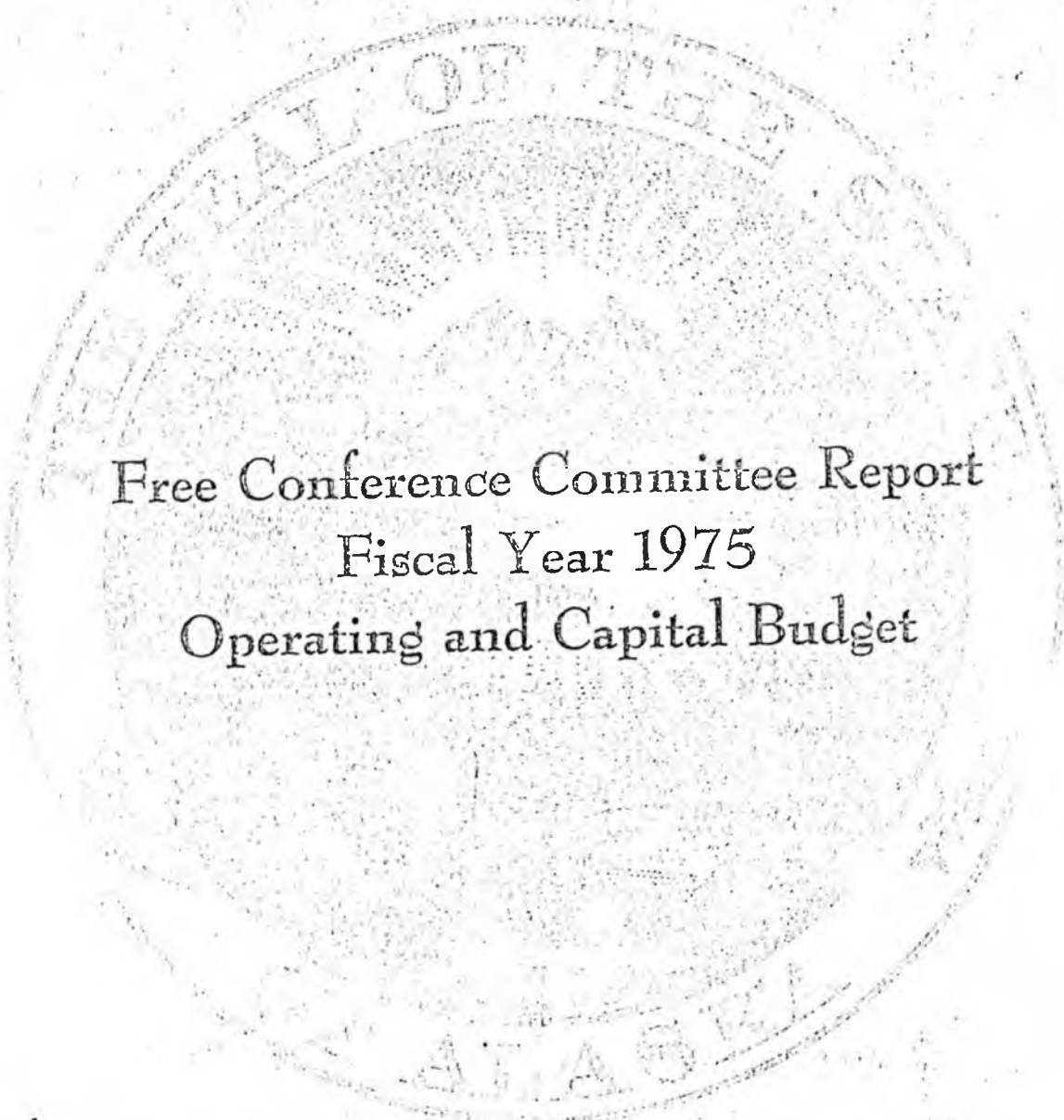
POSITIONS

PERMANENT FULL TIME
 PERMANENT PART TIME
 TEMPORARY (FULL TIME EQUIV.)
 NUMBER OF MAN-MONTHS

RP 74-102

SOCIAL SERVICES

-- OPERATING --

The seal of the State of Alaska is faintly visible in the background. It features a central figure, likely a Native Alaskan, surrounded by the words "SEAL OF THE STATE OF ALASKA" and "1907".

Free Conference Committee Report
Fiscal Year 1975
Operating and Capital Budget

State of Alaska
The Legislature

PROGRAM CATEGORY: Social Services

AGENCY: Health & Social Services

PROGRAM: Family & Children Svcs.
SUB-PROGRAM: Assistance Payments
ELEMENT: Aid For Dependent Children
SUB-ELEMENT: _____

↳ [LEGISLATIVE INTENT]

All legally obligated payments will be made.]

ROI-33F-2193

STATE OF ALASKA HEALTH & SOC SERVICE COMPONENT BUDGET REPORT

RUN DATE 04/28/74

OBJECT GROUP	CATEGORY SOCIAL SERVICES OBJECT GROUP DESCRIPTION	PROGRAM FAMILY & CHILD SERV FY 1973 ACTUAL	SUB-PROGRAM ASSISTANCE PAYMENTS FISCAL YEAR 1974		ELEMENT AID FAM DEP CHILDREN REQUEST	SUB-ELEMENT			F.C.C.	
			AUTHORIZED	REVISION		FISCAL YEAR 1975				
					MAINTENANCE	HOUSE	SENATE			
100	PERSONAL SERVICES	2.3								
200	TRAVEL	1.6								
300	CONTRACTUAL SERVICES	65.2								
400	COMMODITIES	.4								
500	EQUIPMENT	.3								
600	LANDS, BUILDINGS, IMPROVEMENTS									
700	GRANTS, CLAIMS, SHARED REVENUE	9,055.2	9,697.5	280.7-	10,276.9	10,276.9	14,861.0	8,864.2	10,276.9	9,670.5
800	MISCELLANEOUS									
TOTAL		9,125.0	9,697.5	280.7-	10,276.9	10,276.9	14,881.0	8,864.2	10,276.9	9,670.5
	INTER-AGENCY TRANSFERS	9.9								
FUNDING SOURCE										
	FEDERAL RECEIPTS	4,562.5	4,838.0	116.1-	5,138.5	5,138.5	7,440.5	4,432.1	5,138.5	4,835.2
	REQUIRED GEN. FUND MATCHING	4,562.5	4,859.5	164.6-	5,138.4	5,138.4	7,440.5	4,432.1	5,138.4	4,935.3
	OTHER GENERAL FUND									
	INTER-AGENCY RECEIPTS									

