

LEG. FINANCE - BILLS 1981 - 1982 1676

SB 388 cont. - SB 390

1676

1 development may cause the bank to be examined in the manner and under
2 the conditions prescribed by the Alaska Banking Code (AS 06.05) for
3 examination of state banks. The commissioner or his examiner have free
4 access to all books and papers of the bank which relate to its business
5 and books and papers kept by a director, officer, or employee relating
6 to or upon which a record of its business is kept, and may summon
7 witnesses and administer oaths or affirmations in the examination of
8 the directors, officers, or employees of the bank or any other person
9 in relation to its affairs, transactions, and conditions, and may
10 require and compel the production of records, books, papers, contracts,
11 or other documents by court order if not voluntarily produced.

12 Sec. 44.81.280. PROHIBITION ON RELEASE OF INFORMATION. The
13 commissioner of commerce and economic development, his examiner, and
14 his employees may not divulge information acquired by them in the
15 process of examination conducted under AS 44.81.270, except insofar as
16 the information is necessary by law or under court order.

17 * Sec. 8. FINDINGS. The legislature finds that

18 (1) the Alaska Commercial Fishing and Agriculture Bank has been
19 established in the form of a cooperative for the purpose of providing capital
20 to Alaska's commercial fishermen and farmers and assisting in the development
21 of fishing and agriculture in the state;

22 (2) the state has invested \$32 million in the bank to assist in
23 accomplishing its purposes;

24 (3) the state has an interest in assuring that its money is being
25 used in a manner so that the bank will accomplish those purposes which the
26 legislature intended in establishing the bank;

27 (4) audit and examination of the bank by the state can best be
28 accomplished by use of bank examiners of the Department of Commerce and
29 Economic Development to complement the audit conducted by the bank's indepen-

1 dent outside auditors;

2 (5) there is an expectation of privacy guaranteed by the Consti-
3 tution of the State of Alaska which inures to the members of the bank, both
4 as borrower and as capital shareholder with an equity interest in the bank,
5 which can be protected through adherence to established methods of bank
6 examination.

7 * Sec. 9. AS 44.81.080, 44.81.120, 44.81.130, 44.81.140, 44.81.150,
8 44.81.170, 44.81.180, and 44.81.220 are repealed.

9 * Sec. 10. This Act takes effect immediately in accordance with AS 01.-
10 10.070(c).

Funding Information

General Fund \$55,000,000
Other Funds -0-
\$55,000,000

Introduced: 4/3/81
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 389

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Revenue for a loan to the Alaska Hospital and
8 Medical Center and the related professional office
9 building properties; and providing for an effective
10 date."

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

12 * Section 1. The sum of \$55,000,000 is appropriated from the general
13 fund to the Department of Revenue for a loan to the board of trustees of the
14 Alaska Hospital and Medical Center to refinance the outstanding mortgage of
15 the Alaska Hospital and Medical Center and its related professional office
16 building properties.

17 * Sec. 2. This Act takes effect on the effective date of a version of an
18 Act entitled "An Act authorizing the commissioner of revenue to make a loan
19 to the board of trustees of the Alaska Hospital and Medical Center; and
20 providing for an effective date."
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ALASKA STATE LEGISLATURE

ELFTH. Legislature .FIRST. Session

ENATE ..BILL..... NO. .389..

y ..THE FINANCE COMMITTEE.....

Act making a special appro-
 lation to the Department of
 venue for a loan to the Alaska
 pital and Medical Center
 d the related professional
 fice building properties;
 d providing for an effective
 te."

Introduced in the Senate4/3/., 19...81

HISTORY IN THE SENATE

19 81

Read first time and referred
 to Committee on

4 3

Finance

Reported back with
 recommendation that

Read second time and

Read third time and

PASS **Effective Date**
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused

Reconsideration

PASS **Effective Date**
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused

Reported correctly engrossed
 Signed by President
 Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Read first time and referred
 to Committee on

Reported back with
 recommendation that

Read second time and

Read third time and

PASS **Effective Date**
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused

Reconsideration

PASS **Effective Date**
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused

Reported correctly engrossed
 Signed by Speaker
 Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Chenoweth

Original sponsor: Finance Committee

Funding Information

General Fund	\$55,000,000
Other Funds	-0-
	<u>\$55,000,000</u>

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 389 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Revenue for disbursement to the medical facili-
8 ties special bond guarantee account in the Alaska
9 Medical Facility Authority; and providing for an
10 effective date."

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

12 * Section 1. The sum of \$55,000,000 is appropriated from the general
13 fund to the Department of Revenue for disbursement of an amount to the
14 medical facilities special bond guarantee account in the Alaska Medical
15 Facility Authority to secure bonds and bond anticipation notes of the
16 authority for financial assistance and refinancing of medical facilities
17 under AS 18.26.260.

18 * Sec. 2. The amount not disbursed by the commissioner of revenue to the
19 medical facilities special bond guarantee account to secure bonds and bond
20 anticipation notes of the Alaska Medical Facility Authority for financial
21 assistance and refinancing of medical facilities under AS 18.26.260 lapses
22 into the general fund June 30, 1983.

23 * Sec. 3. This Act takes effect on the effective date of a version of an
24 Act entitled "An Act establishing a medical facilities special bond guarantee
25 account in the Alaska Medical Facility Authority; and providing for an
26 effective date."

Funding Information
General Fund \$55,000,000
Other Funds -0-
\$55,000,000

Introduced: 4/3/81
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 389

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Revenue for a loan to the Alaska Hospital and
8 Medical Center and the related professional office
9 building properties; and providing for an effective
10 date."

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

12 * Section 1. The sum of \$55,000,000 is appropriated from the general
13 fund to the Department of Revenue for a loan to the board of trustees of the
14 Alaska Hospital and Medical Center to refinance the outstanding mortgage of
15 the Alaska Hospital and Medical Center and its related professional office
16 building properties.

17 * Sec. 2. This Act takes effect on the effective date of a version of an
18 Act entitled "An Act authorizing the commissioner of revenue to make a loan
19 to the board of trustees of the Alaska Hospital and Medical Center; and
20 providing for an effective date."

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COMMITTEE REPORT
SENATE

FURTHER: None

4/3/81

Date: 5/9/81

Mr. President:

The Committee on FINANCE has had SB 390

directing the commissioner of revenue to make a loan to the board of trustees of the Alaska Hospital and Medical Center

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 390 (inv) same title
 new title
- and recommends NO PASS
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

CHAIRMAN



Official Business

Alaska State Legislature

Senate

Committee on Finance

Pouch V
State Capitol
Juneau, Alaska 99811

The Senate Finance Committee has considered SB 390 and finds that:

- 1.) The Alaska Hospital and Medical Center, Inc. of Anchorage, an Alaskan non-profit corporation, is in arrears to its mortgage-holder and has been in default for over four years.
- 2.) The mortgage-holder, the Alaska Teamster Employer Pension Trust, has chosen not to foreclose upon the hospital.
- 3.) The U.S. Department of Labor has alleged that the Pension Trust has violated certain provisions of federal statutes known collectively as ERISA and must therefore divest itself of the investment in the hospital's mortgage.
- 4.) The Professional Office Building which is an integral part of the medical center complex and of which the hospital is the dominant part, is owned and operated by the Teamster Local 959 Building Corporation, and the mortgage on this building is also held by the Alaska Teamster Employer Pension Trust.
- 5.) The U.S. Department of Labor has alleged that the Trusts' investment in the mortgage of this Professional Office Building violates the same statutes known as ERISA and has directed the Trust to divest itself also of this investment.
- 6.) Unless the Alaska Hospital and Medical Center, Inc. can retain the use of and obtain control of the Professional Office Building, the present and future ability of the hospital to serve the community will be seriously impaired.
- 7.) The Alaska Hospital and Medical Center, Inc. (formerly Anchorage Community Hospital) is an acute-care community hospital licensed by the State, and in the last 12 months has served 8000 Alaskans.
- 8.) The hospital receives patients upon referral from communities throughout the entire State of Alaska.
- 9.) The resolution of the hospital's long-term financing problems will assure the State and its citizens that the

hospital can continue to serve the citizens of Alaska and Anchorage with services that are vital to their health and welfare, some of which services are unique.

10.) The hospital has substantially improved its operational and financial performance in the last 18 months.

11.) The hospital and the adjoining professional building will be a financially viable entity within the next five years.

By appropriating the sum of \$55 million the State will meet the vital health care needs of Alaska and its citizens as follows:

1. To assist the Alaska Hospital and Medical Center, Inc. to issue, in a sale to the general public, tax-exempt revenue bonds in sufficient amount to restructure the long-term financing including refinancing of the hospital mortgage debt and arrearage, and securing sufficient capital to assure the equitable purchase of the adjoining professional building.
2. To provide a guarantee to prospective bond purchasers that there can be no default on bonds purchased by them to refinance the hospital and professional building.
3. To provide a period of five years in which the hospital corporation can build sufficient financial strength to issue new bonds with which to relieve the State of Alaska of the obligation it now undertakes by the passage of this legislation.

Accordingly, the committee has prepared a committee substitute for SB 390 to accomplish these goals.

Chenoweth

*Delivered to
Legis. Affairs
12:10 pm.
5-9-81*

Original Sponsor: Finance Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 310 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a medical facilities special bond
7 guarantee account in the Alaska Medical Facility
8 Authority; and providing for an effective date."

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

10 * Section 1. AS 18.26 is amended by adding a new section to read:

11 Sec. 18.26.260. ISSUANCE AND GUARANTEE OF ALASKA MEDICAL FACILITY
12 AUTHORITY BONDS. (a) There is established as a separate account in
13 the authority the medical facilities special bond guarantee account.
14 The medical facilities special bond guarantee account consists of money
15 disbursed to it by the commissioner of revenue. The assets of the
16 medical facilities special bond guarantee account may be pledged to
17 guarantee bonds or bond anticipation notes of the authority issued
18 under (b) of this section.

19 (b) If the commissioner of revenue and the board jointly deter-
20 mine that a medical facility is unable to use traditional private or
21 public financial institutions to refinance mortgage loans and that it
22 is in the public interest to make refinancing available

23 (1) the authority may provide financial assistance and
24 purchase mortgage loans made to the medical facility and may issue
25 bonds or bond anticipation notes under this chapter to provide money
26 for the purchase of the mortgage loans or to provide the financial
27 assistance; and

28 (2) the commissioner of revenue may disburse to the medical
29 facilities special bond guarantee account money appropriated to him

1 for the account which he determines to be necessary to guarantee bonds
2 or bond anticipation notes issued under (1) of this subsection.

3 (c) Before entering into an agreement under (a) of this section
4 to provide guarantees for bonds or bond anticipation notes issued or to
5 be issued under (b) of this section, the commissioner of revenue shall
6 determine that arrangements have been made to protect the interests of
7 the state in the medical facilities special bond guarantee account.

8 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
9 070(c).

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018738

5/21/81

Fiscal Note received after bill passed
from committee

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

CSSB 390(Fin)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS FOR SENATE BILL NO. 390

Title Establishing a medical facilities special bond guarantee account in the Alaska

Requested by Medical Facility Authority Date 5/11/81

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected Commissioner's Office/Treasury Management

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS. CLAIMS. ETC.						

TOTAL

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Establishes a medical facilities bond guarantee account in the Alaska Medical Facility Authority. The assets of the account may be pledged to guarantee bonds or bond anticipation notes of the authority. The account consists of money transferred to it by the Commissioner of Revenue. Guarantee monies are to be returned to the State when the bonds have been retired.

