

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7388 SENATE HEALTH EDUCATION & SOCIAL SERVICES

Fiscal issues involve packaging and access.

Non-fiscal issues include such things as zoning, siting, incentives to developers and landlords, neighborhood attitudes, building standards and codes, and coordination of communications.

We need more housing but we also need a good plan, good strategies and a coordinating agency to bring it all about.

II. INCOME

Price of housing is a resource issue for the homeless clients. There is a mismatch between periods of positive economic growth and the inability of clients to access the higher housing prices that accompany the economic growth.

Rent subsidy programs face the obstacle of not being able to place clients because of the disparity in assessment of fair rental market value of available housing.

Eligibility standards, for housing assistance as well as other support services such as Medicaid, are obstacles that restrict client access to resources.

Local communities are challenging eligibility standards through lobbying by coalitions as well as going to court for judicial remedies.

III. SUPPORT SERVICES

While housing is certainly a focus for short and long term remedies, the problem of homelessness has so many more features and characteristics that are exemplified by the many subpopulations among the homeless.

Matching and coordinating support service components with housing is so very complex when you review the nature and characteristics of the homeless subpopulations - homeless, families with children, chronically mentally ill, inebriates and addicts, double diagnosed mentally ill, runaways, throwaways, abused children and women, veterans, illiterate, disabled, chronically unemployed, stranded, to name a few.

The nature of the support services and the intensity of the application needs to fit the subpopulation. There is not a single constellation of services or model that will deal with all groups universally. Some services may be short and intense. Other services may be of long duration and low level intensity.

The consequences of homelessness do not allow many long-term homeless to successfully enter into affordable housing because of the characteristics and survival patterns they develop over many years. Their transition may involve many failures along the way.

Decision makers need to consider this factor when failures tempt them to make quick decisions on the merits of a program.

Some subpopulations may require services so long in duration as to appear to be an institution system. The reality of lifelong services are very probable given the federal government's policy of deinstitutionalizing the mentally ill.

Comprehensive services are needed that include job training, childcare, transportation, etc. You can't take a person off the street after eight years, give them a home, clean clothes, and expect them to be successful at a job.

An obstacle to support services is the complicated constellation of eligibility requirements. The notion of requiring a linear progression of qualifications may be too onerous for the client. Service providers must look at developing creative approaches to service provision that allow for application of simultaneous remedies.

IV. SHORT AND LONG TERM SOLUTIONS

Short term solutions are necessary but we must abandon the approach that applies a series of short term solutions to long term problems.

Some solutions such as financing require a thirty-year commitment.

There is need for planning. But there is also need for much more than a plan. There is a need for application of resources to the strategies that includes lobbying, oversight, and staffing for coordination and implementation of the plans.

V. HEALTH AND MEDICAL SERVICES

The prior four issues come out of an analysis of local homeless efforts and problems across the country. However, the availability and access to health and medical services is a structural issue that is national in scope. This is also different from the previous four issues because it is not a homeless-centered issue.

At present there are few remedies other than voluntary efforts and charitable contributions by medical providers.

This ends the summation of Dennis' comments on the five issues that provide a framework for defining problems and seeking solutions. He offered some additional closing comments summarized below.

A. HOUSING

1. Literature on financing: There is a growing body of literature on all sorts of financial practices for solutions to homelessness. There is expertise and patterns to follow. Groups of attorneys on the east and west coasts are specializing in financing practices.

2. Architectural models: These exist for various solutions such as single room occupancy (SRO), alcohol rehabilitation, etc. You can move faster and make fewer mistakes in new construction and remodeling by consulting existing information.

3. Partnerships: There is a need to forge partnerships of people and groups with common interests. These partnerships must move beyond coalitions and networking. They need to be formal agreements for such things as lobbying, legal action, coordinated service strategies.

4. Supply-induced demand for services: As agencies successfully engage and help homeless and alcoholics and treat them, needs will be created elsewhere within the system for services. Planning must consider how remedies impact and create demands elsewhere in the community's service system.

5. Preventive responses: Some responses can prevent needs for services. Institutions can modify their eligibility requirements to not require homelessness as a criteria for service.

Advance transportation planning in Alaska could prevent stranded people from becoming homeless when they arrive in Anchorage because of medevac or other medically-related visits. At present, rural Alaskans who are eligible for transportation assistance receive only one-way passage to Anchorage.

B. APPROACHES TO HOMELESSNESS

1. External forces: Historically, we are in a changing pattern in the way we approach homelessness. Formerly, homelessness was considered an individual problem with non-profits and charities providing solutions. Now we recognize there are also external forces that produce homelessness such as deinstitutionalization of the mentally ill and withdrawal of federal support for housing. These are structural problems.

The responses must continue to utilize the non-profit approach augmented by structural responses of segments of society that don't usually respond directly to the problem (e.g. financial institutions).

2. Service modalities: Service providers must look at changing modes in the way they provide services. For example, the Fairview Inebriate Center concept proposal abandons separate-agency service provision and adopts an integrated approach with broad-based community involvement and support.

3. Client-based advocacy: Across the country people are starting to get very involved and influential in self-advocacy. A subculture of homeless-based organizations are developing a good track record. They are, in many cases, doing a good job of self-management, never forgetting who they are. Don't neglect to include

the homeless in your deliberations.

CLOSING STATEMENT BY RICK NERLAND, CHAIR

Today, we have listened and learned. Our next charge is to develop some short term actionable solutions and long-term rational and compassionate solutions.

**WRITTEN PUBLIC TESTIMONY SUBMITTED
MUNICIPALITY OF ANCHORAGE
MAYOR'S TASK FORCE ON EMERGENCY SHELTER AND THE HOMELESS
TOM FINK, MAYOR**

**FRIDAY, NOVEMBER 16, 1990
9:00 AM TO 3:30 PM
LOUSSAC LIBRARY - ASSEMBLY CHAMBERS**

TABLE OF CONTENTS

	<u>PAGE</u>
1. Unassigned	
2. Unassigned	
3. Brother Francis Shelter	3-1
4. Bean's Cafe	4-1
5. Chief of Police . . . (Nothing Submitted)	5-1
6. Department of Corrections - 6th Avenue Jail (Alaska Statutes)	6-1
7. Salvation Army . . . (Nothing Submitted)	7-1
8. Clare House	8-1
9. MOA Emergency Services/Interfaith Clearinghouse	9-1
10. AWAIC Battered Women's Shelter	10-1
11. Veteran's Administration	11-1
12. Fairview Community Council (Nothing Submitted)	12-1
13. Southcentral Counseling Center - Crossover House	13-1
14. Alaska Psychiatric Institute	14-1
15. Association for Stranded Rural Alaskans in Anchorage	15-1
16. Jack's Place (Nothing Submitted)	16-1
17. Abbott Loop Christian Center and Anchorage Baptist Temple . . . (Nothing Submitted)	17-1
18. Anchorage Rescue Mission	18-1
19. Covenant House	19-1
20. Alaska Youth and Parent Foundation	21-1
21. Alaskans Care	21-1
22. Coalition for the Homeless	22-1
23. Alaska State Housing Authority	23-1
24. Alaska Housing Finance Corporation	24-1
25. Housing and Urban Development	25-1
26. Anchorage Neighborhood Housing Services (Tables)	26-1
27. Alaska Women's Resource Center (Nothing Submitted)	27-1
28. United Way of Anchorage	28-1
29. Fairview Community Council . . (Nothing Submitted)	29-1
30. Cook Inlet Tribal Council	30-1
31. Open period for additional testimony	31-1
1. Beth Kersey	31-1
2. Pattie Wright	31-10
3. Alice Howarth	31-11
4. Paul Day	31-12
5. Suzanne Goodrich (Nothing Submitted)	31-13
6. Edna Adrian . . (Nothing Submitted)	31-14

APPENDIX D

LIST OF WRITTEN TESTIMONY RECEIVED 11/16/90

NOTE: All of these materials are available at the

Municipality of Anchorage
Department of Health and Human Services
Planning Office
825 L Street - 4th Floor
Anchorage, Alaska
(907) 343-6718

They are not included here because of their volume,
but they are available upon request.

