

ALASKA LEGISLATURE COMMITTEE FILES 1961-1962 8672

1417 SHESS CERTIFICATE OF NEED - REVENUE SHARING

CERTIFI-
CATE

OF

NEEDED

Response to Dennis DeWitt: CS 513 760

1. The original bill was drafted "PL 93-641 as amended by PL 96-79 and PL 97-35" in all referenced places. An redraft for CS, Ed Hein felt this was clearer language and the Dept. supports it because they will not have to request changes each time the ~~idea~~ changes the law. It's true that it will automatically adopt any Federal changes.

2. pg 1 line 29 subsection (4) the loan program only contains money for closure of facilities

This bill was gone over by Region X Health Planning people (Ed Ross (206) 442-0516) who have assured the Dept. that the language is sufficient to meet Federal Compliance

The only part not put in by the Feds is the part about the 3 appraisals which came from Fred McBinnis. He told me on the phone that he was mainly concerned at this moment with an inflated sale price of Alaska Hospital, in addition to the nursing home situation.

Amends for
SB760

1. Replace (Throughout b.11)

"as amended" w/ PL 96-79 and
PL 97-35

2. Strike line 29 on page 1 and
lines 1+2 on page 2

This is NOT required for uniformity

3. Strike ~~line~~ line 27 after word "changed"
and lines 28+29

I cannot find any previous mention for these
proposals

4.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

POUCH H 01A
JUNEAU, ALASKA 99811
PHONE: 465-3030

DIVISION OF STATE HEALTH PLANNING & DEVELOPMENT

March 11, 1981

Document# 61-81

The Honorable Donald E. Clocksin
Chairperson, House HESS Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Mr. Clocksin:

I wish to bring to your Committee's attention House Bill 195, "An Act relating to comprehensive health planning". This Bill was introduced by the Governor to bring the Alaska statutes in compliance with recent Federal amendments to the National Health Planning and Resources Development Act. The State is required to have such amendments incorporated in its statutes this session or jeopardize funding under the Public Health Service Act, the Community Mental Health Centers Act, the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act, and the Drug Abuse Office and Treatment Act of 1972. Alaska currently receives some \$7.0 million under the above named Acts. Failure to comply with the requirements of P.L. 96-79 could cause the loss of these funds to the State, with twenty-five percent of the funds being withheld the first year, fifty percent the second year, seventy-five percent the third year and all funds withheld during the fourth year.

The enclosed position paper, back-up material, and financial note explain in more detail the Bill and the potential impacts. Ms. Phoebe Lindsey, Director of our Division of State Health Planning and Development, is available, to answer your questions on this material.

We believe this piece of legislation to be of critical importance since the State will experience the reduction in funds by FY 83 if not in compliance.

Thank you for your assistance.

Sincerely,



Helen D. Beirne
Commissioner

Enclosures

cc: Phoebe A. Lindsey, Director
Division of State Health Planning
& Development

POSITION PAPER
ON
HOUSE BILL NO. 195

For an Act entitled "An Act relating to comprehensive health planning."

House Bill 195 amends AS 18.07 to comply with amendments to the National Health Planning and Resources Development Act, as incorporated in Public Law 96-79, signed into effect October 4, 1979. Such amendments are required of all states wishing to participate in and receive funding under the Public Health Service Act, the Community Mental Health Centers Act, the Comprehensive Alcohol Abuse Act and Alcoholism Prevention, Treatment and Rehabilitation Act and the Drug Abuse Office and Treatment Act of 1972. Alaska receives an estimated \$7.0 million annually under the four above-named acts.

The purpose of the National Health Planning Act is to encourage consumer and provider involvement at both the local and the state level in planning for and implementing a health care system in Alaska that provides equitable access to quality care at reasonable costs. This process requires the development of local health plans which are incorporated into a State Health Plan; this document is to serve as a guide to the Governor and the Legislature for health policy development and resource allocation.

The primary amendments to AS 18.07 fall into three categories: coverage of rehabilitation facilities, major medical equipment and coverage of health maintenance organizations. Each of these issues is addressed in detail below:

Rehabilitation Facilities

Section 2 of the proposed amendment includes rehabilitation facilities as facilities subject to certificate of need review. Rehabilitation facility is defined to mean an inpatient facility which is operated primarily to assist in the rehabilitation of disabled persons through an integrated program of medical and other health services which are provided under competent supervision. This definition should not result in additional health care facilities being subject to certificate of need review in Alaska, but will serve to clarify the type of rehabilitation facilities which are subject to certificate of need review.

Major Medical Equipment

Section 3 of the proposed amendment adds a requirement for certificate of need review of major medical equipment costing \$150,000 or more which will be used for inpatients, regardless of its location. Major medical equipment located outside a health care facility may be exempt from review if: 1) the sponsor notifies the state agency in writing of intent to purchase such equipment; and 2) the state agency determines that the equipment will not be used for inpatients.

The purpose of this provision is to close the gap which currently allows a physician to purchase major medical equipment for a health care facility and thereby avoid the requirement for a certificate of need. Although this provision is required to be in effect in each state, its impact will not be significant in Alaska, since Alaskan physicians generally rely upon hospitals to provide such equipment.

Position Paper on House Bill 195 (Continued)

Health Maintenance Organizations

Section 4 of the proposed amendments adds a new section to AS 18.07 which provides an exemption for certain health maintenance organizations (HMO's) which have an enrollment of at least 50,000 from certificate of need review. The impact of this provision is not expected to be significant since there are no such HMO's in Alaska.

The amendments to the national health planning law as incorporated in P.L. 9679 and addressed in House Bill No. 195 also modify the planning process, strengthen the role of the Governor in approval and use of the State Health Plan and introduce organizational changes within the planning boards and advisory committees.

The department recommends one change in section 2 of the Bill. Line 7, page 3 should be changed to read:

(2) to acquire major medical equipment which is not owned by or...

The word "not" was unintentionally deleted during the typing of the Bill.

There are significant fiscal losses potential to the State if legislation is not passed to enable the State Health Planning and Development Agency (SHPDA) to carry out its full responsibilities under the "Health Planning and Resources Development Amendments of 1979" (Public Law 96-79). P.L. 96-79 revises Titles XV and XVI of the Public Health Service (PHS) Act, enabled by the "National Health Planning and Resources Development Act of 1974 (Public Law 93-641). Consequently, amendment to AS 18.07, which adopted P.L. 93-641 provisions, is necessary to adopt the revisions in P.L. 96-79. If SHPDA is not fully empowered by State statute by January 1982, to conduct the "State Program" mandated by the amended Title XV of the PHS Act, the SHPDA designation agreement with the Federal government is subject to termination, or the SHPDA designation agreement may be made conditional for one year and the designation then withdrawn. The effects of the withdrawal of "full designation" of the State Health Planning and Development Agency (SHPDA) and/or reversion to "conditional" designation for the period 1/1/82 - 12/31/82, followed by termination of the SHPDA designation agreement is noted below. The impact on Federal funding would be as follows based upon the FY 80 level of \$7.0 million in Federal grants received throughout the State.

It is unclear how such funds would be reduced by the Federal government to programs under the above named Acts. Some of these funds are made available to municipalities and other entities and may not necessarily be appropriated by the State Legislature. Further, not all programs are within the purview of the Department of Health and Social Services; some relate to the Department of Education and /or the University system, for example. The attached letter and printouts from the Department of Health and Human Service's Seattle office provide further detail on potential program impact.

Position Paper on House Bill 195 (Continued)

Period	% Federal Funds Forfeited	Total Esti- mated Forfeiture
1/1/82 - 12/31/82	25%	\$2.0 million
1/1/83 - 12/31/83	50%	3.5 million
1/1/84 - 12/31/84	75%	5.0 million
1/1/85	100%	7.0 million

The inclusion of physicians, rehabilitation facilities and health maintenance organizations will be incorporated into the current capital expenditure review program which is staffed by one health economist position. It is important to note that the volume of reviews is increasing. In 1979 four reviews were completed; in the first nine months of 1980, six reviews were completed and an additional four reviews are in progress. There are an additional 10 letters of intent pending that may result in full applications at any time. This volume may be expected to increase as Alaska's older facilities are renovated, modernized or replaced to meet increasing demand. The review program requires stringent time frames to avoid obstructing the development of needed facilities and services. It is anticipated that an additional staff position will be required in fiscal year 1983. Considerable travel is also required in conducting this responsibility. Staff meet with the prospective applicant in a preapplication conference to explain the forms and facilitate the process. Staff also participate in local review meetings related to the application to ensure appropriate public input from health care providers and consumers. An average cost per trip is \$360 (and increasing airfares will continue to elevate this cost) so that travel associated with each application averages \$720. This budget component must be increased in further budgets to accommodate the substantially increased volume of work.

Recommended by:

Phoebe A. Lindsey
Phoebe A. Lindsey, Director
Division of State Health
Planning & Development

Date:

March 5, 1981

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

3-10-81

I. REQUEST

Bill/Resolution No. House Bill 195
 Title "An Act relating to comprehensive health planning."
 Requested by Department of Health & Social Services Date March 5, 1981

II. FISCAL DETAIL

Agency Affected Department of Health & Social Services
 Program Category Affected Health
 BRU, Program, or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER (Specify Fund Source)		0				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

This Bill does not directly impact the Division of State Health Planning and Development

IV. DATE March 5, 1981

PREPARED BY Shirley A. Lindsay
 AGENCY DHHS - Div. of State Health Planning & Development
 PHONE 465-3037

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) M. McQuinn M&B Approval M. McQuinn Date 3/6/81

AGENCY REQUESTING: Department of Health and Social ServicesSUBJECT OF
PROPOSED BILL: Amending the Comprehensive Health Planning Statutes (same HB 195)BRIEF SUMMARY: This bill will bring State statutes into conformity with Federal requirements per health planning (same as HB 195 but reflects Federal Omnibus Reconciliation Act of 1981)(Ph 97-35) (Attach a more detailed explanation if you can.)ESTIMATED FISCAL
IMPACT: \$-0 - does not change fiscal note given for HB 195OTHER STATE AGENCIES
CONSULTED/AFFECTED: _____CONSTITUTE GROUPS
Those opposed: _____Those in favor: State Health Coordinating Council and the Health Systems AgenciesThose yet to be
contacted: _____Has this or a substantially similar bill been introduced (and not passed) in the legislature in a previous session? Yes X No _____If so, please state: Bill number HB 195-(1980)
Dept. of Law log no: J-77- -
(if it was a Governor's bill)PREFERRED HOUSE OF
INTRODUCTION: House

RATE THE BILL'S IMPORTANT TO DEPARTMENT: _____

DRAFT ATTACHED: Yes X No _____ Not finalized _____

APPROVAL BY COMMISSIONER: _____

DATE: _____
(Return completed form and attachments to Rebecca I. Engen, Special Assistant, Office of the Governor, by October 15, 1981.)

EFFECT OF PROPOSED AMENDMENT OF HOUSE BILL 195

The federal Omnibus Reconciliation Act of 1981 (PL 97-35) allows increased options with regard to state health planning and state certificate of need programs. The federally mandated threshold levels for state certificate of need programs were raised, with states allowed to make annual adjustments in these thresholds to account for inflation. The new federal threshold levels are as follows:

- (1) \$600,000 for construction and other capital expenditures other than for major medical equipment;
- (2) \$400,000 for capital expenditures for major medical equipment; and
- (3) \$250,000 in annual operating costs for new institutional health services.

The proposed additions to Sections 1 and 2 of HB 195 would add further amendments to AS 18.07.011 and AS 18.07.021 to insert appropriate references to PL 97-35 so that the state may take advantage of the new options allowed it under the federal legislation. With these amendments the DHSS will revise its regulations to provide corresponding increases in the threshold levels for Alaska certificate of need review.

The other effects of HB 195 and the necessity for its passage as expressed in the Executive Summary remain unchanged.

AGENCY REQUESTING:

Department of Health and Social Services

SUBJECT OF PROPOSED BILL:

Amending the Comprehensive Health Planning Statutes.

BRIEF SUMMARY:

This bill will bring state statutes into conformity with federal requirements for health planning. (See attached summary)

(Attach a more detailed explanation if you can.)

ESTIMATED FISCAL IMPACT:

\$0 - FY 82

OTHER STATE AGENCIES CONSULTED/AFFECTED:

CONSTITUENT GROUPS Those opposed:

Those in favor:

State Health Coordinating Council and the Health Systems Agencies

Those yet to be contacted:

Has this or a substantially similar bill been introduced in the legislature in the past? Yes XX No

If so, state

Bill number: H.P. 1007

Dept. of Law log no: J-77-

(if it was an Administration)

PREFERRED HOUSE OF INTRODUCTION:

House

RATE THE BILL'S IMPORTANCE TO DEPARTMENT: Essential. State may jeopardize

\$1.4 million in federal funds in 1981 if bill is not passed.

DRAFT ATTACHED: Yes XX No Not finalized

APPROVAL BY COMMISSIONER:

Helen D. Beiner

DATE:

10/29/80

(Return completed form and attachments to Legislative Assistant, Office of the Governor, by October 15, 1980.)

Executive Summary

Amendment to AS 18.07 "Comprehensive Health Planning"

The proposed legislation would amend existing statute AS 18.07 to comply with amendments to the National Health Planning and Resources Development Act, as incorporated in PL 96-79, signed into effect October 4, 1979. Such amendments are required of all states wishing to participate in and receive continued funding under the Public Health Service Act, the Community Mental Health Centers Act, the comprehensive Alcohol Abuse Act and Alcoholism Prevention, Treatment and Rehabilitation Act and the Drug Abuse Office and Treatment Act of 1972. Alaska receives an estimated \$5.6 million annually under the four above-named acts.

The purpose of the National Health Planning Act is to encourage consumer and provider involvement at both the local and the state level in planning for and implementing a health care system in Alaska that provides equitable access to quality care at reasonable costs. This process requires the development of local health plans which are incorporated into a State Health Plan; this document is to serve as a guide to the Governor and the Legislature for health policy development and resource allocation.

The proposed legislation amends the State's existing certificate of need program to bring it into conformance with the new requirements outlined in Section 1532 of PL 96-79. The primary additions to this section fall into three categories: major medical equipment, health maintenance organizations and coverage of rehabilitation facilities. Each of these issues is addressed below:

Major Medical Equipment

Section 1527(e) adds a requirement for certificate of need review of major medical equipment costing in excess of \$150,000 which will be used for inpatients regardless of its location. Major medical equipment located outside of a health care facility may be exempt from the review if: 1) the sponsor notifies the state agency in writing of intent to purchase such equipment; and 2) the state agency determines that the equipment will not be used for inpatients.

The purpose of this provision is to close a "loophole" which would allow a physician to purchase major medical equipment for a health care facility and thereby avoid the requirement for a certificate of need. Although this provision is required to be in effect in each state, its impact will not be significant in Alaska, since Alaskan physicians generally rely upon hospitals to provide such equipment.

Health Maintenance Organizations

Section 1527 has been amended to exempt certain health maintenance organization (HMOs) which have enrollment of at least 50,000 from certificate of need review. The purpose of this amendment nationwide is to encourage competition in the delivery of health services and to afford competitive delivery systems an opportunity to get established. The impact of this provision is not expected to be significant since there are currently no such HMOs in Alaska.

Rehabilitation Facilities

Section 1527 has been amended to include rehabilitation facilities as facilities subject to certificate of need review. Rehabilitation facility is defined to mean inpatient or outpatient facilities which are operated for the primary purpose of assisting in the rehabilitation of disabled persons through an integrated program of medical and other services which are provided under competent professional supervision. This provision will bring a few facilities under review which previously had not been required to obtain certificates of need.

The amendments to the national planning law, as incorporated in P.L. 96-79 also modify the planning process, strengthen the role of a Governor in approval and use of the State Health Plan and introduce organizational changes within the planning boards and advisory committees.

CS for SB 760

Section 1

Brings this section of the statute in compliance with PL96-79 and the Omnibus Reconciliation Act.

Section 2

More clearly delineates the functions of the state health planning agency. (as amended). Subsections (3) and (4) are functions currently in place but not specifically outlined in statute.

Section 3

Clarification of requirement for C.O.N. Subsections (4) and (5) are new, making reference to acquisition of facilities and major medical equipment purchases which have been referenced in regulations but not in statute. References to HMO's are for the purposes of bringing state law in compliance with federal law.

