

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 8672

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HB 19 - HB 36

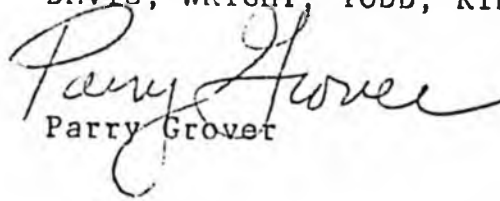
22

The Honorable Robert L. Smith
February 23, 1983
Page 5

Providence and Humana applications in rendering your final
decision regarding the Lake Otis Clinic certificate of need.
Thank you.

Very truly yours,

DAVIS, WRIGHT, TODD, RIESE & JONES


Parry Grovet

PEG:lt
Attachments
cc: Lake Otis Clinic, Inc.
Peter Partnow, Esq.
0297G

B
2/24/83

SUNDAY
FINAL

The Anchorage Times

26 pgs.

5000

SUNDAY, FEBRUARY 16, 1988

501

Committee approves hospital plans

by Cary Virtue
Times Writer

A "hesitant" health committee voted 12 times — and did some flip-flopping — but decided Saturday that both Providence and Humana Alaska hospitals should be allowed to expand.

It will now be up to other review commissions, and ultimately the state health commissioner, to make the tough decision on which gets to expand, and by how much, by April 4.

The 13-member joint subcommittee of the state Health Systems

Agency and the Anchorage Municipal Health Commission met for 10 hours at the Municipal Assembly Building before making the final decision. The vote was 8-5 in favor of the two hospitals' expansion requests.

But immediately after the favorable vote, the committee debated whether to overturn that decision. After three more votes, and almost two hours of discussion, the committee decided to stick with its original expansion approval.

The committee's next review

hearing, which was to be held Saturday, has been canceled.

Committee chairman Pete Gallagher said the committee was "hesitant" about making up its mind. And, commissioner Don Bantz said the committee was "shirking its responsibility" by approving both proposals.

But a majority of the committee members disagreed, basing their approval vote on three major assumptions:

- An "instinctive" and "gut" feeling that adopted city and state tables showing a total need of 616

beds for 1995 was too low. It took three votes to decide that Anchorage may need 630 beds, with an error of plus or minus 100 beds.

- Dr. Mike Bierne's proposed 125-bed Lake Otis hospital expansion project, which already has a certificate of need to expand, won't be built. Bierne's project has been tied up in a lawsuit involving Lake Otis and Providence Hospital since 1977.

- That neither Providence or Humana would open new beds or hire additional staff and equipment for either expansion projects un-

less the need developed.

Humana wants to spend \$21.5 million to create 93 new beds (for a total of 292) by building a 71,315 square-foot, five-story hospital tower by 1985.

Providence proposes spending \$97 million to increase its bed capacity from 250 licensed beds to 410 beds. The project involves remodeling about 84,000 square feet, and building a five-story, 186,000-square-foot hospital tower by 1990.

Voting in favor of both expansions were commissioners Margie See Hospitals, page A-4

Exhibit A

Callison, and Larry Korn.

"We recognize the need for two strong hospitals in the community and the need for additional beds," Wolfe said. She said she did not believe the two hospital would staff the new expansion unless there was a need.

Also, Wolfe said she suggested

thought the committee's approval of both projects was "fine."

"But I'm not going to hold my breath because we ave three more hurdles," Pavelias said.

Other hearings are scheduled for:

- Feb. 23: Both hospital expansions will be presented before the full Municipal Health Commission starting at 5:30 p.m., at the sixth floor conference room of the Hill Building, 632 W. Sixth Ave.

- March 5: Recommendation by full board of Health Systems Agency following a 9 a.m. hearing at the Municipal Assembly Chambers, 3500 E. Tudor Road.

Anchorage Health Systems Plan (1982-84)

TABLE 4.42
PROJECTED ACUTE CARE BED NEED
FOR ANCHORAGE, 1985 - 2000

	1985	1990	1995	2000
Civilian Non-Native Population	188,668	201,779	225,364	262,724
◦ Women 14-44 (27%)	50,940	54,480	60,848	70,935
◦ 13 yrs & Under (25.1%)	47,355	50,646	56,566	65,943
◦ 14 & Over (74.9%)	141,312	151,132	168,797	196,780
Medical/Surgical				
◦ Anch Use Rate 491/1000				
◦ Anch Use 76.2%				
◦ Occupancy 85%				
◦ Beds Needed	294	314	351	409
◦ Licensed Beds Existing	290			
Pediatrics				
◦ Anch Use Rate 134/1000				
◦ Anch Use 78.2%				
◦ Occupancy 65%				
◦ Beds Needed	35	37	41	48
◦ Licensed Beds Existing	32			
Obstetrics				
◦ Anch Use Rate 266/1000				
◦ Anch Use 90.1%				
◦ Occupancy 75%				
◦ Beds Needed	47	50	56	66
◦ Licensed Beds Existing	41			
Psychiatrics				
◦ Anch Use Rate 24/1000				
◦ Anch Use 83.1%				
◦ Occupancy 85%				
◦ Beds Needed	13	14	16	19
◦ Licensed Beds Existing	15			
Subtotal Beds Needed**:	389	415	464	542
◦ Plus Thermal (50%) (11 existing)	10	11	12	14
◦ Plus ICU/CCU (60%) (38 existing)	44	46	52	50
◦ Plus CPU (75%) (22 existing)	37	39	44	51
TOTAL BEDS NEEDED	480	511	572	667
◦ Licensed Beds Existing	449			
◦ Bed's C/N'd, not built	125			

Exhibit B

Health Systems Plan 1982-1986

7. Summary of Anchorage Community Hospital Bed Need

The table below summarizes the high and low estimates of civilian non-Native acute care need for Anchorage for 1985 and 1990.

TABLE VIII-54

Range of Projected Acute Care Bed Need
Anchorage, 1985-1990

Type	Licensed	1985		1990	
		Low	High	Low	High
Medical/Surgical	290	247	294	281	314
ICU/CCU	38	39	46	44	49
PCU	22	30	36	31	38
Pediatric	32	29	35	33	37
Obstetric	41	40	47	45	50
Psychiatric	15	12	13	13	14
Thermal	11	9	10	10	10
TOTAL	449*	406 [#]	481 [#]	460 [#]	513 [#]

* Lake Otis Hospital, Inc. holds Certificate of Need for 125 additional beds. [#]Also neonatal intensive care: 1985 - 30 beds, 1990 - 36 beds (20 available).

The chart below indicates the year by which additional beds will have to be in place by service. Since projections were estimated using 1985 and 1990 as benchmarks, in some cases beds would be needed earlier.

TABLE VIII-35

Estimated Year by Which Anchorage Will Need
Additional Beds[Ⓢ], By Type

	1985		1990	
	Low	High	Low	High
Medical/Surgical	*	*		*
ICU/CCU	*	*	*	*
PCU	*	*	*	*
Pediatric		*	*	*
Obstetric		*	*	*
Neonatal Intensive Care		*		*

[Ⓢ] Depending on low versus high range population estimates

D. Summary Statistics as Compared to National Guidelines for General Acute Care Beds

In response to the rising costs of hospital care, the Federal government adopted a set of resource standards in 1978 called "National Guidelines for Health Planning", most of which relate to inpatient acute care facilities.

Exhibit C

Municipality of Anchorage

MEMORANDUM

DATE: September 15, 1977
 TO: South Central Health Planning and Development, Inc.
 FROM: Municipal Health Commission
 SUBJECT: Revised Acute Care Hospital Bed Need Projections

The Municipality of Anchorage is currently experiencing what is termed as an "overbedding" situation for acute care. This situation arose from the following:

- (a) Simultaneous completion of two construction projects for new hospital beds;
- (b) Exceeding of approved number of beds (according to the State facilities plan) in construction of one new facility;
- (c) Impacts of peer review which is keeping down the average length of inpatient stays;
- (d) Availability of beds in outlying areas which draws away potential patients from Anchorage.

At present, neither civilian non-native hospital is operating with all beds opened and staffed. Both facilities are experiencing major difficulties in recruiting and hiring nursing personnel. After one year of overbedding, the bed need situation has stabilized as follows:

Utilization Rate = 600 inpatient days/1,000 population
 Average Length of Stay = 4.8 days

Bed need projections for the civilian non-native population for 1977 through 1985 are as follows:

	<u>Total Available Beds</u>	<u>Licensed Beds</u>	<u>Open Beds</u>	<u>Occupancy Rates (Open Beds)</u>
Alaska Hospital	202	154	132	73%
Providence Hospital	<u>250</u> (268)	<u>250</u>	<u>232</u>	<u>74%</u>
	452 (470)	404	354	73.8%

Exhibit R-55

17
9-29-77

Bed Need Projections:

<u>Year</u>	<u>Civilian Non-Native Population</u>	<u>Occupancy Rate</u>	<u>Number of Beds</u>
1977	156,825	85%	303
1982	208,728	85%	403
1985	255,524	85%	494
1989	298,116	85%	577

Additionally, with 577 beds in 1978, the following would occur at 600 inpatient days per 1,000 population.

<u>Year</u>	<u>Civilian Non-Native Population</u>	<u>Occupancy Rate</u>	<u>Number of of Beds</u>
1978	170,893	48%	577

By 1982, unless the utilization dramatically increases or the average length of stay increases, we will achieve less than 75% occupancy with existing beds, using 452 beds as baseline (with 470, occupancy would be at 72%). The consequences of not reaching 85% occupancy for "overbedding" are as follows:

- (a) high room rates to offset costs of plant maintenance;
- (b) incentive for non-necessary hospitalization and increased length of stay;
- (c) higher tax support for subsidized patients;
- (d) dis-incentive for use of low cost and outpatient alternatives to hospital care (i.e., outpatient surgery).

The addition of 125 acute beds to an already "overbedded" market will serve to exaggerate the present cost increases and inappropriate use of inpatient beds. The Municipal Health Commission, and its predecessor, the Anchorage Health Planning Council, has gone on record as opposing additional acute bed construction for reasons of cost effectiveness. This position is supported by the South Central Health Systems Agency which has endorsed a policy of non-approval of beds exceeding four per 1,000 total population. Present statistics (including Elmendorf and A.N.S. hospitals) shows 4.6 beds per 1,000 population in 1977 existing in Anchorage. The number of acceptable beds per 1,000 population will decrease to three per 1,000 population by 1985, according to the areawide health systems plan.

There is some cross utilization of civilian non-native facilities by the native and military population.

The total native population in Anchorage is stabilized at 4%. At that figure (6,273 in 1977), utilizing the Alaska Native Medical Center utilization rate (1,400 inpatient/1,000), total anticipated native inpatient days in 1977 would equal 8,680. ANMC has 170 beds with a potential number of inpatient days of 62,050.

The military hospital has 200 beds with a total number of potential inpatient days of 73,000. There are 27,242 military and dependents. Using the Elmendorf utilization rate of 1,100/1,000 population, the total number of inpatient days which would be generated by our local military and dependent population is 29,920.

There is some utilization of Anchorage civilian non-native hospitals by non-Anchorage residents. The primary use appears to be in the categories of sophisticated tertiary care, not available in smaller communities. The construction of additional small facilities in outlying regions will decrease the use of Anchorage facilities for other levels of care not requiring high levels of technology. Patient origin studies which are available, combined with new construction and utilization trends, indicate a probable use of a maximum of 5% of the available inpatient beds by non-Anchorage residents.

Finally, there is still significant use of facilities outside Alaska by Anchorage residents for certain types of specialized care. While this utilization may be more related to tradition than need, it is a factor which serves to reduce utilization of Anchorage facilities.

The following motion was carried unanimously by the Municipal Health Commission at a special meeting held September 14, 1977:

THE MUNICIPAL HEALTH COMMISSION RECOMMENDS TO THE REGIONAL HEALTH SYSTEMS AGENCY, MAYOR SULLIVAN, AND THE MUNICIPAL ASSEMBLY THAT THERE BE A MORATORIUM ON THE CONSTRUCTION OF CIVILIAN NON-NATIVE ACUTE CARE HOSPITAL BEDS WITHIN THE MUNICIPALITY OF ANCHORAGE FOR A 5 YEAR PERIOD OR UNTIL CIVILIAN POPULATION REACHES 270,000, WHICHEVER IS SOONER.

South Central Health Planning and Development, Inc.

1135 West Eighth Avenue Suite 1 Anchorage, Alaska 99501

(907) 278-3631



cc Surtick
P

M E M O R A N D U M

To: SCHPD Board of Directors and Interested Others

From: SCHPD Staff

Subject: Information Update #19

Date: September 23, 1977

P. 3 →

I. The major conference planned for Unalaska in early November is beginning to take shape. The first day will deal mostly with fisheries related issues and other economic and resource problems. The second day will address the social, health, education and physical needs of the Aleutian/Pribilof region (water, police, fire, etc.) It is anticipated that about 100 people will attend the conference, about 45 of whom will be State and Federal officials. The lack of hotel facilities in Unalaska will allow participants to "discover" Alaska via the good offices of the high school gymnasium and their own sleeping bags. Coordinator for the conference is Hillary Hilscher, at the Aleutian/Pribilof Island Association. South Central Health Planning and Development, Inc. has been given responsibility for conducting the health portion of the second day's proceedings.

II. Update welcomes Dr. Tom Neiswander back to Alaska after several years outside. Dr. Neiswander was the first Alaska Coordinator for the National Health Service Corporation; he was instrumental in establishing the clinic operations at Yakutat, Galena, and Unalaska. He is currently in charge of outpatient services at Alaska Native Medical Center, in Anchorage.

III...Speaking of which, Cook Inlet Association has unveiled plans to assume responsibility for a large portion of the outpatient services at ANMC. They came into a \$600,000 windfall, and seem to have struck an accord with the IHS on the matter.