POSITIONS

PERMANENT FULL TIME
 PERMANENT PART TIME
 TEMPORARY (FULL TIME EQUIV.)
 NUMBER OF MAN-MONTHS

RP 74-100
 RP 74-133

found services done

STATE OF ALASKA

JAY S. HAMMOND, Governor
done 4/4/75

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU ~~59397~~ 99811

March 25, 1975

Honorable Hugh Malone
Chairman, House Finance Committee
Alaska State Legislature
State Capitol - Pouch V
Juneau, Alaska 99811

Dear Representative Malone:

Attached is the justification for a revision to HB 251, the supplemental request for the Department of Health and Social Services. Increases in cost projections at the Atascadero mental hospital have resulted in an increase of \$19,800 in the supplemental request for mental health contract institutions. Accordingly, line 23 of page 1 of HB 251 should be changed from \$113,200 to \$133,000.

Your consideration of this revision is appreciated.

Sincerely,



Andrew S. Warwick
Commissioner

ASW/mjc
Attachment

CC: Honorable Mike Bradner
Speaker of the House

Honorable Chancy Croft
President of the Senate

MEMORANDUM

TO: [The Honorable Andrew Warwick
Commissioner of Administration

DATE : March 24, 1975

FROM: Francis S. L. Williamson *FSL*
Commissioner
Department of Health and Social Services

SUBJECT: Supplemental Appropriation -
Div. of Mental Health

With reference to my memo of March 14, 1975, requesting a revision in the Mental Health supplemental appropriation, please be advised that the attached memo from Dr. Schrader to Catherine Lloyd dated March 20, 1975 now represents the official position by this Department in regard to House Bill 251.

Attachment





Alaska State Legislature

House

JUNEAU ALASKA

M E M O R A N D U M

TO: The Hon. Hugh Malone
Chairman
House Finance Committee

DATE: April 4, 1975

FROM: Milt Barker and Bob Grogan
Fiscal Analysts
Legislative Finance Division

SUBJ: HSS Supplemental
HB 251

The following items in the HSS supplemental might be reduced:

1. AFDC

Expended through March	8,875,394
3 additional months @ March caseload	2,987,259
Total FY 75 required funds	<u>11,862,653</u>
Less: FY 75 appropriation	<u>9,670,500</u>
Required supplemental	2,192,153
General Funds (50%)	1,096,076
Federal Funds (50%)	1,096,077

Similar reasoning indicates an excess of \$887,512 in the Adult Assistance categories. The department could transfer these funds to AFDC, further reducing their supplemental requirements to \$1,304,642 or \$652,321 each in General Funds and Federal Funds.

2. PROGRAM SERVICES

According to the department's earlier estimates, this item contains a \$100,000 contingency for increases in caseload. Latest estimates indicate the request to be \$130,700 more than projected needs.

3. MEDICAID

Oregon nursing home patients were budgeted under both Medicaid and General Relief Medical, but should only be budgeted under General Relief Medical. Thus, the Medicaid supplemental should be only \$3,425,514 or \$1,712,757 each in Federal and General Funds.

The Hon. Hugh Malone
April 4, 1975
Page 2

4. CORRECTIONS

The Division of Corrections did not budget for the full amount of incoming federal receipts approved in RP 75-256. As a result, an excess of \$27.6 occurs and could be deleted from Line 27.

MBB&RLG/af

HB 251

March 3, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Legislature, I am transmitting a bill for a supplemental appropriation to the Department of Health and Social Services in the amount of \$7,835,500. This amount would be allocated among ten programs, ranging from probation and parole functions to medical assistance. The appropriation is explained more fully in the detailed material attached to the bill.

Sincerely,

Jay S. Hammond
Governor

Handwritten scribbles at the top of the page.

TO: | Catherine Lloyd, Deputy Director
Division of Administrative Services

DATE : March 20, 1975

FROM: Jerry L. Schrader, M.D.
Director
Division of Mental Health

SUBJECT: HB 251 - Request for Line Item
Adjustment (Revision)

This is a revision of our supplemental request addition of March 11, 1975 recomputed in different detail at the verbal request of Mr. Morrison. This will substitute for that request and for your transmittal request to Commissioner Warwick of March 14.

In accordance with the conversation with Mr. Jeff Morrison the morning of March 11, 1975, it seems apparent that our costs for Atascadero State Hospital as detailed January 29 on the basis of our through October bills and projected and known admissions to December 15, is inadequate.

Known and scheduled admissions have already reached the level projected by June 30 on a basis of court orders. Also, California has raised its minimum daily bed rate by \$4.50 per patient per day, effective January 1. Based on prior admission rate and on our cost of \$900.07 monthly overall, including initial admission cost, we anticipated an additional need for Atascadero of \$73,802.00. We are now admitting our twelfth patient and another is being scheduled and will be admitted as soon as we can do the paper work.

Our last billing to date is for the month of January for a total of eleven patients, with two more known admissions for the month of March 1975; based on which we can now anticipate at least one a month through June 30. Hopefully, there should be one or more returned, but from the reports we are receiving from Atascadero, it does not appear this hope is founded in fact.

