

LEG. FINANCE - BILLS 1981 - 1982 1677

SB 390 cont. - CSSB 390

1677

(35)

SUPPLY AND DEMAND ANALYSIS

RATE OF PATIENT DAYS - HOSPITAL'S SERVICE AREA

Based on an analysis of the actual use rate of patient days per thousand of civilian non-native population for the years ended December 31, 1977 through 1980 for the Hospital's service area, total patient days, excluding the chemical dependency unit, the "CDU", can be projected as set forth in the following schedule:

Hospital's Service Area

Historical and Projected Use Rate

<u>Year</u>	<u>Civilian Non-native Population</u>	<u>Patient Days Excluding CDU</u>	<u>Total Service Area Use Rate Per 1,000 Population</u>
Actual:			
1977	160,898(1)	31,643	592.226
1978	163,704(3)	30,087	565.136
1979	166,559(1)	26,721	569.150
1980	167,629(2)	29,908	594.527
Projected:			
1981	175,728(2)	31,615	594.527
1982	182,752(2)	33,690	594.527
1983	178,045(2)	35,697	594.527
1984	182,410(2)	37,814	594.527
1985	188,152(2)	39,895	594.527
1986	195,123(2)	41,975	594.527

- Sources: (1) Population derived by subtracting the estimated number of Alaskan Natives obtained from, "Alaska Natives for Anchorage", published by the Anchorage Urban Observatory, 1980, and the military and dependent population obtained from the Department of the Air Force, Headquarters Alaska Air Command, July 1980, from the total population projections prepared by the Municipality of Anchorage.
- (2) Anchorage Urban Observatory, "Civilian Non-native Population Projections for the Municipality of Anchorage, 1980-2000", 1980.
- (3) Interpolated.

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SUPPLY AND DEMAND ANALYSIS

RATE OF PATIENT DAYS - HOSPITAL'S SERVICE AREA

The Hospital's actual, estimated and projected share of total patient days, excluding the chemical dependency unit, in the Hospital's service area is as follows:

Percent of Patient Days
Years ending December 31,

<u>Year</u>	<u>Patient days</u> <u>The</u> <u>Alaska Hospital and</u> <u>Medical Center, Inc.</u>	<u>Total</u> <u>patient days</u> <u>Hospital's</u> <u>service area</u>	<u>Percentage</u> <u>of total</u> <u>patient</u> <u>days</u>	<u>Increase</u> <u>in</u> <u>market</u> <u>shares</u>
Actual:				
1977	31,643	95,288	33.2%	
1978	30,087	92,515	32.5	
1979	26,721	94,797	28.2	
1980	29,908	99,660	30.0	
Projected:				
1981	31,615	104,475	30.3	.3%
1982	33,690	108,651	31.0	.7
1983	35,697	105,853	33.7	2.7
1984	37,814	108,448	34.9	1.2
1985	39,895	111,861	35.7	.8
1986	41,975	116,006	36.2	.5

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SUPPLY AND DEMAND ANALYSIS

ACUTE-CARE HOSPITAL BED NEED FORMULA

The following formula is generally used to calculate the acute-care bed need for a community:

$$\frac{\text{Population (in thousands)}}{\text{Average occupancy level}} \times \frac{\text{Patient days per 1,000 population}^{(1)}}{\text{Days in years (365)}}$$

(1) Civilian, non-native population used.

The 1980 Health Plan prepared by the South Central Health Planning and Development, Inc. utilizes an overall occupancy goal of 80 percent, excluding thermal and chemical dependency beds. Using the 1980 patient days per 1000 population of 594.527, there would be a community bed need of 383 beds in 1985. By applying the same formula to the data for 1986 indicates a community bed need of 397. The existing supply of beds, excluding thermal and chemical dependency beds, is 393, an excess of 10 beds in 1985 and a shortage of 4 beds in 1986.

South Central Health Planning and Development, Inc., utilizing varying occupancy goals for different components of the bed compliment, has calculated a bed need in 1985 of 408 to 421 beds, thus projecting a shortage of between 15 to 28 available beds.

COMPARISON OF FACILITIES AND SERVICES

The chart on the following page provides a comparison of the facilities and services of the five hospitals in the Anchorage area.

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ANCHORAGE AREA HOSPITAL
Comparison of Facilities and Services

	Alaska Hospital (1) and Medical Center, Inc.	Providence (2) Hospital	Elmendorf (2)	Native (2) Medical Center	Alaska (2) Psychiatric Institute
Postoperative recovery room	X	X	X	X	
Intensive cardiac care unit	X	X			
Intensive care unit	X	X		X	
Open-heart surgery facilities		X			
Pharmacy with full-time registered pharmacist	X	X	X	X	
Pharmacy with part-time registered pharmacist		X			
by radiation therapy					
Megavoltage radiation therapy		X			
Radioactive therapy		X			
Diagnostic radioisotope facility	X	X			
Therapeutic radioisotope facility					
Histopathology laboratory	X	X	X	X	
Organ bank					
Blood bank	X		X	X	
Electroencephalography	X	X	X		
Respiratory therapy department	X	X	X	X	
Premature nursery		X			
Self-care unit					
Skilled nursing or long-term care unit					
Hemodialysis (inpatient)	X	X			
Hemodialysis (outpatient)		X			
Burn care unit		X			
Physical therapy department	X	X	X	X	
Occupational therapy department			X	X	
Rehabilitation inpatient unit					
Rehabilitation outpatient service					
Psychiatric inpatient unit		X	X		
Psychiatric outpatient services			X	X	
Psychiatric partial hospitalization program		X		X	X
Psychiatric emergency services			X	X	X
Psychiatric foster and/or home care					
Psychiatric consultation and education services			X		
Clinical psychology services			X	X	
Organized outpatient department	X	X	X	X	
Emergency department	X	X	X	X	
Social work department	X	X	X	X	
Family planning service			X	X	
Genetic counseling service					
Abortion service (inpatient)	X				
Abortion service (outpatient)				X	
Home care department					
Dental services			X	X	
Podiatric services					
Speech pathology service					
Hospital auxiliary	X	X		X	
Volunteer services department		X	X	X	
Patient representative services		X	X	X	
Alcoholism/chemical dependency inpatient unit	X				
Alcoholism/chemical dependency outpatient unit					
T.B. and other respiratory diseases unit					
Neonatal intensive care unit		X			
Pediatric inpatient unit	X	X	X	X	
CT scanner-full body		X			
CT scanner-head unit	X				

Source: (1)Alaska Hospital and Medical Center, Inc., October 1980.

(2)American Hospital Association "Guide to the Health Care Field", 1980 Edition.

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SUPPLY AND DEMAND ANALYSIS

FUTURE HEALTH CARE FACILITIES

Several hospitals located within the state of Alaska have submitted Certificate of Need applications for capital expenditure projects to South Central Health Planning and Development, Inc.

Under Public Law 92-603 (section 1122 of the Social Security Act as amended) South Central Health Planning and Development, Inc. is the duly appointed Health System Agency (the "HSA"), responsible for review and approval of certain types of health care capital expenditures projects in the Anchorage area.

The following is a summary of Certificate of Need approvals which have been approved by the HSA from June of 1979 through October 1, 1980.

<u>Applicant</u>	<u>Project description</u>	<u>Status</u>
Providence Hospital Anchorage, Alaska	Purchase of a simulator	Completed
Faith Hospital Glennallen Area	Improvements in function arrangements and purchase of some equipment	Pending state approval
South Peninsula Hospital Homer, Alaska	Increase 21 beds	Approved by HSA pending state approval
Seward General Hospital Seward, Alaska	Energy Conservation Grant	Approved by HSA pending state approval
Providence Hospital Anchorage, Alaska	Purchase Linear Accelerator	Completed
Valley Hospital Mat-Su Valley, Alaska	Remodeling - decrease of 8 medical/surgical beds Increase of obstetrical/ gynecological beds by 9	Completed

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SUPPLY AND DEMAND ANALYSIS

<u>Applicant</u>	<u>Project description</u>	<u>Status</u>
Valdez Community Hospital Valdez, Alaska	Replace X-ray unit	Completed
Central Peninsula Hospital Kenai/Soldatha, Alaska	Update existing ancillary department	Completed

The following Letters of Intent to file Certificate of Need Applications have been received by the HSA.