Section 4

A new section dealing with exemptions from C.O.N. grants more flexibility to the department in delineating conditions that do not require the C.O.N. process. Once again, references to HMO's are required for federal compliance.

Section 5

The only change is in the wording. "Office" was made "department" for continuity.

Section 6

Language clean up only for continuity in the statutes.

Section 7

Adds ambulatory care facility and HMO to current statute. Defines emergency situations for which an emergency C.O.N. can be granted - the elimination of safety hazards and compliance with licensure and accreditation.

Section 8

Clarification of 18.07.081. Protects certificate holders from arbitrary legal action to suspend or revoke a C.O.N. by a potential competitor.

Section 9

Language clean up for continuity.

Section 10

Language clean up in subsection (a). (b) is new. Defines the extent to which the Commissioner Cannot adopt regulations: for emergency certificates and for HMO's. (c) compliance with federal requirements for osteopathic facilities.

Section 11

Language clean-up amending PL 93-641

Section 12

Adds rehabilitation facility to the definition of health care facility for compliance purposes.

(A) is new, shows exemption of Pioneers Homes from CON.

(B) same reference as current Statute in new subsection.

Section 13

Language clean up amending PL 93-641

Section 14

All new definitions for terms used in this section and to conform with federal requirements.

(42 USC 1395 is the Social Security Act)

Section 15

Language clean up, amending PL 93-641

Section 16

Amending PL 93-641 in reference to the Advisory Board on Alcoholism.

Section 17

Language clean up amending PL 93-641 in reference to the grant in aid program in Alcoholism Statute.

Section 18

Repeals definitions of "office" and "secretary" because they are not longer used in the statute

Section 19

Effective date.

C.O.N. Thresholds

Old threshold was \$150,000 for any construction, services and equipment purchase.

New Thresholds

\$600,000 - Capital expenditures for construction.

\$400,000 - Major medical equipment.

\$250,000 - New services (annual operating costs).

Section 1

Brings this section of the statute in compliance with PL 96-79 and the Omnibus Remediation Act.

Section 2

more clearly delineates ^{the} functions of ^{the} state health planning agency. (as amended). Subsections (3) and (4) are functions currently in place but not specifically outlined in statute.

Section 3

Clarification of requirement for C.O.N. Subsections (4) and (5) are new, making reference to acquisition of facilities and major medical equipment purchases which have been referenced in regulations but not ⁱⁿ ~~statutes~~. References to HMO's are for the purpose of bringing state law in compliance with Federal law.

Section 4

A new section dealing with exemptions from CON. Grants more flexibility to the department in delineating conditions that do not require the C.O.N. process. Once again, references to HMO's are required for federal compliance.

Section 5

The only change is in wording. "Office" was made "department" for continuity.

Sec 6

Language Clean up only for continuity in the Statute

Sec 7

Adds ambulatory care facility and HMO to current Statute.

Defines emergency situations for which an emergency COA can be granted - the elimination of safety ~~standards~~^{hazards} and compliance with licensure and accreditation.

Sec 8

Clarification of 18.07.081. Protects certificate holders from ^{arbitrary} ~~repeal~~ ^{legal action to} ~~revocation~~ ^{revoke} of COA ~~in an arbitrary fashion~~ by a potential competitor. ~~action of~~

Sec 9

Language Clean up for continuity

Sec 10

language clean up in subsection (a)
(b) is new. Defines the extent to
which the Commissioner CANNOT
adopt regulations:

for emergency certificates
for HMO's

(c) Compliance with Fed. requirements
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(B) same reference as current statute
in new subsection.

Sec 13.

language clean up amending PL 93-641

Sec 14.

~~major medical programs~~ All new definitions

the terms used in this section and
* (42 USC 1395 is the Social Security Act)
Conforms with Federal requirements.

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Language Clean up, amending PL 93-641

Sec 16

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in reference to the grant in aid program
in Mental Health Statute.

Sec 18

repeals definitions of "office" and
"secretary" because they are ^{no longer} used in
the statute.

Sec 19

effective date.

CON Thresholds

Old threshold was \$150,000 for ^{any} construction, services and equipment purchase

NEW Thresholds

\$600,000 - Capital expendi^{tures} for construction

400,000 - major medical equipment

250,000 - new services (annual operating costs)

REVENUE
STARTING

PROVIDENCE
HOSPITAL

3281 PROVIDENCE DRIVE - POUCH V
ANCHORAGE, ALASKA 99502
PHONE: (907) 276-4511



F. B. A. I. e

Nancy

SERVING IN THE WEST SINCE 1896

April 7, 1980

The Honorable Bill Parker
Chairman, Community & Regional
Affairs
Pouch V
Juneau, Alaska 99811.

Position Paper: H.B. 974 - "An Act increasing state aid to municipalities for hospitals; and providing for an effective date"

H.B. 975 - "An Act making a special appropriation to the Department of Community and Regional Affairs for grants for hospitals; and providing for an effective date"

Dear Representative Parker:

Providence Hospital has reviewed H.B. 974 and H.B. 975 and supports passage of both bills.

Our major point of support is that the increase in funding will help our many smaller hospitals retain viability in their communities. It is important that these smaller hospitals continue to be resources for health care services in the many outlying areas, as people in those communities look to them to be staffed and available when the need arises. This additional financial support will help to assure that this happens.

We also recognize that the financial support to the larger institutions might be cut back a small amount, and we are willing to accept this possibility.

We also re-emphasize that revenue sharing funds for hospitals should have a direct pass through to the hospitals. This will assure us that we will be getting our money in a timely fashion and will cut back in unnecessary red tape at the municipality level. Line 18 of H.B. 974 indicates that the funds may be used only for hospitals. We would like to see this amended to must. On line 19, if there is a direct pass through of funds, we see no reason to include the words, "as the municipality determines."

Representative Bill Parker

Page 2

April 7, 1980

It is important that these hospitals continue to remain strong and provide needed services. Without these funds, it may be very difficult for them to do so. Thank you for the opportunity of expressing our position. If you should need additional clarification, please feel free to contact us at any time.

Sincerely,



Al M. Camusso
Administrator

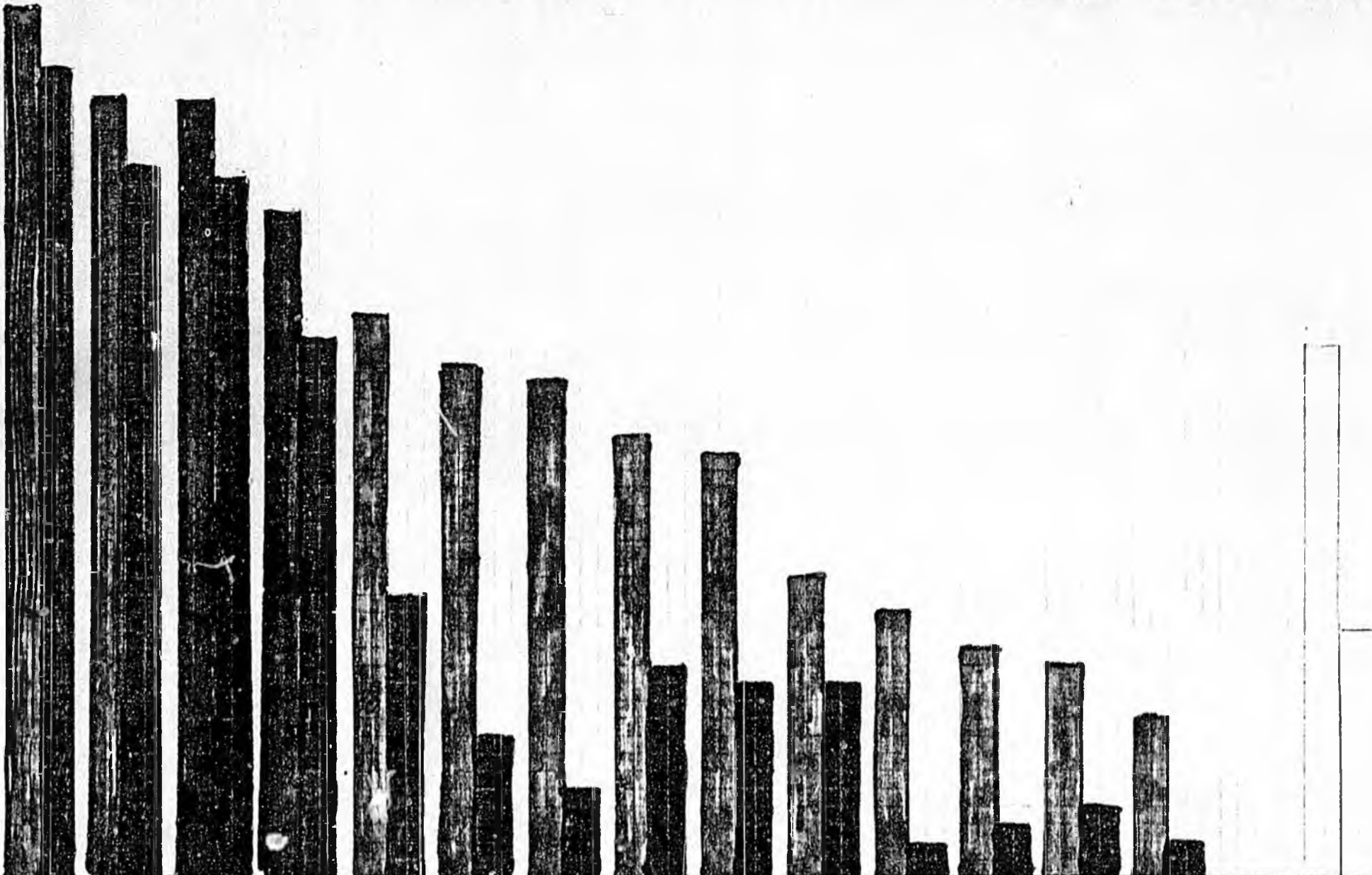
AMC/mm

cc: Senator Arliss Sturgulewski
Senator Glenn Hackney
Senator Mike Colletta
Senator John Sackett
Representative Ramona Barnes
Representative C. V. Chatterton
Max Kersbergen
William Dann
Charles Rigden
Ron Hammett
Donald DeMers
Jack Brown
Alaskan Hospital Administrators
Advisory Board

ACUTE CARE BEDS/ CENSUS

LICENSED BEDS '78
 Av. Daily Census '78

250
 225
 200
 175
 150
 125
 100
 75
 50
 25
 0



PROVIDENCE
 FAIRBANKS
 ALAS. HOS.
 BARTLETT
 KETCHIKAN
 SOLDOTNA
 SEWARD
 KODIAK
 SITKA
 PALMER
 VALDEZ
 CORDOVA
 PETERSBURG
 WRANGELL



ALASKA STATE HOSPITAL ASSOCIATION INC.

5401 CORDOVA STREET
PHONE: 277-1633

ANCHORAGE, ALASKA 99503

March 3, 1980

Margaret Branson
Representative
Alaska Legislature
Pouch V
Juneau, Alaska 99811

*Introducing
bill*

Dear Representative Branson:

A serious problem is now facing Alaska's health providers, especially our hospitals. These institutions are caught between spiraling costs and an outcry from the consumers in absorbing those increases. A national hospital effort participated in by all of our facilities managed to reduce the amount of increases in costs through a conscientious cost containment effort during 1979. I have attached a copy of those efforts for your review.

It is becoming increasingly more difficult to hold the cost of hospital care down since a substantial portion of that expense is beyond management control: necessary new life saving technology is usually expensive; over half of the hospitals expense is for personnel wages and benefits; fixed overhead related to physical plant; energy requirements; cost of financing; and supply costs i.e. plastics, paper, etc., have increased dramatically over the past year.

While the cost of operation has increased, many of our smaller hospitals have realized a significant drop in cash flow, particularly due to delays in getting medicaid reimbursement and an increase in non-insured patients who must pay their bills over a period of time. I have selected four major areas where costs have increased dramatically to our institutions for your review.

Cost Increases

	<u>78-79</u>	<u>80-81 (projected)</u>
X-ray film (silver)	8%	60%
plastics	7%	10%
Labor	14.4%	?
Energy		
<u>National</u>		
Fuel oil	56%	?
<u>Alaska</u>		
Fuel oil	61%	?
<u>National</u>		
Electricity	14%	?
<u>Alaska</u>		
Electricity	17.7	?


(Statistics were taken from the 1980 Department of Labor CPI report; U S News and World report, February 3, 1980, and 1978-79 Alaska Hospital Association Group Purchasing analysis.)

page -2-
Representative Branson
March 3, 1980

Due to the unprecedented increases in costs for electricity, fuel, plastics, and other necessary hospital products, in addition to the present economy as it relates to hospital reimbursement we request that the minimum revenue sharing hospital support be increased from \$75,000 to \$200,000. This additional support would largely offset the unprecedented inflation and cash flow problems our hospitals are facing, holding costs down to patients and meeting immediate cash flow needs.

Thank you for your consideration of this request, and should you need further information please contact our office at your convenience.

Sincerely,


Max Kersbergen
Executive Director

MK/ic

Enclosure

cc: Governor Hammond
Arliss Sturgulewski
Al Camosso
Jalmar Kerttula

Facilities

Long Term Care Beds

Facilities	Acute General Beds	Long Term Care Beds				Total	% LTC SNF/ICF Beds
		LTC Beds	SNF Beds	ICF Beds	IMR Beds		
<i>Construction</i>							
<u>Alaska Hospital & Medical Center</u> /97							
7/1/79 - 6/30/80	154					154	
	21 Substance Abuse Beds					175	
<u>Alaska Psychiatric Institute</u> NA							
7/1/79 - 6/30/80	200 Acute Psychiatric beds					200	
<u>Anchorage Pioneer Home</u> NA							
7/1/79 - 6/30/80		20 (SNF)				20	100
<u>Bartlett Memorial Hospital</u> 67							
7/1/79 - 6/30/80	67					67	
<u>Careage House Health Care Center</u> NA							
7/1/79 - 6/30/80				101		101	100
<u>Careage North Health Care Center</u> NA							
7/1/79 - 6/30/80		101 (SNF/ICF)				101	100
<u>Central Peninsula Hospital</u> 30							
7/1/79 - 6/30/80	30					30	
<u>Cordova Community Hospital</u> 20							
7/1/79 - 6/30/80	12	8 (SNF/ICF)				20	40
<u>Fairbanks Memorial Hospital</u> 155							
7/1/79 - 6/30/80	155					155	
<u>Fairbanks Pioneer's Home</u> NA							
7/1/79 - 6/30/80		42				42	100
<u>Health Hospital</u> 3							
7/1/79 - 6/30/80	6					6	
<u>Kenmore Health Care Center</u> NA							
7/24/77 - 6/30/78		100 (now Nakoyia)					

<u>Nakoyia Health Care Center</u> NA						
7/1/79 - 6/30/80		216 (SNF/ICF)			216	100
<u>Harborview Developmental Center</u> NA						
7/1/79 - 6/30/80				120	120	100
<u>Hope Cottage New Chalet</u> 21						
4/1/77 to 7/1/77				21	21	100
<u>Hope Park Cottages</u> 21						
7/1/79 - 6/30/80				21	21	100
<u>Hope Cottages, Inc. - Ocean Park</u> 16						
7/1/79 - 6/30/80				10	10	100
<u>Ketchikan General Hospital & Island View Manor</u> 92						
7/1/79 - 6/30/80	44	48 (SNF/ICF)			92	52
<u>Kodiak Island Hospital</u> 44						
7/1/79 - 6/30/80	25	19 (ICF)			44	43
<u>Lake Otis Hospital</u> NA						
Construction Only						
7/1/77	125				125	
<u>Morton Sound Regional Hospital</u> 22						
7/1/79 - 6/30/80	15	6 (ICF)			19	31.5
<u>Petersberg General Hospital</u> 25						
7/1/79 - 6/30/80	13	12 (SNF/ICF)			25	48
<u>Providence General Hospital</u> 206						
7/1/79 - 6/30/80	250				250	
<u>Palmer Pioneer's Home</u> NA						
7/1/79 - 6/30/80		56 (SNF)			56	100
<u>Seaward General Hospital</u> 31						
7/1/79 - 6/30/80	31				31	
		(1 Bed each increase-Pediatrics & ICU/CCU)				

<u>Sitka Community Hospital</u> 94					
7/1/79 - 6/30/80	24			24	
<u>Sitka's Pioneer Home</u> NA					
7/1/79 - 6/30/80		52 (SNF)		52	100
<u>St. Ann's Nursing Home</u> 45					
7/1/79 - 6/30/80		45 (SNF/ICF)		45	100
<u>South Peninsula Hospital</u> 15					
7/1/79 - 6/30/80	13	4 (SNF/ICF)		17	23.5
<u>Valdez Community Hospital</u> 15					
7/1/79 - 6/30/80	15			15	
<u>Valley Hospital</u> 23					
7/1/79 - 6/30/80	17	6 (SNF/ICF)		23	26.1
<u>Wesleyan Nursing Home, Inc.</u> 64					
7/1/79 - 6/30/80		64 (SNF/ICF)		64	100
<u>Wrangell General Hospital Long Term Care</u> 23					
7/1/79 - 6/30/80	9	14		23	60

Symbol Explanation

LTC = Skilled Nursing and/or Intermediate Care

SNF = Skilled Nursing Facility

ICF = Intermediate Care Facility

IMR = Intermediate Care Facility for the Mentally Retarded

Sec. 18.20.070. Compliance with regulations. Each hospital in operation at the time the department adopts rules and regulations of minimum standards under §§ 10 — 130 of this chapter has, within a reasonable time, under the particular circumstances, not exceeding one year from the date of adoption within which to comply with them. (§ 40-6-8 ACLA 1949)

Sec. 18.20.080. Inspection and consultation for alterations. (a) The department shall make annual inspections and investigations of hospital facilities.