Actual 7 month billing 7/1/74 - 7/31/75	\$	70,518.26
11 patients Feb. 75 X est. \$1,151.07		
our cost per patient per month	=	12,661.77
12 patients Mar. 75 X \$1,151.07		
per patient per month	=	13,812.84
13 patients Apr. 75 X \$1,151.07	=	14,963.91
14 " May 75 X \$1,151.07	=	16,114.98
15 " June 75 X \$1,151.07	=	17,266.05

TOTAL COST: 145,337.81
LESS APPROPRIATIONS: -51,600.00

TOTAL SUPPLEMENTAL REQUEST: \$ 93,737.81

Projected as required for Atascadero
State Hospital = \$ 93,737.81

(original supplemental amount was \$73,900)

MEMORANDUM

-2-

March 20, 1975

Catherine Lloyd, Deputy Director

This does not affect this supplemental request for the full cost of care facilities transferred from the Division of Family and Children Services estimated in the amount of: 39,300

Total supplemental HB 251	
DIVISION OF MENTAL HEALTH	<u>\$133,000</u>

CMM:cal

c: Jeff Morrison, Budget Analyst
Budget and Management
Department of Administration

IN WITNESS WHEREOF, the parties have executed this contract.

Contractor:

Recommended for Approval:

By: Gary C. Coats

By: Paul M. Linn

Partner,
Touche Ross & Co.
Official Title

Acting Director, Division
of Family and Children Services
Official Title

Date: February 21, 1975

Date: 2/21/75

Department of Health and Social
Services Approval:

By: Francis S. Williamson
Commissioner

Date: 21 Feb. 1975

PAYMENT OF THIS CONTRACT
SHALL BE MADE ONLY BY THE
DIVISION OF ADMINISTRATIVE
SERVICES, FISCAL SECTION

State of Alaska Approval:

By: [Signature]
Department of Administration

Date: 2/21/75

CERTIFIED TRUE COPY:

[Signature] Contract Officer
Dept. of Health & Social Services
State of Alaska

NOTE: In affixing signatures to the above, it is expressly understood and agreed that this contract shall not be binding on either party until it has been finally approved and signed by the Department of Administration, State of Alaska (see AS 37.05.220).

MEMORANDUM

State of Alaska

#73 251
RP 75-220

TO: Jay S. Hammond, Governor
State of Alaska

DATE: January 2, 1975

FILE NO:

TELEPHONE NO:

FROM: Andrew S. Warwick, Commissioner
Department of Administration


SUBJECT: Department of Health and Social
Services, Request to Transfer
Funds Between Appropriations

The Department of Health and Social Services requests authorization to transfer \$58,000 between appropriations. The funds will be transferred into the Mental Health Contract Institutions BRU from Harborview Memorial Hospital (\$29,000) and from the WIN/AFDC program in the Division of Family and Children Services (\$29,000).

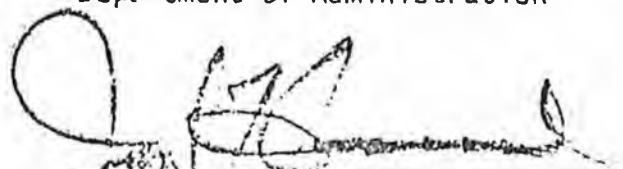
The transfer of funds is necessary to enable the Department to continue an ongoing program for the treatment of mentally retarded children and adults through a contractual arrangement with the Alaska Retarded Children's Association (ARCA). ARCA had anticipated receiving a direct allocation for this program from the Legislature, but when the funds did not materialize, the Department elected to fund the contract from appropriations of other department BRUs.

General Funds are available in the Harborview BRU from accumulated personal services vacancy funds. Funds are available in the WIN/AFDC program due to a reduction in budgeted federal funds from \$754,100 to about \$450,000. This reduced amount of federal funds requires less matching general funds than were budgeted, and the matching general funds in this program are therefore overbudgeted and available for transfer to other programs. The effect of the cut in federal funds will be a large reduction in the number of people served by the WIN program. The transfers are being proposed in order to avoid submitting a supplemental request to the legislature.

No additional State funds are required and your approval is recommended in accordance with the provisions of AS 37.07.080(e).


Andrew S. Warwick, Commissioner
Department of Administration

Approved this ___ day of January, 1975.


Jay S. Hammond, Governor
State of Alaska

Mitchell's Copy
 11-12-74
 HHESS 6

DIVISION OF CORRECTIONS

"SUPPLEMENTAL FUNDS REQUEST JUSTIFICATION - FY '75"

ADULT CONFINEMENT

BRU: 06-66-4-01-00-00

Food Costs

The Division of Corrections predicted a confinement food need on the following basis for FY '75 in the fall of 1973.

	<u>Predicted #Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Food	455	\$2.156	358.1

The Legislature appropriated the following as a result of not funding the Anchorage State Jail for FY '75.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Appropriation</u>
Food	417	\$2.156	328.1

The Division of Corrections prediction(fall '74) for confinement food needs reasserts the need for providing for 455 beds and a heavy inflation factor on the cost per day. The FY '74 actual cost per day was \$2.349, even considering the fact that statewide Division of Corrections experienced a slight inventory shrinkage. A 12% inflation factor on food over FY '74 actuals is predicted.

	<u>#Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Food (fall '74)	455	\$2.631	436.9

On a Division of Corrections pipeline request, legislative budget and audit approved \$10.0 in commodities for re-opening the Anchorage State Jail (RP 75-51). This amount theoretically should be deducted from the predicted food needs.

SUPPLEMENTAL REQUEST RECAP FOR FOOD COSTS

Predicted Need (fall 74)	436.9
Less: Pipeline \$ via LB&A	(10.0)
Adjusted need	<u>426.9</u>
Less: Current Appropriation	328.1
	<u><u>98.8</u></u>
Supplemental Request	98.8

Prior Year Charges, Unpaid or charged to current year

Unpaid prior year charges:

None Renovations	11.0
Palmer Oven purchase	1.6
Various others	4.2

Prior year charges to current year:

Various invoices paid after closing	25.0
Medical cost incurred in prior year and charged in error to current year	25.5

Supplemental Request

67.3

+10.4 for increase in None rent

Adult Confinement BRU Recap of Supplemental Request

	<u>Food Cost</u>	<u>Unpaid Charges</u>	<u>Error Charges</u>	<u>TOTAL</u>
Supplemental Request	98.8	16.8	50.5	166.1
				<u>10.4</u>
				176.5

JUVENILE CONFINEMENT

BRU: 06-66-4-02-00-00

Local Facilities Component - 02

The Division of Corrections predicted a local facilities need in the fall of 1973 for FY '75. The following figures appear in the Division of Corrections request document.

