

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

SB 431 cont. - SB 436 1989 1990 1991 1992 688 279

88-MRC-12	Cordova/88 Reduction	Stayed at request of counsel pending collateral proceedings
88-MRC-13	Sitka/89	Stipulated dismissal granted by Commissioner; case closed 6/2/89.
89-MRC-1	Heritage Place/ 89	Hearing originally set for September 19, 1989; continued until December 19, 1989.
89-MRC-2	Humana/89	Hearing conducted July 1989; briefing completed 11/21/89; under advisement.
89-MRC-3	Wrangell/85 Audit (Timeliness)	Stayed at request of counsel pending Supreme Court appeal in Petersburg/Cordova case.
89-MRC-4	Norton Sound/89	Stayed at request of facility.
89-MRC-5	OLOCCC/89	Stayed at request of facility.
89-MRC-6	Providence/89	Stayed at request of facility.
89-MRC-7ER	St. Ann's Exceptional Relief	Hearing set for November 7, 1989; stayed at request of parties.
89-MRC-8	Charter North/ 88, 89	Hearing set for 2/21/90.
89-MRC-9	So. Peninsula/ 89	Appeal received 11/7/89; stayed at request of facility pending Grant Appeal Board ruling on upper limit issue.
89-MRC-10	S. Peninsula/ 90	Appeal received 11/7/89; acknowledgment letter sent to facility 12.7.89.
89-MRC-11	Mary Conrad/89	Appeal received 11/7/89; acknowledgment letter sent to facility 12/7/89.
89-MRC-12	Thirteen Facilities/89 (Maximum LTC Rates)	Appeal received 11/6/89; prehearing conference tentatively set for December 22, 1989.
89-MRC-13	Wesleyan/90	Appeal received 11/22/89; prehearing conference tentatively set for December 22, 1989.

Updated 12/11/89

Appeals Status Report
Alphabetical List of Appeals

<u>Facility/Fiscal Year</u>	<u>Case Number</u>
Charter North/88, 89	89-MRC-8
Cordova Audit/85	87-MRC-12
Cordova/87	87-MRC-1
Cordova/88 (pass through)	88-MRC-4
Cordova/88 (timeliness)	88-MRC-5
Cordova/88 Rate Reduction	88-MRC-12
Denali Center/86	86-MRC-3
Denali Center/88	88-MRC-2
Heritage Place/88 Rate Reduction	88-MRC-10
Heritage Place/89	89-MRC-1
Hope Cottage/88	87-MRC-5
Humana/86	86-MRC-1
Humana/87	86-MRC-4
Humana/88	87-MRC-8
Humana/89	89-MRC-2
Mary Conrad/89	89-MRC-11
Norton Sound 7/1/88 - 9/30/88	88-MRC-6
Norton Sound/89	89-MRC-4
Our Lady of Compassion/87	86-MRC-5
Our Lady of Compassion/88	87-MRC-11
Our Lady of Compassion/89	89-MRC-5
Petersburg Audit/85	87-MRC-9

Petersburg/88 Rate Reduction	88-MRC-9
Providence/86	86-MRC-2
Providence/87	87-MRC-2
Providence/88	88-MRC-1
Providence/89	89-MRC-6
St. Ann's/87	87-MRC-3
St. Ann's/88	87-MRC-10
St. Ann's/88 Rate Reduction	88-MRC-11
St. Ann's/Exceptional Relief	89-MRC-7ER
Sitka/89	88-MRC-13
South Peninsula/88	89-MRC-7
South Peninsula/85 Audit	88-MRC-7
South Peninsula/89	89-MRC-9
South Peninsula/90	89-MRC-10
Thirteen Facilities/89	89-MRC-12
Wesleyan/88	88-MRC-3
Wesleyan/89	88-MRC-8
Wesleyan/90	89-MRC-13
Wrangell/87	87-MRC-4
Wrangell/88	87-MRC-6
Wrangell/85 Audit (timeliness)	89-MRC-3

updated 12/12/89

5643
file



MAR 05 1990

Donna Herbert, owner

174 S. Franklin St.
Suite 229
Juneau, Alaska
99801

(907) 586-9565

March 1, 1990

The Honorable Paul Fischer
Alaska State Senate
P. O. Box V
Juneau, Alaska 99811

RE: Exceptional Relief for Wesleyan Nursing Home

Dear Senator Fischer:

On behalf of Wesleyan Nursing Home, I would like to thank you for the time and interest that you have invested evaluating the Medicaid Reimbursement Systems in the State of Alaska. I have reviewed a transcript of the hearing you held in Soldotna on November 1, 1989, and I testified at the Senate HESS Hearings in Juneau on January 31, 1990.

Wesleyan Nursing Home in Seward, Alaska, is encountering serious financial problems, and unless some relief is granted, the facility faces closure early this year. Wesleyan Nursing Home has operated in Seward for over 20 years providing services that are different from and broader than services provided by most of the other nursing homes in Alaska. Wesleyan treats many mentally retarded and mentally ill residents in addition to a small number of geriatric patients. Most of the facilities in the state will not admit the MR & MI residents; in fact many of Wesleyan's patients have been refused admission even by API and Harborview.

Despite the high cost of treating these types of patients, Wesleyan's reimbursement rate is 30% lower than the weighted average rate of all the other free standing nursing homes. Wesleyan suffered an operating loss of \$896,981 in FY'89 and expects an operating loss of over \$300,000 in FY'90.

In August of 1989, Wesleyan appealed to the Medicaid Rate Advisory Commission for an exception of \$21.90 per long term care day to its low reimbursement rate. The Medicaid Rate Advisory Commission unanimously granted a \$20.90 addition to the rate. The Department of Health and Social Services overturned the Rate Commission's award, and set a rate addition of \$9.17 -- \$11.73 lower than the rate set by the Commission.

- SPONSOR'S BACKGROUND MATERIAL

The Honorable Paul Fischer
March 1, 1990
Page 2

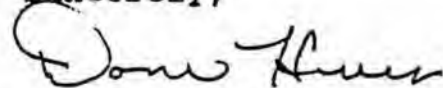
In January, 1990, Wesleyan Nursing Home filed suit against the Department of Health & Social Services seeking relief from its unrealistically low rate. The Department filed a motion for summary judgment stating that Wesleyan had not exhausted its administrative remedies. Based upon state counsel's representation that the entire exceptional relief process would take only two to three weeks, Judge Carlson directed Wesleyan to file for exceptional relief with the Department before seeking relief through the court system.

On February 16, 1990, Wesleyan filed for exceptional relief with the Department of Health & Social Services. The Board of Wesleyan Nursing home and its staff would like your support with the Department to approve the exceptional relief. It has been the experience of the other nursing homes that exceptional relief is a lengthy process, taking as long as two to three months. Exceptional relief rarely granted in an amount sufficient to relieve a health care facility's fiscal shortfall.

In the Senate HESS meeting of January 31, 1990, Commissioner Munson stated that health care facilities' reimbursement rates were increasing at a rate of 20% a year. This is an erroneous statement. The percentage of increase is skewed by the inclusion of statistics from Mary Conrad Center, a new facility which began operation in 1988 and which increased its patient volume by 153% from 1988 to 1989. When considered as though the patient volume had been static for the Mary Conrad Center, the over-all percentage of increase is only 3.42%. With Mary Conrad Center included, even with its phenomenal volume increase, the percentage of increase is only 16.36%. The enclosed schedule of rates demonstrates this more clearly. The 3.42% increase is far below the inflation rate and is an indicator of why three of the six free standing nursing homes in the State are in a serious financial situation and have had to seek exceptional relief.

I hope this information is helpful to you in your efforts to ensure that the health care industry in Alaska is reasonably reimbursed for the costs of providing quality health care. If there is anything further I can provide to you, please give me a call.

Sincerely,



Donna Herbert

Enclosures



Donna Herbert, owner

(907) 586-9565

174 S. Franklin St.
Suite 229
Juneau, Alaska
99801

August 23, 1989

State of Alaska
Medicaid Rate Advisory Commission
PO Box 240249
Anchorage, Ak 99524-0429

Dear Commission Members:

Wesleyan Nursing Home is bringing forward to the Commission a number of important issues for your consideration during the meeting of August 29, 1989.

The issues and their impact on Wesleyan's rate that we bring before you today are:

	<u>Exception Request</u>	<u>Staff Proposal</u>
Volumes Rebase	\$143.39	\$131.81
Ancillary Therapy	\$6.28	-0-
Inservice Training	\$1.24	-0-
Repairs & Maintenance	\$1.80	-0-
<u>Labor Negotiations</u>	<u>\$1.00</u>	<u>-0-</u>
Total Rate:	\$153.71	\$131.81

Thank you for your understanding and consideration of these issues, each of which has a significant impact on Wesleyan Nursing Home.

FOR WESLEYAN NURSING HOME:

Donna Herbert,
Financial Consultants of Alaska

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WESLEYAN NURSING HOME
MEDICAID RATE ADVISORY COMMISSION PRESENTATION
August 23, 1989

GENERAL SUMMARY

Wesleyan Nursing Home has suffered severe financial hardships because of a series of events that began in 1983. Its cash reserves have been depleted from \$1,371,411 in 1985 to \$231,118 in August of 1989. Please refer to the graphs on page 3 and page 4.

Wesleyan suffered an operating loss of \$311,224 in 1988 and a loss of \$590,000 in 1989. For fiscal year 1990, it is currently operating at a monthly loss of approximately \$60,000. If this trend continues, the 1990 loss would be \$720,000 -- obviously an amount that would not allow the facility to sustain operations.

The more significant circumstances contributing to this situation are as follows:

1. Calculation errors in the Medicaid reimbursement rate for 1982 - 1987.
2. Inaccurate or nonexistent accounting records.
3. The erroneous assumption on the part of Wesleyan that private patient charges could not exceed those paid by Medicaid.
4. A seriously mistaken assumption that ancillary services could not be charged. The consequence of this assumption was that no charges were recorded to ancillary departments, and ancillary expenses were grossly understated. The effect of this was extremely detrimental to reimbursement.
5. In 1985 and 1986, when Medicaid reimbursement was based on budget, Wesleyan understated its budget each year by more than \$200,000.
6. In 1987, when the current prospective payment reimbursement process was established, neither Wesleyan nor the Rate Commission was able to carve out Medicaid charges or costs. Therefore, Wesleyan's rate was established on averages.
7. In 1985 through 1987, Wesleyan's expenses increased so slightly that no significant "F" calculation adjustment was received;
8. In the past three years, Wesleyan's patient volumes have declined 27%. For 1990 rates, the "F" calculation uses 1985 patient days.

9. Certification and Licensing have cited the facility for a lack of ancillary programs and therapies, repairs, and training.

Wesleyan's routine rate for 1989 is 38% below the weighted average of the four free-standing nursing homes with 100 beds and under. The ancillary rate is 27% below the average for these same four facilities. Please refer to the graph on page 5.

