

LEG. FINANCE - BILLS 1981 - 1982 1707

CSSB 697 cont. - SB 699

1707

- Sec. 26 Defines "rehabilitation, enhancement and development."
- Sec. 27 Changes the definition of "resource" by deleting the word "renewable." With a new definition of resource as including but not limited to fisheries, agriculture, forest products, renewable energy, tourism and mining, but excluding real estate, retail sales or services.
- Sec. 28 "Small enterprise" is defined as a business with actual or anticipated gross sales revenues of \$10 million or less.
- Sec. 29 Deletes the provision that the Legislative Budget and Audit Committee hold confirmation hearings on the members.
- Sec. 30 Deletes the provision that the Legislative Budget and Audit Committee make recommendations regarding the confirmation of the appointees to the board.
- Sec. 31 Deletes the word "renewable" from the name of the Corporation.
- Sec. 32 Deletes "renewable" from the Corporation name.
- Sec. 33 Repeals 37.12.020 allocating 5% of mineral sales, leases and bonuses to the Corporation and requiring 50% of receipts be deposited in the renewable resource investment fund.

Repeals 37.12.040 Removal and vacancies. The governor may remove a member with the consent of a majority of the legislature in joint session. Provisions of time and when the legislature is not in session. A vacancy does not impair a quorum.

Repeals 37.12.070(12) Powers of the board: provide grants for projects having broad public application which do not have direct income-producing potential.

Repeals 37.12.070(14) Powers of the board: deposit or invest surplus funds through Treasury Division.

Repeals 37.12.080(a)(1)(D) Specifying a minimum time of project in Alaska (instead, all projects are required to have an Alaskan site).

Repeals 37.12.080(a)(1)(G) Requiring the board to resolve resource use conflicts.

Repeals 37.12.080(a)(3) Requiring consideration of local preferences and priorities.

Repeals 37.12.085(2) Eligibility for financial assistance: state residency for 3 years or majority Alaskan ownership.

Repeals 37.12.115 Provision of technical assistance, including preinvestment advances.

- Sec. 34 Initial terms of the board shall be one member serving 1 year, one member serving 2 years, one member serving 3 years and one member serving 4 years. The board shall be appointed within 30 days. Trustees serve as an interim board until appointees serve.
- Sec. 35 Terminates the present Alaska Renewable Resources Corporation on the effective date of this Act.
- Sec. 36 Transfers all records, appropriations, equipment and other assets or liabilities to the Alaska Resources Corporation on the effective date.
- Sec. 37 Employees are transferred on the effective date.
- Sec. 38 Limitations on financial assistance applies only to commitments made after the effective date of the Act. [This provides the new Corporation with the ability to handle the on-going needs and assistance requirements of the existing portfolio.]
- Sec. 39 Immediate effective date.

Offered: 4/19/82
Referred: Rules

Original sponsor: Kerttula by request

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 697 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Resources Corporation
7 in place of the Alaska Renewable Resources Corporation
8 (AS 37.12); and providing for an effective date."

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

10 * Section 1. AS 37.12.010 is amended to read:

11 Sec. 37.12.010 ALASKA [RENEWABLE] RESOURCES CORPORATION CREATED.
12 There is created the Alaska [RENEWABLE] Resources Corporation to carry
13 out the purposes of this chapter. The corporation is a public corpora-
14 tion of the state and an instrumentality of the state within the Depart-
15 ment of Commerce and Economic Development [REVENUE], but has a legal
16 existence independent of and separate from the state. The exercise by
17 the corporation of the powers conferred by this chapter is considered an
18 essential function of the state.

19 * Sec. 2. AS 37.12.015 is repealed and reenacted to read:

20 Sec. 37.12.015. PURPOSES. The purposes of the corporation are to
21 (1) facilitate the rehabilitation, enhancement, and development
22 of the state's resources so as to strengthen and diversify the state
23 economy;

24 (2) provide development capital for the establishment and
25 expansion of small enterprises in resource industries in the state in
26 ways that enhance private capital investment; and

27 (3) strengthen and diversify the state's economy by the
28 establishment and expansion of small enterprises that are self-supporting
29 and that may

1 (A) develop underutilized state resources and reduce the
2 state's dependence on oil and gas;

3 (B) reduce the seasonality of employment in the state;

4 (C) offer employment opportunities for unemployed state
5 residents;

6 (D) provide additional tax revenues to the state govern-
7 ment and to local governments;

8 (E) increase exports from the state or reduce imports
9 into the state; or

10 (F) provide new products or services not previously
11 available in the state.

12 * Sec. 3. AS 37.12 is amended by adding a new section to read:

13 Sec. 37.12.022. DEVELOPMENT CAPITAL FUND. The development capital
14 fund is established in the corporation, consisting of money or assets
15 appropriated or transferred to the corporation, and payments of princi-
16 pal and interest on loans and equity investments made by the corporation.
17 The fund shall be used to finance projects that qualify for assistance
18 under this chapter, and to pay the operating expenses of the corporation.
19 If money remains in the development fund after financing projects that
20 qualify for assistance under this chapter and after paying the operating
21 expenses of the corporation, the money shall be invested by the corpora-
22 tion under AS 37.10.070(a).

23 * Sec. 4. AS 37.12.025 is amended to read:

24 Sec. 37.12.025. BOARD OF DIRECTORS [TRUSTEES]. A board of direc-
25 tors [TRUSTEES] of the corporation is established as its governing body.

26 * Sec. 5. AS 37.12.030 is repealed and reenacted to read:

27 Sec. 37.12.030. COMPOSITION OF THE BOARD OF DIRECTORS. The board
28 consists of four members with business, lending, or investment experience
29 appointed by the governor and the commissioner of commerce and economic

1 development or his designee. The board shall annually elect a chairman
2 from among its members.

3 * Sec. 6. AS 37.12.035 is amended to read:

4 Sec. 37.12.035. TERM OF OFFICE. The members of the board [OF
5 TRUSTEES] shall be appointed for terms of four years, and they may be
6 reappointed. Terms of members appointed by the governor shall be stag-
7 gered. The governor shall immediately appoint a member to fill a vacancy
8 in the membership of the board for the unexpired term [THE INITIAL TERMS
9 SHALL BE ONE MEMBER SERVING FOR TWO YEARS, ONE MEMBER SERVING FOR THREE
10 YEARS, AND ONE MEMBER SERVING FOR FOUR YEARS].

11 * Sec. 7. AS 37.12.050 is amended to read:

12 Sec. 37.12.050. QUORUM AND TRANSACTION OF BUSINESS. (a) Three
13 [TWO] members of the board constitute a quorum for the transaction of
14 business and the exercise of the powers and duties of the board.

15 (b) The board may meet and transact business by electronic media
16 if (1) public notice of the time and locations where the meeting will
17 be held by electronic media has been given in the same manner as if the
18 meeting were held in a single location; (2) participants and members
19 of the public in attendance can hear and have the same right to partici-
20 rate in the meeting as if the meeting were conducted in person; and (3)
21 copies of pertinent reference materials, statutes, regulations, and
22 audio-visual materials are reasonably available to participants and to
23 the public. A meeting by electronic media as provided in this subsec-
24 tion has the same legal effect as a meeting in person.

25 * Sec. 8. AS 37.12.055 is repealed and reenacted to read:

26 Sec. 37.12.055. COMPENSATION OF BOARD MEMBERS. Members of the
27 board receive \$200 for each day spent on official business of the corpor-
28 ation, and are entitled to per diem and travel expenses authorized by
29 law for state boards and commissions under AS 39.20.180.

1 * Sec. 9. AS 37.12.060 is repealed and reenacted to read:

2 Sec. 37.12.060. EXECUTIVE DIRECTOR; STAFF. (a) The board shall
3 employ an executive director to administer the corporation in accordance
4 with this chapter, and to perform other duties that the board may pre-
5 scribe. The executive director serves at the pleasure of the board and
6 may not be a member of the board. The board determines the salary of
7 the executive director.

8 (b) The executive director may, with the approval of the board,
9 select and employ staff. The executive director and staff are in the
10 exempt service under AS 39.25.

11 * Sec. 10. AS 37.12.065(a) is amended to read:

12 (a) Members of the board [OF TRUSTEES] are subject to the pro-
13 visions of AS 39.50.

14 * Sec. 11. AS 37.12.070(11) is repealed and reenacted to read:

15 (11) invest in projects that are economically viable and are
16 or are expected to become income-producing by buying stock or other
17 equity, by purchasing secured and unsecured debt of any priority, and
18 debt with flexible repayment schedules and royalty and profit sharing
19 agreements, but investments may not be made at below market rates;

20 * Sec. 12. AS 37.12.075 is repealed and reenacted to read:

21 Sec. 37.12.075. DUTIES. In carrying out the purposes of this
22 chapter the board shall

23 (1) provide financial assistance for resource projects that
24 the board finds will accomplish the purposes of the corporation as set
25 out in AS 37.12.015;

26 (2) keep minutes of each meeting of the board and send a
27 certified copy of the minutes to the governor and the Legislative Budget
28 and Audit Committee;

29 (3) annually prepare long-range operating and financial plans

1 and the budget for the next fiscal year;

2 (4) monitor approved projects for compliance with this chapter
3 and provide operational and performance evaluations of projects receiving
4 financial assistance;

5 (5) before an investment is made in a resource project by the
6 corporation, prepare written findings on the project that include a
7 consideration of the expectation of return from the project and the risk
8 involved in undertaking the project.