	<u>Predicted #Children</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Foster Home	75	\$ 8.40	229.9
Private Institutions	62	\$30.38	680.6
	<u>137</u>		<u>910.5</u>

The Division of Corrections requested a local facilities budget for FY '75 with the following annotation *"The following display shows rates, placements and total costs in October 1973. We are requesting substantially less than these actual figures to remain within the constraints of the preliminary appropriation guidelines."

	<u>Request</u>
Foster Home	181.1
Private Institution	580.4
	<u>761.5</u>

The Legislature appropriated to local facilities the amount of the request level, less \$89.0, because Turning Point Boys Ranch rates were considered too high (pg. 56, F.C.C.)

	<u>Approp.</u>
Foster Home	181.1
Private Institution	491.4
	<hr/>
	672.5

The Division of Corrections prediction (fall of 74) for local facility needs based on preliminary actuals are as follows:

	<u>Pred. # Children</u>	<u>Pred. Cost/Day</u>	<u>Need</u>
Foster Home	85 ✓	\$ 9.00	279.2
Priv. Institution	75 ~	\$31.82	871.1
	<hr/> 160		<hr/> 1150.3

Based on FY 74 eligibility determination experience the Division of Corrections may be able to recover 50% of the local facility care expenditures made on behalf of children eligible for AFDC. This would be a pass through expenditure recovery of federal funds from the Division of Family and Children Services.

	<u>Eligib. Ratio</u>	<u>50% Adjust.</u>	<u>Recovery of Need</u>
Foster Home	12%	6%	16.8
Priv. Institution	17%	8.5%	74.0
			<hr/> 90.8

SUPPLEMENTAL REQUEST RECAP FOR LOCAL FACILITIES

	<u>Foster Home</u>	<u>Priv. Institution</u>	<u>Component Total</u>
Predicted need (fall 74)	279.2	871.1	1150.3
Less: Possible Recovery	(16.8)	(74.0)	(90.8)
Adjusted Need	<hr/> 262.4	<hr/> 797.1	<hr/> 1059.5
Less: Current Approp.	181.1	491.4	672.5
	<hr/>	<hr/>	<hr/>
Supplemental Request	81.3	305.7	387.0

OUT-OF-STATE FACILITIES Component - 03

The Division of Corrections predicted out-of-state care in the original FY 75 request document as follows:

	<u>Pred. # Children</u>	<u>Pred. Cost/Day</u>	<u>Need</u>
Out-of-State	22	\$23.64	189.8

The Division of Corrections requested an out-of-state facilities budget for FY 75 with the following annotation *The following display shows

rates, placements, and total costs in October 1973. We are requesting substantially less than these actual figures to remain within the constraints of the preliminary appropriation guideline."

	<u>Request</u>
Out-of-State	113.1

The Legislature appropriated exactly what was requested (pg. 59, F.C.C.)

	<u>Appropriation</u>
Out-of-State	113.1

The Division of Corrections prediction (fall of '74) for out-of-state needs is based on preliminary actuals as follows:

	<u>Predicted #Children</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Out-of-State	25	\$30.30	279.3 276.5

Based on FY '74 eligibility determination experience, the Division of Corrections may recover 50% of out-of-state facility expenditures made on behalf of children eligible for AFDC. This would be a pass through expenditure recovery of federal funds from the Division of Family and Children Services.

	<u>Eligib. Ratio</u>	<u>50% Adjust.</u>	<u>Recovery of Need</u>
Out-of-State	24%	12%	33.5 <u>Rev.</u>

SUPPLEMENTAL REQUEST RECAP FOR OUT-OF-STATE FACILITIES

Predicted Need (fall -'74)	<u>Revised</u> 279.3
Less: Possible Recovery	<u>(33.5)</u>
Adjusted Need	245.8
Less: Current Appropriation	<u>113.1</u>

SUPPLEMENTAL REQUEST 132.7

JUVENILE CONFINEMENT BRU RECAP OF SUPPLEMENTAL REQUEST

	<u>Component - 02</u> <u>Local Facilities</u>	<u>Component - 03</u> <u>Out-of-State</u>	<u>Total</u>
Supplemental Request	387.0	132.7	519.7

ADULT REHABILITATION

BRU: 06-66-4-03-00-00

Medical Costs

The Division of Corrections predicted a medical care need as follows for FY '75 in the fall of 1973.

	<u>Predicted #Inmates</u>	<u>Predicted Cost/Day</u>	<u>Need</u>
Medical Care	446	\$1.84	299.6

The Legislature appropriated the following as a result of not funding the Anchorage State Jail and an across the board reduction in medical care costs/day of \$.30.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Appropriated</u>
Medical Care	406	\$1.54	228.2

The Division of Corrections prediction (fall '74) for medical care needs is based on 455 beds and a reassertion of the appropriateness of a cost of 1.84/manday. The actual medical costs for FY '74 were \$1.75 per manday, however, after adjusting for errors in fiscal year charging the cost per manday reached \$1.92. The Division of Corrections believes it can maintain FY '75 costs at \$1.84/manday if it can proceed expeditiously with its new incentive medical services contracts.

	<u>#Inmates</u>	<u>Cost/Day</u>	<u>Need</u>
Medical Care	455	\$1.84	305.6

SUPPLEMENTAL REQUEST FOR MEDICAL CARE AND ADULT REHABILITATION BRU

Predicted Need (fall '74)	305.6
Less: Current Appropriation	<u>(228.2)</u>
Supplemental Request	77.4

PROBATION AND PAROLE

BRU: 06-66-4-05-00-00

Rent Cost

The Division of Corrections predicted rent costs for the two problem facilities for FY '75 in the fall of 1973 as follows.