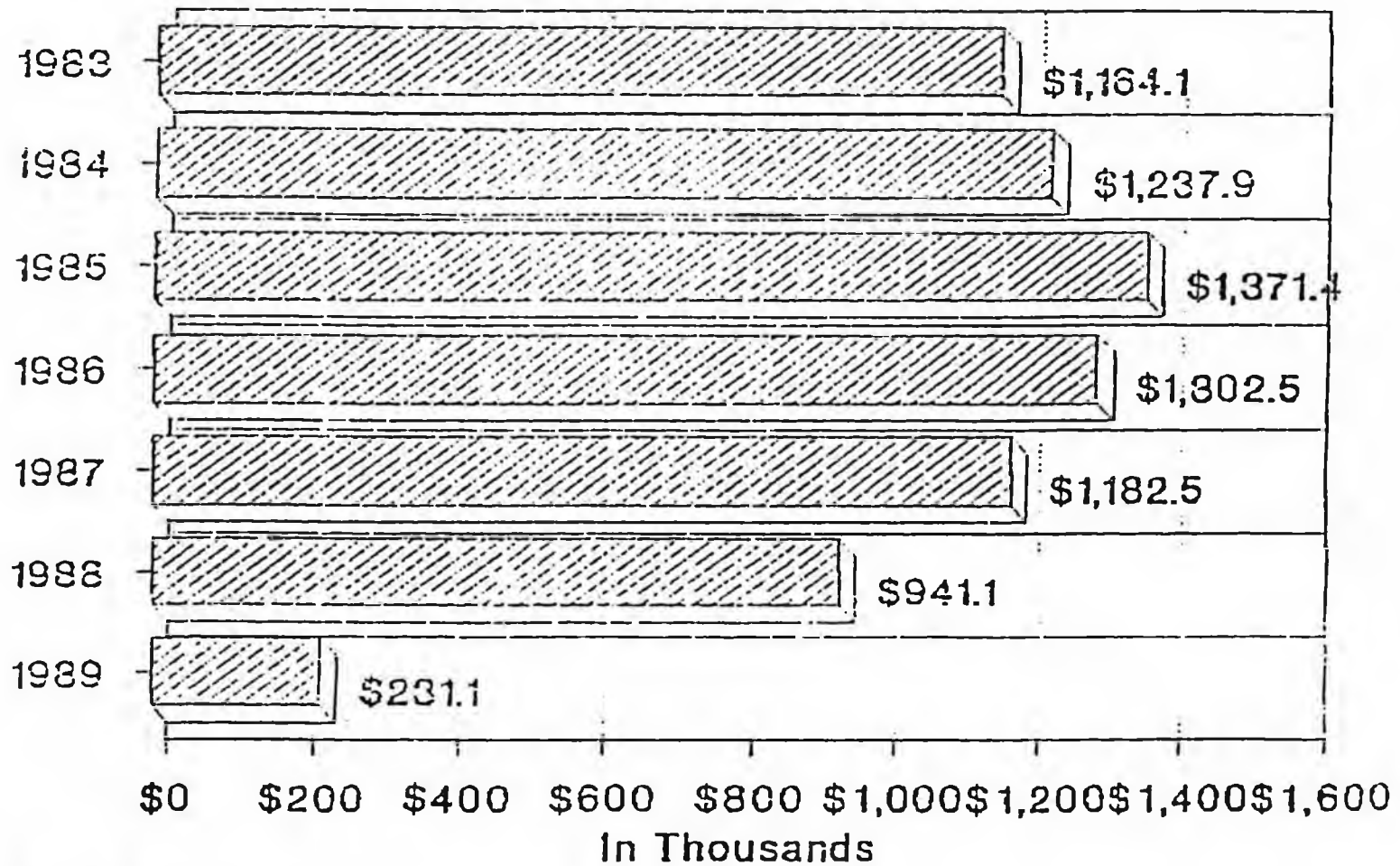
Wesleyan's reimbursement vs. expense from 1984 through 1989 is in excess of \$1,200,000 as shown on page 6. The list goes on and on. However, today we are faced with the opportunity to correct these problems so that Wesleyan Nursing Home may continue to function as a viable health facility and continue to provide quality care for Alaskan residents.

The facility has taken stringent measures to correct the deficiencies within its control. However, the Medicaid prospective payment reimbursement methodology does not allow for prior year errors to be corrected and incorporated into the 1990 rate. The "F" calculations utilize cost containment methodology which does not allow rates to rise adequately, particularly when the basis for those calculations is flawed or unrealistic.

WESLEYAN NURSING HOME

Cash Position - '83 to '89

Fiscal Year



by: Financial Consultants of Alaska

WESLEYAN NURSING HOME
Seward, Alaska

08/24/89

CASH and OPERATING LOSS POSITION

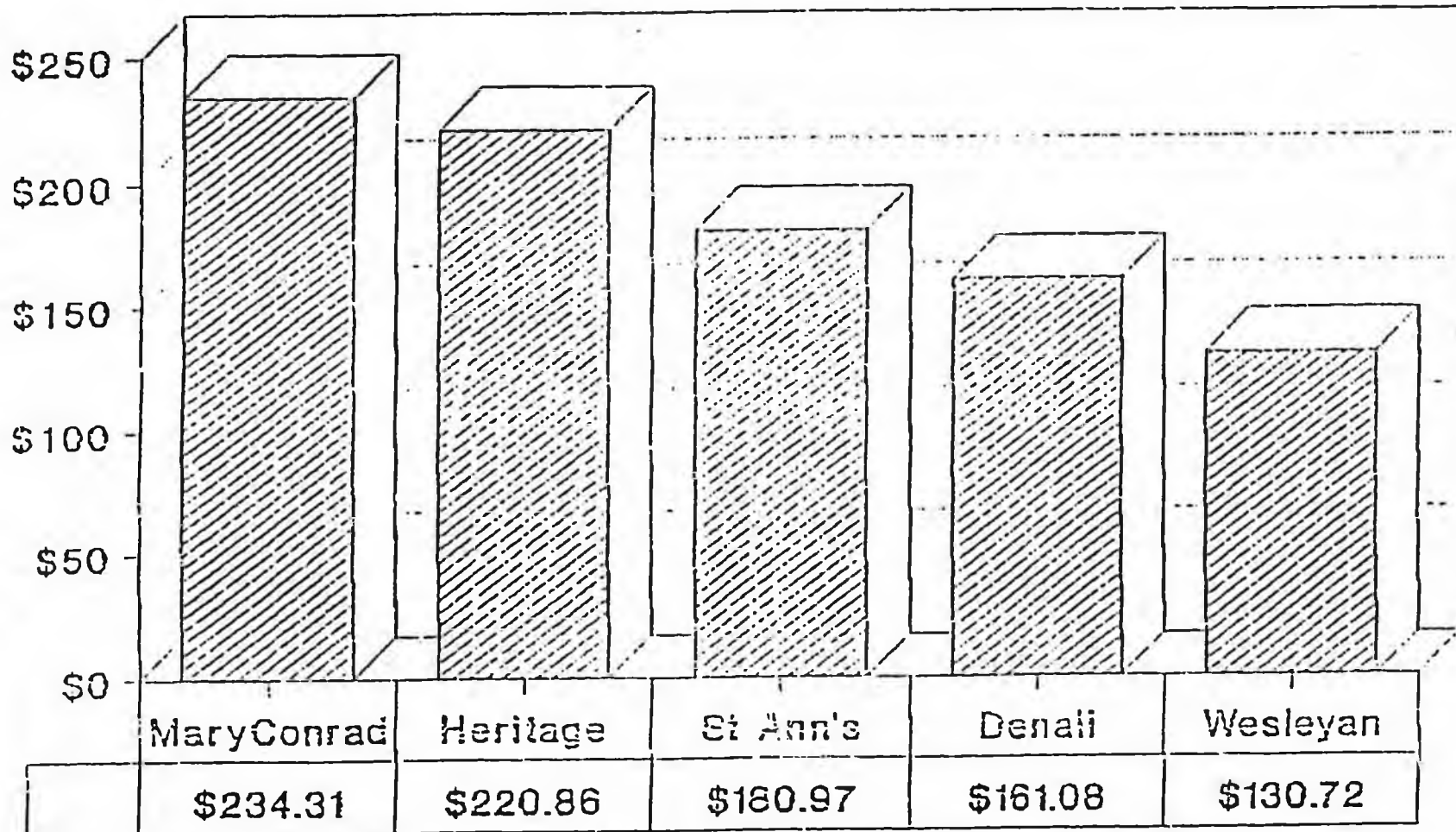
	F/Y 1983	F/Y 1984	F/Y 1985	F/Y 1986	F/Y 1987	F/Y 1988	F/Y 1989*	As Of 08/15/89
	=====	=====	=====	=====	=====	=====	=====	=====
Cash	\$1,164,087	\$1,237,918	\$1,371,411	\$1,302,510	\$1,182,448	\$941,051	\$393,981	\$231,118
Operating Loss	(\$12,810)	(\$168,836)	(\$161,757)	(\$181,479)	(\$291,760)	(\$465,290)	(\$714,056)	n/a
Other Sources of Revenue	\$209,156	\$228,361	\$227,808	\$228,635	\$177,691	\$154,056	\$124,056	\$69,937 **
Revenue over Expense	\$196,338	\$59,525	\$66,051	\$44,156	(\$114,069)	(\$311,234)	(\$590,000)	n/a

*from General Ledger
before final audit.

**1990 Revenue Sharing

1989 REIMBURSEMENT RATES

Free Standing Nursing Homes



FACILITY & RATE

by: Financial Consultants of Alaska

WESLEYAN NURSING HOME
MEDICAID RATE ADVISORY COMMISSION PRESENTATION

PATIENT DAY VOLUMES

SYNOPSIS: Under the current rate-setting methodology, the routine component of the LTC rate is calculated using 1985 patient days as a base. A general statewide drop in census, along with the opening of Heritage Place, has resulted in Wesleyan volumes falling 27% since 1985. As an exception to normal practice, Wesleyan Nursing Home requests that a more realistic number of patient days be used in the calculation of the 1990 rate.

DISCUSSION:

PATIENT DAYS

	TOTAL	MEDICAID
1983	23,026	20,723
1984	23,029	20,956
1985	23,340	21,029
1986	22,582	20,243
1987	21,303	19,225
1988	21,465	19,299
1989	18,440	16,596
1990 - Based on 54 Patients	19,710	16,500
1988-1990 3-Year Average:	19,872	17,465
1985-1989 Decrease:	-26.57%	

Please also refer to patient census and discharge data on page 15.

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WESLEYAN NURSING HOME
 MEDICAID RATE ADVISORY COMMISSION PRESENTATION

PATIENT DAY VOLUMES (Cont'd)

The patient day average over a three year period has been used previously by the Medicaid Rate Advisory Commission when granting volume exceptions.