9 * Sec. 13. AS 37.12.080(a)(2) is amended to read:

10 (2) use the financial mechanism most appropriate to the
11 conditions of the applicant and the proposed resource project and which
12 will most effectively utilize the funds available; [GRANTS MAY BE MADE
13 BY THE BOARD OF UP TO 90 PERCENT OF THE TOTAL PROJECT COSTS FOR THE
14 FOLLOWING PURPOSES:

15 (A) PROJECTS FOR THE APPLIED RESEARCH AND DEVELOPMENT OF
16 PRODUCTS, TECHNOLOGIES, OR INNOVATIONS FOR THE REHABILITATION,
17 ENHANCEMENT, OR DEVELOPMENT OF THE STATE'S RENEWABLE RESOURCES;

18 (B) PROJECTS FOR THE DEMONSTRATION, ON A ONE-TIME BASIS,
19 OF THE ECONOMIC OR TECHNICAL FEASIBILITY OF A NEW PRODUCT, MARKET,
20 OR TECHNOLOGY INVOLVING A RENEWABLE RESOURCE; OR

21 (C) PROJECTS FOR THE REHABILITATION, ENHANCEMENT, OR
22 DEVELOPMENT OF A COMMON-PROPERTY RESOURCE WHERE THE BENEFITS FROM
23 THE PROJECT CANNOT BE CAPTURED BY ANY SINGLE ECONOMIC UNIT;]

24 * Sec. 14. AS 37.12.080(a) is amended by adding a new paragraph to read:

25 (5) require that if the corporation makes an equity invest-
26 ment it agrees to start divesting itself of the shares held within 10
27 years or before the end of the term of the loan, whichever occurs first.

28 * Sec. 15. AS 37.12.080(b)(1) is amended to read:

29 (1) invest or otherwise provide assistance of more than five

1 percent of the resources of the corporation or \$500,000 [\$1,500,000],
2 whichever is less, in a single project or applicant [UNLESS THE LEGISLA-
3 TURE HAS APPROVED THE INVESTMENT BY CONCURRENT RESOLUTION];

4 * Sec. 16. AS 37.12.080(b)(2) is repealed and reenacted to read:

5 (2) invest in or finance

6 (A) more than 49 percent of the combined equity and debt
7 obligation of an applicant;

8 (B) more than 49 percent of the voting shares of a re-
9 source project; or

10 (C) more than 70 percent of the cost of a resource
11 project;

12 * Sec. 17. AS 37.12.080(b)(3) is amended to read:

13 (3) make a loan for a period in excess of 30 years [UNLESS
14 THE LEGISLATURE HAS APPROVED THE LOAN BY CONCURRENT RESOLUTION];

15 * Sec. 18. AS 37.12.080(b)(5) is amended to read:

16 (5) provide funds to any state agency [UNLESS THAT EXPENDI-
17 TURE IS INCLUDED IN THE CORPORATION'S ANNUAL BUDGET];

18 * Sec. 19. AS 37.12.080(b)(6) is amended to read:

19 (6) make [ALLOCATE TO] grants [MORE THAN 10 PERCENT OF THE
20 ANNUAL APPROPRIATION OF THE CORPORATION].

21 * Sec. 20. AS 37.12.080(b) is amended by adding a new paragraph to read:

22 (7) make loans to provide short-term working capital.

23 * Sec. 21. AS 37.12.090 is repealed and reenacted to read:

24 Sec. 37.12.090. REPORTS AND PUBLICATIONS. (a) The corporation
25 shall publish an annual report by January 10 of each year for distribu-
26 tion to the governor, the legislature, and the public. The report shall
27 be written in easily understandable language, shall consider the assigned
28 duties of the corporation, and shall include

29 (1) a financial statement audited by an independent outside

1 auditor;

2 (2) a statement of the corporation's investments under this
3 chapter including an appraisal of the investments at market value;

4 (3) a description of corporation investment activity during
5 the period covered by the report;

6 (4) a comparison of the corporation's performance with the
7 goals of the corporation;

8 (5) an overall financial plan describing the anticipated risk
9 and return on investment in the different categories of investment
10 undertaken;

11 (6) a summary of employment provided and of wages and state
12 and local taxes paid by resource projects invested in or assisted by the
13 corporation; and

14 (7) any other information the members of the board believe
15 would be of interest to the governor, the legislature, and the public.

16 (b) The annual income statement and balance sheet of the corpora-
17 tion shall be published in at least one newspaper in each judicial
18 district.

19 (c) The corporation may publish other relevant reports.

20 * Sec. 22. AS 37.12.095 is repealed and reenacted to read:

21 Sec. 37.12.095. OPERATING BUDGET. The operating budget of the
22 corporation is subject to the Executive Budget Act (AS 37.07).

23 * Sec. 23. AS 37.12.125(2) is amended to read:

24 (2) "board" means the Board of Directors [TRUSTEES] of the
25 Alaska [RENEWABLE] Resources Corporation;

26 * Sec. 24. AS 37.12.125(3) is amended to read:

27 (3) "corporation" means the Alaska [RENEWABLE] Resources
28 Corporation;

29 * Sec. 25. AS 37.12.125(4) is amended to read:

1 (4) "project" means products, markets, innovation, or tech-
2 nological developments for the rehabilitation, enhancement, or develop-
3 ment of [RENEWABLE] resources and includes applied research for those
4 products, markets, or technological developments;

5 * Sec. 26. AS 37.12.125(5) is repealed and reenacted to read:

6 (5) "rehabilitation, enhancement and development" means an
7 activity that leads to an increase in the quality or productivity of a
8 resource, and to an increase in the benefits derived from the resource
9 for citizens of the state;

10 * Sec. 27. AS 37.12.125(6) is repealed and reenacted to read:

11 (6) "resource" includes, but is not limited to fisheries,
12 agriculture, forest products, renewable energy, tourism, mining, basic
13 manufacturing and other industrial development; "resource" does not
14 include real estate development or retail sales or services.

15 * Sec. 28. AS 37.12.125 is amended by adding a new paragraph to read:

16 (7) "small enterprise" means a business enterprise with gross
17 sales revenue of \$10,000,000 or less for its annual reporting period
18 ending immediately before an application to the corporation for financial
19 assistance; a new business enterprise that has not completed an annual
20 reporting period before an application but that anticipates sales revenue
21 of \$10,000,000 or less in its first annual reporting period is a "small
22 enterprise".

23 * Sec. 29. AS 24.20.201(a)(9) is amended to read:

24 (9) hold public hearings on the confirmation of the members
25 of the Board of Trustees of the Alaska Permanent Fund Corporation [, AND
26 THE MEMBERS OF THE BOARD OF TRUSTEES OF THE ALASKA RENEWABLE RESOURCES
27 CORPORATION];

28 * Sec. 30. AS 24.20.206(1) is amended to read:

29 (1) report to the legislature its recommendations relating to

1 the confirmation of appointees to the Board of Trustees of the Alaska
2 Permanent Fund Corporation [AND THE BOARD OF TRUSTEES OF THE ALASKA
3 RENEWABLE RESOURCES CORPORATION];

4 * Sec. 31. AS 44.66.010(a)(7) is amended to read:

5 (7) Alaska [RENEWABLE] Resources Corporation (AS 37.12.010) --
6 June 30, 1992 [1982];

7 * Sec. 32. AS 46.12.120(4) is amended to read:

8 (4) in developing its programs, consult with the Alaska
9 Council on Science and Technology, the Alaska Power Authority, the
10 Alaska [RENEWABLE] Resources Corporation, the division of energy and
11 power development of the Department of Commerce and Economic Develop-
12 ment, the Department of Natural Resources, and the University of Alaska;
13 the board shall meet with responsible officials and representatives of
14 these organizations and agencies at least twice each year;

15 * Sec. 33. The following laws are repealed: AS 37.12.020, 37.12.040,
16 37.12.070(12), and (14), 37.12.080(a)(1)(D), (a)(1)(G) and (a)(3), 37.12.-
17 085(2), and 37.12.115.

18 * Sec. 34. The initial terms of members of the Board of Directors of the
19 Alaska Resources Corporation appointed by the governor under AS 37.12.030 as
20 amended in sec. 5 of this Act shall be one member serving one year, one
21 member serving two years, one member serving three years, and one member
22 serving four years. Initial members of the Board of Directors of the Alaska
23 Resources Corporation shall be appointed within 30 days from the effective
24 date of this Act. The Board of Trustees of the Alaska Renewable Resources
25 Corporation serves as an interim Board of Directors of the Alaska Resources
26 Corporation until the initial Board of Directors of the Alaska Resources
27 Corporation is appointed by the governor. The Board of Trustees of the
28 Alaska Renewable Resources Corporation is dissolved on appointment of the
29 initial Board of Directors of the Alaska Resources Corporation.

1 * Sec. 35. The Alaska Renewable Resources Corporation is dissolved on the
2 effective date of this Act.

3 * Sec. 36. All appropriations, records, equipment, and other assets,
4 liabilities, and obligations of the Alaska Renewable Resources Corporation
5 are transferred to the Alaska Resources Corporation on the effective date of
6 this Act.

7 * Sec. 37. Employees of the Alaska Renewable Resources Corporation become
8 employees of the Alaska Resources Corporation on the effective date of this
9 Act.

10 * Sec. 38. The limitation on financial assistance in AS 37.12.080(b)(1)
11 and (2) as amended in secs. 15 and 16 of this Act applies to financial assis-
12 tance provided or commitments made under AS 37.12 after the effective date of
13 this Act.

14 * Sec. 39. This Act takes effect immediately in accordance with AS 01.10.-
15 070(c).

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COMMITTEE REPORT
SENATE

1/29/82

FURTHER: Finance

Date: 3-15-82

Mr. President:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SB 698

state reimbursement of health facilities for medical assistance provided to needy persons

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 698 (Hess) same title
 new title
- and recommends report back to the committee
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS:

2 Tim Kelly - No Rec

[Signature]
CHAIRMAN

Offered: 3/24/82
Referred: Finance

Original sponsor: Health, Education, and
Social Services Committee

BY THE HEALTH, EDUCATION, AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 698 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state reimbursement of health
7 facilities for medical assistance provided to needy
8 persons; and providing for an effective date."

