

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4554 HHS HB 342 - HB 348

22

Alaska's Medicaid Program pays for the following services:

- inpatient hospital care
- outpatient hospital care
- laboratory and x-ray services
- skilled nursing facility and home health services for individuals 21 and older
- physicians services
- rural health clinic services
- early and periodic screening, diagnosis and treatment for individuals under 21 (EPSDT)
- family planning
- medical transportation
- nurse midwife services
- community mental health clinic and state operated mental health clinic services
- intermediate care facility services
- intermediate care facility for the mentally retarded services
- skilled nursing facility services for individuals under 21
- optometrists services and eyeglasses
- mental institution services for persons under 21
- institution for mental diseases services for persons aged 65 and older
- treatment of speech, hearing and language disorders
- outpatient surgical care center services
- physical therapy
- occupational therapy
- prosthetic devices
- medical supplies
- adult dental services (limited to relief of pain and acute infection)
- chiropractic services
- personal care attendant services

Prescription drugs are provided to Medicaid recipients through the 100% state-funded General Relief Medical Assistance Program.

BRU	Medical Assistance Administration	Medical Assistance	Medical Assistance	Public Assistance Administration	Public Assistance Administration	State Health Services
Component	Claims Processing	Medicaid Facility	Medicaid Non-Facility	Eligibility Determinations	PA Data & Word Processing	Family Health
Personal Serv.	33.9	-0-	-0-	36.3	-0-	175.7
Travel	16.0	-0-	-0-	-0-	-0-	30.0
Contractual	3.8	-0-	-0-	-0-	14.9	13.2
Supplies	.3	-0-	-0-	-0-	-0-	1.8
Equipment	-0-	-0-	-0-	6.0	-0-	6.0
Land & Street	-0-	-0-	-0-	-0-	-0-	-0-
Grants/Claims	-0-	1,740.6	870.3	-0-	-0-	-0-
Misc.	-0-	-0-	-0-	-0-	-0-	-0-
Total Op	54.0	1,740.6	870.3	42.3	14.9	226.7
General Fund	18.5	870.3	435.15	21.15	7.45	69.4
Fed Fund	35.5	870.3	435.15	21.15	7.45	157.3
FTE	1	0	0	2	0	4

FY90

DOES NOT INCLUDE NUTRITION SERVICES

BRU	Medical Assistance Administration	Medical Assistance	Medical Assistance	Public Assistance Administration	Public Assistance Administration	State Health Services
Component	Claims Processing	Medicaid Facility	Medicaid Non-Facility	Eligibility Determinations	PA Data & Word Processing	Family Health
Personal Serv.	45.2	-0-	-0-	181.7	-0-	234.2
Travel	8.0	-0-	-0-	-0-	-0-	40.0
Contractual	5.0	-0-	-0-	-0-	14.9	17.6
Supplies	.5	-0-	-0-	-0-	-0-	2.4
Equipment	-0-	-0-	-0-	9.0	-0-	8.0
Land & Street	-0-	-0-	-0-	-0-	-0-	-0-
Grants/Claims	-0-	4,259.1	2,129.5	-0-	-0-	-0-
Misc.	-0-	-0-	-0-	-0-	-0-	-0-
Total Op	58.7	4,259.1	2,129.5	190.7	14.9	302.2
General Fund	14.7	2,129.5	1,064.7	95.3	7.45	92.5
Fed Fund	44.0	2,129.5	1,064.7	95.3	7.45	209.7
FTE	1	0	0	5	0	4

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSHB 342 (HESS)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 1/29/88  
Title: An Act relating to Medicaid  
Eligibility for needy children and pregnant  
women.  
Sponsor: Ellis, Koponen, et al  
Requestor: House HESS Committee

Agency Affected: Health & Social Services  
BRU: MA Admin/Medical Assistance  
PA Admin/State Health Services  
Components: Claims Processing/Med. Fac./  
Med. Non-Fac. Eligibility Determination  
PA Data Proc./Family Health

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		245.9	461.0	461.0	461.0	461.0
TRAVEL		46.0	48.0	48.0	48.0	48.0
CONTRACTUAL		31.9	37.5	37.5	37.5	37.5
SUPPLIES		2.1	2.9	2.9	2.9	2.9
EQUIPMENT		14.0	9.0	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS		2,610.8	6,430.6	7,597.5	8,764.4	9,931.3
MISCELLANEOUS						
TOTAL OPERATING		2,950.8	6,989.0	8,146.9	9,313.8	10,480.7

CAPITAL						
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REVENUE		1,527.8	3,567.7	4,146.8	4,730.3	5,313.8
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FUNDING: (Thousands of Dollars)

GENERAL FUND		1,423.0	3,421.3	4,000.1	4,583.5	5,166.9
FEDERAL FUNDS		1,527.8	3,567.7	4,146.8	4,730.3	5,313.8
OTHER						
TOTAL		2,950.8	6,989.0	8,146.9	9,313.8	10,480.7

POSITIONS:

FULL-TIME		7	10	10	10	10
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

SEE ATTACHED

Prepared by: Kim Busch, Director *Kim Busch*  
Division: Medical Assistance

Phone: 465-3355

Date: 1-29-88

*Myra M. Munson*  
Approved by Commissioner: Myra M. Munson  
Agency: Health & Social Services

Date: 1-29-88

Distribution (by preparer):

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

## ANALYSIS

### ALASKA HEALTHY BABY PROJECT

#### PLAN FOR IMPLEMENTATION

1. Add all pregnant women and children up to one year of age with monthly incomes up to 100% of the federal poverty level for Alaska to the Medicaid Program. The program design includes:
  - \* one time eligibility determination for pregnant women. Once found eligible, the woman would retain Medicaid through the 60 day postpartum period. An income eligible pregnant woman may receive Medicaid as soon as pregnancy is medically verified. Children are automatically eligible for the 60 day postpartum period once the mother verifies the birth date.
  - \* no resource (asset) limit for pregnant women and children.
  - \* pregnant women and children will be eligible for all Medicaid services offered under the State Plan.

(Estimate 974 eligibles: \$4,163 per pregnant woman x 974 = \$4,054,762 + \$1,198 per child x 974 = \$1,166,852 = Total \$5,221,614). These cost estimates are based on actual average 1986 expenditure data for pregnant women and children age 5 and under. NOTE: the January 1, 1989 implementation date will result in  $\frac{1}{2}$  the program expenditures under Medicaid services for pregnant women and children during the first year.

2. Add case management services, as an enhanced service to pregnant women, to coordinate health care service delivery. This service will be particularly targeted at women with high risk pregnancies, and must be offered to all Medicaid-eligible pregnant women. The program will be implemented by hiring four nurse consultant public health nurses in the Division of Public Health to be case managers. These positions will operate from Anchorage, Fairbanks, Bethel and Juneau. The nurses will receive Medicaid referral of all pregnant women in order that each may be evaluated as to their pregnancy risk factor. The case managers will coordinate the health care services delivered, assure that pregnant women receive necessary services, and assist with arranging appointments and transportation. Uniform perinatal guidelines will be adopted to assure that pregnant women are receiving adequate care. Also hired, will be a Nurse IV Pre-Natal Coordinator for the Division of Medical Assistance to coordinate case management services, perform a utilization review function on expenditures for pregnant women and children, design and manage computer reports to monitor program objectives, establish criteria to evaluate improved pregnancy outcome, and evaluate program compliance. All positions will be at 75/25 federal/state match since each will be filled with medical personnel.

3. Add nutrition services under enhanced services to pregnant women beginning in the second year. This service must be provided to all pregnant women. (Estimate that 15% of pregnant women would need nutrition counseling because of high risk pregnancy. Average two visits per person X 600 persons x \$35/visit)
4. New eligibility technicians in the Division of Public Assistance to review applications, conduct interviews, verify eligibility and authorize medical coupons for the new population of pregnant women and children eligible under this Medicaid option. There will be two new positions in year one and three new positions in year two, with a one time outlay of \$3,000 per position for desk, chair, file cabinet and computer terminal.
5. This change in the Medicaid Program will require a system support increase to the Eligibility Information System (EIS) of the Division of Public Assistance, and will require lead time to accomplish (the January 1, 1989 implementation date).

Year One

<u>Cost</u>		Fed match	GF match
	Medicaid services for pregnant women assuming 1/2 year costs	\$1,013,690	\$1,013,690
	Medicaid services for children one year of age assuming 1/2 year costs	\$ 291,713	\$ 291,713
	Case management services 5 nurses at 75/25 federal state match plus travel, supplies, equipment and risk insurance assuming 3/4 year cost and 10.0 for outreach	\$ 193,743	\$ 88,555
	Two new eligibility technicians for the Division of Public Assistance - \$36,300 assuming 1/2 year cost of \$18,150 each at 50/50 state/federal match plus equipment	\$ 21,150	\$ 21,150
	Public Assistance computer system data processing	\$ 7,450	\$ 7,450
	TOTAL	\$1,527,746	\$1,422,959

Year Two

NOTE: This will be the first full year of the program, so the costs for medical services for pregnant women and children, and new positions have been restated indicating full year costs.

Add children up to age two with incomes up to 100% of the federal poverty level to the Medicaid Program.

<u>Cost</u>		Fed match	GF match
Medicaid services for pregnant women		\$2,027,381	\$2,027,381
Medicaid services for children one and two years of age.		\$1,166,852	\$1,166,852
Nutrition services		\$ 21,000	\$ 21,000
Case management services, full year cost		\$ 249,700	\$ 103,200
Three new eligibility technicians for the Division of Public Assistance - \$36,300 each at 50/50 state federal match plus equipment		\$ 59,000	\$ 59,000
Full year cost of two eligibility technicians added year one		\$ 36,300	\$ 36,300
Public Assistance data processing		\$ 7,450	\$ 7,450
	TOTAL	\$3,567,683	\$3,421,183

Year Three

Add children up to age three with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
<u>Cost</u>	Medicaid services for children three years of age.	\$ 583,426	\$ 583,426
	Public Assistance data processing	\$ 7,450	\$ 7,450
	TOTAL	\$ 590,876	\$ 590,876

NOTE: Assumes base includes year 1 and year 2 costs.

Year Four

Add children up to age four with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
<u>Cost</u>	Medicaid services for children four years of age.	\$ 583,426	\$ 583,426
	Public Assistance data processing	\$ 7,450	\$ 7,450
	TOTAL	\$ 590,876	\$ 590,876

NOTE: Assumes base includes years 1, 2 and 3 costs.

Year Five

Add children up to age five with incomes up to 100% of the federal poverty level to the Medicaid Program.

		Fed match	GF match
<u>Cost</u>	Medicaid services for children five years of age.	\$ 583,426	\$ 583,426
	Public Assistance data processing	\$ 7,450	\$ 7,450

TOTAL                   \$ 590,876           \$ 590,876

NOTE:               Assumes base includes years 1, 2, 3 and 4 costs.

ASSUMPTIONS:    An inflation factor has not been added to medical care costs for years two, three, four and five. An inflation factor will have to be applied each fiscal year to the Medicaid budget to adequately fund this option.

