

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6290 SENATE HEALTH, EDUCATION AND SOCIAL SERVICES

89

11. Infant Learning Program. Mary Diven of the state division of Maternal and Child Health reports these figures are "deceptively low", under estimating the true cost of rural service. Infant Learning Program costs as much as \$6,000/year in some rural areas.
12. Handicapped Children's Program. Cost estimates include averages for children with heart problems, cleft palate and developmental delay. Children with physical problems can be on the program for 21 years; children with developmental delays may be on the program for as few as three years. Cost estimates by Kathy Robinson, Maternal and Child Health, Alaska Department of Education. This report estimates that one child per year has heart problems (a low estimate in view of the 30 to 70 percent with heart problems); three have cleft palates; and three more have other physical problems such as spina bifida, progressive scoliosis, or severe visual and hearing loss.
13. Minimal Special Education. Costs cover only \$4,000/year for additional special education for learning disabled children, above normal operating and capital education costs (Tom Buckner, Department of Education). Christine Hagmeier of the Department of Health and Social Services cautions that patients with IQ's above 70 and below 100 "may well be more expensive than those with lower IQ's" because they can become involved in counselling, corrections and the law. These costs are not reflected in this report. The 42 percent prevalence estimate is from Streissguth.
14. Child Mental Retardation. Cost of special education for severely retarded children is \$20,000 - \$23,000/year, in addition to normal operating and capital education costs. Estimates from Tom Buckner, Department of Education.

15. Developmentally Disabled Child (HSS). Cost estimate by Christine Hagmeier of the Department of Health and Social Services. Costs can include foster care, in-home care, shared care, respite care, in-home training, advocacy and family support. Hagmeier reports that severely disabled children can cost between \$35,000 and \$85,000 with average cost of \$55,000.
16. Alaska Youth Initiative. Cost estimate from John Van Den Berg, Department of Health and Social Services. This is a program for 52 severely troubled youths. The average age is 15.8 years; the average number of failed housing placements is 16. Currently five FAS youths are in the program. This report estimates children remain on the program an average of 12 years (based on Van Den Berg's report that "absolute minimum lifetime costs per child are \$1 million".) It further assumes that one FAS child would enter this program every two years. Streissguth reports that aggressive behavior may be a problem for about 40% of the boys. Those from a less structured and protected environment may be "quick to anger when crossed and quick to strike out impulsively".
17. Developmentally Disabled Adult Initial Training. Costs include \$25,000 residential care (example: foster care and independent living) plus initial vocational rehabilitation costs of \$20,000, for a total of \$45,000. Initial vocational rehabilitation costs average between two and five years. Estimate by Christine Hagmeier.
18. Developmentally Disabled Adult Supervised Work. After initial rehabilitation costs (see #17 above), costs can "fade" to between \$10,000 and \$25,000 for lifetime residential care plus \$5,000 lifetime vocational rehabilitation care (Hagmeier). The average of this \$15,000 to \$30,000 range is \$22,500.

19. Institution. Estimate by Ellen Ganley, Governor's Council for the Handicapped and Gifted.
20. FAE Births. Annual FAE births are calculated in this report at twice that of FAS births. This is a conservative estimate. Hild believes the actual number of FAE births annually is ten times the FAS births (or 290 FAE births and 168 developmentally disabled FAE persons.) In this report, cost estimates for FAE births are limited to mental retardation. They do not include costs associated with mild learning disabilities, physical anomalies, child abuse, sexual abuse or the justice system.
21. See #11.
22. See #15.
23. See # 14.
24. See # 17.
25. See # 18.

FISCAL NOTE

REQUEST:

Revision Date: 2/2/90 Agency Affected: Health & Social Services
 Title: Relating to Requiring Marriage Licensing Officers to Distribute BRU: Administrative Services
 Sponsor: Representative Ulmer Components: Office of Prevention
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	6.0					
SUPPLIES	6.2	6.2	6.2	6.2	6.2	6.2
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	12.2	6.2	6.2	6.2	6.2	6.2
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	12.2	6.2	6.2	6.2	6.2	6.2
FEDERAL FUNDS						
OTHER						
TOTAL	12.2	6.2	6.2	6.2	6.2	6.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

FY 90 Fiscal Impact is "0".

See attached for additional analysis.

Prepared by: Sally Mead, Coordinator Phone: 561-4211
 Division: Office of Prevention Date: _____
 Approved by Commissioner: Myra M. Munson Date: 2/22/90
 Agency: Department of Health & Social Services

Distribution (by preparer):

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

FISCAL NOTE FOR CSHB 364 (HESS)

"An Act requiring marriage licensing officers to distribute"

Analysis:

Based on the cost of a similar project, the Office of Prevention estimates that \$6,000 would be needed to prepare and print an Alaska-specific brochure for distribution. Additionally, the Department estimates that approximately 25,000 brochures per year will be needed for distribution to public hospitals, clinics, and health facilities in the State, in accordance with sec. 1 of the bill. We estimate that each brochure will cost \$.25 to duplicate for a total duplication cost of \$6,250.

HB

393

SE... COMMITTEE REPORT

DATE: 3/22/90

FURTHER: Finance



DATE TURNED INTO OFFICE: 4/19/90

H E S S

Committee considered

CSHB 393 (Resources)

Land exchange between the Univ. of Alaska and the Dept. of Natural Resources involving the Kenai River Special Management Area; efd.

and recommended:

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

do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

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

[] fiscal note(s) _____

[] zero fiscal note(s) _____

[] appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:
[] fiscal note(s) _____

zero fiscal note(s) _____
DNR, FEG

[] Governor's bill w/fiscal note

SIGNING DO PASS:

[Handwritten signatures]

OTHER RECOMMENDATIONS:

Paul Frick (Do Pass)
Chair: Signature and Recommendation

POK

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Land exchange between the II of A & DNR involving Kenai River Mgt. Area
 Sponsor: Navarro, Swackhammer
 Requestor: _____

Agency Affected: Natural Resources
 BRU: Land & Water Mgt.

Components: Land & Water Mgt.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	25.0					
TRAVEL	1.5					
CONTRACTUAL	5					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	27.0					
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	27.0					
FEDERAL FUNDS						
OTHER						
TOTAL	27.0					

POSITIONS:

FULL-TIME						
PART-TIME	1					
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary) This fiscal note provides for 6 months of a Natural Resource Mgr. I (18) to complete the land exchange under AS 38.50. This includes negotiations, public hearings and notice and final conveyance.

Prepared by: Ron Swanson, Chief Land and Resources
 Division: Land and Water Management

Phone: 762-2680
 Date: February 15, '90

Approved by Commissioner: [Signature]
 Agency: _____

Date: _____

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

FISCAL NOTE

REQUEST:

Revision Date: 1/8/90 Agency Affected: _____
 Title: An Act authorizing a land exchange between University of AK and ADNR including the removal of certain management Act BRU: _____
 Sponsor: Navarre Swackhammer Components: _____
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	0					
FEDERAL FUNDS	0					
OTHER	0					
TOTAL	0					

POSITIONS:

FULL-TIME	0					
PART-TIME	0					
TEMPORARY	0					

ANALYSIS : (Attach a separate page if necessary)

No FY 90 impact

Prepared by: Frank Rue Phone: 465-4107
 Division: ASIS&T Date: January 29, 1990

Approved by Commissioner: [Signature] Date: Jan 31 1990
 Agency: _____

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

Alaska State Legislature



WHILE IN SESSION
PO BOX 4
JUNEAU, ALASKA 99811
907 465-3779
HOUSE MAJORITY LEADER

LEGISLATIVE COUNCIL
PO BOX 4
JUNEAU, ALASKA 99811
907 465-3779

Representative Mike Navarre

HB 393 - JUSTIFICATION SUMMARY

This measure would simply allow the exchange of lands managed by the University of Alaska, and lands managed by the DNR, Division of Parks and Outdoor Recreation, in the vicinity of the Kenai Peninsula College Campus and the Slikok Creek Recreation Area near Soldotna.

The exchange will meet the mutual objectives of the University (by allowing expansion of the Kenai Campus), the City of Soldotna (which will manage the upland portion of the lands along Slikok Creek), and the Division of Parks and Outdoor Recreation (which manages the Kenai River Special Management Area).

In short, the bill allows continued expansion of the Kenai Peninsula College Campus, at the same time promoting tourism development along Slikok Creek, a popular Soldotna area fishing stream.

I urge your favorable consideration of HB 393.

A handwritten signature in cursive script that reads "Mike".

Rep. Mike Navarre

MN/pm

2/18/90 Rev. 1.0

CITY OF SOLDOTNA
RESOLUTION 90-4
(Proposed by City Manager)

RECEIVED
MAR 2 1990

A RESOLUTION URGING APPROVAL OF HOUSE BILL NO. 393 AUTHORIZING A LAND EXCHANGE BETWEEN THE UNIVERSITY OF ALASKA AND THE DEPARTMENT OF NATURAL RESOURCES INVOLVING LAND NEAR KENAI PENINSULA COLLEGE AND SLIKOK CREEK STATE RECREATION AREA

WHEREAS, the University of Alaska desires to acquire title to property on the North side of Slikok Creek for the future expansion of Kenai Peninsula College according to the Kenai Peninsula College Master Plan; and,

WHEREAS, the property desired by the University is presently located within the Kenai River Special Management Area and owned by the Alaska Department of Natural Resources; and,

WHEREAS, the Department of Natural Resources is willing to convey its property on the North side of Slikok Creek to the University in exchange for a conveyance of property of equivalent value owned by the University which is adjacent to DNR's existing property on the South side of Slikok Creek to enhance the future development, operation and maintenance of Slikok Creek State Recreation Area; and,

WHEREAS, all of this property is located within the City of Soldotna; and,

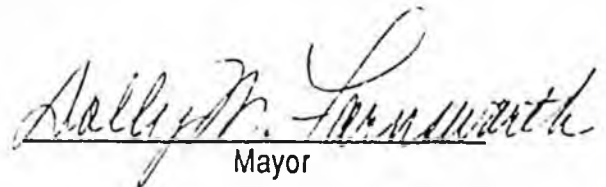
WHEREAS, the Soldotna City Council has concluded that expansion of the College on the North side of Slikok Creek would be a higher and better use of the land than a park use; and, the property to be acquired by the Department of Natural Resources will enhance the character of the Slikok Creek State Recreation Area for public outdoor recreation uses; and,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA:

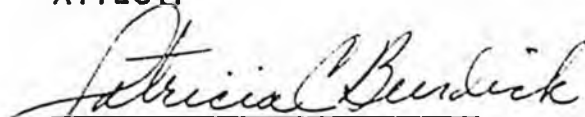
Section 1. The Alaska Legislature is urged to enact House Bill No. 393 as sponsored by Representatives Mike Navarre and C. E. Swackhammer.

Section 2. The city clerk is hereby requested to send a copy of this resolution to all state legislators who represent the Kenai Peninsula Borough; Chris Titus, Kenai Peninsula Superintendent, Division of Parks and Outdoor Recreation; John Dickinson, Manager, University of Alaska, Facilities Planning & Construction; and, Ginger Steffy, Director, Kenai Peninsula College.

ADOPTED this 21st day of February, 1990.


Mayor

ATTEST:


City Clerk



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER HB393	SPONSOR [Signature]
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TITLE OF BILL
Land Exchange Between U of A and ADNR Kenai River Special Management Area

DEPARTMENT POSITION
Opposed to the bill as written

PREPARED BY Frank R. [Signature]	DATE 11/29/90	COMMISSIONER'S SIGNATURE [Signature]	DATE 11/31/90
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SUMMARY

OTHER AGENCIES AFFECTED BY BILL City of Soldotna	CONSTITUENT GROUP(S) AFFECTED BY BILL Kenai River Users
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ORGANIZATIONAL SUPPORT FOR BILL Unknown	ORGANIZATIONAL OPPOSITION TO BILL Unknown
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FISCAL IMPACT NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT This bill is intended to allow a trade of uplands administered by the Division of Parks and Outdoors Recreation near the University Campus at Soldotna for uplands and wetlands owned by the University near Slikok Creek. The wetlands near the creek will be protected by Parks, and uplands near the creek will be managed as a campground by the City of Soldotna under a cooperative agreement.

ANALYSIS OF BILL PROGRAM EFFECTS
The bill, as written, is open-ended and would allow other unspecified land trades. The department is not opposed to the specific trade intended.

AMENDMENTS PROPOSED
Rewrite the bill to allow only the specific land trade intended.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS ON ANALYSIS.

Soldotna

• 177 North Birch • Soldotna, Alaska 99669 • Phone: 262-9107



August 10, 1989

Senator Paul Fischer
Box 784
Soldotna, Alaska 99669

Representative Mike Narvarre
Box 189
Kenai, Alaska 99669

Representative C. E. Swackhammer
312 Tyee Street
Soldotna, Alaska 99669

Re: Slikok Creek Recreation Area / University of Alaska Land Exchange

Gentlemen:

On behalf of the Soldotna City Council, I desire to inquire whether you would be willing to sponsor a bill which would authorize a land exchange between the University of Alaska and the Department of Natural Resources in the vicinity of the campus of the Kenai Peninsula College and the Slikok Creek Recreation Area.

A draft of the proposed legislation has been drafted by counsel for the University. The draft language and some background information pertaining to this topic is enclosed for your information and reference.