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

10 * Section 1. FINDINGS AND DECLARATION OF POLICY. The legislature finds
11 and declares that health facilities are vital to the welfare of the people of
12 the state. Accordingly, the legislature acknowledges the need to reimburse
13 health facilities for services provided to beneficiaries of state programs at
14 a level that will pay for the costs of the facilities that are attributable to
15 those programs. In order to make this reimbursement prudently it is necessary
16 that reimbursement rates for health facilities from the medicaid and general
17 relief-medical programs should be prospectively negotiated so that appropriate
18 and equitable funding decisions can be made.

19 * Sec. 2. AS 47.07.070 is repealed and reenacted to read:

20 Sec. 47.07.070. REIMBURSEMENTS TO HEALTH FACILITIES. The reim-
21 bursement rate to a health facility shall be based on a fair rate for
22 reasonable costs that are incurred by the facility. In addition to the
23 costs of a health facility, reimbursement shall reflect a reasonable
24 return on investment. Reimbursement to a health facility shall be made
25 by the division for

26 (1) costs of current operations, including

27 (A) wages and salaries, purchased services including
28 physician fees, supplies, insurance, leases, depreciation, taxes,
29 interest expense, maintenance, minor remodeling and other normal

1 health facility operating expenses;

2 (B) charity and credit losses;

3 (C) education;

4 (D) research; and

5 (E) the cost of preparing budgets and negotiating rates
6 under AS 47.07.072;

7 (2) an operating margin to provide

8 (A) capital to meet current obligations;

9 (B) capital for preservation, improvement, and expansion
10 of buildings and equipment;

11 (C) debt service;

12 (D) retirement of debt; and

13 (E) a return on equity capital.

14 * Sec. 3. AS 47.07 is amended by adding new sections to read:

15 Sec. 47.07.072. BUDGET DETERMINATION. (a) At least 90 days
16 before the start of a fiscal year of a health facility, the division
17 shall provide the health facility with an estimate of its volume for the
18 fiscal year.

19 (b) At least 60 days before the start of the fiscal year of a
20 health facility, the health facility shall submit its proposed rates for
21 reimbursement and its budget projections to the commission on forms
22 prescribed by the commission.

23 (c) Within 45 days after the proposed rates and budget projections
24 are submitted, the commission shall review the rates and budget projec-
25 tions and shall establish rates in accordance with the guidelines estab-
26 lished under AS 47.07.070. The health facility may present oral testi-
27 mony and documentation to support its proposed rates before the commis-
28 sion makes a decision under this subsection. If the commission does not
29 issue a written decision within the prescribed time period, the rates of

1 the health facility are considered to be approved.

2 (d) Within 30 days of a decision, a health facility (1) may request
3 the commission to reconsider the decision; or (2) regardless of whether
4 it requests reconsideration, may appeal the decision to a superior court
5 and may obtain de novo review of the decision. During reconsideration
6 or appeal a health facility shall receive payments according to the
7 rates approved by the commission.

8 (e) A health facility may submit a proposal for amended rates with
9 an amended budget to the commission during its fiscal year. Within 60
10 days of submission of the proposal for amended rates the commission
11 shall review the proposal and issue a written decision. If the commis-
12 sion does not issue a written decision within the prescribed time period,
13 the amended rates are considered to be approved.

14 (f) Within 90 days after the end of the fiscal year of a health
15 facility, the facility shall submit a report on its financial performance
16 during the fiscal year to the commission, on forms prescribed by the
17 commission.

18 Sec. 47.07.074. UNIFORM ACCOUNTING, BUDGETING, AND FINANCIAL RE-
19 PORTING. (a) The commission, after study and in consultation with
20 advisory committees that may be established for that purpose, shall
21 establish, by regulations, adopted under the Administrative Procedure
22 Act, (AS 44.62), a uniform system of accounting, budgeting, and financial
23 reporting, including methods by which a health facility shall record
24 revenues, expenses, assets and liabilities, and units of service. A
25 health facility shall adopt the system for its fiscal year effective on
26 a date determined by the commission.

27 (b) In establishing uniform accounting, budgeting, and financial
28 reporting procedures, the commission shall consider:

29 (1) systems of accounting, budgeting, and financial reporting

1 procedures presently used by health facilities;

2 (2) differences among health facilities in size, financial
3 structure, method of obtaining payment for services, scope and type of
4 services provided, and method of providing services;

5 (3) types of health care services provided; and

6 (4) other relevant factors.

7 (c) The commission may modify the accounting, budgeting, and
8 financial reporting requirements for a health facility if the modifica-
9 tion is necessary to avoid excessive health facility costs in meeting
10 the requirements of a uniform system of accounting, budgeting, and
11 financial reporting, and if the modification is consistent with the
12 purposes of this chapter.

13 Sec. 47.07.076. AUDITS AND INSPECTIONS. As a condition of obtain-
14 ing reimbursement under AS 47.07.070, a health facility shall allow

15 (1) the division to have reasonable access to its financial
16 records of medical assistance beneficiaries; and

17 (2) inspection of financial records by the division and other
18 state and federal agencies to the extent required by federal law and
19 regulation.

20 * Sec. 4. AS 47.07.080 is amended by adding new paragraphs to read:

21 (6) "commission" means the Medical Assistance Budget Review
22 Commission;

23 (7) "division" means the division of public assistance of the
24 Department of Health and Social Services;

25 (8) "equity capital" means

26 (A) the investment of a health facility in buildings,
27 real property, equipment, and other property related to patient
28 care;

29 (B) money required by a lease to be deposited by a

1 health facility that leases a building, real property, equipment,
2 or other property related to patient care; and

3 (C) net working capital maintained for the conduct of
4 patient care activities;

5 (9) "health facility" includes a hospital, skilled nursing
6 facility, intermediate care facility, intermediate care facility for the
7 mentally retarded, inpatient psychiatric facility, home health agency,
8 rural health clinic, outpatient surgical clinic, and any other facility
9 that receives medicaid or medical assistance reimbursement under this
10 chapter or under AS 47.25.120 - 47.25.300 for services traditionally
11 provided in a health facility;

12 (10) "volume" means the total service provided to medicaid and
13 medical assistance beneficiaries under this chapter and under AS 47.25.-
14 120 - 47.25.300.

15 * Sec. 5. AS 47.07 is amended by adding new sections to read:

16 ARTICLE 2. MEDICAL ASSISTANCE BUDGET REVIEW COMMISSION.

17 Sec. 47.07.110. MEDICAL ASSISTANCE BUDGET REVIEW COMMISSION ESTAB-
18 LISHED. The Medical Assistance Budget Review Commission is established
19 in the Department of Commerce and Economic Development.

20 Sec. 47.07.120. COMPOSITION OF COMMISSION. The commission consists
21 of five members as follows:

22 (1) the chief executive officer of a health facility that is
23 licensed by the state but not owned or operated by the state or federal
24 government and that is subject to the budget review process under this
25 chapter;

26 (2) a person employed in or associated with the medical
27 insurance industry;

28 (3) a physician licensed to practice medicine in the state
29 who is actively engaged in the practice of medicine and who is not

1 employed by the state or federal government;

2 (4) a person with a relevant professional background who can
3 represent the state business community; and

4 (5) a person who can represent consumers of health services
5 and who does not have direct or indirect interest in an entity that
6 provides health care services.

7 Sec. 47.07.130. APPOINTMENT OF MEMBERS. Members of the commission
8 are appointed by the governor and serve at the pleasure of the governor.

9 Sec. 47.07.140. TERM OF MEMBERSHIP. A member of the commission is
10 appointed for a term of three years, and may not be appointed to a
11 successive term. The terms of the members shall be staggered. A member
12 appointed to fill a vacancy serves for the unexpired term of the member
13 he succeeds. A term shall be measured from January 1 of the year in
14 which the term of the vacant position begins, regardless of when the
15 vacancy is filled.

16 Sec. 47.07.150. COMPENSATION. A member of the commission serves
17 without compensation but is entitled to per diem and travel expenses
18 authorized by law for boards and commissions under AS 39.20.180.

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6 ASSISTANCE. (a) Reimbursement to a health facility for medical assis-
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8 made as provided in AS 47.07.

9 (b) In this section "health facility" has the same meaning as
10 under AS 47.07.080(9).

11 * Sec. 7. AS 47.07.080(1) is repealed.

12 * Sec. 8. The terms of the first members of the Medical Assistance Budget
13 Review Commission appointed under AS 47.07.130 enacted in sec. 5 of this Act
14 are as follows: two members shall serve three years, two members shall serve
15 two years, and one member shall serve for one year. The governor shall
16 specify the term of each member appointed under this section.

17 * Sec. 9. The Medical Assistance Budget Review Commission shall begin its
18 review of health facility budgets after it has adopted uniform accounting,
19 budgeting, and financial reporting forms but it may not establish rates of
20 reimbursement for a health facility under AS 47.07.072 for a health facility
21 fiscal year that begins before July 1, 1983.

22 * Sec. 10. In determining the effective date for a health facility to
23 implement a uniform system of accounting, budgeting, and financial reporting
24 under AS 47.07.074 the Medical Assistance Budget Review Commission shall
25 consider both the need for uniform reporting information under AS 47.07 and
26 the administrative and economic difficulties that a health facility may
27 encounter in changing its method of accounting, but the effective date for
28 adoption of a uniform system of accounting, budgeting, and financial reporting
29 by a participating health facility may not be later than 18 months after the

1 effective date of this Act.

2 * Sec. 11. This Act takes effect January 1, 1983.
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Introduced: 1/29/82
Referred: Health, Education and
Social Services and Finance

BY THE HEALTH, EDUCATION, AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 698

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state reimbursement of health
7 facilities for medical assistance provided to needy
8 persons; and providing for an effective date."

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

10 * Section 1. FINDINGS AND DECLARATION OF POLICY. The legislature finds
11 and declares that health facilities are vital to the welfare of the people of
12 the state. Accordingly, the legislature acknowledges the need to reimburse
13 health facilities for services provided to beneficiaries of state programs at
14 a level that will meet the total financial requirements of the facilities.
15 In order to make this reimbursement prudently it is necessary that reimburse-
16 ment rates for health facilities from the medicaid and general relief-medical
17 programs should be prospectively negotiated so that appropriate and equitable
18 funding decisions can be made.