ALASKA HEALTHY BABY PROJECT  
Summary

	YEAR				
	1989	1990	1991	1992	1993
Pregnant Women Coverage	2,027.4	4,054.8	4,054.8	4,054.8	4,054.8
for medical services					
Medical services for children:					
Age one year	583.5	1,166.9	1,166.9	1,166.9	1,166.9
Age two years		1,166.9	1,166.9	1,166.9	1,166.9
Age three years			1,166.9	1,166.9	1,166.9
Age four years				1,166.9	1,166.9
Age five years					1,166.9
 Division of Public Assistance Eligibility Technicians plus equipment					
two - first year	42.3	72.6	72.6	72.6	72.6
three - second year		118.0	109.0	109.0	109.0
DPA computer upgrade	14.9	14.9	14.9	14.9	14.9
Case Management	282.7	352.9	352.9	352.9	352.9
Nutrition Services		42.0	42.0	42.0	42.0
 Total Yearly Cost	<u>2,950.8</u>	<u>6,989.0</u>	<u>8,146.9</u>	<u>9,313.8</u>	<u>10,480.7</u>
Yearly General Fund Cost	1,423.0	3,421.3	4,000.1	4,583.5	5,166.9
Yearly federal cost	1,527.8	3,567.7	4,146.8	4,730.3	5,313.8

AFDC INCOME STANDARDS

Adult included	ANNUAL	Adult not included	ANNUAL	
		1	\$275	\$3300
2	\$692	2	\$550	\$6600
3	\$779	3	\$637	\$7644
4	\$866	4	\$724	\$8688
5	\$953	5	\$811	\$9732
6	\$1040	6	\$898	\$10776
7	\$1127	7	\$985	\$11820
each add	\$87	each add	\$87	

single adult pregnant woman \$437  
increment for incapacitated spouse \$162

ALASKA'S FEDERAL POVERTY LEVEL

Family size	annual income
1	\$6,860
2	\$9,240
3	\$11,620
4	\$14,000
5	\$16,380
6	\$18,760
7	\$21,140
8	\$23,520
each additional	\$2,380

NOTE: THESE INCOME LEVELS WILL BE CHANGED IN FEBRUARY 1988.

RESOURCE LIMITS

AFDC	APA/SSI
- a home of any value	- a home of any value
- a car worth \$1,500	- a car worth \$4,500
- other real or personal property worth up to \$1,000	- personal effects worth up to \$2,000
	- liquid resources worth \$1,800 for individuals and \$2,700 for couples
	- a burial plot
	- up to \$1,500 for burial expenses
	- life insurance with face value up to \$1,500

Alaska's Medicaid Program pays for the following services:

- inpatient hospital care
- outpatient hospital care
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- skilled nursing facility and home health services for individuals 21 and older
- physicians services
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Prescription drugs are provided to Medicaid recipients through the 100% state-funded General Relief Medical Assistance Program.

FY89

BRU	Medical Assistance Administration	Medical Assistance	Medical Assistance	Public Assistance Administration	Public Assistance Administration	State Health Services
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Personal Serv.	33.9	-0-	-0-	36.3	-0-	175.7
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Grants/Claims	-0-	1,740.6	870.2	-0-	-0-	-0-
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Fed Fund	35.5	870.3	435.1	21.15	7.4	158.3
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FY90

INCLUDES NUTRITION SERVICES

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Supplies	.5	-0-	-0-	-0-	-0-	2.4
Equipment	-0-	-0-	-0-	9.0	-0-	-0-
Land & Street	-0-	-0-	-0-	-0-	-0-	-0-
Grants/Claims	-0-	4,259.1	2,171.5	-0-	-0-	-0-
Misc.	-0-	-0-	-0-	-0-	-0-	-0-
Total Op	58.7	4,259.1	2,171.5	190.6	14.9	294.2
General Fund	14.7	2,129.5	1,085.7	95.3	7.5	88.5
Fed Fund	44.0	2,129.5	1,085.8	95.3	7.4	205.7
FTE	1	0	0	5	0	4

H B

343

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY  
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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HHESS

1-21-88

8:30 a.m.

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/11/88

FURTHER REFERRALS: Finance

DATE: 1-21-88

The Health, Education and Social Services Committee has considered HB 343

"An Act creating the Asian language study grant fund."

**RECOMMENDS:**

- replace with CS HB 343 (HESS)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

Joyce Keady  
J. Ellis  
Neil E. Johnson  
Bill Hulse  
Mr. Greenberg  
Dave Dewley

**SIGNING OTHER RECOMMENDATIONS:**

Roll E (JED) - No Rec

J. Ellis  
 (Chairman's signature)  
Neil E. Johnson

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ANCHORAGE, ALASKA 99501  
(907) 274-4031

WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3704

# ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP



CO-CHAIR  
HEALTH, EDUCATION & SOCIAL SERVICES

LABOR & COMMERCE  
SUBCOMMITTEE ON FOREIGN TRADE

REPRESENTATIVE JOHNNY ELLIS

## M E M O R A N D U M

TO: All House HESS Committee members  
FROM: Rep. Johnny Ellis *JE*  
DATE: January 20, 1988  
SUBJECT: Changes found in proposed CSHB 341 and CSHB 343

-----  
The proposed 01/20/88 draft of proposed committee substitute for HB 341 has the following changes:

Throughout the bill, changed the word "Asian" to the term "Pacific Rim" to correspond with the changes made in HB 343 that will allow Russian and Tagalog languages to be included in the grant fund.

The proposed 01/20/88 draft of proposed committee substitute for HB 343 has the following changes:

Changed the word "Asian" to the term "Pacific Rim" throughout the bill to allow Russian and Tagalog languages, in addition to Chinese, Japanese and Korean, to be included in the grant fund.

Line 20: specified that the grant fund may be used for both written and spoken language programs

Lines 28-29: Defined "Pacific Rim languages" to include Russian and Tagalog in addition to the original Chinese, Japanese and Korean languages.

WORK DRAFT

WORK DRAFT

WORK DRAFT

5-1476B  
Ford  
01/20/88

Original sponsors: Ellis, Martin,  
Brown, Boyer, et al.

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 343 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Pacific Rim language study grant  
7 fund."

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

9 \* Section 1. PURPOSE. It is the purpose of this Act to

10 (1) assist the public school system to provide Pacific Rim  
11 language study programs;

12 (2) encourage pupils in the study of Pacific Rim languages;

13 (3) promote growth in relations between the state and Pacific  
14 Rim nations.

15 \* Sec. 2. AS 14.30 is amended by adding new sections to read:

16 ARTICLE 9. PACIFIC RIM LANGUAGE STUDY GRANT FUND.

17 Sec. 14.30.700. PACIFIC RIM LANGUAGE STUDY GRANT FUND. (a) The  
18 Pacific Rim language study grant fund is established. The department  
19 may make grants from the fund to eligible districts in the public  
20 school system for both written and spoken Pacific Rim language study  
21 programs in grades K-12. Pacific Rim language study programs must be  
22 in addition to and not in replacement of existing foreign language  
23 programs.

24 (b) The department shall establish by regulation eligibility  
25 criteria for receiving grants under this section. The department may  
26 not award a grant to a district of the public school system under this  
27 section for more than three consecutive fiscal years.

28 (c) In this section, "Pacific Rim languages" means Russian,  
29 Tagalog, Chinese, Japanese, or Korean languages.

**Language Barrier**  
By Andrey Olsen

The problem many fishermen face is their ignorance in foreign languages. This is a major problem in Alaska. Because of it, Alaska has a hard time keeping up with trading in the fishing industry. Here at Mt. Edgcombe, we are trying to break this language barrier by introducing the Japanese and Chinese languages, one of which is required to graduate. A Pacific Rim Culture class is also required here for one year. This insures that the students will have a good background and a greater understanding for these cultures.

**Manufactured Products**  
By Jaylene Peterson

Have you ever noticed that almost every little lock-knack, trinket, stuffed animal, dish set, pencil and pen are all manufactured in either China, Korea, Hong Kong, the Philippines or Japan? Labor in these countries is much less costly than it is here in the United States, so companies have their products manufactured in one of these places, and have it shipped to the U. S. Last year, the media class held a press conference with a group of Japanese businessmen in the girls dormitory lounge. I asked one of the men whether or not he'd picked up any souvenirs to take back from his stay in Alaska, and he replied, "I looked around, but everything I saw was made and sent here from home!" Sorry! Better luck next time!

**Timber Trade**

A major part of Alaska's economy is in the timber industry. A lot of money in the state is made selling timber directly to Pacific Rim countries such as Japan and China. Without trade with these two countries, our timber export would most likely be cut in half. This would lead to many unemployed people here in the state!

**Trade**

By Alex Singh

Alaska trades it's oil, gas, timber, minerals, and fish with the Pacific Rim Countries. In return they send us electronic items, food, minerals, and other energy products which we need. Alaska trade is different in the sense that we don't actually trade the items mentioned above, we sell it to them and then we purchase the items from them that they have the we need.

We trade with these countries in the Pacific Rim: Korea, Japan, Hong Kong, Taiwan, and The Peoples Republic of China.

**Alaskan Economy**

Alaska economy is based on how much trade we do, produce and catch, and how many tourists come and visit our great state.

For the year of 1986, Alaska produced 12.2 to 27.0 billion barrels of oil and an estimated 90 trillion to 167 trillion cubic feet of gas. In the lumber business an average of 20,000 to 100,000 trees were cut and used. About 80% of those trees were traded to other nations. Alaska accounts for 50% of the total amount of fish caught in the U.S. With a wholesome seafood sales in the U.S. With a wholesome seafood sales value of \$1 billion. In minerals a total of 28 million tons of coal and 1.5 tons of quartz were mined and since 1800's 30 million ounces of gold, more than a billion pounds of copper, 50 million pounds of lead, and 20 million pounds of silver has been extracted from Alaska mines. Alaska produces 22 out of the 30 minerals purchased from the Pacific Rim countries. In tourism, 800,00 people visited Alaska last year, with a total expenditure of a billion dollars. It is anticipated that by the year 1990, 1 million people will have visited Alaska.



Mary Hudson & Alexander Singh are making Gong Bao GI Ding (Hot & Spicy Chicken)

**Currency**  
By Mike Kimber

Exchange rates are very important in today's business. In Alaska we pay more attention to exchange rates in the Pacific Rim Nations because most of our trade economy is based in the Pacific Rim. It is very important for us to keep an eye on it because it helps predict whether an economy of a country will boom or bust and it also helps us decide to invest in foreign nations.

Listed below are some of the important exchange rates.

COUNTRY/CURRENCY	FOREIGN-US	US-FOREIGN
AUSTRALIA/DOLLAR	675	1.48
CANADA/DOLLAR	.73	1.37
HONG KONG/DOLLAR	.133	7.52
JAPAN/YEN	00626	139.75
CHINA/YUAN	3.22	
N. KOREA/WON	.94	

\* THESE EXCHANGE RATES CHANGE DAILY

**Corporation Invasion**

Japanese companies are now conquering American markets by opening factories in the United States. They prefer to open them in the mid west and south because they see some of the "sacrifice everything" work ethics that Japanese workers had just after the war.

Japanese companies will offer a projected

840,000 additional new jobs in the next decade. The record showings of the Yen against the U. S. dollar and the labor unions inability to organize has allowed for successful expansion into the United States.

This will be a blessing for consumers and middle class blue collar workers.

**PACIFIC RIM THE FUTURE IS NOW!**



**Pacific Rim Languages**  
by Andy Williams

Here are some of the languages that are spoken in our five main Pacific countries. Among these you will notice that most of them contain many languages depending on the population of the country. They are as follows.