This land exchange would facilitate mutual objectives of the University, Soldotna and the Division of Parks and Outdoor Recreation, Department of Natural Resources. The City and the University have "officially" endorsed this proposal. DNR representatives appear to be "neutral" indicating to me that they will not oppose these proposals.

We would like to have this legislation introduced at the beginning of your second session so that it may be enacted in 1990. A companion appropriation of \$100,000 -- 50% to DNR and 50% to the City of Soldotna, would also be appreciated so that we may implement plans for the design and construction of a bridge over the mouth of Slikok Creek at the Kenai River, pedestrian boardwalks, pathways and other appropriate habitat preservation improvements in the critical habitat areas adjacent to the Kenai River and Slikok Creek.

If you require additional information, please just call me or John Dickinson at the University. I will be in Wrangell at 874 2381 on an interim manager assignment from August 14 to September 11. Thanks for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Underkofler".

Richard Underkofler
City Manager

cc: Sue Millington, Division of Parks and Outdoor Recreation, Box 1247, Soldotna, AK 99669
John Dickinson, University of Alaska, 910 Yukon Drive, Suite 211, Fairbanks, Alaska 99775



State of Alaska
1989

University of Alaska
Resources Planning & Construction
Bathurich Building, Suite 211
910 Yukon Drive
Fairbanks Alaska 99775-5280

REC'D MAY 8 1989

May 5, 1989

Richard Underkofler
City Manager
City of Soldotna
177 North Birch Street
Soldotna Alaska 99669

Re: Recreation Access and Land Exchange Legislation

Dear Rich:

As discussed, I have had our counsel draft the enclosed proposed legislation, including background summary information and map work.

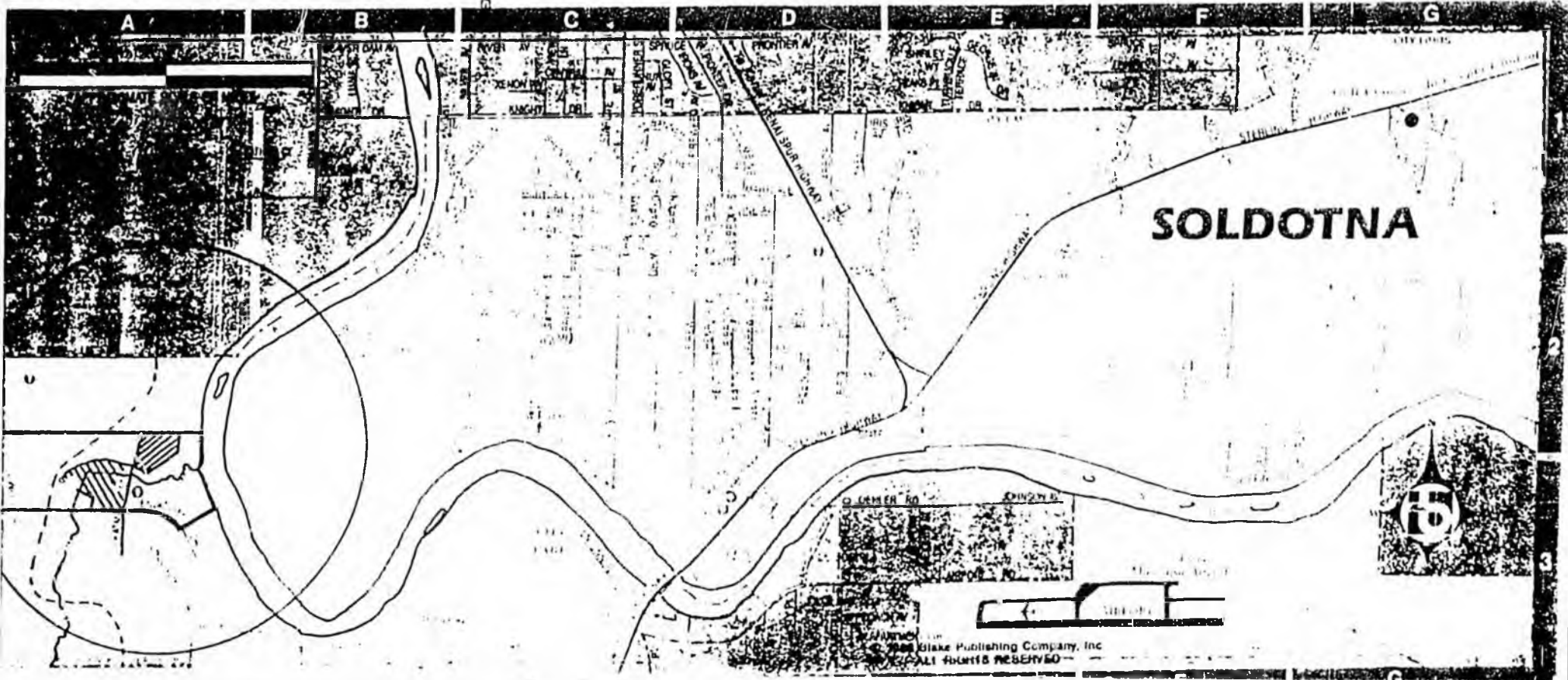
By copy of this letter to William Garry, I am requesting that he contact both of us if any of the enclosure causes his agency any concern. That way we can, as agreed, support this legislation on all fronts. I want to thank you again for your assistance in introducing this legislation and look forward to favorable action within the next year.

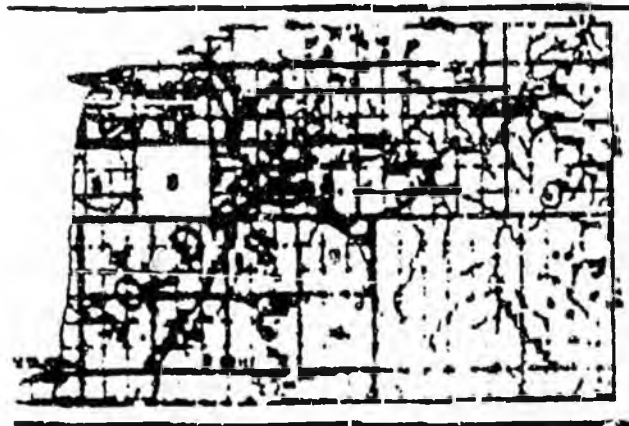
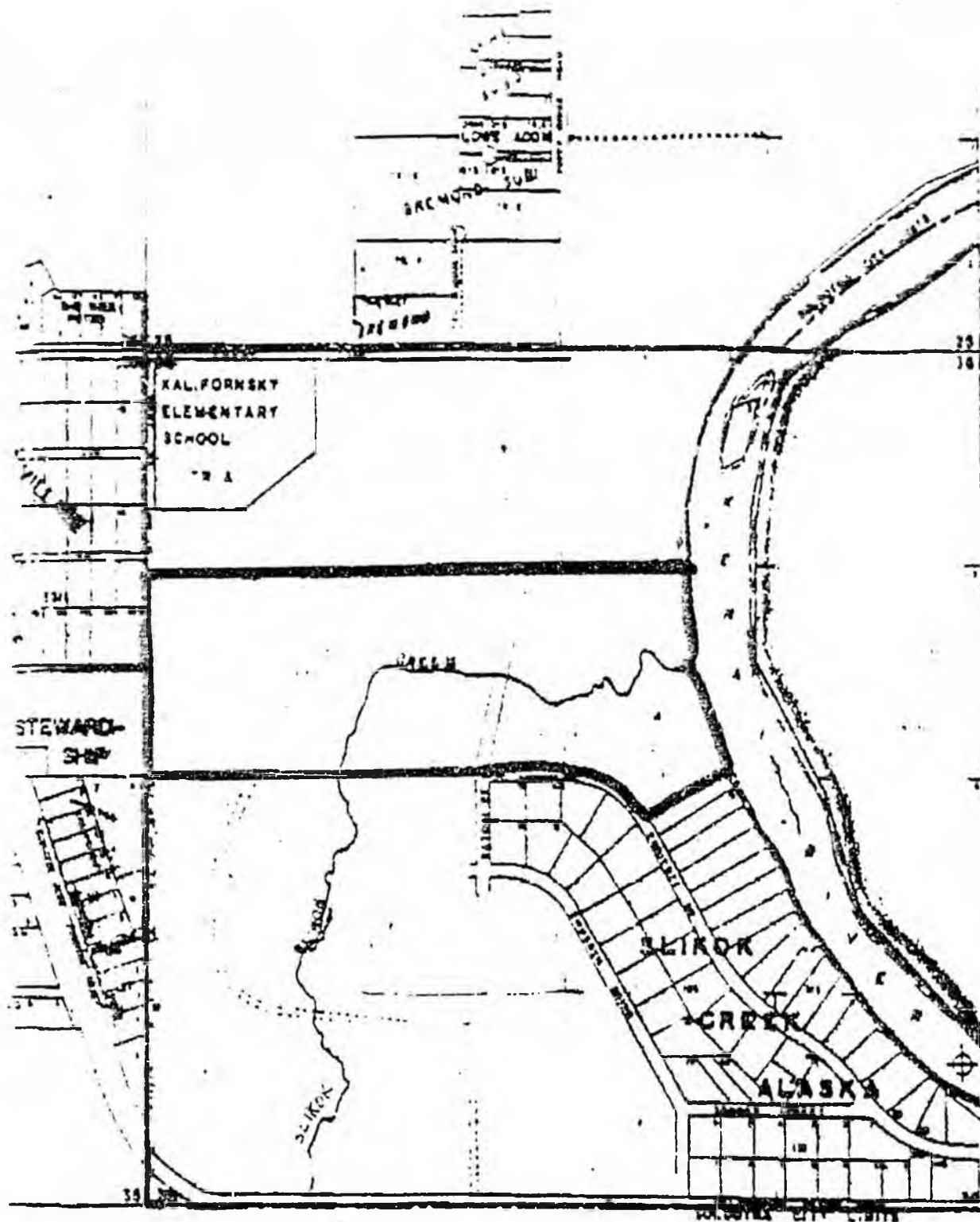
Sincerely,

John Dickinson, Manager
Educational Properties

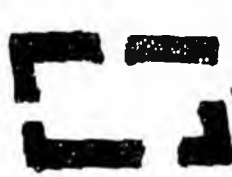
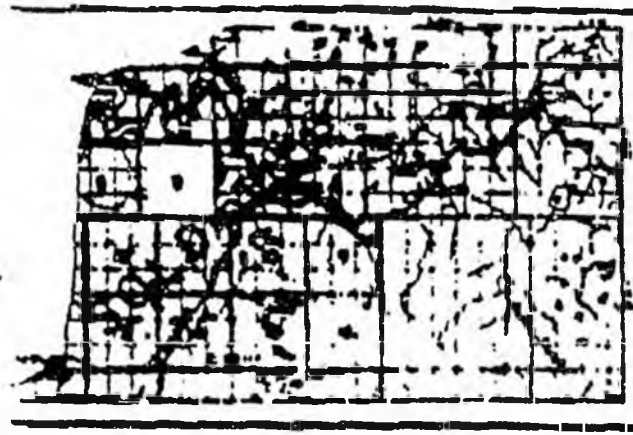
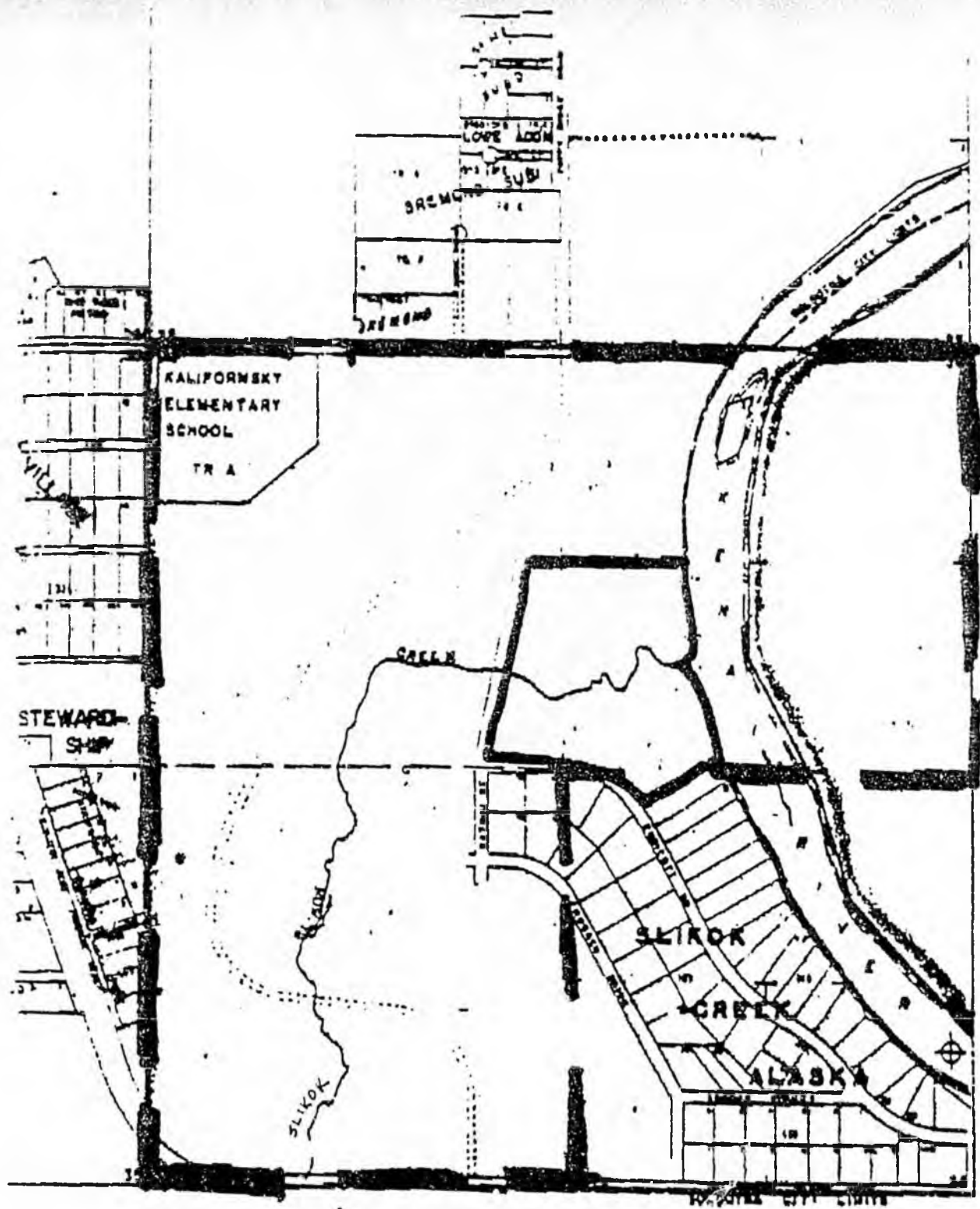
Encl: Draft of Proposed Legislation