<u>Applicant</u>	<u>Project description</u>	<u>Status</u>
Alaska Kidney Center Anchorage, Alaska	Building of a free standing facility for outpatient renal hemodialysis unit to replace current leased space	Pending determination of location
Alaska Treatment Center Anchorage, Alaska	Building of an inpatient rehabilitation unit for 30 beds	Pending determination of location
Norton Sound Regional Hospital Nome, Alaska	Additional wing	Pending letter of full intent with more complete project description
Lake Otis Clinic Anchorage, Alaska	Build a new acute-care hospital	Pending registration of a letter of full intent
Providence Hospital Anchorage, Alaska	Replacement of Radiographic Unit	Application preparation in progress
Providence Hospital Anchorage, Alaska	132 bed expansion	Dormant
The Alaska Hospital and Medical Center, Inc. Anchorage, Alaska	Addition of 21 beds for chemical dependency treatment	Pending submission of application

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PROJECTION OF UTILIZATION

RESULTS OF MEDICAL STAFF SURVEY

In October 1980, 222 questionnaires were mailed to the members of the Hospitals' medical Staff. The responses to the questionnaire were analyzed to measure attitudes toward the Hospital and to gauge future utilization. There was a response by 117 physicians, who accounted for 58.7 percent of the admissions to the Hospital during the year ended June 30, 1980.

The clinical specialties represented by the physicians who responded to the questionnaire are listed on the following page.

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PROJECTION OF UTILIZATION

Results of Medical Staff Survey

<u>Clinical specialty</u>	<u>Medical Staff</u>	<u>Responses</u>	<u>Percentage of responses of specialty</u>
Anesthesiology	10	3	30.0%
Dentistry	23	8	34.8
Dermatology	2	1	50.0
Emergency room	6	3	50.0
Family practice	37	18	48.6
Internal medicine	29	19	65.5
Cardiology	2	1	50.0
Obstetrics/gynecology	16	7	43.8
Nephrology	1	1	100.0
Neurology	1	1	100.0
Ophthalmology	9	5	55.6
Otolaryngology	8	7	87.5
Pathology	4	1	25.0
Pediatrics	12	8	66.7
Physical medicine and rehabilitation	3	1	33.3
Psychiatry	10	6	60.0
Radiology	9	3	33.3
Radiology-oncology	1	0	0.0
Surgery:			
General	15	13	86.7
Neurosurgery	2	1	50.0
Orthopedic	19	9	47.4
Plastic	1	1	100.0
Urology	2	0	0.0
	<u>222</u>	<u>117</u>	<u>52.7%</u>

Of the 117 responding physicians, 86 were board certified. The average age of the responding physicians as of November 1, 1980 was 41.5 years. The age groups of the responding physicians were:

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PROJECTION OF UTILIZATION

<u>Age groups</u>	<u>Number of respondents</u>
26-30	3
31-35	29
36-40	26
41-45	21
46-50	17
51-55	5
56-60	11
61-65	1
Over 65	0
Unknown	<u>4</u>
	T17

The returned questionnaires indicated that the responding physicians were associated with the following types of practice:

<u>Types of practice</u>	<u>Number</u>	<u>Percentage</u>
Solo	53	45.3%
Group	35	29.9
Hospital-based	9	7.7
Partnership	18	15.4
Other	<u>2</u>	<u>1.7</u>
	T17	T100.0%

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PROJECTION OF UTILIZATION

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The number of physicians who responded considering the Hospital their primary facility was as follows:

<u>Primary facility</u>	<u>Number</u>	<u>Percentage</u>
The Alaska Hospital and Medical Center, Inc.	46	39.3%
Providence Hospital	59	50.4
No one primary facility	10	8.5
Patient choice	1	.9
No response	1	.9
	<u>117</u>	<u>100.0%</u>

Thirty-four of the 117 or 29.1 percent of the physicians responding to the questionnaire indicated that, of the total number of hospital admissions for their practice, 80 percent or more are made to the Hospital. The following table shows the percentage of admissions made to the Hospital by physicians responding to the questionnaire:

<u>Percentage of admissions to The Alaska Hospital and Medical Center, Inc.</u>	<u>Number of respondents</u>	<u>Percentage of respondents</u>	<u>Cumulative percent of respondent</u>
Less than 10%	33	28.2%	28.2%
10-19	14	12.0	40.2
20-29	5	4.3	44.5
30-39	4	3.4	47.9
40-49	1	.9	48.8
50-59	11	9.4	58.2
60-69	4	3.4	61.6
70-79	4	3.4	65.0
80-89	4	3.4	68.4
90-99	12	10.2	78.6
100	18	15.4	94.0
Not applicable	3	2.6	96.6
No response	4	3.4	100.0
	<u>117</u>	<u>100.0%</u>	

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PROJECTION OF UTILIZATION

The frequency with which the responding physicians admit patients elsewhere, and the reasons for their admissions, are indicated below:

Ninety-one or 77.7 percent of those physicians who responded to the questionnaire utilize alternative admitting privileges, primarily to Providence Hospital, in addition to their admissions to the Hospital. Some of the reasons expressed by the physicians for admitting to other facilities are the following: better services at other facilities, such as laboratory, nursing, physical therapy and cardiac monitoring services; the preference of the associate, consulting or referring physician, patient preference; preference of physicians to have their patients located at one facility; and the sociopolitical problems present at the Hospital.

Sixty-four of the responding physicians indicated that the remainder of their admissions are made to the Providence Hospital, while six physicians listed Providence Hospital along with other facilities, such as Surgery Center and Valley Hospital. The other 23 physicians admitting to facilities other than the Hospital, either indicated a variety of facilities or did not list facilities where they admit their patients.

One hundred and one of the 117 physicians responding to the questionnaire indicated the status of their medical staff affiliation at other facilities as follows: 49 on active staff; 11 on associate staffs; ten on courtesy staffs; and three on consulting staff status elsewhere. Multiple medical staff status physicians with appointments at more than one other facility was reported by twenty-six physicians as follows: one maintained active and associate staff status at other facilities; three were on both active and courtesy staffs elsewhere; eleven were on active and consulting staff elsewhere; and thirteen did not indicate their medical staff status at other facilities.

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Physician's Reasons for Patient Admissions to Other Facilities

	<u>Frequently</u>		<u>Occasionally</u>		<u>Never</u>		<u>No response</u>	<u>Not applicable</u>	<u>Total</u>
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>			
Physicians' preference	46	39.3%	29	24.8%	22	18.8%	12	8	117
Patients' preference	54	46.2	35	30.1	8	6.8	12	8	117
Arrangement with referring physician	28	23.9	42	35.9	21	17.9	17	9	117
No beds available at The Alaska Hospital and Medical Center, Inc.	0	0.0	9	7.7	75	64.1	25	8	117
Lack of service at The Alaska Hospital and Medical Center, Inc.	4	3.4	27	23.1	53	45.3	25	8	117
Proximity to physicians' office	20	17.1	10	8.5	50	42.8	21	8	117
Other	12	10.3%	3	2.6%	15	12.8%	82	5	117

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PROJECTION OF UTILIZATION

The survey indicated that 66 physicians or 56.3 percent of the responding physicians expected their practice admissions to increase during the next five years, while 41 physicians or 35.0 percent of the responding physicians expected their practice admissions to remain constant during the next five years. The responses of the physicians are indicated below:

<u>Percentage change in admissions over the next five years</u>	<u>Number of respondents</u>	<u>Percentage of respondents</u>
Increase:		
0-5%	14	11.9%
5-10	22	18.8
10-20	19	16.2
Over 20	<u>11</u>	<u>9.4</u>
	<u>66</u>	<u>56.3</u>
Decrease:		
0-5%	0	0.0
5-10	2	1.7
10-20	1	.9
Over 20	<u>3</u>	<u>2.6</u>
	<u>6</u>	<u>5.2</u>
Remain constant	<u>41</u>	<u>35.0</u>
Not applicable	<u>1</u>	<u>.9</u>
No response	<u>3</u>	<u>2.6</u>
	<u>117</u>	<u>100.0%</u>

The physicians were asked whether, in their opinion, utilization of various ancillary services at the Hospital would increase, decrease or remain constant. Their responses are indicated in the following table.