- |              |                    |               |
|--------------|--------------------|---------------|
| <b>China</b> | <b>Philippines</b> | <b>Russia</b> |
| Cantonese    | Philippino         | Azerbaijani   |
| Hakka        | Togo               | Byelorussian  |
| Chinese      | Hloc               | Chuosh        |
| Mandarin     | Cebuano            | Czech         |
| Shanghai     | Bikolano           | Georgian      |
| Fukien       | Panc               | Kuzakh        |
| Tibetan      | Hiligaynon         | Kirghiz       |
| Uigur        |                    | Morduin       |

**South Korea** Korean  
**Japan** Japanese



Mt. Edgcombe sister school in Hefei, China



**Pacific Rim Sister Schools**  
By Andrea Porter

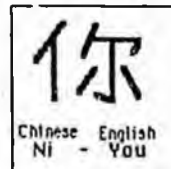
A sister school is a program put together by the Department of Education to exchange letters, videos, and photographs and also develop a basis for a student and staff travel exchange program.

After a school applies for a sister school and recommends an area of location, the DOE matches up and assigns a school.

At Mt. Edgcombe High School we have two sister schools located in the Pacific Rim. One of which is "Hefei Middle School" in China. Hefei is the capital of Anhui Province, which is situated between the Yangtze River and the Huai River in East China. The other school which we are exchanging with is "Muroan High School" which is located in Hokkaido, Japan.

**Chinese Pen Pals**

There are a few students here at Edgcombe who are corresponding with students in China. The students who are attending their second year in a Chinese class at MEHS have pen pals from the Hefei #2 Middle School, which is also one of our sister schools. If you would like to have a Pacific Rim pen pal you should contact Mrs. Vergin, the Chinese instructor at Mt. Edgcombe. Chinese language is not necessary, and help is offered.



**Japanese Lifestyles**  
By Carrie Peques

The Home:

The traditional Japanese-style houses were usually two stories high made of wood: beams and walls, with a tile roof. They also use sliding panels as windows and doors. The floor was covered with cushioned straw mats called "tatami" for their comfort. These mats were always clean, because shoes were never worn in the house. Back then, they usually slept on bedding that was rolled out on the "tatami." This bedding was stored away in closets during the day so the space could be used for other purposes. As a result of using space wisely, very little furniture was needed.

Nowadays, the Japanese people are more and more taking to the Western style of living. One reason being because more high-rise apartments are being built. They now use things like chairs, tables, beds, and other kinds of furniture, although the traditional sliding doors and "tatami" floors are still being used. The Westerner has widely influenced the modern Japanese lifestyle, but their ancient cultural ways will never fade away.

**Cuisine**

Oriental Food: The Japanese diet mainly revolves around what they can catch or grow in the ocean. Fish, for instance, has been the main source of protein in the Japanese diet. Other seafoods are shrimp, salmon, and tuna. They are



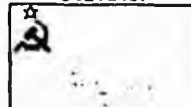
Mr. Hayashi demonstrates his technique to watchful viewers.

**Primary Countries**

**People's Republic of China**



**U.S.S.R.**



**Philippines**



**Japan**



**South Korea**



**Secondary Countries**

**Canada**

**Australia**  
**New Zealand**  
**South Pacific Islands**

**Thailand**

**Taiwan**

**U.S.A.**

prepared in a number of ways, for example, they can be stir-fried, deep fried, and in some cases, eaten raw or alive.

Now, the Japanese have started to accept the Western ways of eating meat. They are acquiring a taste for the Westerners' habit of cooking the meat or using processed meat in their meals. Somewhat more slowly, Americans are accepting Japanese food into their diet. Someday, maybe Japanese food will be a more common part of our daily diet.

**Population Projections**

by Mike Pilla

Did you realize that if Japan's ever-increasing population grew 5% a year, during the year 2000, it would have almost doubled its current population of 119,996,000. By the year 2033, the Japanese would surpass China's current population of 1,031,563,000.

If China's prolific population underwent a 20% increase a year, by the year 2025, their number of people or inhabitants occupying a specific geographical locality, such as a country, institution, or world would increase from 1 billion to 1 trillion people!

If the U.S. population accelerated to an increase of 4% a year, in the year 2005 our numbers will have doubled, and by the year 2014 our numbers will have tripled.

*Chris  
copy if bill files*

Parent Advisory Council  
Gastineau School, Douglas, AK.  
January 15, 1988

JAN 10 1988

To: Representative Johnny Ellis

Dear Representative Ellis,

Gastineau School, in the Juneau School District, serves the community of Douglas and Douglas Island. Our student population is currently set at 312 elementary schoolchildren. For the past year, our parent group has sponsored a Japanese teacher who has provided our children with instruction in the Japanese language and exposure to the culture and customs of Japan. Parents, teachers and students have expressed such satisfaction with the program, we are preparing to extend the stay of our teacher for another year. The financial burden this places on our Parent Group is staggering, especially in light of our relatively small student population and the current economic slump being experienced by Juneau. As is usually the case, the benefits of such a program are shared by all of our students, while the commitment to fundraising is borne by a few of our more dedicated parents.

Your introduction of House Bills 341 and 343 which would appropriate funding and establish an Asian Language Fund for Alaskan schools, is a most timely and progressive step in preparing our children for their futures. Our Parent Advisory Council would like to extend our appreciation to you for recognizing this need and offer strong support for the passage of these bills. We would hope that the Alaska legislature would join you in your efforts to develop and maintain strong educational ties with the Pacific Rim.

Sincerely,

*Paulette M. Simpson*

Paulette M. Simpson  
Member, Executive Committee  
Parent Advisory Council  
Gastineau School, Douglas



# Alaska State Legislature

Please enter into the record my testimony to the HESS  
 committee name  
 committee on #343 . #341 , dated 1-19-88  
 bill/subject

I support House Bill #343 and #341 on the study of Asian language in the schools and for grant funding.

I would like the committee to consider the inclusion of Russian within these Bills. Nome is currently working on cultural and commercial exchanges with Provideniya and the Soviet Far East. We believe Nome and Western Alaska will benefit from the learning languages in the Pacific Rim.

Signed: Jim Stimpfe  
 Testifier

Nome Chamber of Commerce  
 Representing (Optional)

Committee for Cooperation, Commerce, and Peace  
 Address

Box 729 Nome 443-2002

Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the HESB and Finance  
 committee name  
 committee on HB 341, HB 343, dated Jan 19, 1988  
 bill/subject

My name is Raymond Stein. I teach Japanese language + Pacific Rim Cultures at Mt. Edgecumbe High School. Primarily as footnotes to the testimony of those who have already spoken, I would like to offer the following comments:

① There is obviously a tremendous amount of support for this bill within the state. For comparative purposes, in Washington and Oregon, from 1980 to 1986-87, the number of Chinese + Japanese programs increased from 4 schools to 60 (sixty) schools offering the languages. The trend is obvious.

② I have a significant number of students who excel in Japanese, despite the difficulty. Both non-native and native students do well. About 20% of my students do well enough to succeed and excel at the college level, too. Interesting in a number of ways, native languages such as Yupik resemble Japanese in grammar more than English.

Signed: \_\_\_\_\_

Testifier Raymond Stein

Mt. Edgecumbe High School

Representing (Optional)

Address 1297 Seward Ave. Sitka, AK

966-2271

Phone No.

79835

1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-4031

WHILE IN SESSION  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3704

# ALASKA STATE HOUSE

OFFICE OF MAJORITY WHIP



CO-CHAIR  
HEALTH, EDUCATION & SOCIAL SERVICES

LABOR & COMMERCE  
SUBCOMMITTEE ON FOREIGN TRADE

REPRESENTATIVE JOHNNY ELLIS

## M E M O R A N D U M

TO: Members of the House HESS Committee  
FROM: Rep. Johnny Ellis *JE*  
DATE: January 19, 1988  
SUBJECT: HB 341 and HB 343: Pacific Rim Asian Language Fund

---

As you know, there is currently a great deal of interest in making Alaskans viable participants in Pacific Rim trade. One way to reach this goal is to give Alaskan students the opportunity to be knowledgeable in the language and culture of various Asian countries. I feel that this goal, addressed by Governor Cowper in his State of the State Address last January, is worthwhile and deserves the support of this committee and this legislature.

The enclosed legislation would help school districts reach this goal. The bill will establish with the Department of Education a fund to enable school districts to offer Asian languages as an adjunct to their normal foreign language curriculum. School districts would submit to the state a proposal as to how they would use the grant money.

This Asian Language Fund would be open for programs K-12, and districts would be asked to describe their long-range plan for developing Asian language curriculum.

I ask for your support in creating the fund and helping our students prepare for Alaska's future.

MT. EDGE CUMBE HIGH SCHOOL  
MISSION STATEMENT

"An Alaskan School for Alaska's Future"

MT. EDGE CUMBE HIGH SCHOOL provides new and important education opportunities for Alaskan students, particularly rural Native youth. The school places high expectations upon students, administrators and staff. Programs and curriculum are based upon a conviction that students have a great and often unrealized potential. The school prepares students to make the transition to adulthood helping them to determine what they want to do and develop the skills and the self-confidence to accomplish their goals.

MT. EDGE CUMBE HIGH SCHOOL students are required to pursue rigorous academic programs that encourage students to work at their highest levels. Administrators, teachers, and other staff are required to keep current on educational advances and to initiate innovative, challenging and stimulating classroom programs and activities.

Teachers and staff will develop the capacity to analyze issues to anticipate future social and economic needs of Alaska, such as Alaska's economic position among the Pacific Rim nations, and to integrate an educational approach to these issues into the curriculum. A strong curriculum in English, social studies, mathematics, science, fine arts, computers, vocational education, career exploration, second languages, and physical education is provided. Special emphasis is also placed on the study of topics specific to Alaska. These include the Alaska environment, history, natural resources, Native land claim issues, and the history, culture, and languages of the Pacific Rim. Vocational education will be stressed through entrepreneurship. Different cottage industries will be run by students which will incorporate processing of raw products, wholesaling, retailing, purchasing of equipment, billing, etc.

MT. EDGE CUMBE HIGH SCHOOL as a boarding school will offer students a wide range of support activities to assure the success of all students. To facilitate personal growth and decision making skills, each student will be assisted, guided, and challenged to make choices about future academic or technical schooling, rural or urban residence, and alternative methods of making a living. Students will be respected for their cultural background, and students and teachers will be encouraged and expected to offer insights to increase the effectiveness of the school.

Extraordinary opportunities for leadership, public service and entrepreneurship will be integrated into the program, both during and after school hours. The school will prepare students for college, for the academic demands of a college curriculum, and the social demands of being away from home and managing time effectively. Some students will be selected who are having a difficult time with their home environment. Staff will do every thing possible to help these students become productive citizens.

0103A



Mount Edgecumbe High School Braves

Mount Edgecumbe High School Sitka, Alaska

COURSE OFFERINGS  
1987-88 School Year

9th GRADE

Required:

English I, Fundamentals of  
English I  
Ocean Science  
General Math I, Algebra I,  
Pre Algebra, Fundamentals of Math  
Computers I  
World Geography  
P.E./Health I  
Social Skills

10th GRADE

Required:

English II, Fundamentals of English II  
P.E./Health II  
Alaska History  
Biology  
General Math II, Pre Algebra, Algebra I,  
Geometry, Fundamentals of Math

Electives:

Home Economics  
Entrepreneurship  
Computer II  
Media & Communications

Required in 10, 11, or 12th grade:

Computers II  
Pacific Rim Cultures  
Japanese or Chinese I

CONTINUED ON BACK SIDE

11th GRADE

Required:

English III, Fundamentals of  
English III  
U. S. History

Electives:

Home Economics  
Entrepreneurship  
Media & Communication  
Advanced P. E.  
Pacific Rim Cultures  
Japanese II/Chinese II  
Chemistry, Marine Science  
Computers II, III  
World History  
Algebra I, II, Geometry  
General Math II  
Principles of Technology

12th GRADE

Required:

English IV, Fundamentals of  
English IV  
Government/Alaska Issues

Electives:

Principles of Technology  
Trigonometry, Algebra I,  
Algebra II, Geometry  
Diplomatic History  
Media and Communication  
Entrepreneurship  
Advanced P. E.  
Japanese II/Chinese II  
Chemistry, Marine Science  
Computers III, IV  
World History  
Home Economics

Special Note:

Work Study - Must be 16 years old.  
Science - One class required junior or senior year  
Math - One class required junior or senior year

Additionally we  
are offering  
Japanese III to  
students this  
year.