**TABLE 1
BROTHER FRANCIS SHELTER
NUMBER OF CLIENT NIGHTS**

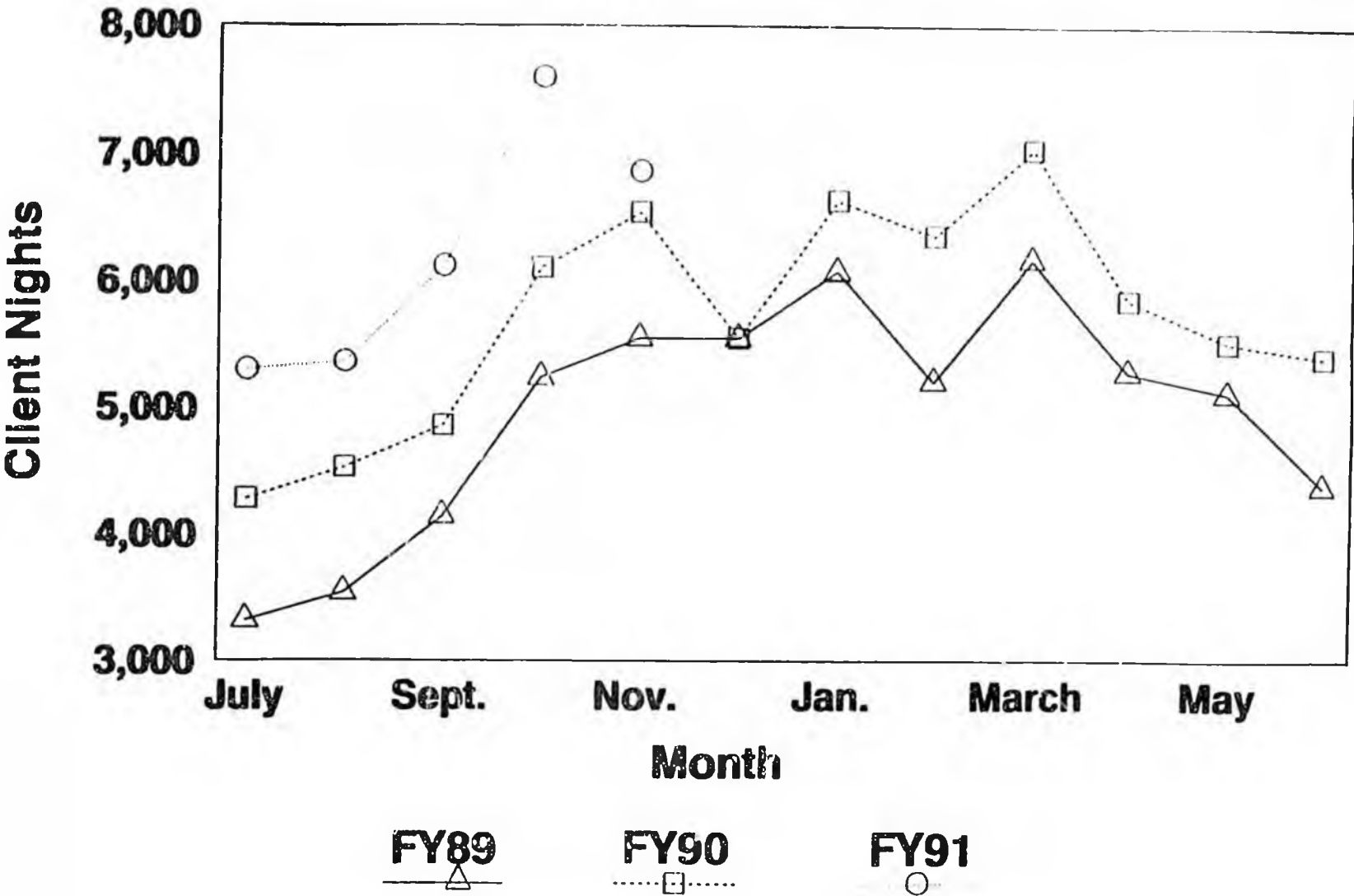
<u>Month</u>	<u>No. of Client Nights (FY89)</u>	<u>No. of Client Nights (FY90)</u>	<u>Percent Change</u>	<u>No. of Client Nights (FY91)</u>	<u>Percent Change</u>
July	3317	4278	29.0%	5301	23.9%
August	3534	4526	28.1%	5363	18.5%
September	4140	4860	17.4%	6120	25.9%
October	5239	6107	16.6%	7595	24.4%
November	5550	6540	17.8%	6862	4.5%
December	5549	5549	0.0%		
January	6067	6634	9.2%		
February	5208	6356	22.0%		
March	6169	7037	14.1%		
April	5280	5850	10.8%		
May	5115	5518	7.9%		
June	<u>4380</u>	<u>5400</u>	<u>23.3%</u>		
TOTAL	59,557	68,655	15.3%		

**TABLE 2
CLARE HOUSE
NUMBER OF CLIENT NIGHTS**

<u>Month</u>	<u>No. of Client Nights (FY89)</u>	<u>No. of Client Nights (FY90)</u>	<u>Percent Change</u>	<u>No. of Client Nights (FY91)</u>	<u>Percent Change</u>
July	262	682	160.3%	858	25.8%
August	585	908	55.2%	996	9.7%
September	580	755	30.2%	1031	36.6%
October	577	859	48.9%	721	-16.1%
November	407	593	45.7%	735	23.9%
December	586	526	-10.2%		
January	640	647	1.1%		
February	369	582	57.7%		
March	294	541	84.0%		
April	643	503	-21.8%		
May	655	917	40.0%		
June	<u>581</u>	<u>468</u>	<u>-19.4%</u>		
	6,179	7,981	29.2%		