(b) The department may by regulation require that a licensee or applicant desiring to make a specified type of alteration or addition to its facilities or to construct new facilities shall, before commencing the alteration, addition or new construction, submit plans and specifications to the department for preliminary inspection and approval or recommendations with respect to compliance with the regulations and standards. (§ 40-6-9 ACLA 1949; am § 5 ch 112 SLA 1957)

Sec. 18.20.085. Hospital records retention. (a) Unless specified otherwise by the department a hospital shall retain and preserve records which relate directly to the care and treatment of a patient for a period of seven years following the discharge of the patient. However, the records of a patient under 19 years of age shall be kept until at least two years after the patient has reached the age of 19 years or until seven years following the discharge of the patient, whichever is longer. Records consisting of X-ray film are required to be retained for two years.

(b) The department shall by regulation define the types of records and the information required to be included in the records retained or preserved under (a) of this section. The department may by regulation specify records and information to be retained for longer periods than those set out in (a) of this section.

(c) If a hospital ceases operation, it shall make immediate arrangements, as approved by the department, for the preservation of its records.

(d) In this section, "hospital" includes those facilities defined as hospitals under §§ 130(1) and 210(3) of this chapter. (§ 1 ch 41 SLA 1970)

Sec. 18.20.090. Information confidential. The department shall not publicly disclose information received by it in a manner identifying an individual or hospital except in a proceeding involving the question of licensing. (§ 40-6-11 ACLA 1949)

Sec. 18.20.100. Annual report of department. The department shall prepare and publish an annual report of its activities and operations under §§ 20 — 130 of this chapter. (§ 40-6-12 ACLA 1949)

Title 18
Health and Safety

Title 16
Fish and Game

Title 17
Food and Drugs

Sec. 18.20.110
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40-6-14
Sec. 18.20.120
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regulations prescribed thereunder prohibit disclosure of the name of the individual.

Soc. Sec. Rul., No. 70-6, Jan. 1970 (C. B. 1970, 155, HIR 27-70-1). [This ruling was originally reported at NEW DEVELOPMENTS ¶ 26,050.]

.28 Drug Abuse Office and Treatment Act of 1972—Disclosure of patient records.—Where patient records concerning drug abuse are received by the Social Security Administration from any source for use in the administration of the Social Security Act: (1) such records are not subject to the disclosure provisions of section 408 of the Drug Abuse Office and Treatment Act of 1972 (P. L. 92-255) unless they are maintained in connection with the performance of a drug abuse prevention function authorized or assisted under any provision of the Drug Abuse Act or any act amended by it; (2) in those situations where disclosure of such records is subject to both Part 401 of the Regulations (reported at ¶ 18,051 *et seq.*) and section 408, the provision with the greater restrictiveness with respect to whether and how the information may be disclosed is controlling.

Soc. Sec. Rul., No. 73-48 (C. B. 1973, 91). [This ruling was originally reported at NEW DEVELOPMENTS ¶ 26,807.]

.30 Exchange of provider certification and termination information between Medicare and Medicaid agencies.—See ¶ 14,751.21 in the "MEDICAID" division.

.31 Exemptions from disclosure, Freedom of Information Act.—[*The statutory exemption.*—Exemption (3) of the Freedom of Information Act, 5 U. S. C. 552(b)(3), exempts from mandatory disclosure] matter "specifically exempted from disclosure by statute. . . ." The Government in the Sunshine Act amended exemption (3) with the result that the Department can no longer cite section 1106(a) [¶ 16,375] as authority for denying a Freedom of Information request. . . . Accordingly, any social security information previously withheld on this basis must be made available unless another Freedom of Information Act exemption applies or another statute, which qualifies under amended exemption (3), prohibits disclosure.

Although section 1106(a) no longer qualifies, there are other statutes affecting social security information which appear to meet the exemption (3) criteria as amended by the Sunshine Act. For example, . . . Section 1865(a)(2) of the Social Security Act, which protects the confidentiality of accreditation survey reports submitted by the Joint Commission on Accreditation of Hospitals, will continue to do so under the new disclosure rules. Sections 1196(d) and (e) of the Social Security Act, which protect certain official reports dealing with the operation

of the health programs established by title XVIII of the Act, qualify under exemption (3) and will remain binding.

42 F. R. 14703, March 16, 1977.

Section 1865(a)(2) provides for the Joint Commission on Accreditation of Hospitals (JCAH), if authorized by the hospitals, to release to the Secretary (or a State agency designated by him) on a confidential basis copies of accreditation surveys of hospitals made by the JCAH. As section 1865(a)(2) allows no discretion on the part of the Secretary to disclose information obtained from JCAH, materials released under this provision are thus specifically exempted by statute from disclosure to the public under exemption (3) of the Freedom of Information Act, 5 U. S. C. 552(b)(3), as amended by section 5(b) of the Government in the Sunshine Act, Pub. L. 94-409, which became effective March 12, 1977. Because section 1106(a) of the Social Security Act neither precludes discretion to disclose nor provides specific criteria for withholding, it does not fall within exemption (3) of the Freedom of Information Act.

42 F. R. 58403, November 9, 1977.

[*The confidentiality exemption.*—Exemption (4), 5 U. S. C. 552(b)(4), protects "trade secrets and commercial or financial information obtained from a person and privileged or confidential." [Current case law on exemption (4) requires that data be "obtained from" a source outside the Executive Branch for exemption (4) to be applicable.]

42 F. R. 14703, March 16, 1977.

The regulation permitting disclosure of provider cost reports to the public (Reg. § 422.435) is invalid as it applies to the provider because it does not comply with the requirements of the Administrative Procedure Act in that: (1) it was not promulgated within the statutory authority of the Freedom of Information Act insofar as it pertains to the disclosure of information of a confidential nature, which is exempted by the FOIA (exemption (4)); and (2) it is an abuse of discretion on the part of HEW in that it is in derogation of 18 U. S. C. § 1905, a criminal statute that makes it illegal for any employee of a governmental agency to disclose information that concerns or relates to the trade secrets, operations, or confidential statistical data, amount, or source of any income, profits, losses, or expenditures of a corporation.

Parkridge Hospital, Inc. v. Blue Cross and Blue Shield of Tennessee, et al., USDC (E. D., Tenn.), Apr. 15, 1977. [This decision was originally reported at NEW DEVELOPMENTS ¶ 29,559.]

Pursuant to the Freedom of Information Act, government agencies are forbidden to release "trade secrets and commercial or financial information obtained from a per-

son and privileged or confidential." Since the information in provider cost reports is financial and confidential, HEW may not disclose the information to the public. Furthermore, a government agency may not go beyond its own regulations. The Social Security Act provides that no disclosure of information can be made except as prescribed by regulations, and the regulations provide for disclosure of information from financial reports and other records of providers only to certain Federal and State officers and employees. Accordingly, HEW was enjoined from acting beyond the scope of its own regulations and violating the confidentiality exemption (exemption (4)) of the Freedom of Information Act by releasing provider cost reports to the public in a case that arose when a competitor of a skilled nursing facility requested release of its unaudited cost report.

The court denied a motion for class action certification, in the belief that HEW would follow the court's orders, unless reversed by a higher court. However, the court noted that HEW plans to adopt new regulations permitting the disclosure of cost data reports.

Bryan S. McCoy, Jr., d/b/a Twinbrook Nursing Home v. Weinberger, USDC (W. Va., Ky.), 386 F. Supp. 501 (1974). [This decision was originally reported at NEW DEVELOPMENTS ¶ 27,146.]

[*The privacy exemption.*—] In applying the interim rules to social security information, in all likelihood the most pertinent Freedom of Information exemption will be exemption (6), 5 U. S. C. 552(b)(6), which protects "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy." This exemption requires the Department to weigh the individual's interest in privacy against the public interest served by disclosure. . . .

The balancing test may have . . . impact on other information . . . for example, payments to individual physicians under the Medicare program. Although this information reflects at least to some degree the physician's income, a matter in which he has a privacy interest, disclosure would serve the strong public interest in the accountability of government programs, revealing how public funds are spent and the extent to which the funds are paid to individuals when acting in a business or professional capacity. [See .50, below, for specific instructions concerning disclosure of physician/supplier charge information.]

42 F. R. 14703, March 16, 1977.

.32 Fees for information.—Certain fees and charges have been established to recover some of the cost of disclosing information to the public under the provisions of the Freedom of Information Act. Providers, contractors, and State agencies are also re-

quired to pay appropriate fees for copies of reports they may request pertaining to other providers, contractors, or State agencies. Such fees are not reimbursable administrative costs under the Medicare program for contractors or State agencies. A provider may claim such fees as allowable costs only if the provider demonstrates to the intermediary that the information is necessary in developing and maintaining the operation of patient care facilities and activities. Members of Congress, when clearly requesting information on behalf of a constituent or other third party, are subject to the same fees and charges that would apply to the person represented, but they are exempt from charges in all other cases. No charge will be made to the public for inspection of disclosable documents, for normal mailing of requested materials, for time spent in deciding whether to provide information or securing approval, or for requests which result in charges of \$5 or less.

Charges must also be made for disclosing information under the provisions of Regulation No. 1. In general, the fees will be the same as those charged for disclosing information under the Freedom of Information Act.

Fees.—Unless otherwise specified . . . the following fees are to be charged for disclosing information:

A. *Photocopying.*—A charge of 10 cents per page (one side of a sheet) will be made for photocopying documents or records. If the page to be photocopied is too large to be printed on one photocopy, the charge is 10 cents per photocopy.

B. *Searching.*—When a request results in searching time in excess of one-half hour, a charge of \$1.50 for each half-hour, excluding the first half-hour, will be made. This charge is in addition to any charges for photocopying materials. There is no searching fee for time spent photocopying.

C. *SSA-Printed Material.*—\$.01 per printed page.

D. *Preparation of Materials from Punchcards, Magnetic Tape, or Microfilm.*—Charges for preparing materials from magnetic tape, microfilm, or punchcards will be based on the actual cost, as determined on a case-by-case basis. The intermediary or carrier will prepare an estimate of such costs and refer requests requiring preparation of materials from machine sources to the regional office for determination of the fee. The regional office will determine the fee based on the cost information submitted by the intermediary or carrier which will include the following:

1. *Personnel Salaries.*—Compute the time spent by all staff members (including analysts, supervisors, and clericals) in search-

HOUSE BILLS 974 and 975

H.B. 974: "An Act increasing state aid to municipalities for hospitals; and providing for an effective date."

H.B. 975: "An Act making a special appropriation to the Department of Community and Regional Affairs for grants for hospitals; and providing for an effective date."

The majority of the State's general hospitals are located in communities having small populations. These hospitals have low occupancy rates expect during the summer months when the fishing and tourism industries are in full operation. Also, small hospitals lack volume purchasing power due to the small quantities of drugs and other medical supplies consumed in their operations. Some of the small hospitals must be subsidized by the communities in which they are located, thus placing an additional tax burden upon residents of the community.

House Bills 974 and 975 are designed essentially to aid hospitals in meeting operating expenses and ease the financial burden otherwise placed on communities.

The Department of Community and Regional Affairs receives and disburses grants under AS 43.18 to grant applicants and is the lead agency for testimony on the subject proposed legislation.

By: Joe Betit
Joe Betit
Acting Director

Approved by: Helen I. Betton
Commissioner
Department of Health
and Social Services

Date: 4-5-80

Date: 4-8-80

STATEMENTS OF REVENUES AND EXPENSES
For the Years Ended June 30, 1979 and 1978

	<u>1979</u>	<u>1978</u>
Patient service revenue	\$1,044,422	\$966,314
Allowances and uncollectible accounts	53,084	(5,479)
Net patient service revenue	<u>1,097,506</u>	<u>960,835</u>
Operating expenses:		
Professional care of patients	452,232	403,606
Dietary	202,584	163,730
Household and property	158,213	145,808
General and administrative	241,885	209,863
Depreciation	<u>45,076</u>	<u>41,509</u>
	<u>1,099,990</u>	<u>964,516</u>
Income (loss) from operations	<u>(2,484)</u>	<u>(3,681)</u>
Nonoperating revenues:		
Contributions	6,629	15,845
Revenue sharing grant - State of Alaska	60,977	68,800
Interest income	18,666	14,557
Other	<u>2,820</u>	<u>2,365</u>
	<u>89,092</u>	<u>101,567</u>
Excess of revenues over expenses	<u>\$ 86,608</u>	<u>\$ 97,886</u>

TOT. 24,157
 NTK - 977,281
 YA. 57,734
 GRN - 2,512
 1,344,422

The Notes to Financial Statements are an integral part of these statements.

Statements of Revenues and Expenses

Years ended June 30, 1979 and 1978

	<u>1979</u>	<u>1978</u>
Patient service revenue:		
Routine services to inpatients:		
Adults and children	\$ 485,322	315,722
Newborns	<u>3,865</u>	<u>5,250</u>
	<u>489,187</u>	<u>320,972</u>
Special services to patients: (Schedule 1)		
Inpatients	135,392	126,557
Outpatients	<u>92,025</u>	<u>100,059</u>
	<u>227,417</u>	<u>226,616</u>
Unapplied contract adjustments (note 4)		
Medicare	4,765	172
Medicaid	29,713	(42,981)
Other	<u>4,561</u>	<u>10,325</u>
	<u>39,039</u>	<u>(32,484)</u>
Total operating revenue	755,643	515,104
Operating expenses: (Schedule 2)		
Professional	336,843	270,367
Nonprofessional	415,053	353,449
Depreciation	<u>73,422</u>	<u>69,621</u>
Total operating expenses	<u>825,318</u>	<u>693,437</u>
Loss from operations	<u>(69,675)</u>	<u>(178,333)</u>
Nonoperating revenues (expenses):		
Interest, net	(22,262)	(24,116)
Rent (note 2)	8,855	9,822
Contributions:		
State shared revenue	75,150	84,353
City of Wrangell	40,984	42,045
Other	135	683
Other, net	<u>4,166</u>	<u>2,163</u>
Total nonoperating revenue	<u>107,028</u>	<u>114,950</u>
Net revenues over (under) expenses	\$ <u>37,353</u>	<u>(63,383)</u>

See accompanying notes to financial statements.

STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 1979 AND 1978

	<u>1979</u>	<u>1978</u>
OPERATING REVENUES:		
Patient service revenues	\$4,441,507	\$3,627,002
Deductions from patient service revenues (Note 1)	(369,177)	(238,161)
Net patient service revenues	4,072,330	3,388,841
Other operating revenues	77,851	65,969
Net operating revenues	4,150,181	3,454,810
OPERATING EXPENSES:		
Salaries and wages	2,333,139	2,026,628
Employee benefits and payroll taxes	382,757	303,120
Supplies and other expenses	1,201,027	993,678
Depreciation (Note 1)	86,441	56,317
Provision for equipment rental (Note 2)	10,320	10,298
Total operating expenses	4,013,684	3,390,041
Net revenues from operations	136,497	64,769
NONOPERATING REVENUES:		
State revenue sharing	81,615	87,951
Interest and other income, net	85,737	67,031
Total nonoperating revenues	167,352	154,982
Excess of revenues over expenses	\$ 303,849	\$ 219,751

The accompanying notes are an integral
part of these statements.