STATE OF ALASKA  
DEPARTMENT OF EDUCATION  
Mt. Edgecumbe High School  
1297 Seward Avenue  
Sitka, Alaska 99835  
(907) 966-2201

Requirements for Graduation

Total credits for graduation:

Required:

4 years - Social Studies  
4 years - English  
1 year - Japanese or Chinese language  
1 year - Pacific Rim Cultures  
3 years - Science  
3 years - Math  
2 years - Health/P.E.  
2 years - Computers

20 credits

Plus: 4 electives

4 credits

24 credits required to graduate

Transfer students (students who enter Mt. Edgecumbe High School after completing the 9th grade) will be required to meet State of Alaska requirements for graduation. However, transfer students must complete three (3) credit hours for each semester in attendance at Mt. Edgecumbe High School.

All students are required to take and pass six (6) solid courses per semester while in attendance at Mt. Edgecumbe High School plus meet the minimum State of Alaska graduation requirements.

The basic curriculum will be supplemented by art, music, and vocational classes offered before and after the regular school day. These classes may be taught by regular MEHS teachers or by Islands Community College, Sheldon Jackson College, or Sitka School District instructors. In certain instances college credits may be obtained by Mt. Edgecumbe High School students.

Band, chorus, art, electronics, welding, drivers education, year book, journalism, photography, accounting, specific computer skills, drama, anthropology, psychology, sociology, diesel mechanics, small engines, navigation, and emergency medical training are examples of courses that may be taken by Mt. Edgecumbe students outside the regular school day. Some of the courses could be for enrichment and some could be college credit classes.

Work study opportunities will be available for many junior and senior students at MEHS. Many of the training stations will provide students with income and experience as well as a chance to explore vocational or career opportunities. Students should be aware that presently the Mt. Edgecumbe High School has no educational shop facilities. Classes could be held at Sitka High School for Mt. Edgecumbe High School shop students on weekends or after the regular school day.



# Alaska State Legislature

Please enter into the record my testimony to the Health, Education, & Social Services  
 And Finance committee name

committee on House Bills 343 & 341 , dated 1/20/88  
 bill/subject

Gentlemen & Ladies:

I would like to testify to the need of passing House Bills 343 & 341 on the basis of our being part of "The Pacific Rim"; that we are closely allied with Japan on an industrial and fisheries level with the relationship growing each year; that our relationships with other "Pacific Rim" countries are also growing rapidly; that much of the demand for our raw products and fish come from these countries; and much of our potential investment capital is available in these countries. As our relationships to "The Pacific Rim" countries continues to grow, the need for clearer and closer understanding between ourselves and these countries become greater. The only way to accomplish this is through understanding their language and customs. This is especially important in highly structured societies such as these countries have.

It will help tremendously for the youth of Alaska to have the advantage of Asiatic Language Studies in the school system when they take their places in the work force whether it be as a fisherman after high school, or goes on to higher education. To succeed in fishing or business in Alaska it is becoming more and more necessary to deal with "Pacific Rim" countries directly or with their businessmen. Knowledge of their languages and customs becomes very important each year.

There is one additional benefit of the passage of these bills. In most of the high schools of Alaska, the only foreign languages being taught are Spanish and French. With the present budget constraints, it is difficult to offer more languages. However, both of the languages mentioned have little or no relationship to the needs of college bound students in the sciences. French and Spanish relate to the humanities and certain business areas and to literature. The languages of science today are English, Russian, Japanese, Chinese, German and Latin. One of the requirements for acceptance at the better universities and colleges is two years of a foreign language in high school. For a science student to have

Signed:

Testifier

EDWARD B. JACK

Representing (Optional)

3789 Spruce Cape Road, Kodiak, Alaska 99615

Address

(907) 486-5333

Phone No.

2

all his options open for specialization in college and graduate school, it is necessary for the high school student to carry seven subjects if he wishes take any form of physical fitness or athletics. By passing these bills, the State of Alaska will allow the schools of our state to offer at least two of the science languages to these students.

This does not imply that all of the emphases of of Bill 343 should be only at the secondary level (high school) Some pilot programs should be set up in the primary schools.

I'd like to summarize by saying that whether a student in our public school system is going fishing after finishing high school or into a cannery or into business, his chances of success in life are greater anywhere in "The Pacific Rim" with an Asiatic language than without as the relationships between these countries become closer and the ties stronger. Furthermore, passage of 343 will rectify a problem that exists within the entire State School System-of giving language support to students interested in higher education only in the humanities; not in science. The science student will now have the option of a science support language.

H B

344

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/11/88

FURTHER REFERRALS: Judiciary

DATE: 2-16-88

The Health, Education and Social Services Committee has considered HB 344

"An Act relating to physically and mentally disabled persons."

**RECOMMENDS:**

- replace with CS HB 344 (HESS)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- zero fiscal note
- zero with analysis
- same as previous fiscal note published \_\_\_\_\_
- same as previous zero fiscal note published \_\_\_\_\_

**SIGNING DO PASS:**

*Phil Kopman*  
*Alyce Hawley*  
*Paul E. Jolly*  
*John Ellis*  
*Bill Huls*  
*Mark Stenberg*  
*David Dowley*

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*John Ellis*  
 Co Chairman's signature  
*Phil E. Kopman*

POSITION PAPER

HB 344

"An Act relating to the rights of physically and mentally disabled persons."

EFFECT OF House Bill 344

A.S. 09.65.150(a) is amended to include responsibility for property damage incurred when a driver fails to yield for a physically disabled pedestrian so identified in this Section.

"Property" under this section could relate to the mobility aids and appliances utilized by the pedestrian.

A.S. 11.76.130(a) is amended to limit the crime of interference to those situations where the rights of a disabled person are intentionally prevented or restricted as described.

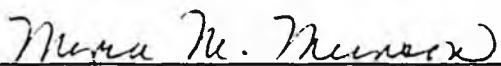
A.S. 28.15.031(b)(4) repeals existing statutory authority to restrict the issuance of a driver's license if a person has a mental disability and has not been restored by the methods provided by law. This need is already addressed in subsection (5).

RECOMMENDATION

The Department of Health and Social Services supports the passage of House Bill 344.

Recommended by:   
Mel Henry, Director

Date: 21<sup>st</sup> January, 1988

Approved by:   
Myra M. Munson, Commissioner

Date: Feb 1, 1988

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Health & Social Services  
 Title: relating to the rights of physically and mentally disabled persons BRU: \_\_\_\_\_  
 Sponsor: HESS Committee Components: \_\_\_\_\_  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-					
TRAVEL	-0-					
CONTRACTUAL	-0-					
SUPPLIES	-0-					
EQUIPMENT	-0-					
LAND & STRUCTURES	-0-					
GRANTS, CLAIMS	-0-					
MISCELLANEOUS	-0-					
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

The enactment of HB 344 would have no direct fiscal impact on the Department of Health & Social Services.

Prepared by: Mel Henry, Director of Mental Health & D.D.  
 Division: Division of Mental Health & Develop. Svs.

Phone: 465-3370  
 Date: 1/21/88

Approved by Commissioner: Myra Munson  
 Agency: Health & Social Services

Date: 2-1-88

Distribution (by preparer):

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

Original sponsor: Health, Education and  
Social Services Committee

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 344 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the protection of persons with  
7 disabilities and to disabled adults who are victims  
8 of physical or sexual assault."

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

10 \* Section 1. AS 47.24 is amended by adding new sections to read:

11 ARTICLE 2. PROTECTION OF DISABLED ADULTS.

12 Sec. 47.24.110. REPORTS OF PHYSICAL OR SEXUAL ASSAULT. (a) The  
13 following persons who, in the performance of their professional  
14 duties, have reasonable cause to believe that a disabled adult is a  
15 victim of assault under AS 11.41.200 - 11.41.230 or sexual assault  
16 under AS 11.41.410 - 11.41.420, and that the disabled adult is unable  
17 to report the crime, shall promptly report the crime to the nearest  
18 law enforcement agency:

- 19 (1) a physician or other licensed health care provider;  
20 (2) a mental health professional as defined in AS 47.30.-  
21 915;  
22 (3) a pharmacist;  
23 (4) an administrator or employee of a nursing home, resi-  
24 dential care, or health care facility;  
25 (5) a caretaker of the disabled adult;  
26 (6) a guardian or conservator of the disabled adult;  
27 (7) a police officer as defined in AS 18.65.290;  
28 (8) a village public safety officer;  
29 (9) a village health aide;

- 1 (10) a social worker;
- 2 (11) a member of the clergy;
- 3 (12) a staff employee of a program or project serving dis-
- 4 abled adults;
- 5 (13) a licensed foster care provider;
- 6 (14) a paid employee of a domestic violence and sexual
- 7 assault program or a crisis intervention and prevention program as
- 8 defined in AS 18.66.900;
- 9 (15) an employee of a homemaker program or home health aide
- 10 program;
- 11 (16) an emergency medical technician or paramedic in the
- 12 mobile intensive care program.

13 (b) A person who knowingly fails or refuses to make a report

14 required under (a) of this section is guilty of a class B misdemeanor.

15 (c) In this section, "disabled adult" means a person 18 years of

16 age or older who has a physical or mental disability, or physical or

17 mental impairment, as defined in AS 18.80.300.

18 Sec. 47.24.120. IMMUNITY FROM LIABILITY; RETALIATION PROHIBITED.

19 (a) A person who in good faith makes a report under AS 47.24.110,

20 regardless of whether the person is required to do so, is immune from

21 civil or criminal liability that might otherwise be incurred or

22 imposed for making the report.

23 (b) An employer or supervisor of a person who in good faith

24 makes a report under AS 47.24.110 may not discharge, demote, transfer,

25 reduce pay or benefits or work privileges of, prepare a negative work

26 performance evaluation of, or take other detrimental action against

27 the person because the person made the report. The person making the

28 report may bring a civil action for compensatory and punitive damages

29 against an employer or supervisor who violates this subsection. In

1 the civil action there is a rebuttable presumption that the detri-  
2 mental action by the employer or supervisor was retaliatory if it was  
3 taken within 90 days after the report was made.

4 \* Sec. 2. AS 09.65.150(a) is amended to read:

5 (a) The driver of a vehicle approaching a physically disabled  
6 pedestrian who is carrying a white or metallic-colored cane, or using  
7 special equipment for mobility, or using a service animal, shall take  
8 precautions necessary to avoid injury to the pedestrian or the service  
9 animal. A driver who fails to take necessary precautions and, as a  
10 result, causes injury to the pedestrian or the service animal, or  
11 causes property damage, is liable [IN DAMAGES] for the injury or  
12 damage caused.

13 \* Sec. 3. AS 11.76.130(a) is amended to read:

14 (a) A person commits the crime of interference with the rights  
15 of a disabled person if the person intentionally prevents or restricts

16 (1) a physically or mentally disabled person from having  
17 full and free pedestrian use of a street, highway, sidewalk, walkway,  
18 or other thoroughfare, to the same extent that any other person has a  
19 right to pedestrian use; or

20 (2) a physically disabled person from being accompanied or  
21 assisted by a certified service animal, without an extra charge for  
22 the service animal, in a common carrier, place of public accommoda-  
23 tion, or other place to which the general public is invited, except as  
24 provided in (b) of this section.