cc: William W Garry
John Wiles





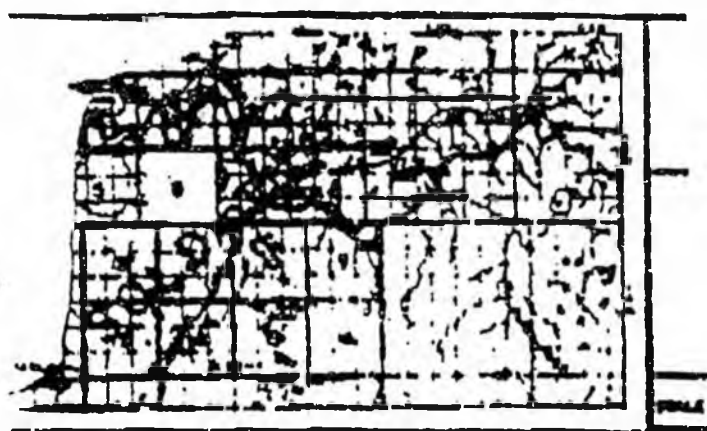
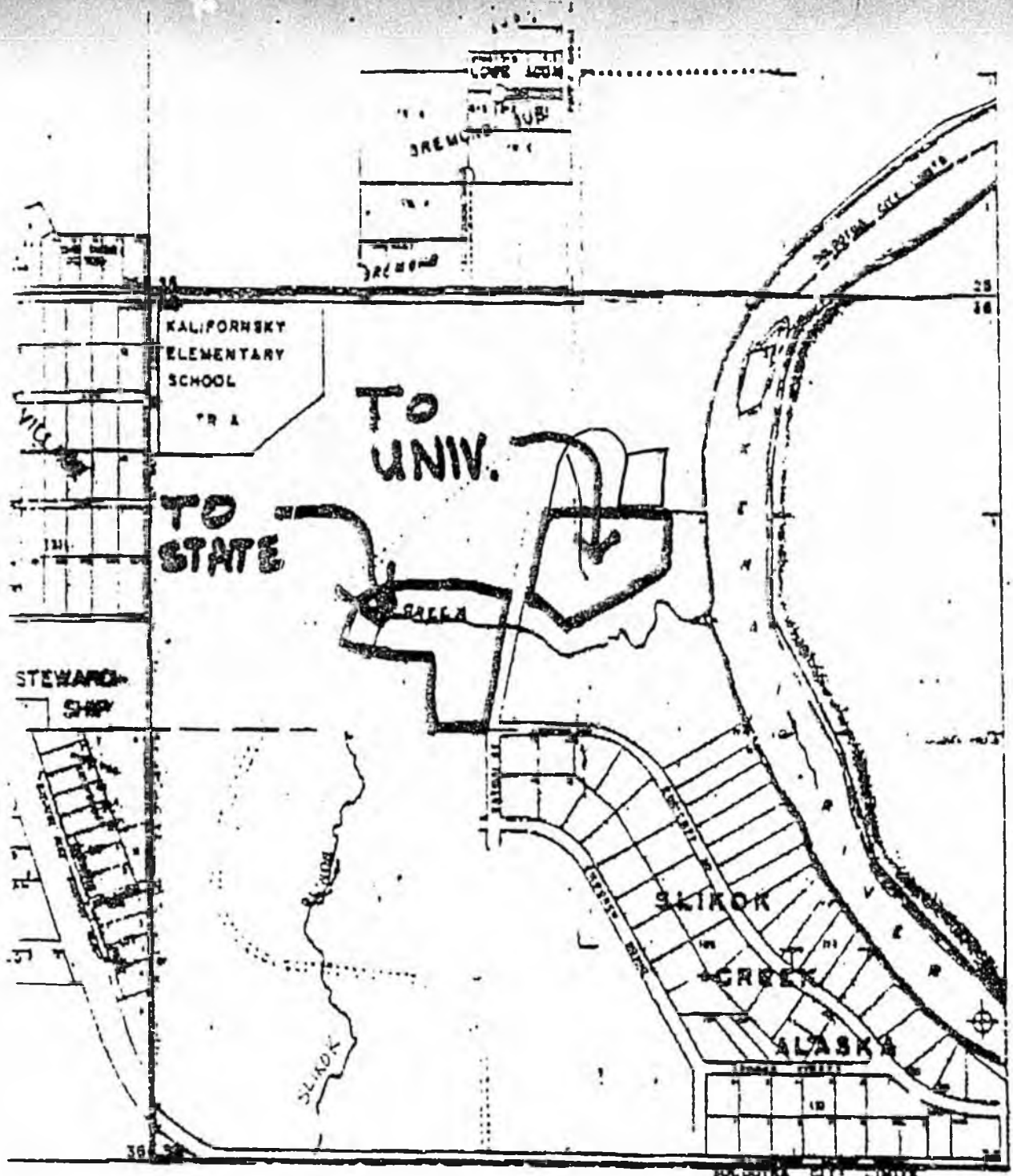
□ AREA WHERE
 NON-UNIVERSITY
 LANDS ARE PART
 OF KENAI RIVER
 SPECIAL MGMT.
 AREA



**LAND TO STATE
FROM WITHIN**



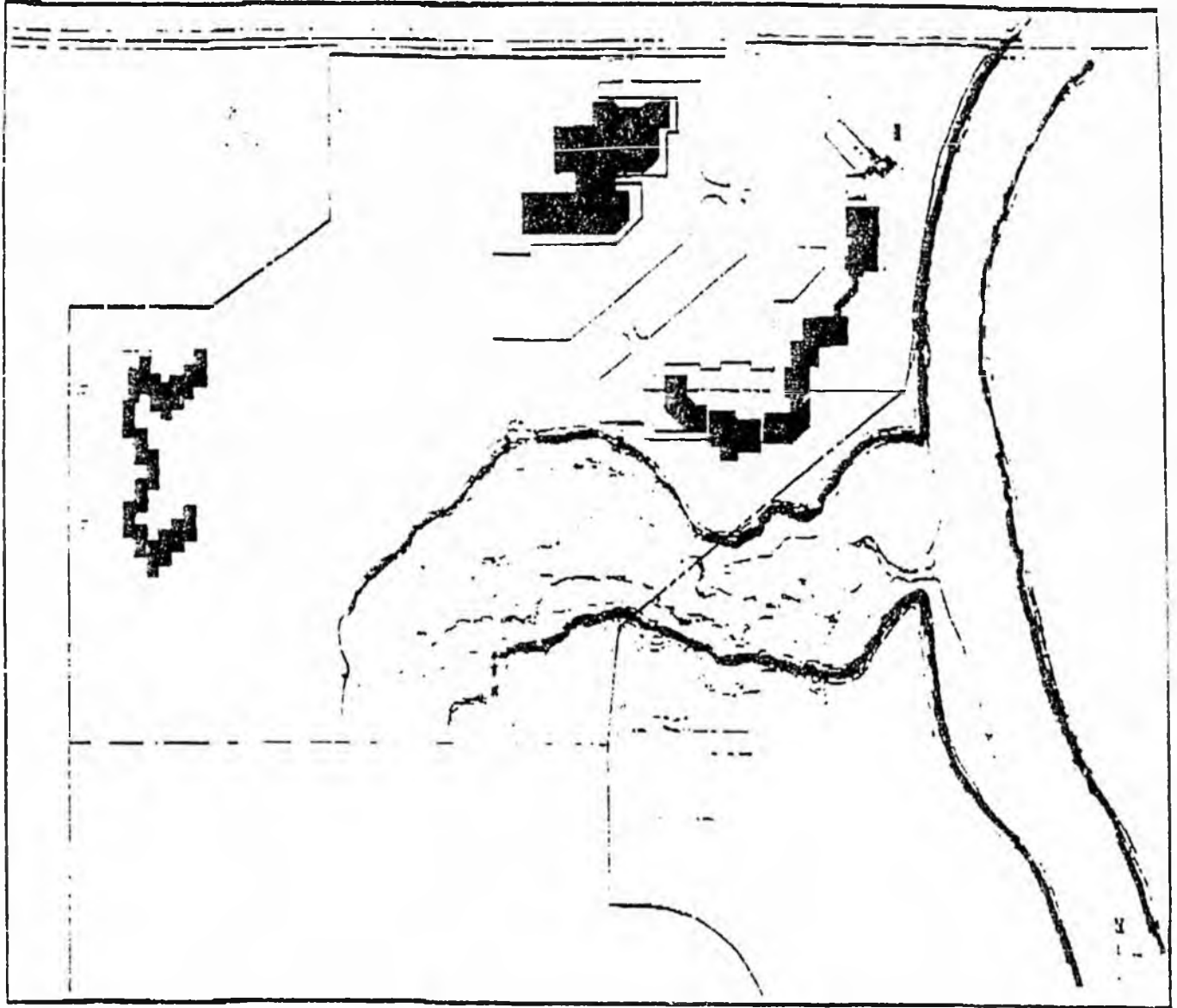
**LAND TO UNIV.
FROM WITHIN**



HYPOTHETICAL
 LAND EXCHANGE
 AT SLIKOK CR.

MAP 2

PROPOSED DEVELOPMENT III



KPCC MASTER PLAN

1986



UNIVERSITY OF ALASKA
FACILITIES PLANNING & CONSTRUCTION
ANCHORAGE, ALASKA

■ PROPOSED BLDG
— PROPOSED PARKING

HB

398

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Authority for the Department
to adjust a school districts state . . . BRU: K-12 Support
 Sponsor: Rules Components: Foundation
 Requestor: House HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-					
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Based upon FY 91 projected student data the fiscal impact of the bill in FY91 is zero. The cost in future years is indeterminate.

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 3/8/90
 Approved by Commissioner: William G. Demmert Date: 3/8/90
 Agency: Education

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


STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 8, 1990

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

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the public school foundation program. The bill would simplify the process of making corrections to underpayments made to school districts in previous fiscal years by permitting current-year state aid to be adjusted rather than requiring a supplemental appropriation. The need for this bill arises from the relationship between the Department of Education and the federal government for federal impact aid purposes under P.L. 81-874.

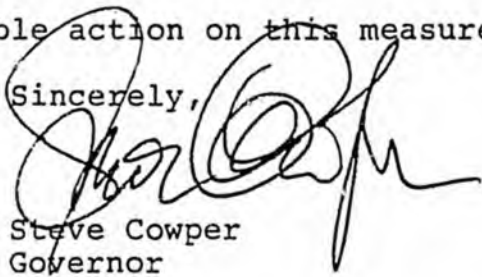
Under P.L. 81-874, as amended, a state is authorized to consider federal impact aid payments made to school districts as "local resources" under the state's school aid formula, and thus reduce the amount of state aid needed, only if the state's program meets federal equalization criteria. One of those criteria according to the United States Department of Education's interpretation of its regulations, is that if a state distributes state aid based on an estimated ratio of local support to the district covered by the state's equalization plan to total local support (as Alaska does) then it must make appropriate corrections after the local support estimates are replaced by actual, audited data.

Currently, under AS 14.17.170, the department can require a district to return any overpayments made to it. By implication, it may reduce current-year foundation support by the amount of any overpayment made in a previous fiscal year. There is no statutory provision, however, authorizing the department to use money appropriated for the current-year foundation program to correct underpayments made in prior fiscal years. The Department of Education recommends this bill to permit that use of the current-year

oundation program appropriation, even if that use would sometimes require prorating current-year support to all districts. That would eliminate the need for a supplemental appropriation each year to make what are relatively minor adjustments to the previous fiscal year's state aid distribution.

I urge your prompt and favorable action on this measure.