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Summary of Physicians' Opinion Regarding Ancillary Utilization

<u>Services</u>	<u>Increase</u>		<u>Decrease</u>		<u>Remain constant</u>		<u>Not applicable</u>		<u>No response</u>	<u>Total</u>
	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>	<u>Number</u>	<u>Percentage</u>		
EKG	<u>25</u>	<u>21.4%</u>	<u>3</u>	<u>2.6%</u>	<u>50</u>	<u>42.7%</u>	<u>18</u>	<u>15.4%</u>	<u>20</u>	<u>117</u>
EEG	<u>21</u>	<u>17.9</u>	<u>3</u>	<u>2.6</u>	<u>43</u>	<u>36.8</u>	<u>29</u>	<u>24.8</u>	<u>21</u>	<u>117</u>
Nuclear medicine (diagnostic)	<u>32</u>	<u>25.4</u>	<u>3</u>	<u>2.6</u>	<u>36</u>	<u>30.8</u>	<u>25</u>	<u>21.4</u>	<u>21</u>	<u>117</u>
Nuclear medicine (therapeutic) ⁽¹⁾	<u>19</u>	<u>16.2</u>	<u>4</u>	<u>3.4</u>	<u>38</u>	<u>32.5</u>	<u>33</u>	<u>28.2</u>	<u>23</u>	<u>117</u>
Laboratory (clinical)	<u>40</u>	<u>34.2</u>	<u>4</u>	<u>3.4</u>	<u>43</u>	<u>36.8</u>	<u>14</u>	<u>12.0</u>	<u>16</u>	<u>117</u>
Laboratory (anatomic pathology)	<u>28</u>	<u>23.9</u>	<u>4</u>	<u>3.4</u>	<u>48</u>	<u>41.0</u>	<u>18</u>	<u>15.4</u>	<u>19</u>	<u>117</u>
Pharmacy	<u>30</u>	<u>25.6</u>	<u>3</u>	<u>2.6</u>	<u>48</u>	<u>41.0</u>	<u>15</u>	<u>12.8</u>	<u>21</u>	<u>117</u>
Surgery	<u>44</u>	<u>37.6</u>	<u>4</u>	<u>3.4</u>	<u>35</u>	<u>29.9</u>	<u>16</u>	<u>13.7</u>	<u>18</u>	<u>117</u>
Inhalation therapy	<u>26</u>	<u>22.2</u>	<u>4</u>	<u>3.4</u>	<u>44</u>	<u>37.6</u>	<u>23</u>	<u>19.7</u>	<u>20</u>	<u>117</u>
Physical therapy	<u>21</u>	<u>17.9</u>	<u>4</u>	<u>3.4</u>	<u>46</u>	<u>39.3</u>	<u>23</u>	<u>19.7</u>	<u>23</u>	<u>117</u>
Pulmonary function	<u>18</u>	<u>15.4</u>	<u>3</u>	<u>2.6</u>	<u>40</u>	<u>34.2</u>	<u>31</u>	<u>26.5</u>	<u>25</u>	<u>117</u>
Hemodialysis	<u>8</u>	<u>6.8</u>	<u>3</u>	<u>2.6</u>	<u>29</u>	<u>24.8</u>	<u>48</u>	<u>41.0</u>	<u>29</u>	<u>117</u>
CT scanner (head only)	<u>27</u>	<u>23.1</u>	<u>3</u>	<u>2.6</u>	<u>43</u>	<u>36.8</u>	<u>25</u>	<u>21.4</u>	<u>19</u>	<u>117</u>
CT scanner (full body) ⁽¹⁾	<u>24</u>	<u>20.5%</u>	<u>3</u>	<u>2.6%</u>	<u>32</u>	<u>27.4%</u>	<u>32</u>	<u>27.4%</u>	<u>26</u>	<u>117</u>

(1) These services are not available at The Alaska Hospital and Medical Center, Inc.

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PROJECTION OF UTILIZATION

Forty-two of the Hospitals' medical staff members responding to the questionnaire indicated they anticipate adding physicians to their practice within the next one to two years.

Of the 117 physicians responding to the questionnaire, three physicians expect to retire within the next five years, three were uncertain as to their retirement plans over the next five years, and eight physicians did not respond to this question. One hundred and three physicians responded that they did not expect to retire within the next five years. Within the same time period, 92 physicians responding to the questionnaire anticipate remaining in the immediate area of their present practice, while two physicians expect to move away from the area and two were uncertain as to their future location plans. Twenty-one physicians did not respond to this question.

The majority of physicians responding to the questionnaire, or 88 members of the Hospitals' medical staff, expressed the opinion that their patients' average length of stay would remain constant. Seven physicians believed the average length of stay would decrease due to such trends as increased ambulatory care, and improvements in surgical and nursing services. Three physicians felt the average length of stay would increase, while nineteen physicians did not respond to this question.

Sixteen of the physicians responding to the questionnaire indicated that they would be interested in leasing office space in the Professional Office Building if the Hospital were to acquire and manage it. Thirteen of these physicians indicated the square footage they would desire for their office space as shown in the following table:

<u>Square feet of office space</u>	<u>Number of respondents</u>
Less than 500 square feet	2
501 to 750	2
751 to 1,000	1
1,001 to 1,500	3
1,501 to 2,500	1
Over 2,500	<u>2</u>
	<u>13</u>

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PROJECTION OF UTILIZATION

Seven physicians responding to the questionnaire indicated that they are currently using office space in the Professional Office Building.

In response to the question regarding what future events could potentially effect utilization of the Hospital, physicians listed the following points: a shortage of bed supply at Providence Hospital; the potential of the building of a Lake Otis Clinic Hospital; government support and a change back to a community hospital; sale of the Hospital to the Native Health Service; gas pipeline construction; and an increase in the population and/or the number of physicians.

In addition to the survey in October 1980, twenty-six members of the Hospitals' medical staff representing physicians who utilize the Hospital most frequently, and who accounted for 30.5 percent of the admissions to the Hospital for the year ended June 30, 1980, were interviewed in October and November of 1980 to further determine the Hospitals' medical staff's attitudes regarding the Hospital. A general summary of the key points brought out in these interviews is listed below:

- . The majority of those interviewed felt that the Hospital's facility was excellent or good.
- . The majority of those interviewed felt that the Hospital's services were excellent or good. Opportunity for improvement in the responsiveness of certain of the Hospital's ancillary services were noted by several physicians.
- . All of those interviewed indicated that they expected their admissions to the Hospital in the future to remain constant or increase. Reasons expressed for projected increases in admissions include anticipated growth in the physicians practice, increase in the general population, the potential impact of the gas-pipeline, and expectation of increased demand for obstetrical and pediatric services.
- . A number of those interviewed stressed their opinion of the communities need to offer two hospital facilities. Suggestions were made that the hospital embark upon an aggressive community relations program which stresses the community hospital image of the facility.

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PROJECTION OF UTILIZATION

INPATIENT ACTIVITY

Based upon the preceding information, the Hospital inpatient admissions, average daily census and ancillary utilization were projected. The average daily census represents the number of patients hospitalized on any given day during the year. To evaluate the inpatient admissions, average daily census, and ancillary utilization of the Hospital, the trend in admissions, the Medical Staff interview responses and the projected population trends were analyzed. To evaluate the projected average length of stay for inpatients, factors taken into consideration included the medical services offered by the Hospital, the historical average length of stay and the specialties of the physicians on the Hospital's Medical Staff.

The following factors were analyzed as to their potential effect upon the utilization of the Hospital:

- . The continued improvement of the Hospital's public image as a community Hospital;
- . The expansion of the chemical dependency unit;
- . The majority of the physicians surveyed indicated that their utilization of the Hospital would remain constant, or increase;
- . The population of Anchorage is projected to increase from 205,200 in 1980 to 238,900 in 1986; and
- . The relatively high occupancy levels periodically occurring at Providence Hospital.

The table on the following page summarizes the actual inpatient levels for the years ended December 31, 1977 through 1980 and projected activity levels for the years ending December 31, 1981 through 1986. These activity levels serve as the basis for the financial projections. The factors influencing both actual and projected inpatient utilization were discussed with the Hospital's administration and Medical Staff for reasonableness.

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The Alaska Hospital and Medical Center, Inc.

Actual and Projected Admissions, Patient Days,
Average Daily Census, Percentage of Occupancy
and Average Length of Stay

	Years ended or ending December 31,								
	Actual		Projected						
	1978	1979	1980	1981	1982	1983	1984	1985	1986
Admissions	6,482	5,729	6,690	7,156	7,696	8,188	8,648	9,101	9,553
Inpatient days	30,087	28,513	35,597	39,689	44,292	47,917	50,034	52,115	54,195
Beds available	175	175	175	178.50	184.67	190	190	190	190
Average daily census	82.4	78.1	97.5	108.7	121.4	131.3	137.1	142.8	148.5
Percent of occupancy	47.1%	44.6%	55.7%	60.9%	65.7%	69.1%	72.2%	75.2%	78.2%
Average length of stay	4.64	4.98	5.32	5.55*	5.76*	5.85*	5.79	5.73	5.67
Births	955	1,003	1,237	1,477	1,560	1,545	1,608	1,684	1,772
Newborn patient days	3,024	2,423	3,870	3,839	4,057	4,017	4,180	4,376	4,608
Bassinets available	27	27	27	27	27	27	27	27	27
Average daily census - newborn	8.3	6.6	10.6	10.8	11.1	11.0	11.5	12.0	12.6
Average length of stay - newborn	3.01	2.87	3.13	2.60	2.60	2.60	2.60	2.60	2.60

*Increase is due solely to expansion of chemical dependency unit, where average length of stay is projected at 28.5 days.