STATEMENT OF REVENUE AND EXPENSES

June 30, 1979 and 1978

UNRESTRICTED FUND

	<u>1979</u>	<u>1978</u>
Patient Service Revenue:		
Hospital Inpatient	\$176,815	\$199,758
Hospital Outpatient	198,773	192,428
Nursing Home	188,296	182,806
Ancillary Service	119,042	
Total Patient Service Revenue	682,926	695,565
Less Contractual Allowances and Uncollectible Accounts	74,674	105,150
Net Patient Service Revenue	<u>608,252</u>	<u>590,415</u>
Grant Revenue	237,847	183,767
Grant Project Revenue (note 2)	21,602	2,799
Other Operating Revenue	<u>5,516</u>	<u>10,344</u>
TOTAL OPERATING REVENUE	873,217	787,325
Operating Expenses:		
Patient Service Expense	420,176	418,463
Plant and Operations	52,132	51,456
General and Administrative	150,963	164,050
Grant Expenses (note 2)	177,083	156,721
Other Expenses	228,256	134,328
Depreciation	54,664	50,770
Interest	2,313	650
Total Operating Expenses	<u>1,085,587</u>	<u>976,438</u>
Loss from Operations	212,370	189,113
Non-Operating Revenues:		
Revenue Sharing Grant	95,000	105,584
Rental Income	31,405	23,665
Contributions	<u>938</u>	<u>50</u>
Excess of Expenditures over Revenue	<u>\$ 85,027</u>	<u>\$ 59,814</u>

Years ended June 30, 1979 and 1978

	1979		Total All Funds	
	Unrestricted	Restricted	1979	1978
OPERATING REVENUES				
Medicaid - note 6	\$1,161,759	\$	\$1,161,759	\$1,141,774
State contract - note 6	1,184,500		1,184,500	1,075,770
Public support	19,827		19,827	31,981
Other	301,736		301,736	314,676
TOTAL OPERATING REVENUES	2,667,822	-0-	2,667,822	2,564,201
Contractual adjustments and bad debts	1,529		1,529	12,517
NET OPERATING REVENUES	2,666,293	-0-	2,666,293	2,551,684
OPERATING EXPENSES				
Salaries and wages	1,522,347		1,522,347	1,601,915
Employee benefits	182,137		182,137	199,193
Professional fees	185,285		185,285	63,554
Supplies	167,463		167,463	161,081
Utilities and services	54,588		54,588	106,604
Depreciation	63,389		63,389	54,437
Leases and rentals	168,445		168,445	168,814
Other	201,208		201,208	131,726
TOTAL OPERATING EXPENSES	2,544,862	-0-	2,544,862	2,487,324
EXCESS OF OPERATING REVENUES OVER OPERATING EXPENSES	121,431		121,431	64,360
OTHER INCOME				
Gain from disposal of assets	150		150	
Non-operating grants - note 7		620,000	620,000	20,000
Non-operating revenue - note 8		241,233	241,233	246,033
Other	38,160		38,160	9,923
TOTAL OTHER INCOME	38,310	861,233	899,543	275,956
OTHER EXPENSES				
Fund raising		36,405	36,405	75,780
EXCESS REVENUES OVER EXPENSES	159,741	824,828	984,569	264,536
OTHER CHANGES IN FUND BALANCES				
Net change in funds held in trust - note 9		6,046	6,046	6,515
BOARD TRANSFER TO RESTRICTED	(102,807)	102,807		
TRANSFER FROM RESTRICTED TO UNRESTRICTED	71,599	(71,599)		
FUND BALANCES, beginning	954,997	256,145	1,211,142	940,091
FUND BALANCES, ending	\$1,083,530	\$1,118,227	\$2,201,757	\$1,211,142

See notes to financial statements and accompanying accountants' opinion.

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES AND CHANGES IN FUND BALANCES

Years ended June 30, 1979 and 1978

	<u>Current Fund</u>	<u>Property Fund</u>	<u>Total All Funds</u>	
			<u>1979</u>	<u>1978</u>
PUBLIC SUPPORT AND REVENUE				
Public support				
Contributions	\$ 263,262		\$ 263,262	\$ 320,366
Missionary support	<u>611,238</u>		<u>611,238</u>	<u>486,422</u>
Total Public Support	874,500		874,500	806,788
Revenue				
Operating income	639,420		639,420	686,020
Gain on sale of assets				2,400
Investment income	14,258		14,258	15,066
Other income				<u>14,388</u>
Total Revenue	<u>653,678</u>		<u>653,678</u>	<u>717,874</u>
Total Public Support and Revenue	1,528,178		1,528,178	1,524,662
EXPENSES				
Program activities				
Evangelism and church development	226,820	\$ 237	227,057	158,125
Education	189,421	21,945	211,366	184,585
Medical	364,773	23,446	388,219	398,219
Mass media	171,834	4,958	176,802	<u>60,495</u>
Total Program Activities	<u>952,848</u>	<u>50,596</u>	<u>1,003,444</u>	<u>801,424</u>
Supporting activities				
Administration and general	415,303	46,142	461,445	540,610
Total Expenses	<u>1,368,151</u>	<u>96,738</u>	<u>1,464,889</u>	<u>1,342,034</u>
EXCESS PUBLIC SUPPORT AND REVENUE OVER EXPENSES	160,027	(96,738)	63,289	182,628
OTHER CHANGES IN FUND BALANCES				
Property and equipment pur- chased from current funds	(215,891)	215,891		
Correction - prior year transfer				(9,930)
Reclassification		(1,800)	(1,800)	(3,519)
Payment of notes				
Rental deposits		450	450	
	<u>(55,864)</u>	<u>117,803</u>	<u>61,939</u>	<u>169,179</u>
FUND BALANCE, beginning	<u>457,514</u>	<u>1,567,604</u>	<u>2,025,118</u>	<u>1,855,939</u>
FUND BALANCE, ending	<u>\$ 401,650</u>	<u>\$1,685,407</u>	<u>\$2,087,057</u>	<u>\$2,025,118</u>

See notes to financial statements.

Facility	(1)	SNF/ICF Beds	Total Bed Days Available	(1)	(2)	(2)
	General Beds			Beds Utilized		
Institution #1	over 100		49,640	27,392	55.20	
Institution #2	over 100		73,000	35,098	48.08	188.59
Institution #3	50 - 100		21,535	9,314	43.25	207.20
Institution #4	under 50		10,220	2,724	26.65	274.15
Institution #5	under 50		8,030	3,283	45.90	140.39
Institution #6	over 100		52,979	34,073	64.31	184.06
Institution #7	under 50		1,825	576	31.50	
Institution #8	--	over 100	43,800	32,628	74.49	160.10
Institution #9	under 50		16,060	6,659	41.50	155.95
		under 50	17,520	15,627	89.20	73.71
Institution #10	under 50		8,395	4,150	49.43	
Institution #11	under 50		5,475	2,270	40.20	
		under 50	2,190	1,742	79.54	
Institution #12	under 50		4,745	995	21.00	178.53
		under 50	4,380	3,966	91.00	66.50
Institution #13	over 100		64,423	63,473	98.50	
Institution #14	under 50		12,045	1,742	14.51	232.42
Institution #15	under 50		8,395	3,452	41.12	203.
Institution #16	under 50		4,015	2,318	57.73	199.47
		under 50	1,460	705	48.29	169.62
Institution #17	--	under 50	16,425	4,970	30.30	
Institution #18	under 50		5,475	651	11.89	
Institution #19	under 50		5,475	2,133	38.96	
		under 50	2,190	1,803	82.33	
Institution #20	--					
		50 - 100	23,360	21,513	92.09	51.41
Institution #21	under 50		3,285	890	27.10	169.58
		under 50	5,110	5,110	100.00	66.98

Notes

- 1) General Beds includes critical care (ICU, CCU, PCU) beds but occupancy of these beds is not considered in utilization rate.
- 2) Facilities with no rates shown operate on a Fiscal Year ending 12/31. The 1979 rates have not yet been reported.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 974
 Title An Act increasing State aid to municipalities for hospitals
 Requested by C&RA Committee Date 4-4-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Local Government Assistance - Grants
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		1805.7	1805.7	1805.7	1805.7	1805.7
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		1805.7	1805.7	1805.7	1805.7	1805.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0	0	0	0	0
PART TIME						
TEMPORARY						

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

The additional cost of increasing the hospital's category to \$200,000 per hospital with 10 or more beds, or \$60,000 with less than 10 beds would be \$1,805,690.

Based on \$200,000 grants included in this bill and assuming no new hospitals will become eligible.

12 municipalities now receive \$75,000 per hospital
 (\$200,000 - \$75,000 = \$125,000 x 12 = \$1,500,000)

Alaska Hospital now receives \$175,000
 (\$200,000 - \$175,000 = \$25,000)

IV. DATE 4-4-80 PREPARED BY Netta Crago
 AGENCY Community & Regional Affairs
 PHONE 465-4733
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE - Continued HB 974

Fairbanks Memorial now receives \$155,000
(\$200,000 - \$155,000 = \$45,000)

Ketchikan General Hospital now receives \$92,000
(\$200,000 - \$92,000 = \$108,000)

\$1,500,000
25,000
45,000
108,000

\$1,678,000
127,690

COLA

\$1,805,690

TOTAL ADDITIONAL FUNDING REQUIRED



NORTON SOUND HEALTH CORPORATION

P.O. BOX 966
NOME, ALASKA 99762
(907) 413-5411

March 28, 1980

Telegram to: Representative Jack Fuller
Senator Frank Ferguson
House Community and Regional Affairs Committee
House Finance Committee

Urge your support of House Bill 974 and 975 to increase State aid to Community Hospitals. The effect in Nome will be to increase our hospital's ability to deal with skyrocketing operating costs. Presently, adjustment of rates to consumers are virtually impossible to make in a timely enough fashion to keep pace with the change in fuel and other operating costs. For the rural hospital with rapid changes in utilization of the hospital this can create very real uncertainties and, or, financial crisis. The added support called for in this legislation will greatly aid all rural hospitals.

William M. Dann
Executive Director

* * * ALL HOSPITALS * * *

There are 1459 general hospital beds in 11 federal hospitals and 17 "open to the public" hospitals. The beds are distributed as follows:

<u>FEDERAL</u>	<u>LOCAL GOV'T</u>	<u>PRIVATE</u>
7 USPHS - 381 beds	5 owned/operated - 125 beds	6 - 595 beds
4 Military <u>202 beds</u>	6 owned/other op. <u>156 beds</u>	
<u>583 beds</u>	<u>281 beds</u>	
40% of total	19% of total	41% of total

* * * GENERAL PUBLIC HOSPITALS * * *

A further breakdown of the 17 hospitals and 876 beds open to the public show:

(the number in parentheses is nursing home beds)

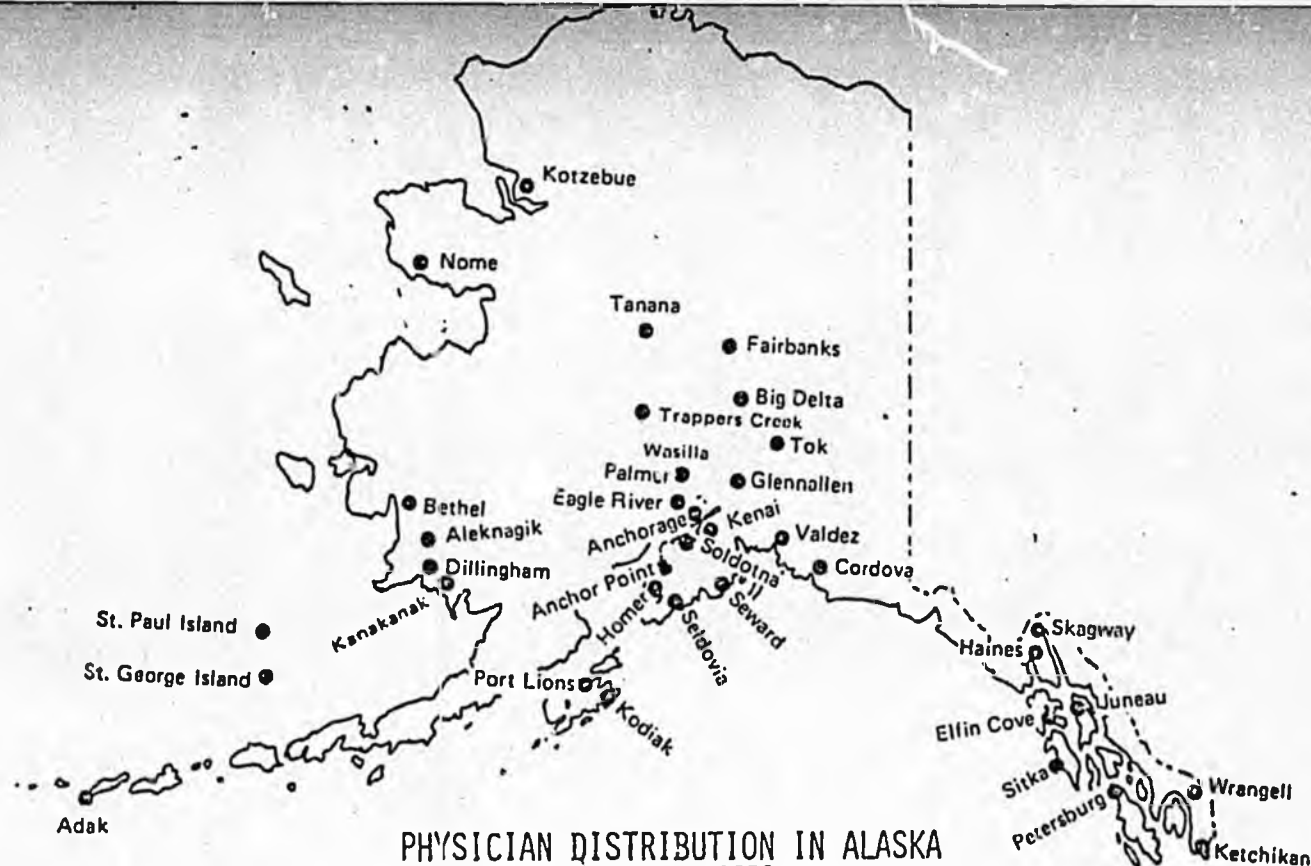
<u>Under 20 beds</u>	<u>20 to 30 beds</u>	<u>31 to 100 beds</u>	<u>Over 100 beds</u>
Glenallen 6	Sitka 24	Ketchikan 44 (48)	Alaska 154
Wrangell 9 (14)	Kodiak 25(19)	<u>Juneau 67</u>	Fairbanks 155
Cordova 12 (8)	Seward 29	111 (48)	<u>Providence 250</u>
Homer 13 (4)	<u>Soldotna 30</u>		559
Nome 13 (6)	108 (19))		
Petersburg 13 (12)			
Valdez 15			
<u>Palmer 17 (6)</u>			
98 (50)			
Hospitals 47%	23%	12%	18%
Beds 11%	12%	13%	64%

* * * NURSING HOMES * * *

There are 644 nursing home beds in Alaska. As noted above, there are 8 hospitals with 117 nursing home beds (18% of the total beds). There are 5 "free-standing" nursing homes;

St Ann's	Juneau	45 beds
Wesleyan	Seward	64 beds
Careage	Anchorage	101 beds
Careage N.	Fairbanks	101 beds
Nakoyia	Anchorage	<u>216 beds</u>
		527 beds

The State of Alaska operates 4 Pioneer Homes with 170 beds. There are plans to build in Ketchikan in direct competition with the beds already in existence.