IV...Speaking of which, Update congratulates Mr. Jake Lestenkoff on his new job with Cook Inlet Native Association as Executive Assistant. Jake is a Pribilof Islander, recently involved with APIA in planning the Unalaska Conference. Jake reports that he will continue to have some involvement with that effort, while he assumes his new duties.

V...Speaking of which, Update congratulates Mr. Dan Hertsgaard on his

Exhibit R-56

page 2 - 11-11-76
new job with Aleutian, Pribilof Island Association as their Health Department Director.

VI. Update welcomes Mr. Bob Ogden back as Administrator of Valley Hospital in Palmer. Bob tried Utah for a while, but couldn't stay away from Alaska.

VII. Robert Clark, Director of Bristol Bay Area Health Corporation and a member of the SCHPD, Inc. Board, reports he still has need for workers in the Dillingham area. He needs a controller, a planner, and a village coordinator.

VIII. The Bristol Bay Area Health Corporation Board of Directors at their recent meeting passed several resolutions:

-for more housing in the area, the lack of which is hindering recruitment of qualified health and regional corporation personnel.
-opposing RCA Alaska's proposed 87% rate hike.
-asking the legislature and the Governor to provide funds for EMS services at least to the level provided in FY 1976 as a minimum.
-asking Rural Cap to reassign an alcoholism counselor to 32 villages of Bristol Bay.
-asking IHS cooperation in providing needed data in the development of Tribal-Specific Plans that are now required.
-supporting Representative Anderson's bill which would increase Community Health Aide salaries.
-supporting a bill that would widen, lengthen and improve the lights on airplane landing strips, in the interest of improving EMS capabilities of rural Alaskan airports.

IX. South Central Health Planning and Development, Inc. held it's regular meeting September 16 and 17 in Anchorage, with the following major results:

The Board approved the Health Systems Plan (HSP) as amended, including most of the 151 separate suggestions for changes and additions. The Plan now goes to the State Health Planning and Development Agency (SHIPDA) for their review.

Dr. Dave Johnson, Regional Health Officer for DHEW, Region X, spoke at some length with Board members regarding the regulatory role of HSAs.

The Annual Report of SCHPD, Inc. was discussed in it's draft format, and the Executive Committee will approve the final report in about two weeks, allowing for further input by Board members.

Two persons from Yukon-Kuskokwim subarea have been voted to fill vacancies on the SCHPD, Inc. Board. They are: Pat Shea, a provider from Bethel, and Peter Black, a consumer from Alakanuk.

Three persons from the Anchorage subarea have been elected to fill vacancies on the SCHPD, Inc. Board. They are: Gari Andreini, a provider, and Jerry Ward and Elizabeth Jacks, both Consumers.

The SCHPD, Inc. Board voted to approve meetings between the SCHPD nominating Committee and the Anchorage Subarea Advisory Councils, Operations Committee for purposes of discussing common goals and problems.

Diddy Hitchins, of the SCHPD, Inc. Board, has been named Coordinator of Social Services Planning to the Capitol Site Planning Commission.

The following motion was approved by the SCHPD, Inc. Board of Directors: "Based upon statistical demonstration of the lack of clear and evident need as supported by the SCHPD, Inc. Health Systems Plan, the Health Systems Agency shall publicize it's Plan contents with emphasis on the need for no additional civilian non-Native acute care beds for the Municipality of Anchorage. The Health Systems Agency shall oppose the irresponsible and possibly illegal Certificate of Need for Lake Otis Hospital and publicize these two efforts to Blue Cross, the State and others who have funding authority".

- X. Mr. Jerry Madden has been retained by the Department of Policy Development and Planning in the Office of the Governor, to complete a study of housing in Alaska. The emphasis will be upon rural areas and will include concerns for environmental health. The first draft of goals and objectives will be available in mid November.
- XI. On the 4th, 5th, and 6th of October, the 25th Annual Convention of the Alaska State Hospital Association, Inc. and the 5th Annual meeting of the Alaska Hospital Research and Education Foundation, Inc. will be held in Wrangell, Alaska. The theme will be: THE SECRET TO SUCCESS IS CONSISTENCY OF PURPOSE.
- XII. Mr. Roy Haney, President of the Idaho HSA, will be visiting SCHPD, Inc., September 28th, to study our ways of doing business.
- XIII. Public Information and Education Council of the Municipal Health Commission has been studying the Adolescent Sexuality Conference held in May, and is presently involved in reviewing the health curriculum of the Anchorage School District.
- XIII. The Anchorage Health Service Plan is in it's final completion stages and will go to public hearing in October and November.
- XV. The Behavioral Health Advisory Council of the Municipal Health Commission, in studying the Governor's Legislative Alcoholism Package, has been meeting with members of the Legislature. Most recently they met with Senator Colletta and discussed the philosophy of the Interim Alcoholism Committee in their review of the Governor's bills. In an effort to understand how extra revenue would be utilized the Council has also invited Mr. Robert Cole, Director of the State Office on Alcoholism.
- XVI. The Human Resources Planning Division of the Municipal Planning Department has recently completed the Human Resources Study.

The study includes the results of a community needs assessment of a random sample of 500 Anchorage residents, reflecting attitudes and participation rates in relation to leisure, health and social services.

XVII. An Annual meeting of all HSA's, SHPDAs and SHCCs in Region X will be held October 19, 20, 21. The exact agenda is not known yet.

XVIII. A Rural health Seminar for staffs and board members of regional health entities is being hosted by Norton Sound Health Corporation in Nome, October 11, 12, 13.

XVIII. Hearings on National Health Insurance will be held in Anchorage October 12 and 13.

XX. There will be a meeting of the Alaska Public Health Association September 29, 7:30 p.m. on the 5th floor in the Conference Room of the old Community Hospital building at 825 L. Street, Anchorage.

XXI. The next SCHPD, Inc. Annual Board of Directors Meeting will be in Anchorage on December 2 and 3. The location will be announced at a later date.

Municipality
of
Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

MUNICIPAL HEALTH COMMISSION

December 15, 1977

Dr. Helen Beirne
Commissioner
Dept. of Health and Social Services
Pouch H-C1
Juneau, Ak 99811

Subject: Hospital Bed Construction in Anchorage

Dear Commissioner Beirne:

The Anchorage Municipal Health Commission was created by Municipal Ordinance AO 255-76 in February, 1977. The Commission is the designated subarea council for Anchorage to the regional health systems agency, South Central Health Planning and Development, Inc. The duties and function of the Commission in this capacity are to advise the HSA concerning local subarea health resource allocation, improvement in availability, accessibility, acceptability of health services, to contain costs and to promote the quality and continuity of health care.

Recently the Municipal Health Commission unanimously passed the following motion: "THAT THE MUNICIPAL HEALTH COMMISSION RECOMMEND TO THE REGIONAL HEALTH SYSTEMS AGENCY, MAYOR SULLIVAN AND THE MUNICIPAL ASSEMBLY THAT THERE BE A MORATORIUM ON THE CONSTRUCTION OF CIVILIAN, NON-NATIVE, ACUTE CARE HOSPITAL BEDS WITHIN THE MUNICIPALITY OF ANCHORAGE FOR A FIVE YEAR PERIOD, OR UNTIL THE CIVILIAN POPULATION REACHES 270,000, WHICHEVER IS SOONER".

This request was forwarded to the regional health systems agency and the Commission bed need projections were reviewed by their Board of Directors. The result of their review was approval of the following motion:

"BASED UPON STATISTICAL DEMONSTRATION OF LACK OF CLEAR AND EVIDENT NEED AS SUPPORTED BY THE SCHPD HEALTH SYSTEMS PLAN, THE HEALTH SYSTEMS AGENCY SHALL PUBLICIZE ITS PLAN CONTENTS WITH EMPHASIS ON THE NEED FOR NO ADDITIONAL CIVILIAN, NON-NATIVE ACUTE CARE BEDS FOR THE MUNICIPALITY OF ANCHORAGE. THE HEALTH SYSTEMS AGENCY SHALL OPPOSE THE IRRESPONSIBLE AND POSSIBLY ILLEGAL CERTIFICATE OF NEED FOR LAKE OTIS HOSPITAL AND PUBLICIZE THESE EFFORTS TO BLUE CROSS, THE STATE, AND OTHERS WHO HAVE FUNDING AUTHORITY."

Enclosed is a copy of the draft Anchorage Health Services Plan, and excerpts from the South Central Health Planning and Development, Inc. Health Systems Plan, in which bed need projections are contained, and upon which these motions were based.

Exhibit R-68

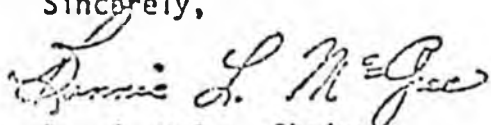
Commissioner Helen Beirne
December 15, 1977
Page 2

Blue Cross of Washington and Alaska, a major health insurance provider in Alaska, has stated that they support the health systems agency and Commission's position concerning a moratorium on construction of hospital beds. A copy of their letter is also enclosed.

At this time I respectfully request that the State of Alaska accept the recommendations of the Anchorage subarea council and regional health systems agency on this matter and incorporate these conclusions into the State Facilities Plan as soon as possible.

If you have any questions, please contact Horeen Pedrick, Manager, Human Resources Planning Division, telephone number 264-4261.

Sincerely,



Bonnie McGee, Chairman
Municipal Health Commission

cc: D. Sharon Osborne
Office of Planning and Research

Lowell Schwartz
Office of Planning and Research

Ron Hammett
South Central Health Planning and Development, Inc.

PROVIDENCE
HOSPITAL

3200 PROVIDENCE DRIVE - POUCH 6604
ANCHORAGE, ALASKA 99502
PHONE: (907) 276-4511



SISTERS OF
PROVIDENCE

SERVING IN THE WEST SINCE 1856

March 4, 1983

The Honorable Mae Tischer
House of Representatives
Pouch V
Juneau, Alaska 99811

MT

Dear Representative Tischer:

Thank you for taking the time to meet with us on our recent visit to Juneau. I know how pressing your time is, with constituent requests, keeping pace with legislation and going to committee meetings. The time you gave us was appreciated.

We hope the information we discussed regarding the certificate of need repeal was informative for you, and that with an amendment, also repealing the construction revenue sharing monies (Title 29.90.010-030), and consideration for passing HB 112 or a like bill in the Senate, that the concerns you may have had are now answered. Should you have any further questions, please feel free to contact us at any time.

Al Camosso, administrator, and I want to assure you that should you need any resource material regarding health care information, we will do everything we can to provide it for you.

Sincerely,

Christopher Beardsley
Director of Public Relations
& Governmental Affairs

*P.S. Notice you
passed bill out
of committee with
a "do pass." Great!*

Alaska State Legislature

Representative Mae Tischer
District 11
3305 Oregon Drive
Anchorage, Alaska 99503



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3759

House of Representatives
MAE TISCHER

*Mae Tischer
H655*

March 19, 1983

George S. Rhyneer, M.D.
3300 Providence Drive
Anchorage, Alaska 99504

Dear Dr. Rhyneer,

Thank you for your March 16, 1983 letter regarding the Certificate of Need law. I too support the repeal of the Certificate of Need process.

House Bill 39, which repeals the Certificate of Need law, was passed out of the Health, Education and Social Services Committee, which I co-chair, with my affirmative vote. The bill now rests in Finance Committee.

Sincerely,

Mae Tischer
Rep. Mae Tischer
District 11

MT/dp

3300 PROVIDENCE DRIVE
ANCHORAGE, ALASKA 99504

Hess
Dunn

Cardiology

James A. Baldauf M.D.
George S. Rhyneer M.D.
Leo B. Bustad M.D.

Telephone
(907) 279-8577

Internal Medicine
Gilbert P. Blankinship M.D.

March 16, 1983

Representative Mae Tischer
Pouch V
Juneau, Alaska 99811

Dear Representative Tischer:

I am writing this letter to encourage you to repeal the present "Certificate of Need law" which requires multilayered local and Department of Health and Social Service review of all health facilities which anticipate expansions costing more than \$150,000 and the development of new services costing any amount.

This law was joisted upon Alaska and many other states under the guise of "cost saving" and "planning." There were financial inducements for states to develop these laws.

The Certificate of Need law requires that applications for new services and expenditures for expansion of health facilities be reviewed by quasigovernmental boards made up of consumers and "providers" organized into health systems agencies. The State of Alaska has three health systems agencies. I sit as a board member on the South Central Alaska HSA (South Central Health Planning and Development, Inc.).

After participating in this review process, I have observed that the Certificate of Need law requirements are neither planning nor cost saving. A sizeable fraction of my fellow board members agree.

In support of the Certificate of Need law, some national health planners and federal government agencies claim that the Certificate of Need legislation has prevented unnecessary duplication of services in some parts of the country. This may or may not be true in New York City, Los Angeles and Philadelphia; but the law certainly prevented the early distribution of CAT scanners in many communities, thus dooming some of its citizens in those areas to unnecessary operations, dangerous alternative tests and misery, possibly death. Thus, is the history and potential of this law.

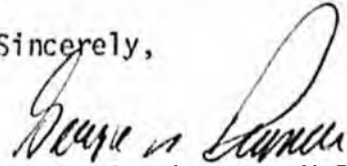
Page Two
March 16, 1983

As to cost savings - evidence for this is difficult to find elsewhere, and cannot be demonstrated in Alaska at all. In fact, we have been trying to improve services and availability of medical care in Alaska, only to have a law eat into our limited financial resources by requiring publication of expensive application documents, many which have cost thousands of dollars - dollars which small communities like Glennallen, Palmer, Kodiak, Valdez and Cordova do not spend foolishly. Even the larger communities must put up with unnecessary expenses and maddening delays due to the review process.