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PROJECTION OF UTILIZATION

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ANCILLARY UTILIZATION

The major components of ancillary activity are surgery, laboratory, emergency room, radiology and pharmacy. The preparation of the projections of activity levels for these and other ancillary services included the following procedures:

- . An evaluation of the statistics relating to inpatient and outpatient activity levels for the years ended December 31, 1978 through 1980.
- . The trends in ancillary activity levels were discussed with the Hospital's Medical Staff and administration.
- . An evaluation of emergency and outpatient activity in the Hospital's service areas.
- . Inpatient utilization of ancillary services was projected based on the historic relationship between admissions, patient days and the ancillary activity.
- . Inpatient utilization of ancillary services for the years ending December 31, 1981 through 1986 was calculated by multiplying the projected ancillary use ratios by the appropriate inpatient admissions or patient day statistic.
- . Outpatient activity for the ancillary departments was projected based upon the historical relationship between outpatient visits and the ancillary activity.
- . Projected inpatient and outpatient activity levels were combined to form the basis for the revenue and expense projections.

The schedule on the following page summarizes the combined inpatient and outpatient ancillary utilization projections for the Hospital.

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Alaska Hospital and Medical Center
Projected Ancillary Utilization

Department	Statistical base	Years ended or ending December 31,								
		Actual		Projected						
		1978	1979	1980	1981	1982	1983	1984	1985	1986
Physical therapy	Revenue count	31,237	29,973	28,106	31,789	33,160	34,472	35,844	37,207	38,576
Nuclear medicine	Procedures	681	905	1,166	1,259	1,334	1,404	1,480	1,553	1,631
Radiology	Examinations	28,936	23,967	25,904	28,325	29,395	30,412	31,473	32,532	33,597
Electrocardiology Electroencephalography Rhythm strip	Procedures	3,073	2,520	2,873	3,260	3,660	3,670	4,160	4,340	4,530
Laboratory	Tests	211,831	153,636	146,641	156,500	164,000	169,000	177,900	184,600	191,300
CT scan	Procedures	863	936	879	918	973	1,024	1,080	1,133	1,190
Ultrasound	Procedures	1,472	544	406	433	459	483	509	535	561
Emergency room	Visits	17,527	13,159	13,313	13,764	14,065	14,373	14,687	15,009	15,337
Operating room	Operations	4,096	4,151	4,831	5,026	5,315	5,594	5,888	6,178	6,467
Health appraisal center*	Visits	2,434	2,181	1,871	575	-	-	-	-	-

*To be closed March 20, 1981

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

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FINANCIAL FEASIBILITY

MAJOR ASSUMPTIONS

The projections of revenues and expenses presented in Exhibit 1 of this study are based on the following major assumptions, as well as the more detailed bases of projections presented later in this section. The unrestricted funds to which the following assumptions pertain include the operating fund and the depreciation reserve fund, as defined in the Hospital Audit Guide, prepared by the Committee on Health Care Institutions of the American Institute of Certified Public Accountants.

THE PROJECT

The Series 1981 Bonds are being issued to provide funds for the purposes of retiring certain existing debt of the Hospital, purchasing the adjoining office building, providing funds for capital projects, providing funds for working capital and to pay the costs of issuing the Series 1981 Bonds. For the purpose of the enclosed financial projection it was assumed that the chemical dependency unit would be expanded to 28 beds as of July 1, 1981, and to 36 beds as of September 1, 1982.

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FINANCIAL FEASIBILITY

For the purposes of preparing the financial projections, the following summary of the source and disbursement of funds was utilized:

The Alaska Hospital and Medical Center, Inc.
Series 1981 Bonds
Projected Source and Disbursement of Funds

Source of funds:

First Mortgage Hospital Bonds, Series 1981	
Principal	\$55,400,000
Less underwriters' discount	<u>1,108,000</u>
Total source of funds	<u>\$54,292,000</u>

Disbursements of funds:

Refinancing existing debt	\$36,747,000
Purchase of office building	14,236,000
Capital projects	1,500,000
Working capital	1,500,000
Cost of issuance	<u>309,000</u>
Total disbursements of funds	<u>\$54,292,000</u>

DESCRIPTION OF THE BONDS AND NOTE

The Series 1981 Bonds are assumed to be dated July 1, 1981 with interest payable on January 1, 1982 and each July 1 and January 1 thereafter. The Series 1981 Bonds are assumed to bear interest at 10.00 percent per annum and to mature in the principal amounts per annum as set forth in the schedule on the following page.

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FINANCIAL FEASIBILITY

The Alaska Hospital and Medical Center
Debt Service Schedule
Series 1981 Bonds

<u>Year ending July 1,</u>	<u>Principal maturities</u>	<u>Interest</u>	<u>Total debt service</u>
1982	\$ 340,000	\$ 5,540,000	\$ 5,880,000
1983	370,000	5,506,000	5,876,000
1984	410,000	5,469,000	5,879,000
1985	450,000	5,428,000	5,878,000
1986	495,000	5,383,000	5,878,000
1987	545,000	5,333,500	5,878,500
1988	595,000	5,279,000	5,874,000
1989	655,000	5,219,500	5,874,500
1990	720,000	5,154,000	5,874,000
1991	795,000	5,082,000	5,877,000
1992	875,000	5,002,500	5,877,500
1993	960,000	4,915,000	5,875,000
1994	1,055,000	4,819,000	5,874,000
1995	1,165,000	4,713,500	5,878,500
1996	1,280,000	4,597,000	5,877,000
1997	1,405,000	4,469,000	5,874,000
1998	1,545,000	4,328,500	5,873,500
1999	1,700,000	4,174,000	5,874,000
2000	1,870,000	4,004,000	5,874,000
2001	2,060,000	3,817,000	5,877,000
2002	2,265,000	3,611,000	5,876,000
2003	2,495,000	3,384,500	5,879,500
2004	2,740,000	3,135,000	5,875,000
2005	3,015,000	2,861,000	5,876,000
2006	3,315,000	2,559,500	5,874,500
2007	3,650,000	2,228,000	5,878,000
2008	4,015,000	1,863,000	5,878,000
2009	4,415,000	1,461,500	5,876,500
2010	4,855,000	1,020,000	5,875,000
2011	5,345,000	534,500	5,879,500
	<u>\$55,400,000</u>	<u>\$120,891,500</u>	<u>\$176,291,500</u>

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FINANCIAL SUMMARY

Debt service coverage is calculated by dividing annual debt service requirements into projected income available for debt service. Projected debt service coverage for the Hospital is presented on the following schedule.

Projected Financial Summary
For Interest and Principal Payments on
Series 1981 Bonds
(Thousands)

Excess of revenues (expenses)	(\$4,482)	(\$4,107)	(\$3,186)	(\$1,744)	\$ 409	\$2,182
Add:						
Interest	4,759	5,704	5,655	5,608	5,559	5,502
Depreciation	2,065	2,421	2,362	2,310	2,105	2,128
Amortization	<u>51</u>	<u>86</u>	<u>85</u>	<u>84</u>	<u>84</u>	<u>83</u>
Funds provided from operations	2,393	4,104	4,916	6,258	8,156	9,895
Working capital funded in Series 1981 Bonds	1,500					
Income from the State of Alaska Statute number AS29.90.010	(1) <u>-0-</u>	<u>4,772</u>	<u>4,772</u>	<u>2,595</u>		
Funds available for debt service	3,893	8,876	9,688	8,853	8,156	9,895
Debt service on other debt	<u>467</u>	<u>361</u>	<u>301</u>	<u>230</u>	<u>278</u>	<u>276</u>
Funds available for debt service on Series 1981 Bonds	<u>\$3,426</u>	<u>\$8,515</u>	<u>\$9,387</u>	<u>\$8,623</u>	<u>\$7,878</u>	<u>\$9,619</u>
Debt service on Series 1981 Bonds	<u>\$2,770</u>	<u>\$5,863</u>	<u>\$5,858</u>	<u>\$5,859</u>	<u>\$5,856</u>	<u>\$5,854</u>
Debt service coverage on Series 1981 Bonds	<u>1.24x</u>	<u>1.45x</u>	<u>1.60x</u>	<u>1.47x</u>	<u>1.35x</u>	<u>1.64x</u>

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Utilized to pay a portion of interest in arrears on debt to be refinanced. Interest in arrears is also excluded from debt service.

Note: The comments and assumptions contained in this study are an integral part of this projected schedule.

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FINANCIAL FEASIBILITY

PENDING LEGISLATION

A number of new laws which could affect health care facilities have in the past been proposed by the incumbent Administration and members of Congress, including establishing various hospital cost containment programs, imposing limitations on payments to hospitals under Medicare and Medicaid programs and national health insurance.

On June 17, 1980 a policy proposal published in the Federal Register proposed that no future federal grants, loans, loan subsidies, loan guarantees or tax-exempt bond financing be provided for the construction or renovation of hospitals in overbedded areas (defined as areas with more than four short-stay nonfederal hospital beds per 1,000 population or with an average annual daily occupancy rate of 80 percent or less), unless approved by the Department of Health and Human Services or by a state health planning agency.