PHYSICIAN DISTRIBUTION IN ALASKA
As of October 1978

Towns	Private Practice	USPHS	Military	Federal	Municipal State	Total
Adak			1			1
Aleknagik	1					1
Anchor Point	1					1
Anchorage	212	55	45	5	13	328
Barrow		3				3
Bethel		8		1		9
Cordova	3					3
Dillingham	1					1
Eagle River	2					2
Elfin Cove	1					1
Fairbanks	76	3	24		3	106
Glennallen	1					1
Haines	2					2
Homer	5					5
Indian	1					1
Juneau	18	4		1	5	28
Kanakanak		3				3
Kenai	1					1
Ketchikan	13	4	1	1		19
Kodiak	5		3			8
Kotzebue		5				5
Nome				5		5
Palmer	5					5
Petersburg	2					2
Port Lions	1					1
Seldovia	1					1
Seward	2					2
Sitka	5	7				12
Soldotna	8					8
St. Paul Island		1				1
Tanana		2				2
Valdez	2					2
Wasilla	3					3
Wrangell	2					2
Total	374	95	72	13	21	575
	65%	17%	12%	2%	4%	

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

TO: Jack Kreinheder, Issues Analyst
House Research Agency

DATE: March 20, 1980

FILE NO:

Through: Palmer McCarter, Director
Local Government Assistance

TELEPHONE NO:

FROM: Netta Crago
Administrative Assistant

SUBJECT: State Aid to Local
Governments-Hospitals

The additional cost of increasing the hospitals' category to \$200,000 per hospital with 10 or more beds, or \$60,000 with less than 10 beds would be \$1,678,000.

Based on \$200,000 grants included in this bill and assuming no new hospitals will become eligible:

12 municipalities now receive \$75,000 per hospital
($\$200,000 - \$75,000 = 125,000 \times 12 = \$1,500,000$)

Alaska Hospital now receives ^{175,000}~~92,000~~
($\$200,000 - \$175,000 = \$25,000$)

Fairbanks Memorial now receives \$155,000
($\$200,000 - \$155,000 = \$45,000$)

Ketchikan General Hospital now receives \$92,000
($\$200,000 - \$92,000 = \$108,000$)

\$1,500,000

25,000

45,000

108,000

\$1,678,000 total additional funding required

NC:jh

forgot to include COLA

$\$1,678,000$

110.57% Average COLA

177,365

1,678,000

1,855,365

HEALTH CARE FINANCING AMENDMENTS OF 1981 - MEDICAID

1. Limit Federal contributions to Medicaid to \$16.4 billion (\$100 million less than 1981) allowed to rise with the rate of inflation as measured by the GNP inflator.
2. All Federal requirements for eligibility and benefits for the Medically Needy are eliminated.
3. End AFDC coverage for the 18-20 year olds. Also eliminate the requirements for medicaid coverage to continue four months after AFDC termination.
4. Repeal "freedom of choice" requirements that beneficiaries can choose their own providers.
5. Eliminate Federal requirements for the amount and methods of reimbursement of providers.
6. Eliminate specific methods of utilization and control, effective PSRO's will be funded until 1983. States will establish their own requirements and contract for review.
7. Permit coverage of approved non-medical coverage to prevent institutionalization.
8. The Secretary will provide waivers to states for other provisions:
 - a. That all provisions be in effect state-wide.
 - b. Cooperative agreements with state health and Vocational Rehabilitation.
 - c. Requirements for review of nursing home patients.
 - d. Licensing of nursing home administrators.
 - e. Prohibitions of co-payments by the categorically needy for outpatient hospital and emergency room services.
 - f. Requirements which prevent states from sharing savings with recipients of cost effective care.
9. Repeal Early Periodic Screening notification of AFDC children.

10. Eligibility of non-U.S. citizens take in the income of their sponsors
11. Civil penalties to punish fraud, providers will be fined up to \$2,000 and twice the amount of the fraudulent claim.
12. Higher Federal matching for automated eligibility systems. Match state expenditures 90% for system development and 75% for operation.
13. Immediate return of Federal "disallow" funds pending appeal of state claim.

AFDC ADMINISTRATION PROPOSALS FOR 1982

1. Income ceiling at 150% of state standard of need.
2. Dependent children defined to the age of 18.
3. No AFDC to workers on strike.
4. AFDC to pregnant women only in the third trimester.
5. Standardize allowable resources.
6. Count lump-sum income only in the month received.
7. Count income of step-parents and other unrelated adults living in the home.
8. Count sponsor's income for aliens.
9. Consider food stamps and housing subsidies as income.
10. Standardize work related income (\$75/mo.) and child care (\$50/mo.) "Income Disregard" of \$30 + one third discontinues after 4 months of employment.
11. States required to establish community work experience programs:
 - a. Age 16-65 unless in high school, disabled or caring for small children.
 - b. divide family AFDC + Food Stamps by minimum wage to determine the number of hours required to work.
 - c. Those attending college required to meet work requirements.
12. Improve Administration:
 - a. Prompt correction of over/under payments.
 - b. eliminate payments under \$10.
 - c. Liens on AFDC homes.
 - d. AFDC payments based on previous month.
 - e. More vendor payments for AFDC.
 - f. Information access to government agencies on AFDC cases.
 - g. Establish Government recipient information system
 - h. State training match 50%

ADMINISTRATIVE PROPOSALS FOR LEGISLATIVE CHANGES TO TITLE II (CSEA)

1. CSEA collects alimony and child support payments.
2. The IRS will collect alimony and child support payments from administrative orders.
3. Repeal bankruptcy declaration to avoid the payment of child support.
4. Charge 10% of support collected for administrative costs.
5. Federal payments to states for AFDC reduced from 15% to 7½%.

MEDICAID OPTIONS NOT PURCHASED BY ALASKA

1. Podiatrists
2. Chiropractors
3. Naturopaths
4. Private Psychologists
5. Private duty nursing
6. Physical therapy
7. Occupational therapy
8. Prescribed drugs
9. Dentures
10. Diagnostic, Screening, Preventative, Rehabilitative Services/adults
11. 65 or older in a TB institution
12. 65 or older in a mental institution
13. Christian Science nurses
14. Christian Science Sanatoria Services
15. Personal care in the home with a plan of treatment under the supervision of an RN.

HOSPITAL	REVENUE OVER EXPENSES (LOSS) GAIN	DAILY SERVICE Per Bed	CHARGE	OCCUPANCY	LENGTH OF STAY
175 Alaska Hospital	(2.5 Million) -	142,857	220.00	53.6	4.7
67 Bartlett (Juneau)	(-0-)	0	190.00	46.2	4.2
30 Central Peninsula Soldotna	210,000 +	7,000	195.00	56.4	3.2
14 Cordova	(120,907) -	8,636	195.00	28.5	5.1
25 Kodiak	(155,426) -	6,217	215.00	43.9	2.8
13 Petersburg	(135,000) -	10,384	190.00	21.0	3.0
33 Seward	(211,000) -	6,393	190.00	10.0	2.7
24 Sitka	(251,000) -	10,458	190.00	42.9	4.3
13 South Peninsula (Homer)	(240,000) -	18,461	195.00	79.0	2.8
15 Valdez	(374,438) -	24,962	210.00	13.4	2.5
17 Valley (Palmer)	(354,297) -	20,841	185.00	50.0	2.9
10 Wrangell	(130,593) -	13,000	190.00	24.0	3.4
13 Norton Sound	(276,901) -	21,300	342.00	51.0	3.9
44 Ketchikan	185,596 +	4,258	210.00	42.4	3.7
155 Fairbanks	660,000 +	4,258	185.00	70	4.9
250 Providence	1,951,652 +	7,806	210.00	80	6.03

Beds

~~175~~

198

175

eff. July 1

Location	X Ray Therapy	CAT Scan	Audiology	Radioisotope, Radium Cobalt Therapy	Chemotherapy	Family Planning	Social Work	Psychiatric Consult. and Education	Psych. Partial Hospitalization	Inpatient Psych.	Clinical Psych.	Pediatric Unit	Obstetric Unit	Intensive Care	Intensive Cardiac	Premature Nursery	Burn Unit	Open Heart Surgery	Inpat. Renal Dialysis	Post-op Recovery	Inhalation Therapy	Inpatient Abortion	Alcohol Detox	Inpatient Rehab.	Occupat. Therapy	Physical Therapy	Speech Therapy
Ketchikan																											
Petersburg	X															X											
Wrangell												X	X	X	X								X	X			
Sitka											X	X	X	X	X						X	X		X			
Bartlett	X											X	X	X	X						X	X					
Cordova						X	X	X	X	X	X												X	X			
Valdez																											
Seward													X	X	X							X	X				
Soldotna	X												X	X	X						X	X					
Homer	X										X		X	X	X												
Palmer													X	X	X							X					
Alaska	X	X										X	X	X	X							X	X				
Providence	X	X		X	X		X		X	X		X	X	X	X							X	X		X		
Kodiak													X	X	X						X						
Norton Sound	X					X	X	X		X	X		X	X	X							X	X				
Fairbanks				X	X		X			X		X	X	X								X	X				
(Info: mation from the 1980 State Health Plan)																											

FACT SHEET SENATE RESOLUTION NUMBER 10

<u>1122 AGREEMENT COVERS</u>	<u>CONSIDERATION</u>	<u>STATE C.O.N. LAW COVERS</u>
Anythings over \$100,000	Capital expenditures	Anything over \$150,000 can be adjusted for inflation.
Yes	New Services	Yes
Yes	Ultra Sound	No
U.S. Secretary of Health and Human Services	Final Authority	State Commissioner of Health & Social Services

THE FOLLOWING SHOWS THE IMPACT THE "1122 AGREEMENT" HAS ON ALASKA

<u>FACILITY</u>	<u>1122 REVIEW</u>	<u>C.O.N. REVIEW</u>
<u>Bartlett Hospital</u>		
Replace X-Ray \$128,000	Yes	No
<u>Kodiak Island</u>		
Capital Modification \$145,000	Yes	No
Ultra Sound \$35,000	Yes	No
<u>Valdez Hospital</u>		
Capital Modification \$100-135,000	Yes	No
Replace X-Ray \$149,000	Yes	No
<u>Seward</u>		
Replace Roof \$100,000	Yes	No
Ultra Sound \$35,000	Yes	No
<u>Homer</u>		
New beds & added space \$4 Million	Yes	Yes
<u>Petersburg</u>		
Replace Physical Plant \$8 Million	Yes	Yes
Ultra Sound \$35,000	Yes	No
<u>Wrangell</u>		
Replace Physical Plant \$7.1 Million	Yes	Yes
Ultra Sound \$35,000	Yes	No
<u>Valley (Palmer)</u>		
Replace Physical Plant \$10 Million	Yes	Yes

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 (907) 586-1790
REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

President
Sister Barbara Haase
Ketchikan General Hospital
Ketchikan

President-Elect
Tom Mingen
Fairbanks Memorial Hospital
Fairbanks

Secretary/Treasurer
Ron Pavellas
Alaska Hospital & Medical
Center
Anchorage

Immediate Past President
Al Camosso
Providence Hospital
Anchorage

Executive Director
Dennis L. DeWitt
Juneau

May 25, 1981

The Honorable Charles Parr
Alaska State Senate
Pouch V, State Capitol Building
Juneau, Alaska 99811

Dear Senator Parr:

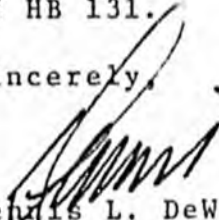
The Alaska State Hospital Association wishes to indicate our strong support for HB 131. It is our highest legislative priority for 1981.

It is unfortunate that health facility revenue sharing was passed over last year when other forms of revenue sharing were increased. As a result, many health facilities which were in difficult financial situations are in desperate shape this year. We believe HB 131 would prudently assist health facilities in Alaska and by its design, would offer greatest assistance to those most often in need of such assistance.

I have enclosed a copy of our testimony, a copy of "Trends", a summary sheet indicating the financial and occupancy status of several hospitals and a summary which shows how and where the increases would occur.

We would respectfully request your favorable consideration of HB 131.

Sincerely,


Dennis L. DeWitt
Executive Director

DLD/b

cc: E. J. Haugen, Alaska State Representative

Enclosures

TESTIMONY BEFORE THE SENATE HESS COMMITTEE
SUPPORT FOR HOUSE BILL 131

THE ALASKA STATE HOSPITAL ASSOCIATION STRONGLY SUPPORTS HOUSE BILL 131. THE INCREASE IN THE LEVEL OF THE MINIMUM GRANT TO HOSPITALS AND HEALTH FACILITIES IS VITAL TO THE SURVIVAL OF SEVERAL HOSPITALS AND HEALTH FACILITIES IN ALASKA AND NECESSARY FOR THE ASSURANCE OF APPROPRIATE LEVELS OF CARE IN A VAST MAJORITY OF THESE FACILITIES SERVING ALASKA. THE OPERATIONAL REVENUE SHARING PROGRAM BEGAN IN 1972 AT A MINIMUM LEVEL FOR HOSPITALS OF \$50,000 AND HAS SINCE BEEN INCREASED ONLY TO \$75,000. AT THE SAME TIME COST OF OPERATION OF HEALTH FACILITIES HAVE INCREASED MARKEDLY. WE BELIEVE THAT AN INCREASE IN THE MINIMUM GRANT TO \$250,000 FOR HOSPITALS IS APPROPRIATE.

IN THE YEARS SINCE 1972, HEALTH FACILITIES HAVE EXPERIENCED INFLATIONARY PRESSURES NOT EXPERIENCED BY THE REMAINDER OF THE ECONOMY. HEALTH FACILITIES WERE THE LAST INDUSTRY RELEASED FROM SALARY LIMITATIONS UNDER THE ECONOMIC STABILIZATION PROGRAM OF THE NIXON ADMINISTRATION AND AS A RESULT HAVE EXPERIENCED SUBSTANTIALLY GREATER PRESSURE TO BRING EQUITY TO EMPLOYEE WAGES.

HEALTH FACILITIES ARE HIGH ENERGY USERS. THE INCREASE IN THE COST OF FUEL OIL HAS APPROXIMATED 400%. ELECTRICITY HAS EXHIBITED SIMILAR INCREASES. THE COST OF FUEL IN CORDOVA BETWEEN FEBRUARY 1979 AND FEBRUARY 1980 ALMOST DOUBLED IN JUST THAT SINGLE YEAR.

PAGE TWO

OFTEN INCREASES ASSUMED TO BE UNRELATED TO HEALTH FACILITIES HAVE HAD A MARKED IMPACT ON HOSPITALS, FOR EXAMPLE, THE INCREASE IN SILVER PRICES CAUSED THE PRICE OF X-RAY FILMS, WHICH CONTAIN SILVER, TO SKYROCKET. THE PRICE OF PETROLEUM IMPACTS NOT ONLY FUEL COSTS BUT ALSO THE COST OF MANY PLASTIC DISPOSABLE ITEMS WHICH ARE NECESSARY IN A HEALTH FACILITY.

THE FACT THAT THE COST OF OPERATING A HEALTH FACILITY HAS INCREASED DRAMATICALLY CAN NOT BE DEBATED. ATTACHED IS A COPY OF "TRENDS", PUBLISHED BY THE AMERICAN HOSPITAL ASSOCIATION WHICH DEMONSTRATES NOT ONLY THE INCREASES IN HOSPITAL CHARGES, BUT THE INCREASES IN BASIC SUPPLY COSTS TO HEALTH FACILITIES. HEALTH FACILITIES IN ALASKA HAVE BEEN ATTEMPTING TO LIMIT THE INCREASES IN OUR COSTS OF OPERATION BUT AS YOU CAN SEE, WE HAVE NOT BEEN GETTING A GREAT DEAL OF HELP.

THE NEXT QUESTION IS WHETHER OR NOT THERE CONTINUES TO BE A NEED FOR STATE ASSISTANCE TO HEALTH FACILITIES. INDEED THERE IS. THERE IS NO TRADITIONAL PUBLIC GENERAL HOSPITAL SYSTEM IN ALASKA. THAT FUNCTION IS SERVED BY HOSPITALS THROUGHOUT THIS STATE. CURRENTLY, IT IS FUNDED THROUGH INCREASED "BAD DEBTS" OR OFFSET BY DIRECT ASSISTANCE FROM THE TAX BASE OF THE GOVERNMENTAL ENTITY IN WHICH JURISDICTION THE FACILITY WAS BUILT. THIS FUNDING IS ORDINARILY AN AMOUNT IN EXCESS OF THE CURRENT REVENUE SHARING GRANT WHICH THE STATE SENDS TO HEALTH FACILITIES THROUGH THE MUNICIPALITIES. AN INCREASE IN REVENUE SHARING TO HEALTH FACILITIES THEN, WILL NOT ONLY PROVIDE ASSISTANCE TO THE HEALTH FACILITY, BUT ALSO DIRECT PROPERTY TAX RELIEF.