	AS PROPOSED	VOLUME EXCEPTION
	<u>1985 DAYS</u>	<u>THREE-YEAR AVERAGE</u>
<u>ROUTINE</u>	\$2,249,246	\$2,249,246
Patient Days	22,663	19,372
Routine Component	\$99.16	\$113.19
"F" Calculation Adj.	5.45	.54
Inflation Adj.	4.66	5.32
Total Routine Rate:	\$109.27	\$119.05
	<u>1988 DAYS</u>	<u>THREE-YEAR AVERAGE</u>
<u>CAPITAL</u>	\$125,459	\$125,459
Patient Days	21,465	19,972
Total Capital Rate:	\$5.92	\$6.31
	<u>MEDICAID 1988 DAYS</u>	<u>MEDICAID THREE-YEAR AVERAGE</u>
<u>ANCILLARY</u>		
Net Cost	\$258,516	\$258,516
Patient Days	19,298	17,465
Total Ancillary Rate:	\$13.39	\$14.80
Wesleyan Rate Sub-Total:	\$128.58	\$140.16
Year-End Conformance:	\$3.23	\$3.23
FY'90 WESLEYAN RATE:	\$131.81	\$143.39

WESLEYAN NURSING HOME
MEDICAID RATE ADVISORY COMMISSION PRESENTATION

PATIENT DAY VOLUMES (Cont'd)

PETITION TO THE COMMISSION:

Wesleyan Nursing Home requests the Commission to consider this critical volume issue and rebase the FY'90 "F" calculations using three-year average patient days, rather than 1985 patient days. Further, Wesleyan requests that the Commission instruct staff to calculate the ancillary component on the Medicaid three-year average volumes rather than the 1988 Medicaid days. This exception will add \$11.58 per LTC day to the proposed rate.

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WESLEYAN NURSING HOME
 MEDICAID RATE ADVISORY COMMISSION PRESENTATION

ANCILLARY THERAPISTS AND CONSULTANTS

SYNOPSIS: The state survey performed at Wesleyan Nursing Home in FY'89 cited the facility for the complete lack of occupational, physical, and speech therapists, lack of social workers, and inadequate recreational therapy department and programs.

DISCUSSION: In the table below, the therapy consultant and salaries for 1988 total \$2,079. Every LTC nursing home in the state is required to staff these ancillary departments with licensed consultants or licensed staff employees. Wesleyan has hired consultants and employees in each of the departments listed. There is \$109,733 of Medicaid Specific Ancillary Costs not included in their 1988 base rate. The partial Certification Report that is enclosed in the back of your packet has many of those deficiencies highlighted in yellow.

ANCILLARY THERAPIES NOT INCLUDED IN 1988 BASE

	<u>1990 Expenses</u>	<u>1988 Base</u>
OCCUPATIONAL THERAPY	55,253	1,640
PHYSICAL THERAPY	28,062	440
SPEECH	16,260	-0-
DIETICIAN	1,096	-0-
SOCIAL WORKER	1,696	-0-
RECREATIONAL THERAPY:		
2 Activities Aides	15,663	-0- ¹
1 Recreat. Therapist Consultant	<u>5,040</u>	<u>-0-</u>
TOTAL ANCILLARY THERAPIES	124,890	2,079
Less 1988 Costs in Base		
Plus 9.8% Inflation	<u><2,282></u>	
	122,607	
 MEDICAID SPECIFIC (@ 89.50%)	 109,733	
 TOTAL AVERAGED MEDICAID DAYS	 17,465	
 REQUESTED EXCEPTION FOR ANCILLARY THERAPIES -	 \$5.28 PER DAY	

¹ Recreational Therapy is a part of expanded services due to certification in FY-89.

WESLEYAN NURSING HOME
MEDICAID RATE ADVISORY COMMISSION PRESENTATION

ANCILLARY THERAPISTS AND CONSULTANTS (Cont'd)

PETITION TO THE COMMISSION:

Wesleyan Nursing Home requests the Commission to consider the allowable therapy cost required by certification and by quality patient care logic and set a rate that includes an Ancillary Exception of \$6.28 per LTC day.

WESLEYAN NURSING HOME
MEDICAID RATE ADVISORY COMMISSION PRESENTATION

REPAIR AND MAINTENANCE

SYNOPSIS: Wesleyan Nursing Home had many deficiencies for repair and maintenance in the 1989 certification report. Wesleyan demonstrated to staff in a walk through the facility that repairs have been sadly neglected.

DISCUSSION: For the entire 1988 fiscal year, Wesleyan had repair and maintenance costs of only \$3,348. In a building that is 37 years old, the lack of costs speaks to the many repairs that must be done to meet certification health and safety standards. The administrator has carefully inspected the facility and listed the deficiencies that must be corrected. I have enclosed a partial list of those repairs in the back of your packets. The partial certification report that is enclosed has many of those items marked in green.

The estimate of the repair costs is \$39,500. \$35,824 of those costs are not in the base year.

REPAIR AND MAINTENANCE

	<u>1990</u>	<u>1988</u>
REPAIR & MAINTENANCE EXPENSE	39,500	3,348
Less 1988 Costs plus Inflation in Base	<u>43,676</u> 35,824	
PATIENT DAYS	19,872	
TOTAL EXCEPTION REQUESTED	\$ 1.80	

The majority of the deficiencies on repairs, infection control and sanitation were cited on the state survey.

PETITION TO THE COMMISSION:

Wesleyan Nursing Home requests that the Commission consider the badly needed repair costs and grant an exception of \$1.80 per LTC day for repairs.

WESLEYAN NURSING HOME
MEDICAID RATE ADVISORY COMMISSION PRESENTATION

INSERVICE TRAINING

SYNOPSIS: The 1989 Certification Review cited Wesleyan Nursing Home for a total lack of inservice training programs for the nursing staff. In 1988, Wesleyan recorded no inservice training costs.

DISCUSSION: Prior to the State's Certification Review, Wesleyan hired Whitman Nursing Consultants to review the facility before the State survey team's arrival. Marian Caudill performed the management certification survey and produced a 20-page report which delineated potential certification deficiencies that needed to be corrected before review.

Inservice training programs have been initiated and scheduled since the time of the State survey.

INSERVICE TRAINING

	<u>1990</u>		<u>1988</u>
STAFF IN SERVICE ²	15,460	.78	-0-
BOARD AND ADMINISTRATION	5,000	.25	-0-
MANAGEMENT CERTIFICATION ³	<u>4,177</u>	.21	-0-
	24,637		
PATIENT DAYS	19,872		
TOTAL EXCEPTION REQUESTED	\$ 1.24		

PETITION TO THE COMMISSION:

Wesleyan Nursing Home requests the Commission to consider the inservice training and allow an additional \$1.24 per LTC day.

² Cited in Survey.

³ Hired prior to survey to correct deficiencies.

WESLEYAN NURSING HOME
MEDICAID RATE ADVISORY COMMISSION PRESENTATION

LABOR NEGOTIATION FEES

SYNOPSIS: Wesleyan Nursing Home hired a labor negotiating firm to negotiate its labor-union negotiations. Failure to do so would have resulted in even higher salaries and benefits than the facility has been forced to comply with.

DISCUSSION:

LABOR NEGOTIATION FEES

	<u>1990</u>	<u>1988</u>
WILCOX (Law Firm)	19,822	-0-
Patient Days	19,872	
TOTAL EXCEPTION REQUESTED	\$ 1.00	

PETITION TO THE COMMISSION:

Wesleyan Nursing Home requests the Commission to grant a \$1.00 per LTC day increase in the rate for legal fees that were not included in base years.

WESLEYAN NURSING HOME
Seward, Alaska

PATIENT CENSUS

	1985 =====	1986 =====	1987 =====	1988 =====	1989 =====
Jan	64	62	58	54	51
Feb	63	64	59	54	47
Mar	63	62	61	52	48
Apr	63	64	58	57	45
May	64	62	56	58	49
Jun	64	61	57	56	49
Jul	62	56	59	53	50
Aug	61	57	60	51	
Sep	63	57	62	51	
Oct	62	57	59	53	
Nov	63	61	60	52	
Dec	62	60	57	50	

PATIENT DISCHARGES

Home			4	8	5
Expired			5	11	6
OLOC			1	2	
Pioneer's					2
Heritage Place			2	2	1
HarborView				3	1
API			2	5	6
Other			1	1	3

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Wesleyan Nursing Home, Inc.

431 First Avenue
Box 430
Seward, Alaska 99601
(907) 224-5241

June 22, 1989

Medicaid Rate Advisory Commission
3601 "C" Street, Suite 592
P.O. Box 240249
Anchorage, Alaska 99524-0249

Dear Commission Members:

It is my understanding that the \$130.72 rate that is proposed for Wesleyan Nursing Home is in keeping with the current methodology. However, I would like to bring two issues for Wesleyan to the Commission for your review.

In 1988, Wesleyan Nursing Home's operating loss was \$311,224. That loss includes revenue sharing and other sources of income. Our Facility has the lowest nursing home rate in the state. In fact, it is 30 percent lower than the weighted average of all other free-standing nursing homes.

In part, this was due to an accounting system that was nonexistent in relationship to health care requirements in past years. Our facility has corrected this deficiency but under the current Medicaid methodology there is no mechanism to adjust the base years of 1983 - 1986. Therefore, our costs are contained from these base years even though the base years were incorrect.

I ask the Commission to advise me as to what might be done in order that Wesleyan Nursing Home's rates may be brought in line with other facilities and be adequate to cover costs.

The scope of services provided by Wesleyan Nursing Home is different and broader than that of most other Alaska nursing homes. Wesleyan Nursing Home treats MR, MI and Rehabilitation residents in addition to geriatric. The costs attendant to the provision of care and treatment is greater. It is my understanding that only a few Alaska facilities currently provide care to MR & MI residents; these include AFI and Harborview.

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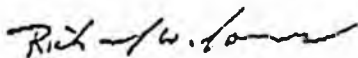
Medicaid Rate Advisory Commission
Wesleyan Nursing Home
Administrator's Testimony
Page 2

I would also like to bring the new OBRA standards to the attention of the Commission. Due to additional costs imposed on facilities in order to administer additional services in keeping with OBRA standards, most states have initiated supplemental dollars paid to the facilities to compensate for the implementation of OBRA requirements in addition to their usual reimbursement systems. HCFA supports the states in this initiative. However, it is up to each individual state to make this decision. It is my understanding that the State of Alaska has not come up with supplemental funds for OBRA driven services. In support of this position, I offer you a current court case, Berlin Convalescent Center v. Stoneman, (Vermont, Memorandum Decision filed May 5, 1989.) (Attached) I request the Commission to take this matter up for review.

Wesleyan Nursing Home is required to meet OBRA guidelines for MR, MI and Rehabilitation residents in addition to our Geriatric residents. Active treatment programs for these populations require specialized staffs and staff training programs. Specifically, there is a need for group therapy counseling and increased psychiatric services for MI's. MR's require an educational rather than maintenance approach and corresponding specialists and staff training to implement programs. Rehab requires increased Speech Pathology, OT, PT and RT services.

Thank you for your time.

Sincerely yours,



Richard W. Jones,
Administrator

attachment

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Wesleyan Nursing Home, Inc.

431 First Avenue
Box 430
Seward, Alaska 99504
(907) 224-5241

August 23, 1989

State of Alaska
Medicaid Rate Advisory Commission
PO Box 240249
Anchorage, AK 99524-0429

Dear Commission Members:

When I appeared before you on June 29, I informed you that Wesleyan Nursing Home was in very serious financial condition. The cash reserves in 1985 of \$1,300,000 has been depleted to \$250,000 in 1989 and that we were losing \$60,000 per month. My concern was that the proposed rate of \$130.72 was so far below expenses, that the facility could not continue in this mode of operation.