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22 reasonable costs that are incurred by the facility. In addition to the
23 costs of a health facility, reimbursement shall reflect a reasonable
24 return on investment. Reimbursement to a health facility shall be made
25 for

26 (1) costs of current operations, including

27 (A) wages and salaries, purchased services including,
28 physician fees, supplies, insurance, leases, depreciation, taxes,
29 interest expense, maintenance, minor remodeling and other normal

1 health facility operating expenses;

2 (B) charity and credit losses;

3 (C) education;

4 (D) research; and

5 (E) the cost of preparing budgets and negotiating rates
6 under AS 47.07.072;

7 (2) an operating margin to provide

8 (A) capital to meet current obligations;

9 (B) capital for preservation, improvement, and expansion
10 of buildings and equipment;

11 (C) debt service; and

12 (D) a return on equity capital.

13 * Sec. 3. AS 47.07 is amended by adding new sections to read:

14 Sec. 47.07.072. BUDGET DETERMINATION. (a) At least 90 days
15 before the start of a fiscal year of a health facility, the division
16 shall provide the health facility with an estimate of its volume for the
17 fiscal year.

18 (b) At least 60 days before the start of the fiscal year of a
19 health facility, the health facility shall submit its proposed rates for
20 medical service, reimbursement and its budget projections to the commis-
21 sion on forms prescribed by the commission.

22 (c) Within 45 days after the proposed rates and budget projections
23 are submitted, the commission shall review the rates and budget projec-
24 tions and shall approve or deny the proposed rates. The health facility
25 may present oral testimony and documentation to support its proposed
26 rates before the commission makes a decision under this subsection. If
27 the commission does not issue a written decision within the prescribed
28 time period, the rates of the health facility are considered to be
29 approved.

1 (d) Within 30 days of an adverse decision, a health facility
2 (1) may request the commission to reconsider the decision; or
3 (2) regardless of whether it requests reconsideration, may
4 appeal the decision to a superior court and may obtain de novo review of
5 the decision. During reconsideration or appeal a health facility shall
6 receive payments according to the rates approved by the commission.

7 (e) A health facility may submit a proposal for amended rates with
8 an amended budget to the commission during its fiscal year. Within 60
9 days of submission of the proposal for amended rates the commission
10 shall review the proposal and issue a written decision. If the commis-
11 sion does not issue a written decision within the prescribed time period,
12 the amended rates are considered to be approved.

13 (f) Within 90 days after the end of the fiscal year of a health
14 facility, the facility shall submit a report on its financial performance
15 during the fiscal year to the commission, on forms prescribed by the
16 commission.

17 Sec. 47.07.074. AUDITS AND INSPECTIONS. As a condition of obtain-
18 ing reimbursement under AS 47.07.070, a health facility shall allow

19 (1) the division to have reasonable access to its financial
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28 Department of Health and Social Services;

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3 care;

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5 health facility that leases a building, real property, equipment,
6 or other property related to patient care; and

7 (C) net working capital maintained for the conduct of
8 patient care activities;

9 (9) "health facility" includes a hospital, skilled nursing
10 facility, intermediate care facility, intermediate care facility for the
11 mentally retarded, inpatient psychiatric facility, home health agency,
12 rural health clinic, outpatient surgical clinic and any other facility
13 that receives medicaid or medical assistance reimbursement under this
14 chapter or under AS 47.25.120 - 47.25.300 for services traditionally
15 provided in a health facility;

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26 (1) the chief executive officer of a health facility that is
27 censured by the state but not owned or operated by the state or federal
28 ernment and that is subject to the budget review process under this
er;

1 (2) a person employed in or associated with the medical
2 insurance industry;

3 (3) a physician licensed to practice medicine in the state
4 who is actively engaged in the practice of medicine and who is not
5 employed by the state or federal government;

6 (4) a person with a relevant professional background who can
7 represent the state business community; and

8 (5) a person who can represent consumers of health services
9 and who does not have direct or indirect interest in an entity that
10 provides health care services.

11 Sec. 47.07.130. APPOINTMENT OF MEMBERS. Members of the commission
12 are appointed by the governor and serve at the pleasure of the governor.

13 Sec. 47.07.140. TERM OF MEMBERSHIP. A member of the commission is
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15 successive term. The terms of the members shall be staggered. A member
16 appointed to fill a vacancy serves for the unexpired term of the member
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18 which the term of the vacant position begins, regardless of when the
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19 two years, and one member shall serve for one year. The governor shall
20 specify the term of each member appointed under this section.

21 * Sec. 9. This Act takes effect January 1, 1983.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 698

Title An Act creating the Health Care Facilities Commission

Requested by _____

Date 3-15-82

II. FISCAL DETAIL

Agency Affected Health and Social Services

Program Category Affected --

BRU, Program, or Subprogram(s) Affected GRM Medicaid

(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	0	196.0	220.0	247.0	276.0	309.0
200 TRAVEL	0	26.0	29.3	33.1	37.5	42.3
300 CONTRACTUAL	0	183.0	195.4	200.9	249.6	282.0
400 COMMODITIES	0	7.5	1.6	1.9	2.1	2.4
500 EQUIPMENT	0	6.0	1.0	0	0	0
600 LAND & STRUCTURES	0	--				
700 GRANTS, CLAIMS, ETC.			0	0	0	0
GRM					0	0
TOTAL	0	412.5	447.3	502.9	565.2	635.7

FUNDING (Thousands of Dollars)

	412.5	447.3	502.9	565.2	635.7
GENERAL FUND					
FEDERAL FUNDS	0	0	0	0	0
OTHER (Specify Fund Source)					

POSITIONS

	0	5	5	5	5	5
FULL TIME						
PART TIME	0	-	-	-	-	-
TEMPORARY	0	-	-	-	-	-

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

A. Assumptions - Same as Detail Budget Instructions except a 13% yearly inflation figure is used.

B. Positions - See attached.

a. Uniform accounting system is necessary in order to compare costs of health facilities. Demonstration project in Washington state emphasized the need for uniform accounting.

b. Uniform budgeting system for reporting and projecting future expenditures which can then be compared with local, regional and national needs and trends. To establish a uniform accounting and budgeting system will take between 1 and 2 years for development and subsequent training of providers.

c. Lease data processing equipment and time from the Department of Administration for forecasting and analyzing health data.

d. Dollar figure in claims represents the cost to the Medicaid Program due to the switchover from retrospective "cost" system. See attached.

IV. DATE _____

PREPARED BY _____

AGENCY Health and Social Services/DPA

PHONE 465-3355

Original: Legislative Finance

cc: Budget and Management

	<u>Positions</u>	<u>Salary Range</u>	<u>Salary Cost</u>	<u>Monthly Salary TOTAL</u>
<u>100</u> Personal Service				
PA Program Officer	(1)	21	3475	3475
Auditors	(2)	18	2838	5676
CT III	(1)	8	1482	1482
MA Administrator	(1)	17	2640	2640
				<u>13273</u>

(12466 + .23 benefits) = 16325 x 12 mos = 195909.

200 Travel

201 Commission (5 person, 4 meetings/yr)	10.0
202 Training & Audit	16.0
	<u>26.0</u>

300 Contractual

310 Comm Telephone, postage	12.0
320 Printing	4.0
330 Rents/leases	15.0
340 Repair	1.0
360 Equip rental/copier	2.5
364 Typewriter	13.7
365 Telecommunications (Commission public meetings)	5.0
370 Data Processing	13.7
389 Contracts	
a) uniform budget	50.0
b) uniform acct	50.0
c) legal counsel	15.0
390 Misc	1.0
	<u>182.9</u>

400 Commodities 1.5

500 Equipment (office furniture) 6.0
FY83 TOTAL 375.5

ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND.. Session

SENATE BILL..... NO. 698...

By THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

"An Act relating to state reimbursement of health facilities for medical assistance provided to needy persons; and providing for an effective date"

Introduced in the Senate 1/29/82, 19....

HISTORY IN THE SENATE

19 82 Read first time and referred to Committee on

1 29 ^{create} HESS and Finance
 3 - 24 Reported back with *HESS* recommendation that *replace w/CS, 2 do pass, 1 no rev. new FY notes, to fin.*

Read second time and

Read third time and

PASS Effective Date
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused

Reconsideration

PASS Effective Date
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused

Reported correctly engrossed
 Signed by President
 Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused

Reconsideration

PASS Effective Date
 Yeas Yeas
 Nays Nays
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Reported correctly engrossed
 Signed by Speaker
 Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

Introduced: 1/29/82
Referred: Health, Education and
Social Services and Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION, AND
SOCIAL SERVICES COMMITTEE

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Original sponsor: Health, Education, and
Social Services Committee

Offered: 3/24/82
Referred: Finance

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BY THE HEALTH, EDUCATION, AND
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 698 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

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6 under AS 47.07.072;

7 (2) an operating margin to provide

8 (A) capital to meet current obligations;

9 (B) capital for preservation, improvement, and expansion
10 of buildings and equipment;

11 (C) debt service;

12 (D) retirement of debt; and

13 (E) a return on equity capital.

14 * Sec. 3. AS 47.07 is amended by adding new sections to read:

15 Sec. 47.07.072. BUDGET DETERMINATION. (a) At least 90 days
16 before the start of a fiscal year of a health facility, the division
17 shall provide the health facility with an estimate of its volume for the
18 fiscal year.

19 (b) At least 60 days before the start of the fiscal year of a
20 health facility, the health facility shall submit its proposed rates for
21 reimbursement and its budget projections to the commission on forms
22 prescribed by the commission.

23 (c) Within 45 days after the proposed rates and budget projections
24 are submitted, the commission shall review the rates and budget projec-
25 tions and shall establish rates in accordance with the guidelines estab-
26 lished under AS 47.07.070. The health facility may present oral testi-
27 mony and documentation to support its proposed rates before the commis-
28 sion makes a decision under this subsection. If the commission does not
29 issue a written decision within the prescribed time period, the rates of

1 the health facility are considered to be approved.