PAGE THREE

CURRENTLY, AT LEAST, 10 HOSPITALS ARE RECEIVING LOCAL TAX FUNDS FOR SUPPORT IN ADDITION TO STATE REVENUE SHARING SUPPORT.

MOST HEALTH FACILITIES IN ALASKA ARE SMALL AND, BECAUSE OF REGIONAL ISOLATION, HAVE RELATIVELY LOW OCCUPANCY LEVELS. OCCUPANCY LEVELS ARE AVERAGES AND DO NOT REFLECT HIGH WEEKEND OCCUPANCY IN POPULAR WEEKEND AREAS SUCH AS SEWARD NOR NEAR HIGHWAY FACILITIES SUCH AS PALMER OR SEASONAL VARIATIONS IN COMMUNITIES SUCH AS CORDOVA. BECAUSE A HEALTH FACILITY IS A 24 HOUR, 365 DAY PER YEAR OPERATION, THERE IS A TREMENDOUS STAND-BY COST WHICH OFTEN CAN NOT BE MET BY PATIENT REVENUES. STILL, THERE IS A NEED FOR FACILITIES IN OUR SMALLER ISOLATED COMMUNITIES.

THE STATE DEPARTMENT OF HEALTH REQUIRES MINIMUM SQUARE FOOTAGE, TYPES OF EQUIPMENT AND PERSONNEL FOR LICENSURE. WHILE WE SUPPORT MOST LICENSURE STANDARDS, WE MUST ALSO NOTE THAT THERE IS A COST ATTACHED TO THOSE REQUIREMENTS. WE BELIEVE THAT THE BASIC MINIMUM ANNUAL OPERATIONAL COSTS FOR A HOSPITAL IN ALASKA IS APPROXIMATELY \$800,000. IT APPEARS TO THE ALASKA STATE HOSPITAL ASSOCIATION THAT A FLAT RATE OF \$250,000, APPROXIMATELY 30% OF THE BASIC ESTIMATED ANNUAL OPERATIONAL COST, WOULD VIABLY MAINTAIN THOSE FACILITIES CURRENTLY IN GREATEST NEED.

WE HAVE SURVEYED OUR MEMBER FACILITIES AND ARE FINDING THAT WITH A VERY FEW NOTABLE EXCEPTIONS, THERE IS VERY LITTLE VARIABLE COST IN ALASKA HOSPITALS. BECAUSE OF THE SIZE OF FACILITIES, THEY TEND TO BE DOWN TO THE MINIMUM NUMBER OF PERSONNEL POSSIBLE. THE PERSONNEL CAN ACCOMODATE MORE PATIENTS, BUT WITHOUT A NURSE ON THE NIGHT SHIFT, FOR EXAMPLE, WE COULD NOT OPERATE THE HOSPITAL. THE NURSE IS NECESSARY, WHETHER THERE IS ONE PATIENT OR 8 PATIENTS.

PAGE FOUR

SIMILARLY, BECAUSE OF SIZE, IT IS DIFFICULT TO ENJOY ANY ECONOMY OF SCALE OR VOLUME IN EQUIPMENT USAGE AND SOMETIMES IN PURCHASING POWER. THE ASSOCIATION SPONSORS AND SUPPORTS TWO GROUP PURCHASING ACTIVITIES IN ALASKA TO ASSIST WITH THIS PROBLEM, ONE WITH THE SISTERS OF PROVIDENCE AND ONE WITH HEALTH AND HOSPITAL SERVICES, INCORPORATED. WHILE THIS ASSISTS, IT IN NO WAY TOTALLY SOLVES THE PROBLEM.

WE HAVE READ AND GENERALLY ACCEPT THE REPORT DELIVERED TO THE LEGISLATURE ON HOSPITAL AND HEALTH FACILITY OPERATION AND CONSTRUCTION ASSISTANCE, DATED FEBRUARY 1, 1981 BY THE DEPARTMENT OF HEALTH AND SOCIAL SERVICES, AS IT RELATES TO CONSTRUCTION ASSISTANCE, AS THE REPORT RELATES TO OPERATIONAL ASSISTANCE, WE VIEW THE DEPARTMENT'S POSITION PAPER ON HB 131 AS AN ADDENDUM TO THAT REPORT WHICH WE UNDERSTAND AS SUPPORT.

WE BELIEVE THAT HB 131 MERITS YOUR FAVORABLE CONSIDERATION AND SUGGEST THAT, ESPECIALLY IN VIEW OF THE FACT THAT THIS IS THE ONLY MUNICIPAL REVENUE SHARING PROGRAM NOT INCREASED IN 1980, IT IS VITALLY IMPORTANT THAT THIS MEASURE BE ENACTED THIS YEAR.

WE HAVE ATTACHED A LIST OF HOSPITALS AND OPERATING LOSSES OR GAINS FOR YOUR REVIEW.

	HOSPITALS CURRENT	HOSPITALS WITH 10 OR MORE BEDS HB 131	HEALTH FACILITIES \$2,000/BED HB 131	HEALTH FACILITIES \$8,000/FACILITY HB 131
<u>BOROUGHES</u>				
Anchorage	425,000	500,000	650,000	64,000
Juneau	75,000	250,000	180,000	
Kenai Peninsula	75,000	500,000		
Kodiak Island			54,000	72,000
North Slope				56,000
<u>CITIES</u>				
Cordova	75,000	250,000		24,000
Craig				8,000
Fairbanks	155,000	250,000	132,000	24,000
Galena				8,000
Homer				16,000
Hydaburg				8,000
Kenai				16,000
Ketchikan	90,000	250,000		
King Cove				8,000
Klawock				8,000
Nome	75,000	250,000		16,000
Palmer	75,000	250,000		
Pelican				8,000
Petersburg	75,000	250,000		16,000

	HOSPITALS CURRENT	HOSPITALS WITH 10 OR MORE BEDS HB 131	HEALTH FACILITIES \$2,000/BED HB 131	HEALTH FACILITIES \$8,000/FACILITY HB 131
<u>CITIES</u>				
Sand Point				8,000
Saint Mary's				8,000
Seldovia				8,000
Seward	75,000	250,000	128,000	16,000
Skagway				8,000
Unalaska				8,000
Valdez	75,000	250,000		8,000
Wrangell	75,000	250,000		8,000
Yakutat				8,000
Bethel			98,000	8,000
57 X 8,000				456,000
TOTAL		3,500,000	1,242,000	896,000

ESTIMATED TOTAL COST	5,638,000
LESS EST. CURRENT FUNDING	<u>3,006,000</u>
ESTIMATED ADDED COST	2,632,000

Community Hospital Indicators Office of Public Policy Analysis

American Hospital Association
840 North Lake Shore Drive
Chicago, Illinois 60611

Number 42
May 1981
Data for February 1981

REPORT ON FEBRUARY 1981 HOSPITAL PERFORMANCE

Community hospital inpatient expenses rose 16.0 percent between February 1980-81. Adjusted for the extra working day in February 1980 due to leap year, expenses increased 19.9 percent; this was consistent with the expense trend in the preceding two months. In comparison, inpatient expenses increased 14.2 percent between February 1979-80 (leap year adjusted) and 16.8 percent between calendar year 1979-80.

February 1980-81 was characterized by moderate utilization growth. Even when adjusted for the effect of leap year, all major utilization indicators--admissions, patient days, surgeries, outpatient visits and births--increased less rapidly between February 1980-81 than in the year-earlier period or between calendar year 1979-80.

Rising hospital market basket prices accounted for 70 percent of the increase in inpatient expenses between February 1980-81.

Staffed beds rose 2.1 percent between February 1980-81, which was consistent with growth during the past seven months; in the year-earlier period beds increased less rapidly, 0.4 percent. The increase in staffed beds was slightly greater than the increase in patient census; consequently, the occupancy rate decreased slightly, from 80.2 percent, in February 1980 to 79.9 percent in February 1981.

The staffing ratio (FTE per occupied bed) rose 4.7 percent in the current period, in part reflecting an uncharacteristic 1.1 percent decline between February 1979-80. This indicator tends to fluctuate from month-to-month due to short-term changes in utilization trends.

The attached graphs have been reformatted from 1980, to better display underlying trends. For each month, the graphs show the percent change for the three-month period ending with that month; each period is compared with the same three-month period one year earlier. Graphs have been adjusted to eliminate the effect of the extra working day in February 1980 due to leap year.

February 1981: Summary Trends

Community hospital inpatient expenses increased 16.0% between February 1980-81. Adjusted for the effect of the extra leap year day in February 1980, inpatient expenses increased 19.9%. Growth was consistent with preceding months, and was above rates of increase experienced between February 1979-80 (14.2% leap year adjusted) or calendar year 1979-80 (16.8%). February 1981 expenses reflected the impact of more rapid increases in personnel, unit labor costs and supply expenses, which was consistent with patterns of expense growth during recent months. However, growth of utilization moderated, and all utilization measures increased less rapidly than in the year-earlier period or between calendar year 1979-80.

Selected Indicators: February 1981

	Percent change**	
	1980	1981
Total expenses	14.5	20.0
Inpatient expenses	14.2	19.9
Nonlabor inpatient expenses	15.0	18.9
Labor inpatient expenses	13.6	20.6
Payroll/FTE	10.7	12.7
FTE	2.8	6.4
Staffing ratio	- 1.1	4.7
Beds	0.4	2.1
Admissions	3.9	1.6
Inpatient days	4.0	1.7
Surgical operations	6.6	1.4

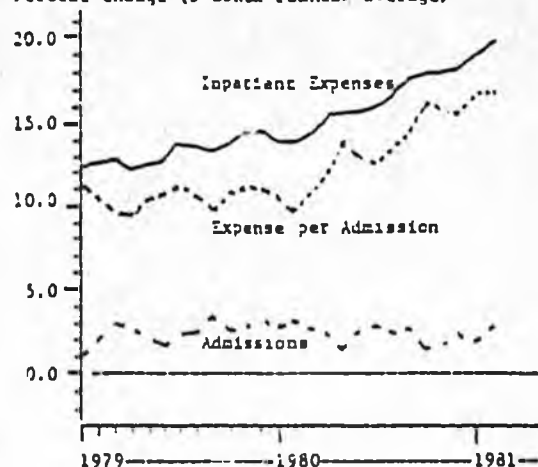
*From previous February
 +Adjusted for the 1980 leap year

Inpatient Expenses*

The 19.9% increase in inpatient expenses between February 1980-81 represents the combined effect of an 18.2% rise in the cost of treating the average case and a 1.6% increase in admissions. Between February 1979-80 cost per case rose 9.6% and admissions rose 3.9%, resulting in a 14.2% increase in inpatient expenses. More rapid growth of expense per case in the current period reflected the impact of pent-up inflationary pressures and the nursing shortage on wage rates, as well as the effect of the increase in Social Security contributions and the minimum wage that went into effect in January. Cost per case also reflected the impact of an increase in labor intensity and supply volume.

*Adjusted for the 1980 leap year.

Percent Change (3-month running average)

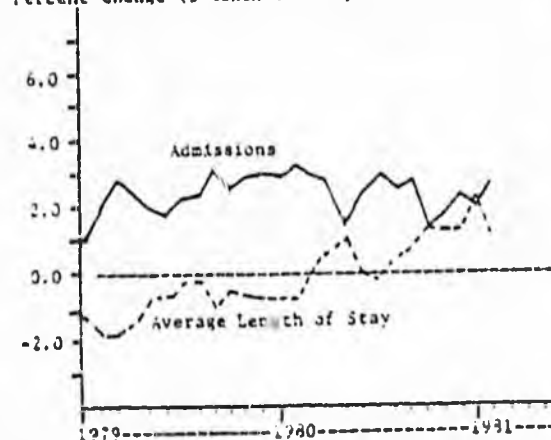


Utilization*

The February 1980-81 period was characterized by moderate utilization growth. Admissions, patient days, surgeries, outpatient visits and births all increased less rapidly between February 1980-81 than in the year-earlier period or between calendar year 1979-80. Admissions rose 1.6%, compared to 2.9% between calendar year 1979-80. The rise in admissions reflected the combined effect of a 1.3% rise in under-65 admissions and a relatively moderate 2.5% rise in 65-and-over admissions. Average length of stay rose only marginally (0.1%), in contrast to the unusually large (5.2%) rise that occurred in the preceding month. Between February 1980-81 under-65 length of stay decreased 0.6% and 65-and-over length of stay rose 0.8%.

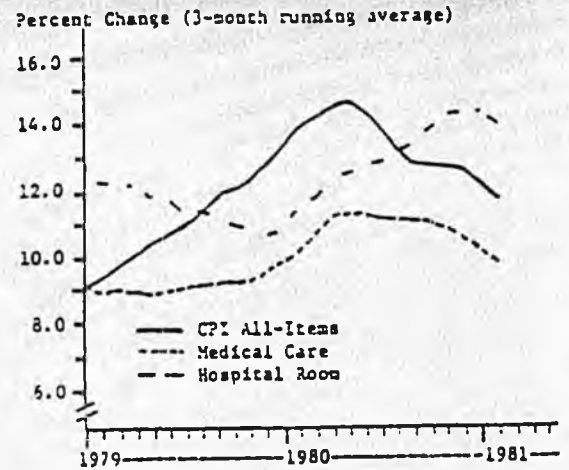
*Adjusted for the 1980 leap year.

Percent Change (3-month running average)



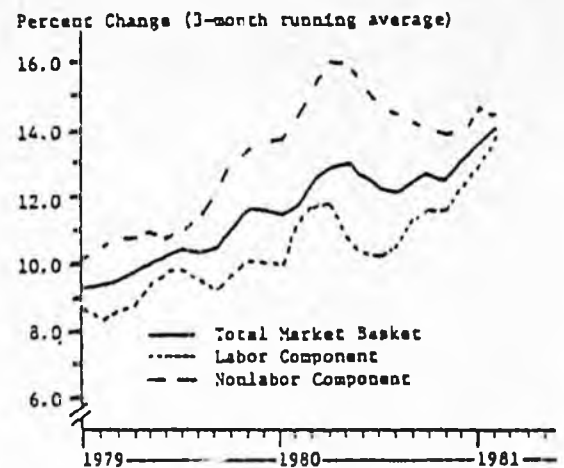
Consumer, Medical and Hospital Prices

The growth rate of the Consumer Price Index (CPI) has been consistently decelerating in recent periods, from a peak of 14.7% between April 1979-80 to 11.3% between February 1980-81. Growth of the medical care component has also decelerated, although more moderately, from 11.5% between May 1979-80 to 9.6% in the current period. Medical care prices have been increasing less rapidly than the All-Items CPI since December 1978. Growth of the hospital room component rose from a 12.3% rate between February 1979-80 to a 13.6% rate between February 1980-81. Because of contract purchasing and the 12- to 18-month lag before changes in the rate of inflation are fully reflected in hospital wage rates, deceleration in hospital prices historically has lagged price deceleration in the general economy.



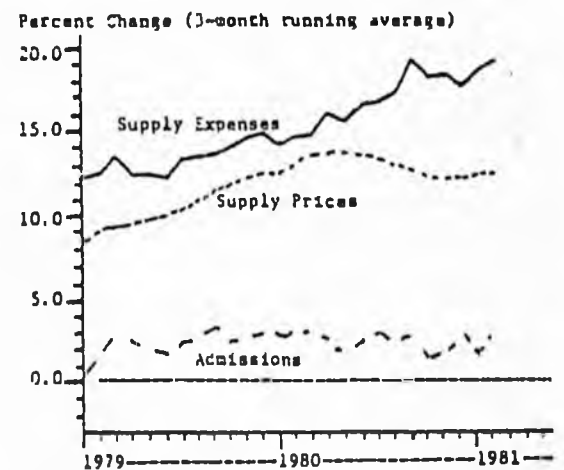
Hospital Market Basket

Although inflation in the general economy has slowed, hospitals are continuing to feel the impact of pent-up inflationary pressures. The growth rate of the Hospital Market Basket rose from 12.7% between February 1979-80 to 13.4% in the current period. The labor component accelerated 2.9 percentage points from a 10.4% rate between February 1979-80 to a 13.3% rate in the current period. The impact of this acceleration was partially offset by a reduction in growth of the nonlabor component, from 15.5% between February 1979-80 to 13.5% between February 1980-81. All nonlabor categories except professional fees and food increased less rapidly in the current period than between February 1979-80. Overall, rising market basket prices accounted for 70% of the (leap year adjusted) increase in inpatient expenses between February 1980-81.