Sincerely,



Steve Cowper
Governor

H B

399

health
association
of alaska

319 Seward St., Juneau, Alaska 99801 • (907) 586-1790
FAX (907) 463-3573

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

Chairman of the Board
C. Keith Campbell
Seward General Hospital

Chairman Elect
Ed Malewski
Sitka Community Hospital

Immediate Past Chairman
Jim Gingerich
Fairbanks Memorial
Hospital

Secretary/Treasurer
Sister Dona Taylor
Providence Hospital
Anchorage

Alternate Delegate to the
American Hospital Assoc.
Ed Zeine
Cordova Community
Hospital

Delegate to the American
Health Care Association
Tom Bolling
Our Lady of Compassion
Care Center
Anchorage

Alternate Delegate to the
American Health Care
Mark Bertilrud
Denali Center
Fairbanks

Delegate to the Healthcare
Forum
John Vowell
Wrangell General Hospital

Delegate to Congress of
Hospital Trustees
Jan Trettner
Seward General Hospital

Government Institutions
Representative
Frank Sutton
Mt. Edgecumbe Hospital
Sitka

Outpatient Facilities
Representative
John J. Conway
Veterans Administration
Anchorage

President/CEO
Harlan R. Knudson

April 27, 1990

Senator Paul Fischer, Chairman
Committee on Health, Education &
Social Services
Alaska State Senate
Capitol Building
Juneau, AK 99801

Dear Senator Fischer:

The administrators of hospitals and nursing homes across the state are opposed to CSHB 399, amending the current state certificate of need law.

The intent of the Department of Health and Social Services is to remove many statutory safeguards and replace them with regulatory options.

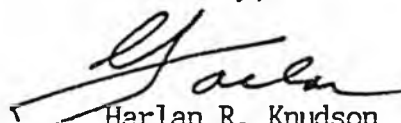
As you know, the certificate of need process regulates only private community hospitals and nursing homes. It does not take into account federal, state and community facilities and programs that duplicate services of the hospital or nursing home. The Pioneer Home system is a good example of a state program that does not comply with CON requirements.

The bill also authorizes fees up to \$20,000 for a facility to go through the CON process, but gives no accounting how or where these funds will be used.

We would recommend that the Legislature take a hard look at the CON process to see if truly is having an impact on controlling health costs.

Many thanks.

Sincerely,


Harlan R. Knudson
President/CEO

Encl: Proposed Amendments CSHB 399.

health association of alaska

319 Seward St., Juneau, Alaska 99801 • (907) 586-1790

FAX (907) 463-3573

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

Chairman of the Board
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Sister Dona Taylor
Providence Hospital
Anchorage

Alternate Delegate to the
American Hospital Assoc.
Ed Zelne
Cordova Community
Hospital

Delegate to the American
Health Care Association
Tom Bo'ing
Our Lady of Compassion
Care Center
Anchorage

Alternate Delegate to the
American Health Care
Mark Bertlind
Denali Center
Fairbanks

Delegate to the Healthcare
Forum
John Vowell
Wrangell General Hospital

Delegate to Congress of
Hospital Trustees
Jan Troitner
Seward General Hospital

Government Institutions
Representative
Frank Sutton
Mt. Edgecumbe Hospital
Sitka

Outpatient Facilities
Representative
John J. Conway
Veterans Administration
Anchorage

President/CEO
Harlan R. Knudson

April 16, 1990

HEALTH ASSOCIATION OF ALASKA

COMMENTS ON CSHB 399 (HESS)

INTRODUCTION

The Health Association of Alaska opposes any amendments to AS 18.07 at this time. It is the Association's position that any amendments to the certificate of need program should be made only as a coordinated part of a comprehensive review of the State's health care programs, not as an isolated piece of legislation.

Nevertheless, if the Legislature continues to consider proposed HB 399, then the Association sees the need for numerous amendments to eliminate some of the problems that make the present version of the bill unworkable.

In the changes proposed below, brackets and underlining indicate deletions from and additions to CSHB 399 (HESS). Following each proposed change is a brief comment on the purpose of the change.

FOR MORE INFORMATION CONTACT:

HARLAN R. KNUDSON - 586-1790
PRESIDENT/CEO
HEALTH ASSOCIATION OF ALASKA

JERRY REINWAND - 586-8966

SECTION 3--AMENDMENTS TO AS 18.07.031

The Association proposes the following revisions to this section:

Sec. 18.07.031. CERTIFICATE OF NEED REQUIRED. Unless authorized under the terms of a certificate of need issued by the department, a person may not

(1) make a capital expenditure[, INCLUDING A REDEDICATION OF ASSETS] of \$1,000,000 or more for construction of a health care facility;

(2) alter or redistribute the bed capacity of a health care facility by more than 10 beds or 10 percent of the number of beds in the facility, whichever is fewer, within two years of the most recent alteration or redistribution of bed capacity;

(3) make a capital expenditure of \$1,000,000 or more to add or eliminate a category of health services to or from those provided by the health care facility; [OR]

(4) add or eliminate a category of health services to or from those provided by a health care facility, if the addition or elimination of the category of health services is reasonably projected to result in a net increase of \$1,000,000 or more in the facility's annual operating costs for the first year after the change compared to the previous year;

(5) make a capital expenditure of \$1,000,000 or more to acquire a health care facility [AT A COST OF \$1,000,000 OR MORE]; or

(6) make a capital expenditure of \$1,000,000 or more to convert an existing building or part of a building to a health care facility.

COMMENT: Subsections (3), (4), and (6) deal specifically with proposed new uses of existing space without using the vague term "rededication of assets." That term is not a recognized accounting term that could be readily applied by the facilities or the Department. Because it has no generally accepted meaning and is

vague and undefined, use of the term in the statute grants excessive power to the Department, through regulations, to define the scope of the certificate of need law.

Subsection (2) regarding changes in bed capacity needs to specify a time period within which the authorized small changes may occur. Without a time period, it would not be clear, for example, whether a facility could add ten beds each year or only ten beds over the life of the facility. The two year period that is proposed is derived from the Department's current regulation--7 AAC 07.010(a)(2).

SECTION 6--NEW SUBSECTIONS IN AS 18.07.061

The Association proposes that new subsections (b) and (c) in AS 18.07.061 be revised, as follows:

(b) An application for transfer of a certificate shall be made on forms provided by the department and must contain

(1) evidence, of the type the department may require by regulation that the transferee is able to assume ownership or operation of the health care facility and to provide the appropriate health services;

(2) evidence that the transferee is acquiring the health care facility at no more than its current fair market value; and

(3) other information relevant to the purposes of this chapter that the department may require.

(c) [TRANSFER OF A CERTIFICATE IS SUBJECT TO CONDITIONS THE DEPARTMENT CONSIDERS NECESSARY.]
The department's approval of a transfer may impose reasonable conditions that the department finds are necessary for the accomplishment of the purposes of this chapter.

COMMENT: Both a facility's obligation to provide information and the Department's right to impose conditions should be limited by the Legislature's intended purposes for the certificate of need law. The department should not be given unrestricted authority to demand information or to impose conditions that are unrelated to achieving the purposes of the statute.

SECTION 8--NEW SECTION AS 18.07.079

The Association proposes that subsection (a)(1) be revised as follows:

(a) Within 150 days after it determines that it has received a complete application, the department shall take one or more of the following actions:

(1) approve part or all of the application and issue a certificate of need; [THAT] the certificate of need may include[S] reasonable conditions that the department finds are necessary for the accomplishment of the purposes of this chapter [CONSIDERS APPROPRIATE]; the conditions must be directly related to the activities for which the application was made;

COMMENT: As with the changes proposed above to Section 6 of the bill, the department's authority to impose conditions should be limited by the Legislature's intended purposes of the certificate of need program.

SECTION 15--DEFINITION OF "CATEGORY OF HEALTH SERVICES"

The Association proposes that the definition of "category of health services" in AS 18.07.111(1) not be changed from the way it appears in the current statute. To accomplish this, the bill would have to be revised as follows:

(1) "category of health services" means [A SERVICE THAT IS RECOGNIZED AS A DISTINCT SERVICE FOR THE PURPOSES OF HEALTH CARE FACILITY LICENSURE AND CERTIFICATION UNDER REGULATIONS ADOPTED UNDER AS 18.20.010 - 18.20.130] a major, type, program, unit, division, or department of care provided through a health care facility whether inpatient or outpatient, including an outpatient department, psychiatric wing, kidney dialysis program, radiotherapy, burn unit, or newborn intensive care unit, except that "service" does not include the lawful practice of a profession or vocation conducted independently of a health care facility and in accordance with applicable licensing laws of the state;

COMMENT: The department's licensing regulations--7 AAC 12.010 to 7 AAC 12.990--currently license types of facilities; they do not license "distinct services" that are provided by those facilities. If this definition were dependent on the licensing regulations, the scope and application of the certificate of need program could be changed significantly--and unpredictably-- by a change in those regulations.

SECTION 15--DEFINITION OF "CONSTRUCTION"

The Association proposes that the definition of "construction" in AS 18.07.111(6) be revised as follows:

(6) "construction" means excavation, erection, alteration, modification, reconstruction, modernization, improvement, extension, or other development by or on behalf of a health care facility, and includes the lease or purchase of equipment, but does not include the lease or purchase of replacement equipment.

COMMENT: The lease or purchase of equipment for the purpose of replacing existing equipment does not need to be regulated through the certificate of need program. Requiring certificate of need review for replacement equipment would be unnecessarily burdensome for the facilities and for the Department and would do little, if anything, to further the purposes of the statute.

SECTION 15--DEFINITION OF "HEALTH CARE FACILITY"

The Association proposes that the definition of "health care facility" in AS 18.07.111(8) be revised as follows:

(8) "health care facility" means an institutional health service provider, whether public or private, whether a partnership or corporation, whether organized for profit or not, [AND WHETHER OR NOT] that is licensed or required to be licensed [IN WHOLE OR IN PART] by the state, and includes a hospital, psychiatric hospital, substance abuse hospital, tuberculosis hospital, skilled nursing facility, kidney disease treatment center (including freestanding hemodialysis units), intermediate care facility, ambulatory surgical facility, freestanding emergency care facility, osteopathic facility, and independent diagnostic laboratory[, AND CENTRAL SERVICE FACILITY]; "health care facility" does not include:

(A) an Alaska Pioneers' Home administered by the Department of Administration under AS 44.21.020(10) and AS 47.25.010 - 47.25.100;

(B) the offices of private physicians or dentists, whether in individual or group practice, occupied on a regular basis to perform the range of diagnostic and treatment services usually performed by physicians and dentists on an outpatient basis;

(C) office buildings built by or on behalf of a health care facility for the exclusive use of physicians, dentists, and other practitioners of the healing arts[, OR OTHER INVESTMENTS MADE BY OR ON BEHALF OF A HEALTH CARE FACILITY, UNLESS CAPITAL EXPENDITURES OR OPERATING EXPENSES WILL BE CHARGED OR REIMBURSED IN THE FUTURE AS COSTS FOR PROVIDING PATIENT SERVICES OFFERED BY A HEALTH CARE FACILITY.]

COMMENT: The current version of the bill would expand the Department's authority considerably by adding to the definition of "health care facility" facilities that are not within the Department's licensing authority. This means that, under AS 18.07.091(a), "Reporting Requirements," the Department would be able to impose unspecified reporting requirements on facilities that

are not otherwise subject to Department regulation, and the certificate of need requirements would also apply to those otherwise unregulated facilities. This is an unwarranted expansion of the Department's authority, and it is not necessary for the purposes of the certificate of need statute.

The Association proposes that "central service facility" be eliminated from the definition because the term is too vague. It does not appear that it refers to a facility offering clinical health services, and therefore it should not be subject to the certificate of need requirement.

The Association proposes that the last clause of subsection (C) be deleted. It is impossible to determine what "will be charged or reimbursed in the future," and the necessity of obtaining a certificate of need should not be made to depend on a future event. State and federal reimbursement programs change frequently, and something that does not appear to be reimbursable today may well be reimbursable tomorrow, or vice versa. The statute should define the scope of the certificate of need program with clarity, by describing the types of facilities and services that are subject to the requirement. Reimbursement issues, on the other hand, should be dealt with separately, in statutes dealing with the reimbursement programs.

SECTION 19--REPEALER

The Association recommends that AS 18.07.041 not be repealed and that it therefore not be listed in the repealer section of the bill. AS 18.07.041 currently provides:

Standard of review for applications for certificates of need. The office shall grant a sponsor a certificate of need or modify a certificate of need if the availability and quality of existing health care resources or the accessibility to those resources is less than the current or projected requirement for health services required to maintain the good health of Alaska citizens.

COMMENT: Section 19 of the bill now under consideration calls for the repeal of this section of the statute. No other section of the bill, however, provides comparable standards for the Department to apply in making certificate of need decisions. In order to provide appropriate statutory guidance to the Department, this section should remain in the statute.

PSA 841/5951.0

1989 State Regulatory Survey Executive Summary

The State Issues Forum (SIF) 1989 State Regulatory Survey was undertaken to collect and summarize information about the health planning political environment in states with Certificate-of-Need (CON) programs. Surveys were mailed to every state hospital association and the District of Columbia Hospital Association.