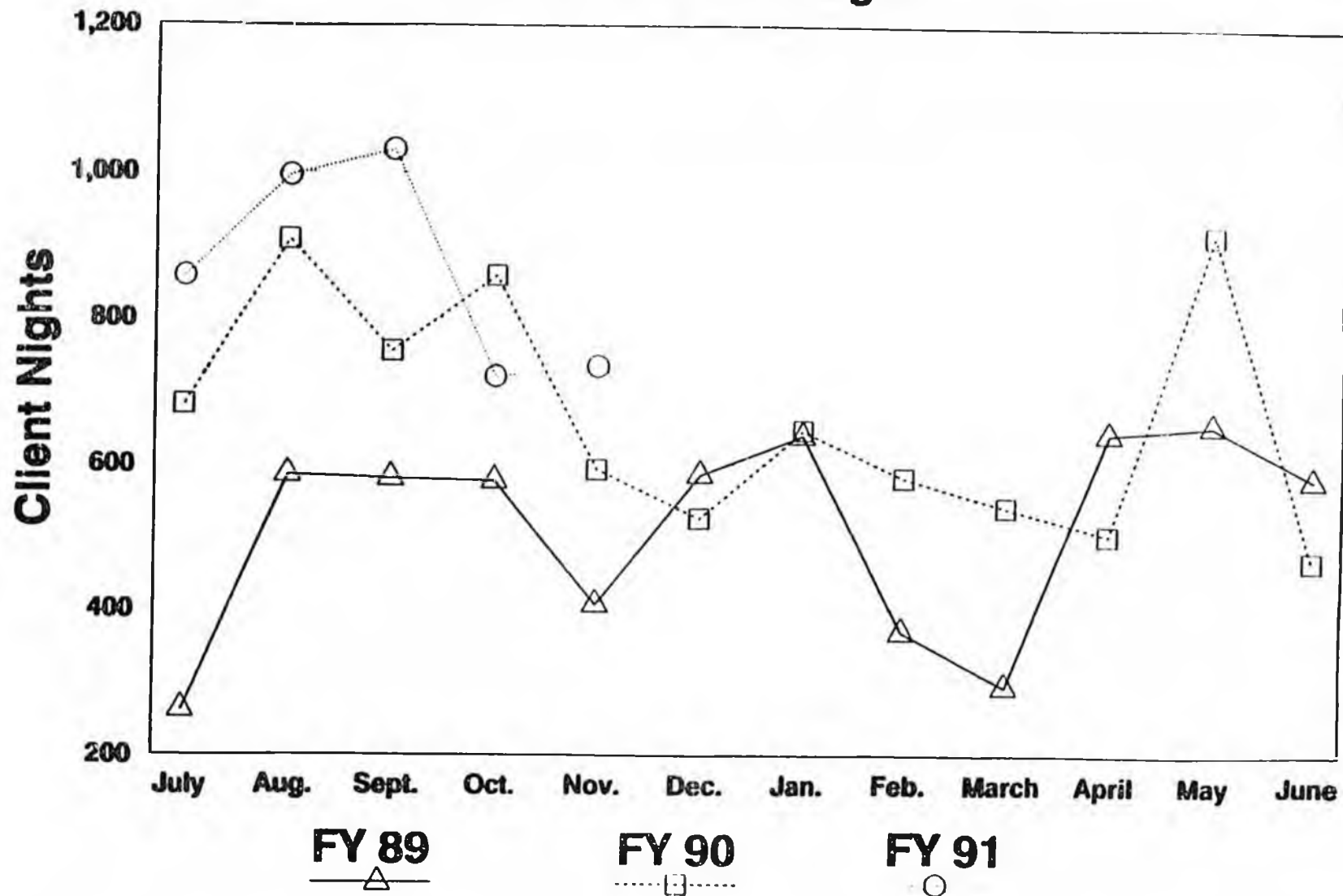
NOTE: In October of 1990, Clare House implemented a management policy because of safety considerations, which limited the number of people who could be housed there.

Brother Francis Shelter Number of Client Nights



E2

Clare House Number of Client Nights



Note: Clare House instituted an emergency management plan in October 1990 in order to cope with the recent increase in clients. As a result, the number of client nights decrease significantly from Sept to Oct, FY 91.

**TABLE 3
MCKINNELL HOUSE
NUMBER OF CLIENT NIGHTS**

<u>Month</u>	<u>No. of Client Nights (FY89)</u>	<u>No. of Client Nights (FY90)</u>	<u>Percent Change</u>	<u>No. of Client Nights (FY91)</u>	<u>Percent Change</u>
July	892	724	-18.8%	671	-7.3%
August	999	978	-2.1%	608	-37.8%
September	999	965	-3.4%	586	-39.3%
October	653	647	-.01%	631	-2.5%
November	810	731	-9.7%	637	-12.9%
December	878	579	-3.4%		
January		625			
February		560			
March	574	754	31.3%		
April	780	943	20.9%		
May	868	988	13.8%		
June	833	527	-36.7%		

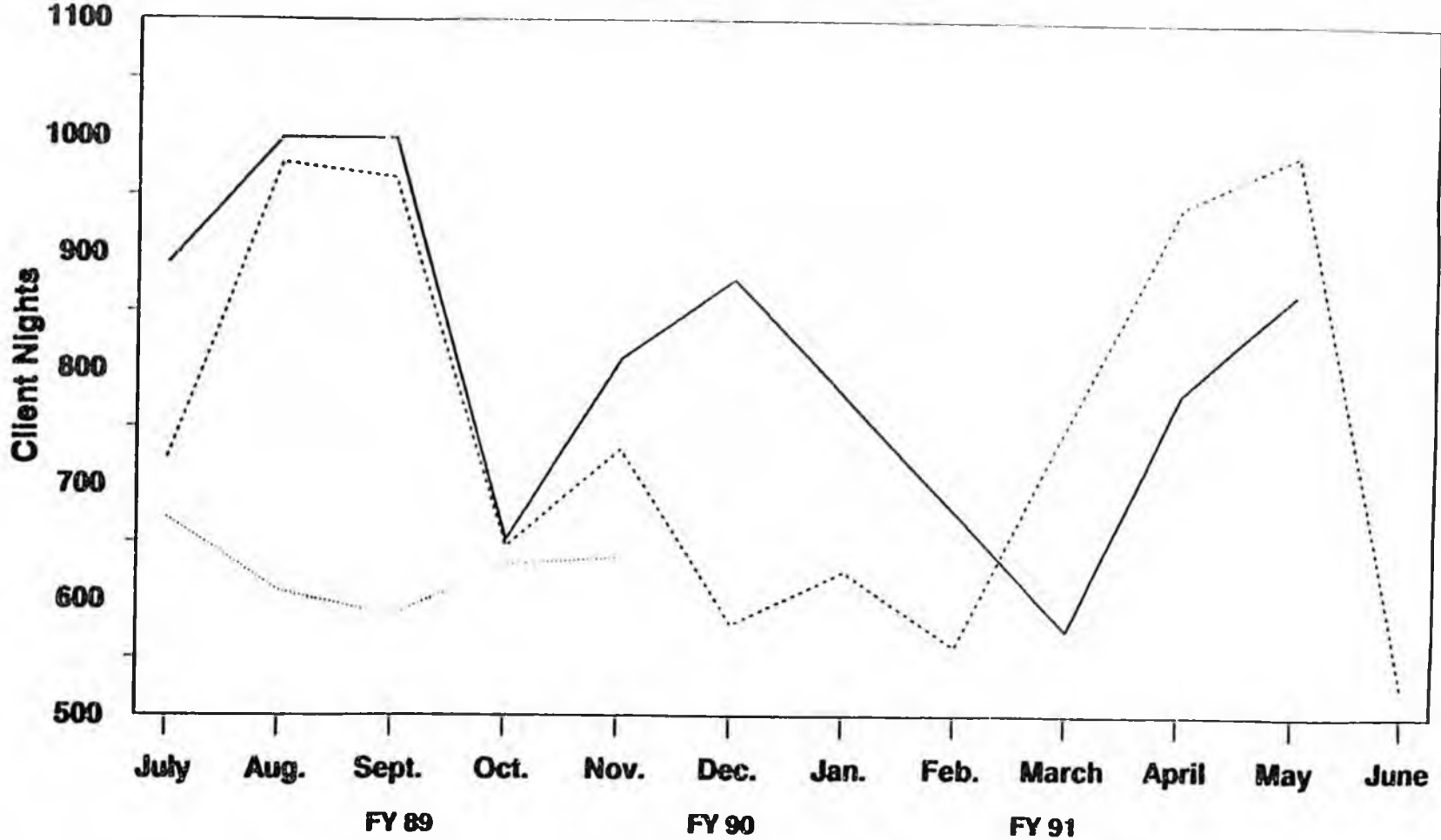
NOTE: McKinnell House converted two 9-bed dormitories into three family rooms in June of 1990. The number of people served decreased as the number of available beds decreased.