2 (d) Within 30 days of a decision, a health facility (1) may request
3 the commission to reconsider the decision; or (2) regardless of whether
4 it requests reconsideration, may appeal the decision to a superior court
5 and may obtain de novo review of the decision. During reconsideration
6 or appeal a health facility shall receive payments according to the
7 rates approved by the commission.

8 (e) A health facility may submit a proposal for amended rates with
9 an amended budget to the commission during its fiscal year. Within 60
10 days of submission of the proposal for amended rates the commission
11 shall review the proposal and issue a written decision. If the commis-
12 sion does not issue a written decision within the prescribed time period,
13 the amended rates are considered to be approved.

14 (f) Within 90 days after the end of the fiscal year of a health
15 facility, the facility shall submit a report on its financial performance
16 during the fiscal year to the commission, on forms prescribed by the
17 commission.

18 Sec. 47.07.074. UNIFORM ACCOUNTING, BUDGETING, AND FINANCIAL RE-
19 PORTING. (a) The commission, after study and in consultation with
20 advisory committees that may be established for that purpose, shall
21 establish, by regulations, adopted under the Administrative Procedure
22 Act, (AS 44.62), a uniform system of accounting, budgeting, and financial
23 reporting, including methods by which a health facility shall record
24 revenues, expenses, assets and liabilities, and units of service. A
25 health facility shall adopt the system for its fiscal year effective on
26 a date determined by the commission.

27 (b) In establishing uniform accounting, budgeting, and financial
28 reporting procedures, the commission shall consider:

29 (1) systems of accounting, budgeting, and financial reporting

1 procedures presently used by health facilities;

2 (2) differences among health facilities in size, financial
3 structure, method of obtaining payment for services, scope and type of
4 services provided, and method of providing services;

5 (3) types of health care services provided; and

6 (4) other relevant factors.

7 (c) The commission may modify the accounting, budgeting, and
8 financial reporting requirements for a health facility if the modifica-
9 tion is necessary to avoid excessive health facility costs in meeting
10 the requirements of a uniform system of accounting, budgeting, and
11 financial reporting, and if the modification is consistent with the
12 purposes of this chapter.

13 Sec. 47.07.076. AUDITS AND INSPECTIONS. As a condition of obtain-
14 ing reimbursement under AS 47.07.070, a health facility shall allow

15 (1) the division to have reasonable access to its financial
16 records of medical assistance beneficiaries; and

17 (2) inspection of financial records by the division and other
18 state and federal agencies to the extent required by federal law and
19 regulation.

20 * Sec. 4. AS 47.07.080 is amended by adding new paragraphs to read:

21 (6) "commission" means the Medical Assistance Budget Review
22 Commission;

23 (7) "division" means the division of public assistance of the
24 Department of Health and Social Services;

25 (8) "equity capital" means

26 (A) the investment of a health facility in buildings,
27 real property, equipment, and other property related to patient
28 care;

29 (B) money required by a lease to be deposited by a

1 health facility that leases a building, real property, equipment,
2 or other property related to patient care; and

3 (C) net working capital maintained for the conduct of
4 patient care activities;

5 (9) "health facility" includes a hospital, skilled nursing
6 facility, intermediate care facility, intermediate care facility for the
7 mentally retarded, inpatient psychiatric facility, home health agency,
8 rural health clinic, outpatient surgical clinic, and any other facility
9 that receives medicaid or medical assistance reimbursement under this
10 chapter or under AS 47.25.120 - 47.25.300 for services traditionally
11 provided in a health facility;

12 (10) "volume" means the total service provided to medicaid and
13 medical assistance beneficiaries under this chapter and under AS 47.25.-
14 120 - 47.25.300.

15 * Sec. 5. AS 47.07 is amended by adding new sections to read:

16 ARTICLE 2. MEDICAL ASSISTANCE BUDGET REVIEW COMMISSION.

17 Sec. 47.07.110. MEDICAL ASSISTANCE BUDGET REVIEW COMMISSION ESTAB-
18 LISHED. The Medical Assistance Budget Review Commission is established
19 in the Department of Commerce and Economic Development.

20 Sec. 47.07.120. COMPOSITION OF COMMISSION. The commission consists
21 of five members as follows:

22 (1) the chief executive officer of a health facility that is
23 licensed by the state but not owned or operated by the state or federal
24 government and that is subject to the budget review process under this
25 chapter;

26 (2) a person employed in or associated with the medical
27 insurance industry;

28 (3) a physician licensed to practice medicine in the state
29 who is actively engaged in the practice of medicine and who is not

1 employed by the state or federal government;

2 (4) a person with a relevant professional background who can
3 represent the state business community; and

4 (5) a person who can represent consumers of health services
5 and who does not have direct or indirect interest in an entity that
6 provides health care services.

7 Sec. 47.07.130. APPOINTMENT OF MEMBERS. Members of the commission
8 are appointed by the governor and serve at the pleasure of the governor.

9 Sec. 47.07.140. TERM OF MEMBERSHIP. A member of the commission is
10 appointed for a term of three years, and may not be appointed to a
11 successive term. The terms of the members shall be staggered. A member
12 appointed to fill a vacancy serves for the unexpired term of the member
13 he succeeds. A term shall be measured from January 1 of the year in
14 which the term of the vacant position begins, regardless of when the
15 vacancy is filled.

16 Sec. 47.07.150. COMPENSATION. A member of the commission serves
17 without compensation but is entitled to per diem and travel expenses
18 authorized by law for boards and commissions under AS 39.20.180.

19 Sec. 47.07.160. OFFICERS. At the first meeting of each year, the
20 commission shall elect a chair from among its members.

21 Sec. 47.07.170. MEETINGS AND QUORUM. The commission shall meet as
22 often as is necessary to conduct its business. Three members of the
23 commission constitute a quorum.

24 Sec. 47.07.180. DUTIES OF THE COMMISSION. The commission shall
25 review proposed rates and budgets of health facilities and establish
26 medical assistance reimbursement rates for health facilities under this
27 chapter and AS 47.25.120 - 47.25.300.

28 Sec. 47.07.190. EMPLOYMENT OF PERSONNEL. The commission may
29 employ an executive director at a salary that it shall determine. With

1 the approval of the commission, the executive director may select and
2 employ additional staff. The executive director and other employees of
3 the commission are in the exempt service under AS 39.25.

4 * Sec. 6. AS 47.25 is amended by adding a new section to read:

5 Sec. 47.25.195. REIMBURSEMENT TO HEALTH FACILITIES FOR MEDICAL
6 ASSISTANCE. (a) Reimbursement to a health facility for medical assis-
7 tance provided to a needy person under AS 47.25.120 - 47.25.300 shall be
8 made as provided in AS 47.07.

9 (b) In this section "health facility" has the same meaning as
10 under AS 47.07.080(9).

11 * Sec. 7. AS 47.07.080(1) is repealed.

12 * Sec. 8. The terms of the first members of the Medical Assistance Budget
13 Review Commission appointed under AS 47.07.130 enacted in sec. 5 of this Act
14 are as follows: two members shall serve three years, two members shall serve
15 two years, and one member shall serve for one year. The governor shall
16 specify the term of each member appointed under this section.

17 * Sec. 9. The Medical Assistance Budget Review Commission shall begin its
18 review of health facility budgets after it has adopted uniform accounting,
19 budgeting, and financial reporting forms but it may not establish rates of
20 reimbursement for a health facility under AS 47.07.072 for a health facility
21 fiscal year that begins before July 1, 1983.

22 * Sec. 10. In determining the effective date for a health facility to
23 implement a uniform system of accounting, budgeting, and financial reporting
24 under AS 47.07.074 the Medical Assistance Budget Review Commission shall
25 consider both the need for uniform reporting information under AS 47.07 and
26 the administrative and economic difficulties that a health facility may
27 encounter in changing its method of accounting, but the effective date for
28 adoption of a uniform system of accounting, budgeting, and financial reporting
29 by a participating health facility may not be later than 18 months after the

1 effective date of this Act.

2 * Sec. 11. This Act takes effect January 1, 1983.

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POSITION PAPER
Senate Bill 698

An act authorizing State reimbursement of health facilities for medical assistance on the basis of prospectively determined rates.

Senate Bill 698 would require that Medicaid and General Relief Medical (GRM) reimbursement for services provided by health facilities be based on a prospective determination of reimbursement by January 1, 1983.

Under present State and federal statutory language, a prospective reimbursement system is an optional rather than a mandatory method of payment.

Overview

The current system of reimbursing health facilities for services to provided Medicare, Medicaid, and GRM beneficiaries is retrospective in nature. That is, health facilities are paid for their services based on a cost report submitted after the services have been provided and after the end of each facility's fiscal year. The Medicare intermediary (Blue Cross) and the Department (as the agency administering the Medicaid and GRM programs) review the year-end cost reports and pay the facilities the lower of allowable costs or charges. During each year the intermediaries pay the health facilities an interim rate based on the prior year's cost report.

In response to this situation, approximately thirty-four states have instituted a prospective system of reimbursement for nursing home services under Medicaid and sixteen states have instituted a prospective system of reimbursement for hospital services under Medicaid. These prospective systems have taken many forms, each state's structure a little different. However, they share the same philosophical purpose: "to encourage economy and efficiency and to establish a uniform system of accounting, budgeting, and reporting in determining a health facility's future reimbursement."

SB 698 proposes a prospective reimbursement system for both hospitals and nursing homes under Medicaid and GRM. Less than ten states have both hospital and nursing homes covered under some type of prospective reimbursement system.

Department's Position

The Department of Health and Social Services supports the concept of prospective determination of reimbursement. Major benefits of such a program are:

- 1) Standardization of health facilities accounting, reporting and budgeting.