Finally, the law has nothing to do with health planning at all; in fact, it is the antithesis of planning. If you check with the health workers in your community, you will find that it is the local professionals who have done the planning. When a community has required new or improved facilities, it has been a community need, recognized by all, and planned by the appropriate hospital service boards with community business and leader support that has generated the plan for community health. After these professionals have spent hundreds or thousands of hours and thousands of dollars planning, applications are reviewed by amateurs for several hours at most.

Talk with your own physician, hospital administrator, community hospital board member or civic leaders. Please work to eliminate this harmful law by supporting House Bill 19.

Sincerely,



George S. Rhyneer, M.D.



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

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Ronald A. Pavellas
Humana Hospital Alaska
Anchorage

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Sitka Community Hospital
Sitka

Immediate Past Chairman
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Providence Hospital
Anchorage

Alternate Delegate to the
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Michael Lockwood
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Delegate to the American
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Jack Buck
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Wrangell General Hospital
Wrangell

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of Western Hospitals
Michael Herring
South Peninsula Hospital
Homer

Alternate Delegate to the
Association of Western
Hospitals
Daniel Van Wieringen
Kodiak Island Hospital
Kodiak

Trustee Delegate to the
American Hospital Assoc.
Moe Kadish
Trustee, Providence
Hospital
Anchorage

Alternate Trustee Delegate
to American Hospital
Association
Robert Jensen
Central Peninsula Hospital
Soldotna

Physician Member of
the Board
Keith Brownsberger, M.D.
Anchorage

President
Dennis L. DeWitt
Juneau

Alaska State Hospital Association

Position Paper

Certificate of Need Repeal

The Certificate of Need program in Alaska (AS.07) should be repealed. It is both inequitable and unnecessary. Its basic presumption is that the Department of Health and Social Services can make better decisions for hospitals and nursing homes than can the facilities themselves.

Basic Issues

1. Equity

- While controlling non-state construction of skilled nursing facilities (SNF's) and intermediate care facilities (ICF's), the program exempts these beds constructed in Pioneers' Homes. Thus any determination of need based on the current program is flawed because forces external to the program can and have - in Anchorage, Juneau, and Ketchikan - altered the factual situation.

- Alaska Native Health Service and the Armed Forces facilities are also exempt from coverage. Their activities have a direct bearing on many other facilities in terms of both service area and referrals.

- Physician office construction and equipment purchase are also exempt.

The inequities are clearly illustrated in the Anchorage area: Providence Hospital, Humana Hospital, Nakoyia Health Care Center, Hope Cottages and the Alaska Treatment Center are included in the CON program while the Alaska Native Health Service Hospital, Elmendorf AFB Hospital, the Anchorage Pioneers's Home and the Diamond Emergency Center are not included. All of these facilities share the same basic service area.

*Linda
review + return
(mark up as appropriate)*

*Foot impact
is associated by
State
Shareholder
Juneau*

2. Unnecessary

Market place economics and competition should be the determinant of capital expansion for health facilities. In Anchorage, the Municipal Health Commission as well as open board meetings provide the public input into a facility's planning process. In smaller communities the city council or borough assembly who own the facility provide the public input opportunity.

Alaska is a developing state of many isolated regions without any appeal for duplication of services or need to limit access to health care, which is the basic intent of the CON program.

3. Conformity

42 USC 300 m-(d) requires that states conform to the federal program or face a reduction of specified public health service funds.

- Conformity is not achievable without the inclusion of the Pioneers' Homes.

- There are 30 states, including New York and California as well as Alaska, which are not in conformity.

- The penalties have been deferred every year since passage. In December of 1982 they were deferred until October 1, 1983.

- The Reagan Administration is not supportive of continuing this program. Congress is working to create a state optional program without penalties. Thus the likelihood of imposition of penalties is remote at best and the across the board elimination of CON would not change Alaska's current status.

4. Other States

- Louisiana does not have a certificate of need law.

- According to the American Hospital Association, 30 states currently do not conform.

- At least seven states have termination clauses or specific sunset provisions.

5. Attachments

- Alaska State Hospital Association Policy Paper on Repeal of Certificate of Need

- Providence letter to Mayor Knowles explaining opposition to CON.

- U.S. Department of Health and Human Services letter to Dennis DeWitt discussing Alaska's non-conformity.

Position Paper
Certificate of Need Repeal
Page Three

(Attachments cont.)

- Alaska Department of Administration letter to Representative Don Clocksin discussing Pioneers' Homes exemption, conformity problem, and potential for penalties.
- 42 USC 300m--(d)
- Alaska Department of Health and Social Services letter to Representative Mike Beirne indicating lack of compliance with federal program.
- Alaska State Medical Association Resolution calling for the repeal of certificate of need.
- Alaska State Hospital Association letter to Stevens on CON repeal.
- Governor Sheffield's response to the Association letter to Senator Stevens.

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Providence Hospital
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Trustee Providence
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Alternate Trustee Delegate
to American Hospital
Association
Robert Jensen
Central Peninsula Hospital
Soldotna

Physician Member of
the Board
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Anchorage

President
Dennis L. DeWitt
Juneau

POLICY STATEMENT

CERTIFICATE OF NEED

Position: The Alaska State Hospital Association advocates the repeal of the certificate of need (CON) law, AS 18.07.

Rationale: The CON process has proven costly, wasteful, and unnecessary. The program has become excessively bureaucratic to the point that it undermines economic incentives throughout the decision-making process and so increases the cost of capital projects it takes valuable dollars from patient care. The certificate of need process also removes community control from local jurisdictions in respect to municipally-owned facilities and local advisory boards in respect to corporate ownership.

An alternative approach to state control would permit marketplace economics to control expansion and would rely on local decision-makers to make decisions for their own communities. We see a value in state government continuing its planning function with input from regional and local groups.

Note: This does not contemplate repeal of construction or licensure standards.

#1

McC Dennis Kibbitt

PROVIDENCE HOSPITAL



SISTERS OF PROVIDENCE

3200 PROVIDENCE DRIVE - POUCH 6604
ANCHORAGE, ALASKA 99502
PHONE: (907) 276-4511

SERVING IN THE WEST SINCE 1856

December 27, 1982

Mayor Tony Knowles
Municipality of Anchorage
Pouch 6-650
Anchorage, Alaska 99502

Dear Mayor Knowles:

Thank you for the opportunity on December 13 to share Providence's plans and some of our concerns with you.

One point came up during our discussion regarding Certificate of Need (CON). I would like to elaborate for you in more detail why the health care providers in Alaska oppose CON and have so strongly supported its repeal.

As you know, the CON law was passed in this and most other states as a requisite to receive Federal funds. The major impetus for the law were:

1. Excess hospital beds in many large cities, and
2. rising health care costs.

The belief was that by controlling the number of beds, capital expenditures and new services, costs would be contained. The results have been much less than desired throughout the country. The law is cumbersome, wasteful and, in fact, costly.

The lack of "success" is especially true in Alaska for some basic reasons:

1. The process which the law sets in place is cumbersome and wasteful. The institution must:
 - submit a letter of intent at least 60 days prior to an application (for no apparent reason);
 - submit an elaborate, repetitive application (most are well over 100 pages). There are 12 separate "criteria" which must be addressed in any application;
 - wait to be declared complete (minimum 20 days; several of our applications were delayed months);
 - then go through a 90-day review process--with three or four public meetings.

2. The costs of CON to the institution are enormous to prepare this cumbersome document (at least 35 copies) and submit to the minimum 110-day process. There are also the institutional costs of delaying implementation and watching the price of a piece of equipment or construction project increase several percent points with inflation.

The cost to the public is also great in the state, regional and local staff needed to coordinate the program, prepare staff analyses and hold public meetings.

3. The dollar limit for what must be reviewed has been ridiculously low--\$150,000. The federal law has allowed that limit to be raised to \$400,000 and \$600,000 although the Alaska legislature failed in its last session to raise the limits. Some states have raised the limit to \$1 million or more. To have a limit of \$150,000 or even \$600,000 when the hospital's annual operating budget is \$75,000,000 (such as Providence's) is overkill.

In just 1982 alone, Providence has prepared 6 CON applications, including two equipment replacements (for a CT Scanner and a Cath Lab), a \$250,000 computer enhancement for an x-ray machine and most absurd, a \$167,000 replacement incinerator (25 years old, replacement required by State and EPA codes!). The State did not give final approval on the incinerator until the 90th day.

4. The law itself is overkill in Alaska. Designed for areas of heavy population, excess hospital beds and competition, the law does not work for Alaska for several reasons:

- The law only covers private facilities--not public health, nor state owned (API or Pioneer Homes), nor military.

- Alaska has only one city with more than one hospital and only three private ("eligible") hospitals of over 100 beds.

5. The law is reactive to existing decision making processes. Most hospitals in the State already have local public review and approval designed in their own budget review processes. Many hospitals are owned by municipalities, and all have governing or advisory boards of local citizens. These citizens should have control of the expansion and budgetary decisions of their own institutions. Several other layers are unnecessary. Hospitals and their boards are capable of making sound financial and program decisions.

Mayor Tony Knowles
Page Three
December 27, 1982

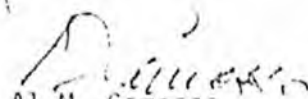
As the attached Policy Statement of the Alaska State Hospital Association (ASHA) notes, we are supportive of state and local planning for the health care needs. The process should be positive and proactive-- encouraging institutions to respond to needs in the community rather than reactive, cumbersome and negative.

We encourage the city to support the ASHA position on repealing the state CON law. Your own Municipal Health Commission is a strong local planning body which helps identify health needs and encourages solutions. It also serves to review public expenditures in health. Those roles are appropriate. It should be freed from the cumbersome CON review.

Thank you for giving me the opportunity to share our concerns with you.

Best wishes for a prosperous 1983.

Sincerely,


Al M. Camosso
Administrator

Enclosure



Region X
M/S 829 Arcade Plaza Building
1321 Second Avenue
Seattle WA 98101

June 22, 1982

Re: 10P 550016
Alaska SHPDA

Dennis L. DeWitt
President
Alaska State Hospital Association
319 Seward Street
Juneau, Alaska 99801

Dear Mr. DeWitt:

Your letter dated June 11, 1982, requested information about Region X's intentions as a result of the failure of the Alaska Legislature to pass amendments proposed to bring the State Certificate of Need program into compliance with the Federal planning law, as amended. Our course of action is quite clear. We will continue to fulfill our mandated responsibilities guided by actions and time frames specified in the law.

Under the existing provisions of Title XV of the Public Health Service Act, as amended, current law requires (in order to be fully designated) that a SHPDA must meet all requirements for full designation, including that of having a complying Certificate of Need program.

If a SHPDA is not eligible for full designation by a certain date (which for Alaska is January 19, 1983) the Department must invoke the statutory penalty of reducing most Public Health Service grants and contracts to any entity in the State by 25% the first year, 50%, 75%, and 100% over the next three years. Amendments contained in PL 97-35 extended the date by which a State must have a fully designated SHPDA to avoid imposition of the penalty. However, PL 97-35 also amended Section 1521(b)(2)(B) by specifying that a conditional designation agreement could not extend beyond a State's penalty date.

Fully designated SHPDAs (such as Alaska) which do not have complying CON programs but continue to meet other requirements, will be returned to conditional designation. As noted above, P 97-35 prohibits the conditional designation of any SHPDA from extending beyond its penalty date. Any SHPDA which remains conditionally designated on its penalty date must be terminated. Therefore, we will send a termination notice to any conditionally designated SHPDA 90-days prior to its penalty date, if it still has not demonstrated that it has a complying CON program.

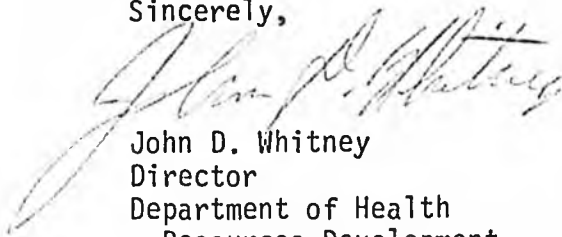
Page 2 - Dennis L. DeWitt

The enclosed copy of a letter to Commissioner Beirne, from the Regional Health Administrator, further emphasizes the critical nature of having a complying CON program in Alaska.

Also the enclosed copy of a 1981 letter addressed to Mr. Ivan Lawner, Esq. concerning Pioneer Homes Certificate of Need review issues, reflects our unchanged position.

I hope the facts in this letter provide the detail of information required to understand the situation. Please call or write, should you need further assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "John D. Whitney".

John D. Whitney
Director
Department of Health
Resources Development
Region X

Enclosures (2)

JUN 21 1982

Re: IOP 550015
Alaska SHPDA

Helen D. Befrne, Ph.D.
Commissioner
Department of Health and
Social Services
Pouch H 01
Juneau, Alaska 99811



Dear Dr. Befrne:

The State of Alaska's Department of Health and Social Services full designation agreement with the Department of Health and Human Services is being extended for three months, until September 30, 1982. As you know, because Alaska's Certificate of Need Program does not comply with Federal requirements, it is necessary that the SHPDA be returned to conditional designation. As required by statute, this 90-day extension of your current designation is being given to allow you to request and prepare for a hearing, if you should want one. Letters from the Bureau of Health Planning to you and to the Governor will further explain this process.

The following conditions are to be considered a part of the extended full designation agreement:

1. If the Agency is unable to retain full designation after September 30, 1982, it will be returned to conditional designation for the period October 1, 1982 to June 30, 1983.
2. The designation of the Agency will automatically terminate when the Agency reaches its penalty date, if the Agency still has not achieved full designation.

You may at any time prior to your penalty date (1-19-83, per PPI 82-12) submit documentation which you believe contains evidence that the State's CON program complies with the minimum Federal requirements, or a certification by the State's Attorney General, attesting to the program's compliance.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Please sign both copies of this letter, indicating your acceptance of this extension with conditions. Return one copy to this office. As soon as we receive the signed copy, we will issue a Notice of Grant Award for the extended designation period.