**TABLE 4
COVENANT HOUSE
NUMBER OF CLIENT NIGHTS**

<u>Month</u>	<u>No. of Client Nights (FY90)</u>	<u>No. of Client Nights (FY91)</u>	<u>Percent Change</u>
July	868	558	-35.7%
August	682	527	-22.7%
September	780	750	-3.8%
October	620	713	15.0%
November	750	540	-28.0%
December	465		
January	750		
February	644		
March	744		
April	810		
May	620		
June	540		

McKinnell House

Number of Client Nights

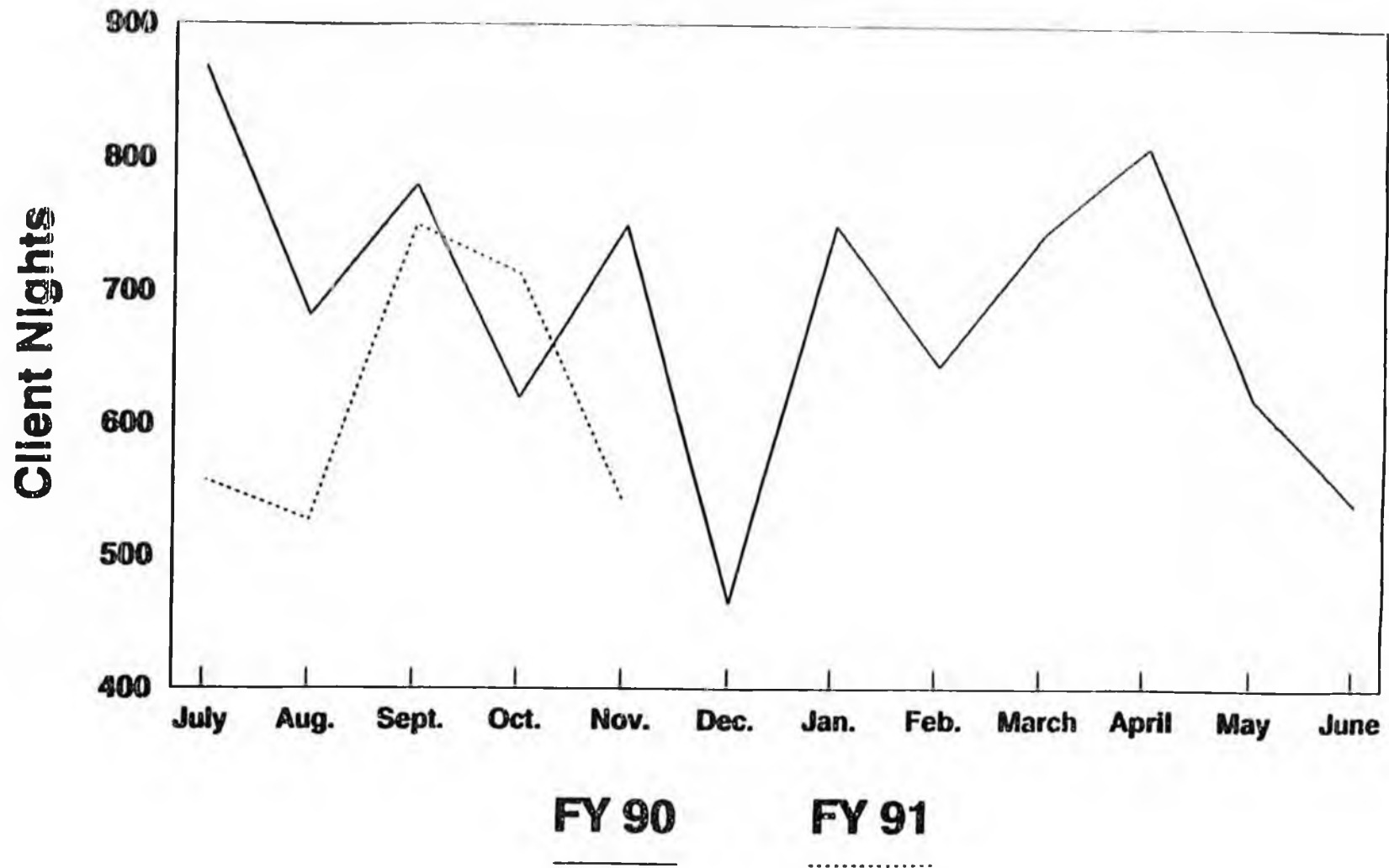


ES

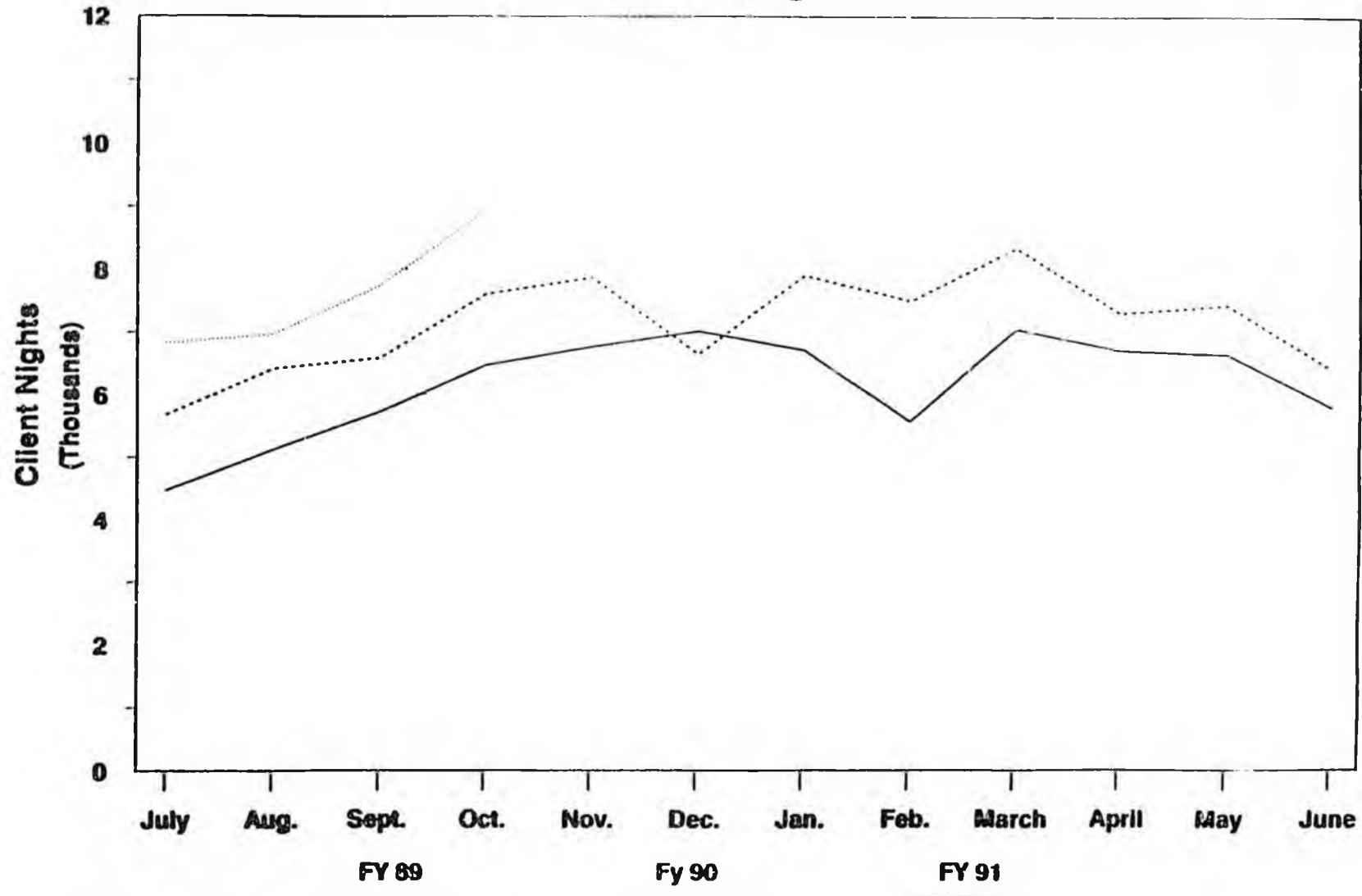
Note: McKinnell House converted two 9 bed dormitories into three family room in June 1990, thus reducing the effective number of beds.