Separate appropriation to be made to the Commissioner of Revenue of monies available for transfer (contained in companion bill). No additional administrative costs to department.

Anselm C. Staack

IV. DATE May 18, 1981

PREPARED BY Anselm C. Staack, Treasury Comptroller

AGENCY Department of Revenue/Treasury Division

PHONE 465-2351

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Introduced: 4/3/81
Referred: Finance

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 SENATE BILL NO. 390

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act directing the commissioner of revenue to make
7 a loan to the board of trustees of the Alaska Hospital
8 and Medical Center; and providing for an effective
9 date."

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

11 * Section 1. LOAN AUTHORIZED. (a) The commissioner of revenue shall
12 make a mortgage loan or other secured loan to the board of trustees of the
13 Alaska Hospital and Medical Center to refinance the outstanding mortgage
14 obligations of the board of trustees of the Alaska Hospital and Medical
15 Center and its related professional office building properties.

16 (b) The commissioner of revenue shall enter into an agreement with
17 respect to the making of a mortgage loan under (a) of this section. The
18 agreement shall provide

19 (1) that the maturity date of the mortgage may not exceed 40
20 years from the date the loan is entered into;

21 (2) that the loan shall bear interest at a rate equal to the rate
22 of interest received by the Alaska Medical Facility Authority for the last
23 mortgage loan agreement entered into by the Alaska Medical Facility Authority
24 for the refinancing of a medical facility before the effective date of this
25 Act; and

26 (3) any other term or condition which the commissioner of revenue
27 believes is reasonably necessary to secure repayment of the loan.

28 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
29 070(c).

D R A F T

Situation Report

The mortgage on Alaska Hospital and Medical Center (AHMC) is presently held the by Alaska Teamsters Pension Trust. The trust is under orders to divest itself of this mortgage by the U.S. Department of Labor as a violation of ERISA.

The operating levels of patient census and resulting revenue have been sufficient to generate enough cash flow to cover all operating expenses except the debt service on the interim and permanent financing of the hospital construction. During 1978, the AHMC became delinquent in payment of the deed of trust note, which is collateralized by fixed assets held for hospital operations. The mortgagor has not elected to call the note at this time.

The Department of Labor has held off forcing liquidation in hopes that some refinancing might be obtainable, however, it is basically forced to take some definitive action in the near future. Since AHMC cannot support debt service at this time, a revenue bond issue is not feasible. The option to refinancing is sale to a proprietary hospital chain or to the United States, with attendant losses, loss of local control, and probable reductions in service with the former,

and total loss of service to Alaska at large, with the latter.

Providence Hospital is at 88 percent utilization level and AHMC is the only alternative.

A feasibility study shows that the AHMC will be able to stand on its own (including payment of debt service) within five years, that is, by 1986. What is needed is a way for it to obtain refinancing to pay off the mortgages and arrearages and become completely independent. Guarantee/security funds behind a bond issue for a limited period of time would allow investors to buy the bonds at a lower rate than the current mortgage. This would prevent forced liquidation and loss of AHMC as a community and statewide nonprofit medical facility. There is a flow of funds from state revenue sharing construction funds to pay debt service but that by itself is insufficient to elicit refinancing monies. Without some guarantee/security, outside investors would not feel secure enough.

D R A F T

Recommendations

The economic feasibility study indicates that at the end of the fifth year, 1986, AHMC will have an acceptable debt service coverage ratio to elicit capital funding and maintain financing arrangements on its own without the aid of a guarantee/security pledge.

It has been determined that a maximum of \$52,000,000 security amount would be necessary for a period of five years.

1. The legislature should appropriate \$52,000,000 to the Department of Revenue to be disbursed by the commissioner to a special guarantee account established in the Alaska Medical Facility Authority upon determination by him that satisfactory arrangements have been made for use of the money to secure authority bonds.
2. The authority would issue bonds or bond anticipation notes with security provided by the monies in the special bond account.
3. The authority would only receive the actual amounts

necessary to secure bonds. For instance, should financing have to be separated between the hospital building and the POB, the hospital first -- POB later, the authority would only draw funds for the hospital financing.

Correspondingly, should the financial advisors feel we don't need the maximum amount, but say 80 percent of that amount, only the lower amount would be drawn.

4. Funds appropriated to the department for disbursement to the separate account would remain in the treasury and earn interest at regular rates until disbursed to the authority to guarantee a bond issue.
5. Disbursed funds would be placed with the authority's trustee (in the past Rainier National Bank) as the security. State funds would earn interest while in "escrow" up to the maximum amounts allowable by current IRS rulings, probably one-fourth percent over the interest rate on the bonds.
6. After the guarantee/security period is over, and if no need to activate disbursement from the escrow was necessary, the state would receive its principal sum back with interest earnings under the agreement to

be entered into by the commissioner and the authority.

The feasibility study indicates that there are sufficient funds available during the guarantee/security period to avoid a draw on the escrow and that the hospital will be in a good enough financial position to take out the long-term financing on its own at the end of the guarantee/security period.

In substance, the guarantee/security funds are the key to convincing outside investors to buy the authority's bonds. Without it, investors would not feel secure enough. In other words, the guarantee allows AHMC to bridge the financing period, which it couldn't otherwise, between now and the time it can stand on its own.

There is a subsidy in guaranteeing bonds which is similar to a subsidized loan for the same period. Interest rate yield on the escrow would be restricted to one-fourth percent over the bond interest rate, for a five-year bond presently calculated at nine percent, a nine and one-fourth percent earnings rate. There may be ways to mitigate some of this subsidy which financial advisors and bond counsel will be able to develop.

Advantages and Disadvantages of Recommendation

The plan presented has the following advantages:

1. A separate third party group, the Alaska Medical Facility Authority, composed of members of the administration (3) and members of each of the state's health systems agencies (4) conduct the actual financing and review. With the equal voting status (at least two commissioners and two public members must vote in the affirmative to pass any action) both the public's interest and executive/legislative interest are balanced.
2. Market, financial and economic discipline is maintained. Even though the security is provided for a period of time, AHMC must keep its house in order to the outside investors in order to continue to obtain long-term financing. In a simple "loan" situation, the state would hold the mortgage, and there would be less economic pressure.
3. Outside capital is attracted for use on the project. The state's funds are "tied up" for five years at around 9-1/4 percent, but we still have a net capital infusion into the state of an equivalent sum of money. This procedure is similar to methods used to finance AHFC, AIDA, the Power Authority,

and fish processing loan guarantees passed last year. A loan approach would use all our own money with no outside capital.

4. It's not a simple "bail-out"; the whole procedure requires the hospital to meet current certificate-of-need requirements in order to elicit financing and subjects it to the rigors of continuing market review. A loan would require neither.

It has the following disadvantages:

1. The bonding process is somewhat more costly for the AHMC because of issue costs, about one percent.
2. Current five-year bonds would sell at a nine percent rate which is less than the current mortgage rate.

Municipality of Anchorage Involvement

One of the key ingredients to any state involvement is also that the Municipality of Anchorage make some contribution as a community commitment. The land on which AHMC sits is owned by the municipality and leased to AHMC. The municipality should be required to contribute outright or to lease for 99 years for the sum of \$1 the following land:

1. the 3.75 acre parcel on which the AHMC and POB exists;
2. a 1.7 acre parcel for the proposed air rescue helipad. Helicopter landing facilities are important to a hospital and it is unusual that AHMC does not have any; and
3. a 13.5 acre parcel for future expansion and hospital use. Every hospital has need for such expansion space and now is the time to have it set aside. Providence Hospital in Anchorage, Fairbanks Memorial Hospital, Bartlett Memorial in Juneau, as well as other smaller hospitals all have such expansion space available to them.

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

April 13, 1981

Trustees

Ray L. Smitli
President

Jack Bentley
Vice President

William H. Ivy, M.D.
Secretary

Vernon Cates, M.D.


Emmitt Wilson

Ronald A. Pavellas
Administrator

Mrs. Sharon Anderson
Director of Planning and Development
The Alaska Hospital
Pouch 8-AH
Anchorage, AK 99508

Dear Sharon:

**DEPARTMENT
of
HEALTH AND SOCIAL SERVICES**



This is to Certify: That a license is hereby granted by the Department of Health and Social Services to ALASKA HOSPITAL AND MEDICAL CENTER, INC.

To conduct and maintain the 199 beds as follows: 178 Acute General 21 Substance Abuse

in the premises located at 2801 DeBarr Road Anchorage Alaska 99501

This license shall expire June 30, 1982, and is subject to the provisions of TITLE 18, CHAPTER 20, ALASKA STATUTES. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the Department of Health and Social Services for failure to comply with the laws of Alaska or rules and regulations as provided under the Alaska Administrative Code.

In Witness Whereof I have hereunto set my hand and seal of the Commissioner of Health and Social Services this 1st day of April 1981

Fredrick McQuinn
Deputy Commissioner of Health and Social Services

NOTE: This license must be posted in a conspicuous place on the premises

You and your fellow employees have successfully helped the hospital in its attempt to increase the licensed bed capacity from 175 to 199. It is a historical mement, and one in which we can all take pride.

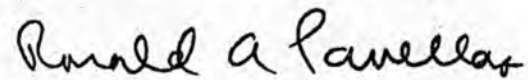
2801 DeBarr Road
Pouch 8-AH
Anchorage, Alaska 99508
(907) 276-1131

Sharon Anderson
April 13, 1981
Page Two

Our success is due to your continuing effort to improve operational efficiency and in meeting the continuously increasing demand for our services from the general community. It is now officially recognized that all 199 beds of our built capacity are necessary in order that our community be properly served in its health care needs, now and in the future.

Please accept my sincere appreciation for your dedication, hard work, and faith in our hospital's future, without which we could not have achieved this important milestone.

Sincerely,



Ronald A. Pavellas,
Administrator

RAP:jb

cc: Members of the Board of Trustees
Members of the Executive Committee of the Medical Staff
Members of the Board of the Auxiliary of Alaska Hospital
Ron Hammett, Executive Director, South Central Health Planning and Development, Inc.
Don DeMers, Planning Department, Human Resources Planning Div.
Paul Hopper, Assistant Administrator, General Services
Pat Loomis, Assistant Administrator, Ancillary Services
John Van Hoesen, Assistant Administrator, Financial Services
Barb Hutchens, Associate Director of Nursing
Darleen Ossenkop, Associate Director of Nursing

Sharon Anderson	Ed Lockhart	Pat Schossal
Joy Barbee	Mike Mantsch	Elidia Seymour
Carl Westman	Karen Meyer	Janet Sorensen
George Collum	Barbara Miller	Connie Spahn
Ray Dickey	Obed Nelson	Cyndy Spurlock
Sherry Fenton	Marty Olsen	Sandra Stinnett
Collette Grower	Barbara Pinney	Christine Thomas
Kay Hanks	Anita Parrish	Debra Walters
Lori Herlocker	Valerie Rehnberg	Barbara Bonk
Carol Ivy	Marion Rihs	
Thom Kimbel	Susan Schapira	

THE ALASKA HOSPITAL AND MEDICAL CENTER, Inc.



Pouch 8-111 • Anchorage, Alaska 99508 • Phone: (907)276-1131

Senator Arliss Sturgulewski
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811



THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

April 27, 1981

Trustees

Ray L. Smitl
President

Jac'x Bentley
Vice President

William H. Ivy, M.D.
Secretary

Vernon Cates, M.D.