Sincerely,

Dorothy H. Mann, M.P.H.
Regional Health Administrator
Region X

Helen D. Seirne, Ph.D.
Commissioner
Alaska Department of Health

Date

DHRD:ROSS:vw:6/21/82



*Pioneer Home - S
Lynn's Room*

Region X
M/S 829 Arcade Plaza Building
1321 Second Avenue
Seattle WA 98101

Re: 10P 550007-05

Mr. Ivan Lawner, Esq.
Hellen & Partnow
524 G Street
Suite 710
Anchorage, Alaska 99501

RECEIVED
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Dear Mr. Lawner:

This is to respond to your recent letter concerning Certificate-of-Need review of a skilled nursing facility addition to the Pioneer Home in Anchorage. In that correspondence you raised two issues: the need for clarification of our 1978 letter to Howard Gabriel regarding C/N coverage of Pioneer Homes, and the compliance of the Alaska C/N program with federal standards. These matters will be addressed separately.

1. In our September 11, 1978 letter to Howard Gabriel, Director of the Southeast Alaska HSA, we were assuming that Pioneer Homes were only residential or domiciliary care facilities; there was no understanding that inpatient skilled nursing care was provided in these institutions. Given this understanding of the nature and services of Pioneer Homes at that time we were correct in concluding that they would not be included in the federal definition of "health care facilities" which would require coverage under Certificate-of-Need programs. If indeed skilled nursing services are provided in these institutions, they would be considered "health care facilities" as defined by our C/N regulations. The 1978 letter did not consider a Pioneer Home to be such a facility.
2. We have reviewed the Alaska C/N statute and implementing regulations to determine whether Pioneer Homes would be included in the definition of a health care facility. We found that:
 - a. The Alaska C/N statute defines a "health care facility" as:

A private, municipal. . . hospital, psychiatric hospital, tuberculosis hospital, skilled nursing facility. . . .
(Sec. 18.07.111(7)).
 - b. The Alaska C/N regulations, in turn, define "health care facility" as:

Any of those listed in AS 18.07.111, as defined, where appropriate, in 42 CFR 123.401 (adopted 1/21/77). (7AAC07.130)

- c. The State's C/N statute and regulations, taken together and including the cross reference to 42 CFR 123.401, would provide coverage of a distinct part of an institution and would, therefore, meet the federal definition of a skilled nursing facilities, i.e., an institution or a distinct part of an institution which is primarily engaged in providing inpatient skilled nursing care and related services for patients who require medical or nursing care (42 CFR 123.401)

From the above points, it would appear that the Alaska C/N program adequately defines "health care facility" and "skilled nursing facility." It is the responsibility of the state to follow its own C/N statute and regulations. If there is an on-going and sustained pattern of not following their statute and regulations, we would certainly assess the state's overall C/N program and then take appropriate action.

Please call us should you have further questions.

Sincerely yours,

John D. Whitney, Director
Division of Health Resources
Development PHS, Region X

cc: Ron Hammett, Director, SCHPD
Howard Gabriel, Director, SEAUSA

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C

JUNEAU, ALASKA 99811

465-2200

May 29, 1981

Honorable Donald E. Clocksin
Chairman, Health, Education and
Social Services
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Clocksin:

This is in response to your request to put in writing my verbal testimony before your committee on CSSB 225. I will try and confine my remarks to the major issues.

Administration's position is that the Legislature has always implicitly exempted Pioneers' Homes from the certificate of need program. The Senate has concurred with this position as evidenced by CSSB 225. We are asking that the House members be afforded the same opportunity to express their will as the Senate.

There appears to be some confusion existing with the recent State Supreme Court decision of South Central Health Planning and Development, Inc. vs the Department of Administration, on certificate of need. At issue was whether or not the Legislature exempted Pioneers' Homes from certificate of need. The court found that there is no language in State statutes which can reasonably be read as exempting skilled nursing facilities from the certificate of need process when they are contained in Pioneers' Homes. Consequently, whether or not the Legislature intended to exempt Pioneers' Homes now becomes moot. The Legislature's intent can now be established only through the legislative process of amending existing law to allow this exemption.

There has been a substantial amount of discussion centering around the need for proper planning so that health facilities in Alaska are not overbuilt. This is an admirable and worthy objective, and I can assure you that this Department supports health facility planning. However, the existing system under the certificate of need program is fraught with inequities and frustrations; further, it does not represent a comprehensive planning effort.

Honorable Donald E. Clocksin
Chairman, Health, Education and
Social Services

Page 2

May 29, 1981

There are three providers of health facilities; the federal government, the State government, and the "private sector." However, the federal health facilities don't come under the certificate of need program, and in most states this wouldn't pose any problem. The military contingent in California, for instance, would represent a small portion of the state's total population and as such would not greatly impact the planning process for certificate of need. In Alaska, the opposite is true. The federal government is a major provider of health care and facilities. Roughly one-fourth of the state's population are eligible to use federal health facilities (military base, Public Health, Indian Health, etc.). This has a devastating effect on trying to logically plan for state and "private sector" health facilities when a critical component is missing.

In addition, if we look closely at the "private sector" we see that it is not truly private. A substantial portion of the revenues of private nursing homes and health facilities originate through state and federal programs. State and federal rules, regulations, requirements, and laws, guide and govern, in minute detail, the construction and operation of private health facilities. This includes the proper ratios of professional staff to patients, the type of equipment allowed, size of hallways, reporting procedures, and many others. In effect, the "private sector" is part of the "public sector." Consequently, the charge that the State, through the establishment of Pioneers' Homes, is unfairly competing with the private sector is a fallacious argument.

There has also been considerable discussion on the impact of granting Pioneers' Homes an exemption from certificate of need as it relates to federal programs. Mr. Vern Perry, Director of the Division of Pioneers' Benefits spoke with Mr. Jim Egan, Regional Project Officer of the Office of Health Planning, Region X, U. S. Department of Health, Education and Welfare, on Wednesday May 27, regarding the certificate of need program.

Honorable Donald E. Clocksin
Chairman, Health, Education and
Social Services

Page 3

May 29, 1981

QUESTION: What effect would there be on the State of Alaska if Pioneers' Homes were exempted from the certificate of need program?

ANSWER: It would have no effect on medicare, medicaid, AFDC or Indian Health Service. It could only affect categorical programs such as alcoholism, EMS, Neighborhood Health Clinics, Mental Health Clinics, Day Care, etc.

QUESTION: Would the federal government actually discontinue such programs as alcoholism and mental health if Pioneers' Homes were exempted from the certificate of need program?

ANSWER: No! Absolutely not. In his opinion, under the new administration, there would be no federal sanctions whatsoever in health care programs, especially since the responsibility for this is being turned over to the states.

Further, discussions were held with the States of California and Washington regarding their certificate of need programs. In California, Mr. Ken Umbach (916/323-6955) of the Office of Statewide Health Planning and Development was contacted. He stated that California has been out of conformance with the federal certificate of need program since 1969. Their latest date for coming into conformance is October. He stated that if they did not meet the deadline that the feds would probably extend it. Mr. Jim Bettridge of Washington Health Care Facilities Authority (206/753-6185) indicated that the feds were withdrawing total support from the certificate of need program by 1983.

Honorable Donald E. Clocksin
Chairman, Health, Education and
Social Services

Page 4

May 29, 1981

These conversations indicate that:

- i. The federal government is not inclined to impose sanctions on a State for nonconformance with the certificate of need program;
- ii. There are states which are nonconforming, and have been nonconforming for a number of years, on which federal sanctions have not been imposed; and
- iii. The federal government is withdrawing total support for the certificate of need program by 1983. If the state wants to continue a planning process for health facility development it will have to provide for the process by using General Funds monies. Based on the aforementioned problems, now would be the appropriate time to revise this planning process to make it more meaningful.

Finally, a compromise position has been mentioned in which the new nursing wing at the Anchorage Pioneers' Home and the new Pioneers' Home in Ketchikan would be totally grandfathered into law and not made subject to certificate of need. This compromise does not address a truly complex problem.

The Fairbanks Pioneers' Home presently is serving twelve skilled nursing beds in unlicensed beds. Unless a certificate of need is issued which allows licensing of these beds, these twelve pioneers would have to be discharged.

The Fairbanks and Palmer Pioneers' Homes are full to capacity with skilled nursing patients at the present time. If we are to accommodate anticipated need in the near future, additional skilled nursing facilities will have to be constructed within the next few years. This expansion would be impossible unless a certificate of need is issued.

Honorable Donald E. Clocksin
Chairman, Health, Education and
Social Services

Page 5

May 29, 1981

The Department of Health and Social Services, in recent licensing inspections, has advised a significant number of residents in the ambulatory sections of all the Pioneers' Homes should be designated intermediate care patients. Intermediate care requires both a certificate of need and a significant increase in staffing, installation of call buttons or other signalling devices, and closer attention to patients when taking medications, etc. The number of patients which might be considered in need of intermediate care are: thirty at Sitka, twenty at Fairbanks, twenty at Palmer and forty at Anchorage (in the new wing).

Funding to provide intermediate care was not included in the FY 82 operating budget. Although a dollar figure is not available at the present time, a significant increase will be necessary if we must comply with the certificate of need program. Passage of SB 225 would eliminate this situation.

In summary:

1. Administration believes the Legislature had always intended to exclude Pioneers' Homes from certificate of need;
2. The certificate of need process is not appropriate for Alaska;
3. There needs to be planning for health care facilities and a more responsive process needs to be developed;
4. Grandfathering the nursing wing at Anchorage and the new Pioneers' Home at Ketchikan will not solve the complex problems existing at the Fairbanks, Palmer, and Sitka Pioneers' Home; and,
5. Passage of CSSB 225 will eliminate the potential for pain and suffering by allowing Pioneers' Homes residents to remain in their home.

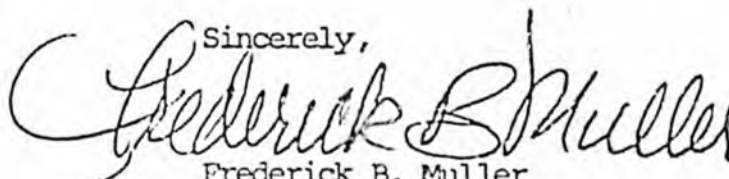
Honorable Donald E. Clocksin
Chairman, Health, Education and
Social Services

Page 6

May 20, 1981

If I can be of any further assistance to you or your committee,
please give me a call.

Sincerely,



Frederick B. Muller
Deputy Commissioner for
Personnel Management

FBM/mjc

cc: Honorable Charles Parr
Honorable Robert Ziegler
Honorable Jalmar Kerttula
Honorable Patrick Rodey
Pioneers' Homes Advisory Board
Dennis Dewitt, Executive Director
Alaska State Hospital Association

accordance with subsection (b)(2), or (b)(3) of this section (as the Secretary determines appropriate), enter into another agreement with the Governor for the designation of a State Agency.

Failure to designate State Agency within specified period; reduction in allotment, grant, loan, loan guarantee, or contract

(d)(1) If an agreement under subsection (b)(3) of this section for the designation of a State Agency for a State is not in effect upon the expiration of—

(A) the fourth fiscal year which begins after 1975; or

(B)(i) if the legislature of the State is in a regular session on December 17, 1980 and the legislature will be in session for at least twelve months from such date, twenty-four months from such date, or

(ii) if the legislature of the State is in session on December 17, 1980, but twelve months do not remain in such session after such date or if the legislature of the State is not in session on such date, twenty-four months after the beginning of the first regular session of the legislature beginning after such date,

whichever occurs later, the Secretary shall take the action prescribed by paragraph (2).

(2) If upon the expiration of the period applicable under paragraph (1) an agreement is not in effect for the designation of a State Agency for a State, the Secretary shall until such an agreement is in effect take the following action:

(A) During the first twelve months after the date of the expiration of the applicable period, the Secretary shall reduce by 25 percent the amount of each allotment, grant, loan, and loan guarantee made to and each contract entered into with an individual or entity in such State during such period under this chapter or the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970.

(B) During the second twelve months after such expiration date, the Secretary shall reduce by 50 percent the amount of each such allotment, grant, loan, loan guarantee, and contract.

(C) During the third twelve months after such expiration date, the Secretary shall reduce by 75 percent the amount of each such allotment, grant, loan, loan guarantee, and contract.

(D) After the expiration of thirty-six months after such expiration date, the Secretary may not make or enter into any such allotment, grant, loan, loan guarantee, or contract.

(July 1, 1974, c. 373, Title XV, § 1521, as added Jan. 4, 1975, Pub.L. 93-641, § 3, 88 Stat. 2242, and amended Aug. 1, 1977, Pub.L. 95-83, Title I, § 106(f), (m), 91 Stat. 385; Dec. 19, 1977, Pub.L. 95-215, § 6(b), 91 Stat. 1507; July 16, 1979, Pub.L. 96-33, 93 Stat. 86; Oct. 4, 1979, Pub.L. 96-79, Title I, § 123(a), (b)(1)(A), (2), (d), (f), (g)(2), 93 Stat. 624-627; Oct. 17, 1979, Pub.L. 96-88, Title V, § 509(b), 93 Stat. 695; Dec. 17, 1980, Pub.L. 96-538, Title III, § 303(b), 94 Stat. 3190; Aug. 13, 1981, Pub.L. 97-35, Title IX, §§ 902(g)(5), 936(b), 95 Stat. 561, 572.)

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STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

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

May 10, 1982

The Honorable Mike Beirne
Chairman
House HESS Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

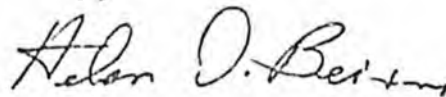
Dear Representative Beirne:

I am enclosing a Program Policy Notice we recently received from the Bureau of Health Planning in the U. S. Department of Health and Human Services. This Notice emphasizes that states which do not have State Health Planning and Development Agencies which fully comply with federal requirements will lose federal support for health planning efforts and will also lose most federal Public Health Service dollars. Alaska currently receives some \$5 million annually in such federal funds. Our lack of compliance would result in one quarter of these funds being withheld for four years until certain federal public health service funds are no longer available to Alaska.