On November 15, 1979 members of the House of Representatives voted for an amendment that deleted the mandatory portion from H.R. 2626, the "Hospital Cost Containment Act of 1979", and passed the Gephardt substitute (H.R. 3635) which authorized the following: A National Commission on Hospital Cost to monitor the Voluntary Effort; grants to states to help plan, establish and operate state voluntary or mandatory cost containment programs; establishment of the Voluntary Effort goal as a reduction in the rate of increase in total hospital expenses for 1979 and for each subsequent calendar year to four percentage points less than the rate for 1977; encouragement of philanthropic support by stipulating such income would not be deducted from operating costs of nonprofit hospitals; a requirement for common audit of Medicare and Medicaid; and long-term care services through the use of swing beds.

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FINANCIAL FEASIBILITY

No determination can be made at this time whether any of the proposed bills will be enacted into law, or what effect, if any, accompanying limitations would have on the operations of hospitals.

BASES FOR PROJECTION OF REVENUES AND EXPENSES - UNRESTRICTED FUNDS

The general procedure followed in the preparation of these projections was to evaluate actual historical trends in revenues, expenses and cost reimbursement relationships.

Specific bases for revenues and expenses are discussed in the following paragraphs, in the order of the projected statement of revenues and expenses, Exhibit 1.

NURSING, DIETARY AND ROUTINE CARE SERVICES

The charges for nursing, dietary and routine care are included in the daily room rates. Revenue from routine services is projected by multiplying the average daily room charge by the number of patient days for each of the projected years. Room charges for 1981 were projected based on the actual room rates of the Hospital increased by an average of 12.0 percent per annum on October 1 for each year 1981 through 1986.

The following is a schedule of nursing, dietary and routine care services rates:

Nursing, Dietary and Routine
Care Services Rates

	Years ending June 30,					
	1981	1982	1983	1984	1985	1986
Medical, surgical	\$230	\$258	\$289	\$324	\$362	\$406
ICU/CCU	523	585	656	734	822	921
Chemical dependency	180	202	226	253	284	318
Nursery (1)	153	171	192	215	241	269

(1) Includes Nursery Intensive Care.

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FINANCIAL FEASIBILITY

ANCILLARY SERVICES REVENUE

The major components of ancillary revenues are radiology, laboratory, pharmacy, surgery, inhalation therapy, physical therapy and emergency services. Rates for 1981 were projected based on the actual rates of the Hospital increased by an average of 12.0 percent per annum for 1981 through 1986.

CONTRACTUAL ALLOWANCES, FREE SERVICES AND OTHER ALLOWANCES

Deductions from revenue include contractual allowances, free services and other allowances, which result from a hospital's participation in various cost reimbursement programs, medical services provided at reduced or no charge and estimates of uncollectible balances in accounts receivable.

The primary component of these deductions from revenue is the contractual allowance resulting from the Hospital's expected participation in various cost reimbursement programs with third-party payors, including Medicare and Medicaid. This contractual allowance represents the difference between full charges for services to covered beneficiaries and the actual reimbursement received from the third parties. In estimating the contractual allowances, the following third-party revenue relationships were utilized:

Revenue by Source of Payment

	<u>Estimated Actual - 1980</u>	<u>Projected basis</u>
Blue Cross	15.2%	15.2%
Medicare	6.7	6.7
Medicaid	10.2	10.2
Commercial insurance and private pay	<u>67.9</u>	<u>67.9</u>
	<u>100.0%</u>	<u>100.0%</u>

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FINANCIAL FEASIBILITY

No changes in the foregoing percentages have been anticipated through the projection period, although new legislation or Federal programs could alter the percentages.

Medicare, Medicaid and Blue Cross all provide benefits, which include nursing care, room and board, drugs, diagnostic and therapeutic services, and other services necessary to provide health care to the patients. Medicare basically covers patients over 65 years of age and certain other patients, including individuals who require renal dialysis and certain disabled individuals. Medicaid covers indigent patients, and Blue Cross covers patients who are insured by one of the various Blue Cross plans.

Formulas vary for each of the third-party reimbursement programs. The basic assumption regarding Medicare and Medicaid is that the Hospital will be reimbursed based on patient care cost or charges, whichever is less.

Under the provisions of Section 223 of P.L. 92-603, limitations affecting certain aspects of third-party reimbursement for health care facilities providing services to Medicare patients have been established for routine care cost reimbursement. It is anticipated that during the projection period routine costs will exceed the limitation, as adjusted for inflation.

For financial projection purposes, it was assumed that all costs of operation will be allowable for reimbursement for Medicare and Medicaid. Blue Cross pays established charges.

Free service, discounts and bad debts were estimated at 3.8 percent of gross patient revenues, based on the current experience at the Hospital.

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FINANCIAL FEASIBILITY

Commercial insurance and private payments, which are projected to comprise 67.9 percent of gross patient service revenue, are usually reimbursed on the basis of reasonable charges rather than cost as in the cost reimbursement programs, such as Medicare and Medicaid.

NET PATIENT SERVICE REVENUE

Net patient service revenue represents gross patient revenue reduced by the contractual allowances, free services and other allowances.

OTHER OPERATING REVENUE

The net income derived from the cafeteria, medical records, telephone, sundries, and other nonpatient income sources, is included in the statement of revenues and expenses (Exhibit 1) as other operating revenues. Projections of these other operating revenues are based upon the actual historical experience at the Hospital and are inflated at an annual rate of 10.0 percent.

OPERATING REVENUE, NET

Total operating revenue, net, is gross operating revenue reduced by contractual allowances, free services and other allowances.

OPERATING EXPENSES

Operating expenses were projected based on historical trends increased at the various inflation rates for the various components of expenses, as discussed below and on the following pages.

Salaries and wages. Salaries and wages are estimated by reference to the actual historical experience. Staffing in the patient care and ancillary areas, where increased utilization is projected, was increased accordingly. Salary levels for 1981 were

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FINANCIAL FEASIBILITY

increased at the following percentages based upon presently negotiated union contracts, and 12 percent after their expiration:

1981	12.75%
1982	8.55
1983	15.58
1984	12.00
1985	12.00
1986	12.00

The average annual percentage increase based upon the above is 11.1 percent.

Projected staffing ratios and wages for the Hospital are stated below:

Staffing Ratios and Wages

	Years ending December 31,					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
			(projected)			
Full-time equivalent employees	469.8	479.3	486.5	492.9	498.1	503.4
Salaries and wages (thousands)	\$11,920	\$13,223	\$15,522	\$17,604	\$19,916	\$22,538
Average annual full-time wages per full-time equivalent employees	\$25,373	\$27,588	\$31,905	\$35,715	\$39,984	\$44,712
Full-time equivalent employees per occupied bed	4.3	3.9	3.7	3.6	3.5	3.4

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FINANCIAL FEASIBILITY

Employee Benefits. Employee benefits are projected annually at the following percentages of the total salaries and wages, based on the current experience and a provision for projected increases in benefits for payroll tax increases and estimated insurance increases:

<u>Years ending</u> <u>December 31,</u>	
1981	25.00%
1982	26.00
1983	27.00
1984	28.00
1985	29.00
1986	30.00

Specialists' Fees. Specialists' fees, consisting of contractual arrangements with certain members of the Medical Staff, are computed according to the terms of the respective contracts, with the fees increased at 12.0 percent per annum for those contracts with a certain fee. For those contracts based on a fixed fee per unit of service, the specialists' fee was determined in accordance with the terms of the individual contracts. Included are contracts covering physicians' services for anesthesiology, pathology, electrocardiography, radiology, respiratory therapy and emergency room services.

Food. Food costs are projected by increasing the current average food cost per adult patient day by 15.0 percent per annum.

Utilities. Utility costs are projected based upon the 1980 actual costs per square foot of the Hospital. Utility costs were increased at 15 percent per annum.

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FINANCIAL FEASIBILITY

The projected increases in costs of utilities are based upon discussions with local utility companies.

Drugs and Pharmaceuticals. The cost of drugs and other pharmaceutical products is based upon the historical average cost per unit inflated at 12.0 percent annually.

Insurance. Insurance expense is projected to increase at 12.0 percent per annum during the projection period.

Supplies and Other Expense. The cost of supplies and other expense is projected for each department based upon historical usage rates and projected activity levels. It is assumed that inflationary increases in these expenses would average 12.0 percent per annum.

Hospital Portion of Professional Office Building. The Hospital portion of the Professional Office Building is based upon an allocation of expenses for the portion of the Professional Office Building utilized for Hospital services and is detailed on page 67. The balance of the expenses related to the Professional Office Building are reflected, net of rental income, as the loss on Professional Office Building.