H B

345

# STATE OF ALASKA THE LEGISLATURE

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

## LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H HESS	2-2-88	8:30 a.m.
H HESS	2-4-88	8:30 a.m.

# HOUSE COMMITTEE REPORT

(7)

Date referred: 1/11/88

FURTHER REFERRALS: Finance

DATE: 2-4-88

The Health, Education and Social Services Committee has considered HB 345

"An Act relating to coroners' inquiries; and providing for an effective date.

**RECOMMENDS:**

- replace with CS HB 345 (HESS)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

**SIGNING OTHER RECOMMENDATIONS:**

Bill E. Bell  
John Ellis  
Bill Anderson  
Mark Anderson  
Charles D. Kelley  
Steve Rogers

Steve Heston - No Rec

John Ellis  
 Co-Chairman's signature  
Steve Rogers



Alaska State Legislature  
House of Representatives

Al Adams  
Chairman  
Committee on Finance

Official Business

DATE: January 29, 1988

TO: Representative Niilo Koponen  
Co-Chair, House HESS Committee

Representative Johnny Ellis  
Co-Chair, House HESS Committee

FROM: Representative Al Adams, <sup>AAA</sup>Chair  
House Finance Committee

RE: HB 345, "An ACT relating to coroners' inquests; and  
providing for an effective date."

I appreciate the House HESS Committee scheduling this bill so promptly.

The intent of this bill is to allow coroners the discretion in cases where the cause of death is clear, but statutes demand inquest proceedings, to be able to decide not to hold the inquest proceedings.

In particular, situations have arisen in my district in cases of suicide where the preponderance of evidence left no doubt of the cause of death, but coroners were left no discretionary ability. The inquest process put families of the deceased through unnecessary grief and incurred costs to a court system already functioning with a minimum of staff.

Beyond remedying this situation, there is another problem in the state of a lag time between suicidal deaths and that information being obtained by the Bureau of Vital Statistics. This has occurred because of the inquest procedure in these cases delaying information being given to the Bureau. One problem cited in The Daily News series on suicides among Alaska Natives touched on this issue of inaccurate records of suicidal deaths because of this delay.

Attached is a statement from the Alaska Court System supporting this legislation.

My staff person, Martha Stewart, would be willing to attend your committee meeting next week.

WHILE IN SESSION  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320

1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

Position Paper

HB 345

For an Act entitled: "An Act relating to coroners' inquests; and providing for an effective date."

This Act amends AS 12.64 to allow the coroner discretion in deciding the need for an inquiry in the case of a death where the deceased is unattended by a physician or when no physician is prepared to execute the certificate of death. It further allows the coroner discretion in deciding the need for a formal inquiry in the case of a death that may have been occasioned by criminal means.

This increased coroner discretion will prevent the time and expense of unwarranted inquiries.

Position

This bill would have no direct impact on the Department of Health and Social Services. The position of the department is neutral.

Recommended by:

Elizabeth Ward  
Elizabeth Ward, M.N.  
Director  
Division of Public Health

Date:

January 19, 1988

Approved by:

Myra M. Munson  
Myra M. Munson  
Commissioner  
Department of Health and  
Social Services

Date:

Feb 1, 1988

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to  
coroners' inquests;...  
Sponsor: Adams and Taylor  
Requestor: \_\_\_\_\_

Agency Affected: Health & Social Services  
BRU: State Health Services  
Components: EMS Certification and  
Licensing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The enactment of HB 345 would have no direct fiscal impact on the Department of Health and Social Services.

Prepared by: Elizabeth Ward, Director *Elizabeth Ward* Phone: 465-3090  
Division: Public Health Date: 1-19-88

Approved by Commissioner: Mary M. Mueser Date: Feb 1, 1988  
Agency: Department of Health & Social Services

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



Alaska Court System  
State of Alaska  
OFFICE OF ADMINISTRATIVE DIRECTOR

JANALEE R. STRANDBERG  
Staff Counsel

303 K Street  
Anchorage, AK 99501  
(907) 264-8228

January 21, 1988

Representative Albert P. Adams  
Alaska State Legislature  
P. O. Box V  
Juneau, AK 99811

Re: Act relating to coroners' inquests

Dear Representative Adams:

Thank you for this opportunity to comment on proposed legislation which would give coroners/public administrators the discretion to hold inquests in certain cases involving death by criminal means or suicide. The court system favors the concept of giving coroners/public administrators and magistrates discretion to dispense with inquests in these kinds of cases. We believe that guidance for the exercise of this discretion as well as a review process can be effected by court rule.

We also have two technical comments about this legislation. First, in section one, line 21, the change of the word "shall" to "may" could be interpreted to allow a coroner to dispense with an inquest even when the findings and information warrant an inquest. Because the discretionary nature of the inquest is clarified in the changes in section two, the present use of the word "shall" should be sufficient. Second, in section two, at lines 5 and 6, the phrase "unless the death is or will be inquired into by the grand jury, in which case an inquest by jury under this section is not required" should be deleted because the coroner is being given the discretion to hold inquests in these cases.

I would be happy to discuss this bill further with you or answer any questions you have.

Sincerely,

*Janalee R. Strandberg*  
Janalee R. Strandberg  
Staff Counsel

JRS:bh

1/29/88-7

H B

3 4 8

# STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

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

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H HESS	3-17-88	8:30 a.m.
H HESS	3-15-88	8:30 a.m.
H SA	3-2-88	3:00 p.m.
H SA	3-11-88	3:00 p.m.

# HOUSE COMMITTEE REPORT

(11)

Date referred: 3/14/88

FURTHER REFERRALS: Judiciary

DATE: 3-17-88

The Health, Education and Social Services Committee has considered HB 348

"An Act relating to the composition of the Medicaid Rate Commission."

**RECOMMENDS:**

- replace with CS HB 348 (HESS)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

[Signature]  
[Signature]  
[Signature]  
[Signature]  
 \_\_\_\_\_  
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 \_\_\_\_\_  
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**SIGNING OTHER RECOMMENDATIONS:**

[Signature]  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

[Signature]  
 Co-Chairman's signature  
[Signature]

FISCAL NOTE

REQUEST:

Revision Date: 3/17/88  
Title: "An Act Relating to the Medicaid Rate Commission"  
Sponsor: House HESS  
Requestor: \_\_\_\_\_

Agency Affected: Health & Social Services  
BRU: Medical Rate Commission  
Components: Medical Rate Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

*Karen Perdue*

Prepared by: Karen Perdue  
Division: Office of the Commissioner

Phone: 465-3030  
Date: 3/17/88

Approved by Commissioner: *Wpa He Munem*  
Agency: Health & Social Services

Date: 3/17/88

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

TABLE OF MEDICAID PRIORITIES - AS 47.07.035

112

(Lowest to Highest)

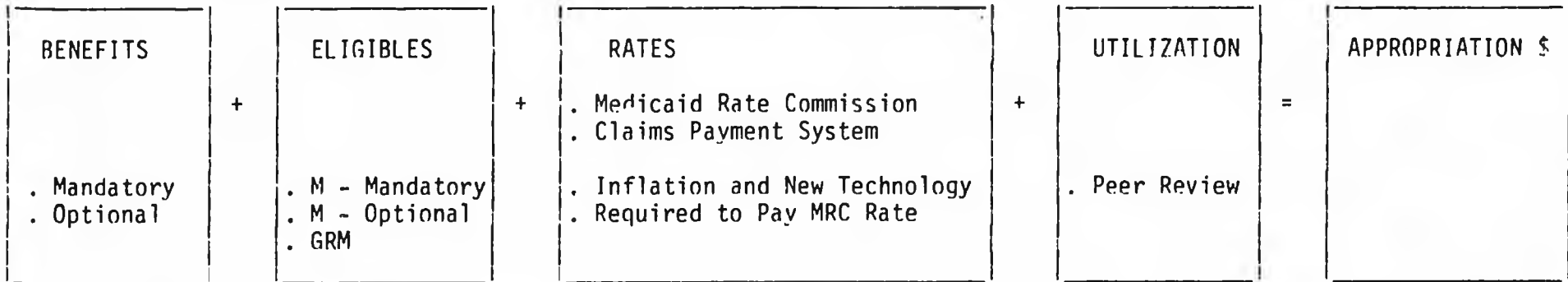
Service	Recipients	FY88 Annual Amount		
1. Chiropractic	600	410.0	BENEFIT	
2. Adult Dental	2,032	571.2	}	
3. Emergency Hospital Services	-0-	-0-		
4. Speech, Hearing & Language Disorders	298	113.0		
5. Optometrists Services & Eyeglasses	4,543	984.0		
6. Occupational Therapy	36	53.4		
7. Prosthetic Devices	198	679.8		
8. Medical Supplies & Equipment	330			
9. Clinic Services Includes Mental Health Clinics	1,384	3,979.2		
10. Physical Therapy	224	255.4		
11. Personal Care	96	526.8		
12. Non-Institutional Long Term Care	-0-	-0-		
13. Inpatient Psychiatric Services	69	5,570.5		
14. Intermediate Care for the Mentally Retarded	116	10,566.1		
15. Intermediate Care Services	400	17,108.6		40%
16. Individuals Under 21 Not Eligible for AFDC (RIBICCF KIDS)	1,500	1,785.0		ELIGIBLE GROUP
17. Skilled Nursing Services for Individuals under 21	14	786.3		}
18. Aged, Blind and Disabled Individuals IN AN INSTITUTION	2,766	19,824.8		
19. Individuals in a Hospital, Skilled or Intermediate Care Under 300% SSI level	49	2,800.2		
20. Individuals Under 21 Under Supervision of the Department - FOSTER CARE	500	595.0		
		<u>\$66,609.3</u>		

13 Includes Alaska Psychiatric Institute

14 Includes Harborview Developmental Center

16-20 Are Eligibility Groups. The costs shown are included in the above optional services as well as the mandatory Medicaid services.

FY89 MEDICAL ASSISTANCE



PROGRAM INCREMENTS:

- . No new benefits/services
  - . 4.2% in Medicaid Facilities
  - . 4.5% in all other programs
  - . Healthy baby bill implement SOBRA option
    - . 3.8% for all programs
- . No adjustment for Change in Utilization Patterns
- . Base Adjustment for Unmet Need

ADMINISTRATIVE INCREMENTS FOR COST MANAGEMENT

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>. Hearing Officer 2.0</li> <li>. Auditors 94.6</li> </ul> | <ul style="list-style-type: none"> <li>. Physicians Services 99.5</li> <li>. Pharmacists Services 103.5</li> <li>. Continue Pre-Admission Screening 211.8</li> <li>. Continued Third Party Liability Recoveries 0</li> </ul> |
|--|--|

Implementation of the Medicaid Management Information System impacts each of the four areas above.

# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

PO BOX H  
JUNEAU, ALASKA 99811-0601  
PHONE (907) 465-3030

March 11, 1988

The Honorable Fran Ulmer  
Chairperson  
State Affairs Committee  
Alaska State House  
P.O. Box V  
Juneau, AK 99811

Dear Representative Ulmer:

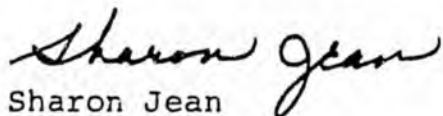
As you know, the Governor's Interim Commission on Health Care was convened in November to study a variety of questions regarding the provision of health care in Alaska. A primary focus of these deliberations has been the provision of long-term care services in Alaska, including both institutional and non-institutional care. As part of its study of institutional services, the Commission, through its Long-Term Care Committee, has been reviewing the mechanism used in Alaska to set medicaid rates for long-term care facilities and acute care hospitals.