- 2) Centralization of health facility operational data.
- 3) Reimbursement based on rates negotiated in advance of the fiscal year rather than after the fact.
- 4) Continual communication between the commission and health facility administrators on health care costs in Alaska.
- 5) Billing and payment simplification based on negotiated rates of reimbursement before services are provided, with no retroactive cost settlement.

While Senate Bill 698 would authorize, if passed, a prospective reimbursement system, it does not provide for some aspects of prospective reimbursement that should be considered by the Legislature before a final version of the bill is allowed to become law.

I. Adequate Program Funding

Paramount to the success of a prospective reimbursement system is a commitment by the Legislature to provide adequate funds for the Medicaid and GRM programs to pay the full rates established by a commission under a prospective reimbursement system. Very little will be gained by establishing a budget review commission and a prospective reimbursement system if the Medicaid and GRM programs are allowed to pay less than their full share of the cost of providing services as determined by the commission.

If the Department pays less than its full share of the costs as approved by the commission, other patients utilizing hospitals and long term care facilities will continue to absorb additional costs represented by the under payment, thus significantly increasing the overall cost. In essence taxpayers receive a double tax when this occurs: 1) his/her portion of taxes for the Medicaid program, and 2) the added cost of his/her health care because the Medicaid and GRM programs do not pay their full share.

As it is currently written, SB 698 does not and cannot insure that there will be adequate Medicaid and GRM funds to meet the need based on rates approved by the commission. However it is our hope that the Legislature will clearly indicate its intent on this issue.

II. Voluntary or Mandatory System

SB 698 provides for the prospective determination of reimbursement rates for the Medicaid and GRM programs only. It is suggested that the Legislature consider allowing all financiers of health care services to participate in the rate review system when and if they wish. The bill could include mandatory requirements for state program to participate and leave it voluntary for other financiers to use the system.

If the commission is successful in controlling the growth rate of health care services, other financiers will want to participate because the reimbursement rates approved by the commission will increase at a lower degree than they would have had the commission not been established. If the system is not successful it will become clearly known within three to five years because the reimbursement rates approved by the commission will equal or exceed the market place rates.

III. Purpose

The Department would like to suggest that the purpose statement in SB 698 be amended by adding the following language at page 1, line 14 after "meet": "their fair share of".

IV. Uniform Accounting, Budgeting and Reporting

This is a critical part of any prospectively-negotiated reimbursement system. SB 698 does not clearly require the establishment of a uniform accounting, budgeting and reporting process.

We would suggest the following language be used to establish a uniform accounting, budgeting, and reporting process:

"(a) The commission, after study and in consultation with advisory committees, if any, shall establish by regulation pursuant to the Alaska Administrative Procedures Act, AS 44.66, a uniform system of accounting, budgeting, and financial reporting, including methods by which facilities shall record their revenues, expenses, other income, other outlays, assets and liabilities, and units of service. All facilities shall adopt the system for their fiscal year period to be effective at the time and date as the commission shall direct. In determining the effective date for reporting requirements, the commission shall be mindful both of the immediate need for uniform reporting information to effectuate the purposes of this chapter and the administrative and economic difficulties which facilities may encounter in conversion, but in no event shall the effective date be later than one and one-half years from the date of enactment of this chapter.

"(b) In establishing uniform accounting budgeting, and reporting procedures, the commission shall take in consideration:

"(1) existing systems of accounting, budgeting, and reporting presently used by health care facilities;

"(2) differences among facilities according to size; financial structure; methods of payment for services, scope, type, and method of providing services;

"(3) types of health care services provided; and

"(4) other pertinent distinguishing factors.

"(c) The commission shall, where appropriate, provide for modification, consistent with the purposes of this chapter, of reporting requirements to correctly reflect the differences among facilities and to avoid otherwise unduly burdensome costs in meeting the requirements of the uniform system of accounting, budgeting, and financial reporting.

V. Location of Commission

We would recommend the bill be revised to locate the commission within the Department of Commerce and Economic Development, and that it be clearly established as an independent commission much like the Alaska Public Utilities Commission.

VI. Certificate of Need and Revenue Sharing

We suggest that the bill should have language added that would require the commission to coordinate the rate review system with the certificate of need process, certification and licensing of facilities, and the State revenue sharing program. Other state agencies administer programs which directly affect the cost of health care services. The granting or disapproval of a certificate of need, the payment of revenue sharing funds, and facility modifications required by the certification and licensing authority can have a major effect on the cost of providing services in a health facility. Under the present system no coordination exists between the rate setting activity, payment for health care services, the granting or disapproval of a certificate of need, the payment of revenue sharing funds or the requirements of certification and licensing.

VII. Return on Equity Capital

The Department suggests that page 2, line 12 be amended to add the following language after "capital": "not to exceed five percent per year".

Conclusion

As stated earlier, the Department of Health and Social Services supports the concept of Senate Bill 698 but feels the bill can be strengthened. Representatives of the Department of Health and Social Services would welcome an opportunity to meet with representatives of the Alaska State Hospital Association and staff of the Senate Health, Education, and Social Services Committee to draft amendments to SB 698 for consideration by the Committee.

POSITION PAPER/Department of Health & Social Services

Recommended by Rod Betit 3/1/82
Rod Betit, Director
Division of Public Assistance

Approved by Helen D. Beirne
Helen D. Beirne, Commissioner
Department of Health and
Social Services

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 698
Title An Act creating the Health Care Facilities Commission
Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
Program Category Affected --
BRU, Program, Or Subprogram(s) Affected GRM Medicaid
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES	0	195.9	221.3	250.1	282.6	319.4
200 TRAVEL	0	26.0	29.3	44.1	37.5	42.3
300 CONTRACTUAL	0	273.0	195.4	220.9	249.6	282.0
400 COMMODITIES	0	1.5	1.6	1.9	2.1	2.4
500 EQUIPMENT	0	6.0	0	0	0	0
600 LAND & STRUCTURES	0	--	--	--	--	--
700 GRANTS, CLAIMS, ETC.	0	3922.7	4232.3	4572.5	4848.1	5366.9
GRM	0	1694.3	2076.7	2540.0	3101.3	3778.4
TOTAL	0	6119.4	6756.6	7618.5	8621.2	9791.4

FUNDING (Thousands of Dollars)

GENERAL FUND		4236.5	4735.7	5435.1	6258.5	7228.7
FEDERAL FUNDS		1882.9	2020.9	2183.4	2362.7	2562.7
OTHER (Specify Source)						

POSITIONS

FULL TIME	0	5	5	5	5	5
PART TIME	0	-	-	-	-	-
TEMPORARY	0	-	-	-	-	-
	0	5	5	5	5	5

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

- A. Assumptions - Same as Detail Budget Instructions except a 13% yearly inflation figure is used.
- B. Positions - See Attached.
- a. Uniform accounting system is necessary in order to compare costs of health facilities. Demonstratin project in Washington state emphasized theneed for uniform accounting.
- b. Uniform budgeting system for reporting and projecting future expenditures which can then be compared with local, regional and national needs and trends. To establish a uniform accounting and budgeting system will take between 1 and 2 years for development and subsequent training of providers.
- c. Lease data processing equipment and time from the Department of Administration for forecasting and analyzing health data.
- d. Dollar figure in claims represents the cost to the Medicaid Program due to the switchover from retrospective to prospective "cost" system. See attached.

IV. DATE 3/1/82 PREPARED BY Robert J. O'Brien
AGENCY DHSS - DVA
PHONE 465-3355

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

	<u>Positions</u>	<u>Salary Range</u>	<u>Salary Cost</u>	<u>Monthly Salary TOTAL</u>
<u>100</u> Personal Service				
PA Program Officer	(1)	21	3475	3475
Auditors	(2)	18	2838	5676
CT III	(1)	8	1482	1482
MA Administrator	(1)	17	2640	2640
				<u>13273</u>

(12466 + .23 benefits) = 16325 x 12 mos = 195909.

200 Travel

201 Commission (5 person, 4 meetings/yr)	10.0
202 Training & Audit	16.0

300 Contractual

310 Comm Telephone, postage	12.0
320 Printing	4.0
330 Rents/leases	15.0
340 Repair	1.0
360 Equip rental/copier	2.5
364 Typewriter	13.7
365 Telecommunications (Commission public meetings)	5.0
370 Data Processing	13.7
389 Contracts	
a) uniform budget	100.0 1st yr 200,000 2nd yr 100,000
b) uniform acct	100.0
c) legal counsel	15.0
390 Misc	1.0

400 Commodities 1.5

500 Equipment (office furniture) 6.0
FY83 TOTAL 475.5

The following tables show the increase or decrease in cost that can be expected if a prospective system similar to S.B. 698 is adopted. This bill allows costs which are currently not allowed under Medicare principles.

TABLE I*

Long Term Care Cost Projections

	Historical Cost	Prospective Rate System (-3%)	State Budget at 15% Annual Budget	Prospective vs. Historical	Prospective vs. State Budget
<u>Medicaid</u> n = 15.2					
81 base	17073.0	17073.0			
82*	19668.0	19668.0			
83	22657.0	22067.0	20896.4	(590.0)	1170.6
84	26101.0	24759.0	24030.9	(1342.0)	728.1
85	30068.0	27780.0	27635.5	(2288.0)	144.5
86	34638.0	31169.0	31780.8	(3469.0)	(611.8)
87	39904.0	34971.0	36547.9	(4933.0)	(1576.9)
<u>GRM</u> n = 15.2					
81 base	449.4	449.1			0
82	568.1	568.1			0
83	654.5	637.4	501.1	(17.1)	136.3
84	753.9	715.2	576.3	(38.7)	138.9
85	868.5	802.4	662.7	(66.1)	139.7
86	1000.5	900.3	762.1	(100.2)	138.2
87	1152.6	1010.2	876.4	(142.4)	133.8

* n was derived from FY80 and FY81 PBA expenditures.