At that time I also suggested that Wesleyan should consider classification as a MR and/or MI facility since the majority of residents treated at the facility are MR or MI rather than geriatric residents. Since I spoke to you on June 22, I have had a great deal of assistance and enlightenment from Karen Martz, Mary Hilton, Jack Nielson, Donna Herbert and a team from the Division of Mental Health and Developmental Disabilities. Each of them have worked closely with me to bring clarity into the current situation. They have each assisted me in identifying and recreating what problems in the past may have lead into the serious predicament that we face today.

It has been clearly reinforced to me by the Health Division (DMA) that Wesleyan historically and currently provides services to MR & MI residents appropriately within its current certification and license. Further, that due to the time of MR

Medicaid Rate Advisory Commission
August 23, 1989
Page 2

and MI residents at Wesleyan a MR / MI unit should not be designated within the facility. The types of MR and MI residents located at Wesleyan receive "educational" therapy not restorative "active treatment" program therapy as is provided at API and Harborview. To illustrate by example, one of our MR residents is 38 years old. However, mentally she is 14 months old, is on a baby bottle, wears diapers and walks on her tip-toes (as would an infant at that stage of development). She is unable to communicate (as are several of our MR & MI residents), and requires constant attention on an almost one to one basis in a similar manner as you would expect to find in any home where an infant is present. Two of our residents are both MR and MI. The care planning and assessment process is much more involved, requires more staff time, and a broader spectrum of input in the interdisciplinary approach than is required for geriatric residents.

If a MR / MI designated unit were "created" the types of programs that would be required to be developed and provided would be "active treatment" programs. The costs associated with the new service program would be significantly higher than experienced with the current program. This would be viewed as an unnecessary duplication of service programs currently provided by API and Harborview. Residents needing "active treatment" program development are initially admitted to API or Harborview. Then, after improvement or stabilization of the residents' condition is achieved the resident is transferred to Wesleyan which provides a long term educational program in a less institutionalized or structured setting. Later, with continued progress, some residents are able to be transferred to shelter homes, foster homes, domiciles, sheltered educational workshop programs and near independent living in the residents home community. This

system is supported by all effected facilities, the Health Division (DMA) and the Division of Mental Health and Developmental Disabilities. The system currently in place works well, has appropriate goals including the active participation of community based mental health counseling services and the current system of utilizing Wesleyan as the second program step resource should not be changed.

As you are aware the Wesleyan Nursing Home rate is over 30% below the weighted average of the other free standing under 100 bed facilities. After reviewing past years records, staff reports and rates with your staff when they were kind enough to visit the facility, it appears that there were many reasons for the low rates that were set over the years that depleted all cash reserves.

A new management team is in place at Wesleyan. This new management team is supported and supplemented by the assistance of financial, planning and quality of care consultants and by a new open working relationship with the MRAC staff, Health Division and the Division of Mental Health & Developmental Disabilities. Our facility has taken steps to correct the past deficiencies that were due to previous errors and omissions. However, under the current methodology, there is no mechanism to adjust base years. Therefore our costs are contained from base year even though the base years were incorrect. It is my understanding that corrections cannot be made for prior years, but there are two current problems that also effect the low rates:

1. That 1990 routine rates are being set using 1985 volumes from the "F" calculation.
2. A substantial portion of current costs, many of which are required by certification and licensing are not in our base year.

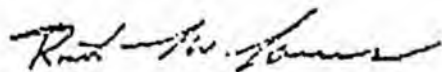
Medicaid Rate Advisory Commission
August 23, 1989
Page 4

Wesleyan's patient volumes have declined in the last two years from an average of 23,000 for FY '84 and '85 to an average of 19,953 for FY '88 and '89. The volume decrease is in part due to our goal of returning residents to a setting of as "independent" living as possible in their communities as well as the opening of other LTC facilities in the area. I will be asking your consideration today for a volume exception. The facility has been cited as needing to address many repair & maintenance deficiencies. Wesleyan is an older facility, originally a Tuberculosis Hospital converted from a nursing residence. Many deficiencies, including code violations exist which have been only partially rectified or have been neglected. These deficiencies must be addressed. Our consultant, Donna Herbert will go into more detail on each of the individual areas.

Our new management team and I face severe problems at Wesleyan Nursing Home; problems with certification and licensing, staffing, lack of training for employees, and repair and maintenance that has been sorely previously neglected. We are willing to tackle each of these problems and challenges, but we need your help in setting a fair rate that has some semblance to the facility costs.

Thank you for your help and consideration and a special thank you to Mary Hiltor and Jack Nielson for the many hours they gave to us.

Sincerely,



Richard W. Jones,
Administrator

WESLEYAN NURSING HOME
Seward, Alaska

CASH and OPERATING LOSS POSITION

08/24/89

	F/Y 1983	F/Y 1984	F/Y 1985	F/Y 1986	F/Y 1987	F/Y 1988	F/Y 1989*	As Of 08/15/89
Cash	\$1,164,087	\$1,237,918	\$1,371,411	\$1,382,510	\$1,182,443	\$941,051	\$393,981	\$231,118
Operating Loss	(\$12,819)	(\$168,636)	(\$161,757)	(\$184,479)	(\$291,760)	(\$465,290)	(\$714,056)	n/a
Other Sources of Revenue	\$209,156	\$228,361	\$227,809	\$228,635	\$177,691	\$154,056	\$124,056	\$69,937 **
Revenue over Expense	\$196,338	\$59,525	\$66,052	\$44,156	(\$114,069)	(\$311,234)	(\$590,000)	n/a

*From General Ledger
before final audit.

**1990 Revenue Sharing

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: DHSS
 Title: An Act relating to health facility payment rates BRU: Administrative Services
 Sponsor: Senate HESS Components: Medicaid Rate Advisory Commission
 Requestor: Senate HESS

*4/19/90
Changes
proposed
by
Myra
Munson*

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY92	FY93	FY94	FY 95	FY 96
PERSONAL SERVICES	234.1	234.1	234.1	234.1	234.1	234.1
TRAVEL	9.0	9.0	9.0	9.0	9.0	9.0
CONTRACTUAL	20.2	19.2	19.2	19.2	19.2	19.2
SUPPLIES	4.0	4.0	4.0	4.0	4.0	4.0
EQUIPMENT	36.6	1.5	1.5	1.5	1.5	1.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	271.0	267.8	267.8	267.8	267.8	267.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	133.9	133.9	133.9	133.9	133.9	133.9
FEDERAL FUNDS	135.5	133.9	133.9	133.9	133.9	133.9
OTHER						
TOTAL	271.0	267.8	267.8	267.8	267.8	267.8

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME	1	1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There is no effect on FY90. See attached analysis for effect on FY91 - FY96.

Prepared by: Jack Nielson, Executive Director
 Division: Medicaid Rate Advisory Commission

Phone: 562-1996
 Date: 04/06/90

Approved by Commissioner: Myra M Munson
 Agency: Department of Health & Social Services

Date: 4/6/90

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

*4-19-90 Above changes proposed
by Myra Munson.*

Facility reimbursement rates for medicaid and general relief medical are currently set by use of a consistent methodology. This bill will require the department to issue written findings and conclusions regarding the rate established by the department for each facility. The bill also provides that the Commission may review alternative rate setting methodologies and requires the Commissioner to appoint a technical advisory committee and to hold public hearings regarding rate setting regulations and the establishment of a new rate setting methodology.

The increased demand placed by the requirement of detailed finding and the legislative expectation of activity, including committee meetings and public hearings, to establish a new rate setting system will require at least two additional budget analysts. Without these positions, the requirements of the bill cannot be met without impairing the staff's capacity to meet the present demands placed on them, not only regarding rate rate setting, but also to fully protect the state's position in our relationship to the federal Health Care Financing Administration.

The bill also requires that a hearing concerning appeals of disputed rates be conducted within 120 days. Three positions are required to satisfy this provision: An appeals specialist (Budget Analyst III), a half-time hearing examiner and a secretary. The appeals specialist will answer discovery requests and requests for information, participate in depositions, serve as an expert witness, and perform other technical analysis. The half-time hearing officer is required to conduct the appeals hearing within the 120 day deadline. The secretary will provide word processing support to the hearings examiners.

SUMMARY of FUNDING REQUIREMENTS SB431

	FY91	FY92 - FY96
Line 100		
Department Rate Setting Staff		
Program Budget Analysts III		
2 PFT @ Range 19A 10 months		
71100 Salary	66,720	80,064
71600 Benefits	24,707	29,649
Department Appeals Staff		
Program Budget Analyst III		
1 PFT @ Range 19A 10 months		
71100 Salary	33,360	40,032
71600 Benefits	12,354	14,824

April 6, 1990

Fiscal Note

Hearing Examiner		
1 PPT @ Range 24A	6 months	
71100 Salary	28,122	28,122
71600 Benefits	8,314	8,314
	FY91	FY92 - FY96

Secretary I		
1 PPT @ Range 10B	10 months	
71100 Salary	18,930	22,716
71600 Benefits	<u>8,683</u>	<u>10,419</u>
TOTAL LINE 100	201,190	234,140

Line 200		
72240 Field Travel	5,000	5,000
72250 Per Diem	<u>4,000</u>	<u>4,000</u>
TOTAL LINE 200	9,000	9,000

Line 300		
73300 Communications	5,200	5,200
73323 Install 5 new phones	1,000	
73500 Printing, Binding	2,000	2,000
73850 Office Space 5 new pos.	<u>12,000</u>	<u>12,000</u>
TOTAL LINE 300	20,200	19,200

Line 400		
74200 Office Supplies	2,000	2,000
74560 DP Supplies	<u>2,000</u>	<u>2,000</u>
TOTAL LINE 400	4,000	4,000

Line 500		
75790 Telephones 5 new pos.	900	
75830 4 Enhanced PCs w/ Peripherals @ 6.3 ea	25,200	
75830 1 Std PC w/Peripherals	4,000	
76055 Office furn. 5 new pos.	6,500	
75690 Replacement Equipment		<u>1,500</u>
TOTAL LINE 500	<u>36,600</u>	<u>1,500</u>

GRAND TOTAL	\$270,990	\$267,840
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FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: DHSS
 Title: An Act relating to health facility payment rates BRU: Administrative Services
 Sponsor: Senate HESS Components: Medicaid Rate Advisory Commission
 Requestor: Senate HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY92	FY93	FY94	FY 95	FY 96
PERSONAL SERVICES	224.1	268.9	268.9	268.9	268.9	268.9
TRAVEL	9.0	9.0	9.0	9.0	9.0	9.0
CONTRACTUAL	94.3	93.3	93.3	93.3	93.3	93.3
SUPPLIES	4.0	4.0	4.0	4.0	4.0	4.0
EQUIPMENT	36.6	1.5	1.5	1.5	1.5	1.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	368.0	376.7	376.7	376.7	376.7	376.7

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	184.0	188.4	188.4	188.4	188.4	188.4
FEDERAL FUNDS	184.0	188.3	188.3	188.3	188.3	188.3
OTHER						
TOTAL	368.0	376.7	376.7	376.7	376.7	376.7

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

There is no effect on FY90. See attached analysis for effect on FY91 - FY96.