The Long-Term Care Committee has recently learned that the current rate setting process has resulted in rates which may have put the State in jeopardy of non-compliance with Federal Medicaid guidelines. (See attached memoranda from Mary Benson and Norman Meyer). As these documents indicate, the Federal government contends that the State has paid, and is continuing to pay, rates which exceed the Federal upper limits. Failure to correct this situation could result in a considerable financial penalty accruing to the State, and possibly, the termination of federal participation in Alaska's Medicaid program. The Health Care Commission is very concerned with these possibilities and this concern has prompted us to alert you to this problem.

The Long-Term Care Committee is currently discussing alternatives to the present rate setting structure. Although that committee has not yet made recommendations, the attached issue paper (Facility Rate Setting) suggests several options under consideration. The recommendations of the Commission regarding this and other health care issues will be available in draft form by the middle of April.

If the Health Care commission can provide you with additional information regarding this or other issues, please do not hesitate to contact me. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Sharon Jean".

Sharon Jean  
Chairperson  
Governor's Interim  
Commission on Health Care

Enclosures

cc: Governor Steve Cowper  
Representative John Sund  
Representative Niilo Koponen  
Representative Johnny Ellis  
Representative Al Adams  
Representative Pat Pourchot

## FACILITY RATE SETTING

### ISSUE

Facility rate setting. Alaska's system for setting medicaid reimbursement rates for private health care facilities is unique. It is the only state that entrusts the rate setting process to a volunteer commission that is wholly outside the control of the executive or legislative branches. The Medicaid Rate Commission (MRC) thus has no legislative mandate to keep facility rates within amounts budgeted by the Department of Health and Social Services and appropriated by the legislature. Aspects of this issue include: mechanisms utilized for rate setting; policies that drive the rates; and potential sanctions by the federal government, which participates in funding through Title XIX of the Social Security Act (medicaid).

### HISTORY

The Medicaid Rate Commission was established by the Alaska Legislature in 1984, AS 47.07.110. It consists of five members, including: the chief executive officer of an health facility licensed by the state but not owned or operated by the state or federal government; either the commissioner of administration or health and social services or a designee of either commissioner; a physician licensed to practice and actively practicing medicine in Alaska and not employed by the state; a certified public accountant with relevant experience; and a representative of health services consumers who does not have a direct or indirect interest in an entity providing health care services. *Id.* The members are appointed by the governor and serve at his or her pleasure for three-year terms, which are staggered. AS 47.07.130-140. The commission's duties are to "review proposed payment rates and budgets of health facilities and establish payment rates for health facilities...." AS 47.07.180. The commission is required by statute to "determine prospectively the rate of payment to a health facility...based on a fair rate for reasonable costs incurred by the facility." AS 47.07.070. The statutes detail various factors which must be considered in determining the rate. *Id.*

Since its inception, the Medicaid Rate Commission has set rates at ever-increasing levels. In FY 84, \$21.7632 million was expended by the Department of Health and Social Services in medicaid payments to long-term care facilities. In FY 88 the projected expenditure for long-term facilities medicaid payments is \$29.6313 million, which is 30.1% of the entire medicaid budget. Percentage increases in rates paid to long-term care facilities between FY 83 and FY 88 are provided in the attachment. The lowest percentage increase in that period is 12.93%; the highest is 131.95%. The average increase is 42.45% in that period. *Id.* The average daily rate paid to private long-term care facilities in FY 1988 is \$212.11. *Id.*

The dramatic increase in medicaid rates has not resulted in large numbers of seniors being served by medicaid-funded long-term care. In FY 86, the total general fund medicaid expenditures for seniors (age 65 or over) were \$14,823,000. Of that total, \$3,823,000 was expended for non-long term facilities, which served 1,123 seniors at an average expenditure of \$1,801 per recipient. A total of \$11,000,000 was expended for medicaid long term care, which served 539 seniors at an average expenditure of \$20,408 per recipient. See *Halterman Report*, table 1.

The increased rates authorized by the MRC are due to a combination of factors. The prospective rate setting system is based on costs incurred by the facilities during

a base year, which in practice has meant their previous fiscal year plus an inflation factor. The statutes set out the costs to be considered in setting rates and the MRC has, at the legislature's direction, promulgated regulations enumerating the rate-setting factors. In formulating rates, the MRC evaluates various components of facility costs during their base year, including: costs of current operation, including salaries and wages, purchased services, supplies, insurance, leases, depreciation, taxes, interest expense, maintenance and other operating expenses; education; research; and appropriate capital development. AS 47.07.070; 7 AAC 43.685. In practice, the rate has been based on the actual historical costs of operating facilities. Alaska, unlike most states, does not impose an upper limit on reimbursement amounts to facilities.

The only statutorily-imposed standards require that the rate of payment be based on a fair rate for reasonable costs incurred by the facility. AS 47.07.070(a). Additionally, the MRC, in determining a rate, "may consider whether the rate of utilization of the facility has been reduced because of improvident or careless development of the facility." AS 47.07.070(c). Other than the generic cost items specified in the statute creating the MRC, the "fair rate for reasonable costs" language, and a statutory directive that the MRC "consider the appropriation limit set by the legislature for the department's programs under [portions of Title 47] and available federal revenue" (AS 47.07.070(d)), there are no statutorily-imposed restrictions on what rates the MRC sets. However, the purpose section of the statute authorizing the Department of Health and Social Services to participate in the medicaid program is instructive. It provides that: "It is declared as a matter of public concern that the needy persons of this state receive uniform and high quality medical care, regardless of race, age, national origin, or economic standing." AS 47.07.010.

Ninety percent (90%) of residents in long-term care facilities received medicaid coverage in April 1987, which is a typical month. See *Halterman Report* at 6. Since medicaid is a system which reimburses providers directly, every dollar of the approved rate flows directly to the institutions rendering the long-term care services. The national average cost of long-term care is \$56 per day; the average daily rate in Alaska as of FY 88 is \$212. *Id.* at 13-14; attachment. Thus, Alaska's daily rate is almost 400% of the national average. The higher cost of living in Alaska has been alluded to numerous times by the health care industry. See *A Study of Factors Influencing Acute and Long Term Care Costs in Alaska*. However, the 400% differential in daily rates is well above the increased cost of living in Alaska. The justification that it costs more because it costs more is no justification at all.

The overriding factor identified in the exorbitant rates paid to facilities in Alaska is the rates set by the MRC, which reimburse for almost all costs, no matter how inefficient a facility may be. The current rate structure does not reward thrift and ingenuity in administering a facility nor does it consider the fact that many of the co-located and long-term facilities were originally constructed with state grants. The MRC's rates thus allow facilities to obtain reimbursement for capital costs and depreciation, both of which were originally funded from state dollars. In essence, the rates reward higher and higher expenditures and does not provide an offset for capital costs originally incurred by the state. The medical industry knows full well that whatever it spends, it will likely be reimbursed through the medicaid rate. The medical industry's response has been that there is a higher level of service in Alaska. One doubts that any level of service could justify such a cost differential in daily rates.

Has the MRC, through its prospective rate setting process, in effect discriminated against non long-term medicaid eligible Alaskans by setting rates so high that funding for other needy Alaskans is greatly reduced? Have the high medicaid payment rates resulted in high rates being charged to people ineligible for medicaid, so that retired persons living on modest retirement incomes are unable to afford institutional care? It appears so. The next question is, why? If the true purpose of Alaska's participation in the medicaid program is to ensure all needy recipients of access to medical care, why does the legislature continue to permit the MRC to operate as an independent body with no external and only few internal controls? If, instead, Alaska's public policy is to use the medicaid program to subsidize long-term care facilities which have small occupancy rates and inversely high daily rates, it should be so stated.

The MRC, viewed in a historical context, has operated quite well to insure facility survival. However, such is not the purpose of the federal medicaid statute, which was enacted by Congress to ensure that all categories of eligible needy persons receive needed medical care. The effect of the MRC prospective rate setting system is becoming clear to not only Alaskans, but to the federal government, which currently matches Alaska's medicaid contribution. The federal government has recently advised the Division of Medical Assistance that although there is no upper limit on reimbursements in state law, there is an upper limit under federal criteria, which the state is exceeding. Thus, there very well may come a time, and soon, when the federal government refuses to match the State of Alaska's facility medicaid costs or matches only the 50% it deems reasonable. The state would then be liable to use general fund monies to make up the difference. Loss of federal dollars would be a heavy price to sustain an unstated policy of ensuring facility survival no matter how cost ineffective the facility may be.

#### POPULATION AFFECTED

All Alaskans are potentially affected by this issue. Eligible medicaid populations may not receive funding for their medical needs if facility reimbursements continue not only to soak up the largest share of the DMA's total budget, but to require large annual increases in that budget. The Legislature has already signaled its unwillingness to fund DMA at requested levels. Two years ago, the state was forced to eliminate many services previously funded through the general relief medical program, which is solely a state funded medical program for the truly needy. In addition, no funds have been appropriated for the catastrophic illness program for the past two fiscal years. The Department of Health and Social Services has recently submitted a supplemental request of \$18.3 million for the remainder of FY 88, basically to cover the ever-increasing costs of payments to facilities. Medical assistance for the needy cannot continue to depend on ever-increasing emergency requests to the Legislature.

Everyone is suffering during these times of fiscal austerity. As the economy continues to bottom out, many Alaskans are finding themselves in need of medical care. However, due to decreasing funding, those needs could go unmet. It is against this backdrop that the fundamental unfairness of the current medicaid reimbursement system must be viewed. Should the state, as a conscious or unconscious public policy decision, fund ever-increasing private facility costs while the medical needs of other deserving Alaskans go unmet?

## OPTIONS TO ADDRESS THE ISSUE

The following are two options to consider:

1. Abolish the MRC and authorize the DHSS to perform the rate setting function; the DHSS could therefore ensure that the total facility reimbursement rate does not drive its entire budget and could ensure that the rate paid is not a subsidy to the facilities at the expense of all other classes of medical consumers served by DHSS.
2. If the MRC continues to exist in statute, there must be statutory criteria to limit facility reimbursement, including authority to impose a ceiling on reimbursement rates.

Myra A. Munson, Commissioner  
Department of Health and Social Services  
P. O. Box 11-07  
Juneau, Alaska 99811

Dear Ms. Munson:

During a recent meeting, members of your staff requested an explanation of how the disapproval of a state plan amendment would affect Alaska's Medicaid program. They also expressed an interest in learning what actions HCFA would take if the State chose to implement the changes contained in the disapproved amendment.

A state electing to receive payments under Title XIX of the Social Security Act must submit and receive approval of its state plan for medical assistance. Once the Medicaid state plan has been approved, it can only be changed via the state plan amendment process. This process requires the state to thoroughly describe the proposed change in the form of a state plan amendment and submit the document to HCFA for approval. If the amendment is approved, it becomes part of the approved Medicaid state plan and the change is effectuated. If HCFA disapproves the amendment, the proposed change cannot be implemented and the state plan remains unchanged.

A state may choose to ignore HCFA's disapproval and implement the proposed change. This course of action would result in the state being out of compliance with the approved state plan and could have significant financial ramifications. The exact extent of the financial consequences would depend on the substantiality of the non-compliance but could range from the disallowance or deferral of the FFP associated with the disapproved change to the termination of FFP for the state's entire Medicaid program.