TABLE II

Hospital Cost Projections

	Historical Cost	Prospective Rate System (-3%)	State Budget at 15% Annual Budget	Prospective vs. Historical	Prospective vs. State Budget
<u>Medicaid</u> n = 20.4					
81 base	9010.0	9010.0			
82**	10848.0	10848.0			
83	13061.0	14145.0	11392.9	1084.0	2752.1
84	15725.0	16606.0	13101.8	881.0	3504.2
85	18933.0	19495.0	15067.0	562.0	4428.0
86	22795.0	22887.0	17327.1	92.0	5559.9
87	27445.0	26870.0	19926.2	585.0	6943.8
<u>GRM</u> n = 20.4*					
81 base	3890.0	3890.0			
82	4683.0	4683.0			
83	5639.0	6106.0	4548.0	467.0	1558.0
84	6789.0	7168.0	5230.2	379.0	1937.8
85	8174.0	8415.0	6014.7	241.0	2400.3
86	9841.0	9880.0	6916.9	39.0	2963.1
87	11849.0	11599.0	7954.4	250.0	3644.6

* See Appendix 1 for derivation of n.

** During the first year of prospective budgeting, costs will increase 10%.

THE FY81 BASE FIGURE WAS DERIVED FROM THE PBA SYSTEM.

The n for LTC was computed from DPA expenditures for FY80 and FY81.

The n for Hospital was computed using AHA Hospital Statistic (See Appendix I) for expenses per adjusted admission from 1975 to 1980.

Appendix I
Hospital Inpatient Expenses *

	<u>Expense/Adjusted Admission</u>	<u>Exp/Adjusted Inpatient Day</u>
1975	911	183
1976	1160	230
1977	1560	303
1978	1855	340
1979	2235	393
1980	2276	408

Average Percent Change = 20.4

Average Percent Change = 17.4

* Data was taken from the American Hospital Association "Hospital Statistics" Annual Survey from 1976 to 1981.

1	POSITION TITLE Clerk Typist III				RANGE/STEP 8 A	BARG. UNIT. GCU	LOCATION	FOV	APPROV.	INSTR.
2	TYPE OF POSITION Permanent	STAFF MONTHS 12	RP No. New	PCN No. New	PRIORITY	FORM 12	PAGE/LINE	FOV	APPROV.	INSTR.

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY	1482	17784
5	BENEFITS		2957
6	SBS		1090
7	FIXED BENEFITS		1800
8	TOTAL PERSONAL SERVICES	01	23531
9	TRAVEL	02	0
10	CONTRACTUAL	03	7860
11	COMMODITIES	04	300
12	EQUIPMENT	05	1200
13	OTHER		
14	TOTAL COST		32901

JUSTIFICATION: Clerical Staff for Rate Commission Staff.

	RECEIPT CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17		GEN. FUND 1001
18		I-A RCPTS. 1005
19		PGM RCPTS 1078
20		OTHER
21	CONTINUATION	
22	ADDITION	

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Commerce PROGRAM Health

BRU New

COMPONENT Rate Commission Staff

Page _____ of _____ REVISED DATE _____

13 REQUEST FOR NEW POSITION

FY 82

1	POSITION TITLE Medical Assistance Administrator			RANGE/STEP 17A	BARG. UNIT. GGU	LOCATION Tunawu	APPROV. [Signature]	INITIALS
2	TYPE OF POSITION Permanent	STAFF MONTHS 12	RP No.	PCN No. New	PRIORITY	FORM 12	PAGE/LINE	

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
5	SALARY	2639	31668
6	BENEFITS		5266
7	SBS		1941
8	FIXED BENEFITS		1800
9	TOTAL PERSONAL SERVICES	01	40675
10	TRAVEL	02	4000
11	CONTRACTUAL	03	7860
12	COMMODITIES	04	300
13	EQUIPMENT	05	1200
14	OTHER		
14	TOTAL COST		54035

JUSTIFICATION: Position is a staff assistant to the Rate Commission and is responsible for resolving problems with providers, preparing special reports, coordinating inter-departmental activities, compiling federal and State support documents, training of providers and interpretation of federal and State guidelines on health care.

	RECEIPT CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17		GEN. FUND 1004
18		I-A RCPTS. 1005
19		PG/A RCPTS 1028
20		OTHER

21	CONTINUATION	
22	ADDITION	

FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO _____

AGENCY Commerce PROGRAM Health

BRU New

13 REQUEST FOR NEW POSITION

COMPONENT Rate Commission

Page _____ of _____ REVISED DATE _____

1	POSITION TITLE Internal Auditor III			RANGE/STEP 18 A	BARG. UNIT. GGU	LOCATION	APPROV.	DATE
2	TYPE OF POSITION Permanent	STAFF MONTHS 12	RP No. New	PCN No. New	PRIORITY	FORM 12 PAGE/LINE		
3	TYPE OF EXPENDITURE			AMOUNT		JUSTIFICATION: SAME		
	1	2	3					
4	PERSONAL SERVICES:							
	SALARY 3041			36492				
5	BENEFITS			6068				
6	SBS			2736				
7	FIXED BENEFITS			1928				
8	TOTAL PERSONAL SERVICES 01			46724				
9	TRAVEL 02			4000				
10	CONTRACTUAL 03			7860				
11	COMMODITIES 04			300				
12	EQUIPMENT 05			1200				
13	OTHER							
14	TOTAL COST			60084				
	RECEIPT CODE	FUNDING SOURCE						
15		FED RCPTS. 1002						
16		GF MATCH. 1003						
17		GEN. FUND 1004						
18		I-A RCPTS. 1005						
19		PGM RCPTS 1028						
20		OTHER						
21	CONTINUATION							
22	ADDITION		FOR B&M USE ONLY					
4A KEY NUMBER				COLUMN NO.				

AGENCY Commerce PROGRAM Health
 BRU New
 COMPONENT Rate Commission Staff

13 REQUEST FOR NEW POSITION.

Page of REVISED DATE

1	POSITION TITLE Internal Auditor III				RANGE/STEP 18 A	BARG. UNIT. GGU	LOCATION	APPROV.	DISAPP.
2	TYPE OF POSITION Permanent	STAFF MONTHS 12	RP No. New	PCN No. New	PRIORITY	FORM 12	PAGE/LINE		

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
4	SALARY	2838	36492
5	BENEFITS		6068
6	SBS		2236
7	FIXED BENEFITS		1928
8	TOTAL PERSONAL SERVICES	01	46724
9	TRAVEL	02	4000
10	CONTRACTUAL	03	7860
11	COMMODITIES	04	300
12	EQUIPMENT	05	1200
13	OTHER		
14	TOTAL COST		60084

JUSTIFICATION: Accounting staff for Rate Commission. Review accounting and budget material for prospective rate system.

	RECEIPT CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17		GEN. FUND 1004
18		I-A RCPTS. 1005
19		PGM RCPTS 1028
20		OTHER

21	CONTINUATION	
22	ADDITION	FOR B&M USE ONLY

4A KEY NUMBER _____ COLUMN NO. _____

AGENCY Commerce PROGRAM Health

DRU New

COMPONENT Rate Commission Staff

13 REQUEST FOR NEW POSITION

Page _____ of _____ REVISED DATE _____



1	POSITION TITLE			RANGE/STEP	BARG. UNIT.	LOCATION	GOV.	APPROV.	DISAPP.
1	Public Assistance Program Officer			21A	CCU	Juneau			
2	TYPE OF POSITION	STAFF MONTHS	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE		
2	Permanent	12	--	New					

3	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
4	PERSONAL SERVICES:		
	SALARY	3475	41700
5	BENEFITS		6934
6	SBS		2556
7	FIXED BENEFITS		1800
8	TOTAL PERSONAL SERVICES	01	52990
9	TRAVEL	02	4000
10	CONTRACTUAL	03	7860
11	COMMODITIES	04	300
12	EQUIPMENT	05	1200
13	OTHER		
14	TOTAL COST		66350

JUSTIFICATION: Executive Director of Rate Commission staff. Develop and manage a prospective rate system for the Medicaid and General Relief Medical Programs. Formulate policy and procedures.

	RECEIPT CODE	FUNDING SOURCE
15		FED RCPTS. 1002
16		GF MATCH. 1003
17		GEN. FUND 1001
18		I-A RCPTS. 1005
19		PGM RCPTS 1028
20		OTHER

21	CONTINUATION	
22	ADDITION	FOR B&M USE ONLY

4A. KEY NUMBER _____ GOLDMID INC.

AGENCY Commerce PROGRAM Health

DRU New

13 REQUEST FOR NEW POSITION.

COMPONENT Rate Commission Staff

Page _____ of _____ REVISED DATE _____

FY 08

Introduced: 1/29/82
Referred: Health, Education and
Social Services and Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION, AND
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 698

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state reimbursement of health
7 facilities for medical assistance provided to needy
8 persons; and providing for an effective date."

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

10 * Section 1. FINDINGS AND DECLARATION OF POLICY. The legislature finds
11 and declares that health facilities are vital to the welfare of the people of
12 the state. Accordingly, the legislature acknowledges the need to reimburse
13 health facilities for services provided to beneficiaries of state programs at
14 a level that will meet the total financial requirements of the facilities.
15 In order to make this reimbursement prudently it is necessary that reimburse-
16 ment rates for health facilities from the medicaid and general relief-medical
17 programs should be prospectively negotiated so that appropriate and equitable
18 funding decisions can be made.

19 * Sec. 2. AS 47.07.070 is repealed and reenacted to read:

20 Sec. 47.07.070. REIMBURSEMENTS TO HEALTH FACILITIES. The reim-
21 bursement rate to a health facility shall be based on a fair rate for
22 reasonable costs that are incurred by the facility. In addition to the
23 costs of a health facility, reimbursement shall reflect a reasonable
24 return on investment. Reimbursement to a health facility shall be made
25 for

26 (1) costs of current operations, including

27 (A) wages and salaries, purchased services includ'
28 physician fees, supplies, insurance, leases, depreciation, taxes,
29 interest expense, maintenance, minor remodeling and other normal

1 health facility operating expenses;

2 (B) charity and credit losses;

3 (C) education;

4 (D) research; and

5 (E) the cost of preparing budgets and negotiating rates
6 under AS 47.07.072;

7 (2) an operating margin to provide

8 (A) capital to meet current obligations;

9 (B) capital for preservation, improvement, and expansion
10 of buildings and equipment;

11 (C) debt service; and

12 (D) a return on equity capital.