Covenant House

Number of Client Nights

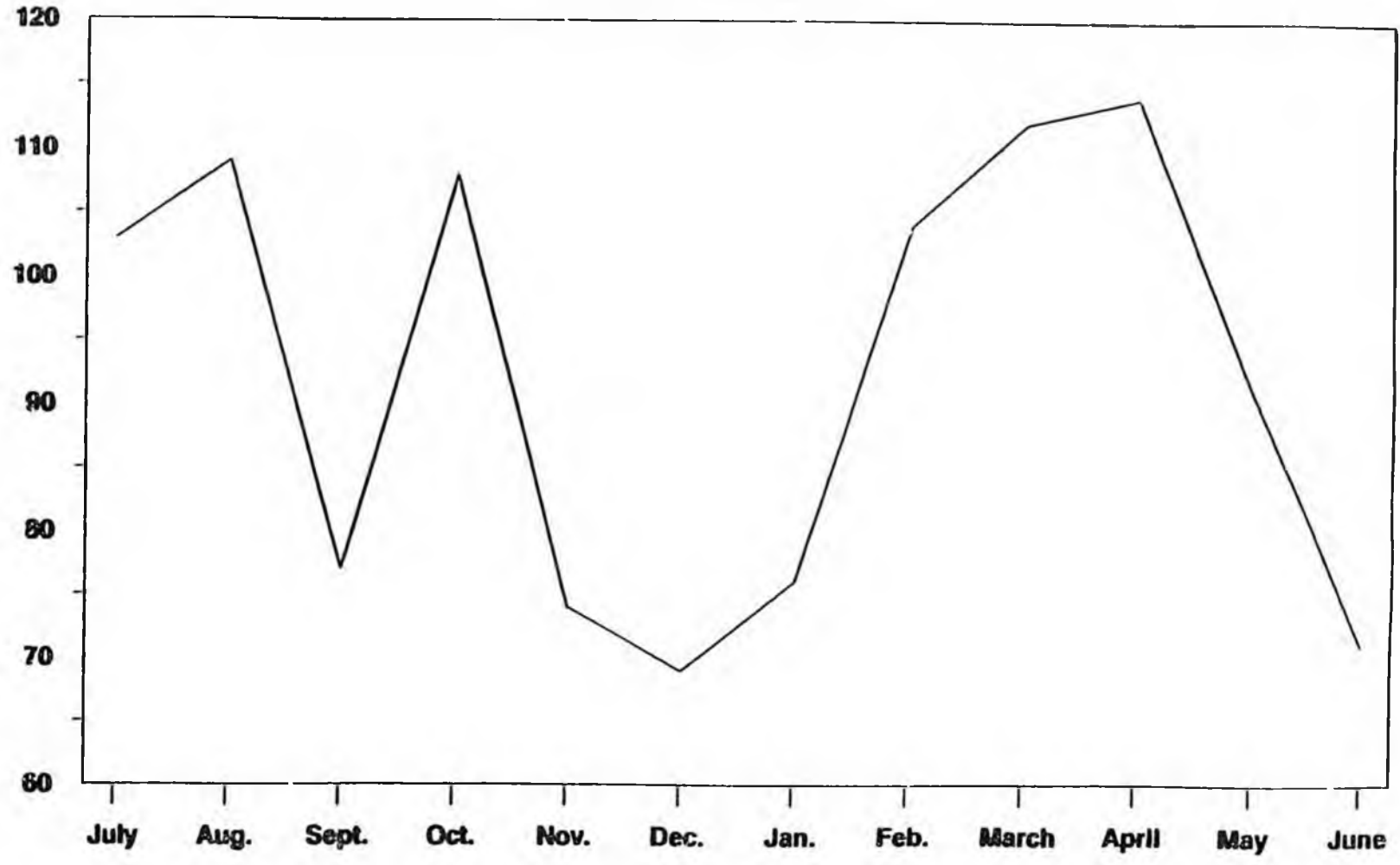


McKinnell House, Clare House, and BFS Total Client Nights



AWAiC Shelter

Number of Clients



FY 90

88

S B

G 7

DRAFT

OK
adopted 06/11/91

LETTER OF INTENT
SENATE HESS COMMITTEE
SENATE BILL 67

It is the intent of the Legislature that this grant program not provide an unfair competitive advantage to eligible applicants for similar services or facilities compared to those providers not eligible for this grant program.

FISCAL NOTI

No. 2

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: CSSB67(FIN)

(S) Publish Date: 5/1/91

Revision Date: April 24, 1991 Dept. Affected: Health & Social Services
 Title: An Act relating to aid for nonprofit health facilities and providing for an effective date BRU: Administrative Services
 Sponsor: Jones, Zharoff Component: Facilities/CIP
 Requestor: by the HESS Committee COMPONENT SERIAL NO. 0325

Expenditures/revenues:

(Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	65.4	68.4	68.4	68.4	68.4	68.4
TRAVEL	17.4	17.9	17.9	21.4	17.9	17.9
CONTRACTUAL	38.8	38.8	38.8	41.8	38.8	38.8
SUPPLIES	0.9	0.9	0.9	0.9	0.9	0.9
EQUIPMENT	6.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	128.5	126.0	126.0	132.5	126.0	126.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING:

(Thousands of Dollars)

GENERAL FUND	128.5	126.0	126.0	126.0	126.0	126.0
FEDERAL FUNDS						
OTHER						
TOTAL	128.5	126.0	126.0	126.0	126.0	126.0

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: No FY91 fiscal impact.

ANALYSIS: (Attach a separate page if necessary)

This legislation mandates establishment of a seven member Health Facilities Review Board, and includes specific requirements for objectives of the Board and the department. At a minimum, a Health and Social Services Planner II (R19) is needed to perform full administration of all duties related to the implementation of CSSB67. Duties of this position include: writing regulations; analysis and comparison of all 5-year master plans; contact with facilities and resolution of unclear master plans which they have submitted; verification and review of project budgets; analysis and review of all grant applications; staff support for the Health Facilities Review Board

(Continued)

Prepared by: Janet Clarke, Director
 Division: Division of Administrative Services

Phone: 465-3082
 Date: 04/24/91

Approved by Commissioner: Jan Shuy for
 Agency: Department of Health and Social Services

Date: 4/24/91

Distribution (by preparer):

Legislative Finance OMB
 Legislative Sponsor Impacted Agency(ies)
 Requestor

ANALYSIS (cont.):

such as making travel arrangements, meeting preparation and meeting support; preparation and submission of all advertising for public hearings; staffing the hearings; administration of all appeals including coordination with board, hearing officers and the Department of Law; administration and execution of grant agreements; review of all grant request documentation and approval of grant payments; accurate accounting of all grant funds, and compilation of grant closeouts; preparation of reports to board on final grant accounting.

DESCRIPTION	COMMENT #	FY92	FY93
Line 100 - Personal Services			
H&SS Planner II, PFT, 12 months, (R19) Juneau	(1)	65,388	68,425
Line 200 - Travel			
72330 Board Travel - Member Travel			
2.5 meetings * 7 members * 3 days = 52.5 days	(2)		
Meetings will be 2 days and 1 day travel			
7 * \$475 average airfare * 2.5 meetings	(3)	8,313	8,750
7 members * \$35 misc. expenses * 2.5 meetings		613	613
72500 Board Travel Per Diem			
52.5 days * \$115		6,038	6,038
72300 Staff Travel for Board Meetings			
(2 meetings * 1 staff * 3 days = 6 days)			
1 staff * \$475 airfare * 2 meetings		950	1,000
1 staff * \$35 misc. expense * 2 meetings		70	70
72500 Staff Travel Per Diem for Board Meetings			
6 days * \$115 per diem		690	690
72300 Staff Travel for Public Hearings			
(1 hearing * 1 staff * 2 days = 2 days)	(4)		
1 staff * \$475 airfare * 1 hearing		475	500
1 staff * \$35 misc. expense * 1 hearing		35	35
72500 Per Diem for Public Hearing			
2 days * \$115		230	230
	TOTAL TRAVEL	<u>17,414</u>	<u>17,926</u>
Line 300 - Contractual Services			
73100 Hearing Officer Professional Services			
(2 appeals @ \$5,000 each)		10,000	10,000
Attorney time and costs related to litigations	(5)	12,000	12,000
Transcription of Public Hearings		1,500	1,500
73300 Communications, including local, long distance, fax and postage			
		9,500	9,500
73500 Advertising for 2 board meetings, 1 public hearing (display ads)			
		3,000	3,000
Printing and Binding of Reports, Minutes and Transcriptions			
		2,500	2,500
73300 Space Rental for meetings			
		300	300
	TOTAL CONTRACTUAL	<u>38,800</u>	<u>38,800</u>