The survey information is intended to complement data gathered by the AHA's Office of Public Policy Analysis (OPPA) on states' capital expenditure review programs. The OPPA has conducted these surveys periodically over the past several years.

Eleven states have eliminated the CON program for all services and facilities. They are: **Arizona, California, Colorado, Idaho, Kansas, Minnesota, New Mexico, South Dakota, Texas, Utah and Wyoming.** Arkansas removed hospitals from the state's CON process except for nursing home services; the program also covers all nursing home and home health services. **Indiana** maintains CON for skilled nursing facilities and intermediate care facilities, including those for the mentally retarded. **Louisiana** has a stripped-down CON program that applies only to Medicaid reimbursement for skilled nursing facility beds, intermediate care facility beds/mentally retarded, and psychiatric facility beds. **Montana** exempts hospitals except for the addition of long-term care, psychiatric or inpatient rehabilitation beds. **Oklahoma** limits CON review to long-term care and psychiatric and substance abuse services, and **Wisconsin's** CON process applies to nursing homes.

Several state statutes include sunset dates for the CON program. Slated to expire in 1991 are CON programs in **Montana, Tennessee, Virginia** (for hospitals, but not nursing homes) and **West Virginia.** **Indiana's** program has a 1991 sunset date. Although **Ohio's** CON law is supposed to sunset in July, lawmakers are expected to extend the sunset date to allow them time to pass a revised CON law.

The survey information that follows summarizes by state current CON policy; hospital associations' policy positions regarding CON and arguments to support those positions; and association advocacy efforts to effectuate CON changes. Associations' policy positions also are delineated on grids, as are the policy positions of several key political groups in the states, including the legislature, governor, health department and special interest groups.

Of 39 states and the District of Columbia that have some sort of CON program in place, nine hospital associations want to continue the program in its current form: **Alaska, Arkansas, Delaware, Mississippi, New Hampshire, North Carolina, Tennessee, Virginia and West Virginia.** The **Indiana, Montana and Oklahoma** hospital associations support the elimination of CON.

Twenty-five states advocate or have advocated changing the program either by liberalizing thresholds, expanding CON in certain areas, or eliminating specific categories from CON review. Memberships of the **South Carolina** Hospital Association and the Healthcare Association of **Hawaii** are divided over hospitals' policy stance on CON, and the **Louisiana** Hospital Association has taken a neutral position on CON.

In some states, CON is not a hot political issue this year because the CON law recently was addressed or revised by the legislature, because other health care issues take priority or both. Both **Vermont** and **Virginia** have made other more pressing health care issues priorities this year, including Medicaid reimbursement and uncompensated care. **Arkansas** already has enacted CON amendments this year, as have **Montana, Nebraska, Oklahoma, Oregon** and **Washington.**

Within the past three years: **Delaware** revised its CON program in 1987; **Maryland** passed CON changes that took effect July 1988; **Massachusetts'** 1988 Universal Health Care Act liberalized the state's CON process; **Michigan** revised CON statutes effective October 1987; **Rhode Island** increased CON thresholds over the past three years; and **South Carolina** passed CON amendments last year. In **Illinois** and **Iowa,** hospitals are preparing CON strategies for the legislatures' next sessions.

Raising thresholds, expanding CON to other health care providers, such as physicians' offices, and removing such non-clinically related services as parking garages and telephone systems from CON review were among policy changes most frequently proposed by state hospital associations. The argument most often cited for expanding CON to other health care providers was "to create a level playing field" and ensure equal competition in the health care marketplace.

In trying to change CON policy either through the legislative or regulatory process, hospital association advocacy efforts include educating legislators and other policymakers about the effect of CON laws on states' hospitals and participating in coalitions or task forces formulating recommendations for CON reform.

Although the political climate surrounding CON varies among states, state health departments, for the most part, favor CON retention in varying degrees, while legislators tend to be more open to the possibility of CON reform. Physicians in most states support eliminating CON and, in those states where they are exempt from review, favor maintaining the status quo. Labor, business and consumer advocates, although tending to favor the program, generally are not involved in active lobbying on behalf of CON. In **Michigan,** however, both the labor and business communities are strong advocates of CON retention.

HB

402

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Applied Telecommunications Center

Agency Affected: University of Alaska
BRU: _____

Sponsor: Red Boucher
Requestor: House Finance Committee

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	440.8	544.3	544.3	544.3	544.3	544.3
TRAVEL	25.0	25.0	25.0	25.0	25.0	25.0
CONTRACTUAL	98.0	288.0	288.0	288.0	288.0	288.0
SUPPLIES	43.0	43.0	43.0	43.0	43.0	43.0
EQUIPMENT	333.5	40.0	40.0	40.0	40.0	40.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	940.3	940.3	940.3	940.3	940.3	940.3
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	940.3	940.3	940.3	940.3	940.3	940.3
FEDERAL FUNDS	59.7	59.7	59.7	59.7	59.7	59.7
OTHER						
TOTAL	1000.0	1000.0	1000.0	1000.0	1000.0	1000.0

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by: House Finance Committee

Phone: 465 - 3757

Division: Co-Chairman Ron Larson *Ronald Larson*

Date: _____

Approved by Commissioner Lyman Hoffman

Date: _____

Agency: _____ *Lyman Hoffman*

Distribution (by preparer):

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

<u>GIS(UAF)</u>	<u>YEAR 1</u>	<u>YEAR 2 & THEREAFTER</u>
1 Faculty	66.0	66.0
1/2 Time Technician	15.0	15.0
Equipment Maintenance	10.0	10.0
Start-up GIS Equipment (2 GIS workstations)	50.0	-0-
Commodities	<u>2.0</u>	<u>2.0</u>
Subtotal GIS-UAF	146.0	96.0
 <u>GIS(UAA)</u>		
1 Faculty/Analyst	59.0	59.0
Faculty Support Staff	50.0	50.0
Equipment Maintenance	25.0	25.0
Commodities	<u>5.0</u>	<u>5.0</u>
Subtotal GIS-UAA	139.0	139.0
 TOTAL	 940.3	 940.3

GIS components for both UAF and UAA will be transferred into and accounted for as part of departmental budgets and not as part of the continuing center operations.

HB 402 BUDGETS

<u>ITEM</u>	<u>YEAR 1</u>	<u>YEAR 2 & THEREAFTER</u>
A. Center Staff (UAA)		
Director	85.0	85.0
Administrative Assistant	36.0	36.0
Info. Resources Manager	50.0	50.0
Secretary	24.0	24.0
B. Research Fellows		
Visiting Research Fellow	55.8	70.0
Jr. Research Fellows	-0-	60.0
Student Assistants	-0-	4.3
Interviewers for Special Projects	-0-	25.0
C. Equipment		
Office Equipment	150.0	-0-
9 Station LAN System	13.5	-0-
Remote CAD/GIS Workstation	25.0	-0-
D. Maintenance		
Computer Equip. Maintenance	15.0	15.0
E. Contract Research		
Funds to target specific studies	-0-	100.0
F. Commodities	33.0	33.0
G. Travel	25.0	25.0
H. Space Rental	48.0	48.0
I. Software Development/Equipment	<u>95.0</u>	<u>40.0</u>
Subtotal CIT (UAA)	655.3	705.3

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Applied Telecommunications
Center
 Sponsor: Boucher
 Requestor: _____

Agency Affected: _____
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please refer to HB 403, which is an appropriation bill for an Applied Telecommunications Center.

Prepared by: House State Affairs Committee Phone: 465-4963
 Division: _____ Date: Feb 02, 1990
 Approved by Commissioner: H. A. "Red" Boucher, Chair Date: Feb 02, 1990
 Agency: _____

Distribution (by preparer):

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

FISCAL NOTE

CC

REQUEST:

Revision Date: _____
 Title: Applied Telecommunications Center

Agency Affected: Administration
 BRU: Information Services

Sponsor: Rep. Boucher
 Requestor: State Affairs

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Attached.

Prepared by: Paul Monette, Director
 Division: Information Services

Phone: 465-2220
 Date: 01/22/90

Approved by Commissioner: Frank S. Baxter
 Agency: Administration

Date: 1/25/90

Distribution (by preparer) :

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

Department of Administration
Division of Information Services

HB 402 - - FISCAL NOTE

*An Act Relating to Center For Information Technology
at the University of Alaska, Anchorage*

HB 402 is not expected to have any fiscal impact on the Division of Information Services, either during FY 90 or in succeeding fiscal years.

STATE OF ALASKA
THE LEGISLATURE

POUCHY STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 29, 1990

SUBJECT: Funding of the Center for Information
Technology (CSHB 402 (SA))

TO: Senator Tim Kelly
President of the Senate

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have asked whether the legislature could reappropriate money from the endowment of the Science and Technology Foundation to the Center for Information Technology created by CSHB 402 (SA). In my opinion, the answer is yes.

Under AS 37.17.020(a), the endowment of the foundation consists of money appropriated to it by the legislature. As long as this money has not been encumbered or spent, it is available to the current legislature through a reappropriation. The initial appropriation from the general fund to the foundation was made in sec 290, ch. 173, SLA 1988. In the reappropriation bill last year the legislature attempted to reappropriate money from the foundation, but the governor vetoed the section. See sec. 196, ch. 117, SLA 1989.

If I may be of further assistance, please advise.

TC:lmb
L10/092



APR 2 1990

Representative H.A. "Red" Boucher

Chairman House Committee on State Affairs • Special Committee on Telecommunications
Member Labor & Commerce Committee • Chairman Commission on the Future of the Permanent Fund

MEMORANDUM

TO: Senator Paul Fischer
FROM: Representative H.A. "Red" Boucher
RE: **HB 402: Center For Information Technology**

HB 402 establishes a **university-wide Center for Information Technology**.

- All University of Alaska campuses support this legislation;
- The Center creates a multi-disciplinary program bringing information sciences to students in a number of interrelated fields. That means more students can remain in Alaska, and that means more support goes to our university system;
- The Center brings together the expertise that exists within the university system; it does not "build" a center, rather it brings minds together to find solutions to Alaska's information needs;
- Alaska's economy must develop essential infrastructure to compete nationally and internally; the private sector and government will look to the university system for leadership and resources - the Center can provide both; and
- The state has an enormous investment in information technology; that investment can be enhanced by the Center bringing new ideas and expertise in the management of that technology.

The attached "Backgrounder" gives an indication of the excellent interest in information technology, I hope you find it informative.

I would appreciate your consideration in scheduling this legislation.

Thank you.



Backgrounder

BG039001

States Information Center
The Council of State Governments
Iron Works Pike
P.O. Box 11910
Lexington, KY 40578-1910
(606) 231-1939

Date: March, 1990
Topic: TELECOMMUNICATIONS AND ECONOMIC DEVELOPMENT
Infokey: Communications

TELECOMMUNICATIONS AND STATE ECONOMIC DEVELOPMENT

Introduction

According to a report by the Council of State Governments on economic development, better information and better information delivery¹ systems determine whether a state survives in the growing global economy. Several state government-sponsored studies have identified telecommunications as an important economic development issue. This has prompted a number of states to take action to attract telecommunication-reliant businesses and create telecommunications infrastructure.²

Background

In the past, companies generally checked to be sure that the local phone company had the capacity to handle a projected level of voice communications traffic when relocating. However in today's business climate, companies depend as much on data as voice transmissions. Technological advances, declining unit costs, and federal regulatory policies have all contributed to a rise in the importance³ of telecommunications infrastructure in business expansion decisions.

Telecommunications is being transformed from a simple basic service, a telephone in every house, into a piece of economic development infrastructure as vital as roads or schools. "It's becoming increasingly obvious," says Richard Silkman, Maine's planning director, "that if you don't have a sound telecom system, you can be shut out of economic development opportunities."⁴

Role of Telecommunications in Economic Development

Company managers select site locations where advanced digital telecommunication services are offered. The electronic information industry is growing at an annual rate of 20 percent and is more likely to locate in areas

*This CSG Backgrounder was compiled by Simani Price, Research Assistant, Management and Administration, CSG Headquarters Office.

Note: *Backgrounder* information is the latest available at the time of publication, but for updates, you should contact the appropriate state or federal agency directly. This material does not represent the position of The Council of State Governments. Information is included based on relevance to the topic. Some material, as noted, is copyrighted and may not be reproduced further without permission of the original publisher. Contact the States Information Center or the writer at CSG.

CSG Backgrounder -- Communications

where advanced telecommunications services already exist. However, telecommunications growth in a state is determined by the demand for these services in the state. The role of state governments is to create a demand for these telecommunications services.

Building a mass of communications-intensive enterprises in a state is a key to gaining an economic development advantage. State governments can use state activities to promote the development of telecommunications-reliant applications. States should look for applications which:

- provide state government agencies with opportunities to deliver and manage government services more effectively;
- allow private information-related businesses the opportunity to repackage, add value, and sell state government information; and
- focus on building a base of state government-related telecommunications intensive applications so that advanced digital networks will be introduced in a number of locations throughout the state.

Electronically filing and transferring high-volume transactions such as invoices, purchase orders, and tax forms are ways states can promote advanced telecommunications. In using automated technology, a demand for a telecommunications infrastructure can be created. This in turn can promote other telecommunications-intensive firms to expand their services in the state.