13 * Sec. 3. AS 47.07 is amended by adding new sections to read:

14 Sec. 47.07.072. BUDGET DETERMINATION. (a) At least 90 days
15 before the start of a fiscal year of a health facility, the division
16 shall provide the health facility with an estimate of its volume for the
17 fiscal year.

18 (b) At least 60 days before the start of the fiscal year of a
19 health facility, the health facility shall submit its proposed rates for
20 medical service, reimbursement and its budget projections to the commis-
21 sion on forms prescribed by the commission.

22 (c) Within 45 days after the proposed rates and budget projections
23 are submitted, the commission shall review the rates and budget projec-
24 tions and shall approve or deny the proposed rates. The health facility
25 may present oral testimony and documentation to support its proposed
26 rates before the commission makes a decision under this subsection. If
27 the commission does not issue a written decision within the prescribed
28 time period, the rates of the health facility are considered to be
29 approved.

1 (d) Within 30 days of an adverse decision, a health facility
2 (1) may request the commission to reconsider the decision; or
3 (2) regardless of whether it requests reconsideration, may
4 appeal the decision to a superior court and may obtain de novo review of
5 the decision. During reconsideration or appeal a health facility shall
6 receive payments according to the rates approved by the commission.

7 (e) A health facility may submit a proposal for amended rates with
8 an amended budget to the commission during its fiscal year. Within 60
9 days of submission of the proposal for amended rates the commission
10 shall review the proposal and issue a written decision. If the commis-
11 sion does not issue a written decision within the prescribed time period,
12 the amended rates are considered to be approved.

13 (f) Within 90 days after the end of the fiscal year of a health
14 facility, the facility shall submit a report on its financial performance
15 during the fiscal year to the commission, on forms prescribed by the
16 commission.

17 Sec. 47.07.074. AUDITS AND INSPECTIONS. As a condition of obtain-
18 ing reimbursement under AS 47.07.070, a health facility shall allow

19 (1) the division to have reasonable access to its financial
20 records of medical assistance beneficiaries; and

21 (2) inspection of financial records by the division and other
22 state and federal agencies to the extent required by federal law and
23 regulation.

24 * Sec. 4. AS 47.07.080 is amended by adding new paragraphs to read:

25 (6) "commission" means the Medical Assistance Budget Review
26 Commission;

27 (7) "division" means the division of public assistance of the
28 Department of Health and Social Services;

29 (8) "equity capital" means

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26 Commission;

27 (7) "division" means the division of public assistance of the
28 Department of Health and Social Services;

29 (8) "equity capital" means

1 (A) the investment of a health facility in buildings,
2 real property, equipment and other property related to patient
3 care;

4 (B) money required by a lease to be deposited by a
5 health facility that leases a building, real property, equipment,
6 or other property related to patient care; and

7 (C) net working capital maintained for the conduct of
8 patient care activities;

9 (9) "health facility" includes a hospital, skilled nursing
10 facility, intermediate care facility, intermediate care facility for the
11 mentally retarded, inpatient psychiatric facility, home health agency,
12 rural health clinic, outpatient surgical clinic and any other facility
13 that receives medicaid or medical assistance reimbursement under this
14 chapter or under AS 47.25.120 - 47.25.300 for services traditionally
15 provided in a health facility;

16 (10) "volume" means the total service provided to medicaid and
17 medical assistance beneficiaries under this chapter and under AS 47.25.-
18 120 - 47.25.300.

19 * Sec. 5. AS 47.07 is amended by adding new sections to read:

20 ARTICLE 2. MEDICAL ASSISTANCE BUDGET REVIEW COMMISSION.

21 Sec. 47.07.110. MEDICAL ASSISTANCE BUDGET REVIEW COMMISSION ESTAB-
22 LISHED. The Medical Assistance Budget Review Commission is established
23 in the Office of the Governor.

24 Sec. 47.07.120. COMPOSITION OF COMMISSION. The commission consists
25 of five members as follows:

26 (1) the chief executive officer of a health facility that is
27 licensed by the state but not owned or operated by the state or federal
28 government and that is subject to the budget review process under this
29 chapter;

1 (2) a person employed in or associated with the medical
2 insurance industry;

3 (3) a physician licensed to practice medicine in the state
4 who is actively engaged in the practice of medicine and who is not
5 employed by the state or federal government;

6 (4) a person with a relevant professional background who can
7 represent the state business community; and

8 (5) a person who can represent consumers of health services
9 and who does not have direct or indirect interest in an entity that
10 provides health care services.

11 Sec. 47.07.130. APPOINTMENT OF MEMBERS. Members of the commission
12 are appointed by the governor and serve at the pleasure of the governor.

13 Sec. 47.07.140. TERM OF MEMBERSHIP. A member of the commission is
14 appointed for a term of three years, and may not be appointed to a
15 successive term. The terms of the members shall be staggered. A member
16 appointed to fill a vacancy serves for the unexpired term of the member
17 he succeeds. A term shall be measured from January 1 of the year in
18 which the term of the vacant position begins, regardless of when the
19 vacancy is filled.

20 Sec. 47.07.150. COMPENSATION. A member of the commission serves
21 without compensation but is entitled to per diem and travel expenses
22 authorized by law for boards and commissions under AS 39.20.180.

23 Sec. 47.07.160. OFFICERS. At the first meeting of each year, the
24 commission shall elect a chair from among its members.

25 Sec. 47.07.170. MEETINGS AND QUORUM. The commission shall meet as
26 often as is necessary to conduct its business. Three members of the
27 commission constitute a quorum.

28 Sec. 47.07.180. DUTIES OF THE COMMISSION. The commission shall
29 review proposed rates and budgets of health facilities and establish

1 medical assistance reimbursement rates for health facilities under this
2 chapter and AS 47.25.120 - 47.25.300.

3 Sec. 47.07.190. EMPLOYMENT OF PERSONNEL. The commission may
4 employ an executive director at a salary that it shall determine. With
5 the approval of the commission, the executive director may select and
6 employ additional staff. The executive director and other employees of
7 the commission are in the exempt service under AS 39.25.

8 * Sec. 6. AS 47.25 is amended by adding a new section to read:

9 Sec. 47.25.195. REIMBURSEMENT TO HEALTH FACILITIES FOR MEDICAL
10 ASSISTANCE. (a) Reimbursement to a health facility for medical assis-
11 tance provided to a needy person under AS 47.25.120 - 47.25.300 shall be
12 made as provided in AS 47.07.

13 (b) In this section "health facility" has the same meaning as
14 under AS 47.07.080(9).

15 * Sec. 7. AS 47.07.080(1) is repealed.

16 * Sec. 8. The terms of the first members of the Medical Assistance Budget
17 Review Commission appointed under AS 47.07.130 enacted in sec. 5 of this Act
18 are as follows: two members shall serve three years, two members shall serve
19 two years, and one member shall serve for one year. The governor shall
20 specify the term of each member appointed under this section.

21 * Sec. 9. This Act takes effect January 1, 1983.

COMMITTEE REPORT
SENATE

2/1/82

FURTHER: Finance

Date: 3/9/82

Mr. President:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had SB 699

authorizing municipalities to exempt business inventories from taxation

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

- ^{MAJ.} do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Jergun
Collita de...
Antis S...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Don Gilman ^{do} Pass
 CHAIRMAN

Introduced: 2/1/82
Referred: Community &
Regional Affairs and
Finance

1 IN THE SENATE

BY MULCAHY

2 SENATE BILL NO. 699

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing municipalities to exempt business
7 inventories from taxation; and providing for an effective
8 date."
9

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

11 * Section 1. AS 29.53.025(b) is amended by adding a new paragraph to
12 read:

13 (3) exempt from taxation business inventories.

14 * Sec. 2. AS 29.45.050(b) is amended by adding a new paragraph to read:

15 (3) exempt from taxation business inventories.

16 * Sec. 3. Section 1 of this Act is repealed.

17 * Sec. 4. Sections 2 and 3 of this Act take effect on the effective date
18 of a version of an Act entitled "An Act relating to municipal government; and
19 providing for an effective date."

20 * Sec. 5. Section 1 of this Act takes effect immediately in accordance
21 with AS 01.10.070(c).
22
23
24
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26
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28
29

ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND.. Session

SENATE .. BILL..... NO. ...699..

By MULCAHY

"An Act authorizing municipalities to exempt business inventories from taxation; and providing for an effective date."

Introduced in the Senate 2/1/....., 19... 82

HISTORY IN THE SENATE

19	82	Read first time and referred to Committee on										
2	1	C & RA and Finance										
3	12	Reported back with <i>CPA</i> recommendation that <i>4 to pass to fin.</i>										
		Read second time and										
		Read third time and										
		<table border="0"> <tr><td>PASS</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Absent</td><td>Absent</td></tr> <tr><td>Excused</td><td>Excused</td></tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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		Reconsideration										
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Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed										
		Signed by President										
		Sent to House										
SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on										
		Reported back with recommendation that										
		Read second time and										
		Read third time and										
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Excused	Excused											
		Reported correctly engrossed										
		Signed by Speaker										
		Returned to Senate										
CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19		Received from House
		To enrolling
		Reported correctly enrolled
		Sent to Governor
	 by Governor
		Filed with Lt. Governor
		Chapter No.

Introduced: 2/1/82
Referred: Community &
Regional Affairs and
Finance

1 IN THE SENATE

BY MULCAHY

2 SENATE BILL NO. 699

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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7 inventories from taxation; and providing for an effective
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