If you have any questions concerning this matter, our contact person is Bob Grauman. Bob can be reached at (206) 442-0443.

Sincerely,

Norman V. Meyer  
Associate Regional Administrator  
for Program Operations

cc: Kim Busch

BG 1138k

File Code: SMO-1

# MEMORANDUM

## State of Alaska

TO Norma Lundy  
Governor's Interim Health  
Care Commission

DATE March 11, 1988


FILE NO

TELEPHONE NO

THRU.

SUBJECT State's Potential  
Liability to Federal  
Government on Medicaid

FROM

  
Mary K. Bensen  
Executive Director  
Medicaid Rate Commission

In response to your Committee's questions concerning the state's potential liability to the federal government on Medicaid, I have prepared the following summary.

The state has a variety of issues concerning Medicaid payments to hospitals and long term care facilities. Attached is a memorandum outlining issues as of February 17, 1988. Since that time several other issues have developed increasing the state's potential liability.

In late February, the federal government identified an upper limit issue with acute care services for 1984, 1985, and 1986. We have been notified approximately \$2.0 million will be requested back from the state. It appears this argument will continue into 1987 and 1988. I estimate we will be arguing another \$2.0 million in 1987 and \$1.0 million in 1988. The state does not agree with the federal finding. We anticipate we will prevail or partially prevail.

The second issue involves litigation with Cordova Hospital challenging the Medicaid Rate Commission's ability to apply audit findings prior to August 1986. The facility's contention is the state could only audit prior to that time but had no ability to recoup funds based on audits. I was notified Monday, the Alaska Health Association is planning to join the suit on behalf of all members facilities. Regardless of who prevails, the federal government will take its half from the state. Based on current audit findings, it appears there will be at least \$1.0 million in audit findings for 1985 and 1986. This will result in \$500,000 in payments to the federal government. We feel the state will prevail.

The outstanding issues are recapped as follows:

FY 87 Long Term Care Upper Limit	\$ 2,055,000
FY 88 Long Term Care Upper Limit	2,515,000
FY 89 Long Term Care Upper Limit	<u>2,800,000</u>
Potential Federal Claim	\$ 7,370,000
FY 89 Proposed Regulation	\$ 2,900,000
Outstanding Appeals	<u>7,000,000</u>
Total Contingent Liability	\$17,270,000
1984/5/6 Hospital Upper Limit	\$ 2,000,000
1987 Hospital Upper Limit	2,000,000
1988 Hospital Upper Limit	1,000,000
Audit Finding	<u>500,000</u>
Total	\$22,770,000

Attachment



**STATE OF ALASKA 1988 LEGISLATIVE SESSION  
FISCAL NOTE**

NO. 1

BILL VERSION: HB 348

PUBLISH DATE: HOUSE 1/11/88

**REQUEST**

Bill Resolution No. : \_\_\_\_\_  
 Title : An Act Relating to the Membership  
 of the Medicaid Rate Commission  
 Sponsor : Rules Committee  
 Requestor : Governor  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : Health & Social Services  
 BRU : Medicaid Rate Commission  
 Components : Medicaid Rate Commission

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
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<b>REVENUE</b>						
----------------	--	--	--	--	--	--

**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		-0-	-0-	-0-	-0-	-0-

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

The proposed language changing the membership of the Medicaid Rate Commission would have a net zero impact on the Medicaid Rate Commission budget.

Prepared by: Randy Super For: Kim Busch Phone: 465-3355  
 Division: Medical Assistance Date: 12/8/87

Approved by Commissioner: [Signature] Date: 12/8/87  
 Agency: \_\_\_\_\_

**Distribution (by Agency preparing fiscal note):**

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

# MEMORANDUM

# State of Alaska

TO: Norma Lundy  
Governor's Interim Health  
Care Commission

DATE: March 11, 1988


FILE NO:

TELEPHONE NO:

THRU:

SUBJECT: State's Potential  
Liability to Federal  
Government on Medicaid

FROM:

  
Mary K. Bensen  
Executive Director  
Medicaid Rate Commission

In response to your Committee's questions concerning the state's potential liability to the federal government on Medicaid, I have prepared the following summary.

The state has a variety of issues concerning Medicaid payments to hospitals and long term care facilities. Attached is a memorandum outlining issues as of February 17, 1988. Since that time several other issues have developed increasing the state's potential liability.

In late February, the federal government identified an upper limit issue with acute care services for 1984, 1985, and 1986. We have been notified approximately \$2.0 million will be requested back from the state. It appears this argument will continue into 1987 and 1988. I estimate we will be arguing another \$2.0 million in 1987 and \$1.0 million in 1988. The state does not agree with the federal finding. We anticipate we will prevail or partially prevail.

The second issue involves litigation with Cordova Hospital challenging the Medicaid Rate Commission's ability to apply audit findings prior to August 1986. The facility's contention is the state could only audit prior to that time but had no ability to recoup funds based on audits. I was notified Monday, the Alaska Health Association is planning to join the suit on behalf of all members facilities. Regardless of who prevails, the federal government will take its half from the state. Based on current audit findings, it appears there will be at least \$1.0 million in audit findings for 1985 and 1986. This will result in \$500,000 in payments to the federal government. We feel the state will prevail.

The outstanding issues are recapped as follows:

FY 87 Long Term Care Upper Limit	\$ 2,055,000
FY 88 Long Term Care Upper Limit	2,515,000
FY 89 Long Term Care Upper Limit	<u>2,800,000</u>
Potential Federal Claim	\$ 7,370,000
FY 89 Proposed Regulation	\$ 2,900,000
Outstanding Appeals	<u>7,000,000</u>
Total Contingent Liability	\$17,270,000
1984/5/6 Hospital Upper Limit	\$ 2,000,000
1987 Hospital Upper Limit	2,000,000
1988 Hospital Upper Limit	1,000,000
Audit Finding	<u>500,000</u>
Total	\$22,770,000

Attachment

# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

MEDICAID RATE COMMISSION

STEVE COWPER, GOVERNOR

PC BOP 240245  
360 C STREET SUITE 597  
ANCHORAGE ALASKA 99524-0245  
PHONE (907) 562-1896

February 17, 1988

The Honorable Myra Munson  
Commissioner  
Department of Health & Social Services  
Pouch H-01  
Juneau, AK 99811

Dear Myra:

Today, I received correspondence from Region X concerning the upper limits issues for our FY84 and FY85 fiscal years.

I want to keep you fully informed of the potential liability the state faces with this and other issues. While the state needs to require federal participation based on our approved State Plan, the upper limit issue is a problem for the state of Alaska.

Currently, we have approved State Plans through June 30, 1987. The 1988 State Plan is not approved. Our aggregate calculations for hospital services indicate the approved rates are under the upper limit for FY87 and FY88.

The long term care rates continue to be the major issue for state. I am listing an estimate of the contingent liability the state faces on several issues including the federal upper limit, regulations pending before the Medicaid Rate Commission, and appeals in process. All the issues listed below will likely be all general state funds. The appeals from providers request payments for expenses not included in the State Plan. While I do not believe the facilities will prevail, it is important to consider the appeals as contingent liabilities against General state funds. The outstanding issues are as follows:

FY87 Long Term Care Upper Limit	\$ 2,055,000
FY88 Long Term Care Upper Limit	\$ 2,515,000
FY89 Long Term Care Upper Limit	<u>\$ 2,800,000</u>
Potential Federal Claim	\$ 7,370,000

FY89 Proposed Regulation	\$ 2,900,000
Outstanding Appeals	<u>\$ 7,000,000</u>
Total Contingent Liability	\$17,270,000

RECEIVED

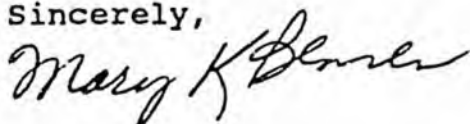
FEB 19 1988

Budget & Finance  
Director's Office

If any of the contingencies become a reality, the impact will be in the FY89 appropriation. As you consider the appropriation request for FY89, you may want to consider requesting funding for some of the contingencies. As a note, the federal upper limit issue and the chart above reflect only the federal portion. I estimate excess above the upper limit for the 3 three years is approximately \$14,645,000 in actual payments to the health care facilities or just under 20% of the rate.

If you wish to discuss any of these issues or I can be of any assistance, please do not hesitate to contact me.

Sincerely,



Mary K. Bensen  
Executive Director

cc: -Commission Members, Medicaid Rate Commission  
Karen Perdue, Deputy Commissioner DHSS  
Kim Busch, Medical Assistance  
Harlan Knudson, Health Association of Alaska  
Robert Bilden, Legislative Audit

Myra A. Munson, Commissioner  
Department of Health and Social Services  
P. O. Box 11-07  
Juneau, Alaska 99811

Dear Ms. Munson:

During a recent meeting, members of your staff requested an explanation of how the disapproval of a state plan amendment would affect Alaska's Medicaid program. They also expressed an interest in learning what actions HCFA would take if the State chose to implement the changes contained in the disapproved amendment.

A state electing to receive payments under Title XIX of the Social Security Act must submit and receive approval of its state plan for medical assistance. Once the Medicaid state plan has been approved, it can only be changed via the state plan amendment process. This process requires the state to thoroughly describe the proposed change in the form of a state plan amendment and submit the document to HCFA for approval. If the amendment is approved, it becomes part of the approved Medicaid state plan and the change is effectuated. If HCFA disapproves the amendment, the proposed change cannot be implemented and the state plan remains unchanged.

A state may choose to ignore HCFA's disapproval and implement the proposed change. This course of action would result in the state being out of compliance with the approved state plan and could have significant financial ramifications. The exact extent of the financial consequences would depend on the substantiality of the non-compliance but could range from the disallowance or deferral of the FFP associated with the disapproved change to the termination of FFP for the state's entire Medicaid program.

If you have any questions concerning this matter, our contact person is Bob Craunan. Bob can be reached at (206) 442-0443.

Sincerely,

Norman V. Meyer  
Associate Regional Administrator  
for Program Operations

cc: Kim Busch  
BG 1138k  
File Code: SMO-1

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 11, 1988

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would change the composition of the Medicaid Rate Commission, which was established in the Department of Health and Social Services in 1983.

Currently, the Medicaid Rate Commission has four public or provider representatives and one state government representative. The latter is either the commissioner of health and social services or the commissioner of administration (or the appointed designee of either). The purpose of the Medicaid Rate Commission is to establish the rates for payments made to hospitals, nursing homes, and a variety of other health care facilities for services provided to Medicaid and general relief medical assistance recipients. The commission currently commits the state to a distribution of over \$80,000,000 yearly. With the present composition of the commission, the state lacks budgetary control because it cannot contain the growth of the rates approved by the commission.

Historically, boards with the authority to commit the state to some level of expenditure or indebtedness have had a voting majority of cabinet or top-level administrative officials. This bill brings the composition of the commission into conformance with other rate-setting bodies by placing a total of three department heads (or, in place of the third department head, one of the division directors of the office of management and budget) on that rate-setting body. Two other governor-appointed members would represent health care providers and consumers, respectively. The commission would, of course, continue to make its decisions based upon presentations made to it by health care providers.

STATEMENT  
HEALTH ASSOCIATION OF ALASKA

March 15, 1988

House Committee on State Affairs  
HB 348 - MEDICAID RATE COMMISSION

The Health Association of Alaska, representing acute and long term health care facilities, is opposed to H.B. 348, an act relating to the composition of the Medicaid Rate Commission.