We appreciate the hearing you conducted on House Bill 195. We believe this bill, with the amendments we offered, would bring our State Health Planning and Development Agency into full compliance with federal requirements. Your assistance in helping to move this legislation would be very much appreciated.

We appreciate your assistance and support in this matter.

Sincerely,



Helen D. Beirne
Commissioner

Enclosure

cc: Phoebe A. Lindsey

alaska
state
hospital
association

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

Chairman of the Board
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Humana Hospital Alaska
Anchorage

Chairman-Elect
Mark Hawkins
Sitka Community Hospital
Sitka

Immediate Past Chairman
Tom Mingen
Fairbanks Memorial
Hospital
Fairbanks

Secretary/Treasurer
Edward Zeine
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Hospital
Cordova

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Providence Hospital
Anchorage

Alternate Delegate to the
American Hospital Assoc.
Michael Lockwood
Central Peninsula Hospital
Soldotna

Delegate to the American
Health Care Association
Jack Buck
St. Ann's Nursing Home
Juneau

Alternate Delegate to the
American Health Care
Association
Emma G. Ivy
Wrangell General Hospital
Wrangell

Delegate to the Association
of Western Hospitals
Michael Herring
South Peninsula Hospital
Homer

Alternate Delegate to the
Association of Western
Hospitals
Daniel Van Wieringen
Kodiak Island Hospital
Kodiak

Trustee, Delegate to the
American Hospital Assoc.
Moe Kadish
Trustee, Providence
Hospital
Anchorage

Alternate Trustee Delegate
to American Hospital
Association
Robert Jensen
Central Peninsula Hospital
Soldotna

Physician Member of
the Board
Keith Brownsberger, M.D.
Anchorage

President
Dennis L. DeWitt
Juneau

November 4, 1982

The Honorable Ted Stevens
United States Senate
Washington, D.C. 20510

Similar letter sent to:
Senator Murkowski and
Congressman Young

Dear Senator Stevens:

As you are well aware the State of Alaska is not in conformity with the National Health Planning and Development Act and without federal action in 1982 faces penalties in grant monies under the Public Health Service Act and the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970. To avoid this penalty it is imperative that Congress repeal 42 U.S.C. 300m-(d) (copy attached).

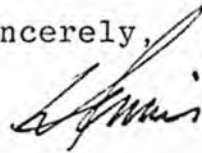
This Association as well as the Alaska State Medical Association (resolutions attached) are opposed to the continuation of the state Certificate of Need law. Both are committed to its repeal in 1983. Repeal of 42 U.S.C. 300m-(d) will greatly assist our efforts.

We have communicated our support for various measures considered by this Congress to restructure the federal law. It appears however, that a full reform may be a consideration which must be left to the next Congress. If that is so, it is imperative that you secure repeal of 42 U.S.C. 300m-(d) before the current Congress adjourns in December.

All of those concerned with this issue including Congressman Waxman, the National Governors Conference, the American Hospital Association, etc., agree on removing sanctions against states which do not conform to the federal program. The notion of further delay of the sanctions does not assist anyone, it simply prevents states such as Alaska from dealing with its own law on anything beyond a temporary basis.

For these reasons we urge you to secure the repeal of 42 U.S.C. 200m-(d). This will permit the legislature of the State of Alaska to deal with its law in whatever manner it deems appropriate. Further, we urge that this repeal be secured prior to the adjournment of the 97th Congress.

Sincerely,



Dennis L. DeWitt
President

DLD:lf

cc: Friday Mailing

Alaska State Medical Society

Governor Jay Hammond

Governor Elect Sheffield

Lt. Governor Terry Miller

Lt. Governor Elect McAlpine

American Hospital Association - Lynn Hart

Federation of American Hospitals

BILL SHEFFIELD, GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

December 22, 1982

Mr. Dennis L. DeWitt
President
Alaska State Hospital Association
319 Seward Street
Juneau, Alaska 99801

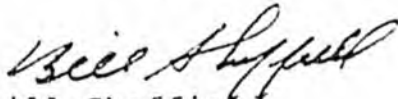
Dear Mr. DeWitt:

Thank you for sending me a copy of your letter to Senator Stevens regarding the state Certificate of Need law.

As you know, I am in agreement with you in your opposition to this law. Please keep me posted as to what I can do to change the law in Alaska.

Best regards.

Sincerely,


Bill Sheffield
Governor



ALASKA STATE MEDICAL ASSOCIATION

4107 Laurel Street • Suite 1 • Anchorage, Alaska 99504 • (907) 277-6891



ADOPTED BY THE ALASKA STATE MEDICAL ASSOCIATION HOUSE OF DELEGATES AT ITS ANNUAL MEETING IN FAIRBANKS, ALASKA JUNE 8, 1982

RESOLUTION NO. 82-23

SUBJECT: Certificate of Need

WHEREAS, the certificate of need process has increased the cost of health care rather than reduced it; and

WHEREAS, the certificate of need process has wreaked havoc upon the orderly development of hospitals in Alaska, therefore

BE IT RESOLVED, the Alaska State Medical Association urges and encourages the Legislature to repeal the certificate of need law.

DISTRIBUTION: Legislature
Alaska State Hospital Association
Press

H

B

3

2



Sherman Carter
Executive Vice President
474-7448

University of Alaska
Fairbanks, Alaska 99701

January 31, 1984



The Honorable Mae Tischer
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Dear Representative Tischer:

Thank you very much for having permitted me to testify before the Health, Education and Social Services Committee last Friday with respect to CS for House Bill #32 and House Bills #466 and #467. The help which you and other representatives receiving copies of this letter give to the University of Alaska is deeply appreciated.

With respect to CS for House Bill #32, I was asked during the committee meeting how many students could be accommodated with the funding proposed in it for student housing in Anchorage. As I remember, I estimated about 275 students but said that I would report back on this matter, and that is one of the purposes of this letter. Related information is shown in the page immediately below.

I understand from discussions at the committee meeting last Friday that legislators intend for the student housing to be constructed in Anchorage to accommodate students from both UAA and ACC, and that is also the university's intent. I also understand that legislators want the housing to accommodate as many students as possible for the money, considering such things as the need for suitable construction which will not result in undue maintenance costs. The university administration will do the best it can to take care of these matters. Because of the special interest which Representative Walt Furnace has in student housing in Anchorage, I shall send a copy of this letter to him.

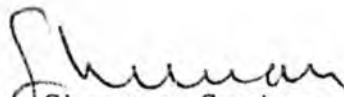
I shall work with Elmer Lindstrom to attempt to get suitable wording in House Bill #466 to place reasonable restrictions on how general fund money might be invested by the University of Alaska, to accommodate the concern which Representative Goll voiced during the committee meeting last week. To take care of this matter, I suggest a wording change along the line shown on

University of Alaska

The Honorable Mae Tischer
Page 2
January 31, 1984

the second page attached. Such a change would be meaningful, establish reasonable constraint, and would not inhibit efficient investment practices. As Representative Koponen pointed out during the committee discussions, the great need for liquidity in these specific, temporary investments of cash also helps preclude the possibility of many types of speculative investments.

Sincerely,


Sherman Carter

SFC/pe

Attachment

cc: Representatives M. W. Miller, Martin, Uehling, Goll,
Koponen, Davis and Furnace
President Jay Barton
Chancellors Biggerstaff and Outcalt
Mr. Elmer Lindstrom

JAN 31 REC'D

University of Alaska
Facilities Planning & Construction

January 31, 1984

TO: Sherman Carter
Executive Vice President

FROM: Fred King
University Architect 

SUBJECT: Anchorage Student Housing

You asked Chris how many more students could be accommodated in the Anchorage Housing project if the budget was increased from the Eleven Million Eight Hundred Thousand Dollars (\$11,800,000.00) requested to Fifteen Million Dollars (\$15,000,000.00). If we use the unit costs that were used to develop the budget we will be able to build 16 more apartments, housing an additional 64 students, raising the total student accommodations from 220 to 284.

Sherman, the budget was established anticipating a more traditional method of construction. Using the bidder design process, we now believe that we can accommodate about 250 students for the Eleven Million Eight Hundred Thousand Dollars (\$11,800,000.00) requested. An increase in the funding to Fifteen Million Dollars (\$15,000,000.00) would probably result in an increase in the capacity of the project to 324 students. Our consultant, William J. King and Associates, has not yet completed his first cost estimates for the project to confirm these expectations so we have not shared them with anyone.

dyb

cc: Christopher K. Ahoy
Director

Introduced: 1/9/84
Referred: Health, Education &
Social Services and Finance

*of Regents
1/16/84*

1 IN THE HOUSE

BY MARTIN

2

HOUSE BILL NO. 466

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to appropriations to and fiscal
7 procedures of the University of Alaska; and providing
8 for an effective date."

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

10 * Section 1. AS 14.40.250 is amended to read:

11 Sec. 14.40.250. REGENTS TO ACT AS TRUSTEES AND ADMINISTER MONEY
12 OR PROPERTY [FROM SOURCES OTHER THAN LEGISLATURE OR FEDERAL APPROPRI-
13 ATION]. The Board of Regents may receive, manage, and invest money or
14 other real, personal or mixed property ~~in any manner~~ received from any
15 source [SOURCES OTHER THAN THE STATE LEGISLATURE OR FEDERAL APPROPRI-
16 ATION] for the purpose of the University of Alaska, its improvement or
17 adornment, or the aid or advantage of students or faculty, and in
18 general, may act as trustee on behalf of the University of Alaska for
19 any of these purposes. ~~However,~~ ^{The} regents shall make a written
20 report to the legislature, in accordance with AS 14.40.190, as to the
21 administration and disposition of funds received [UNDER THIS SECTION].

22 * Sec. 2. AS 14.40.296(a) is amended to read:

23 (a) There is established in the treasury of the University of
24 Alaska the University of Alaska working capital reserve fund. The
25 fund consists of interest income from investments made by the Board of
26 Regents under AS 14.40.250 and money appropriated by the legislature
27 for the purpose of providing nonlapsing current working capital for
28 the University of Alaska and is not available for appropriation by the
29 Board of Regents.

Investment of general fund monies shall be made in
federal securities or shall be insured or collateralized.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 27, 1984

SUBJECT: Letter of Intent on CSHB 32 (HESS)

TO: Representative Mae Tischer
Chairman, House HESS Committee

FROM: *LHA* Linn H. Asper
Legislative Counsel

Letter of intent:

It is the intent of the Health, Education and Social Services Committee in adopting a committee substitute to HB 32, that the appropriation made by that bill to the University of Alaska be used for the construction of dormitories at the Anchorage campus that will be available for the use of the Anchorage Community College as well as the University of Alaska, Anchorage.

LHA:ojb
J3/007

*Mae -
Linn Asper, Legislative Counsel, said that
this "letter of intent" underscores the
language in CSHB 32 and makes it
doubly clear what the Committee meant
by the language.*

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

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LHA:ojb
J3/007

HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE
Friday, 27 January 1984
1:15 p.m.

Agenda

Call to Order

Comments by Representative Mae Tischer, Chairman

Testimony on HB 32, "An Act making a special appropriation to the University of Alaska for construction of dormitories at the Anchorage campus; ED."

Testimony on HB 466, "An act relating to appropriations to and fiscal procedures of the University of Alaska; ED."

Testimony on HB 467, "An Act making special appropriations to the University of Alaska working capital reserve fund and to the University of Alaska to pay obligations from past fiscal years; ED."

Comments by members

Announcements

Adjournment

MAR 20 1983

University of Alaska, Anchorage
Proposed Student Housing
Walsh/Rosenell Development
February, 1983

A. Project Assumptions

1. The proposed development concept is to build a turnkey 100 unit apartment styled dormitory housing 400 students.
2. Each dormitory unit consists of a separate entry deck, 4 bedrooms, one bath, complete kitchen and dining area, a living room, storage areas and outdoor deck, and all room appliances and furnishings. The Floor plan totals 1080 SF.
3. The property required for the project is 3.5 acres including landscaping and walkways. The proposal calls for the project to be developed on University owned land with a dollar per year nominal lease for thirty years.
4. The project also includes common facilities of a 4000 SF student lounge, a 400 SF laundry facility and a dormitory office.

5. Construction is a three-story walk-up; type V-1hr wood frame building.
6. Utilities are common, with students paying as part of their monthly rent, one fee for heat, lights, water, sewer, garbage and janitorial. Students will be responsible for cleaning their individual units.
7. The developers are proposing a turnkey project in which they will design, build, and manage the project. University approval will be required on design specifications.
8. The University will be financially responsible for site selection, road improvement to site, offstreet parking if required, and utilities to curbside. The developers will assume all costs beyond curbside. (The developers will serve as construction manager on the University improvements if requested by the University).