Ermitt Wilson

Ronald A. Pavellas
Administrator

The Honorable Arliss Sturgulewski
The Alaska State Senate
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

To assist you and other legislators in evaluating proposed legislation in support of The Alaska Hospital and Medical Center, I offer the following factual statements:

A. Services Provided by Alaska Hospital

1. Acute inpatient services (Alaska Hospital has 44% of all licensed acute care beds in Anchorage.)
 - a. Cardiac/Intensive Care
 - *b. Chemical Dependency Treatment
 - c. Medical/Surgical care
 - d. Neonatal intensive care
 - e. Newborn nursery
 - f. Obstetrical care
 - g. Orthopedic care
 - h. Pediatric acute care
 - i. Pediatric intensive care
 - j. Premature nursery
 - *k. Alternative Birthing Center
2. Other services
 - a. Anesthesia
 - b. Blood bank
 - c. Cancer tumor registry
 - d. Chaplaincy services
 - e. Clinical laboratory
 - f. Clinical psychological services
 - *g. C.T. Scanner (Head)
 - h. Diabetes counseling
 - i. Diagnostic radiology
 - j. Electrocardiography
 - k. Electroencephalography
 - *l. Enterostomal Therapy
 - *m. Laser eye surgery and treatment
 - *n. Forensic pathology and toxicology
 - o. Histopathology laboratory
 - p. Hospital auxiliary
 - q. Mammography

2801 DeBarr Road
Pouch 8-AH
Anchorage, Alaska 99508
(907) 276-1131

A Community Owned Hospital

- r. Outpatient surgical services
- s. Pharmacy services
- t. Physical Therapy
- u. Pulmonary function lab
- v. Radiographic services
- w. Respiratory therapy
- x. Social work services
- y. Surgical operating rooms with post-anesthesia recovery room
- z. Ultrasonography

* Denotes a service unique to Alaska Hospital for the state.

B. Services offered to other organizations, agencies, institutions:

<u>Agency Agreements</u>	<u>Services</u>
Municipality of Anchorage Medical Explorer Scouts	Enterostomal Therapy Services Use of facilities & staff to expand the exposure of Explorers to hospital-based health care.
Municipality of Anchorage Anchorage Community College	Municipality/Blood Alcohol Lab Test Student experience in Associate Degree Nursing
Nakoyia Health Care Center Nakoyia Health Care Services University of Alaska	Transfer agreement Dietetic consultation Student experience for clinical learning Bachelor's Degree, Nursing
Municipality of Anchorage	Practical continuing education program for emergency medical technicians and paramedics.
Anchorage School District	Student experience Career Center, Emergency Medical Technician and Health Occupations
Muscular Dystrophy Association	Clinic for muscular dystrophy and related neuromuscular disorders
Alaska Area Native Health Services	Radiology and Nuclear Medicine Services, Enterostomal Therapy Services, Laboratory Services

In addition, Alaska Hospital provides biomedical electronics maintenance and repair services to the following health care facilities:

Anchorage Fracture & Orthopedic Clinic
Alaska Treatment Center
Cordova Hospital
South Peninsula Hospital (Homer)

Senator Ariiss Sturgulewski
April 27, 1981
Page 3

C. Number of Patients referred to Alaska Hospital from outside Anchorage Borough, 1979:

a. Aleutian/Pribiloffs	23
b. Bristol Bay	31
c. Mat-Su Borough	304
d. Kenai-Soldotna	107
e. Homer	16
f. Copper River	13
g. Kodiak	18
h. Seward	34
i. Valdez	28
j. Cordova	17
k. Norton Sound	17
l. Yukon-Kuskokwim	55
m. Southeast	21
n. Northern	85
o. Unrecorded	51
p. Out-of-State	<u>64</u>
TOTAL	887

I hope this information is of value to you.

Sincerely,



Ronald A. Pavellas
Administrator

RAP:jb

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 (907) 586-1790

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

President
Sister Barbara Haaso
Ketchikan General Hospital
Ketchikan

President Elect
Tom Mingen
Fairbanks Memorial Hospital
Fairbanks

Secretary/Treasurer
Ron Pavellas
Alaska Hospital & Medical
Center
Anchorage

Immediate Past President
Al Camosso
Providence Hospital
Anchorage

Executive Director
Dennis L. DeWitt
Juneau

April 27, 1981

The Honorable Ed Dankworth
Alaska State Senate
Pouch V, State Capitol Building
Juneau, Alaska 99811

Dear Senator Dankworth:

The Alaska State Hospital Association has reviewed the proposed Committee Substitutes for Senate Bills 389 and 390 and wishes to indicate our support for these measures. The successful restructuring of the long term debt of the Alaska Hospital and Medical Center is important to the entire hospital industry of Alaska.

Alaska Hospital acts as a referral center, receiving over 15% of its patients from hospitals outside the Municipality of Anchorage. It receives those patients from hospitals throughout Alaska which are not large enough to provide the type of sophisticated treatment that can be found in a facility such as Alaska Hospital.

Alaska Hospital is also involved in contract services with other hospitals in Alaska. For example, they offer bio-medical engineering to among others, Cordova, Homer and Fairbanks. They are also involved in contract plant engineering and dietary services to small facilities who cannot afford to maintain full time people to perform those required activities.

The Alaska State Hospital Association strongly supports the use of a state guarantee of bonds which would be let by the Alaska Medical Facilities Authority. The proposed financing package develops the ability to assist Alaska Hospital while keeping it as close as possible to a traditional financing arrangement.

April 27, 1981
The Honorable Ed Dankworth
Page Two

We feel that the process outlined in CSSB 389 and CSSB 390 achieve the goal of resolving Alaska Hospital and Medical Center's long term financing problem. This will permit the hospital to get about the business of providing health care in the Alaskan community.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dennis L. DeWitt".

Dennis L. DeWitt
Executive Director

DLD/b

cc: Members of Senate Finance Committee
Ron Pavellas, Administrator
Alaska Hospital and Medical Center

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

Mr. Anselm Staack
Alaska Department of Revenue
Treasury Division
Juneau, Alaska 99811

Land presently in use and necessary for the operation of The Alaska Hospital and Medical Center, Inc., and the Professional Office Building is located in one-half of south portion of the platted SE section of the SW $\frac{1}{4}$ section, Township 13 N Range 3 W of the Seward Meridian Alaska measuring approximately 619 feet x 665 feet which contains the land on which Alaska Hospital is situated, further described as follows.

From the one-quarter ($\frac{1}{4}$) corner of Sections 16 and 21, Township 13 North, Range 3 West, Seward Meridian, Alaska; thence West, along the line between said Sections 16 and 21, for a distance of 40.00 feet to a point; thence N. $00^{\circ}06'35''$ W., for a distance of 40.00 feet to the intersection of the northerly right-of-way line of DeBarr Avenue with the westerly right-of-way line of Airport Heights Road; thence West, along the northerly right-of-way line of DeBarr Avenue, for a distance of 1052.44 feet to a point; thence N. $39^{\circ}00'00''$ E., for a distance of 219.78 feet to a point, the True Point of

Beginning of the parcel described herein; thence N. $06^{\circ}00'00''$ W., for a distance of 42.43 feet to a point; thence N. $51^{\circ}00'00''$ W., for a distance of 31.00 feet to a point; thence N. $39^{\circ}00'00''$ E., for a distance of 37.00 feet to a point; thence N. $51^{\circ}00'00''$ W., for a distance of 465.25 feet to a point; thence N. $00^{\circ}06'48''$ W., for a distance of 65.74 feet to a point; thence S. $89^{\circ}59'40''$ E., for a distance of 663.23 feet to a point; thence S. $39^{\circ}00'00''$ W., for a distance of 257.38 feet to a point; thence S. $51^{\circ}00'00''$ E., for a distance of 123.23 feet to a point; thence S. $39^{\circ}00'00''$ W., for a distance of 37.00 feet to a point; thence N. $51^{\circ}00'00''$ W., for a distance of 19.00 feet to a point; thence S. $39^{\circ}00'00''$ W., for a distance of 241.00 feet to a point; thence N. $51^{\circ}00'00''$ W., for a distance of 52.00 feet to a the True Point of Beginning. Parcel contains 161,677 square feet.

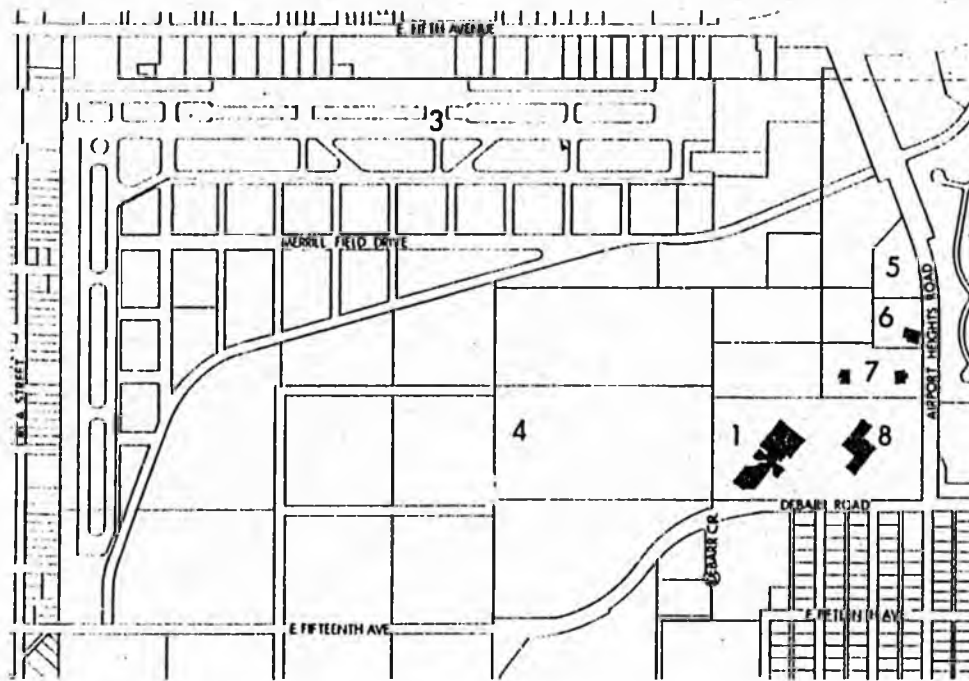
Future land needed for the planned expansion of The Alaska Hospital and Professional Office Building consist of the additional unplatted sections contiguous to the above land and described in general as:

1. A triangular section consisting of approximately 73,286 square feet abutting the northwest corner of the above described land.
2. An irregular shaped section consisting of approximately 589,830 square feet abutting the western boundry of the above described and extending in a southwestern direction approximately 1,800 feet bordering DeBarr Road on the south and a proposed AMATS corridor on the north.