Prepared by: ^{by 414} Jack Nielson, Executive Director
 Division: Medicaid Rate Advisory Commission
 Approved by: ^(R) Commissioner: [Signature]
 Agency: Department of Health & Social Services

Phone: 562-1996
 Date: 02/20/90
 Date: 2/21/90

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

2/22/90 According to the Dept of Health and Social Services, this fiscal note applies to the CSSB 431 (HESS) version of this bill.

*DCM
Senate HESS.*

Facility reimbursement rates for medicaid and general relief medical are set currently by use of a consistent methodology. Facilities must prove that the rate yielded by the methodology is not fair or reasonable. This Bill will require the department to issue written findings to justify all discrepancies between the rate requested by a facility and the rate calculated by the department. The responsibility to prove the adequacy and fairness of the rate will shift from the facility to the state.

Based on historical experience, two budget analysts will be required to perform the additional work of researching individual facility issues and preparing written findings. Research will include analysis of comparable facilities and other states' rates.

The Bill also requires that a hearing be conducted within 120 days of all disputed rates. Four positions are required to meet this provision: An appeals specialist (Budget Analyst III), an attorney in the Department of Law, a hearing examiner and a secretary. The appeals specialist will answer discovery requests and requests for admission, participate in depositions, serve as an expert witness, and perform other technical analysis. The attorney will perform legal research associated with reviewing federal requirements and case law, as well as represent the department in the appeal. The hearing officer is required to conduct the appeals hearing within the 120 day deadline. The secretary will provide word processing support to the hearings examiner.

The Bill also deletes the Medicaid Rate Advisory Commission from the rate setting process and charges the Commission to review alternative methodologies. The department will incur costs associated with designing a new system within current resources.

SUMMARY of FUNDING REQUIREMENTS SB431

	FY91	FY92 - FY96
Line 100		
Department Rate Setting Staff		
Program Budget Analysts III		
2 @ Range 19A 10 months		
71100 Salary	66,720	80,064
71600 Benefits	23,373	28,048

	FY91	FY92 - FY96
Department Appeals Staff Program Budget Analyst III 1 @ Range 19A 10 months		
71100 Salary	33,360	40,032
71600 Benefits	11,686	14,024
Hearing Examiner 1 @ Range 24A 10 months		
71100 Salary	46,870	56,244
71600 Benefits	14,853	17,824
Secretary I 1 @ Range 10B 10 months		
71100 Salary	18,930	22,716
71600 Benefits	<u>8,304</u>	<u>9,965</u>
TOTAL LINE 100	224,100	268,900
Line 200		
72240 Field Travel	5,000	5,000
72250 Per Diem	<u>4,000</u>	<u>4,000</u>
TOTAL LINE 200	9,000	9,000
Line 300		
73100 RSA Law (Atty-24A)	74,100	74,100
73300 Communications	5,200	5,200
73323 Install 5 new phones	1,000	
73500 Printing, Binding	2,000	2,000
73850 Office Space 5 new pos.	<u>12,000</u>	<u>12,000</u>
TOTAL LINE 300	94,300	93,300
Line 400		
74200 Office Supplies	2,000	2,000
74560 DP Supplies	<u>2,000</u>	<u>2,000</u>
TOTAL LINE 400	4,000	4,000
Line 500		
75790 Telephones 5 new pos.	900	
75830 4 Enhanced PCs w/ Peripherals @ 6.3 ea	25,200	
75830 1 Std PC w/Peripherals	4,000	
76055 Office furn. 5 new pos.	6,500	
75690 Replacement Equipment	<u> </u>	<u>1,500</u>
TOTAL LINE 500	<u>36,600</u>	<u>1,500</u>
GRAND TOTAL	368,000	376,700

S

B

43

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HOUSE COMMITTEE REPORT

File

(11)

Date Referred: May 1, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/6/90

The FINANCE Committee considered:

CSSB 431(FINANCE)

CS SB NO. 431 (Finance)

HEALTH FACILITY PAYMENT RATES

"An Act relating to health facility payment rates; and providing for an effective date."

RECOMMENDATIONS:

- be replaced with HCS CSSB 431 (HESS) the same title
- a new title
- have attached amendment(s)
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact _____
- fiscal note(s) 4/20/90/H.F.S.
- zero fiscal note _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
(Check approp. column)

Alvin Rieger Rieger

Ray Brown Brown

Tom Hoffman Hoffman

Ed Swackhammer Swackhammer

Jim Ulmer Ulmer

	Do Not Pass	No Rec	Amend
<i>Phillips</i> Phillips	✓		
<i>Paul J. Larson</i> Larson	X		
<i>J. Barnes</i> BARNES	X		

Paul J. Larson Larson
 CO Chairman's Signature
Tom Hoffman Hoffman

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: DHSS
 Title: An Act relating to health facility payment rates BRU: Administrative Services
 Sponsor: Senate HESS Components: Medicaid Rate Advisory Commission
 Requestor: Senate HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY92	FY93	FY94	FY 95	FY 96
PERSONAL SERVICES	164.8	197.7	197.7	197.7	197.7	197.7
TRAVEL	7.6	7.6	7.6	7.6	7.6	7.6
CONTRACTUAL	16.0	15.4	15.4	15.4	15.4	15.4
SUPPLIES	3.2	3.2	3.2	3.2	3.2	3.2
EQUIPMENT	28.8	1.5	1.5	1.5	1.5	1.5
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	220.4	225.4	225.4	225.4	225.4	225.4
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	110.2	112.7	112.7	112.7	112.7	112.7
FEDERAL FUNDS	110.2	112.7	112.7	112.7	112.7	112.7
OTHER						
TOTAL	220.4	225.4	225.4	225.4	225.4	225.4

POSITIONS:

FULL-TIME	4	4	4	4	4	4
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

There is no effect on FY90. See attached analysis for effect on FY91 - FY96.

Prepared by: Jack Nielson, Executive Director
 Division: Medicaid Rate Advisory Commission
 Approved by Commissioner: *Kam Miller*
 Agency: Department of Health & Social Services

Phone: 562-1996
 Date: 04/19/90
 Date: 4/19/90

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Facility reimbursement rates for medicaid and general relief medical are currently set by use of a consistent methodology. This bill will require the department to issue written findings and conclusions regarding the rate established by the department for each facility. The bill also provides that the Commission may review alternative rate setting methodologies and requires the Commissioner to appoint a technical advisory committee and to hold public hearings regarding rate setting regulations and the establishment of a new rate setting methodology.

The increased demand placed by the requirement of detailed findings and the legislative expectation of activity, including committee meetings and public hearings, to establish a new rate setting system will require at least two additional budget analysts. Without these positions, the requirements of the bill cannot be met without impairing the staff's capacity to meet the present demands placed on them, not only regarding rate rate setting, but also to fully protect the state's position in our relationship to the federal Health Care Financing Administration.

The bill also requires that a hearing concerning appeals of disputed rates be conducted within 120 days. Two positions are required to satisfy this provision: An appeals specialist (Budget Analyst III), and a secretary. The appeals specialist will answer discovery requests and requests for information, participate in depositions, serve as an expert witness, and perform other technical analysis. The secretary will provide critical word processing support to the current hearings examiner.

SUMMARY of FUNDING REQUIREMENTS CSSB431 (FIN)

	FY91	FY92 - FY96
Line 100		
Department Rate Setting Staff		
Program Budget Analysts III		
2 PFT @ Range 19A 10 months		
71100 Salary	66,720	80,064
71600 Benefits	24,707	29,649
Department Appeals Staff		
Program Budget Analyst III		
1 PFT @ Range 19A 10 months		
71100 Salary	33,360	40,032
71600 Benefits	12,354	14,824

	FY91	FY92 - FY96
Secretary I		
1 PFT @ Range 10B 10 months		
71100 Salary	18,930	22,716
71600 Benefits	<u>8,683</u>	<u>10,419</u>
TOTAL LINE 100	164,754	197,704
Line 200		
72240 Field Travel	4,000	4,000
72250 Per Diem	<u>3,600</u>	<u>3,600</u>
TOTAL LINE 200	7,600	7,600
Line 300		
73300 Communications	4,160	4,160
73323 Install 4 new phones	670	
73500 Printing, Binding	1,600	1,600
73850 Office Space 4 new pos.	<u>9,600</u>	<u>9,600</u>
TOTAL LINE 300	16,030	15,360
Line 400		
74200 Office Supplies	1,600	1,600
74560 DP Supplies	<u>1,600</u>	<u>1,600</u>
TOTAL LINE 400	3,200	3,200
Line 500		
75790 Telephones 4 new pos.	720	
75830 3 Enhanced PCs w/ Peripherals @ 6.3 ea	18,900	
75830 1 Std PC w/Peripherals	4,000	
76055 Office furn. 4 new pos.	5,200	
75690 Replacement Equipment		<u>1,500</u>
TOTAL LINE 500	<u>28,820</u>	<u>1,500</u>
GRAND TOTAL	\$220,404	\$225,364

Original sponsor(s): HESS Committee

1 IN THE SENATE BY THE HESS COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 431 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to health facility payment rates."

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

8 * Section 1. AS 47.07.070(a) is amended to read:

9 (a) The [COMMISSION SHALL ADVISE THE] department shall set [ON]
10 the prospective rate of payment to a health facility under this chap-
11 ter and AS 47.25.120 - 47.25.300 based on a fair rate for reasonable
12 costs incurred by the facility. The department may not set a rate
13 until after a public hearing before the Medicaid Rate Advisory Commis-
14 sion except that this hearing requirement is not applicable if a new
15 rate is immediately necessary to afford exceptional relief to a
16 facility as determined under regulations adopted by the department.
17 [THE DEPARTMENT SHALL SET THE RATES OF PAYMENT TO A HEALTH FACILITY.]
18 The department shall by regulation list the factors it considers in
19 making its rate determinations under this section. A rate set under
20 this section does not take effect until it is approved in writing by
21 the commissioner of health and social services or the agency assigned
22 by the commissioner to perform this function. The written determina-
23 tion of a rate set by the department after a hearing must include a
24 statement of the department's findings, a description of the basis of
25 the findings and conclusions, a citation to the regulations supporting
26 the findings and conclusions, and a statement of the decision [, AFTER
27 CONSIDERATION OF ANY RECOMMENDATIONS MADE BY THE COMMISSION].

28 * Sec. 2. AS 47.07.070 is amended by adding a new subsection to read:

29 (f) The commissioner of health and social services shall appoint

1 a technical advisory committee and hold public hearings on the depart-
2 ment's rate setting regulations, rate setting methodology, and alter-
3 native payment systems.

4 * Sec. 3. AS 47.07.075 is amended to read:

5 Sec. 47.07.075. APPLICATION OF ADMINISTRATIVE PROCEDURE ACT.
6 Actions of the department regarding health facility payment rates
7 under this chapter and AS 47.25.120 - 47.25.300 are subject to the
8 provisions of the Administrative Procedure Act (AS 44.62) except as
9 provided in (b) of this section.