Nome	4.0	
Ketchikan	10.3	
Rent		<u>Need</u> 14.3

The legislature appropriated 4.0 for Nome but disallowed any rent for Ketchikan.

Rent		<u>Appropriation</u> 4.0
------	--	-----------------------------

Executive mandate required that Division of Corrections occupy and pay for the Ketchikan facility and the new facility in Nome for FY '75.

Nome	7.8
Ketchikan	17.7

Need
25.5

Rent

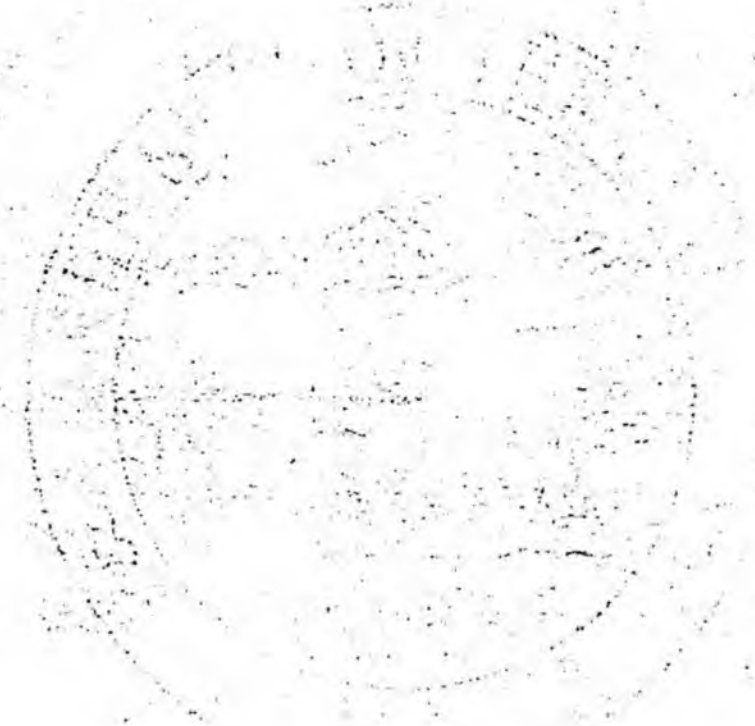
SUPPLEMENTAL REQUEST FOR RENT AND PROBATION AND PAROLE BRU.

Predicted Need (fall '74)
Less: Current Appropriation

25.5
(4.0)

Supplemental Request

21.5



MEMORANDUM

TO: Susan Sullivan, Chairman
House HSSS Committee

DATE : March 21, 1975

FROM: Ed Mitchell
Administrative Officer
Division of Corrections

SUBJECT: Correction and clarification
of testimony on HB251 before
HSSS Committee on 3/20/75

During the meeting you asked what percentage the Division of Corrections supplemental request of 791.8 was of the total Division appropriation for FY75.

My erroneous reply was 4%, when in fact the request represents 6.5% of our total FY75 appropriation.

As further clarification, our request is 18.4% of our non-personal services appropriation for FY75. That relationship gives a better indication of the influence of increased workload and inflation on food, fuel, medical, and "full cost of care" categories of our budget.

Please convey this information to the Committee.

Ed:dl

cc: Charles G. Adams

SYNOPSIS OF DIVISION OF CORRECTIONS' FY75 SUPPLEMENTAL REQUEST

ADULT CONFINEMENT Request 176.0

Influence: 45 bed additional workload; budgeted for 417 beds, currently experiencing 462.

Inflation on unit costs; for example, food was budgeted at \$2.156/day, currently experiencing \$2.400/day; 11.3% inflation.

JUVENILE CONFINEMENT Request 516.9

Influence: 19 bed additional workload: for private institutions; budgeted for 84 beds, currently experiencing 103 (each bed costs \$11,500/year) (\$218,500).

Full Cost of Care; For private institutions; budgeted for \$7,200/year, currently experiencing \$11,500/year. (84 beds x \$4300 deficit/bed) (\$361,200)

ADULT REHABILITATION Request 77.4

Influence: 45 bed additional workload; (same as confinement)

Inflation on medical costs

FY 74 actual	\$1.92/day
FY 75 budget	1.54/day
FY 75 target	1.84/day

PROBATION & PAROLE Request 21.5

Influence: Rent increase; by moving into ASHA facilities

Nome rent	7.8
Ketchikan rent	17.7
	<u>25.5</u>

Less appropriation 4.0

Need 21.0

HB 257

March 3, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Legislature, I am transmitting a bill for a supplemental appropriation to the Department of Health and Social Services in the amount of \$7,835,500. This amount would be allocated among ten programs, ranging from probation and parole functions to medical assistance. The appropriation is explained more fully in the detailed material attached to the bill.

Sincerely,

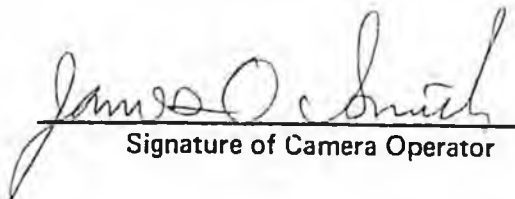
Jay S. Hammond
Governor



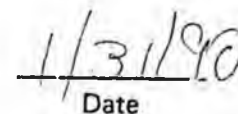
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

COMMITTEE REPORT

SENATE

4/26/75

Mr. President:

Date _____

The Committee on FINANCE has had CSHB 751 supplemental appropriation to the Dept. of Health and Social Services under consideration. A Majority of the members of the Committee

- recommends it DO PASS
- recommends it DO NOT PASS
- recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

COPY COMMITTEE - JIM PUT IN PLACE

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU 99801

April 25, 1975

Honorable Bill Ray
Chairman, Senate Finance Committee
Alaska State Legislature
State Capitol - Pouch V
Juneau, Alaska 99811

Dear Senator Ray:

This is to advise you of a change in the Department of Health and Social Services FY 75 supplemental (HB 251) which has been incorporated into the House committee substitute for that bill.