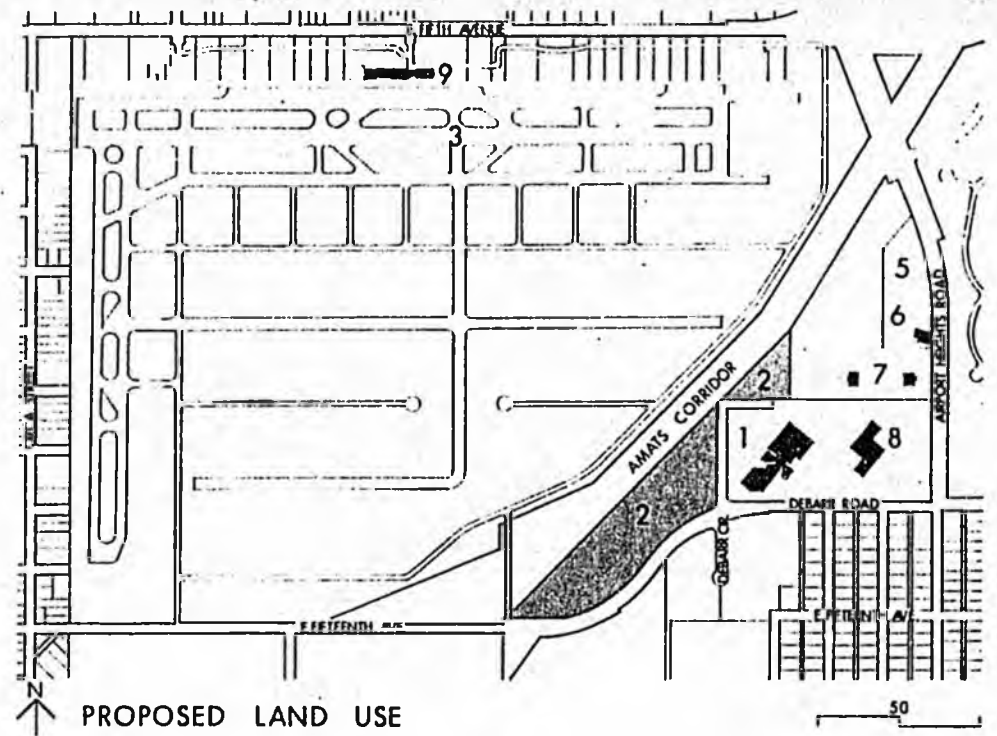
The attached drawing is an illustration of the above description.

The Alaska Hospital
and Medical Center, Inc.
Pouch 8-AH
Anchorage AK 99508
907-276-1131


Paul J. Hopper
Assistant Administrator
General Services



EXISTING LAND USE



PROPOSED LAND USE

C-1

LAND USE

- 1 ALASKA HOSPITAL
- 2 PROPOSED LAND ACQUISITION
- 3 MERRILL FIELD
- 4 MUNICIPAL LAND FILL
- 5 MUNICIPAL WELL SITE
- 6 PUBLIC SAFETY BUILDING SITE
- 7 FIRE PREVENTION SITE
- 8 TEAMSTER MALL
- 9 PROPOSED MERRILL FIELD TERMINAL BUILDING

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI

COMMITTEES
CHAIRMAN
Legislative Budget & Audit
Community & Regional Affairs
Finance
Resources



Senate

2937 SHELDON JACKSON
ANCHORAGE, ALASKA 99504
DISTRICT 10-B

While in Juneau
FOUCH V
JUNEAU, ALASKA 99811
(907) 465-3315

MEMORANDUM

TO: All Senators

FROM: Senator Arliss Sturgulewski ⁴¹

DATE: May 14, 1981

SUBJECT: ^{CS} Senate Bill 390 (*Final*)

Senate Bill 390 establishes a special bond guarantee account in the Alaska Medical Facility Authority. The purpose of the account is to improve the credit rating and marketability of bonds issued by the Authority, particularly in cases of hospitals with unproven financial status or in short-term financings requiring a balloon repayment. The reserve account enables the authority to borrow in the national tax-exempt debt market at favorable rates, giving additional backing to the bonds as long as needed.

The first specific use of the special bond guarantee account is anticipated to be with the financing of the Alaska Hospital and Medical Center, Inc. (AHMC.) AHMC is presently unable to borrow in the national debt markets, but, according to a detailed feasibility study, expects to be in a much better financial position in five years.

This financing plan calls for the Authority to issue five-year interim bonds, with the proceeds to allow AHMC to buy itself out from its present mortgagor and owner. This five-year financing would not be possible without backing provided by the State in the special bond guarantee account. At the end of five years, AHMC will issue bonds on its own financial strength, and the money provided by the State into the special bond guarantee account will be returned to the General Fund.

The vehicle provided in SB 390 will be far less expensive to the State than a grant or a long-term low-interest loan. Most importantly, it preserves the "market test" of the projects being financed.

It is important to point out that the financing plan for the Alaska Hospital and Medical Center involves participation by the Municipality of Anchorage. The attached letter from Mayor Sullivan outlines the Municipality's participation and support.

Attachment

Submitted: Senator Arliss Sturgulewski 5/14/81

Municipality
of
Anchorage



ANCHORAGE, ALASKA
(907) 264-4431

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MAYOR

April 20, 1981

Ronald A. Pavellas, Administrator
The Alaska Hospital and Medical Center, Inc.
Pouch 8-AH
Anchorage, AK 99508

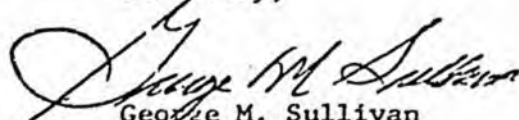
Dear Mr. Pavellas:

Thank you for your letter of March 24, 1981, in which you request the Municipality's consideration of a proposed land transfer whereby the Alaska Hospital would acquire full fee ownership of the property on which its facilities are located. As I am certain you are aware, discussions have been commenced between representatives of the Alaska Hospital and municipal officials to discuss the proposed transfer as part of a land exchange through which the Municipality would acquire fee title to the Hospital's property located at 9th and L Streets and presently leased by the Municipality.

I am personally very supportive of the proposed land exchange, and I am hopeful that an agreement on terms and conditions acceptable to both parties can be concluded soon. I might add that part of this transaction would convey to the Hospital other Municipal land for your future expansion. Additionally, we would propose to convey our interest in the leased fee on property adjacent to the Hospital which would provide significant annual income for the Hospital in addition to a valuable future asset.

I understand that negotiations on a proposed land exchange are actively under way, and I am hopeful that an acceptable agreement will be forthcoming in the near future. If you have specific questions concerning the proposed exchange, I suggest that you contact the Municipal Attorney, Mr. Ted Berns, at 264-4236.

Sincerely,


George M. Sullivan
Mayor

GMS:dm

FINANCE
LETTER OF INTENT
CSSB 390 (FIN)

The Senate Finance Committee has considered SB 390 and finds that:

- 1) The Alaska Hospital and Medical Center, Inc. of Anchorage, an Alaskan non-profit corporation, is in arrears to its mortgage-holder and has been in default for over four years.
- 2) The mortgage-holder, the Alaska Teamster Employer Pension Trust, has chosen not to foreclose upon the hospital.
- 3) The U.S. Department of Labor has alleged that the Pension Trust has violated certain provisions of federal statutes known collectively as ERISA and must therefore divest itself of the investment in the hospital's mortgage.
- 4) The Professional Office Building which is an integral part of the medical center complex and of which the hospital is the dominant part, is owned and operated by the Teamster Local 959 Building Corporation, and the mortgage on this building is also held by the Alaska Teamster Employer Pension Trust.
- 5) The U.S. Department of Labor has alleged that the Trust's investment in the mortgage of this Professional Office Building violates the same statutes known as ERISA and has directed the Trust to divest itself also of this investment.
- 6) Unless the Alaska Hospital and Medical Center, Inc. can retain the use of and obtain control of the Professional Office Building, the present and future ability of the hospital to serve the community will be seriously impaired.
- 7) The Alaska Hospital and Medical Center, Inc. (formerly Anchorage Community Hospital) is an acute-care community hospital licensed by the State, and in the last 12 months has served 8000 Alaskans.
- 8) The hospital receives patients upon referral from communities throughout the entire State of Alaska.
- 9) The resolution of the hospital's long-term financing problems will assure the State and its citizens that the hospital can continue to serve the citizens of Alaska and Anchorage with services that are vital to their health and welfare, some of which services are unique.

10) The hospital has substantially improved its operational and financial performance in the last 18 months.

11) The hospital and the adjoining professional building will be a financially viable entity within the next five years.

By appropriating the sum of \$55 million the State will meet the vital health care needs of Alaska and its citizens as follows:

1. To assist the Alaska Hospital and Medical Center, Inc. to issue, in a sale to the general public, tax-exempt revenue bonds in sufficient amount to restructure the long-term financing including refinancing of the hospital mortgage debt and arrearage, and securing sufficient capital to assure the equitable purchase of the adjoining professional building.
2. To provide a guarantee to prospective bond purchasers that there can be no default on bonds purchased by them to refinance the hospital and professional building.
3. To provide a period of five years in which the hospital corporation can build sufficient financial strength to issue new bonds with which to relieve the State of Alaska of the obligation it now undertakes by the passage of this legislation.

Accordingly, the committee has prepared a committee substitute for SB 390 to accomplish these goals.

THE ALASKA HOSPITAL AND MEDICAL CENTER, Inc.



Touch 8-11 • Anchorage, Alaska 99508 • Phone: (907) 276-1131

Municipality
of
Anchorage



ANCHORAGE, ALASKA
(907) 264-4431

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MAYOR

April 20, 1981

Ronald A. Pavellas, Administrator
The Alaska Hospital and Medical Center, Inc.
Pouch 8-AH
Anchorage, AK 99508

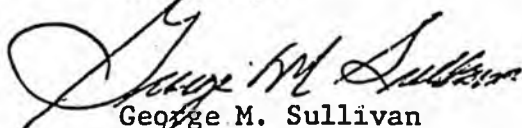
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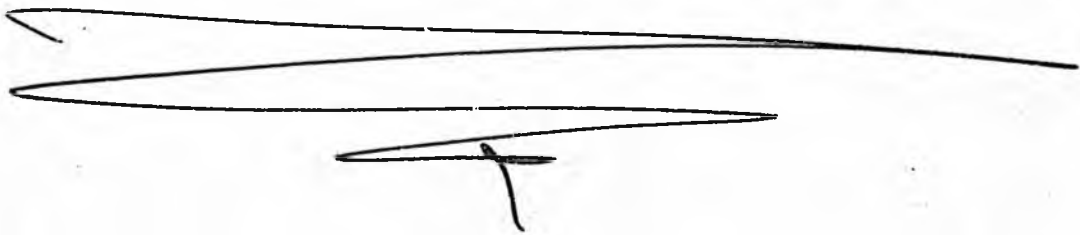
Sincerely,


George M. Sullivan
Mayor

GMS:dm

1
Document # 1

SENATOR STURGOUEWSKI



AN ECONOMIC FEASIBILITY STUDY
FOR
THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

DRAFT AS OF 19-MAR-'81
TO BE USED ONLY FOR MANAGEMENT DISCUSSION PURPOSES;
ENGAGEMENT IS INCOMPLETE; THIS DRAFT IS SUBJECT TO
FINAL REVIEW AND POSSIBLE REVISION.

276-2

①

Board of Trustees
The Alaska Hospital and
Medical Center, Inc.
Anchorage, Alaska

We have completed the economic feasibility study including the enclosed financial projections for The Alaska Hospital and Medical Center, Inc. (the "Hospital") to estimate the potential of the Hospital to meet the debt service and other financial requirements in connection with the Hospital Revenue Bonds, Series of 1981 (the "Series 1981 Bonds") in the principal amount of approximately \$55,400,000 dated July 1, 1981 to be issued by the Alaska Medical Facilities Authority on or about July 1, 1981. The Series 1981 Bonds will be guaranteed by the State of Alaska. The proceeds of the Series 1981 Bonds together with Hospital funds will be utilized to retire existing debt, to purchase the adjoining professional office building, to provide funds for capital projects, to provide funds for working capital and to pay the costs of issuance.