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FINANCIAL FEASIBILITY

Professional Office Building
Projected Statement of Income (Loss)
(Thousands)

	Years ending December 31,					
	1981	1982	1983	1984	1985	1986
Total square footage	78,300	78,300	78,300	78,300	78,300	78,300
Space utilized by Hospital	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>
Available for lease	<u>42,300</u>	<u>42,300</u>	<u>42,300</u>	<u>42,300</u>	<u>42,300</u>	<u>42,300</u>
Percent occupancy of space available for lease	56.6%	56.6%	63.7%	70.8%	77.9%	85.0%
Rental income	\$ <u>251</u>	\$ <u>503</u>	\$ <u>622</u>	\$ <u>761</u>	\$ <u>921</u>	\$ <u>1,105</u>
Expenses:						
Operating expenses	248	559	630	711	799	898
Interest	730	1,456	1,447	1,437	1,425	1,413
Depreciation	258	558	558	558	558	558
Amortization	11	23	22	22	22	22
Allocable to Hospital	(<u>574</u>)	(<u>1,194</u>)	(<u>1,222</u>)	(<u>1,255</u>)	(<u>1,290</u>)	(<u>1,330</u>)
Total expenses	<u>673</u>	<u>1,402</u>	<u>1,435</u>	<u>1,473</u>	<u>1,514</u>	<u>1,561</u>
Loss from space held for lease in Professional Office Building	(\$ <u>422</u>)	(\$ <u>899</u>)	(\$ <u>813</u>)	(\$ <u>712</u>)	(\$ <u>593</u>)	(\$ <u>456</u>)

Note: The comments and assumptions contained in this study are an integral part of this projected statement.

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.

276-15

(68)

FINANCIAL FEASIBILITY

EXCESS OF REVENUES OVER EXPENSES BEFORE FIXED CHARGES AND NONOPERATING REVENUE, NET

Excess of revenue over expenses before fixed charges and nonoperating revenue (expenses), net represents net operating revenues reduced by operating expenses.

FIXED CHARGES

Fixed charges include Trustee's fee, interest, depreciation and amortization of financing costs.

Trustee's Fee. Trustee's fee is estimated to be \$5,000 per annum commencing with fiscal year 1981.

Interest Expense. Annual interest expense is estimated based upon the following assumptions:

Series 1981 Bonds	\$55,400,000
Maximum bond maturity	30 years
Interest	10 percent

- . Interest on the Series 1981 Bonds will be paid semi-annually by the Trustee on July 1 and January 1. Principal payments will be paid once a year on July 1 by the Trustee.
- . Interest expense as included in Exhibit 1 is based upon the accrual method of accounting.
- . The Series 1981 Bonds will be dated July 1, 1981 and sold July 1, 1981.

In addition to the Series 1981 Bonds, the Hospital has certain other debts that will not be refinanced. The following schedule details the debt service on this debt.

DRAFT AS OF 19-MAR-'81
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276-16

(69)

FINANCIAL FEASIBILITY

Debt Service on Other Debt
(Thousands)

<u>Years ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>
1981	\$272	\$195	\$467
1982	180	181	361
1983	133	168	301
1984	71	159	230
1985	125	153	278
1986	132	144	276

The following schedule details the allocation of interest expense.

(Thousands)

<u>Years ending December 31,</u>	<u>Other Debt</u>	<u>On Debt to be Refinanced</u>	<u>Series 1981 Bonds</u>	<u>Total</u>	<u>Reflected on Profes- sional Office Building</u>	<u>Shown on Exhibit 1</u>
1981	\$195	\$1,794	\$2,770	\$4,759	\$ 730	\$4,029
1982	181		5,523	5,704	1,456	4,248
1983	168		5,487	5,655	1,447	4,208
1984	159		5,449	5,608	1,437	4,171
1985	153		5,405	5,558	1,425	4,133
1986	144		5,358	5,502	1,413	4,089

DRAFT AS OF 19-MAR-'81
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FINANCIAL FEASIBILITY

276-17

70

Depreciation. The following cash outlays for capital expenditures for new equipment and improvements have been estimated by the Hospital's management:

Years ending
December 31,

1981	\$1,500,000
1982	500,000
1983	500,000
1984	500,000
1985	500,000
1986	500,000

Depreciation on these capital expenditures is calculated based upon the straight-line method as provided by the current Medicare regulations and is projected as follows:

Projected Schedule of Depreciation
(Thousands)

	Years ending December 31,					
	1981	1982	1983	1984	1985	1986
<u>Hospital</u>						
Existing assets	\$1,654	\$1,668	\$1,567	\$1,474	\$1,228	\$1,209
Capital expenditures	21	63	105	146	187	229
	<u>\$1,675</u>	<u>\$1,731</u>	<u>\$1,672</u>	<u>\$1,620</u>	<u>\$1,415</u>	<u>\$1,438</u>
<u>Professional Office Building</u>						
Acquisition	237	475	475	475	475	475
Capital expenditures	21	83	83	83	83	83
	<u>258</u>	<u>558</u>	<u>558</u>	<u>558</u>	<u>558</u>	<u>558</u>
<u>Property held for Lease</u>						
Existing assets	<u>132</u>	<u>132</u>	<u>132</u>	<u>132</u>	<u>132</u>	<u>132</u>
Total Depreciation	<u>\$2,065</u>	<u>\$2,421</u>	<u>\$2,362</u>	<u>\$2,310</u>	<u>\$2,105</u>	<u>\$2,128</u>

DRAFT AS OF 19-MAR-'81
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 FINAL REVIEW AND POSSIBLE REVISION.

276-18

FINANCIAL FEASIBILITY

The asset lives used to estimate depreciation are as follows:

<u>Assets</u>	<u>Life</u>
Buildings	30 years
Major Moveable Equipment	12 years

Amortization. Amortization includes the write-off of the underwriter's discount and costs of issuance of the bond issue. Costs of issuance include legal expenses, accounting and consulting fees and printing costs. The underwriter's discount and cost of issuance for the Series 1981 Bonds are estimated at \$1,417,000 and will be amortized over the remaining live of the bond issue.

NONOPERATING REVENUE (EXPENSE)

Aid to Operations. Aid to operations provided by the State of Alaska is estimated at \$1,000 per bed per year.

Loss on property held for lease. The loss from property held for lease is estimated at \$112,000 per year, based on the historical experience of the Hospital.

Loss on Professional Office Building. The loss on the Professional Office Building is detailed on page 67.

BASES FOR PROJECTION OF CASH FLOW AND PROJECTED BALANCE SHEET

Projected statements of cash flow were prepared for the years ending December 31, 1981 through 1986 and are presented as Exhibit 2 of this study. The projections of cash flow are based upon the revenues and expenses projected in Exhibit 1 and adjusted by noncash items and anticipated proceeds from the Series 1981 Bonds, payment of capital expenditures and other cash receipts and disbursements as discussed elsewhere in this study.

Projected balance sheets as of December 31, 1981 through 1986, are presented as Exhibit 3.

Changes in the balance of assets and liabilities were estimated by projecting the year and balances in those accounts. Projections are based on the following relationships.

DRAFT AS OF 19-MAR-81
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 FINAL REVIEW AND POSSIBLE REVISION.

276-19
⑦2

FINANCIAL FEASIBILITY

Cash projections are based upon the results of the cash flow analysis.

Accounts receivable balances, net of allowances, are estimated at 90 days of net patient service revenue plus half of the amounts due from the State of Alaska under AS29.90.010 in the ensuing year.

Inventories are estimated at 11 percent of operating expenses, excluding salaries and wages, specialists' fees and related expenses.

Prepaid expenses are estimated at 4 percent of operating expenses, excluding salaries and wages, specialists' fees and related expenses.

Property, plant, equipment and accumulated depreciation are projected based upon the historical records for the existing capital assets, acquisition costs, estimated normal retirements and estimated annual depreciation.

Deferred charges represents the financing costs, net of any accumulated amortization expense.

Long-term debt is projected on the basis of the schedule of debt retirement. The current portion of long-term debt represents that amount which will be paid within one year.

Accounts payable balances are projected at 20.9 percent of operating expenses, excluding salaries and wages, specialists' fees and related expenses in 1981 and 16.5 percent thereafter.

Accrued salaries, wages and fees are projected at 8 percent of salaries, wages, fees and related expenses.

Accrued interest expense represents interest accrued but unpaid as of the fiscal year end.

Fund equities represent the equity accumulation of undistributed income and the income received under provisions of Statute AS29.90.010 from the State of Alaska.

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(73)

FINANCIAL FEASIBILITY

The following schedule details the income to be received under AS29.90.010.

1981	\$4,771,830
1982	4,771,830
1983	4,771,830
1984	2,594,530
1985	-0-

Exhibit 4 details the changes in fund equities.