10 * Sec. 4. AS 47.07.075 is amended by adding a new subsection to read:

11 (b) The commissioner shall, by regulation, establish time limits
12 applicable to the various phases of an administrative appeal process
13 involving an appeal of the amount of a payment rate set by the depart-
14 ment for a facility. The time limits set under the regulations super-
15 sede conflicting time limits in AS 44.62.330 - 44.62.630. The regu-
16 lations must provide that

17 (1) a hearing for an appeal described in this subsection
18 must be scheduled under AS 44.62.410 to occur no more than 120 days
19 after written notice of rate appeal has been received by the depart-
20 ment from a facility unless the facility requests a delay or good
21 cause for the delay is demonstrated to the satisfaction of the hearing
22 officer;

23 (2) the commissioner must, within 30 days after receiving
24 the recommendation of the hearing officer, either render a decision in
25 the case or refer the case back to a hearing officer for additional
26 findings;

27 (3) if either time limit set under (1) or (2) of this
28 subsection is not met, the department shall report the noncompliance
29 to the legislature and the governor by the following January 20 with

1 an explanation of the length of delay, reasons for the delay, and
2 proposed corrective action by the department to ameliorate the causes
3 of delay.

4 * Sec. 5. AS 47.07.180(a) is amended to read:

5 (a) The commission shall [REVIEW PROPOSED PAYMENT RATES OF
6 HEALTH FACILITIES AND] advise the department on policies relating to
7 payment rates for health facilities under this chapter and AS 47.25.-
8 120 - 47.25.300. The commission may also review the department's
9 regulations on payment rates and recommend an alternative rate-setting
10 system if it determines that the department's system is inadequate.

11 * Sec. 6. AS 47.07.180(c) is repealed.

Carol Collins

Alaska State Legislature

SENATOR PAUL FISCHER, Chairman
SENATOR JIM DUNCAN, Vice Chairman
SENATOR AL ADAMS
SENATOR LLOYD JONES
SENATOR TIM KELLY



P.O. BOX V
ROOM 508
STATE CAPITOL
(907) 465-3762

Senate Committee on Health, Education and Social Services

M E M O R A N D U M

To: Representative Ron Larson and Representative Lyman Hoffman, Co-Chairmen, House Finance Committee

From: Senator Paul A. Fischer, Chairman, Senate Health, Education and Social Services Committee. *PF*

Re: CS SB 431 (Finance)

Date: April 26, 1990

CS SB 431 (Finance) is legislation that is intended to clarify the medicaid rate setting process. Many facilities from around the state have expressed concerns over the medicaid rate setting process since Executive Order 72 took effect last March.

This bill establishes that a rate set by the department take effect only after it is approved in writing by the Commissioner of Health and Social Services. Rates set by the department must include a statement of the department's findings, a description of the basis of the findings, a citation to the regulation supporting the findings, and a statement of the decision.

This bill requires the commissioner to also establish time limits applicable to the various phases of an administrative appeal. A time limit of 120 days is required of the department to schedule an appeal unless there is a delay for good cause, or at the request of the facility. Also, after receiving the recommendation of the hearing office, the department is required to render a decision on the appeal after 30 days.

If either of these time limits are not met, the department must submit a report to the legislature with an explanation of the delay and proposed corrective actions by January 20.

This bill is not opposed by the department, and is the product of many hours of work by the Senate HESS Committee. I would ask for your support for this legislation.

HEALTH ASSOCIATION OF ALASKA

STATEMENT OF SUPPORT

CSSB 431 - Amendments Medicaid Rate Setting Process

April 19, 1990

SB 431, amending the Medicaid rate setting process for health facilities was introduced by the Senate HESS Committee. This, following public hearings on the implementation of Executive Order #72 (Effective March 11, 1989). That order transferred the rate and regulating authority of the Medicaid Rate Commission to the Department of Health & Social Services, and placed the Commission in an advisory capacity to the Department.

The Purpose of SB 431 is to clarify "confusion," created by the implementation of Executive Order #72.

The Finance Subcommittee bill will:

1. Establish that the Medicaid Rate Advisory Committee will hold public hearings on health facility Medicaid rates. A hearing may be waived by the Department if a facility is applying for new rates under "exceptional relief" regulations. Page 1, Section 1, Line 13.
2. Writes into law that the Department will set the Medicaid rate for health facilities, and that a written determination of the rate set must include a written statement of the Department's findings. Page 1, Section 1, Line 20.
3. Directs the Commissioner to appoint technical advisory committees and hold public hearings on the Department's rate setting regulations, methodology, and alternative payment systems. Page 2, Section 2, Line 1.
4. Requires that a hearing for an appeal must be scheduled within 120 days after written notice is received by the Department. The Department, after showing good cause, and with the approval of the hearing officer, may request a delay in scheduling the hearing. Page 2, Section 4, Line 19.
5. Requires the Commissioner to render a decision on appeals within 30 days. Page 2, Section 4, Line 24.
6. Requires the Commissioner to report noncompliance of meeting appeal deadlines to the Governor. Page 2, Section 4, Line 28.
7. Authorizes Advisory Commission to review the Department's regulations and recommend alternative payment systems. Page 3, Section 5, Line 9.

FOR MORE INFORMATION CONTACT:

Harlan Knudson - 586-1790 Health Association of Alaska

Jerry Reinwand - 586-8966

* * *



Fairbanks Memorial Hospital

1650 Cowles Street
Fairbanks AK 99701
(907) 452-8181 FAX (907) 452-5776

March 7, 1990

Senator Paul Fischer
P O Box V (MS 3100)
Juneau, Alaska 99811

Dear Senator Fischer:

Please take time from your busy schedule to consider some important health bills pending before the State Senate. Your help is needed.

SB 326 - SUPPORT - Provides grants to assist communities or regions within state to maximize use of their health dollar.

Substance abuse, mental health, and fetal alcohol syndrome programs would greatly benefit natives in Fairbanks and the northern region if such a grant could be provided.

SB 431 - SUPPORT Clarifies Medicaid Rate Setting Process for hospitals and nursing homes.

SB 319 - SUPPORT - Authorizes general obligation bonds for construction for hospitals in Ketchikan, Seward, and Kodiak, plus help for Unalaska, Juneau, and Kenai.

SB 451 - SUPPORT - Major tort reform bill with provision to correct negative State Supreme Court decision (Jackson v. Power).

SB 304 - SUPPORT - Creates state subsidized insurance pool for the uninsurable.

If you have any questions, please call me or in Juneau call Harlan Knudson, the Health Association president, at 586-1790, or Jerry Reinwand at 586-8966.

Sincerely,


James H. Gingerich
Administrator

JHG/js

attorney as the hearing officer. She continued to explain the process.

Commissioner Munson said that during the first year that she was commissioner the commission and commission staff asked that a hearing officer be hired to work in the department in order that the hearing process could be speeded up because private counseling is too slow and they didn't know enough about the cases. She said the commission did the hiring in that instance. She continued to explain how the person was chosen. Commissioner Munson said whoever the hearing officer was and is now makes the rate decisions. If it is appealed, it goes to the hearing officer.

Senator Kelly asked how long the hearing officer has been employed full-time. Commissioner Munson said it has been about a year. She noted she signs the hearing officer's evaluation which was a glowing positive evaluation.

An unidentified speaker said there are twenty-six appeals which are currently outstanding. Commissioner Munson added that approximately 1/3 of the appeals have a pending request.

Senator Fischer asked who prioritizes the cases. Mr. Nielson said the hearing officer prioritizes the the cases.

Senator Kelly asked the commissioner if she keeps track of what the hearing officer is working on. Commissioner Munson said she regularly receives a report of the pending appeals. She noted she has allowed him a lot of latitude.

Senator Fischer said he would like an average number of the cases that have been appealed this year. Senator Jones asked what the liability would be if the appeals came down on the side of the facility. Commissioner Munson said there was 14 appeals in 1989. She referred to Senator Jones' question and said apparently no one has added it up. Mr. Campbell said his appeal amounts to \$344 thousand.

Senator Jones asked what the percentage of wins were for the facilities. Mr. Campbell said his impression is that in the early years there was a fair amount of give and take. An analysis can be obtained from the Rate Commission. After the first couple of years there were rapid changes of regulation. Every time there was a new ceiling from the state budgeting factor, there was a new set of regulations.

TAPE 2, SIDE 2

Commissioner Munson discussed one of the cases that had come back from the hearing officer and noted she had

adopted his decision. She said she stands by the decision for the cases she remanded.

Commissioner Munson explained that when Mr. Nielson makes a decision on an administrative appeal, it goes to the hearing officer. Mr. Nielson and an attorney general present their side. The facility then presents their side. The hearing officer then makes a legal decision on the kinds of issues. He prepares a written decision. The point where facilities no longer have input is after it leaves the hearing officer's desk. She explained that in September, she remanded three cases which had identical issues with the same instructions. Those are now pending further fact finding if the facilities request it. She said she is not aware of any cases where the commission didn't accept the hearing officer's decision as written. There was continued discussion regarding the process of appeals. Commissioner Munson said she would forward to Senator Kelly, Jones, and Fischer, a copy of instructions on remand decisions.

Emmit Wilson, Humana Hospital, asked Commissioner Munson how many decisions have been made under her regime. Commissioner Munson said she believes it is six. One was adopted and four had identical legal issues which were remanded. She said she has been told that there is one more on the way to her desk.

Senator Kelly asked how she came to the decision to remand the four cases. Commissioner Munson said she read the decisions very closely and was alarmed and concerned about the outcome. She said the state had the burden of proof even in approving the need for a rate to be reduced or held at a certain level. Commissioner Munson said in the past, the commission had violated its own regulation that at the point at which it chooses to come into compliance and recognizes that problem, the burden of proving that you should act somehow otherwise should remain on the appealing part, not on the state. She noted there has been six decisions since March and she received the first of them in April. The rate of reporting out a decision has increased.

Senator Jones asked how much it costs facilities to keep up with Medicaid appeals. He said he is sure they charge the users for it. Mr. Stokes referred to SB 166 and said they had in excess of \$15 thousand in airline tickets. He said the appeals process is expensive not only to the facilities but to the state. Commissioner Munson said those costs are built in that derive the Medicaid rate. The costs of preparing rates and coming to hearings are built into the base of the rate, win or lose. There is talk at the federal level of not permitting the state to include the match, that which is used to sue the Federal Government.

Munson noted he would like to give Commissioner Munson a lot of credit. During the last year there has been a number of situations where they felt that the long-term care facilities were in serious jeopardy and the commissioner had met with the board after midnight. He said he would like the committee to revisit this issue when session convenes.

Mr. Emmet Wilson said there were six appeals and four of them were remanded, one was still on her desk, so there has been one conclusion. Commissioner Munson said there has been two conclusions and one of them was to remand four cases.

Mr. Stokes said there are two major of acute care hospitals in the State of Alaska and both are located in Anchorage and they service the whole state. The reason they are in Anchorage is because of the medivac system and both hospitals have in excess of 360 positions which include neuro surgeons, etc. He referred to the patients and said sometimes it takes six months or more to put them back together so they can have a quality of life. He said there are going to be patients with fees in excess of \$50 thousand where the other facilities will never have those except in some cases where the patients may have cancer.