The initial Governor's request included \$3,618,600 in the Medicaid program. Due to double-counting some patients with the General Relief Medical program, an error was made in the Medicaid cost projection resulting in an overestimate of \$193,100. The Governor's request should therefore have been \$3,425,500. This change was incorporated in the House based on verbal testimony; this letter is formal backup for the verbal testimony.

Sincerely,



Andrew S. Warwick, Chairman
Budget Review Committee

cc: Honorable Chancy Croft
President of the Senate

Honorable George Hohman
Chairman of H E S S

ASW/JM/lw

Original sponsor: The Rules Committee
by request of the Governor

Offered: 4/7/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 251

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a supplemental appropriation to the

7

Department of Health and Social Services; and providing

8

for an effective date."

9

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

10

* Section 1. The sum of \$7,653,600 is appropriated from the following

11

sources to the Department of Health and Social Services for the fiscal year

12

ending June 30, 1975 to be allocated as follows:

13

General Fund

Federal Program

14

Receipts

15

Assistance Payments, Aid to Families

16

with Dependent Children

\$1,350,000

\$1,350,000

17

Program Services, Institutional

18

Care program

221,800

19

Medical Assistance, Medicaid

20

Program

1,712,750

1,712,750

21

General Relief Medical

293,600

22

Mental Health, Contract

23

Institutions

173,500

24

Violent Crimes Compensation Board,

25

pending claims - FY 74 and 75

75,000

26

Adult Confinement

176,000

27

Juvenile Confinement

489,300

28

Adult Rehabilitation

77,400

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Probation and Parole

21,500

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\$4,590,850 \$3,062,750

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

Introduced: 3/3/75
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 251

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Health and Social Services; and pro-
8 viding for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$7,835,500 is appropriated from the following
11 sources to the Department of Health and Social Services for the fiscal year
12 ending June 30, 1975 to be allocated as follows:

	General Fund	Federal Program Receipts
15 Assistance Payments, Aid to Families		
16 with Dependent Children	\$1,360,700	\$1,360,800
17 Program Services, Institutional		
18 Care program	221,800	
19 Medical Assistance, Medicaid		
20 Program	1,809,300	1,809,300
21 General Relief Medical	293,600	
22 Mental Health, Contract		
23 Institutions	113,200	
24 Violent Crimes Compensation Board,		
25 pending claims - FY 74 and 75	75,000	
26 Adult Confinement	176,000	
27 Juvenile Confinement	516,900	
28 Adult Rehabilitation	77,400	
29 Probation and Parole	<u>21,500</u>	

\$4,665,400 \$3,170,100

1
2 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
3 10.070(c).
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FILE WITH BILL

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C-JUNEAU ~~9900~~ 99811

March 25, 1975

Honorable Bill Ray
Chairman, Senate Finance Committee
Alaska State Legislature
State Capitol - Pouch V
Juneau, Alaska 99811

Dear Senator Ray:

Attached is the justification for a revision to HB 251, the supplemental request for the Department of Health and Social Services. Increases in cost projections at the Atascadero mental hospital have resulted in an increase of \$19,800 in the supplemental request for mental health contract institutions. Accordingly, line 23 of page 1 of HB 251 should be changed from \$113,200 to \$133,000.

Your consideration of this revision is appreciated.

Sincerely,


Andrew S. Warwick
Commissioner

ASW/mjc
Attachment

CC: Honorable Mike Bradner
Speaker of the House

Honorable Chancy Croft
President of the Senate

STATE
of ALASKA

MEMORANDUM

TO: The Honorable Andrew Warwick
Commissioner of Administration

DATE : March 24, 1975

FROM: Francis S. L. Williamson *fwl*
Commissioner
Department of Health and Social Services

SUBJECT: Supplemental Appropriation -
Div. of Mental Health

With reference to my memo of March 14, 1975, requesting a revision in the Mental Health supplemental appropriation, please be advised that the attached memo from Dr. Schrader to Catherine Lloyd dated March 20, 1975 now represents the official position by this Department in regard to House Bill 251.

Attachment

STATE
of ALASKA

Handwritten signature/initials

TO: Catherine Lloyd, Deputy Director
Division of Administrative Services

DATE : March 20, 1975

FROM: Jerry L. Schrader, M.D.
Director
Division of Mental Health

SUBJECT: HB 25) - Request for Line Item
Adjustment (Revision)

This is a revision of our supplemental request addition of March 11, 1975 recomputed in different detail at the verbal request of Mr. Morrison. This will substitute for that request and for your transmittal request to Commissioner Warwick of March 14.

In accordance with the conversation with Mr. Jeff Morrison the morning of March 11, 1975, it seems apparent that our costs for Atascadero State Hospital detailed January 29 on the basis of our through October bills and projected and known admissions to December 15, is inadequate.

Known and scheduled admissions have already reached the level projected by June 30 on a basis of court orders. Also, California has raised its minimum daily bed rate by \$4.30 per patient per day, effective January 1. Based on prior admission rate and on our cost of \$966.07 monthly overall, including initial admission cost, we anticipated an additional need for Atascadero of \$75,802.00. We are now admitting our twelfth patient and another is being scheduled and will be admitted as soon as we can do the paper work.

Our last billing to date is for the month of January for a total of eleven patients, with two more known admissions for the month of March 1975; based on which we can now anticipate at least one a month through June 30. Hopefully, there should be one or more returned, but from the reports we are receiving from Atascadero, it does not appear this hope is founded in fact.