Purpose of Medicaid Rate Commission:

The purpose of the Commission is to establish a fair rate of payment to health facilities for services rendered to Medical and General Relief Medical (GRM) beneficiaries.

The major activities of the Commission are to develop and implement a new rate setting system, audit facility data, prepare and negotiate the State Plans with the Federal Government for federal funding, and report proposed Medical Assistance expenditures for current and subsequent state fiscal years. The rate setting is a public process wherein the Commission deliberates the proposed rates and sets the rates.

Current Composition of Medicaid Rate Commission:

1. Licensed Health Facility CEO
2. Commissioner of Administration or Commissioner of Health and Social Services or their designee
3. Licensed physician
4. Certified Public Accountant
5. Consumer

Intent of HB 348:

Replace licensed health facility CEO, physician, and CPA with a health care provider, Commissioner of Administration, Commissioner of Health and Social Services, and/or a third Commissioner or a director of a division of the Office of Management and Budget.

Reasons Why Health Association of Alaska Opposes HB 348:

1. The intent of HB 348 is to control health care facility costs by having three of the five members of the Commission represent state government.

That is contrary to legislative intent. Hospital and long term health care facility rates established by the Commission should not be budget driven, but should reflect a fair rate of payment for services rendered.

State government and the public need to have the data compiled by the Commission, and know that fair and equitable rates are established by utilizing that data.

(MORE)

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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Alaska State Legislature  
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Juneau, AK 99811

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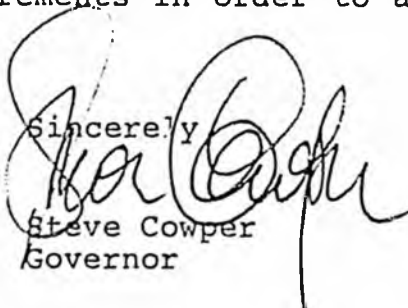
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The Honorable Ben Grussendorf

Page 2

This proposed change would also help assure that the Department of Health and Social Services maintains the Medicaid program within federal requirements in order to allow maximum use of federal money.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written in a cursive style. The signature is positioned to the right of the typed name and title.

Steve Cowper  
Governor

STATEMENT  
HEALTH ASSOCIATION OF ALASKA

March 15, 1988

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State government and the public need to have the data compiled by the Commission, and know that fair and equitable rates are established by utilizing that data.

(MORE)

Concern is that needed rate increases will be denied solely for the reason that the Department of Health and Social Services will be required to seek additional funding from the Legislature to underwrite such increases. The fact that health facility costs, generated by people in need, must compete with other health and social service programs is recognized, but it does not negate the fact that hospitals cannot subsidize state programs.

It should be noted that a recent survey (by providence Hospital) showed that hospital uncompensated care (bad debt/charity) costs increased from \$5,339,000 in 1982 to \$10,368,000 in 1986. Medicaid paid hospitals only \$20,978.00 in 1986. Liability insurance premium costs increased from \$3,147,000 in 1986 to \$5,377,000 in 1988. (Data from Medicaid Rate Commission.)

2. The Certified Public Accountant, physician, and licensed health facility CEO are needed on the Commission, as is the consumer and the representative of the Department of Health and Social Services.

Establishing health facility costs is extremely complex, and the involvement of individuals who are in the everyday business of providing health services and cost accounting contribute significantly to the deliberations of the Commission.

# # #

FOR: Harlan Knudson  
Health Association of Alaska  
319 Seward Street, #11  
Juneau, AK 99801  
586-1790



Official Business

# Alaska State Legislature

House of Representatives

Al Adams

Chairman

Committee on Finance

WHILE IN SESSION  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Kotzebue, Alaska 99752  
(907) 442-3320

1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615

March 2, 1988

Representative Fran Ulmer  
Chairman  
House State Affairs Committee  
P.O. Box V  
Juneau, AK 99811

Re: HB 348

Dear Representative *Fran* Ulmer:

I would like to take this opportunity to voice my support for House Bill 348 "An Act relating to the composition of the Medicaid Rate Commission."

As I am sure you are aware, the entitlement programs in general and the Medicaid budget in particular represent an ever increasing portion of the Department of Health & Social Services Budget. From FY 86 - FY 88, a period when the vast majority of state funded programs were sustaining double-digit percentage budget reductions, state general funds for Medicaid increased by 12.2%. If you add the FY 88 request for supplemental funding pending before the House Finance Committee, the increase is approximately 37.1%. I have attached a spreadsheet which more clearly demonstrates the growth in this program during this period.

While some of these increased costs can be attributed to expansion of services and increased caseloads, it is also true that a significant

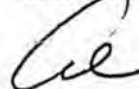
portion of the increased costs are directly related to the rate increases awarded to Medicaid eligible facilities by the Medicaid Rate Commission.

Under current law, the rate commission operates outside the normal policy/budget process and the composition of the commission further aggravates the problems inherent in this situation. House Bill 348 would provide for a majority of the members of the commission to be state policy-makers and presumably more sensitive to the overall policy and budget priorities of the state.

To illustrate just how out of step with the normal budget process the current commission appears to be, I have attached a copy of a notice of proposed changes in the regulations of the Medicaid Rate Commission which came across my desk last week. If the commission adopts these regulations as written, the state will be obligated for an additional \$2.9 million for FY 89 with further increases in succeeding years. These funds are not in the current Governor's FY 89 budget request nor will the regulations likely be approved in time for submission as a budget amendment. As a practical matter what we have here is a FY 89 supplemental request. We are set-up for a FY 89 Medicaid supplemental before we have even approved the original FY 89 budget!

In conclusion, I urge the State Affairs Committee to give favorable consideration to HB 348. I am under no illusions that this will solve all our Medicaid funding problems; but I am convinced it is a worthwhile step in the right direction. In the absence of additional cost containment measures in this area, I fear that further erosion in funds for other vital health & social services programs is inevitable.

Sincerely,



Al Adams  
Chairman

House Finance Committee

cc Rep. Mark Boyer  
Chairman  
House Finance HESS Budget Subcommittee

ATTACHMENT A MEDICAID BUDGET FY 87 ACTUAL-FY 89 (GENERAL FUNDS ONLY)

	A	B	C	D	E	F	G	H	I	J
1	COMPONENT	FY 87 ACT	FY 88 AUTH	FY 88 SUPP	FY 88 TOTAL	FY 89 GOV	FY 89 REGS	FY 89 TOTAL	FY 89 V FY 87	FY 89 V FY 87
2									AMOUNT	%
3										
4	MEDICAID-NON FACILITY	12,556.1	10,972.6	4,970.0	15,942.6	17,213.2	0.0	17,213.2	4,657.1	37.1%
5	MEDICAID-FACILITY	22,822.4	26,598.2	3,375.0	29,973.2	33,112.1	2,900.0	36,012.1	13,189.7	57.8%
6										
7	TOTAL	35,378.5	37,570.8	8,345.0	45,915.8	50,325.3	2,900.0	53,225.3	17,849.8	50.4%

FY 88 TOTAL=AUTHORIZED PLUS PROPOSED SUPPLEMENTAL; FY 89 TOTAL=FY 89 GOVERNOR PLUS PROPOSED NEW REGULATIONS

EL

NOTICE OF PROPOSED CHANGES  
IN THE REGULATIONS  
OF THE MEDICAID RATE COMMISSION

Notice is given that the Medicaid Rate Commission, under authority vested by AS 47.07.070 and AS 47.07.073, proposes to amend regulations in Title 7 AAC 43 of the Alaska Administrative Code, dealing with establishment of a rate setting process for payment of services for Medical Assistance programs to facilities, to implement AS 47.07, as follows:

1. 7 AAC 43.685(b)(2) is proposed to be amended by identifying capital and various insurance and employee benefits costs as passthrough costs.
2. 7 AAC 43.685(b)(3) is proposed to be amended by adding various insurance and employee benefits costs as facility budgeted costs for rate setting.
3. 7 AAC 43.691(a)(1) is proposed to be amended to substitute actual passthrough costs for budgeted passthrough costs when calculating year end conformance.

Notice is also given that any person interested may present oral or written statements or arguments relevant to the proposed action at a hearing to be held in Room 336 of the Frontier Building, 3601 "C" Street, Anchorage, Alaska at 1:30 p.m. on March 18, 1988.

This action is expected to require an increased general fund appropriation of \$2,900,000 in fiscal year 1989, \$3,500,000 in fiscal year 1990, and \$4,300,000 in fiscal year 1991.

DIVISION OF MEDICAL ASSISTANCE

BUDGET INCREASE FACTORS

	<u>Dept. Request</u>	<u>FY87 Authorized</u>	<u>Actual</u>	<u>National CPI</u>	<u>Dept. Request</u>	<u>FY88 Authorized</u>	<u>Projected</u>	<u>FY89 Dept. Request</u>
<b>Medicaid Facility</b>								
Price	3.7%	0.0%	5.0%	15.7%	3.5%	2.5%	5.5%	3.8%
Utilization	3.1%	3.1%	7.5%		0.0%	0.0%	6.5%	0.0%
Eligibles	8.5%	8.5%	6.0%		6.3%	6.3%	6.0%	4.2%
<b>Medicaid Non-Facility</b>								
Price	3.7%	0.0%	15.7%	15.7%	2.8%	0.0%	5.5%	3.8%
Utilization	3.1%	3.1%	Unk.		0.0%	0.0%	6.5%	0.0%
Eligibles	10.4%	10.4%	6.0%		6.3%	6.3%	6.0%	4.5%

Changing the Medicaid Rate Commission to Advising the Department on  
Medicaid Facility Rates.

Purpose

This proposed amendment would change the focus of the Medicaid Rate Commission from a rate setting body to one giving advice to the Department of Health and Social Services. Upon consideration of that advice and review of available funding, the department adopts fair facility rates for Medicaid based on federal requirements and state statutes.

Section 1. AS 47.07.040 is amended to read:

Sec. 47.07.040. State plan for provision of medical assistance. The department shall prepare a state plan in accordance with the provisions of 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act, Medical Assistance) and submit it for approval to the United States Department of Health and Human Services. The plan shall designate that the Department of Health and Social Services is the single state agency to administer this plan. The department shall act for the state in any negotiations relative to the submission and approval of the plan, The department [, INCLUDING THE MEDICAID RATE COMMISSION,] may make those arrangements or regulatory changes, not inconsistent with law, as may be required under federal law to obtain and retain approval of the United State Department of Health and Human Services to secure for the state the optimum federal payment under the provisions of 42 U.S.C. 1396-1396p (Title XIX, Social Security Act, Medical Assistance). In addition, the department shall provide a report to the legislature no later than March 15 of each year concerning the status

of this program and recommendations, with supporting fiscal data, as to any changes in the coverage of eligible persons or services to be provided.

\* Sec. 2. AS 47.07.070 is amended to read:

Sec. 47.07.070 Payment to Health Facilities. (a) The commission shall advise the department on the prospective [DETERMINE PROSPECTIVELY THE] rate of payment to a health facility under this chapter and AS 47.25.120-47.25.300 based on a fair rate for reasonable costs incurred by the facility. The department shall set the rates of payment to a health facility. The department [COMMISSION] shall by regulation list the factors it considers in making its rate determination under this section, after consultation with the commission.

(b) In determining a rate of payment to a health facility under this section, the department [COMMISSION] shall consider the proportionate share of the facility's financial requirements for patient care for

(1) cost of current operations, including salaries and wages, purchased services, supplies, insurance, leases, depreciation, taxes, interest expense, maintenance and other health facility operating expenses; and

(2) education, research, and appropriate capital development.