Dennis Murray, Heritage Place Nursing Home, said there has been a lot of talk about costs. He said the costs are really people. Every administrator's budget is the people that it takes to provide health services. The health care facilities is one of the largest employers in the communities. Mr. Murray said a decision has been made that there is four classes of providers and the system has created rates based upon inadequate decisions. He said when it comes to the legislature they give a budgetary item which says "medicaid." He said it is so hard to unbundle that to figure out who these people are. He continued to discuss expenditures of facilities.

Commissioner Munson said issues have been raised and she would report back on them. She continued to give her closing statement [PARTS OF THIS TESTIMONY WAS INDISCERNIBLE].

Mr. Murray said what if it boils down to the Federal Government deciding what they believe, under Medicare, is reasonable and that upper limit for his facility is \$92 per day for routine services which includes the nurses, nurse assistants, secretaries, dietary people, social workers, etc. Mr. Murray said they have given Alaska an adjustment of 58 percent to get to the \$92. The Federal Government and Medicare considers it a 50 percent differential between the State of California and Alaska in wages. He continued to discuss the wages of people in Alaska.

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SENATE FINANCE COMMITTEE REPORT

DATE: 2/15/90

FURTHER:

DATE TURNED INTO OFFICE: 3/1/90

The Finance Committee considered SB 434

Act establishing a task force to continue state initiatives for the development of a trans-Alaska natural gas pipeline; efd.

and recommended:

[X] replace with CS SB 434 (Finance)
[] or adopt CS

[X] same title
[] new title
[] technical title change (HB only)

[] attached amendment(s)
[] letter of intent adopted

[X] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to

ATTACHES NEW FISCAL NOTE(S): Dept/Date:

[] fiscal note(s)

APPROVES PREVIOUS:

[] fiscal note(s) Dept/Date:

[X] zero fiscal note(s) SFC:GOV 3/1/90

[X] zero fiscal note(s) DNR 2/9/90

[] appropriation-no fiscal note

SIGNING DO PASS:

Handwritten signatures of committee members.

OTHER RECOMMENDATIONS:

Blank lines for other recommendations.

1. [Signature] DO PASS -- 2. [Signature] CO-CHAR
Co-Chairs: Signatures and Recommendations

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Office of + Governor
 Title: Task force, natural gas BRU: Executive Operations
pipeline
 Sponsor: Sens. Kelly, Sturgulewski et al Components: _____
 Requestor: Senate Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Senator Rick Uehling, Co-chairman Phone: 465-4821
 Division: Senate Finance Committee Date: 3/1/90

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: 2/9/90
Title: Gas Pipeline Task Force
Sponsor: Senator Kelly
Requestor: Senate Resources Committee

Agency Affected: Natural Resources
BRU: Management and Administration
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Several trips a year to task force meetings could be accommodated by the current travel budget. The department could not provide staff support or extensive travel funds for task force work without additional funding.

Prepared by: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: 2/9/90

Approved by Commissioner: [Signature] Date: _____
Agency: Department of Natural Resources

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Changes in CSSB 434 (Fin)
have no fiscal impact.
This fiscal note is
appropriate. 3/1/90 W

Original sponsor(s): SEN. KELLY, Sturgulewski, Pearce, Jones, Faiks, Adams, Duncan, Pourchot, Rodey, Szymanski, Eliason, Kerttula, Zharoff, Fahrenkamp

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 434 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a task force to continue state
7 initiatives for the development of a trans-Alaska
8 natural gas pipeline; and providing for an effective
9 date."

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

11 * Section 1. TASK FORCE ON CONSTRUCTION OF TRANS-ALASKA NATURAL GAS
12 PIPELINE. (a) There is established in the Office of the Governor a Task
13 Force on Construction of a Trans-Alaska Natural Gas Pipeline. The task
14 force is composed of nine members, including

- 15 (1) the commissioner of environmental conservation;
- 16 (2) the commissioner of fish and game;
- 17 (3) the commissioner of natural resources;
- 18 (4) the commissioner of revenue;
- 19 (5) the commissioner of transportation and public facilities;
- 20 (6) one member of the Alaska Industrial Development and Export
21 Authority or the executive director of that authority, as determined by the
22 members of the authority;
- 23 (7) the director of the Office of International Trade in the
24 Office of the Governor;
- 25 (8) the chair of the Alaska Public Utilities Commission; and
- 26 (9) one director of the Alaska Energy Authority or the executive
27 director of that authority, as determined by the authority's board of
28 directors.

(b) The governor shall name a chair and vice-chair of the task force

from among the members of the task force.

(c) The task force shall meet regularly at the call of the chair of the task force or at the request of a majority of the members of the task force.

(d) If a member described in (a) of this section is unable to attend a meeting of the task force, the member may, by an instrument in writing filed with the Office of the Governor, designate an alternate to act in the member's place as a member of the task force for the meeting. For all purposes of this Act, the person designated in the instrument is a member of the task force at the meeting.

(e) The members of the task force serve without compensation, but are entitled to receive per diem and travel expenses authorized for boards and commissions under AS 39.20.180. A member may receive per diem and travel expenses only from the annual appropriation made to the agency by which the member is employed.

(f) The provisions of AS 39.50 apply to members of the Task Force on Construction of a Trans-Alaska Natural Gas Pipeline.

(g) Subject to legislative appropriation for the purpose, the task force may expend money it considers necessary to perform its duties.

(h) The task force shall evaluate and report to the governor and legislature, not later than the 10th day of the Second Session of the Seventeenth Alaska State Legislature, on state initiatives for development of a trans-Alaska natural gas pipeline and its construction in a manner that is environmentally safe and economically feasible. The task force shall give special emphasis to

(1) options for state initiatives in the promotion, development, and construction of a natural gas pipeline; and

(2) tax, regulatory, and permitting constraints to development of a pipeline that the state may address.

- * Sec. 2. This Act is repealed February 1, 1992.
- * Sec. 3. This Act takes effect December 15, 1990.

2/27/90
Kelly

SENATE BILL 434

CREATING A NATURAL GAS PIPELINE TASK FORCE

Purpose: To direct the next administration to be immediate in it's attention and support of the proposed natural gas pipeline.

Why form a Task Force? The natural gas pipeline presents one of the greatest opportunities for economic development and the creation of new jobs within Alaska. It also poses an excellent opportunity for additional revenue for the state.

The current administration, by accounts from all involved, has been extremely cooperative with the ongoing efforts to bring the pipeline to fruition. Their help has included state and federal regulatory assistance and international marketing support.

With the transition to a new administration in 1990, concern exists that the state's attention toward and support for the gas pipeline will get "lost in the shuffle". By creating a Task Force comprised of various members of the new administration, charged with reviewing the project during the first year and submitting a report in January of 1991, the Legislature is assured the state's interest in and support for the pipeline will continue.

PROVISIONS:

Seven member Task Force:

1. Commissioner of Revenue;
2. Commissioner of Natural Resources;
3. Commission of DEC;
4. Director of International Trade;
5. Chair of the APUC
6. Member from AIDEA
7. Propose ammending the bill to substitute the Director of the Alaska Energy Authority for the Rep. from Alyeska Pipeline, thus eliminating the fiscal note.
8. Propose adding the Commissioner of Fish and Game to the Task Force

Kelly Am }

Discussion:

JB: moved to adopt CS (Fin) w/TK Am
 SF: Obj - Why DF&G? Why not DOT/PF?
 DP: Agree w/SF
 RU: Offer Subcom to SF/DP
 DP: No obj to letting bill go
 TK: Would consider DOT/PF a friendly Am; DF&G requested seat; No request fr/DOT/PF
 RU: Any obj to CS (Fin)? None. HOLD till 2/25/90
 Subcom SF/DP



STATE OF ALASKA
OFFICE OF THE GOVERNOR

S. F. N

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER SB434	SPONSOR Kelly, et al.
SHORT TITLE OF BILL An act establishing a Trans-Alaska natural gas pipeline task force			
DEPARTMENT POSITION Neutral with amendment			
PREPARED BY Frank Rue, Director	DATE 2.14.90	COMMISSIONER'S SIGNATURE <i>Wm. H. Miller</i>	DATE 2/14/90

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Dept. of Revenue, Dept. of Environmental Conservation, Dept. of Natural Resources, Alaska Public Utilities Commission, Alyeska Pipeline Service Co., Industrial Development and Export Authority, Office of International Trade	CONSTITUENT GROUP(S) AFFECTED BY BILL All users of state land
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

This measure establishes within the Office of the Governor a Task Force on Construction of a Trans-Alaska Natural Gas Pipeline. The task force's primary purpose is to evaluate and report on state initiatives for development and construction of a Trans-Alaska natural gas pipeline in an environmentally safe and economically feasible manner.

ANALYSIS OF BILL/PROGRAM EFFECTS

This measure establishes a task force comprised of seven members, including the Commissioners of Revenue, Natural Resources, Environmental Conservation, a representative from the Alaska Industrial Development and Export Authority, director of the Office of International Trade, chair of the Alaska Public Utilities Commission, and a representative of the Alyeska Pipeline Services Company appointed by the governor. The task force is charged with evaluating and reporting to the governor and the legislature by January 1992 on state initiatives for development of a Trans-Alaska natural gas pipeline. Specific emphasis is to be placed on (1) state options for promoting development and construction of a gas pipeline and (2) tax, regulatory, and permitting constraints to development of a pipeline that the state may address.

AMENDMENTS PROPOSED

This measure should be amended to include the Commissioner of the Department of Fish and Game (ADF&G) as a member of the task force. Direct involvement of ADF&G is critical to the success of the task force. By law and administrative procedures, the design and construction of a Trans-Alaska natural gas pipeline project will require extensive agency and industry consultation with ADF&G and in numerous instances Title 16 approvals.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

2 SFC

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act establishing a task force
... natural gas pipeline..."
Sponsor: Sen. Kelly, Sturculewski, et al
Requestor: Sen. Fahrenkamp

Agency Affected: Office of the Governor
BRU: Executive Operations
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL	.4	.4				
CONTRACTUAL	1.8	3.8				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	2.2	4.2				

CAPITAL						
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REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	2.2	4.2				
FEDERAL FUNDS						
OTHER						
TOTAL	2.2	4.2				

POSITIONS:

FULL-TIME	-	-				
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached analysis

Prepared by: Michael A. Nizich, Director Phone: 465-3616
Division: Division of Administrative Services Date: 2/13/90

Approved by Commissioner: Garrey Peska, Chief of Staff Date: 2/13/90
Agency: Office of the Governor

- Distribution (by preparer):
- Legislative Finance
 - Legislative Sponsor
 - Requestor
 - Office of Management and Budget
 - Impacted Agency(ies)

SB 434 Analysis

Analysis assumes travel and per diem costs for executive branch members will be absorbed within each agency's operating budget. Fiscal note provides for meeting expenses for one public member only.