Actual 7 month billing 7/1/74 - 7/31/75	\$	70,515.26
11 patients Feb. 75 X est. \$1,151.07		
our cost per patient per month	=	12,661.77
12 patients Mar. 75 X \$1,151.07		
per patient per month	=	15,812.84
13 patients Apr. 75 X \$1,151.07	=	14,963.91
14 " May 75 X \$1,151.07	=	16,114.98
15 " June 75 X \$1,151.07	=	17,266.05
TOTAL COST:		145,337.81
LESS APPROPRIATIONS:		<u>-51,600.00</u>
TOTAL SUPPLEMENTAL REQUEST:	\$	<u>93,737.81</u>
Projected as required for Atascadero State Hospital	=	\$ <u>93,737.81</u>

(Original supplemental amount was \$75,900)

MEMORANDUM

-2-

March 20, 1975

Catherine Lloyd, Deputy Director

This does not affect this supplemental request for the full cost of care facilities transferred from the Division of Family and Children Services estimated in the amount of:

39,500

Total supplemental HB 251
DIVISION OF MENTAL HEALTH

\$138,000

CM:cal

c: Jeff Morrison, Budget Analyst
Budget and Management
Department of Administration

Original sponsor: The Rules Committee
by request of the Governor

Offered: 4/7/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 251

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Health and Social Services; and providing
8 for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$7,653,600 is appropriated from the following
11 sources to the Department of Health and Social Services for the fiscal year
12 ending June 30, 1975 to be allocated as follows:

	General Fund	Federal Program Receipts
13		
14		
15	Assistance Payments, Aid to Families	
16	with Dependent Children	\$1,350,000
17	Program Services, Institutional	
18	Care program	221,800
19	Medical Assistance, Medicaid	
20	Program	1,712,750
21	General Relief Medical	293,600
22	Mental Health, Contract	
23	Institutions	173,500
24	Violent Crimes Compensation Board,	
25	pending claims - FY 74 and 75	75,000
26	Adult Confinement	176,000
27	Juvenile Confinement	489,300
28	Adult Rehabilitation	77,400
29	Probation and Parole	21,500

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\$4,590,850 \$3,062,750

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

SFC 22

The following documents support the supplemental appropriation for the Department of Health and Social Services (HE 251).

The House, in passing CSHB 251, provided for the following changes in the supplemental appropriation:

1. AFDC, Original Bill	2,721,500
AFDC, Committee Substitute	<u>2,700,000</u>
Difference	21,500

The House reduced, by a minor amount, based on later actual experience rather than projected amounts used by the Department some months ago when requesting the supplemental. The Department concurs with the House figure and the reasoning used to lower the amount.

2. Medicaid, Original Bill	3,618,600
Medicaid, Committee Substitute	<u>3,425,500</u>
Difference	193,100

The Department made an error in their original calculations which the legislative budget analyst found. We concur with the revised House calculations.

3. Contract Institutions, Original Bill	112,200
Contract Institutions, Committee Substitute	<u>173,500</u>
Difference	60,300

Two items account for the increase: (1) Additional placements at Atascadero after the supplemental was prepared necessitated the Governor to request, by letter, to the Finance Committee Chairman, an increase of \$19,800. (2) The House added \$40,500 for the ARCA contract which is the subject of SB 285 sponsored by Senator Chance and pending action in the Senate Finance Committee.

4. Juvenile Confinement, Original Bill	516,900
Juvenile Confinement, Committee Substitute	<u>489,300</u>
Difference	27,600

The House reduced the appropriation by the excess amount of federal funds approved for expenditure by the Legislative Budget and Audit Committee on RP 75-256 over that which was anticipated when the supplemental was prepared (150,000 approved by RP - 122,400 estimated originally). We concur with the House revision.

All other items were approved by the House as submitted and justified in the accompanying documents.

STATE
of ALASKA

MEMORANDUM

TO: Francis S.L. Williamson
Commissioner
Department of Health and Social Services

DATE : April 1, 1975

FROM: Freda M. Borchick *FMB*
Acting Director
Division of Family and Children Services

SUBJECT: FY 75 Supplemental Budget
Request - Assistance
Payments BRU

This is to advise you of a need for a supplemental appropriation for FY 75 for the Assistance Payments BRU, AFDC cash grants line item. As you know, the last legislature increased the maximum monthly payment in the AFDC program which has resulted in an average increase from about \$67.00 to \$88.37 per person, per month.

In the period of January 1, 1974 through October 31, 1974 the average number of recipients per month has been 11,686. We expect that this average per month will hold true through June, 1975. If our expectations are correct, a total of \$12,392.0 (6,196.0 SGF and 6,196.0 Fed) will be needed for the AFDC grants in FY 75.

At this time there are not enough funds to meet the AFDC payrolls for April, May and June, 1975.

FMB:bmh

STATE
of ALASKA

MEMORANDUM

TO: Cathy Lloyd, Deputy Director
Div. of Administrative Services

DATE : April 1, 1975

FROM: Freda M. Borchick
Acting Director
Div. of Family & Children Services

SUBJECT: Program Services Supplemental
for Institutional Care

In November the Division of Family and Children Services prepared a supplemental budget request for the Program Services BRU, Institutional Care, which is under full cost of care AS47.40, indicating a need for 221.8 supplement for the remainder of FY75. The projected deficit of 221.8 was based on the Authorized Balances reports.

Caseload average has increased from 188 children in November 1974 to 205 children in February 1975. The caseload is expected to continue to increase proportionately.

Institutional care payments through 1-31-75 (represents 6 months billings) 743.3 X 2	=	1,486.6
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Seven additional children recently placed in Hope Cottage	=	26.0
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Contingency for unforeseen shift to more ex- pensive institutions or increase in number of children	=	100.0
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July, August and September are low population months. In December many of the children return to their homes for two weeks. January through April are the heaviest population months.

Travel of children and escort to and from placement	=	22.6
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Clothing for children in custody	=	<u>.9</u>
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Total projected expenditures in FY75	=	1,658.2
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FY75 authorized	=	<u>(1,436.4)</u>
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FY75 supplemental request	=	<u>221.8</u>
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Institutional Care has experienced a growth in the numbers of children services and an inflation in rates which were completely unanticipated at the time the FY75 budget request was prepared. The number of children placed in institutions is up 4% over the number estimated for FY75. The average actual rates set for the institutions under the full cost-of-care statute for FY75 increased 26% over the rates projected in building the FY75 budget.