Supply Expenses*

Inpatient supply expenses increased 18.4% between February 1980-81 as a result of a 5.6% increase in supply volume and a 12.1% increase in supply prices as measured by the Hospital Market Basket. In the year-earlier period supply expenses rose 15.7% due to less rapid growth of supply volume (1.8%). Supply prices increased less rapidly in the current period (12.1%) than between February 1979-80 (13.7%). The growth rate of supply prices has fallen during recent periods, from a peak of 14.0% between April 1979-80. However, the deceleration in hospital supply prices has been smaller than the deceleration in the All-Items CPI. The increase in supply prices accounted for 68% of the increase in community hospital supply expenses between February 1980 and February 1981.



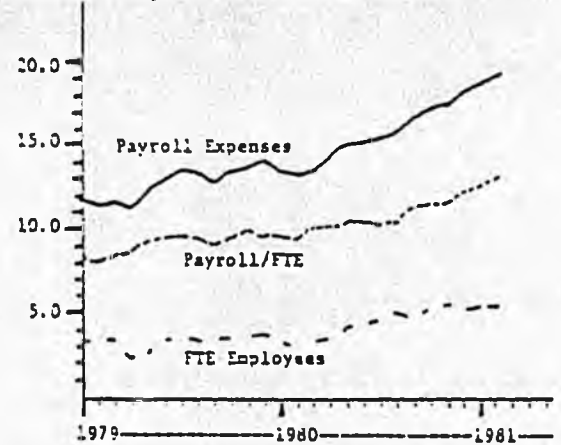
*Adjusted for the 1980 leap year.

Labor Expenses and Wages*

Inpatient labor expenses increased 20.6% between February 1980-81, compared to 13.6% between February 1979-80. Accelerating growth of labor expenses, consistent with 1980 trends, reflects increased employment and the impact of pent-up inflationary pressures and the nursing shortage on unit labor costs. Other factors affecting labor costs in 1981 are an increase in the minimum wage to \$3.35 per hour, and a rise in employer Social Security contributions. The growth rate of unit labor costs (labor expenses per FTE) rose from 10.4% between February 1979-80 to 13.3% between February 1980-81, and the growth rate of payroll expenses per FTE rose from 10.7% to 12.7%. Payroll expenses accounted for 86% of labor costs in February 1981.

*Adjusted for the 1980 leap year.

Percent Change (3-month running average)

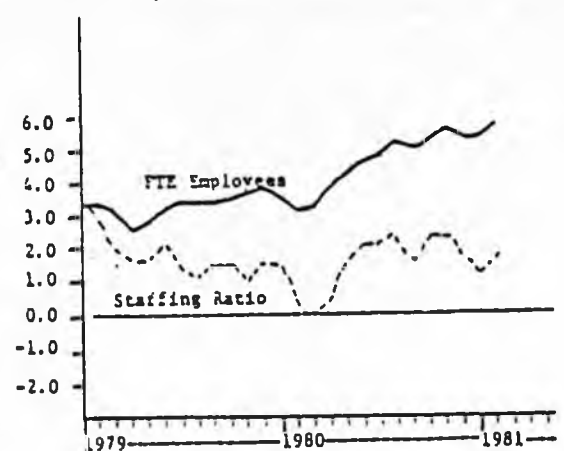


Employment*

The staffing ratio (FTEs per occupied bed) increased at the above-average rate of 4.7% between February 1980-81. Employment tended to increase more rapidly in the census regions that had experienced rapid growth of 65-and-over utilization in recent months. The unusual increase in the staffing ratio between February 1980-81 in part reflected an unusually low staffing ratio in the February 1980 base period; the staffing ratio, somewhat uncharacteristically, had declined 1.1% between February 1979-80. This indicator tends to fluctuate from month-to-month due to sizeable short-term variation in utilization.

*Adjusted for the 1980 leap year.

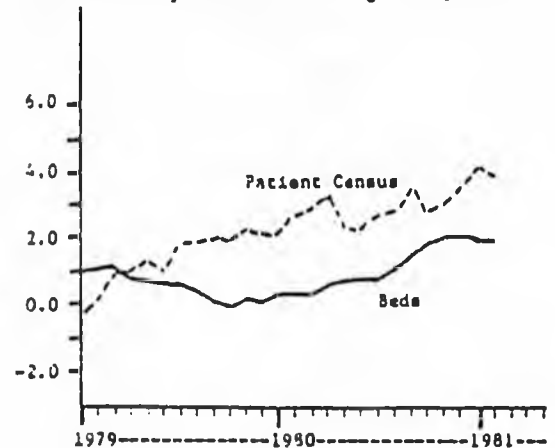
Percent Change (3-month running average)



Beds and Census

Community hospital staffed bed levels increased 2.1% between February 1980-81, which was consistent with growth during the past seven months. Staffed beds increased most rapidly (3% or more) in the census regions that had experienced the greatest increase in utilization in the most recent three-month period. Staffed bed data reflects the effect of bed construction, as well as the opening or closing of existing beds in response to actual or anticipated changes in utilization. In contrast to the trend of the past two years, the increase in staffed beds was slightly above the growth of patient census, and the occupancy rate decreased from 80.2% in February 1980 to 79.9% in February 1981.

Percent Change (3-month running average)



Selected Hospital Performance Indicators: February 1980 and 1981

	Percent change from same period, previous year			
	Month of February		Year-to-date	
	1980	1981	1979	1980
<u>Inpatient Expenses & Staffing</u>				
Inpatient expenses	18.0	16.0	15.8	17.9
Adjusted for 1980 leap year*	14.2	19.9	13.9	19.8
Inpatient expenses per admission	9.6	18.2	10.3	19.7
Inpatient expenses per inpatient day	9.6	18.1	10.4	16.6
Labor expenses	17.6	16.4	15.3	18.2
Adjusted for 1980 leap year	13.6	20.6	13.3	20.2
Payroll expenses	17.9	15.8	15.3	17.6
Adjusted for 1980 leap year	13.9	19.9	13.4	19.6
Employee benefits	15.8	20.7	15.0	21.6
Adjusted for 1980 leap year	11.8	25.0	13.0	23.7
FTE personnel	2.8	6.4	2.7	6.1
Nonlabor expenses	18.5	15.4	16.4	17.5
Adjusted for 1980 leap year	15.0	18.9	14.7	19.2
Depreciation	12.3	18.9	12.5	18.8
Interest	8.5	29.1	9.0	29.5
Supplies, services & other expenses	19.8	14.3	17.3	16.7
Adjusted for 1980 leap year	15.7	18.4	15.3	18.7
Supply expenses per admission	11.3	16.5	11.7	18.5
<u>Total (Inpatient & Outpatient) Expenses & Staffing</u>				
Total expenses	18.4	16.1	16.3	17.9
Adjusted for 1980 leap year	14.5	20.0	14.4	19.8
Labor expenses	18.0	16.6	15.8	18.2
Adjusted for 1980 leap year	13.9	20.8	13.9	20.3
Payroll expenses	18.3	15.9	15.9	17.7
Adjusted for 1980 leap year	14.2	20.0	13.9	19.7
Employee benefits	16.1	20.9	15.5	21.7
Adjusted for 1980 leap year	12.1	25.2	13.5	23.8

*Due to leap year, February 1980 was one day longer than February 1981. As a result, utilization, payroll expenses, employee benefits and supply expenses were greater than in a normal February of 28 days. Utilization and expense data have, therefore, been adjusted for this difference in the number of days in the reporting period.

Selected Hospital Performance Indicators: February 1980 and 1981

	Percent change from the same period, previous year			
	Month of February		Year-to-date	
	1980	1981	1979	1980
<u>Total (Inpatient & Outpatient)</u>				
<u>Expenses & Staffing (cont.)</u>				
Labor expenses/FTE	14.4	9.4	12.3	11.4
Adjusted for 1980 leap year	10.4	13.3	10.4	13.3
Payroll expenses/FTE	14.7	8.8	12.3	10.9
Adjusted for 1980 leap year	10.7	12.7	10.4	12.8
Employee benefits/FTE	12.6	13.4	12.0	14.7
Adjusted for 1980 leap year	8.7	17.5	10.1	16.6
FTE personnel	3.1	6.6	3.1	6.1
Full-time personnel	2.8	5.6	2.8	5.1
Part-time personnel	5.4	12.3	5.5	12.1
FTE/100 adjusted census	-1.1	4.7	-0.4	3.1
Nonlabor expenses	18.8	15.6	16.9	17.5
Adjusted for 1980 leap year	15.3	9.1	15.2	19.3
Depreciation	12.6	19.1	13.0	18.9
Interest	8.8	29.3	9.5	29.6
Supplies, services & other expenses	20.2	14.4	17.8	16.8
Adjusted for 1980 leap year	16.0	18.5	15.8	18.8
<u>Utilization</u>				
Beds	0.4	2.1	0.4	2.0
Admissions	7.6	-1.9	5.0	-1.5
Adjusted for 1980 leap year	3.9	1.6	3.3	0.1
Inpatient days	7.7	-1.8	4.8	1.1
Adjusted for 1980 leap year	4.0	1.7	3.1	2.8
Average length of stay	0.1	0.1	-0.2	2.7
Outpatient visits	14.0	-5.3	10.2	-2.7
Adjusted for 1980 leap year	10.1	-2.0	8.4	-1.0
Surgical operations	10.4	-2.1	7.3	-2.5
Adjusted for 1980 leap year	6.6	1.4	5.5	-0.9
Births	8.0	-1.7	3.8	0.3
Adjusted for 1980 leap year	4.3	1.8	2.1	2.1
Occupancy rate*	80.2	79.9	79.4	80.0

*Data reflect occupancy rate (%) instead of percent change.

Selected Hospital Performance Indicators: February 1980 and 1981

	Percent change from same period, previous year			
	Month of February		Year-to-date	
	1980	1981	1979	1980
<u>Utilization (cont.)</u>				
65-and-over admissions	13.6	-1.1	10.6	2.5
Adjusted for 1980 leap year	9.7	2.5	8.7	4.2
65-and-over inpatient days	12.5	-0.3	9.4	5.0
Adjusted for 1980 leap year	9.6	3.3	7.6	6.8
65-and-over length of stay	-1.0	0.8	-1.1	2.4
Under-65 admissions	5.5	-2.2	3.0	-3.1
Adjusted for 1980 leap year	1.8	1.3	1.3	-1.4
Under-65 inpatient days	4.7	-2.8	2.0	-1.5
Adjusted for 1980 leap year	0.1	0.6	0.3	0.2
Under-65 length of stay	-0.7	-0.6	-1.0	1.7
<u>Hospital Market Basket</u>				
Total market basket	12.7	13.4	12.3	13.6
Labor	10.4	13.3	10.4	13.3
Nonlabor	15.5	13.5	14.7	13.9
Capital	25.0	21.8	22.3	24.0
Supplies & services	13.7	12.1	13.3	12.0
Professional fees	10.1	10.6	9.6	10.7
Insurance	11.2	10.3	12.8	10.4
Food	7.0	8.9	7.2	9.6
Fuel & utilities	28.1	18.5	27.1	18.1
Medical supplies	10.9	10.5	9.9	11.1
& pharmaceuticals				
Administrative supplies	12.5	9.8	12.3	11.6
Housekeeping, maintenance & other supplies	14.8	11.9	15.0	14.1

Source: American Hospital Association, Hospital Data Center, National Hospital Panel Survey, and Office of Public Policy Analysis (Hospital Market Basket)

To: Charlie
From: Nancy
RE: Revenue Sharing for Hospitals

There is very little information available about the needs and expenditures of hospitals(not to mention the costs of depreciation of equipment), but I had several conversations with C&RA and H&SS staff, and have collected the following info:

Soldotna Hospital receives funding through the oil interests, which may account for their profit margin

Homer and Valdez receive local support every year to offset their losses.

I have revised Dennis Dewitt's list, adding the missing facilities(attached). H&SS says the list is misleading because the info is not entirely the same from one facility to another. They also said that Providence had a \$7 million gain.

I didn't get a feel that the \$250,000 figure was gained from any valid source. Doug Griffin, C&RA, attended the meetings and said many figures were considered without any real information as to need, and that H&SS seemed reluctant to make their study on the bill because of the Governor's not supporting it. I think the figure was derived by that being the greatest amount received by any one hospital(Providence).

It seems unreasonable to me that the state give money to all hospitals regardless of size or need, and particularly to those making immense profits.

I have been toying with the idea of an equalization ratio for hospitals, such as is done with other revenue sharing areas. Such a formula would create a ratio for funding based on the tax base related to local effort.

I have asked Jack Kreinheder at House Research to run this through the computer to see if the desired results would be obtained. I know that Sitka, for instance, has low taxes and is capable of more local support--so it's hard to determine the outcome, or even the political realities of this.

Just wanted to run this past you, maybe I'm off in the wrong direction, but the system seems to be unequitable in operation since the hospitals with the least need have been getting the most money only because of the number of beds. The tiny hospitals that are so important for primary care in their areas really are in need, and the doubled funding for health facility operation seems long overdue.

BEDS	HOSPITAL	REVENUE OVER EXPENSES		DAILY SERVICE CHARGE	OCCUPANCY	LENGTH OF STAY
		(LOSS) GAIN	LOSS PER BED			
			APPROX.			
175	Alaska Hospital	(2.5 Million)		220.00	53.6	4.7
67	Bartlett (Juneau)	(-0-)	0	190.00	46.2	4.2
30	Central Peninsula Soldotna	* - 210,000	7+	195.00	56.4	3.2
14	Cordova	(120,907) - 8,836		195.00	28.5	5.1
25	Kodiak	(155,426) - 6,217		215.00	43.9	2.8
13	Petersburg	(135,000) - 10,384		190.00	21.0	3.0
33	Seward	(211,000) - 6,393		190.00	10.0	2.7
24	Sitka	(251,000) - 10,458		190.00	42.9	4.3
13	South Peninsula (Homer) *	(240,000) - 18,461		195.00	79.0	2.8
15	Valdez	* (374,438) - 24,962		210.00	13.4	2.5
17	Valley (Palmer)	(354,297) - 20,841		185.00	50.0	2.9
9-10	Wrangell	- (130,593) - 13,000		190.00	24.0	3.4
13	Norton Sound	(276,901) - 21,300		342.00	51.0	3.9
44	KETCHIKAN	185,596 + 4,218		210.00	42.4	3.7
155	FAIRBANKS	660,000 + 4,258		185.00	70	4.9
250	PROVIDENCE	1,951,652 + 7,806		210.00	80	6.03

REVENUE SHARING INFO 1980 (HEALTH)

Regulation
mandate
to account
for funds

BOROUGH SITE	HEALTH FACILITIES	HOSPITALS	HOSP. CONSTRUCTION
ANCHORAGE	\$357,000	\$425,000	\$4,900,937
JUNEAU	\$90,000	\$45,000	—
KENAI	\$8,000	\$150,000	—
KODIAK	\$63,000	\$75,000	—
NORTH SLOPE	\$28,000	—	—
SITKA	\$16,000	\$75,000	—
Cordova	\$12,000	\$75,000	—
Craig	\$4,000	—	—
Fairbanks	\$78,000	\$155,000	\$1,377,463
Galena	\$4,000	—	—
Homer	\$8,000	—	—
Ketchikan	\$20,000	\$92,000	\$262,036
King Cove	\$4,000	—	—
Klawock	\$4,000	—	—
NOME	\$8,000	\$75,000	—
Palmer	—	\$75,000	—
Pelican	\$4,000	—	—
Petersburg	\$8,000	\$75,000	—
Sand Point	\$4,000	—	—
St. Marys	\$4,000	—	—
Seldovia	\$4,000	—	—
Seward	\$72,000	\$75,000	—
Skagway	\$4,000	—	—
Unalaska	\$4,000	—	—
Ueldea	\$4,000	\$75,000	—
Wrangell	\$4,000	\$75,000	—
Yakutat	\$4,000	—	—

2nd Class City	Health Facility	Hospital	Hosp. Const.
AKIAK	\$4,000	-	-
AKOLMIUT	\$8,000	-	-
ALAKANUK	\$4,000	-	-
ALEKNAGIK	\$4,000	-	-
ALLAKA KET	\$4,000	-	-
AMBLER	\$4,000	-	-
ANLOON	\$4,000	-	-
ANIYAK	\$8,000	-	-
ATMAUTLUAK	\$4,000	-	-
BETHEL	\$50,000	-	-
BRENIB MISSION	\$4,000	-	-
BREIG Chetornuk	\$4,000	-	-
Chevak	\$4,000	-	-
Chuath Dalkuk	\$4,000	X	-
Clark's Point	\$4,000	-	-
DEERING	\$4,000	-	-
Delta Junction	\$4,000	-	-
EER	\$4,000	-	-
EKWOK	\$4,000	-	-
ELIM	\$4,000	-	-
EMMONAK	\$4,000	-	-
Fortuna ledge	\$4,000	-	-
Colovin Clinie closed	\$4,000	-	-
Holy Cross	\$4,000	-	-
Huslia	\$4,000	—	-
KASBAN	\$4,000	-	-
KOTLIK	\$4,000	-	-

	Health Facilities	Hospitals	Hosp. Const.
Koyukuk	\$4,000	•	
Kwethluk	\$4,000	•	
Lower Kalskagan	\$4,000	•	
Manokotak	\$4,000		
McGrath	\$4,000	•	
Mekoryuk	\$4,000		
Napakliak	\$4,000	•	
Napaskiak	\$4,000	•	
Newhalen	\$4,000	•	
New Smythok	\$4,000	•	
Newtok	\$4,000	•	
Nihtmute	\$4,000	•	
Noorvik	\$4,000		
Nulato	\$4,000		
Port Heiden	\$4,000		
Quinhagak	\$4,000	•	
Russian Mission	\$4,000		
Saint Michael	\$4,000	•	
Seammon Bay	\$4,000		
Shaktolik	\$4,000	•	
Sheldon Point	\$4,000	•	
Shungnak	\$4,000		
Stebbins	\$4,000	•	
Teller	\$4,000	•	
Togiak	\$4,000		
Toksook Bay	\$4,000		
Tuluksook	\$4,000	•	

LEVEL I CLINICS
54 - NO ELECTRICITY
33 - NO WATER

Health facilities
Hospitals
disp. Cent.