DRAFT AS OF 19-MAR-'81
TO BE USED ONLY FOR MANAGEMENT DISCUSSION PURPOSES;
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THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

PROJECTED STATEMENTS OF REVENUES AND EXPENSES
UNRESTRICTED FUNDS

(Thousands)

	Years ending December 31,					
	1981	1982	1983	1984	1985	1986
Gross operating revenues:						
Nursing, dietary and routine care services	\$10,055	\$12,399	\$14,883	\$17,458	\$20,431	\$23,874
Ancillary services revenue	15,918	18,545	21,637	25,274	29,447	34,306
	25,973	30,944	36,520	42,732	49,878	58,180
Less contractual allowances, free services and other allowances	1,267	1,705	2,262	2,893	3,386	4,510
Net patient service revenue	24,706	29,239	34,258	39,839	46,492	53,670
Other operating revenue	312	382	455	523	599	685
Operating revenue, net	25,018	29,621	34,713	40,362	47,091	54,355
Operating expenses:						
Salaries and wages	11,920	13,223	15,522	17,604	19,916	22,538
Employee benefits	2,980	3,438	4,191	4,929	5,776	6,761
Specialists' fees	1,683	1,893	2,161	2,465	2,810	3,204
Food	364	455	540	644	752	876
Utilities	201	232	266	306	352	405
Drugs and pharmaceuticals	632	790	957	1,120	1,307	1,522
Insurance	433	511	572	641	718	804
Supplies and other expense	4,598	5,119	5,785	6,650	7,631	8,762
Hospital portion of Professional Office Building	574	1,194	1,222	1,255	1,290	1,330
	23,385	26,855	31,216	35,614	40,552	46,202
Excess of revenues over expenses before fixed charges and nonoperating revenue (expense)	1,633	2,766	3,497	4,748	6,539	8,153
Fixed charges:						
Trustee's fee	5	5	5	5	5	5
Interest	4,029	4,248	4,208	4,171	4,133	4,089
Depreciation	1,675	1,731	1,672	1,620	1,415	1,438
Amortization	51	63	63	62	62	61
	5,760	6,047	5,948	5,858	5,615	5,593
Excess of revenues (expenses) before nonoperating revenue (expense)	(4,127)	(3,281)	(2,451)	(1,110)	924	2,560
Nonoperating revenue (expense):						
Aid to operations	179	185	190	190	190	190
Loss on property held for lease	(112)	(112)	(112)	(112)	(112)	(112)
Loss on Professional Office Building held for lease	(422)	(899)	(813)	(712)	(593)	(456)
	(355)	(826)	(735)	(634)	(515)	(378)
Excess of revenues (expenses)	(\$ 1,482)	(\$ 4,107)	(\$ 3,186)	(\$ 1,744)	\$ 409	\$ 2,182

Note: The comments and assumptions contained in this study are an integral part of this projected statement.

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.

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

PROJECTED STATEMENTS OF CASH FLOW
(Thousands)

	Years ending December 31,					
	1981	1982	1983	1984	1985	1986
Cash and short-term securities, beginning of year	\$ 62	\$ 2,973	\$3,886	\$5,940	\$ 8,164	\$ 9,622
Cash provided:						
Excess of revenues (expenses)	(4,482)	(4,107)	(3,186)	(1,744)	409	2,182
Depreciation	2,065	2,421	2,362	2,310	2,105	2,128
Amortization	51	86	85	84	84	83
Funds provided from (used in) operations	(2,366)	(1,600)	(739)	650	2,598	4,393
Increase (decrease) in accounts payable and accrued expenses	(938)	14	415	434	488	562
Proceeds from Series 1981 Bonds AS29.90.010	55,400					
	4,772	4,772	4,772	2,525		
	56,868	3,186	4,448	3,679	3,086	4,955
Less increase in:						
Accounts receivable	551	1,121	1,239	288	343	1,770
Inventories	87	97	111	137	154	178
Prepaid expenses	32	35	41	49	56	65
	670	1,253	1,391	474	553	2,013
Total cash provided	56,198	1,933	3,057	3,205	2,533	2,942
Total cash available	56,260	4,906	6,943	9,145	10,697	12,564
Cash applied:						
Acquisition of Professional Office Building	14,236					
Financing costs	1,386					
Capital expenditures	1,500	500	500	500	500	500
Principal payments:						
Series 1981 Bonds		340	370	410	450	495
Other	36,165	180	133	71	125	132
Total cash applied	53,287	1,020	1,003	981	1,075	1,127
Cash and short-term securities, end of year	\$ 2,973	\$3,886	\$5,940	\$8,164	\$ 9,622	\$11,437
Consisting of:						
Unrestricted funds	\$ 203	\$1,133	\$3,205	\$5,450	\$6,930	\$8,770
Debt service fund	2,770	2,753	2,735	2,714	2,692	2,667
	\$2,973	\$3,886	\$5,940	\$8,164	\$9,622	\$11,437

Note: The comments and assumptions contained in this study are an integral part of this projected statement.

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THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

PROJECTED BALANCE SHEETS
(Thousands)

	December 31,					
	1981	1982	1983	1984	1985	1986
ASSETS						
Current assets:						
Cas' and short-term securities	\$ 203	\$ 1,133	\$ 3,205	\$ 5,450	\$ 6,930	\$ 8,770
Accounts receivable	8,568	9,689	10,928	11,216	11,559	13,329
Inventories	685	782	893	1,030	1,184	1,362
Prepaid expenses	249	284	325	374	430	495
Total current assets	<u>9,705</u>	<u>11,888</u>	<u>15,351</u>	<u>18,070</u>	<u>20,103</u>	<u>23,956</u>
Fixed assets held for Hospital operations:						
Plant, property and equipment, at cost	33,655	34,155	34,655	35,155	35,655	36,155
Less accumulated depreciation	<u>9,541</u>	<u>11,272</u>	<u>12,944</u>	<u>14,564</u>	<u>15,979</u>	<u>17,417</u>
	<u>24,114</u>	<u>22,883</u>	<u>21,711</u>	<u>20,591</u>	<u>19,676</u>	<u>18,738</u>
Fixed assets held as Professional Office Building:						
Plant, property and equipment, at cost	15,236	15,236	15,236	15,236	15,236	15,236
Less accumulated depreciation	<u>258</u>	<u>816</u>	<u>1,374</u>	<u>1,932</u>	<u>2,490</u>	<u>3,048</u>
	<u>14,978</u>	<u>14,420</u>	<u>13,862</u>	<u>13,304</u>	<u>12,746</u>	<u>12,188</u>
Fixed assets held for lease:						
Plant, property and equipment, at cost	5,056	5,056	5,056	5,056	5,056	5,056
Less accumulated depreciation	<u>1,949</u>	<u>2,081</u>	<u>2,213</u>	<u>2,345</u>	<u>2,477</u>	<u>2,609</u>
	<u>3,107</u>	<u>2,975</u>	<u>2,843</u>	<u>2,711</u>	<u>2,579</u>	<u>2,447</u>
Other assets:						
Deferred charges	1,374	1,288	1,203	1,119	1,035	952
Deposits	30	30	30	30	30	30
Other receivables	34	34	34	34	34	34
Funds held by trustee, debt service fund	<u>2,770</u>	<u>2,753</u>	<u>2,735</u>	<u>2,714</u>	<u>2,692</u>	<u>2,667</u>
	<u>4,208</u>	<u>4,105</u>	<u>4,002</u>	<u>3,897</u>	<u>3,791</u>	<u>3,683</u>
	<u>\$56,112</u>	<u>\$56,271</u>	<u>\$57,769</u>	<u>\$58,573</u>	<u>\$58,895</u>	<u>\$61,012</u>

DRAFT AS OF 19-MAR-'81
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THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.