FY 75 MEDICAID SUPPLEMENTAL \$5,425,500

The FY 75 (FCC) budget document, pages 30-31, identified the Medicaid budget as \$7,221,200, accompanied by a breakdown by service category showing estimated utilization, estimated rates and estimated total costs per those service categories, all done on the basis of recommendations of an out-of-state consultant. On Page 30, the following statement was included:

"A supplemental for FY 75 would be considered based upon documentation showing which of the above factors have been underestimated."

Experience through December 31, 1974, shows serious underestimation in virtually all categories by previous Legislature's consultant.

The budget document further 'provided 6% COL' (cost of living). Experience in the first 4-5 months of FY 75 reflected a 24-25% increase in COL. More recently, in the past 30-45 days, approved rate increases have resulted in cumulative rate increases in the range of 30-40 percent. For all of FY 75, then, COL is expected to run 5-6 times that percentage budgeted, reflecting the 'sky-rocketing' health industry costs, yet uncontrolled at the national level.

In a recently completed HEW audit, the State was advised our past and present practice of providing nursing home care to some 21 Alaskans in the State of Oregon (begun prior to the time the State of Alaska provided nursing home care), and allowing the State of Oregon to claim their rate of FFP (federal funding) for those patients was illegal. We are to begin immediate steps to pay full cost (state and federal) of those patients, then claim the State of Alaska FFP for those patients. This will then at least double our present rate for those patients. Implementation of this policy will take effect during the 1975 fiscal year and is reflected in the fiscal year 1976 Medicaid budget. Therefore, the original supplemental request based on a projected implementation date of fiscal year 1975 will be reduced accordingly \$195,198.

Projections done for the state and federally required annual report, based upon actual expenditures and utilization figures as of December 31, 1974 data from the computer (history file) reflect an average (composite) utilization increase separate from COL increases, of approximately 15 percent over prior year same time period.

The attached summary of service costs, by category of service, presents a more accurate identification of utilization and unit costs than reflected in the FY 75 budget document, again based upon actual experience to date.

With Budget Review Committee and legislative approval of this supplemental request, the FY 75 Medicaid budget becomes \$10,461,700, a 31.8 percent increase over the FY 74 budget (including supplemental) of \$7,936,600.

PROJECTIONS FOR MEDICAID
FY 75 SUPPLEMENTAL BUDGET

BASED ON THE FOLLOWING FACTORS:

* USAGE PROJECTIONS

The usage projections are based on actual billed FY 75 services received as of December 31, 1974. Generally 90% of all services rendered in the 1st half of FY 75 are billed in that time period. From this assumption, 1st half FY 75 services were then projected. 1st Half FY 75 services generally make up approximately 40% of total services by the end of FY 75. From the 1st half FY 75, the total for all services was then projected. Since 60% of all services generally all in the last half of FY 75, the total of all services for 2nd half FY 75 was then projected.

* COMPOSITE RATE COSTS

The composite rate is a weighted average of the July 1974-Dec. 1974 actual rate and the Jan. 1975-June 1975 projected rate. The projected rate is determined by using July 1974-Dec. 1974 as base rate and adding 10% inflation factor for last half of FY 75 services. Physician services are excluded from the inflation factor as they are set to standard fee profiles for the entire fiscal year. The average is weighed in accordance with the following: Generally 40% of all Medicaid services for the fiscal year are done in the first half, while 60% are performed in the second. The sum is then divided by two (the number of addends).

BACK-UP DOCUMENTATION

FOR FISCAL YEAR 1975

MEDICAID SUPPLEMENTAL

PROGRAM CATEGORY: Health

AGENCY: Health & Social Services

 PROGRAM: Medical Assistance
 SUB-PROGRAM: Medicaid
 ELEMENT: _____
 SUB-ELEMENT: _____

Assumptions: Provided 6% COL for two years consecutively (12.3%), except In-Patient which was provided 17% in the second year and physicians which were provided 2.5% for two consecutive years (5%). Nursing Homes computed on actual January '74 utilization (should be seasonal high). Fiscal Year '73 utilization of 10 months was converted to 12 months.

<u>Services</u>	<u>Utilization</u>	<u>Rates</u>	<u>Annual Cost</u>
In-Patient	12,024 Days	\$122	\$1,466,928
Out-Patient	1,900 Visits	56	106,400
Skilled Nursing	120 Patients	36	1,576,800
Intermediate Care Nursing	207 Patients	27	2,039,985
Out-of-State Nursing	32 Patients	12	140,160
Physician	17,880 Visits	49	876,120
Home Health Care	58 Patients	132	7,656
Dental			498,000
Lab/X-Ray	260 Clients	34	8,840
ENHCP	5,478	70	383,460
			<u>\$7,104,349</u>

Additional Factors: AFDC caseload estimate for '75 = 4,099. This compares with 3,636 for '73. Therefore, some additional money must be added. $4,099 - 3,636 = 463 \times \70 (annual expenditure per AFDC eligible)* $\times 3 = 97,230$

AD caseload estimate for '75 = 1,296. This compares with 1,404 for '73. Therefore, savings can be accrued in this area. $1,404 - 1,296 = 108 \times \$1,160$ (annual expenditure per AD eligible)* = \$125,280

OAA caseload estimate for '75 = 1,967. This compares with 2,920 for '73. Therefore, savings can be accrued in this area. $2,920 - 1,967 = 953 \times \741 (annual expenditure per OAA eligible)* = \$39,273

A supplemental for FY 75 would be considered based on documentation showing which of the above factors have been underutilized. \$1,000,000 is included under contractual services for a FY 74 supplemental.

* Expenditures per eligible were converted from 10 to 12 months and allowed 6% COL for two years.