Incorporated within the study are a review of the demand for acute-care hospital services in the Hospital's service area, projected statements of revenues and expenses, cash flow and fund balances of the Hospital for each of the years ending December 31, 1981 through 1986, and projected balance sheets of the Hospital as of December 31, 1981 through 1986.

During our study, we discussed current and future demand for inpatient and ambulatory acute-care hospital services in the Hospital's service area with representatives of government, regulatory agencies, physicians and representatives of the Hospital. We reviewed economic and demographic characteristics of the Hospital's service area and the status of surrounding hospital facilities. Based on these discussions and review, the patient service area was defined and future utilization levels for the Hospital were projected.

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We did not ascertain the legal and regulatory requirements applicable to this project, including zoning and other state and local government regulations, permits and licenses. Further, no effort has been made to determine the possible effect on this project of present or future Federal, State or local legislation including any environmental or ecological matters or interpretations thereof.

The study, including the accompanying financial projections, is based on estimates, assumptions, forecasts and material developed from examining information concerning the Hospital's service area, reviewing available information about the health care industry, meetings with members of the Hospital's management, interviews with its Medical Staff and reviewing other information available to us as of March 14, 1981, the bases of which are set forth in the accompanying study.

The assumptions, rationale and conclusions detailed in the accompanying study serve as a reasonable basis for the preparation of the projected financial statements. These assumptions, rationale and conclusions are based on present circumstances and information currently available and were reviewed and approved by members of the Hospital's management. We evaluated such information as we considered appropriate during the course of this engagement, and we believe that the assumptions and rationale underlying the projected financial statements are significant and reasonable for the purposes of these financial projections.

Based upon the assumptions, estimates and forecasts utilized for purposes of this study, the projected results indicate that the Hospital will be able to generate sufficient cash flow during the projection period to meet, for such projection period, its operating expenses and working capital needs, and the debt service requirements on the contemplated Series 1981 Bonds.

Since the projections are based on assumptions, estimates and forecasts which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

The terms of this engagement are such that we have no obligation to update or revise this study or the projected financial results in the event of any invalidation of our assumptions, estimates and forecasts or other bases of our projections, resulting from events, transactions, or any other occurrence subsequent to March 14, 1981.

March 14, 1981

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(3)

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History of the Existing Facility
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Administrative Staff
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The Project
Hospital Services
Medical Staff

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Acute-Care Hospital Bed Need Formula
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Inpatient Activity
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5

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- Exhibit 1 Projected Statements of Revenues and Expenses -
Years ending December 31, 1981, 1982, 1983
1984, 1985 and 1986
- Exhibit 2 Projected Statements of Cash Flow - Years
ending December 31, 1981, 1982, 1983, 1984,
1985 and 1986
- Exhibit 3 Projected Balance Sheets - December 31, 1981,
1982, 1983, 1984, 1985 and 1986.
- Exhibit 4 Projected Statements of Changes in Fund Balance
(Deficit) - Years ending December 31, 1981,
1982, 1983, 1984, 1985 and 1986.

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226-6

Document #1

6

BACKGROUND INFORMATION

This section contains a brief history of the Alaska Hospital and Medical Center, Inc. (the "Hospital"), a description of the Hospital's existing facilities and services, a profile of the Hospital's Board of Trustees and Administrative staff, and an analysis of the Hospital's Medical Staff.

HISTORY OF THE HOSPITAL

The Hospital is a 154-bed, not-for-profit, acute-care facility. In addition to the 154-bed acute-care beds the Hospital is licensed to operate a 21 bed chemical dependency unit. The present Hospital represents a replacement facility for the Anchorage Community Hospital.

The Hospital is licensed by the Alaska Department of Health and Social Services and received notice in November 1979 from the Joint Commission on Accreditation of Hospitals of two additional years of accreditation. The Hospital meets the requirements for participation

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(9)

BACKGROUND INFORMATION

in the Medicare and Medicaid Programs. The Hospital is a member of the American Hospital Association, the Association of Western Hospitals, and the Alaska State Hospital Association.

The Anchorage Community Hospital was founded in 1963 as a 45-bed acute-care hospital. The facility was located at 825 L Street in Anchorage, Alaska. In 1970 the Anchorage Community Hospital expanded to 85 acute-care beds. Upon the completion of the additional beds Anchorage Community Hospital offered a full range of health services, including special care, general medical, surgical, pediatric, obstetrical and gynecological services.

In 1973 the Anchorage Community Hospital concluded that the hospital facility was not adequate to meet the future needs of the Community. Construction of the present facility was begun in 1974 and in 1976 the present Hospital facility was occupied. The existing Anchorage Community Hospital was closed and all hospital operations were transferred to The Alaska Hospital and Medical Center's new facility.

HISTORY OF THE EXISTING FACILITY

The new Hospital facility was occupied in late October 1976. The facility is a seven-story structure located on approximately nine acres of land at DeBarr Road and Airport Heights Road, Anchorage, Alaska. The Hospital is built adjacent to and connected with an independently managed and financed Professional Office Building.

The Hospital's ancillary departments, surgical and delivery suites, emergency room, and certain of the administrative offices are located on the first and second floors of the facility. The upper five floors of the facility contain private and semi-private patient rooms, the intensive and coronary care unit, pediatric and nursery facilities, the chemical dependency unit and administrative offices.

The Professional Office Building is a five-story structure connected to the Hospital by corridors on the first three levels. The Professional Office Building is owned by the Alaska Teamsters Local 979. The building is occupied by private physicians and certain administrative departments of the Hospital, which leases 11,555 square feet of the total 78,300 square feet of leasable space in the building.

There are approximately 650 parking spaces available for use by Hospital personnel and visitors and 210 parking spaces available at the Professional Office Building.

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(8)

BACKGROUND INFORMATION

BOARD OF TRUSTEES

The Alaska Hospital and Medical Center, Inc. is organized as a not-for-profit corporation governed by a Board of Trustees. The Hospital's Board of Trustees is comprised of five members. The Board of Trustees is vested with the administrative power of the Hospital and has the authority and responsibility to manage and control the property, business, funds and affairs of the Hospital. Members of the Board of Trustees are elected for a term of 1 year.

The present members of the Hospital's Board of Trustees are as follows:

Ray L. Snitel, President
Jack Bentley, Vice President
William H. Ivy, M.D., Secretary
Vernon Cates, M.D.
Emmitt Wilson

ADMINISTRATIVE STAFF

The Board of Trustees appoints an administrator of the Hospital. The administrator has the authority and responsibility to manage all of the departments and activities of the Hospital. Other members of the Hospital's management group include four Assistant Administrators. The Assistant Administrators are responsible for patient care services, ancillary services, general services and financial services.

FACILITIES

The Hospital contains and is licensed to operate 154 acute-care beds and 21 chemical dependency beds. Only 18 of the licensed 21 chemical dependency beds are presently being operated. The distribution of the Hospital's beds, by service, is shown on the following page.

THE PROJECT

The project (the "Project") includes the refinancing of existing debt, the acquisition of the Professional Office Building and the expansion of the chemical dependency unit from 21 to 36 beds.

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BACKGROUND INFORMATION

9

The Alaska Hospital and Medical Center, Inc.

Licensed Bed Complement

<u>Service</u>	<u>Existing</u>	<u>After Project</u>
Adult medical	21	21
Adolescent	8	8
Pediatric	14	14
Obstetrics	15	15
Surgical/orthopedics	78	78
Critical care	18	18
Subtotal	154	154
Chemical dependency	21	36
	175	190
Nursery bassinets	21	21
Neonatal Intensive Care	6	6

Source: The Alaska Hospital and Medical Center, Inc. March 1981.

HOSPITAL SERVICES

The Hospital provides and expects to continue to provide the following patient services:

- | | |
|---|---------------------------------|
| Anesthesia services | Pediatric unit |
| Postoperative recovery | Cancer tumor registry |
| Intensive care/cardiac care unit | Hemodialysis-inpatient |
| Pharmacy with full-time registered pharmacist | Physical therapy department |
| Diagnostic x-ray | Organized outpatient department |
| Mammography | Emergency department |
| Nuclear Medicine-diagnostic | Social work department |
| Blood Bank | Abortion service-inpatient |
| Forensic laboratory | Pediatric unit |
| Histopathology laboratory | Surgery |
| Electroencephalography | Obstetrical unit |
| Ultrasonography | Alternative birthing center |
| Respiratory therapy department | Chemical dependency unit |
| Pulmonary function laboratory | Clinical psychology services |
| CT Scanner-head unit | Chaplaincy services |

Source: The Alaska Hospital and Medical Center, Inc. October 1980.

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 FINAL REVIEW AND POSSIBLE REVISION.

276-10

(10)

BACKGROUND INFORMATION

MEDICAL STAFF

The Hospital is an open staff hospital with every qualified and licensed physician and dentist being eligible to apply for medical staff membership. As of October 31, 1980 there were 222 members of the medical and dental staff. The medical staff is comprised of 48 active status members, 27 associate status members, 144 courtesy status members, two staff members with a temporary status appointment and one member with honorary status.

Over 58 percent of the active medical staff are board certified in a specialty medical area. Over 18 percent of the active staff that are not board certified have indicated that they are board eligible. Certification by a medical specialty board is evidence that a physician has participated in programs of graduate medical education based upon high medical standards, has acquired competency in a medical specialty and has demonstrated proficiency by passing national examinations for that specialty.

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019777

The Alaska Hospital and Medical Center, Inc.

Medical Staff by Specialty

	<u>Active</u>	<u>Active board certified</u>	<u>Active board eligible</u>	<u>Active status unknown</u>	<u>Associate</u>	<u>Courtesy</u>	<u>Temporary</u>	<u>Honorary</u>	<u>Total</u>	<u>Average age (years)</u>
Anesthesiology					1	8	1		10	41.9
Dentistry						23			23	N.A.
Dermatology					1	1			2	36.0
Emergency medicine	2			2	1	3			6	32.3
Family practice	6	2	1	3	7	24			37	42.9
Internal medicine	5	2	2	1	7	16		1	29	41.9
Cardiology	2	2							2	35.5
Obstetrics/gynecology	6	2	3	1	2	8			16	44.8
Nephrology					1				1	33.0
Neurology	1	1							1	43.0
Ophthalmology	4	1	1	2	1	4			9	41.7
Otolaryngology	1	1			1	6			8	44.1
Pathology	2	2			1	1			4	44.5
Pediatrics	5	4	1			7			12	43.2
Physical medicine and rehabilitation	1			1		1	1		3	36.3
Psychiatry						10			10	41.7
Radiology	3	3				6			9	44.4
Radiology-oncology						1			1	47.0
Surgery:										
General	3	3				12			15	48.6
Neurosurgery						2			2	45.5
Orthopedic	7	5	1	1	4	8			19	42.1
Plastic						1			1	41.0
Urology	—	—	—	—	—	2	—	—	2	40.5
	<u>48</u>	<u>28</u>	<u>9</u>	<u>11</u>	<u>27</u>	<u>144</u>	<u>2</u>	<u>1</u>	<u>222</u>	<u>42.8</u>

Source: The Alaska Hospital and Medical Center, Inc., October 1980.