State Activities

States can initiate joint ventures with universities and the private sector to encourage economic development. One such example is the University of Louisville and South Central Bell's joint public/private partnership in the development of a new Telecommunications Research Center in Kentucky. The Kentucky Economic Development Cabinet assisted by providing the financial resources to initiate this project. The University is providing a building, furnishings, faculty and staff involvement, graduate assistants and student participation. South Central Bell assists by providing the funding to maintain the center. The new facility became operational in January 1990, and is designed to:

- offer opportunities for interdisciplinary research in the development and application of telecommunications technology;
- provide a telecommunications infrastructure in the state, which is the key to the economic growth and development of for the area; and

CSG Backgrounder -- Communications

- stimulate economic development in Kentucky for high technology firms.

The Buffalo County Economic Development Council in Nebraska thought that telecommunications was significant enough to invest \$36,000 into luring a branch of WATS Marketing, a large Omaha telemarketing firm owned by American Express, to Kearney. The WATS effort will do more than provide a few \$4.50 per hour jobs. It will occupy a downtown building and provide an internship program for the telecommunications degree now taking on a marketing flavor at Kearney State College. The presence of WATS has brought in MCI as a long-distance carrier. The result is thousands of jobs for people who are willing to sell things over the phone or take orders on 800 numbers. The pay ranges from about \$8 an hour in Omaha to \$4.50 in smaller towns.

Rural communities can especially benefit from a telecommunications infrastructure in the state. In Colorado, a joint project by U S WEST and the Small Business Administration (SBA) has created "information gateways" in remote towns. These gateways are electronic connections between rural areas and larger cities that enable business in small towns to communicate with vendors and clients around the world. Gateways provide information to rural communities and create opportunities for existing firms to be more productive by accessing market information, consultants and orders from anywhere in the United States.¹⁰ State governments can enter into joint ventures with the private sector to provide rural communities with funds to initiate such projects. Faxes, modems, and low-cost long distance service can make rural businesses more competitive vis-a-vis urban counterparts by allowing them to take advantage of low rural wage scales and still provide good service to customers. Farmers now use desktop computers and modems to track commodities prices.¹¹

The Appalachian Computer Services (ACD) in London, Kentucky is another example of a rural community that is competitive nationally through the use of advanced telecommunications. This firm handles credit card data processing for banks in Atlanta, Oakland, Philadelphia and San Francisco. It also provides services to the U.S. Department of Immigration and to many major companies. The information is transmitted from rural Kentucky to clients around the country through fiber optic phone lines.¹² One of the reasons it has succeeded is through grants and low interest loans from the Kentucky Development Finance Authority over the years. According to Bill Denton, ACD's executive director, ACD was able to provide 300 jobs in Monticello, Kentucky because of loans from the state. ACD now has offices nationally but the headquarters remains in London, Kentucky.

The Iowa Network Service, which began operation in May, 1989, is an 850-mile fiber optic system owned by 128 of the state's 170 rural phone companies. Long-distance calls on the network pass through a single digital switching facility. "We watched our urban neighbors get multiple (long-distance) carriers, who were not coming to small communities. We decided one way to attract them was to concentrate rural Omaha telemarketing firms to branch out into rural areas," says Ken Lien, manager of the Winnebago Telephone Cooperative in Lake Mills, Iowa.¹³ The state of Iowa along with the Rural Telephone Finance

CSG Backgrounder -- Communications

Cooperative assisted in this venture by providing short term loans. The state will be using the fiber optic system to provide state educational programs. According to Ken Lien, several jobs have been created in rural communities by the creation of the network.

State Legislative Impacts

State governments need to be more active in providing rural communities with access to telecommunications. Deregulating the Bell operating companies and providing a more favorable legislative atmosphere is not enough to promote a telecommunications infrastructure in the states. "There is a concern that simply relieving the constraints on the Bell operating companies doesn't have the impact on development policy that we would like unless we have some guidelines to go with that," says Heather E. Hudson, co-author of Rural America in the Information Age.¹⁴ Rural communities are only marginally benefiting from the new technology.

Large, urban businesses generate most of the telecommunications revenue, and that lucrative market remains the focus of a fiercely competitive battle among the Baby Bells, the long-distance companies and a host of more specialized telecom companies.¹⁵

For example, under Nebraska law the Bell operating companies do not have to make any investments in return for reduced prices. In Kearney, Nebraska (population 23,000) EMRG (Electronic Marketing Resource Group) provides software, consulting and data processing services for college financial aid offices and controls 40 percent of the national market. EMRG overwhelms the capacity of the local GTE phone system to connect it to the outside world. It was not designed to handle the demands of a high-volume telecommunications company. In order to connect with long-distance switches 40 miles away in Grand Island, GTE must rely on lines owned by US WEST. However, deregulation did not induce US WEST to expand the capacity of those lines. US Sprint's high-capacity transcontinental line runs two blocks from EMRG, but Sprint wouldn't hook Kearney up to get a customer with a phone bill of "only" \$80,000.¹⁶

Fortunately, Cabela's, a phone order catalog house that handles two million calls a year already was located in Kearney. Cabela's persuaded AT&T to create a direct link between Kearney and the Grand Island switches, bypassing the GTE exchange. As a result, EMRG will be able to piggyback on Cabela's operation.¹⁷

To avoid problems as the one in Nebraska, state regulators have begun incorporating economic development concerns into their dealings with "Baby Bells". In Vermont, the public utilities commission completely deregulated New England Telephone & Telegraph Co.'s prices on all new and advanced services. In return, New England Tel, a subsidiary of NYNEX, agreed to freeze its local basic-service rates for five years and committed itself to a \$280 million capital improvement schedule¹⁸ that will completely digitize even the most remote areas.

A study headed by former Gov. Robert Kerry of Nebraska and prepared by

CSG Backgrounder -- Communications

the Council of State Policy and Planning Agencies (CSPA) concludes that states need to overhaul the way they tax and regulate telephone companies. State governments should consider either subsidizing or providing service directly if small private telephone companies cannot afford telecommunication services in rural areas. The report suggests that governors and state policy makers should play a more active role in shaping telecommunications policy instead of relying on their regulatory commissions to express the state's view on national telecommunications policy. In the past, regulatory commissions have primarily been concerned with the short-run effects of preserving minimum monthly residential charges rather than promoting economic development.¹⁹

Federal Action

In August 1989, the U.S. Senate passed the Rural Partnerships Act. A section of the bill calls for strengthening the lending programs for rural telephone co-ops through the Rural Electrification Administration (REA). The REA now lends about \$238 million a year to telephone companies for capital improvements. According to the Aspen Institute independent phone companies that borrow from REA have used the funds in part to convert 34 percent of their access lines to digital switches, compared to 29 percent for Bell companies. The Senate bill also promotes linking small rural schools and hospitals with central facilities that boast larger staffs and newer equipment.²⁰

Bell Systems and Rural Development

Recently Bell of Pennsylvania through its parent company, Bell Atlantic, sought court approval to allow gateway services access to rural communities through one central processor. Currently Bell operating companies inter-exchange services are prohibited. A gateway would allow different networks to interface with each other. Rural communities would have access to important up-to-date economic information. Bell of Pennsylvania proposed a central processor in the Philadelphia LATA (LATA is an acronym for Local Access Transport Area, which is identical to a Standard Metropolitan Statistical Area. LATAs were created as a result of the AT&T divestiture to designate geographical areas where Bell operating companies can provide service) 21,22 the Philadelphia processor would be connected with gateway equipment in the remaining four Pennsylvania LATA'S, instead of using separate processors in each of the five LATA'S in Pennsylvania.²³

Bell Atlantic has stated that using a single centralized processor will make gateway service a reality sooner than otherwise would be possible. In addition, the use of one processor instead of five, will result in cost savings making gateway services more affordable.²⁴ Access to a wide variety of information would be possible, including:

- current economic and demographic statistics;
- directories of state business development programs;
- foreign trade opportunity leads;

CSG Backgrounder -- Communications

- current economic and demographic trend briefs, and
- listings of local economic development organization.²⁵

However, MCI filed objections that this was an unauthorized offering of long distance service through inter-LATA transmission. Inter-exchange carriers are regulated at the federal level and Harold Greene, first district court judge in the District of Columbia, ruled in favor of MCI. Judge Greene presided over the antitrust trial involving the divestiture of AT&T in 1982 and his decision regarding inter-LATA transmission will effect all the states. Regarding Bell Atlantic's proposal in January of 1989, Judge Green wrote:

"..the Court emphasized shortly thereafter that it was not in any way modifying the interexchange prohibition in the transmission of information services. Moreover, the Court has emphasized again and again the reasons for guarding against the erosion of the interexchange restriction. That is what is, at bottom involved here."²⁶

Conclusion

State agencies can promote telecommunications by becoming a larger consumer of advanced telecommunications. If state governments became a consumer of advanced telecommunications not only would efficiency and effectiveness be increased, a market would be created for the advanced telecommunications industry in the state. Joint ventures with the private sector and state universities in telecommunications can promote technology throughout the state and economic development opportunities. The burden of the initial investment is also distributed through joint ventures. States can also seek legislation that would deregulate the telephone companies, but with explicit guidelines incorporated in the legislation to expand phone line to rural areas. Advanced telecommunications is filling in the information gap to key players in economic development.

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3. Powers, pp. 1-3.
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5. Powers, pp. 1-3.

CSG Backgrounder -- Communications

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7. Ibid.
8. Paper presented by Dr. Robert L. Moore, Vice President for Information Technology, "The University of Louisville Telecommunications Research Center," July 24, 1984, p.2. Judi
9. Fulton, pp. 34-36.
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11. Fulton, pp. 34-35.
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17. Ibid.
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20. John Vanvig, "Senate Approves Rural Development Measure", Rural Electric News Service, September, 1989, p. 15.
21. North American Telecommunications Association, Industry Basics: Introduction to the History, Structure, and Technology of the Telecommunications Industry. 3rd edition. (Washington D.C.: North American Telecommunications Association, 1989), p.72.
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24. Bell Atlantic, pp. 1-10.
25. Letter from Robert W. Surridge, Director Penn State Data Center to Nancie A. Moebius, Division Manager at Bell Atlantic. October 19, p. 1.
26. Opinion, United State District Judge Harold Greene, January 23, 1989, p.16.
Price -- \$5.00,
Copyright 1990
The Council of State Governments

HB

418

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to Quality Nursing Care
 Sponsor: Rules Committee
 Requestor: Governor

Agency Affected: Health & Social Services
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

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

ANALYSIS : (Attach a separate page if necessary)

Will be ZERO For 1990

Prepared by: Kim Busch, Director *Kim Busch* Phone: 465-3355
 Division: Division of Medical Assistance Date: 1/15/90

Approved by Commissioner: Myra M. Munson *Myra M. Munson* Date: 1/15/90
 Agency: Department of Health & Social Services

Distribution (by preparer):

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

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2

HOUSE BILL NO. 418

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act related to quality of care in nursing facilities; establishing a nursing facility resident security fund; and providing for an effective date."

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8

9

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

10

* Section 1. AS 18.20.040 is amended to read:

11

Sec. 18.20.040. ISSUANCE AND RENEWAL OF LICENSE AND POSTING.

12

(a) Upon receipt of an application for license and the license fee, the department shall issue a license if the applicant meets the requirements established under AS 18.20.060 - 18.20.080. If the applicant does not meet the requirements established under AS 18.20.060 - 18.20.080 but makes continued efforts to comply with them, the department may grant a temporary or provisional license for a reasonable period of time. Except as provided in (b) of this section, a [A] license[, UNLESS SUSPENDED OR REVOKED,] is renewable annually without charge upon filing by the licensee, and approval by the department of an annual report on the uniform date and containing the information in the form the department prescribes by regulation. Each license issued is for the premises and person or governmental unit named in the application and is not transferable or assignable except with the written approval of the department. Licenses shall be posted in a conspicuous place on the licensed premises.

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(b) A license is not renewable if (1) it has been suspended or revoked under AS 18.20.050, or (2) regarding a nursing facility as defined in AS 18.20.390, the department has taken action under

28

29

1 AS 18.20.310(a)(5).

2 * Sec. 2. AS 18.20.050 is amended to read:

3 Sec. 18.20.050. DENIAL, SUSPENSION, OR REVOCATION OF LICENSE.

4 The department may deny, suspend, or revoke a license in a case in
5 which it finds that there has been a substantial failure to comply
6 with the requirements established under AS 08.64.336 or AS 18.20.060 -
7 18.20.080. The license of a nursing facility, as defined in
8 AS 18.20.390, also may be suspended or revoked by the department under
9 AS 18.20.310(a)(5).

10 * Sec. 3. AS 18.20 is amended by adding new sections to read:

11 ARTICLE 4. QUALITY OF CARE IN NURSING FACILITIES.

12 Sec. 18.20.300. STATE POLICY. It is the policy of the state to
13 ensure that the quality of care in nursing facilities in this state is
14 maintained at a high standard in accordance with applicable state and
15 federal law and regulations and to ensure the health, safety, and
16 quality of life of nursing facility residents in Alaska is maintained
17 or enhanced.

18 Sec. 18.20.305. NURSING FACILITY REGULATIONS. The department
19 shall adopt necessary regulations to implement AS 18.20.300 -
20 18.20.380 in accordance with the Administrative Procedure Act
21 (AS 44.62). The department shall, by regulation, specify criteria as
22 to when and how the sanctions specified in AS 18.20.310 will be ap-
23 plied. The criteria shall provide for the imposition of incrementally
24 more severe penalties for deficiencies that are uncorrected or perva-
25 sive, or that present a threat to the health, safety, or welfare of
26 nursing facility residents.