PROJECTED BALANCE SHEETS (CONTINUED)
(Thousands)

	December 31,					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
LIABILITIES AND FUND BALANCE (DEFICIT)						
Current liabilities:						
Current portion of long-term debt:						
Series 1981 Bonds	\$ 340	\$ 370	\$ 410	\$ 450	\$ 495	\$ 545
Other	180	133	71	125	132	140
Accounts payable	1,300	1,173	1,340	1,545	1,775	2,043
Accrued salaries, wages and related benefits	1,326	1,484	1,750	2,000	2,280	2,599
Accrued interest	<u>2,770</u>	<u>2,753</u>	<u>2,735</u>	<u>2,714</u>	<u>2,692</u>	<u>2,667</u>
Total current liabilities	5,916	5,913	6,306	6,834	7,374	7,994
Long-term debt:						
Series 1981 Bonds	55,060	54,690	54,280	53,830	53,335	52,790
Other	<u>2,425</u>	<u>2,292</u>	<u>2,221</u>	<u>2,096</u>	<u>1,964</u>	<u>1,824</u>
Total liabilities	63,401	62,895	62,807	62,760	62,673	62,608
Fund balance (deficit)	(7,289)	(6,624)	(5,038)	(4,187)	(3,778)	(1,596)
	<u>\$56,112</u>	<u>\$56,271</u>	<u>\$57,769</u>	<u>\$58,573</u>	<u>\$58,895</u>	<u>\$61,012</u>

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(continued)
EXHIBIT
3

THE ALASKA HOSPITAL AND MEDICAL CENTER, INC.
PROJECTED STATEMENTS OF FUND BALANCE (DEFICIT)
 (Thousands)

Balance, January 1, 1981	(\$7,579)
Excess of expenses over revenues	(4,482)
AS29.90.010	<u>4,772</u>
Balance, December 31, 1981	(7,289)
Excess of expenses over revenues	(4,107)
AS29.90.010	<u>4,772</u>
Balance, December 31, 1982	(6,624)
Excess of expenses over revenues	(3,186)
AS29.90.010	<u>4,772</u>
Balance, December 31, 1983	(5,038)
Excess of expenses over revenues	(1,744)
AS29.90.010	<u>2,595</u>
Balance, December 31, 1984	(4,187)
Excess of revenues over expenses	<u>409</u>
Balance, December 31, 1985	(3,778)
Excess of revenues over expenses	<u>2,182</u>
Balance, December 31, 1986	<u><u>(\$1,596)</u></u>

Note: The comments and assumptions contained in this study are an integral part of this projected statement.

DRAFT AS OF 19- MAR -81
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COMMITTEE REPORT

HOUSE

5/25/87

(11)

FURTHER:

Date: 5-25-87

Mr. Speaker:

The Committee on FINANCE has had CSRS 390(FIN)

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

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- 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:

CHAIRMAN

FISCAL NOTE

REQUEST

Bill Resolution No. 05 FOR SENATE BILL NO. 391

Title Establishing a medical facilities special bond guarantee account in the Alaska
Revenue/Department of 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)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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)

Original Sponsor: Finance Committee

Offered: 5/11/81
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 390 (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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Original Sponsor: Finance Committee

Offered: 5/11/81
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 390 (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 (l) 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).

D R A F TSituation 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 POE 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 27, 1981

Trustees

Ray L. Smitil
PresidentJack Bentley
Vice PresidentWilliam H. Ivy, M.D.
Secretary

Vernon Cates, M.D.

Emmitt 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:

Agency Agreements

Services

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
Practical continuing education program for emergency medical technicians and paramedics.

Municipality of Anchorage

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 Arliss Sturgulewski
April 27, 1981
Page 3

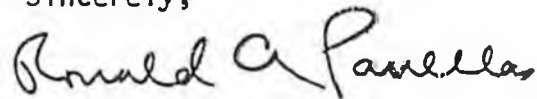
C. Number of Patients referred to Alaska Hospital from outside Anchorage Borough, 1979:

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

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

~~Authority~~ 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)

SENATE
LETTER OF INTENT
FOR
CSSB 390 (FIN)

- 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.



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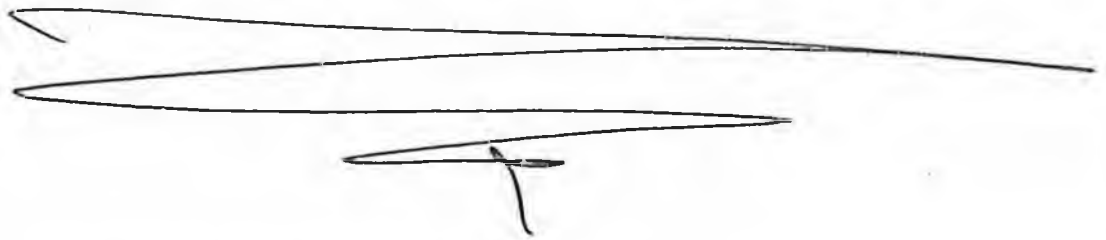
11.) The hospital and the adjoining professional building will be a financially viable entity within the next five years.

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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.

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.

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.

DRAFT AS OF 19-MAR-'81
TO BE USED ONLY FOR MANAGEMENT DISCUSSION PURPOSES;
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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

DRAFT AS OF 19-MAR-'81
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BACKGROUND INFORMATION

History of the Hospital

History of the Existing Facility

Board of Trustees

Administrative Staff

Facilities

The Project

Hospital Services

Medical Staff

CHARACTERISTICS OF THE SERVICE AREA

Location of the Hospital

Determination of the Service Area

Demographic and Economic Factors

 Population

 Family Income

 Housing

 Employment

 Transportation

 Utilities

SUPPLY AND DEMAND ANALYSIS

Competitive Hospital Facilities

Rate of Patient Days - Hospital's Service Area

Acute-Care Hospital Bed Need Formula

Comparison of Facilities and Services

Future Health Care Facilities

PROJECTION OF UTILIZATION

Results of Medical Staff Survey

Inpatient Activity

Ancillary Utilization

DRAFT AS OF 19-MAR-'81

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CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

BACKGROUND INFORMATION

History of the Hospital . . . . .	.	.	.	.	.	.	.	.	.
History of the Existing Facility . . . . .	.	.	.	.	.	.	.	.	.
Board of Trustees . . . . .	.	.	.	.	.	.	.	.	.
Administrative Staff . . . . .	.	.	.	.	.	.	.	.	.
Facilities . . . . .	.	.	.	.	.	.	.	.	.
The Project . . . . .	.	.	.	.	.	.	.	.	.
Hospital Services . . . . .	.	.	.	.	.	.	.	.	.
Medical Staff

CHARACTERISTICS OF THE SERVICE AREA

Location of the Hospital
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FINANCIAL FEASIBILITY

Major Assumptions
The Project
Description of the Bonds and Note
Financial Summary . . . . .	.	.	.	.	.	.	.	.	.
Pending Legislation . . . . .	.	.	.	.	.	.	.	.	.
Bases for Projection of Revenues and Expenses -									
Unrestricted Funds . . . . .	.	.	.	.	.	.	.	.	.
Nursing, Dietary and Routine Care Services . . . . .	.	.	.	.	.	.	.	.	.
Ancillary Services Revenue . . . . .	.	.	.	.	.	.	.	.	.
Contractual Allowances, Free Services and									
Other Allowances . . . . .	.	.	.	.	.	.	.	.	.
Net Patient Service Revenue . . . . .	.	.	.	.	.	.	.	.	.
Other Operating Revenue . . . . .	.	.	.	.	.	.	.	.	.
Operating Revenue, Net . . . . .	.	.	.	.	.	.	.	.	.
Operating Expenses . . . . .	.	.	.	.	.	.	.	.	.
Salaries and wages . . . . .	.	.	.	.	.	.	.	.	.
Employee benefits . . . . .	.	.	.	.	.	.	.	.	.
Specialists' fees . . . . .	.	.	.	.	.	.	.	.	.
Food . . . . .	.	.	.	.	.	.	.	.	.
Utilities . . . . .	.	.	.	.	.	.	.	.	.
Drugs and Pharmaceuticals . . . . .	.	.	.	.	.	.	.	.	.
Insurance . . . . .	.	.	.	.	.	.	.	.	.
Supplies and Other Expense . . . . .	.	.	.	.	.	.	.	.	.
Hospital Portion of Professional Office Building									
Excess of Revenues Over Expenses Before Fixed									
Charges and Nonoperating Revenue, Net . . . . .	.	.	.	.	.	.	.	.	.
Fixed Charges . . . . .	.	.	.	.	.	.	.	.	.
Trustee's Fee . . . . .	.	.	.	.	.	.	.	.	.
Interest Expense . . . . .	.	.	.	.	.	.	.	.	.
Depreciation . . . . .	.	.	.	.	.	.	.	.	.
Amortization . . . . .	.	.	.	.	.	.	.	.	.
Nonoperating Revenue (Expense) . . . . .	.	.	.	.	.	.	.	.	.
Aid to Operations . . . . .	.	.	.	.	.	.	.	.	.
Loss on Property Held for Lease . . . . .	.	.	.	.	.	.	.	.	.
Loss on Professional Office Building
Bases for Projection of Cash Flow									
and Projected Balance Sheet

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EXHIBITS

- 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.

DRAFT AS OF 19-MAR-'81
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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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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.

DRAFT AS OF 19-MAR-'81
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ENGAGEMENT IS INCOMPLETE; THIS DRAFT IS SUBJECT TO
FINAL REVIEW AND POSSIBLE REVISION.

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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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	<u>18</u>	<u>18</u>
Subtotal	<u>154</u>	<u>154</u>
Chemical dependency	<u>21</u>	<u>36</u>
	<u>175</u>	<u>190</u>
Nursery bassinets	<u>21</u>	<u>21</u>
Neonatal Intensive Care	<u>6</u>	<u>6</u>

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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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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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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