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CHARACTERISTICS OF THE SERVICE AREA

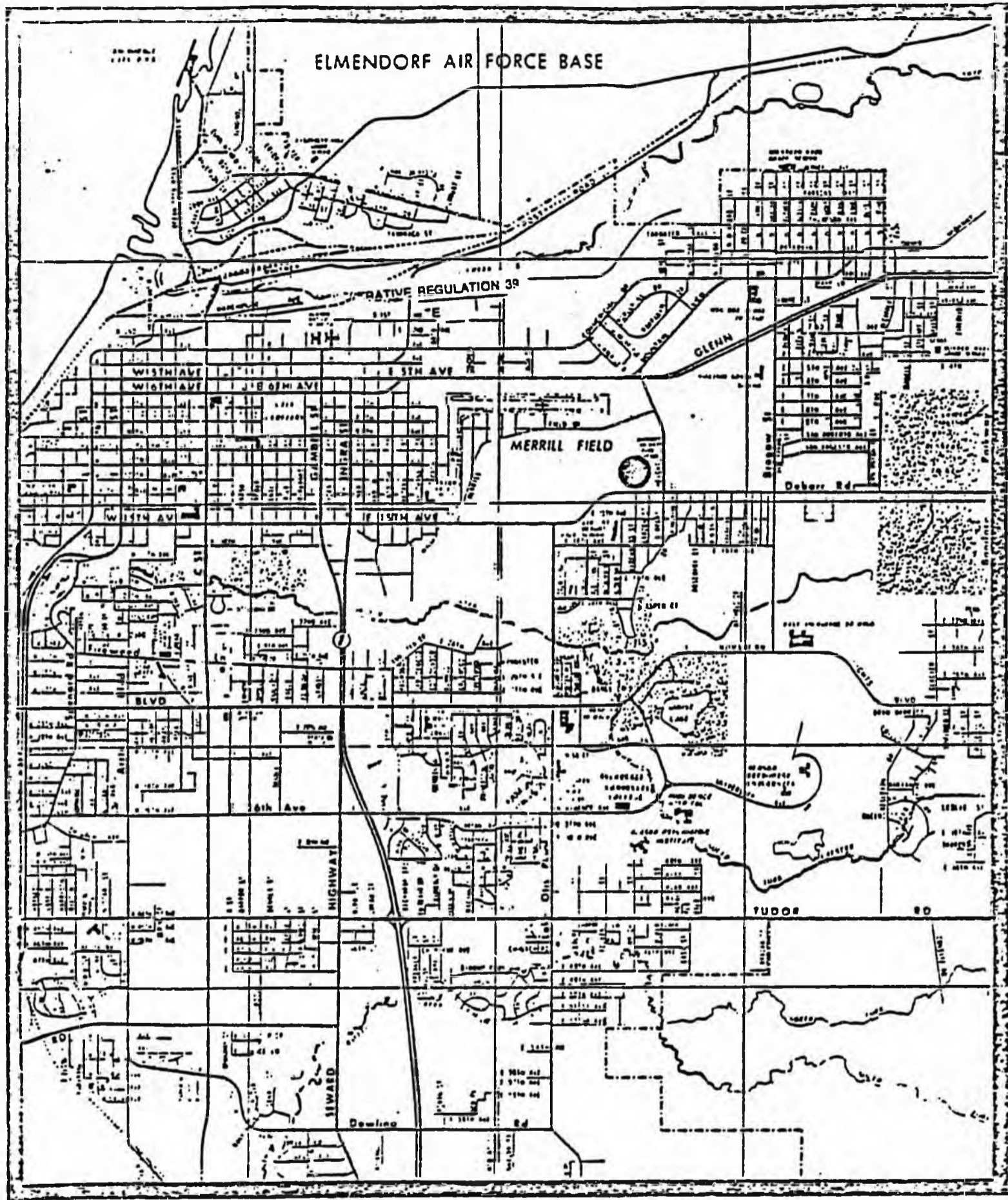
This section sets forth the location of the Hospital, the determination of Hospital's service area and analysis of selected demographic and economic factors relating to the service area of the Hospital.

LOCATION OF THE HOSPITAL

The Alaska Hospital and Medical Center, Inc. is located in Anchorage, Alaska. The Hospital is approximately three miles east of downtown Anchorage, adjacent to Merrill Airport and the Alaska Teamsters Mall, at 2801 DeBarr Road.

DeBarr Road is a major east-west thoroughfare providing access to the Hospital via Airport Heights Road. Additional access to the Hospital from metropolitan Anchorage is provided by 5th Avenue and Glenn Highway from the north and by 15th Avenue and Northern Lights Boulevard east and south of the Hospital.

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The Alaska Hospital and Medical Center

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CHARACTERISTICS OF THE SERVICE AREA

DETERMINATION OF SERVICE AREA

The geographic area served by the Hospital can be defined by an analysis of the location of the residences of patients discharged from the Hospital.

Analysis of the data regarding patients discharged from the Hospital for the years of 1978 and 1979 is contained in the table on the following page.

Based upon the patient discharge data it was determined that the Hospital's historical service area for the past two years has been the Metropolitan Anchorage area.

DEMOGRAPHIC AND ECONOMIC FACTORS

Set forth below and on the following pages is certain information concerning population, income, housing, employment and other demographic and economic characteristics of the Hospital's service area.

Population

The demand for hospital services is directly related to the number of people residing in a hospital's service area.

The population in the Anchorage area increased by 43,500 or 52.5 percent between the years of 1960 and 1970. The area's population increase between 1970 and 1975 is estimated to have been 51,484 or 40.8 percent, followed by an increase from 1975 to 1979 of 26,992, or 15.2 percent. In comparison, the total population of the State of Alaska increased 33.7 percent, 33.8 percent and 2.1 percent, respectively. The growth of the Anchorage area population has surpassed that of the State of Alaska in each of the years from 1970 to 1979, based upon data from the State of Alaska and the Municipality of Anchorage.

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The Alaska Hospital and Medical Center, Inc.

Total Patient Discharges and Patient Days by Health Systems Agency Subareas

Subarea	1978					1979				
	Patients		Patient days		Average length of stay	Patients		Patient days		Average length of stay
	Number	Percent total	Number	Percent		Number	Percent total	Number	Percent	
Aleutian Pribilofs	12	.2%	58	.2%	4.8 days	24	.4%	102	.4%	4.3 days
Anchorage	6,193	82.4	26,938	80.4	4.4	4,777	84.3	24,095	84.1	5.0
Bristol Bay	23	.3	66	.2	2.9	31	.6	55	.2	1.8
Cook-Inlet:										
a. (Mat-Su)	346	4.6	1,673	5.0	4.8	307	5.4	1,441	5.0	4.7
b. (Kenai-Soldotna)	60	.8	303	.9	5.1	107	1.9	747	2.6	6.9
c. (Homer)	24	.3	69	.2	2.9	17	.3	174	.6	10.2
Copper River	27	.4	134	.4	4.9	13	.2	42	.2	3.2
Kodiak	14	.2	98	.3	7.0	18	.3	104	.4	5.8
North Pacific Rim:										
a. (Seward)	27	.4	198	.6	7.3	34	.6	174	.6	5.1
b. (Valdez)	29	.4	178	.5	6.1	28	.5	159	.5	5.7
c. (Cordova)	25	.3	106	.3	4.2	18	.3	247	.9	13.7
Norton Sound	34	.5	110	.3	3.2	17	.3	71	.2	4.2
Yukon-Kuskokwim	43	.6	140	.4	3.3	56	1.0	152	.5	2.7
Southeast	14	.2	53	.2	3.8	21	.4	108	.3	5.1
Northern	116	1.5	562	1.7	4.8	85	1.5	366	1.3	4.3
Out of State	69	.9	415	1.2	6.0	64	1.1	274	1.0	4.3
Unrecorded	457	6.0	2,394	7.2	5.2	51	.9	337	1.2	6.6
Total	7,513	100.0%	33,495	100.0%	4.5 days	5,668	100.0%	28,648	100.0%	5.1 days

Source: Medical Records Department, The Alaska Hospital and Medical Center, Inc.

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Preliminary data, from the U.S. Department of the Census, indicate the current population of the Anchorage area to be substantially less than that reported by the Municipality of Anchorage for 1979. The preliminary census data for Anchorage is a population of 173,992.

Population Trends

<u>Year</u>	<u>Total Anchorage area population</u>		<u>Total Alaska population</u>	
	<u>Population</u>	<u>Percent change</u>	<u>Population</u> (2)	<u>Percent change</u>
1960	82,833(1)	-	226,167	-
1970	126,333(1)	52.5%	302,361	33.7%
1971	135,777(2)	7.5	312,930	3.5
1972	144,215(2)	6.2	324,281	3.6
1973	149,440(2)	3.6	330,365	1.9
1974	162,499(2)	8.7	337,000	2.0
1975	177,817(2)	9.4	404,634	20.1
1976	185,179(2)	4.1	413,289	2.1
1977	197,793(3)	6.8	411,211	(.5)
1978	202,101(3)	2.2	406,956	(1.0)
1979	204,809(3)	1.3	413,516	1.6

- Source: (1) U.S. Bureau of the Census, 1960 and 1970.
 (2) Alaska Department of Labor, Research and Analysis.
 (3) Municipality of Anchorage.

Projections of the future population of the Municipality of Anchorage and the State of Alaska from 1980 through 1990 are shown in the following table:

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CHARACTERISTICS OF THE SERVICE AREA

Projected Population

<u>Year</u>	<u>Total Anchorage area population</u>		<u>Total Alaska population</u>	
	<u>Population(1)</u>	<u>Percent change</u>	<u>Population(2)</u>	<u>Percent change</u>
1980	205,200	-	400,500	-
1981	214,700	4.6%	400,000	(.1%)
1982	223,000	3.9	408,000	2.0
1983	219,300	(1.7)	422,000	3.4
1984	224,900	2.6	454,000	7.6
1985	232,000	3.2	481,000	5.9
1986	238,900	3.0	495,000	2.9
1987	243,300	1.8	500,000	1.0
1988	253,000	4.0	503,000	.6
1989	265,800	5.1	509,000	1.2
1990	276,000	3.8	522,000	2.6

Source: (1) "South Central Alaska" Economy and Population, 1965-2025: A base study and projection, Institute of Social and Economic Research, University of Alaska, 1979.

(2) Projected Population and Components of Change: Alaska, 1980-2000, Institute of Social and Economic Research, September 1980.

The components of the population of the Municipality of Anchorage are identified on the following page.

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Anchorage, Alaska
Population Components

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Civilian, non-native	88,299	97,391 ⁽⁵⁾	105,617 ⁽⁵⁾	110,465 ⁽⁵⁾	125,454 ⁽⁵⁾	N.A.	N.A.	160,898	N.A.	166,559
Civilian, native	4,817 ⁽¹⁾	4,215 ⁽²⁾	4,452 ⁽²⁾	4,981 ⁽²⁾	5,246 ⁽²⁾	8,050 ⁽³⁾	N.A.	8,084 ⁽³⁾	N.A.	9,950 ⁽³⁾
Military ⁽⁴⁾	33,217	34,171	34,146	33,994	31,799	N.A.	30,375	28,811	28,489	28,300
Total popu- lation	126,333	135,777	144,215	149,440	162,499	177,817	185,179	197,793	202,101	204,809

N.A. - Not available.

- Sources:
- (1) U.S. Bureau of the Census, 1970.
 - (2) Greater Anchorage Borough Comprehensive Health Planning Council, June 1976.
 - (3) "Alaskan Natives in Anchorage", Anchorage Urban Observatory.
 - (4) "Military Population Data, 1967-1980", Department of the Air Force, Headquarters Alaska Air Command, July 1980.
 - (5) Derived from existing data.