ANALYSIS (cont.):

DESCRIPTION	COMMENT #	FY92	FY93
Line 400 - Supplies			
74200 Office Supplies		600	600
Board Meeting supplies		300	300
TOTAL SUPPLIES		<u>900</u>	<u>900</u>
Line 500 - Equipment			
75830 Data Processing Equipment (PC and Peripherals) and software		6,000	0
TOTAL EQUIPMENT		<u>6,000</u>	<u>0</u>
TOTAL for PROJECT		<u>128,502</u>	<u>126,051</u>

-
- (1) The staff cost for FY93 assumes a 5% cost of living increase.
 - (2) This assumes one meeting for the board to rank hospital grant proposals and one meeting for the board to review appeals. One half of a meeting is budgeted for the board to allow a few board members to attend the public hearing.
 - (3) For FY93, it is assumed that average travel costs will increase from \$475 to \$500 per trip.
 - (4) This assumes one day for travel and one day to hold the public hearing.
 - (5) The \$12,000 figure was provided by the Department of Law as what they would charge to handle all costs related to litigation for two hearings.

No. L Version: 5867 **FISCAL NOTE**(S) Publish Date: 2/6/91 **STATE OF ALASKA
1991 LEGISLATIVE SESSION**

Revision Date: _____ Dept. Affected: Health & Social Services
 Title: An Act relating to aid for nonprofit health facilities,
and providing for an effective date BRU: Administrative Services
 Component: Facilities/CIP
 Sponsor: Jones, Zharoff
 Requestor: by the HESS Committee COMPONENT SERIAL NO. 0325

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	65.4	68.4	68.4	68.4	68.4	68.4
TRAVEL	20.8	21.4	21.4	21.4	21.4	21.4
CONTRACTUAL	41.8	41.8	41.8	41.8	41.8	41.8
SUPPLIES	0.9	0.9	0.9	0.9	0.9	0.9
EQUIPMENT	10.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	138.9	132.5	132.5	132.5	132.5	132.5

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

FUNDING:

(Thousands of Dollars)

GENERAL FUND	FY92	FY93	FY94	FY95	FY96	FY97
GENERAL FUND	138.9	132.5	132.5	132.5	132.5	132.5
FEDERAL FUNDS						
OTHER						
TOTAL	138.9	132.5	132.5	132.5	132.5	132.5

POSITIONS:

FULL-TIME	FY92	FY93	FY94	FY95	FY96	FY97
FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact:

No FY91 fiscal impact.

ANALYSIS: (Attach a separate page if necessary)

This legislation mandates establishment of a seven member Health Facilities Review Board, and includes specific requirements for objectives of the Board and the department. At a minimum, a Health and Social Services Planner II (R19) is needed to perform full administration of all duties related to the implementation of SB67. Duties of this position include: writing regulations; analysis and comparison of all 5-year master plans; contact with facilities and resolution of unclear master plans which they have submitted; verification and review of project budgets; analysis and review of all grant applications; staff support for the Health Facilities Review Board, such as making travel arrangements,

(Continued)

Prepared by: Janet Clarke, Director
 Division: Division of Administrative Services

Phone: 465-3082
 Date: 01/29/91

Approved by Commissioner: _____
 Agency: Department of Health and Social Services

Date: 1/31/91

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor

OMB
 Impacted Agency(ies)

Changes in CS SB67 (YES)
 have no fiscal impact. This
 fiscal note is appropriate.

OSHAAGI
 date
MAF
 Comptroller Aide (initial)

(Rev 10/90)

Page 1 of 3

ANALYSIS (cont.):

meeting preparation and meeting support; preparation and submission of all advertising for public hearings; staffing the hearings; administration of all appeals including coordination with the board, hearing officers and the Department of Law; administration and execution of grant agreements; review of all grant request documentation and approval of grant payments; accurate accounting of all grant funds, and compilation of grant closeouts; preparation of reports to board on final grant accounting.

DESCRIPTION	COMMENT #	FY92	FY93
Line 100 - Personal Services			
H&SS Planner II, PFT, 12 months, (R19)-Juneau	(1)	65,388	68,425
Line 200 - Travel			
72330 Board Travel - Member Travel			
2.5 meetings * 7 members * 3 days = 52.5 days	(2)		
Meetings will be 2 days and 1 day travel)			
7 * \$475 ave airfare * 2.5 meetings	(3)	8,313	8,750
7 members * \$35 misc expenses * 2.5 meetings		613	613
72500 Board Travel Per Diem			
52.5 days * \$115		6,038	6,038
72300 Staff Travel for Board Meetings			
(2 meetings * 3 staff * 3 days = 18 days)			
3 staff * 475 airfare * 2 meetings		2,850	3,000
3 staff * \$35 misc expense * 2 meetings		210	210
72500 Staff Travel Per Diem for Board Meetings			
18 days * \$115 per diem		2070	2070
72300 Staff Travel for Public Hearings			
(1 hearing * 1 staff * 2 days = 2 days)	(4)		
1 staff * \$475 airfare * 1 hearing		475	500
1 staff * \$35 misc expense * 1 hearing		35	35
72500 Per Diem for Public Hearing			
2 days * \$115		230	230
TOTAL TRAVEL		20,834	21,446
Line 300 - Contractual Services			
73100 Hearing Officer Professional Services			
(2 appeals @ \$5,000 each)		10,000	10,000
Attorney time and costs related to litigation	(5)	12,000	12,000
Transcription of Public Hearings		1,500	1,500
73300 Communications, including local, long distance, fax and postage			
		9,500	9,500
73500 Advertising for 2 board meetings, 1 public hearing (display ads)			
		3,000	3,000
Printing and Binding of Reports, Minutes and Transcriptions			
		2,500	2,500
73800 Space Rental for meetings			
		300	300
Lease space for staff		3,000	3,000
TOTAL CONTRACTUAL		41,800	41,800

ANALYSIS (cont.):

DESCRIPTION	COMMENT #	FY92	FY93
Line 400 - Supplies			
74200 Office Supplies		600	600
Board Meeting supplies		300	300
TOTAL SUPPLIES		900	900
Line 500 - Equipment			
75830 Data Processing Equipment (PC and Peripherals) and software		7,500	0
76050 Furniture and Office Equipment Desk, chair, file cabinets, calculator		2,500	0
TOTAL EQUIPMENT		10,000	0
TOTAL for PROJECT		138,922	132,571

- (1) The staff cost for FY93 assumes a 5% cost of living increase.
- (2) This assumes one meeting for the board to rank hospital grant proposals and one meeting for the board to review appeals. One half of a meeting is budgeted for the board to allow a few board members to attend the public hearing.
- (3) For FY93 it is assumed that average travel costs will increase from \$475 to \$500 per trip.
- (4) This assumes one day for travel and one day to hold the public hearing.
- (5) The \$12,000 figure was provided by the Department of Law as what they would charge to handle all costs related to litigation for two hearings.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. _____ SB67

Revision Date: _____ Dept. Affected: Health & Social Services
 Title: An Act relating to aid for nonprofit health facilities, and providing for an effective date BRU: Administrative Services
 Component: Facilities/CIP
 Sponsor: Jones, Zharoff
 Requestor: by the HESS Committee COMPONENT SERIAL NO. 0325

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY92	FY93	FY94	FY95	FY96	FY97
PERSONAL SERVICES	65.4	68.4	68.4	68.4	68.4	68.4
TRAVEL	20.8	21.4	21.4	21.4	21.4	21.4
CONTRACTUAL	41.8	41.8	41.8	41.8	41.8	41.8
SUPPLIES	0.9	0.9	0.9	0.9	0.9	0.9
EQUIPMENT	10.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	138.9	132.5	132.5	132.5	132.5	132.5
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	138.9	132.5	132.5	132.5	132.5	132.5
FEDERAL FUNDS						
OTHER						
TOTAL	138.9	132.5	132.5	132.5	132.5	132.5

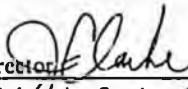
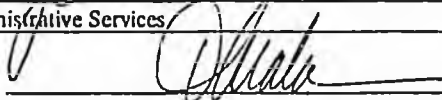
POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: No FY91 fiscal impact.