TRAVEL .4

Assumes 10 meetings to be held in Anchorage.
5 meetings in FY 91, 5 meetings in FY 92.

per diem @ 80/day x 1 day x 1 person x 5 meetings = 400

CONTRACTUAL 1.8

Advertising, Printing & Binding:

Advertising -- 5 meetings x 350	1,750
Printing -- Final report (FY 92)	2,000

Absent legislative appropriation for related task force expenses, fiscal note assumes support needs will be provided by participating agencies.

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HOUSE COMMITTEE REPORT

(11)

Date Referred: May 7, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/7/90

The FINANCE Committee considered: CSSB 434 (FINANCE)

CS, SB NO. 434 (Finance) NATURAL GAS PIPELINE TASK FORCE

"An Act establishing a task force to continue state initiatives for the development of a trans-Alaska natural gas pipeline; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with HCS CSSB 434 (Fin) [] the same title
- [] a new title
- [] have attached amendment(s)
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s): _____ APPROVES PREVIOUS: _____ (Date/Dept)

- [] fiscal impact _____ [] fiscal note(s) _____
- [] zero fiscal note _____ (2) [] zero fiscal note(s) 3/1/90 DNR
- [] zero with analysis _____ [] zero fn/analysis 3/1/90 S.FIN COME

SIGNING DO PASS:

[Signature] Larson
[Signature] Shackhaminn
[Signature] Rieger
[Signature] Wakis

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> Koponen			<input checked="" type="checkbox"/>
<u>[Signature]</u> Brown			<input checked="" type="checkbox"/>
<u>[Signature]</u> Munn			<input checked="" type="checkbox"/>
<u>[Signature]</u> Barnes			<input checked="" type="checkbox"/>

[Signature] Larson
 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: 2/9/90
 Title: Gas Pipeline Task Force
 Sponsor: Senator Kelly
 Requestor: Senate Resources Committee

Agency Affected: Natural Resources
 BRU: Management and Administration
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Several trips a year to task force meetings could be accommodated by the current travel budget. The department could not provide staff support or extensive travel funds for task force work without additional funding.

Prepared by: Carol Wilson Phone: 465-2400
 Division: Commissioner's Office Date: 2/3/90

Approved by Commissioner: [Signature] Date: _____
 Agency: Department of Natural Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Changes in CSSB 434 (Fin) have no fiscal impact. This fiscal note is appropriate. 3/1/90 W

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Task force, natural gas pipeline
 Sponsor: Sens. Kelly, Sturgulewski et al
 Requestor: Senate Finance

Agency Affected: Office of the Governor
 BRU: Executive Operations
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Senator Rick Uehling, Co-chairman
 Division: Senate Finance Committee

Phone: 465-4821
 Date: 3/1/90

Approved by Commissioner: _____
 Agency: _____

Date: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Original sponsor(s): SEN. KELLY, Sturgulewski, Pearce, Jones, Faiks, Adams, Duncan, Pourchot, Rodey, Szymanski, Eliason, Kerttula, Zharoff, Fahrenkamp, Binkley, Uehling, Fischer

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 434 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing a task force to continue state
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8 natural gas pipeline; and providing for an effective
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17 (3) the commissioner of natural resources;

18 (4) the commissioner of revenue;

19 (5) the commissioner of transportation and public facilities;

20 (6) one member of the Alaska Industrial Development and Export

21 Authority or the executive director of that authority, as determined by the
22 members of the authority;

23 (7) the director of the Office of International Trade in the
24 Office of the Governor;

25 (8) the chair of the Alaska Public Utilities Commission; and

26 (9) one director of the Alaska Energy Authority or the executive
27 director of that authority, as determined by the authority's board of
28 directors.

29 (b) The governor shall name a chair and vice-chair of the task force

1 from among the members of the task force.

2 (c) The task force shall meet regularly at the call of the chair of
3 the task force or at the request of a majority of the members of the task
4 force.

5 (d) If a member described in (a) of this section is unable to attend
6 a meeting of the task force, the member may, by an instrument in writing
7 filed with the Office of the Governor, designate an alternate to act in the
8 member's place as a member of the task force for the meeting. For all
9 purposes of this Act, the person designated in the instrument is a member
10 of the task force at the meeting.

11 (e) The members of the task force serve without compensation, but are
12 entitled to receive per diem and travel expenses authorized for boards and
13 commissions under AS 39.20.180. A member may receive per diem and travel
14 expenses only from the annual appropriation made to the agency by which the
15 member is employed.

16 (f) The provisions of AS 39.50 apply to members of the Task Force on
17 Construction of a Trans-Alaska Natural Gas Pipeline.

18 (g) Subject to legislative appropriation for the purpose, the task
19 force may expend money it considers necessary to perform its duties.

20 (h) The task force shall evaluate and report to the governor and
21 legislature, not later than the 10th day of the Second Session of the
22 Seventeenth Alaska State Legislature, on state initiatives for development
23 of a trans-Alaska natural gas pipeline and its construction in a manner
24 that is environmentally safe and economically feasible. The task force
25 shall give special emphasis to

26 (1) options for state initiatives in the promotion, development,
27 and construction of a natural gas pipeline;

28 (2) tax, regulatory, and permitting constraints to development
29 of a pipeline that the state may address; and

1 (3) protection of fish and game resources and known and unknown
2 cultural resources along the path of the pipeline.

3 * Sec. 2. This Act is repealed February 1, 1992.

4 * Sec. 3. This Act takes effect December 15, 1990.

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436

SENATE FINANCE COMMITTEE REPORT

DATE: 4/19/90

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered

SB 436

"An Act relating to the salvage of edible meat from big game animals and wild fowl."

and recommended:

- replace with _____ CS _____ same title
 or adopt _____ CS _____ new title
 attached amendment(s) technical title change (HB only)
 _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

Bill died in committee.

ATTACHES NEW FISCAL NOTE(S):

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1. _____

2. _____

Co-Chairs: Signatures and Recommendations

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

6-2055E7
11

DATE: 2/6/90

FURTHER: Finance

Date of 5-Day Notice: 4-10-90
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4-18-90

Resources Committee considered SB 436

"An Act relating to the salvage of edible meat from big game animals and wild fowl."

and recommended: ^{and a majority of the committee recommends} ~~do pass~~ *to be replaced*

replace with CS 50 436 (Res) same title
 attached amendment(s) and do pass new title

_____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

Handwritten signature/initials

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) _____

zero fiscal note(s) FTG, Pub Saf
CS/SB

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Kirk Halford
[Signature]
[Signature]
William Sturgulowski

[Signature]
Chair: Signature and Recommendation

Original sponsor(s): SEN. COGHILL, Frank, Halford

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 436 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the salvage of edible meat from
7 big game animals and wild fowl."

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

9 * Section 1. AS 16.30 is amended by adding a new section to read:

10 Sec. 16.30.013. TIME OF SALVAGE OF MEAT OF HORNED OR ANTLERED
11 GAME. It is a class B misdemeanor for a person to intentionally fail
12 to salvage the edible meat of a big game animal bearing horns or
13 antlers at or before the time that the horns or antlers are removed
14 from the field.

15 * Sec. 2. AS 16.30.030 is amended by adding a new paragraph to read:

16 (9) "salvage" means to remove the edible meat of a big game
17 animal or edible meat of wild fowl from the site where the animal or
18 wild fowl was taken to a place where the edible meat is prepared or
19 preserved for consumption or processing or for shipping from a guide-
20 outfitter's registered base camp.

BY SEN. COGHILL, Frank, Halford

1 IN THE SENATE

2 SENATE BILL NO. 436

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the salvage of edible meat from
7 big game animals and wild fowl."

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11 GAME. It is a class B misdemeanor for a person to intentionally fail
12 to salvage the edible meat of a big game animal bearing horns or
13 antlers at or before the time that the horns or antlers are salvaged.

14 * Sec. 2. AS 16.30.030(3) is amended to read:

15 (3) "edible meat" means, in the case of big game animals,
16 the meat of the ribs, neck, brisket, front quarters as far as the
17 juncture of the humerus and the radius-ulna (knee), hindquarters as
18 far as the distal joint of the tibia-fibula (stifle joint), and that
19 portion of the animal between the front and hindquarters; in the case
20 of wild fowl, the meat of the breast; however, "edible meat" of big
21 game or wild fowl does not include

22 (A) meat of the head;

23 (B) [MEAT THAT HAS BEEN DAMAGED AND MADE INEDIBLE BY
24 THE METHOD OF TAKING;

25 (C)] bones, sinew, and incidental meat reasonably lost
26 as a result of boning or a close trimming of the bones;

27 (C) [(D)] viscera;

28 * Sec. 3. AS 16.30.030 is amended by adding a new paragraph to read:

29 (9) "salvage" means to remove the edible meat, horns, or
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1 antlers of a big game animal or edible meat of wild fowl from the site
2 where the animal or wild fowl was taken to a place where the edible
3 meat, horns, or antlers are prepared or preserved for consumption,
4 processing, or storage.
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STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Wildlife Conservation	BILL NUMBER SB 436	SPONSOR Coghill
SHORT TITLE OF BILL Salvage of edible meat from big game animals and wild fowl			
DEPARTMENT POSITION Support			
PREPARED BY Bruce Dinneford	DATE 2-28-90	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 3 6 90

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Department of Public Safety	CONSTITUENT GROUPS AFFECTED BY BILL Hunters
ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

This bill would require hunters to remove all edible meat from the kill-site to the location where it is to be prepared or preserved for consumption prior to removing antlers or horns from the field. While current regulations require the salvage of all edible meat as defined in 5 AAC 92.990, horns or antlers may be brought from the field prior to the meat.

ANALYSIS OF BILL/PROGRAM EFFECTS

While this bill presents no fiscal impacts to the Department of Fish and Game, it would add a regulation that may add to duties by staff in the field at check stations or otherwise monitoring hunts. Such a law could reduce the amount of valuable edible meat wasted in the field by diminishing the number of incidents where a hunter claimed he was going back for meat or had gone back to find it gone or consumed by other wildlife (i.e., bears, wolves). As written, the legislation would require the salvage of meat damaged by the method of take and would add an unnecessary burden upon hunters. The proposed definition of salvage may be interpreted to mean that horns or antlers must be brought from the field, and that meat must be taken to its final destination before horns or antlers leave the field. (Cont. on pg 2)

AMENDMENTS PROPOSED

Leave wording "meat that has been damaged and made inedible by the method of taking" intact.

Eliminate the proposed language requiring the salvage of horns or antlers, unless required by regulation for specific hunt.

Clarify whether the intent of the legislation (Cont. on pg 2)

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

ANALYSIS OF BILL/PROGRAM EFFECTS Cont.

AS 16.30.010.(a) lists the failure to salvage the edible meat as a class A misdemeanor "...for a person who kills..." a big game animal. The proposed legislation suggests a class B misdemeanor and does not include the "person who kills" wording. AS 16.30.012.(a) currently prohibits the possession of antlers or horns of an animal without possessing the edible meat.

AMENDMENTS PROPOSED Cont.

is to transport all edible meat to the location of presevation or preparation prior to transporting the horns or antlers, or is transportation to a base camp sufficient.

Maintain class A misdemeanor as currently listed in AS 16.30.010(a).