B. Project Financing

1. Cost estimates for the project are as follows:

a. Dwelling Units and Furnishings 100 units @ 1080SF @\$47.00/SF	\$5,076,000
b. Student Center Amenities 4600SF @ \$80.00/SF	368,000
c. Site Development \$100,000/acre @ 3.5 acres	350,000
d. Architectural-Engineering	300,000
e. Interim Financing	300,000

f. AIDA Loan Fees	\$250,000
g. Overhead and Administration	400,000
	<hr/>
Total Estimated Development (not including land)	\$7,044,000

Cost per SF	:	\$63.00
Cost per Unit	:	\$70,440
Cost per Student	:	\$17,610

2. Total monthly rents for students are suggested to be set at \$170 per month with a CPI increase of 8% annually.
3. Proposed finance method is for the developers to assume 100% of the financing obligation and for the University to guarantee the lease of the facility.
4. Responsibilities of the Developers/Managers include:
 - a. Maintaining the facility to University standards
 - b. Managing the facility, including all janitorial requirements within the facility, all facility maintenance, utility, insurance, and office payments, bookkeeping, and protecting the general condition of the facility.
 - c. Maintaining a replacement reserve to keep all facility furnishings and appliances in approved condition.
5. Responsibilities of the University include:
 - a. Maintaining the University grounds surrounding the dormitory facility

- b. Collecting rent payments with the term tuition payments.
 - c. Inspecting/approving facility to insure proper specifications are met.
6. Having reviewed several methods of financing the developers propose the following:
- a. The requirements of offering inexpensive student rent prohibits obtaining the required rate of return to normally interest a private developer;
 - b. By making a financial arrangement whereby the University guarantees to lease 100% of the facility, and contributes a site for development, then the University in effect brings the project to the minimally accepted break-even requirement.
 - c. In response to the University contributions, the developers will then allocate to the University 100% of the excess rental income over the developers costs, management and operational costs, and replacement reserve. This should amount to several hundred thousand dollars per year to the University.
 - d. Details of the cash flow of the project are following in this proposal.
7. The developers have based their financial assumptions on receiving an AIDA loan or conventional at 11.6% with 90% financing over 30 years.
8. The University assumes ownership of the facility after 30 years for one dollar. All obligations of the developer/manager end at that time.

C. Project Timetable

1. Proposed plan can be 100% completed in approximately 7 months construction. The following schedule is achievable:

- | | |
|----------------------------|--------------|
| a. Design and engineering | 1 1/2 months |
| b. Completion of 200 units | 4 1/2 months |
| c. Completion of 400 units | 3 months |

2. In order to have the facility prepared for the next school year (september '83) the following schedule is required:

- | | |
|----------------------------|----------|
| a. Project approval | March 15 |
| b. Design and Engineering | May 1 |
| c. Groundbreaking | May 1 |
| d. Completion of 200 units | Sept. 15 |
| e. Completion of 400 units | Dec. 15 |

D. Options

1. The developers have some flexibility to reconfigure the project if minor changes would more fully meet the needs of the University. These options include phasing the project with different size units, or a different number of units, or discussing other financing relationships that would not alter the minimally acceptable requirements of the developers.

E. Contractor History

1. Tom Walsh Construction Co. has nearly 20 years experience in the low cost and multiple unit construction field, completing over

1. (cont.) 3000 multiple units.
2. Walsh Construction has recently completed 4 major University housing projects valued at over 16 million dollars. These projects include two dormitories at the University of Washington and two dorms at Washington State University.
3. Walsh Construction has built many turnkey projects throughout the northwest and in climates similar to Anchorage's, such as the W.S.U. Dormitories at Pullman.

F. Cash Flow Analysis

1. The following analysis has been run for 15 years for the sake of brevity; the same format continues for years 16-30.

G. Mailing Address

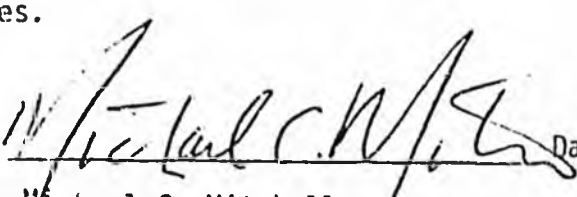
The Rosenell Group
215 Second Avenue
Suite 215
Anchorage, Alaska 99501

Att: Michael C. Mitchell

Phone: 279-1037

Note: This proposal is to serve as a general guideline to gain conditional University approval. The developer understands that the final acceptance of the project by the University will require approvals of the actual project plans and specifications. The project timetable is also subject to the municipality and all other permitting agencies.

Signing for the Developers:


Michael C. Mitchell

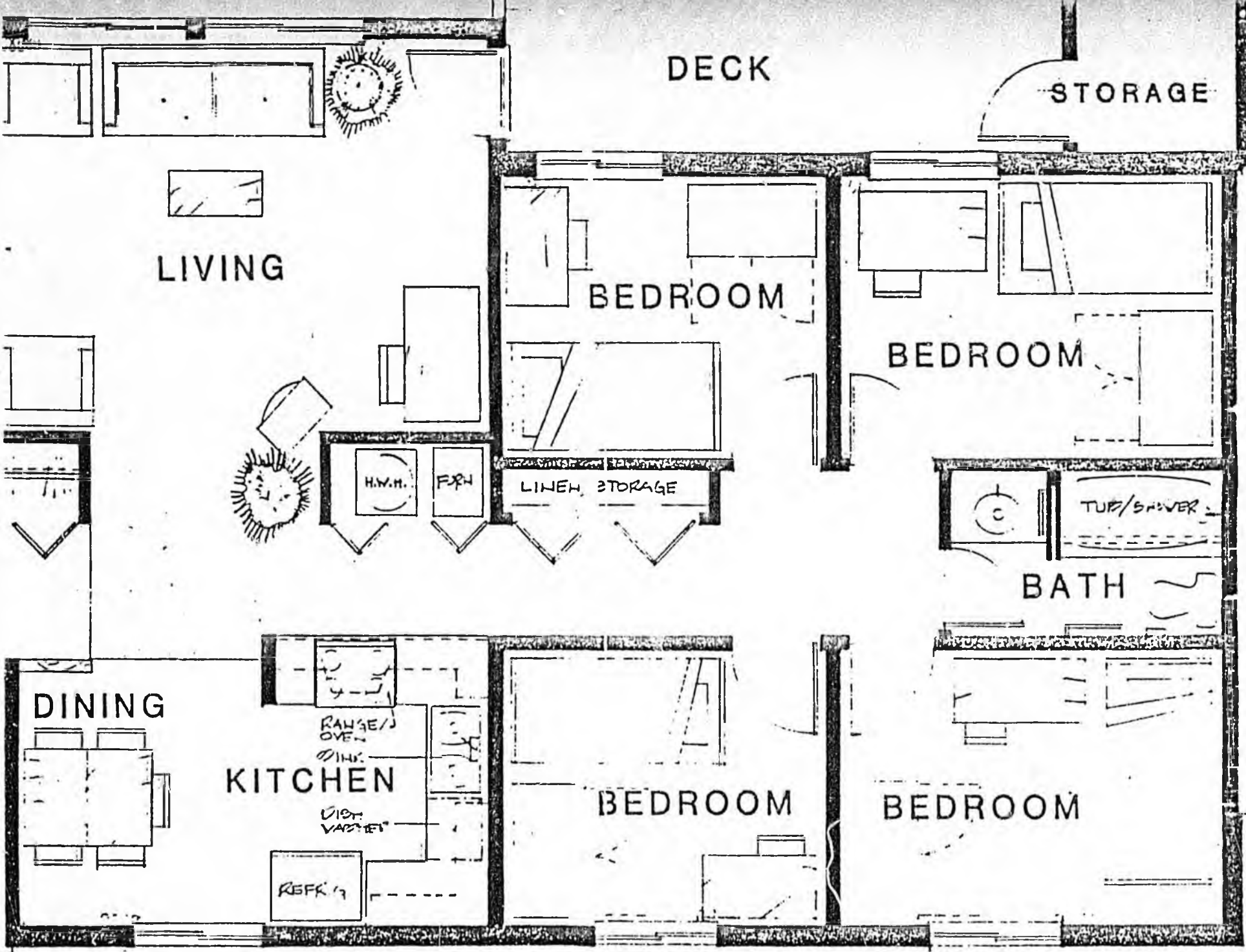
Date: 3/1/83

UNIVERSITY DORMITORY PROPOSAL

CASH FLOW ANALYSIS

YEAR	STUDENT FEE/MTH	OCCUPANCY REVENUE (100%)	BUILDING AMORTIZATION	OPERATING EXP. REPLAC. RESERVE	DEVELOPERS CASH REQ.	INTEREST ON STUDENT DEP.	PROJECT INCOME	UNIVERSITY INCOME	UNIVERSITY INCOME (CUM)
1	\$170	\$816,000	\$658,000	\$250,000	\$908,000	\$25,000	\$841,000	(67,000)	(\$67,000)
2	183	878,400	658,000	275,000	933,000	27,000	905,000	(28,000)	(95,000)
3	198	950,400	658,000	300,000	958,000	29,000	979,400	21,400	(73,600)
4	214	1,027,200	658,000	355,000	1,013,000	31,000	1,058,200	45,200	(28,400)
5	231	1,108,800	658,000	416,000	1,074,000	33,000	1,141,800	67,800	39,400
6	249	1,195,200	658,000	477,000	1,135,000	35,000	1,230,200	99,200	134,600
7	269	1,291,200	658,000	543,000	1,201,000	37,000	1,328,200	127,200	261,800
8	291	1,396,800	658,000	612,000	1,270,000	39,000	1,435,800	165,800	427,600
9	314	1,507,200	658,000	686,000	1,344,000	41,000	1,548,200	204,200	631,800
10	339	1,627,200	658,000	765,000	1,423,000	43,000	1,670,200	247,200	879,000
11	366	1,757,400	658,000	848,000	1,506,000	45,000	1,802,400	296,400	1,175,400
12	395	1,896,000	658,000	938,000	1,596,000	47,000	1,943,000	347,000	1,522,400
13	427	2,049,600	658,000	1,034,000	1,692,000	49,000	2,098,600	406,600	1,929,000
14	461	2,212,800	658,000	1,138,000	1,796,000	51,000	2,263,800	476,800	2,396,800
15	498	2,390,400	658,000	1,250,000	1,908,000	53,000	2,443,400	535,400	2,932,200

16 - 30 similar schedule



FLOOR PLAN

Municipality
of
Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502-0650
(907) 264-4111

TONY KNOWLES,
MAYOR

DEPARTMENT OF HEALTH AND ENVIRONMENTAL PROTECTION

November 30, 1982

Representative Terry Martin
1024 West Sixth Avenue
Anchorage, AK 99501

SUBJECT: Dormitories for the University of Alaska, Anchorage
Campus

Dear Representative Martin:

I am pleased to provide the following information to support the construction of dormitories for the University of Alaska, Anchorage.

As the manager of the Division of Environmental Health, I supervise the Air Quality Program for the Municipality of Anchorage. I also represent the director of the Municipal Department of Health and Environmental Protection on the Southcentral Clean Air Authority and on the AMATS Technical Advisory Committee.

The Federal Clean Air Act contains provisions requiring compliance with mandatory federal standards. Anchorage is a "non-attainment" area under the standards, and as such must come into compliance with the standards by July 1, 1985. To do so, the Municipality must implement severe and immediate measures to control carbon monoxide. These measures will include mandatory inspection and maintenance of automotive vehicles, increases in the use of public transportation, carpooling and other measures. However, even with the full implementation of these measures, the analysis shows that Anchorage will not be able to comply with the standards. We must therefore look at every available possibility to reduce carbon monoxide concentrations.

Almost all of the carbon monoxide problem comes from the exhaust of gasoline-powered vehicles. A reduction in the use of automotive vehicles will help in reaching the attainment standards of the Clean Air Act.

LETTER, REPRESENTATIVE TERRY MARTIN
NOVEMBER 30, 1982
PAGE 2

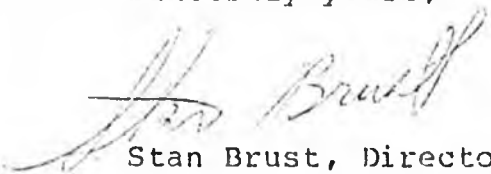
This department therefore endorses the construction of dormitories at the the University campus in Anchorage. At the present time, students who attend the University must live off campus, and this will necessitate the use of a car to attend school. Once a student has purchased a car, there is no reason not to use it for other purposes such as shopping, visiting friends, etc.

If the same student lived on campus, however, the prime motivation for owning a car would be eliminated. The student would then use public transportation for shopping and other purposes.

I don't want to understate the importance of achieving the carbon monoxide standards in Anchorage. The impact on the health of those persons in the community susceptible to respiratory diseases has been well-documented, and a serious health hazard may result if levels are not brought down to acceptable values.

I hope this information is of assistance to you in your deliberations.

Sincerely yours,



Stan Brust, Director
Division of Environmental Health

SB.L2/su/D27

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Alaska State Legislature



POUCH V
JUNEAU, ALASKA 99811

P. O. BOX 9
KENAI, ALASKA 99611

REPRESENTATIVE HUGH MALONE

MEMORANDUM

To: Representative Mae Tischer
Co-chair, House HESS Committee

From: Representative Hugh Malone

Subject: House Bill 36 (An Act relating to the longevity bonus
program; and providing for an effective
date)

Date: March 11, 1983

I respectfully request that my bill (HB 36) be scheduled for committee consideration.

I hope that we can, this year, resolve any/all constitutional problems surrounding this program.

I would appreciate a written reply as to when this bill will be scheduled.

Thank you.

A handwritten signature in dark ink, appearing to be "H. Malone", followed by a large, stylized flourish or mark.

ALASKA STATUTES

TITLE 47. WELFARE, SOCIAL SERVICES AND INSTITUTIONS

Chapter 45. Alaska Longevity Bonus

Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS. (a) A person who is 65 years of age or over, who was domiciled in the territory on or before January 3, 1959 and who has maintained a continuous domicile in the territory or state for 25 years may apply to the commissioner of administration for qualification to receive a monthly bonus of \$250. (§ 1 ch 205 SLA 1972; am § 1 ch 33 SLA 1976; am § 1 ch 89 SLA 1978; am § 1 ch 147 SLA 1980; am § 1 ch 13 SLA 1981)

(b) When the commissioner of administration determines that an applicant qualifies under this chapter he shall immediately begin payment of the bonus.

(c) A person who otherwise qualifies to receive a bonus provided for in this chapter may continue to do so only as long as he continuously retains a domicile in the state.