ANALYSIS: (Attach a separate page if necessary)

This legislation mandates establishment of a seven member Health Facilities Review Board, and includes specific requirements for objectives of the Board and the department. At a minimum, a Health and Social Services Planner II (R19) is needed to perform full administration of all duties related to the implementation of SB67. Duties of this position include: writing regulations; analysis and comparison of all 5-year master plans; contact with facilities and resolution of unclear master plans which they have submitted; verification and review of project budgets; analysis and review of all grant applications; staff support for the Health Facilities Review Board, such as making travel arrangements, (Continued)

Prepared by: Janet Clarke, Director 
 Division: Division of Administrative Services
 Approved by Commissioner: 
 Agency: Department of Health and Social Services

Phone: 465-3082
 Date: 01/29/91
 Date: 1/31/91

Distribution (by preparer):
 Legislative Finance OMB
 Legislative Sponsor Impacted Agency(ies)
 Requestor

ANALYSIS (cont.):

meeting preparation and meeting support; preparation and submission of all advertising for public hearings; staffing the hearings; administration of all appeals including coordination with the board, hearing officers and the Department of Law; administration and execution of grant agreements; review of all grant request documentation and approval of grant payments; accurate accounting of all grant funds, and compilation of grant closeouts; preparation of reports to board on final grant accounting.

DESCRIPTION	COMMENT #	FY92	FY93
Line 100 - Personal Services			
II&SS Planner II, PFT, 12 months, (R19)-Juneau	(1)	65,388	68,425
Line 200 - Travel			
72330 Board Travel - Member Travel			
2.5 meetings * 7 members * 3 days = 52.5 days	(2)		
Meetings will be 2 days and 1 day travel)			
7 * \$475 ave airfare * 2.5 meetings	(3)	8,313	8,750
7 members * \$35 misc expenses * 2.5 meetings		613	613
72500 Board Travel Per Diem			
52.5 days * \$115		6,038	6,038
72300 Staff Travel for Board Meetings			
(2 meetings * 3 staff * 3 days = 18 days)			
3 staff * 475 airfare * 2 meetings		2,850	3,000
3 staff * \$35 misc expense * 2 meetings		210	210
72500 Staff Travel Per Diem for Board Meetings			
18 days * \$115 per diem		2070	2070
72300 Staff Travel for Public Hearings			
(1 hearing * 1 staff * 2 days = 2 days)	(4)		
1 staff * \$475 airfare * 1 hearing		475	500
1 staff * \$35 misc expense * 1 hearing		35	35
72500 Per Diem for Public Hearing			
2 days * \$115		230	230
TOTAL TRAVEL		20,834	21,446
Line 300 - Contractual Services			
73100 Hearing Officer Professional Services		10,000	10,000
(2 appeals @ \$5,000 each)			
Attorney time and costs related to litigation	(5)	12,000	12,000
Transcription of Public Hearings		1,500	1,500
73300 Communications, including local, long distance, fax and postage		9,500	9,500
73500 Advertising for 2 board meetings, 1 public hearing (display ads)		3,000	3,000
Printing and Binding of Reports, Minutes and Transcriptions		2,500	2,500
73800 Space Rental for meetings		300	300
Lease space for staff		3,000	3,000
TOTAL CONTRACTUAL		41,800	41,800

ANALYSIS (cont.):

DESCRIPTION	COMMENT #	FY92	FY93
Line 400 - Supplies			
74200 Office Supplies		600	600
Board Meeting supplies		300	300
TOTAL SUPPLIES		900	900
Line 500 - Equipment			
75830 Data Processing Equipment (PC and Peripherals) and software		7,500	0
76050 Furniture and Office Equipment Desk, chair, file cabinets, calculator		2,500	0
TOTAL EQUIPMENT		10,000	0
TOTAL for PROJECT		138,922	132,571

-
- (1) The staff cost for FY93 assumes a 5% cost of living increase.
 - (2) This assumes one meeting for the board to rank hospital grant proposals and one meeting for the board to review appeals. One half of a meeting is budgeted for the board to allow a few board members to attend the public hearing
 - (3) For FY93 it is assumed that average travel costs will increase from \$475 to \$500 per trip.
 - (4) This assumes one day for travel and one day to hold the public hearing.
 - (5) The \$12,000 figure was provided by the Department of Law as what they would charge to handle all costs related to litigation for two hearings.

Alaska State Legislature

SENATOR ARLISS STURGULEWSKI, Chairman
SENATOR PAUL FISCHER, Vice Chairman
SENATOR SAM COTTEN
SENATOR LYMAN HOFFMAN
SENATOR CURT MENARD



P.O. BOX V
ROOM 427
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3782

Senate Committee on Health, Education and Social Services

MEMORANDUM

28 February 1991

TO: Senator Arliss Sturgulewski
Chair, Senate HESS Committee

FROM: Staff

RE: Amendments to SB 67

We have requested a committee substitute for SB 67. The changes to the bill incorporate technical changes made in the proposed sponsor substitute. Other changes include those suggested by the participants during the bill hearing, by the Alaska State Hospital and Nursing Home Association, and by the Department of Health & Social Services.

Major policy changes include expanding the list of criteria to be considered by the board, limiting to 15 percent the amount spent for planning and design that may be paid for costs incurred before approval of the grant, and allowing the value of the land and site preparation to be included in the grantee's share of the total cost.

The list of persons to be appointed to the board has been changed. A representative nominated by the Alaska State Hospital & Nursing Association has been replaced by a representative of a non-profit health facility and a representative from the division of fire prevention in the Department of Public Safety has been replaced to a representative of the Alaska Area Native Health Service.

An issue that needs discussion by the committee is that of limiting eligibility for grants. There is concern that large hospitals with substantial financial resources may compete with smaller hospitals with less access to other sources of funds. It was suggested that limiting the size of an eligible hospital to under 200 beds would accommodate that concern. Another suggested method of addressing this concern was to include financial need in the criteria used by the board to evaluate project applications.

Alaska State Legislature

Chair, Resources Committee
Vice-chair, Transportation Committee
Member, Rules Committee
Member, Committee on Committees



District A
Ketchikan, Wrangell, Petersburg,
Hyder, Myers Chuck, Kupreanof

Senator Lloyd Jones

P.O. Box V
Juneau, AK 99811
907 485-3743
Fax: 907 485-3922

352 Front Street
Ketchikan, AK 99901
907 225-8082
Fax: 907 225-8546

MEMORANDUM

To: All Senators
From: Senator Lloyd Jones
Date: May 3, 1991
Subj: Senate Bill 67

A handwritten signature in black ink, appearing to read "LJ", written over the "From:" line of the memorandum.

Senate Bill 67 sets up a mechanism by which hospitals and nursing homes can be prioritized for funding. The bill is scheduled for floor action on Friday, May 3 and I would like to take this opportunity to ask for your support.