27 Sec. 18.20.310. SANCTIONS FOR NONCOMPLIANCE. (a) If the de-
28 partment finds that a nursing facility, or a partner, officer, direc-
29 tor, owner of five percent or more of the nursing facility's assets,

1 or managing employee of the nursing facility substantially failed or
2 refused to comply with AS 08.68.340 - 08.68.390, AS 08.70.010 -
3 08.70.190, AS 18.20.010 - 18.20.130, AS 47.07.010 - 47.07.900, or with
4 a regulation adopted under any of those statutes, or, for a nursing
5 facility that provides medicaid services under AS 47.07.010 - 47.07.-
6 900, failed or refused to comply with the medicaid requirements of 42
7 U.S.C. 1396r (Title XIX of the Social Security Act, as amended) or a
8 regulation adopted under that statute, the department may take the
9 following actions:

10 (1) ban the admission of new residents to the nursing facil-
11 ity;

12 (2) as provided in AS 18.20.320, deny payment under
13 AS 47.07.010 - 47.07.900 and AS 47.25.120 - 47.25.300 for any medicaid
14 or general relief-medical resident admitted to the nursing facility
15 after notice by the department of denial of payment; residents who are
16 eligible for medicaid or general relief-medical are not responsible
17 for payment when the department takes action under this paragraph;

18 (3) assess a civil fine in accordance with AS 18.20.340;

19 (4) suspend or terminate the nursing facility's participa-
20 tion in the medicaid program;

21 (5) suspend, revoke, or refuse to renew the nursing facili-
22 ty's license issued under AS 18.20;

23 (6) seek an appointment of temporary administration as
24 provided in AS 18.20.360 or of a receiver under AS 18.20.370;

25 (7) in case of an emergency, seek an order from the court
26 either to close the nursing facility or to transfer residents from
27 that facility, or both.

28 (b) An order of the department imposing a sanction described in

29 (1) (a)(1), (4), or (5) of this section takes effect

1 immediately upon service of the order on the nursing facility;
2 however, if the facility can demonstrate to the department's
3 satisfaction that the deficiencies prompting the order do not
4 jeopardize the health or safety of facility residents or seriously
5 limit the nursing facility's capacity to provide adequate care, the
6 department's order takes effect 10 days after service;

7 (2) (a)(2) or (3) of this section takes effect 10 days
8 after service of the order on the nursing facility.

9 (c) A hearing may be requested under AS 18.20.330 regarding a
10 sanction imposed by the department under this section.

11 Sec. 18.20.320. DENIAL OF PAYMENT. The department shall deny
12 payment under AS 47.07.010 - 47.07.900 or AS 47.25.120 - 47.25.300 to
13 a nursing facility

14 (1) that is not in compliance, and, for the preceding three
15 months, has not been in compliance, with the requirements of 42 U.S.C.
16 1396r (Title XIX of the Social Security Act, as amended), and regu-
17 lations adopted under that statute, until correction of the deficien-
18 cy; or

19 (2) if the department finds, on three consecutive reviews,
20 that the nursing facility provided substandard quality of care; the
21 department shall deny payment under this paragraph for new admissions
22 until the facility has demonstrated to the satisfaction of the depart-
23 ment that it is in compliance with the medicaid requirements of 42
24 U.S.C. 1396r, and that it will remain in compliance with the require-
25 ments.

26 Sec. 18.20.330. APPEAL; HEARING. (a) Notwithstanding
27 AS 44.62.330 - 44.62.630, the department, by regulation, shall estab-
28 lish a hearing procedure by which a nursing facility may present
29 evidence to refute a deficiency found by the department, and by which

1 it may appeal a sanction imposed by order of the department under
2 AS 18.20.310. A request for a hearing must be made in writing within
3 10 days after service of the department's order on the nursing
4 facility. Except for an order that takes effect immediately under
5 AS 18.20.310(b)(1), a request under this subsection has the effect of
6 staying the department's order until the hearing is concluded and the
7 department makes a final determination.

8 (b) An appeal, or request for stay, regarding a sanction imposed
9 by the court under AS 18.20.310(6) or (7), 18.20.360, or 18.20.370,
10 must be filed with the court in accordance with the Rules of Civil
11 Procedure.

12 Sec. 18.20.340. CIVIL FINES. In accordance with regulations
13 adopted by the department under AS 44.62.010 - 44.62.300, the depart-
14 ment may assess and collect, with interest, a civil fine of up to
15 \$10,000 a day for each day a nursing facility is or was out of compli-
16 ance with any of the federal or state statutes or regulations listed
17 in AS 18.20.310. The department shall annually increase the maximum
18 amount of the civil fine authorized in this section by a percentage
19 equal to the percentage of increase in all items of the consumer price
20 index for all urban consumers for Anchorage, Alaska. Each day upon
21 which the same or a substantially similar noncompliance occurs is a
22 separate violation subject to the assessment of a separate civil fine.
23 A civil fine assessed under this section is not reimbursable under
24 AS 47.07.010 - 47.07.900 or AS 47.25.120 - 47.25.300. The department
25 shall deduct the amount of a civil fine from reimbursement due or to
26 be due the nursing facility under AS 47.07.010 - 47.07.900 or
27 AS 47.25.120 - 47.25.300. The department may also use any remedy
28 available under law to pursue collection of an unpaid fine.

29 Sec. 18.20.350. NURSING FACILITY RESIDENT SECURITY FUND. (a)

*Why would you want to
close a facility.*

1 There is established in the department, as a fund separate from other
2 public money of the state, the nursing facility resident security
3 fund. This fund consists of all civil fines collected under
4 AS 18.20.310(a)(3) and 18.20.340 related to noncompliance with 42
5 U.S.C. 1396r(b), (c), or (d), and all interest earned on money in the
6 fund.

7 (b) The nursing facility resident security fund shall be admin-
8 istered by the department. Money in the fund may only be used for the
9 protection of the health or property of residents of nursing facil-
10 ities found to be out of compliance with 42 U.S.C. 1396r(b), (c), or
11 (d), or a regulation adopted under those statutes, including payment
12 for the costs of relocation of residents to other facilities, mainte-
13 nance of operation of a facility pending correction of deficiencies or
14 closure, and reimbursement to a resident for personal money lost.

15 Sec. 18.20.360. TEMPORARY MANAGEMENT. (a) If the department
16 determines that the health or safety of the residents of a nursing
17 facility is immediately jeopardized as the result of the nursing
18 facility's failure or refusal to comply with a state statute or regu-
19 lation, or failure or refusal to comply with the medicaid requirements
20 in 42 U.S.C. 1396r (Title XIX of the Social Security Act) or a regu-
21 lation adopted under that statute, the department shall immediately
22 petition the superior court for an order for appointment of temporary
23 administration to

24 (1) oversee the operation of the facility; and
25 (2) ensure the health and safety of the facility's resi-
26 dents while orderly closure of the facility occurs or the deficiencies
27 necessitating temporary administration are corrected.

28 (b) The court shall grant the petition if it finds by a pre-
29 ponderance of the evidence that the conditions in (a) of this section

STEVE COWPER, GOVERNOR

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

P.O. BOX H
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030

April 5, 1990

APR 06 1990

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

Dear Senator Fischer:

HB 418 has recently been referred to the Senate HESS committee. This legislation makes changes in Alaska law which are required for continued State compliance with federal law. To not adopt these changes will put Alaska's Medicaid program in jeopardy of loss of federal funds.

HB 418 provides the Department with additional sanctions that can be used to bring nursing homes into compliance with health and safety requirements. Currently, the only remedy available to the State is decertification, which means that the facility will be ineligible for medicaid funds. This is a very serious sanction as nursing homes in this state are heavily dependent on state medicaid funds.

HB 418 contains additional sanctions which the state can impose on nursing homes for non-compliance with health and safety regulations. These sanctions offer the Department a range of responses which allow the department the opportunity to impose a sanction commensurate with the violation; thus eliminating the need to move toward decertification for every health and safety violation.

Although this legislation is required for continued federal participation in the Medicaid program, the Department also believes that HB 418 offers a positive change regarding the way in which the Department monitors the quality of nursing home care in Alaska.

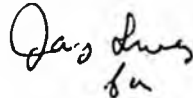
Senator Paul Fischer

-2-

April 5, 1990

Therefore, I request that HB 418 be scheduled for a hearing in the Senate HESS committee as soon as possible. I know that the committee has many bills that have been referred to it and I appreciate your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Myra M. Munson".

Myra M. Munson
Commissioner

HB

441

State of Alaska

Committees

CO-CHAIR, HOUSE JUDICIARY
VICE-CHAIR, HOUSE LABOR AND COMMERCE
HOUSE HEALTH, EDUCATION
AND SOCIAL SERVICES



P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4712
465-4968/4986
(SESSION)

914 CLAY COURT
ANCHORAGE, ALASKA 99503
(907) 276-6844

Representative Max F. Gruenberg, Jr.
District 11
Spenard, Upper Midtown Anchorage

MEMORANDUM

TO: Members of the House
FROM: Rep. Max F. Gruenberg, Jr.
DATE: January 18, 1990
RE: Sectional Analysis of the Controlled Substance Bill.

Note: Unless otherwise indicated, the descriptions of the drugs listed below are based upon materials supplied by the federal Drug Enforcement Administration (DEA).

Section 1:

This section removes the substance nalmefene from Alaska's Controlled Substances Act by adding it to the list of exclusions in AS 11.71.140(b)(1). Currently, nalmefene is included in schedule IA (AS 11.71.140) because it is a derivative of the listed opioid thebaine. Nalmefene is also a derivative of the narcotic antagonist naltrexone, currently excepted from the state Controlled Substances Act. The DEA and the Secretary of the U.S. Department of Health

and Human Services have concluded that there is insufficient scientific evidence to demonstrate that nalmefene possesses sufficient potential for abuse to justify its continued control in any schedule of the federal Controlled Substances Act.

Section 2:

This section adds 16 narcotic substances to schedule IA: alfentanil; alpha-methylfentanyl; bulk dextropropoxyphene; carfentanil; sufentanil; tilidine; para-fluorofentanyl; 3-methylfentanyl; acetyl-alpha-methylfentanyl; alpha-methylthiofentanyl; beta-hydroxyfentanyl; beta-hydroxy-3-methylfentanyl; 3-methylthiofentanyl; thiofentanyl; MPPP; and PEPAP.

Alfentanil was placed in federal schedule I in accordance with U.S. treaty obligations under the Single Convention on Narcotic Drugs. At the request of the World Health Organization, alfentanil was examined by various groups from the Committee of Problems of Drug Dependence. The results of the study showed that alfentanil is a potent morphine-like compound with two to four times the potency of morphine when used as an analgesic.

Alpha-methylfentanyl, also known as "China White" or synthetic heroin, is a close structural analog of the Alaska

schedule IA substance fentanyl. It is an analgesic approximately 80 times more potent than morphine. The substance has been placed in federal schedule I because it has a high potential for abuse and currently has no accepted use in medical treatment in the United States.

Bulk dextropropoxyphene (non-dosage form) is a federal schedule II opiate. The scheduling criteria used in Alaska require that all federal schedule I and II narcotics be placed in Alaska's schedule IA. This substance, therefore, is placed in schedule IA. It should be noted that dextropropoxyphene in dosage form is placed in Alaska's schedule IVA and federal schedule IV. Dextropropoxyphene in dosage form is better known as the drug "Darvon." Non-dosage form was placed in federal schedule II in accordance with U.S. treaty obligations under the Single Convention on Narcotic Drugs.

Carfentanil is a narcotic substance approved by the Food and Drug Administration for marketing as a new animal drug. Carfentanil is an opiate, as defined in 21 U.S.C. 802(18), because it has an addiction-forming and addiction-sustaining ability similar to morphine. Because it has been approved for marketing, it has been placed in federal schedule II. However, because it is a narcotic substance, carfentanil is being placed in Alaska's schedule IA.

Sufentanil is contained in the federal schedule II; it is a congener of the federal schedule II narcotic substance fentanyl. Sufentanil is indistinguishable in terms of abuse potential from fentanyl, a drug used mainly in operating rooms and abused primarily by operating room personnel.

Tilidine, also known as tilidate hydrochloride, is a narcotic analgesic used in the control of moderate or severe pain. Tilidine was placed in federal schedule I in accordance with U.S. treaty obligations under the Single Convention on Narcotic Drugs.

Para-fluorofentanyl, 3-methylfentanyl,
acetyl-alpha-methylfentanyl, alpha-methylthiofentanyl,
beta-hydroxyfentanyl, beta-hydroxy-3-methylfentanyl,
3-methylthiofentanyl, and thiofentanyl are potent analogs of the synthetic narcotic analgesic fentanyl. Each of these fentanyl analogs behaves as a typical morphinelike compound in rodent antinociceptive tests. Each analog substitutes completely for morphine when administered to morphine-dependent withdrawn monkeys. These analogs have been produced in clandestine laboratories, identified in drug evidence submissions, and associated with a number of overdose deaths.