Sec. 47.45.020. CONTINUOUS ELIGIBILITY PROCEDURES. After qualification, monthly applications for bonuses may be made in person to any office of the Department of Administration. Mailed monthly applications shall also be considered by the Department of Administration. In-person or mailed applications shall be made on forms provided by the Department of Administration and shall conform to the conditions as provided by regulation. The commissioner may make exceptions to those residents who are isolated in rural areas and cannot mail a monthly application; however, they shall mail an application at least once every six months.

Sec. 47.45.030. ABSENCE FROM THE STATE. A recipient shall notify the commissioner of administration when he expects to be absent from the state if the absence is for a continuous period that exceeds 30 days. After such notification, the recipient shall no longer receive bonuses from the Department of Administration

after his last regularly approved monthly application. Upon his return to the state he may again make application for a bonus. Whenever the absence is for a continuous period that exceeds 180 days the recipient shall be disqualified from receiving bonuses for the next 12 calendar months after his return to the state. However, when the commissioner of administration determines a period of absence is beyond the control of the recipient, he may not be disqualified, if he still otherwise qualifies upon his return to the state. Continual absences from the state, even though reported, and failure to notify the commissioner of an expected absence may be grounds for disqualification.

Sec. 47.45.040. DISQUALIFICATION. Disqualification under this chapter shall rest solely with the commissioner of administration and shall be outlined in the regulations promulgated under sec. 100(1) of this chapter.

Sec. 47.45.050. DEPARTMENT HEARING. The Department of Administration may hold a departmental hearing upon the request of any applicant or recipient who has been disqualified. Previous to this hearing the department shall by certified mail notify an applicant or recipient in plain and comprehensive language the exact reason for his disqualification. Form letters using only referral to state statutes or department regulations, or otherwise vague in detail, shall not be considered compliance by the department with this section.

Sec. 47.45.060. LEGAL REMEDY. Legal remedy from disqualification may be sought by an applicant or recipient in any court of competent jurisdiction in the state. The burden of proof shall rest solely upon the applicant or recipient and any costs related to a disqualification verdict determined against the applicant or recipient may be recoverable by the attorney general from that person, or from any agency representing that person supported in whole, or in part, with state appropriations.

Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is one who

(1) does not meet the age or residence requirements as provided for under this chapter;

(2) meets the age and residence requirements of this chapter but is confined in a state or federal mental health institution or facility and is certified by the state as unable to manage his own affairs; however, if such a person was at the time of his commitment the principal support of a spouse, the commissioner of administration may determine to pay the confined person's bonus to his spouse until the spouse is qualified for a bonus;

(3) is otherwise qualified but confined in a penal or correctional institution or facility; upon completion of sentence or upon the conferral of a pardon, parole or probation, the person may make application; confinement outside the state shall be considered as residence in the state if a person was convicted and sentenced from a court in Alaska; revocation of parole or probation shall be cause for immediate disqualification until release from confinement is again effected;

(4) leaves the state of his own volition and remains absent from the state for a continuous period of more than 180 days.

Sec. 47.45.080. ACCRUAL OF BONUSES. No recipient may, for any reason, receive an accrual of bonuses in excess of two monthly payments. No interest may be paid on accrued bonuses. Upon the death of a recipient the commissioner of administration shall pay to the beneficiary of the recipient any accrued bonuses not to exceed two monthly payments.

Sec. 47.45.090. ALASKA LONGEVITY BONUS FUND. (a) There is the Alaska longevity bonus fund created for the purpose of paying the monthly bonuses provided for in this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

(b) The commissioner of administration is the administrator of the fund.

Sec. 47.45.100. POWERS AND DUTIES OF THE ADMINISTRATOR. The commissioner of administration shall

(1) promulgate regulations necessary to carry out the provisions of this chapter;

(2) make expenditures from the fund necessary to administer this chapter;

(3) establish and maintain an adequate system of accounts for the fund;

(4) publish annually a report showing the financial condition of the fund.

Sec. 47.45.110. CUSTODY OF FUNDS. The commissioner of revenue is the treasurer of the system and has powers and duties for this purpose including but not limited to the following:

(1) to act as official custodian of the cash and securities belonging to the fund;

(2) to receive all items of cash belonging to the fund.

Sec. 47.45.120. EXEMPTION FROM TAXATION AND PROCESS. Bonuses received under this chapter are exempt from all state and political subdivision taxes except sales and use taxes and are not subject to execution, attachment, garnishment or other process. No bonus received under this chapter may be exempt from a federal tax requirement.

Sec. 47.45.130. DEATH OR CESSATION OF RESIDENCY. The commissioner of administration shall establish procedures to stop a bonus when a recipient under this chapter no longer qualifies. When a recipient dies or discontinues his residency in the state his qualification for a bonus shall stop at the time of his last approved monthly application.

Sec. 47.45.140. PENALTY FOR FALSE STATEMENTS. A person who wilfully or knowingly makes a false statement, or falsifies or permits to be falsified any record required by this chapter, is guilty of a misdemeanor and, upon conviction, is punishable by a fine of not more than \$500, or by imprisonment

for not more than six months, or by both, forfeits all rights under this chapter, and shall make adequate restitution for any bonuses illegally received.

Sec. 47.45.150. DEFINITIONS. In this chapter

(1) "bonus" means a monthly Alaska longevity bonus payment made to a person or his beneficiary who qualifies under this chapter;

(2) "domicile" means the place with which a person has a settled connection for determination of his civil status or other legal purposes because it is actually or legally his permanent and principal home.

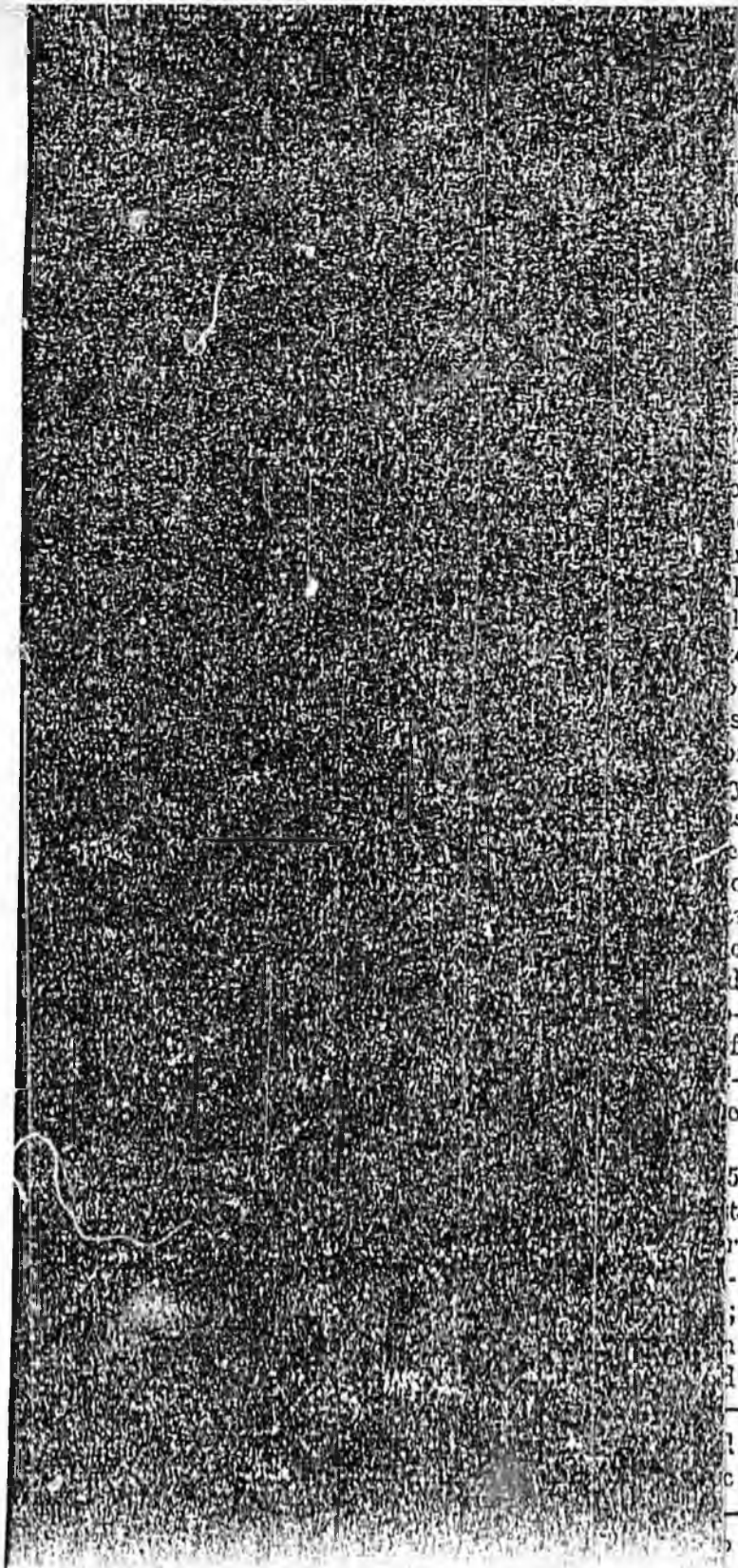
Sec. 47.45.160. APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT. The Administrative Procedure Act (AS 44.62) does not apply to this chapter.

Sec. 47.45.170. PURPOSE. The sole purpose of this chapter is to offer and provide all law-abiding Alaskans capable of managing their own affairs who have maintained a domicile in the state for at least 25 years and have reached a retirement age of 65, an incentive to continue uninterrupted residency in the state. Under no circumstances shall this chapter be considered a form, type, or manner, of public relief. Bonuses made under this chapter are not predicated on need even though they may appear to provide supplemental income to some qualified persons who would otherwise be forced to become responsibilities of the state. The legislature further finds and states that this legislation recognizes the economic hardships suffered by many elderly Alaskans, Alaskans who through their tenacity and perseverance molded Alaska as we know it through skillful application of their talents. These pioneers are the same Alaskans, who in the prime of their life were in effect treated as second-class citizens by the federal government who paid much of their hard-earned income to a government in which they did not have the right to participate through power of the ballot. The legislature also is aware of the fact that many of these pioneers have been forced to live out their retirement years in areas far away from the land they loved and nurtured and thereby also suffering in many cases, the loss of familial relationship with

their own kin, an experience that is sad and frustrating to them as well as depriving new generations of Alaskans the benefit of their wisdom and experience. This legislation hopefully will provide our pioneers with the economic means to remain in and continue to serve their state and to enjoy the opportunity of aiding the new Alaskan in making this state truly "The Great Land."

* Sec. 2. AS 01.10.030 does not apply to this Act. If any provision of this Act, or the application of a provision of this Act to any person or circumstances is held invalid, this entire Act shall be considered invalid.

* Sec. 3. This Act takes effect January 1, 1973.



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[43 FR 45204, Sept. 29, 1978, as amended at 44 FR 17937, Mar. 23, 1979]

Subpart G—General Financial Eligibility Requirements and Options

§ 435.600 Scope.

This subpart prescribes general financial requirements and options for determining the eligibility of both categorically and medically needy individuals specified in Subparts B, C, and D of this part. Subparts H and I prescribe additional financial requirements.

(Secs. 1102, 1902(a)(25), 1903(d)(2), 1903(o), 1903(p), and 1912 of the Social Security Act (42 U.S.C. 1302, 1396(a)(25), 1396b(d)(2), 1396b(o), 1396b(p), and 1396k))

[43 FR 45204, Sept. 29, 1978, as amended at 45 FR 8986, Feb. 11, 1980]

§ 435.602 Limitation on the financial responsibility of relatives.

(a) Except for a spouse of an individual or a parent for a child who is under age 21 or blind or disabled, the agency must not—

(1) Consider income and resources of any relative available to an individual; nor

(2) Collect reimbursement from any relative for amounts paid by the agency for services provided to an individual.

(b) The income and resources of spouses and parents must be considered in determining financial eligibility as provided for the categorically needy in Subpart H and the medically needy in Subpart I of this part.

[45 FR 82250, Dec. 15, 1980]

§ 435.603 Applications for other benefits.

(a) As a condition of eligibility, the agency must require applicants and recipients to take all necessary steps to obtain any annuities, pensions, retirement, and disability benefits to which they are entitled, unless they can show good cause for not doing so.

(b) Annuities, pensions, retirement and disability benefits include, but are not limited to, veterans' compensation and pensions, OASDI benefits, railroad retirement benefits, and unemployment compensation.

§ 435.604 Assignment of rights to benefits.

(a) As a condition of eligibility, in addition to other requirements of this part, the agency may require financially able applicants and recipients to assign rights to medical support or other third party payments and to cooperate with the agency in obtaining medical support or payments. See Part 433, Subpart D, for specific requirements.

(b) If an agency requires assignment of rights, it must do so uniformly for all groups covered under the plan.

(Secs. 1102, 1902(a)(25), 1903(d)(2), 1903(o), 1903(p), and 1912 of the Social Security Act (42 U.S.C. 1302, 1396(a)(25), 1396b(d)(2), 1396b(o), 1396b(p), and 1396k))

[45 FR 8986, Feb. 11, 1980]

Subpart H—Financial Requirements for the Categorically Needy

§ 435.700 Scope.

This subpart prescribes financial requirements for determining the eligibility of categorically needy individuals under Subparts B and C of this part. The requirements apply only to individuals who are not receiving AFDC, SSI, or an optional State supplement. The financial eligibility requirements of AFDC, SSI, or the State supplement apply to individuals receiving those payments. This subpart also prescribes requirements for charging an institutionalized recipient income to cost of care.

FINANCIAL REQUIREMENTS APPLICABLE TO OPTIONAL GROUPS: FAMILIES AND CHILDREN

§ 435.711 General requirements.

In determining eligibility for families and children, a Medicaid agency must apply the financial eligibility requirements of the State's AFDC plan.

§ 435.712 Financial responsibility of spouses and parents.