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CHARACTERISTICS OF THE SERVICE AREA

Military personnel and the Alaskan natives have hospitals in the Anchorage area to specifically handle their medical needs, and these hospitals are not available for general use by the remaining members of the community. These facilities are described more fully in separate sections of this report.

Age distribution is one of a variety of factors which influence the utilization of hospitals by a given population group. For example, persons over 60 years of age typically require hospital services more frequently.⁽¹⁾ Younger persons generally require less hospital services and shorter lengths of stay than older persons. The age distribution of the Anchorage area, Alaska and the United States are shown on the following page.

The population of Alaska and more specifically the Anchorage area is generally younger than the rest of the nation. This relatively young population is primarily the result of two particular migration patterns. First, the people who in-migrate to Alaska are relatively young; nearly all of the women in-migrates are of child-bearing age. Secondly, because of the high cost of living in Alaska, it is difficult for retired elderly people on fixed low incomes to maintain themselves so they tend to leave the state as soon as the wage earning members of the household retire.⁽²⁾

(1) U.S. National Center for Health Statistics, Current Estimate from the Health Interview Survey, United States, 1969.

(2) Manpower and Employment Impact of the Trans-Alaska Pipeline, Human Resources Planning Institute, 1974.

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Age Distribution

Age	1960 (1)			1970 (1)			1977 (2)		
	Percent of population			Percent of population			Percent of population		
	Anchorage area	Alaska	United States	Anchorage area	Alaska	United States	Anchorage area	Alaska	United States
0-4	15.7%	15.1%	11.3%	10.6%	10.7%	8.9%	8.2%		
5-19	25.9	28.0	27.2	32.0	32.5	29.6	29.2		
20-44	46.3	42.1	32.2	42.9	40.9	31.4	46.5		<u>TO BE COMPLETED</u>
45-64	11.0	12.4	20.1	13.1	13.6	20.5	14.1		
65 years and over	1.1	2.4	9.2	1.4	2.3	9.6	2.0		
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>		

Source: (1) U.S. Bureau of the Census, 1960 and 1970.

(2) Technical Report No. 48 Vol. 1, Alaska OCS Socioeconomic Studies Program.

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CHARACTERISTICS OF THE SERVICE AREA

The change in the Anchorage area median age from 23.8 years in 1960 to 25.0 years in 1978 is shown on the following schedule:

Median Age

<u>Year</u>	<u>Anchorage area</u>	<u>Alaska</u>	<u>United States</u>
1950(1)	N.A.	25.8	30.2
1960(1)	23.8	23.3	29.5
1970	23.2(2)	22.9(1)	28.1(1)
1975	26.0(2)	24.3(5)	28.9(5)
1976	N.A.	N.A.	N.A.
1977	25.0(2)	N.A.	N.A.
1978	25.0(3)	N.A.	N.A.
1979	24.3(4)	24.1(4)	30.3(4)

- Sources: (1)U.S. Bureau of the Census, 1950, 1960 and 1970.
 (2)Unpublished Anchorage Health Systems Plan.
 (3)1978 Population Profile, Municipality of Anchorage.
 (4)Sales & Marketing Management, "1980 Survey of Buying Power".
 (5)Sales & Marketing Management, "1976 Survey of Buying Power".

N.A. - Not Available

Sex characteristics also influence the utilization of hospitals by a given population group. For example, as a group, women usually have higher hospital utilization rates than men.(1) The percentage of women in the Anchorage area steadily increased from 1950 through 1970, and remained constant between 1970 and 1977, as shown in the following schedule.

(1)U.S. National Center for Health Statistics, Current Estimate from the Health Interview Survey, United States, 1969.

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CHARACTERISTICS OF THE SERVICE AREA

Sex Distribution

<u>Year</u>	<u>Sex</u>	<u>Anchorage area</u>	<u>Alaska</u>	<u>United States</u>
1950(1)	Male	65.5%	61.8%	49.7%
	Female	34.5	38.2	50.3
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
1960(1)	Male	55.6%	57.0%	49.2%
	Female	44.4	43.0	50.8
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
1970(1)	Male	52.4	54.3%	48.8%
	Female	47.6	45.7	51.2
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
1977	Male	52.4%(2)	N.A.	48.6%(3)
	Female	47.6		51.4
		<u>100.0%</u>		<u>100.0%</u>

N.A. -- Not available.

Sources: (1)U.S. Bureau of the Census, 1950, 1960 and 1970.

(2)Anchorage Urban Observatory, 1977 Citizen Attitude Survey. Excludes military on-base population.

(3)U.S. Bureau of the Census, Statistical Abstract of the United States, 1977.

As is evidenced, the percentage of women in Alaska and the Anchorage area is lower than that of the United States.

Family Income

According to studies prepared by the U.S. National Center for Health Statistics, it has been shown nationally that hospital admissions per 1,000 population among lower income groups occur less frequently than for middle and upper income groups.

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CHARACTERISTICS OF THE SERVICE AREA

In 1979, the median effective buying income⁽¹⁾ per household for the Municipality of Anchorage, the State of Alaska and the United States are as follows:

Median Effective Buying Income⁽¹⁾

	<u>1979</u>
Municipality of Anchorage	\$27,279
State of Alaska	26,107
United States	17,924

(1) Effective buying income is personal income, less personal taxes.

Source: Sales & Marketing Management, "Survey of Buying Power", 1980.

The income distribution in 1979 for residents of the Municipality of Anchorage, the State of Alaska and the United States is shown in the following table:

Household Income Distribution
Percentage of Households 1979

	<u>Less than</u> <u>\$8,000</u>	<u>\$8,000</u> <u>to</u> <u>\$9,999</u>	<u>\$10,000</u> <u>to</u> <u>\$14,999</u>	<u>\$15,000</u> <u>to</u> <u>\$24,999</u>	<u>Over</u> <u>\$25,000</u>
Municipality of Anchorage	8.3%	2.8%	10.3%	23.1%	55.5%
State of Alaska	12.1	3.1	9.8	22.4	52.6
United States	21.2%	5.4%	14.4%	29.5%	29.5%

Source: Sales & Marketing Management, "Survey of Buying Power", 1980.

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CHARACTERISTICS OF THE SERVICE AREA

Housing

Construction of new housing units has lagged behind demand since the early 1970's. In 1969, a surplus of 3,125 housing units existed; by 1971, this surplus had disappeared.

According to the Greater Anchorage Chamber of Commerce, the number of housing units has risen from 37,622 in 1970 to 48,437 in 1974, an increase of approximately 29 percent.

A schedule of building activity in the Municipality of Anchorage is shown below:

Anchorage Building Permits

<u>Year</u>	<u>Single-family</u>	<u>Duplex</u>	<u>Multi-family</u>	<u>Total housing units authorized</u>
1975	1,426	242	857	2,505
1976	952	240	1,885	3,077
1977	1,663	392	1,845	3,900
1978	1,280	298	1,049	2,627
1979	509	168	456	1,133
1980(1)	15	-	7	22

(1) First quarter 1980 figures.

Source: Municipality of Anchorage Quarterly Economic Indicators.

Employment

Government, wholesale and retail trades and the service sector have become the dominant sources of employment in the Anchorage area, replacing construction and transportation during the last fifteen years.

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CHARACTERISTICS OF THE SERVICE AREA

The historical and projected employment figures by industry are presented on the following page, reflecting an increasing growth rate, particularly in the areas of mining, construction and trade.

Unemployment in the Anchorage area has typically been greater than the rest of the nation. In part, this is due to the seasonal weather conditions in the area and the large in-migration of job seekers. Set forth below are unemployment rates for the Anchorage area, the State of Alaska and the United States for the years 1975 through 1979 and for the three months ended March 31, 1980.

Comparison of Average Unemployment Rates

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>Three months ended March 31, 1980</u>
Anchorage area ⁽¹⁾	5.9%	7.0%	7.1%	8.3%	7.0%	8.3%
State of Alaska ⁽²⁾	6.9	8.4	9.0	11.0	8.9	10.8
United States ⁽³⁾	8.5	7.7	7.0	6.0	5.8	6.1

Source: (1) Municipality of Anchorage Quarterly Economic Indicators.

(2) U.S. Department of Labor, Bureau of Labor Statistics, Historical Report on Labor Force and Employment.

(3) U.S. Department of Labor, Bureau of Labor Statistics.

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Anchorage Industry Employment

	1977 (1)	1978 (1)	1979 (2)	Projected		Percent Increase (decrease)			
				1980 (2)	1981 (2)	1977/1978	1978/1979	1979/1980	1980/1981
Total nonagricultural wages and salaries (\$000)	N.A.	N.A.	419,338	464,186	520,326	N.A.	N.A.	10.7%	12.1%
Average quarterly earnings (\$000)	N.A.	N.A.	5,374	5,769	6,214	N.A.	N.A.	7.4	7.7
Total nonagricultural wage and salary employment	77,858	77,321	77,977	80,385	83,656	(.7%)	.8%	3.1	4.1
Mining	1,771	1,874	1,847	2,093	2,372	5.8	(1.4)	13.3	13.3
Construction	7,795	6,431	5,488	6,080	6,753	(17.5)	(14.7)	10.8	11.1
Manufacturing	1,687	1,683	1,846	1,899	1,985	(.2)	9.7	2.9	4.5
Transportation/communication/utilities	7,614	7,924	8,002	8,117	8,374	4.1	1.0	1.4	3.2
Transporation	N.A.	N.A.	5,743	5,825	6,029	N.A.	N.A.	1.4	3.5
Communication	N.A.	N.A.	1,655	1,669	1,695	N.A.	N.A.	.8	1.6
Public utilities	N.A.	N.A.	604	624	651	N.A.	N.A.	3.3	4.3
Trade	N.A.	16,864	17,410	18,003	19,078	N.A.	3.2	3.4	6.0
Wholesale	4,167	4,196	4,093	4,137	4,196	.7	(2.5)	1.8	1.4
Retail	12,409	12,668	13,317	13,866	14,882	2.1	5.1	4.1	7.3
Finance/insurance/real estate	4,748	5,018	5,088	5,221	5,429	5.7	1.4	2.6	4.0
Services	16,207	15,990 ⁽³⁾	15,905	16,244	16,614	(1.3)	(.5)	2.1	2.3
Government (civilian)	21,159	21,541	21,874	22,234	22,593	1.8	1.5	1.6	1.6
Federal	10,059	9,848	9,903	9,978	10,052	(2.1)	.6	.8	.7
State	11,101 ⁽⁴⁾	4,552	4,831	4,913	4,995	N.A.	6.1	1.7	1.7
Local		7,141	7,141	7,344	7,546	N.A.	-	2.8	2.8
Miscellaneous	300	-	517	495	459	N.A.	N.A.	(4.3)	(7.3)

N.A. - Not available.

Source: (1) State of Alaska, Department of Labor, Research and Analysis Section.
 (2) Annual Planning Information Alaska Department of Labor.
 (3) Includes miscellaneous.
 (4) Includes local.

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CHARACTERISTICS OF THE SERVICE AREA

Transportation

Anchorage, occupying a strategic location within the State, is served by a comprehensive transportation system. Anchorage is the midpoint control center for the Federally-owned and operated Alaska Railroad, which operates between the seaports of Seward and Whittier and the City of Fairbanks. Anchorage is at the center of a network of paved highways which gives the city direct highway connections to the important oil production and industrial centers of the Kenai Peninsula. In addition, Anchorage has direct highway connections to all points in the interior portion of the State, and to the Alaska Highway which provides a road connection through Canada to the lower 48 states.