MPPP and PEPAP are potent analogs of meperidine, a synthetic narcotic analgesic. Produced in clandestine laboratories,

MPPP and PEPAP have been identified in illicit drug trafficking. MPPP in particular has been associated with drug-induced Parkinson's disease in a number of users.

Section 3:

This section adds one new drug to schedule IIA. The drug is a hallucinogen, similar to PCP and TCP, and is called "1-[1-(2-thienyl) -cyclohexyl] -pyrrolidine" or "TCPy". TCPy was added to the federal controlled substances schedule in the past year.

Section 4:

This section would add 3,4-methylenedioxymethamphetamine (MDMA) to AS 11.71.150(b), to place it in schedule IIA.

MDMA, the designer drug known as Ecstasy, is an analog of the substance "methamphetamine." It has a high potential for abuse and currently has no accepted medical use in the United States. It is a federal schedule I drug, but because it is a non-narcotic hallucinogenic it has been placed in Alaska schedule IIA.

Section 5:

This section would add six new substances to schedule IIA (AS 11.71.150): fenethylamine; N-ethylamphetamine;

3,4-methylenedioxy-N-ethylamphetamine;
N-hydroxy-3,4-methylenedioxyamphetamine; 4-methylaminorex
and N,N-dimethylamphetamine.

Fenethylamine is a conjugate of amphetamine and theophyllin (a methylxanthine). The drug produces a delayed, but prolonged, central nervous system stimulatory effect. Fenethylamine has a high potential for abuse, has no recognized medical use in the United States, and has not been tested to determine its safety for use under medical supervision. It is a federal schedule I drug, but it has been placed in Alaska's schedule IIA because the drug is non-narcotic.

N-ethylamphetamine's pharmacological and behavioral effects are similar to those of amphetamine and methamphetamine. It is a federal schedule I substance with a high potential for abuse, and no known medical use in the United States. It has been placed in Alaska's schedule IIA because the drug is non-narcotic.

3,4-methylenedioxy-N-ethylamphetamine and
N-hydroxy-3,4-methylenedioxyamphetamine are analogs of the
schedule IIA substance methamphetamine (MDA). 4-methyl-
aminorex has a pharmacological profile that closely
resembles that of amphetamine; it has been described as a
potent central nervous system stimulant.

Because N,N-dimethylamphetamine has no current accepted medical use, it has been placed in federal schedule I. N,N-dimethylamphetamine belongs to the chemical class of compounds known as phenylisopropylamines. Amphetamine and methamphetamine also belong to this class. N,N-dimethylamphetamine is very similar in molecular structure to amphetamine and methamphetamine and produces central nervous system stimulant effects. Because N,N-dimethylamphetamine is a non-narcotic stimulant, it is being placed in Alaska schedule IIA.

The federal 1984 Crime Control Act provided the Drug Enforcement Administration with emergency scheduling authority, to avoid an imminent hazard to the public safety. This scheduling procedure was established with the onset of the illicit manufacture and distribution of designer drugs. Federal law defines a designer drug as:

New chemical analogs or variations of existing controlled substances, or other new substances, which have a psychedelic, stimulant, depressant, or narcotic effect and have a high potential for abuse.

Scheduling under this authority is effective for one year and is not applicable to substances for which there is an exemption under the Federal Food, Drug, and Cosmetic Act (e.g., investigational new drugs and new drug applications). To classify a substance under its emergency powers, the DEA must publish a notice of the classification in the Federal Register; the classification

becomes effective after 30 days. On October 30, 1987, 3,4-methylenedioxy-N-ethylamphetamine and N-hydroxy-3,4-methylenedioxyamphetamine and 4-methylaminorex were scheduled in this manner. On October 14, 1988, a proposed rule was published to permanently schedule these three substances. It is anticipated that, by the time this legislation is being considered, a final rule scheduling these substances will have been signed.

On August 3, 1988, the administrator of DEA issued a final rule temporarily placing N,N-dimethylamphetamine into federal schedule I. According to DEA, a final rule permanently scheduling this substance will be published within the next several months.

Section 6:

This section places the substance "tiletamine and zolazepam" into schedule IIIA, by adding it to AS 11.71.160(c). Tiletamine is a chemical analog of phencyclidine and has pharmacological properties similar to that substance. Zolazepam is a chemical analog of the schedule IVA benzodiazepines. As a combined substance it is used by veterinarians as a tranquilizer. This scheduling action facilitates the marketing of a veterinary pharmaceutical product and minimizes the likelihood of the product being abused.

Section 7:

This section places the following substances into AS 11.71.-160(f), to add them to schedule IIIA: parahexyl, dronabinol, and nabilone. Because these substances are THC analogs that are chemically and pharmacologically similar to THC, they have been placed in Alaska schedule IIIA.

Parahexyl is a synthetic analog of delta-9-tetrahydrocannabinol (THC). Parahexyl has no known medical use in the United States. It has been placed in federal schedule I.

Dronabinol (synthetic) in sesame oil and encapsulated in soft gelatin capsules is a Food and Drug Administration-approved drug product: Dronabinol is the synthetic equivalent of the isomer delta-9-tetrahydrocannabinol, the principal psychoactive substance in marijuana. Dronabinol is used to treat nausea and vomiting associated with cancer chemotherapy in patients who have failed to respond adequately to conventional antiemetic treatment.

Nabilone is a synthetic analog of delta-9-tetrahydrocannabinol (THC). It is used to treat nausea and vomiting associated with cancer chemotherapy. Nabilone has been placed in federal schedule II.

Section 8:

This section adds six benzodiazepines to schedule IVA (AS 11.71.-170): alprazolam, halazepam, temazepam, triazolam, midazolam, and quazepam. Each substance is an anti-anxiety agent substantially similar to other benzodiazepines currently listed in Alaska's schedule IVA. All six substances have been classified into the federal schedule IV.

Section 9::

This section places the substance mazindol in schedule IVA (AS 11.71.170) (see sec. 11 description, below). Section 8 also adds six other substances to schedule IVA: pipradol, SPA, cathine, fencamfamin, fenproporex and mefenorex.

Pipradol is a mild central nervous system stimulant. Its effects resemble those of the amphetamines, but the usual therapeutic dose of pipradol results in less euphoria, anorexia, and insomnia. It is an effective anti-depressant without the extreme central nervous system stimulation found in the amphetamines.

SPA is a substance marketed in Japan. It exhibits the same properties as morphine and methamphetamine, but with analgesic effects. Results of a study conducted by the University of Michigan showed that SPA has no physical dependence capacity.

Cathine is scheduled in accordance with the 1971 Psychotropic Convention. It is a stimulant derived from the Khat plant and originates in the Middle East.

Fencamfamin, fenproporex, and mefenorex are also stimulants.

Cathine, fencamfamin, fenproporex, and mefenorex are scheduled in accordance with the 1971 Psychotropic Convention. During its February 1986 session, the United Nations Commission on Narcotic Drugs (CND) decided to include 17 phenethylamines in the schedules of the Convention on Psychotropic Substances. These substances are among the 17.

Section 10:

This section classifies the substance buprenorphine as a schedule VA drug by placing it in proposed AS 11.71.180(d). The DEA has placed buprenorphine into federal schedule V. It had previously been considered a federal schedule II drug because it is a derivative of the substance thebaine (a schedule IA narcotic in Alaska). The DEA has found that buprenorphine has a low potential for abuse, has a currently accepted medical use, and has limited potential for physical or psychological dependence.

This section also adds propylhexedrine and pyrovalerone to schedule VA by placing them in proposed AS 11.71.180(e).

Propylhexedrine and pyrovalerone are psychotropic substances. Currently pyrovalerone is neither manufactured nor distributed commercially in the United States. Propylhexedrine is marketed over-the-counter as Benzedrex nasal decongestant inhalers. That is why there is an exception for these inhalers. There is also an exception in the federal schedule.

These two substances are being scheduled in accordance with the 1971 Psychotropic Convention, and are among the 17 phenethylamines included in the schedules of the Convention on Psychotropic Substances by the United Nations Commission on Narcotic Drugs (CND) during its February 1986 session.

Section 11:

This section amends the language of existing AS 11.73.099(3), which defines "imitation controlled substance." The minor amendment, substitution of "and" for "or," corrects an oversight in the imitation controlled substances law, which was enacted in 1983. The amendment changes the elements of the crime to require that a person actually make explicit or implied representations about the character of the substance. These representations and the item's appearance are facts that a judge or jury would consider when deciding whether, under all the circumstances of the case, a reasonable person would have believed the substance to be controlled. The law as presently written is vague -- perfectly legal substances sold over a drug store counter might be similar

in appearance to items that are manufactured and sold illicitly. A person should be able to legally possess these substances if the person has no intent to pass them as counterfeit substances.

The Alaska Court of Appeals pointed out the vagueness in the current definition of "imitation controlled substance" in its recent decision in Morrow v. State, 704 P.2d 226, 232 (Ak. App. 1985). The court was not able to determine, under the facts in the record in that particular case, whether the defendant's conviction should be reversed; the appellate court remanded the case to the trial court for factual findings. Although the conviction in the Morrow case was not reversed, it is important to clarify the language of the definition -- both to ensure that the problem does not recur in the future and to give people fair notice of the types of conduct that are prohibited under the law.

Section 12:

This section removes the substance mazindol from Alaska's schedule IIIA (AS 11.71.160). Mazindol has been transferred to schedule IVA (AS 11.71.170) (see sec. 8, above). This change has been made because mazindol is an anorectic substance that has a lower potential for abuse than other schedule IIIA anorectics; it also presents less danger of psychological dependence relative to other anorectics in schedule IIIA.

H B

445


Alaska State Legislature
Representative Niilo Koponen

Pouch V
Juneau, Alaska 99811
(907) 465-4992

House District 21

119 N. Cushman, Suite 207
Fairbanks, Alaska 99701
(907) 456-8172

MEMORANDUM

TO: SENATOR FISCHER, CHAIR SENATE HESS COMMITTEE
FROM: REPRESENTATIVE KOPONEN 
RE: HB445
DATE: 4/6/90

HB 445, "An Act relating to the student member of the Alaska Commission on Postsecondary Education" is now in your committee. As I am sure you recall, this is the legislation which the Postsecondary Commission wanted and which I believe you had proposed introducing on the Senate side. I would appreciate a hearing at your earliest convenience on this "housekeeping" measure. I have provided your staff with the back-up.

Thank you for your attention to this matter.

SENATE COMMITTEE REPORT

DATE: 3/29/90

FURTHER:

DATE TURNED INTO OFFICE: 4/26/90

H E S S

Committee considered CSHB 445 (HESS)

"An Act relating to the student member of the Alaska Commission on Postsecondary Education."

and recommended:

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

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

APPROVES PREVIOUS:

fiscal note(s) Dept/Date: _____

fiscal note(s) Dept/Date: _____

zero fiscal note(s) _____

zero fiscal note(s) Postsecondary Education

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]

[Signature]

Paul Gril (Do Pass)

Chair: Signature and Recommendation

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Education
 Title: Student Members of the Alaska BRU: Postsecondary
Commission on Postsecondary Education
 Sponsor: Koponen Components: Program Administration
 Requestor: House HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jane Byers Maynard, Executive Director Phone: 465-2854
 Division: Alaska Commission on Postsecondary Education Date: 3/20/90

Approved by Commissioner: _____ Date: _____
 Agency: _____

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



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 19, 1990

The Honorable Niilo Koponen
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Re: HB 445

Dear Representative Koponen:

There are several reasons for our interest in changing the term expiration date of the student member on the Alaska Commission on Postsecondary Education to coincide with the term of the student member on the Board of Regents.

BACKGROUND: The next term of the student member of the Alaska Commission on Postsecondary Education will expire 3/1/92. The term of the current student member of the Board of Regents will expire 5/31/91. Both terms are for a period of two years. If a member is removed or resigns prior to the term expiration date, the newly appointed member would be appointed for the unexpired term of the original appointee. A member serves until reappointed or replaced.

Over the past few years, the campus staff and students have expressed the need for revisions to allow concurrent campus elections.

PROBLEM: The Postsecondary Education student's term and the Regents student's term expire on alternate years. Two separate, costly elections are usually required.

PROPOSED SOLUTION: Pass a bill with language that changes the Postsecondary Education student member's term to coincide with the Board of Regents student member's term. Specifically, the language should:

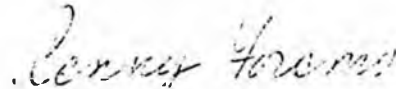
1. Change the Postsecondary Ed student's term to end 5/31/91.

March 19, 1990

2. Add transitional language stating that the term of office of the student member of the Alaska Commission on Postsecondary Education who was in office on February 28, 1990, will expire on 5/31/91. The subsequent term will be a two-year term beginning 6/1/91 and will expire on 5/31/93.

This transitional language will alleviate the need for an immediate election. It will allow the elections for both the Postsecondary Ed student member and the Regents student member to run concurrently which will simplify this time consuming appointment process and minimize associated costs.

Sincerely,



Penny Forsmo
Special Staff Assistant
Boards and Commission

HB

479

Alaska State Legislature

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



PO BOX V
ROOM 508
STATE CAPITOL
(907) 465-3762

Senate Committee on Health, Education and Social Services

Amendments to HB 479

By Fischer

Page 1, Line 25, delete "Four or Fewer".