(a) For families and children, the agency must consider income and resources of spouses or parents available to the individual whether or not they are actually contributed, if they live in the same household. For an

individual, "parent" includes a stepparent if he is equally liable with the natural parent for the support of children under State law of general applicability.

If the spouse or parent does not live with the individual, the agency must consider only income and resources that are actually contributed to the individual from a parent or spouse as available to him.

(c) Even if State law confers adult status below age 21, the agency must consider parental income and resources as available to a child, if he is living with the parent, until he becomes 21.

FINANCIAL ELIGIBILITY REQUIREMENTS APPLICABLE TO OPTIONAL GROUPS: THE AGED, BLIND, AND DISABLED IN STATES COVERING INDIVIDUALS RECEIVING SSI

§ 435.721 General requirements.

(a) This section applies when an agency provides Medicaid to—

(1) All SSI recipients or to all SSI recipients and to State supplement recipients; and

(2) One or more of the optional coverage groups specified in §§ 435.210, 435.211 and 435.231 (institutionalized individuals).

(b) If the agency, under § 435.120, provides Medicaid to SSI recipients and to optional State supplement recipients, it must use the SSI financial eligibility requirements to determine Medicaid eligibility of aged, blind, and disabled individuals under the optional provisions of §§ 435.210, 435.211, and 435.231. However, under § 435.231, it may use a higher income standard than SSI to determine eligibility for institutionalized individuals.

(c) If the agency provides Medicaid to SSI recipients and, under § 435.230, to individuals who are not receiving SSI but are receiving optional State supplement payments, the agency must use the SSI financial eligibility criteria to determine Medicaid eligibility under the optional provisions of §§ 435.210, 435.211, and 435.231 for aged, blind, and disabled individuals.

(d) The agency must use the SSI financial eligibility requirements for in-

dividuals who would be eligible for SSI but would not be eligible for an optional State supplement.

(2) The agency must use the supplement program's financial eligibility requirements for individuals who would be eligible for an optional State supplement. However, the agency may use a higher income standard than SSI or the State supplement program to determine eligibility of institutionalized individuals under § 435.231.

(d) In determining eligibility under paragraph (b) or (c) of this section, the agency must use the SSI deductions from income and resources and budgeting methods set forth in 20 CFR Part 416, unless greater deductions from income and higher income standards are used in an optional State supplement program that meets the requirements of § 435.230.

§ 435.722 Individuals in institutions who are eligible under a special income level.

(a) If an agency, under § 435.231, provides Medicaid to individuals in medical institutions and intermediate care facilities who would not be eligible for SSI or State supplements if they were not institutionalized, the agency must use income standards based on the greater need for financial assistance that the individuals would have if they were not in the institution. The standards may vary by the level of institutional care needed by the individual (hospital, skilled nursing, or intermediate level care), or by other factors related to individual needs. (See § 435.1005 for FFP limits on income standards established under this section.)

(b) In determining the eligibility of individuals under the income standards established under this section, the agency must not take into account income that would be disregarded in determining eligibility for SSI or for an optional State supplement.

(c) The agency must apply the income standards established under this section effective with the first full month of institutionalization.

[43 FR 45204, Sept. 29, 1978, as amended at 45 FR 8986, Feb. 11, 1980]

Source - AL

deductions, US exclusions

HOUSE HESS
COMMITTEE MEETING
AGENDA

DATE: March 30, 1983

TIME: 1:00 p.m.

I. Call Meeting to Order

A. Note Committee Members Present

B. Welcome Those Observing

C. Remind those wishing to testify to sign up, and those giving testimony to speak up and state their names.

II. Announce Legislation Under Consideration:

CSHB 56 An act relating to scholarship loans.

HB 36 An act relating to the longevity bonus program; and providing for an effective date.

Other notes or reminders:

NO MEETING SCHEDULED ON FRIDAY, APRIL 1, 1983

1. Malone

How much does it cost now annually? 30,000,000
(3800 additional people) Fixed Note 12,037,500.

35.5
37.7
40.9

Rolling Over - fund against the state.

250,000,000 Caput Proj \$ into acct.

2. Reid - Bill substitute w/ Fixed Note
10 yr payout

Rep. Malone ^{paid} after 1981: 470,000,000

3. Palmquist - retain a resource in the state

Jan 1973 - first bonus che - 5400
now doubled.

no retroactive - she opposes retroactive

Gov's bill: public assistance / Bonus just transfer funds + responsibility
don't translate Bonus into public assistance

gives greater security

suggests volunteer public service to earn Bonus. Measurable.

1. Oppose 1/2a Revising

2. Oppose 1/2a

3.

(Senate)
Jon Tillinghast - ad hoc committee on Pensions.
Ray, Kertalla, Sackett - members
Zigler, Halford - advisors

25% of P. F. earnings into annuity
would be savings acct.

by year 2000: will have secure fund.
\$1.7 Bill. savings acct

FY 1984 - 13,672 3,970 to 3,270

85

Yr 2000 - 25,158 people

EQUAL RETIREMENT BENEFITS

SECTION 1

Establishes the Longevity Bonus Account as a separate account within the Alaska permanent fund and also takes 12.5 percent of the income of the permanent fund earned during a fiscal year that is available for distribution and transfers it to the Longevity Bonus Account. Section 1 also states that the money shall be reinvested, and that the Commissioner of Revenue transfers money in the Longevity Bonus Account to the Alaska Longevity Bonus Fund to pay monthly longevity bonuses.

SECTION 2

Changes percentage of Permanent Fund Earnings distributed to 37.5 percent (To coincide with Section 1).

SECTION 3

Establishes a 1 year residency and over 65 years of age as the qualification for the Longevity Bonus.

SECTION 4

Establishes a \$250 a month payment plus a 3 percent annual increase.

SECTION-5

Changes the "He" and "His" to "the recipient".

SECTION 6

Changes the language so that the Alaska Longevity Bonus Fund can receive funds from the Alaska permanent fund.

SECTION 7

Adds new language so that as requested by the Commissioner of Administration, the Commissioner of Revenue shall transfer amounts from the Longevity Bonus Account to the Longevity Bonus Fund to pay the monthly bonuses.

SECTION 8

Definition of resident.

SECTION 9

Finding and purposes.

SECTION 10

Repeals definition of bonus and domicile in Alaska statues.

SECTION 11

Effective date.

THE LONGEVITY BONUS PROGRAM:
OPTIONS UNDER THE VEST SETTLEMENT

JON K. TILLINGHAST
Birch, Horton, Bittner, Pestinger & Anderson

March 8, 1983

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I. INTRODUCTION

On June 14, 1982, the United States Supreme Court ruled that the cumulative residency requirements of Alaska's permanent fund dividend distribution program violated the Equal Protection Clause of the United States Constitution.¹ Shortly thereafter, Alaska's Longevity Bonus ("ALB") Program was challenged on equal protection grounds.² On August 9, 1982, the Department of Law, with the approval of the Alaska Legislative Council, entered into a stipulation in the Vest case which stayed all proceedings pending adjournment of this legislative session, in order to afford the legislature an opportunity to address the constitutional problems with the existing program.

The purpose of this report is to analyze some 10 options available to the legislature in amending the Alaska Longevity Bonus Program. This report is a first step in a process which must be completed by the end of this session. As subparts (C) and (D) of this section discuss, the likely consequence of failing to enact remedial legislation this session is that the ALB program will be judicially terminated.

A. Description Of The Longevity Bonus Program

Predecessors of the existing ALB program can be traced to 1915. In that year, the Territorial Legislature authorized a monthly allowance of \$12.50 for needy elderly Alaskans of 10 years

¹Zobel v. Williams, 72 L. Ed. 2nd 672 (1982)

²Vest v. Shafer, 1 JU-82-1103 Civ. (1st Jud. Dist., 1982)

residency who chose not to enter the newly-created Pioneers' Homes.³ The current program was enacted in 1972⁴ as a result of legislation introduced by Senators Butrovich and Ray.⁵ Quite unlike the "need-based" focus of its predecessors, the 1972 legislation was to:

"... provide all law-abiding Alaskans capable of managing their own affairs who have maintained a domicile in the state for at least 25 years and have reached a retirement age of 65, an incentive to continue uninterrupted residency in the state. Under no circumstances shall this chapter be considered a form, type, or manner, of public relief. The bonuses made under this chapter are not predicated on need even though they may appear to provide supplemental income to some qualified persons who would otherwise be forced to become responsibilities of the state. The Legislature further finds and states that this legislation recognizes the economic hardships suffered by many elderly Alaskans, Alaskans who through their tenacity and perseverance molded Alaska as we know it through skillful application of their talents. These pioneers are the same Alaskans who, in the prime of their life, were in effect treated as second class citizens by the federal government and who paid much of their hard earned income to a government in which they did not have the right to participate through the power of the ballot. The legislature also is aware of the fact that many of these pioneers have been forced to live out their retirement years in areas far away from the land they loved and nurtured and thereby also suffering, in many cases, the loss of familial relationship with their own kin, an experience that is sad and frustrating to them as well as depriving new generations of Alaskans the benefit of their wisdom and experience. This legislation hopefully will provide our pioneers with the economic means to remain in and continue to serve their state and to enjoy the opportunity of aiding

³Chapter 64, SLA 1915.

⁴Chapter 205, SLA 1972; AS 47.45.010 et. seq.

⁵SB 211, 7th Leg., 2nd Sess.

the new Alaskan in making the state truly "The Great Land." §1, Ch. 205, SLA 1972.

The ALB program, then, has several purposes:

1. providing an incentive for a particular class of senior citizens to remain in the state;
2. compensating for the hardships faced by retirement in Alaska;
3. rewarding the past contributions of Alaska's elderly;
4. compensating for past hardships suffered by Alaska's pioneers; and
5. retaining the wisdom and experience of Alaska's pioneers.

Originally, the bonus was \$100 per month. Over the years, the amount has gradually increased to its current \$250 per month.⁶ A person is eligible for a bonus if he or she:

1. is 65 years of age or older;
2. was "domiciled in the territory" on or before January 3, 1959; and
3. has been continuously domiciled in the state for 25 years.⁷

Additionally, if a person is absent from the state for more than 30 days, he will not receive another bonus until he returns. AS 47.45.030. If the person is absent for a continuous period in excess of 180 days, he is ineligible for a bonus for the next 12 calendar months following his return. Id.

⁶Chapter 13, SLA 1981

⁷AS 47.45.010

Exceptions are made if the absence "is beyond the control of the recipient." Id.

The longevity bonus is taxable under the Internal Revenue Code. However, it is almost universally excluded in calculating income eligibility for state and federal assistance programs.⁸

B. The Individuals Covered By The Alaska Longevity Bonus Program.

There are currently some 9,425 Alaskans receiving some \$28.4 million in longevity bonus payments. Sketching an accurate portrait of the state's ALB recipients is difficult, because the ALB application form requires little personal information. In 1976, the Alaska Department of Health and Social Services conducted a random survey of ALB recipients,⁹ and, in conjunction with the Vest

⁸Under 42 U.S.C. §1382(a)(b)(2)(B), which governs eligibility for federal Supplemental Security Income, and by reference also controls other federal programs such as Medicaid and energy assistance, the following is excluded from the definition of income:

"monthly (or other periodic) payments received by any individual under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in such state by such individual."

⁹"Alaska Longevity Bonus Impact Survey," Alaska Department of Health and Social Services (1976) (hereinafter "ALB Survey")

settlement, the Department of Law conducted a non-random survey of some 1,896 participants.

From those surveys, it is apparent that a large percentage of ALB recipients are Alaska Natives living in rural areas of the state.¹⁰ Moreover, and in large part because of the ineligibility of many rural residents for social security, the longevity bonus is often the primary source of income for rural residents. For example, 41% of the elderly in Southwest Alaska, and 66% in Northwest Alaska, rely on the longevity bonus as their primary source of income.¹¹

Available evidence suggests that a large percentage of ALB recipients have incomes only marginally above the current state welfare assistance level of \$546 per month. The Department of Law's 1982 survey -- which was skewed toward the more needy recipients of the ALB -- found that 81.4% of the 1,896 recipients sampled had monthly incomes of \$750 or less. The 1976 ALB survey found that half of the ALB recipients had a monthly income, "including that of their spouse," of under \$500 per month.¹² Another

¹⁰In 1976, 41% of the ALB recipients lived in rural areas of the state and 24.1% were Alaska Natives. ALB Survey at 14-15.

¹¹"An Assessment of the Status and Needs of Alaska's Elderly," Department of Sociology, College of Arts & Sciences, University of Alaska (1981) (hereinafter "Assessment.")

¹²ALB Survey, op. cit. n. 9 at 18-19.

44% had incomes of less than \$1,000 per month. A 1981 University of Alaska survey indicated that roughly half of Alaska's elderly had monthly incomes of less than \$800.00.¹³

The 1976 ALB survey suggests that, in light of the high percentage of bonus recipients in the 65-70 age group, the bonus has had a material effect in allowing older citizens to remain in the state after retirement.¹⁴ The report also indicates that the ALB program has allowed a significant percentage of the elderly to remain off various public assistance programs -- including food stamps and state Old Age Assistance.¹⁵

One significant characteristic of Alaska's elderly in general warrants note -- one that will become quite significant in our analysis of alternatives. Only 10% of Alaska's elderly have resided in the state for 10 years or less.¹⁶

C. The Effects of Zobel And Vest On The ALB Program.

In reviewing the 1972 legislation creating the Longevity Bonus Program, the Department of Law concluded that "... the classification predicated upon being domiciled in the territory on or before January 3, 1959, bears little, if any, rational relationship to any legitimate legislative purpose which this bill is conceivably designed to serve and thus is in

¹³Assessment, op. cit. n. 11 at 31.

¹⁴ALB Survey, op. cit. n. 9 at 12.

¹⁵Id. at 10, 18.

¹⁶Assessment, op. cit. n. 11 at 12.