WARRENT	\$4,000
WARREN	\$4,000
WALTER	\$4,000
Hydaburg	\$4,000

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 (907) 586-1790
REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

President
Sister Barbara Haase
Ketchikan General Hospital
Ketchikan

President-Elect
Tom Mingen
Fairbanks Memorial Hospital
Fairbanks

May 25, 1981

Secretary/Treasurer
Ron Pavellas
Alaska Hospital & Medical
Center
Anchorage

Immediate Past President
Al Cimmosco
Providence Hospital
Anchorage

Executive Director
Dennis L. DeWitt
Juneau

The Honorable Charles Parr
Alaska State Senate
Pouch V, State Capitol Building
Juneau, Alaska 99811

Dear Senator Parr:

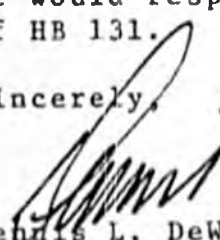
The Alaska State Hospital Association wishes to indicate our strong support for HB 131. It is our highest legislative priority for 1981.

It is unfortunate that health facility revenue sharing was passed over last year when other forms of revenue sharing were increased. As a result, many health facilities which were in difficult financial situations are in desperate shape this year. We believe HB 131 would prudently assist health facilities in Alaska and by its design, would offer greatest assistance to those most often in need of such assistance.

I have enclosed a copy of our testimony, a copy of "Trends", a summary sheet indicating the financial and occupancy status of several hospitals and a summary which shows how and where the increases would occur.

We would respectfully request your favorable consideration of HB 131.

Sincerely,



Dennis L. DeWitt
Executive Director

DLD/b

cc: E. J. Haugen, Alaska State Representative

Enclosures

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

Marie Matsuno
Deputy Commissioner

March 24, 1981

Palmer McCarter *PM*
Director

Department Position on
HB 131

BY: Doug Griffin *DG*
Local Government Specialist

The Division of Local Government Assistance recommends that the Department voice no serious objection to HB 131. We feel the legislation will produce some worthwhile effects. There is a particular need to increase assistance to small and medium sized hospitals and HB 131, for the most part, meets the objective of directing more assistance to those facilities with the greatest needs. The division of responsibility between the State and municipal governments in the area of health care has never been clearly defined. The State should, therefore, insure adequate funding for hospitals and clinics. The Department does oppose subsidizing larger hospitals at a higher level and, therefore, opposes the amendment made on line 11 of the bill doubling the "per bed" option of the formula. Large hospitals in this state are generally financially secure and do not need the level of subsidy required by smaller facilities.

This division would also like to strongly recommend HB 131 be amended to transfer the responsibility for hospital and health facility assistance to the Department of Health and Social Services. This would require amending the State Revenue Sharing program, where hospital and health facility assistance is now located, and transferring part of the responsibility of this program to DH&SS. We feel that DH&SS, with its expertise in the health care field, could better determine if State programs relating to hospitals and health care are meeting the needs of Alaskans for these services.

In summary we feel the Department should support legislation that targets assistance to small and medium size hospitals. It is important to increase the State Revenue Sharing appropriation as shown in the Department's fiscal note. If additional funding is not added, funding for other areas of service will be reduced in order to pay for the increases in hospital and health facility funding.

DG:rm

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB NO. 131
 Title An Act relating to state aid for health facilities and hospitals
 Requested by Haugen Date March 5, 1981, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
 Program Category Affected Development
 BRU, Program, or Subprogram(s) Affected Community Assistance Grants
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	3,705.6	4,076.2	4,483.8	4,932.2	5,425.4	5,967.9
TOTAL	3,705.6	4,076.2	4,483.8	4,932.2	5,425.4	5,967.9

FUNDING (Thousands of Dollars)

GENERAL FUND	3,705.6	4,076.2	4,483.8	4,932.2	5,425.4	5,967.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

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

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

\$3,705,648 additional funding would be required to fund HB 131 in FY 81. A 10 percent increase per year was assumed for funding the next five fiscal years.

IV. DATE March 5, 1981 PREPARED BY Netta Crago
 AGENCY Community and Regional Affairs
 PHONE 465-4733
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

COLUMN WRITE

	1	2	3	4	5
	Hospitals 2000/bed	Hosp. 25000/yr w/10 or more beds.	Hosp 50,000/yr. w/less than 10 beds.	Health-Inc. 2,000/bed	Health Inc. 8,000/loc.
1	Borough				
2	Anchorage	350000		650000	64000
3	Juneau		250000	180000	
4	Kenai Peninsula		500000		
5	Kodiak Island			54000	72000
6	North Slope				56000
7					
8	Cities				
9	Condova		250000		24000
10	Craig				8000
11	Fairbanks	310000		132000	24000
12	Galena				8000
13	Homer				16000
14	Hudakurg				8000
15	Kenai				16000
16	Ketchikan		250000		
17	King Cove				8000
18	Klawock				8000
19	Nome		250000		16000
20	Palmer		250000		
21	Pelican				8000
22	Petersburg		250000		16000
23	Sand Point				8000
24	Saint Mary				8000
25	Seldovia				8000
26	Seward		250000	128000	16000
27	Sitka				2000
28	Unalaska				8000
29	Valdez		250000		8000
30	Wasilla		250000		8000
31	Yakutat				8000
32	Yukon-Charley			98000	8000
33	57 x 8,000				456000
34					
35	Total	1162000	2750000	1242000	876000
36					
37	6,048,000				
38	COLA 663,297				
39	6,711,297				
40	3,005,647	Current Funding			
	3,705,648				

	1	2	3	4	5	6	
	Health Facilities	Hospitals	Hospital Instruction	Public Roads	Ice Roads	COLA	
1	Nuigout	N/A					
2	Old Harbor	N/A	N/A	11125	N/A	250	
3	Ouzinkie	N/A					
4	Pilot Station	N/A	N/A	500	N/A	1712	
5	Platinum	N/A					
6	Point Hope	N/A					
7	Port Alexander	N/A					
8	Port Heiden	4000	N/A	N/A	66500	N/A	19541
9	Port Lions	N/A	N/A	N/A	6100	N/A	466
10	Quinhagak	4000	N/A	N/A	3125	N/A	1070
11	Ruby	N/A					
12	Russian Mission	4000	N/A	N/A	N/A	N/A	1370
13	Saint Michael	4000	N/A	N/A	N/A	N/A	1571
14	Saint Paul	N/A	N/A	N/A	93750	N/A	27555
15	Savoonga	N/A					
16	Sayman	N/A	N/A	N/A	7250	N/A	N/A
17	Scammon Bay	4000	N/A	N/A	3125	N/A	1070
18	Selawik	N/A					
19	Shareluk	N/A					
20	Shattoslik	4000	N/A	N/A	8750	27000	15544
21	Sheldon Point	4000	N/A	N/A	N/A	N/A	1370
22	Shishmaref	N/A					
23	Shungnak	4000	N/A	N/A	N/A	N/A	1571
24	Stebbins	4000	N/A	N/A	N/A	N/A	1571
25	Tarana	N/A	N/A	N/A	73375	N/A	28822
26	Teller	4000	N/A	N/A	6025	N/A	4213
27	Terakee Spring	N/A	N/A	N/A	5000	N/A	188
28	Togalak	4000	N/A	N/A	12500	N/A	4847
29	Totook Bay	4000	N/A	N/A	N/A	N/A	1370
30	Tuluksoak	4000	N/A	N/A	23750	N/A	7501
31	Turunak	N/A					
32	Unalakleet	4000	N/A	N/A	23150	N/A	10625
33	Upper Valstog	N/A	N/A	N/A	3750	2250	2357
34	Wainwright	N/A					
35	Wales	N/A					
36	Wasilla	4000	N/A	N/A	112400	N/A	4365
37	White Mountain	N/A					
38	Whitter	4000	N/A	N/A	26250	N/A	4801
39							
40	Second Class Total	278000	N/A	N/A	960775	325275	467709

COLUMN - WRITE

	1	2	3	4	5	6
	Health Facilities	Hospitals	Hospital Construction	Public Roads	Sp Roads	COLA
1	Enough TOTAL	554,000	800,000	490,037	243,542	N/A
2	First Class total	270,000	728,000	1,647,291	1,075,325	15,510
3	Second Class total	278,000	N/A	N/A	960,725	325,925
4						
5	Total	1,102,000	1,572,000	6,548,228	4,471,575	341,385
6						
7						
8						
9	Total Health Fac.	1,102,000				
10	" Hospitals	1,572,000				
11	" Hosp. Const.	6,548,228				
12	" Public Roads	4,471,575				
13	" Spc Roads	341,385				
14	" COLA	1,117,920				
15						
16	Total	15,153,109				
17	VFO	7,462,000				
18	NVB	1,475,000				
19						
20	Total	16,702,785				
21						
22						
23						
24						
25						
26						
27						
28						
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36						
37						
38						
39						
40						

COLUMN - WRITE

	1	2	3	4	5	6
	Health Facilities	Hospitals	Hospital Construction	Public Roads	Ice Roads	COLA
1	Anchorage	357,000	425,000	490,000	116,580	N/A
2	Bristol Bay	N/A	N/A	N/A	11,050	N/A
3	Fairbanks North Star	N/A	N/A	N/A	185,725	N/A
4	Haines Bond	N/A				
5	Juneau	20,000	75,000	N/A	143,100	N/A
6	Kenai Peninsula	N/A	150,000	N/A	6,975	N/A
7	Ketchikan Ketchikan	N/A				
8	Kodiak Kodiak	63,000	75,000	N/A	37,500	N/A
9	North Star	N/A	N/A	N/A	715,300	N/A
10	North Slope	28,000	N/A	N/A	129,350	N/A
11	Sitka	16,000	75,000	N/A	40,125	N/A
12						
13	Total	554,000	800,000	490,000	2,435,475	N/A
14						
15						
16	Barrow	N/A				
17	Cordova	42,000	75,000	N/A	207,500	N/A
18	Chena	1,000	N/A	N/A	11,250	N/A
19	Dillingham	N/A	N/A	N/A	17,025	N/A
20	Fairbanks	78,000	155,000	138,525	218,000	N/A
21	Galena	4,000	N/A	N/A	13,750	N/A
22	Haines	N/A	N/A	N/A	26,100	N/A
23	Homer	8,000	N/A	N/A	26,575	N/A
24	Noorah	N/A	N/A	N/A	10,000	N/A
25	Hydaburg	4,000	N/A	N/A	7,225	N/A
26	Kaktovik	N/A	N/A	N/A	12,325	N/A
27	Kenai	8,000	N/A	N/A	112,800	N/A
28	Ketchikan	20,000	92,000	262,230	41,500	N/A
29	King Cove	4,000	N/A	N/A	N/A	N/A
30	Klawock	4,000	N/A	N/A	4,225	N/A
31	Kodiak	N/A	N/A	N/A	36,700	N/A
32	Kenai	N/A	N/A	N/A	28,300	N/A
33	Nome	8,000	75,000	N/A	33,625	AS
34	North Pole	N/A	N/A	N/A	26,000	N/A
35	Palmer	N/A	75,000	N/A	48,400	N/A
36	Reliance	4,000	N/A	N/A	2,750	N/A
37	Petersburg	8,000	75,000	N/A	33,700	N/A
38	Sand Point	4,000	N/A	N/A	20,950	N/A
39	Saint Mary's	4,000	N/A	N/A	17,925	15,315
40	Seldovia	4,000	N/A	N/A	16,325	N/A

COLUMN WRITE

	1	2	3	4	5	6	
	Health Facilities	Hospitals	Hospital Construction	Public Works	See Paid	COLA	
1	Seward	72000	75000	N/A	4575	N/A	14
2	Skogway	4000	N/A	N/A	23750	N/A	2
3	Soldotna	N/A	N/A	N/A	61750	N/A	4
4	Urataska	4000	N/A	N/A	96050	N/A	28
5	Valdez	4000	75000	N/A	44750	N/A	24
6	Whangell	4000	75000	N/A	17600	N/A	3
7	Yakutat	4000	N/A	N/A	8975	N/A	0
8							
9	First Class Total	290000	172000	1647200	1075325	15510	509
10							
11	Akiak	N/A					
12	Akiachak	N/A	N/A	N/A	5000	16500	7
13	Akiak	4000	N/A	N/A	N/A	N/A	1
14	Akolmiut	8000	N/A	N/A	N/A	6725	25
15	Akutana	N/A					
16	Alakanuk	4000	N/A	N/A	10000	6000	6
17	Alexmagik	4000	N/A	N/A	N/A	2250	1
18	Alakobet	4000	N/A	N/A	N/A	N/A	1
19	Amblee	4000	N/A	N/A	3050	N/A	6
20	Anaktuwuk Pass	N/A					
21	Anderson	N/A	N/A	N/A	12500	N/A	4
22	Angoon	4000	N/A	N/A	12750	N/A	6
23	Aniak	8000	N/A	N/A	20000	36000	25
24	Arvik	N/A	N/A	N/A	3750	N/A	1
25	Atmautluak	4000	N/A	N/A	N/A	23500	7
26	Bethel	50000	N/A	N/A	27125	72000	51
27	Brewer's Mission	4000	N/A	N/A	N/A	N/A	1
28	Buckland	N/A					
29	Cheyenne	4000	N/A	N/A	N/A	N/A	1
30	Chituk	4000	N/A	N/A	1250	N/A	1
31	Chuathbaluk	4000	N/A	N/A	10000	9000	7
32	Clark's Point	4000	N/A	N/A	N/A	N/A	1
33	Deering	4000	N/A	N/A	N/A	N/A	1
34	Delta Junction	4000	N/A	N/A	27300	N/A	4
35	Diomedes	N/A					
36	Eagle	N/A	N/A	N/A	5000	N/A	1
37	Eek	4000	N/A	N/A	N/A	N/A	1
38	Ekuok	4000	N/A	N/A	N/A	N/A	1
39	Elim	4000	N/A	N/A	N/A	N/A	1
40	Emmenak	4000	N/A	N/A	N/A	N/A	1