Scheduled and nonscheduled airlines operating out of Anchorage International Airport provide direct flight service to all parts of the State, to the other states and to cities in Europe and Asia.

Utilities

Utility consumption in Anchorage has increased rapidly in recent years due to the influx of population. The year end number of city utility customers is shown on the following schedule.

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CHARACTERISTICS OF THE SERVICE AREA

Year end Number of Residential Utility Customers

<u>Year</u>	<u>Telephone</u> ⁽¹⁾	<u>Water</u>	<u>Gas</u>	<u>Electric</u> ⁽⁵⁾
1975	41,833	15,994	23,895	46,293
1976	46,153	15,222	26,486	49,800
1977	48,074 ⁽³⁾	15,900	28,900	54,260
1978	49,873	16,548	31,700	57,781
1979	49,952	16,749	34,086	55,978
1980 ⁽⁴⁾	52,305	16,896 ⁽²⁾	34,637	56,479

- (1) Number of main stations.
- (2) Number of customers as of August 1980.
- (3) Data for fourth quarter unavailable; presented data is for end of second quarter.
- (4) First quarter data only.
- (5) Includes both Municipal Light and Power and Chugach Electric.

Source: Municipality of Anchorage Quarterly Economic Indicators.

Between 1975 and 1980, the year end number of city utility customers has increased as follows: telephone, 25.0 percent; water, 5.6 percent; gas 45.0 percent; and electric, 22.0 percent.

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(24)

SUPPLY AND DEMAND ANALYSIS

This section outlines historical trends in utilization and service of hospitals within the primary service area of The Alaska Hospital and Medical Center, Inc.

COMPETITIVE HOSPITAL FACILITIES

There are presently five licensed hospitals in the Anchorage area, with a total of 718 acute-care beds, all within the Hospital's primary service area. A map showing the location of these facilities is found on page _____. Only two of these hospitals, The Alaska Hospital and Medical Center, Inc. and Providence Hospital are acute-care hospitals available to the Civilian, non-Alaska native population. The other three hospitals located within the Hospital's primary service area are the U.S. Air Force Hospital, located at the Elmendorf Air Force Base, the U.S. Public Health Service Alaska Native Medical Center, located in Anchorage, and the Alaska Psychiatric Institute, also located in Anchorage.

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CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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(24)

SUPPLY AND DEMAND ANALYSIS

This section outlines historical trends in utilization and service of hospitals within the primary service area of The Alaska Hospital and Medical Center, Inc.

COMPETITIVE HOSPITAL FACILITIES

There are presently five licensed hospitals in the Anchorage area, with a total of 718 acute-care beds, all within the Hospital's primary service area. A map showing the location of these facilities is found on page _____. Only two of these hospitals, The Alaska Hospital and Medical Center, Inc. and Providence Hospital are acute-care hospitals available to the Civilian, non-Alaska native population. The other three hospitals located within the Hospital's primary service area are the U.S. Air Force Hospital, located at the Elmendorf Air Force Base, the U.S. Public Health Service Alaska Native Medical Center, located in Anchorage, and the Alaska Psychiatric Institute, also located in Anchorage.

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SUPPLY AND DEMAND ANALYSIS

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The U.S. Air Force Hospital, located at the Elmendorf Air Force Base, has 105 beds. This hospital is the primary inpatient facility for Air Force and Army personnel, their dependents and relatives residing in Alaska. In the absence of a specifically designated Veterans hospital in the state, this hospital also accepts veterans who are qualified for Veterans Administration hospitalization benefits.

The Alaska Native Medical Services, a division of the U.S. Public Health Service, is responsible for the provision of comprehensive health services to the Alaskan natives throughout the state. The U.S. Public Health Service Alaska Native Medical Center, located in Anchorage, has 170 beds. The hospital provides both inpatient and outpatient services to Alaskan Natives in the service area. The Hospital is operated by the U.S. Department of Public Health.

The services of both the aforementioned hospitals are not available to the general population except in the event of disaster or emergency.

The Alaska Psychiatric Institute is a 133 bed psychiatric hospital located in Anchorage. This facility is the only state operated psychiatric hospital in the state.

The following schedule shows the utilization of the Alaska Hospital and Medical Center and Providence Hospital for the years of 1977-1980.

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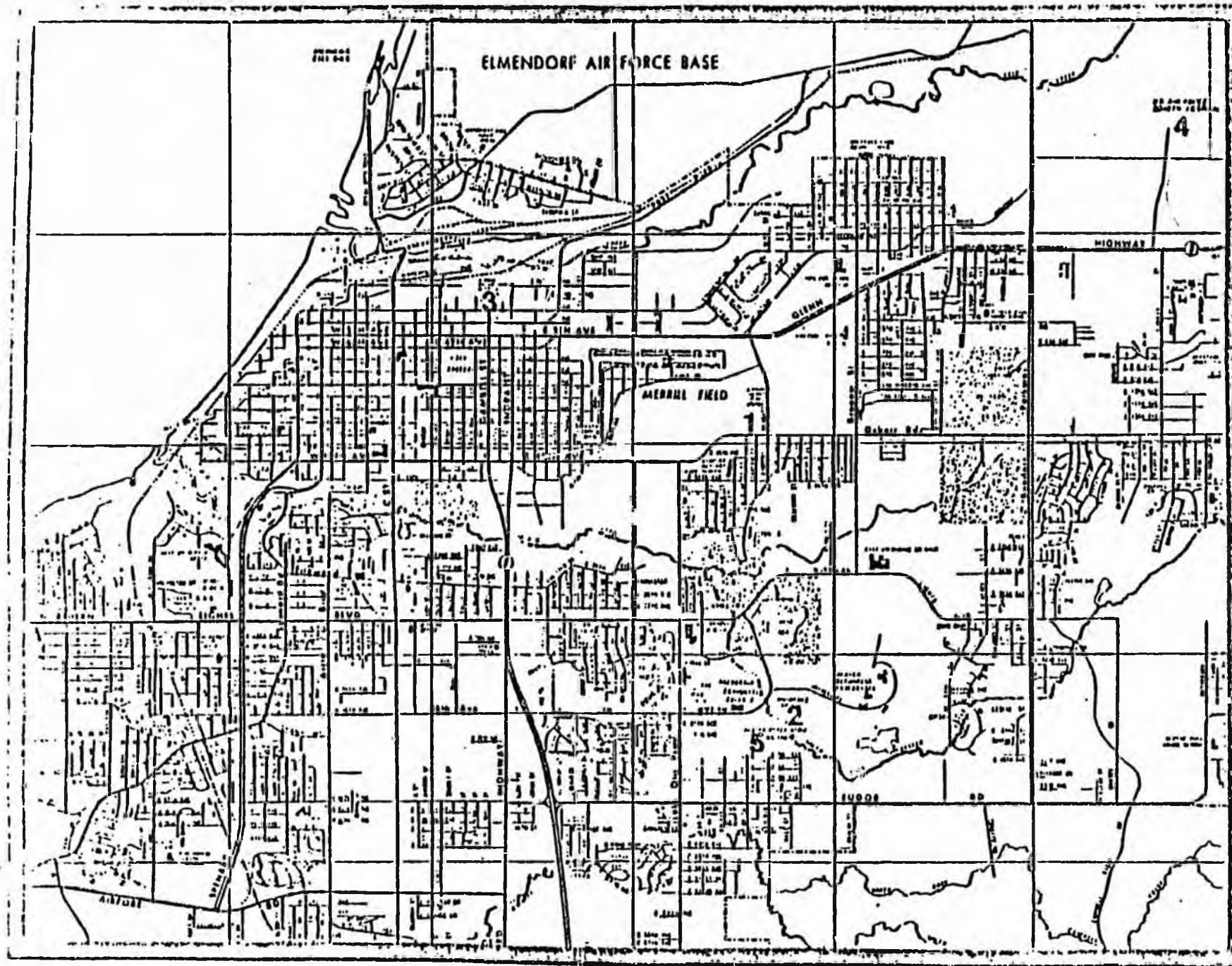
Anchorage Area
 Acute-care Hospitalization Data
 Nongovernmental and Nonnative Hospitals

	The Alaska Hospital and Medical Center, Inc.				Providence Hospital			
	1977	1978	1979	January to June 1980	1977	1978	1979	January to June 1980
<u>Family practitioners</u>								
Discharges	809	1,012	1,191	806	1,263	1,482	1,601	753
Discharge days	3,166	3,467	3,474	2,609	4,279	4,911	5,513	2,338
Percent of total days	42.5%	41.4%	30.6%	52.9%	57.5%	58.6%	61.4%	47.1%
Average length of stay	3.91	3.43	2.92	3.24	3.39	3.31	2.90	3.09
<u>Surgery</u>								
Discharges	1,491	1,348	1,214	630	2,876	2,911	2,702	1,383
Discharge Days	6,646	6,442	5,446	2,810	12,627	14,780	16,185	7,264
Percent of total days	34.5%	30.3%	25.2%	27.9%	65.5%	69.7%	74.8%	72.1%
Average length of stay	4.46	4.78	4.49	4.46	4.39	5.00	5.82	5.25
<u>Medicine</u>								
Discharges	1,209	1,057	883	508	2,954	2,706	2,844	1663
Discharge Days	7,397	7,313	7,062	3,621	23,096	23,671	23,547	13,439
Percent of total days	24.3%	23.6%	23.1%	21.2%	75.7%	76.4%	77.0%	78.9%
Average length of stay	6.12	6.92	8.00	7.13	7.82	8.75	8.28	8.08
<u>Pediatrics</u>								
Discharges	1,009	1,125	825	514	1,504	1,623	1,820	910
Discharge Days	3,768	5,035	3,174	2,115	6,701	6,677	7,179	3,914
Percent of total days	36.0%	43.0%	30.7%	35.1%	64.0%	57.0%	69.3%	64.9%
Average length of stay	3.73	4.48	3.85	4.11	4.45	4.11	3.95	4.30
<u>Orthopedics</u>								
Discharges	532	722	738	492	1,577	1,552	1,607	817
Discharge Days	5,060	5,805	5,355	2,814	11,470	11,571	13,628	5,390
Percent of total days	30.6%	33.4%	28.2%	34.2%	69.4%	66.6%	71.8%	65.7%
Average length of stay	9.51	8.04	7.26	5.72	7.27	7.45	8.48	6.60

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Competitive Hospital Facilities



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1. The Alaska Hospital and Medical Center
2. Providence Hospital
3. U. S. Public Health Service Alaska Native Medical Center
4. U.S. Air Force Hospital
5. Alaska Psychiatric Institute

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Anchorage Area
Acute-care Hospitalization Data
Nongovernmental and Nonnative Hospitals

	<u>The Alaska Hospital and Medical Center, Inc.</u>				<u>Providence Hospital</u>			
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Available patient days	56,210	56,210	56,210	56,364	91,250 ⁽¹⁾	91,250 ⁽¹⁾	91,250 ⁽¹⁾	91,500 ⁽¹⁾
Patient days	31,643	30,087	26,721	29,908	63,645	62,428	68,076	69,752
Percentage of occupancy	56.3%	53.5%	47.5%	53.1%	69.7%	68.4%	74.6%	76.2%
Average length of stay (days)	4.42	4.63	4.85	5.08	5.48	5.53	6.74	5.58

(1)Based upon 250 licensed beds.

Source: The Alaska Hospital and Medical Center, Inc., March 1981.

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