As you may know, many of our health care facilities in Alaska desperately need to be renovated and/or replaced. Many of the projects have been in line since 1982, which was the last time a survey of projects was done. The problems, such as health/safety code violations, space insufficiencies and outmoded equipment, have only gotten worse.

SB 67 establishes a health care facility review board which will prioritize projects, enabling the administration and the legislature to make rational funding decisions regarding health care facility construction. In my opinion, it's a positive step toward a statewide health care plan.

Attached is a Fact Sheet on SB 67. Please take the time to review it. If you have any questions on the bill, I will be happy to discuss them with you. Your support is greatly appreciated.

LJ:gmc
Attachment

Alaska State Legislature

Chair, Resources Committee
Vice-chair, Transportation Committee
Member, Rules Committee
Member, Committee on Committees

District A
Ketchikan, Wrangell, Petersburg,
Hyder, Myers Chuck, Kupreanof



Senator Lloyd Jones

P.O. Box V
Juneau, AK 99811
907 465-3743
Fax: 907 465-3922

352 Front Street
Ketchikan, AK 99901
907 225-0002
Fax: 907 225-8546

MEMORANDUM

To: Senator Arliss Sturgulewski, Chair
Health, Education & Social Services Committee

From: Senator Lloyd Jones *LJ*

Date: January 28, 1991

Subj: Hearing on SB 67--Health Facility Construction

Please consider hearing Senate Bill 67 at the Health, Education and Social Services Committee meeting of February 5. Hospital administrators from Fairbanks, Kodiak, Ketchikan and Seward are scheduled to be in town for other meetings and I would like them to be able to testify on SB 67 at this time.

SB 67 is a comprehensive bill which sets up a structure by which the legislature can objectively fund health care facilities in need of renovation and construction. As you know, many of our health care facilities are in serious disrepair and/or code violations. The cost of maintaining and upgrading these facilities is expensive. In the past, these facilities have had to compete with other capital project funds without much avail, even though the upkeep of health care facilities is recognized as vital.

My bill proposes the establishment of a Health Care Facilities Review Board, whose duties include prioritizing health care facilities projects on a fiscal year basis. This priority list and the Board's recommendation for funding would be transmitted to the Governor and the Legislature each year.

The bill is modeled after the school construction measure passed a year ago by the legislature (HB 37), which I believe is a good model for hospital and nursing home construction. My intention is not to build new facilities, but to renovate and maintain the facilities we now have.

*Purpose 5-year plan (from school plan) for this type of
Hospitals/nursing homes (what about clinics) (and C.O.N.)
What about some facilities - especially of facilities to finance
from other sources.*

CORRECTION

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

Alaska State Legislature

Chair, Resources Committee
Vice-Chair, Transportation Committee
Member, Rules Committee
Member, Committee on Committees



P.O. Box V
Juneau, AK 99811
907 465-3743
Fax: 907 465-3922

District A
Ketchikan, Wrangell, Petersburg,
Hyder, Myers Chuck, Kupreanof

352 Front Street
Ketchikan, AK 99901
907 225-9082
Fax: 907 225-8546

Senator Lloyd Jones

MEMORANDUM

To: All Senators
From: Senator Lloyd Jones
Date: May 3, 1991
Subj: Senate Bill 67

A handwritten signature in cursive script, appearing to read "LJ", written over the "From:" line of the memorandum.

Senate Bill 67 sets up a mechanism by which hospitals and nursing homes can be prioritized for funding. The bill is scheduled for floor action on Friday, May 3 and I would like to take this opportunity to ask for your support.

As you may know, many of our health care facilities in Alaska desperately need to be renovated and/or replaced. Many of the projects have been in line since 1982, which was the last time a survey of projects was done. The problems, such as health/safety code violations, space insufficiencies and outmoded equipment, have only gotten worse.

SB 67 establishes a health care facility review board which will prioritize projects, enabling the administration and the legislature to make rational funding decisions regarding health care facility construction. In my opinion, it's a positive step toward a statewide health care plan.

Attached is a Fact Sheet on SB 67. Please take the time to review it. If you have any questions on the bill, I will be happy to discuss them with you. Your support is greatly appreciated.

LJ:gmc
Attachment

SENATE BILL 67 - FACT SHEET

by Senator Lloyd Jones

Purpose of the Bill

Senate Bill 67 is an attempt to rationally fund the renovation and replacement of hospital and nursing home facilities in our state. It sets up a priority ranking system to be used by the legislature and the administration when decisions are being made about what capital projects should be funded. In the past, these facilities have had to compete with other capital project funds. This bill establishes a Health Care Facility Review Board whose main duty is to accept grant applications and prioritize projects based on criteria set by the board.

Key provisions of the bill

- Establishes a seven member board appointed by the governor, serving staggered terms of three years. Members must be representative of all areas of the state.
- Facilities must meet criteria as established in the bill. The Board will also establish other criteria.
- Facilities must have a valid certificate of need.
- Health care facilities as defined in the bill are acute care hospitals and nursing homes of no more than 200 beds.
- The state will award 75-percent of the total construction grant. Facilities must match a total of 25-percent with no more than 5-percent being in-kind contribution.
- The bill outlines and an extensive appeals process, however, award of grants may not be delayed regardless of any administrative or judicial review pending.
- Once a grant has been awarded, the Department and the applicant must formerly enter into a written agreement. Conditions of the agreement are outlined in the bill.

Alaska State Legislature

Chair, Resources Committee
Vice-chair, Transportation Committee
Member, Rules Committee
Member, Committee on Committees

District A
Ketchikan, Wrangell, Petersburg,
Hyder, Myers Chuck, Kupreanof



Senator Lloyd Jones

P.O. Box V
Juneau, AK 99811
907 465-1743
Fax: 907 465-3922

352 Front Street
Ketchikan, AK 99901
907 225-8082
Fax: 907 225-8546

MEMORANDUM

To: Senator Arliss Sturgulewski, Chair
Health, Education & Social Services Committee

From: Senator Lloyd Jones *LJ*

Date: January 28, 1991

Subj: Hearing on SB 67--Health Facility Construction

Please consider hearing Senate Bill 67 at the Health, Education and Social Services Committee meeting of February 5. Hospital administrators from Fairbanks, Kodiak, Ketchikan and Seward are scheduled to be in town for other meetings and I would like them to be able to testify on SB 67 at this time.

SB 67 is a comprehensive bill which sets up a structure by which the legislature can objectively fund health care facilities in need of renovation and construction. As you know, many of our health care facilities are in serious disrepair and/or code violations. The cost of maintaining and upgrading these facilities is expensive. In the past, these facilities have had to compete with other capital project funds without much avail, even though the upkeep of health care facilities is recognized as vital.

My bill proposes the establishment of a Health Care Facilities Review Board, whose duties include prioritizing health care facilities projects on a fiscal year basis. This priority list and the Board's recommendation for funding would be transmitted to the Governor and the Legislature each year.

The bill is modeled after the school construction measure passed a year ago by the legislature (HB 37), which I believe is a good model for hospital and nursing home construction. My intention is not to build

→ new facilities, but to renovate and maintain the facilities we now have.
Purpose 5 year plan (from school plan) → the typical
Hospitals/nursing homes (what about clinics) (used C.O.N.)
what about some facilities - especially if facilities to be used
from other sources.

Senator Sturgulewski: SB 67

Page 2

January 28, 1991

I've enclosed a copy of the Sectional Analysis and fiscal note for SB 67. Also included are letters of support from various hospital administrators across the state. These hospital administrators have been diligent in reviewing the bill and I would appreciate it if you would give them a chance to testify on SB 67 when they are in town on February 5.

LAJ:gmc
Enclosures

Alaska State Legislature

Chair, Resources Committee
Vice chair, Transportation Committee
Member, Rules Committee
Member, Committee on Committees



District A
Ketchikan, Wrangell, Petersburg,
Hyder, Myers Chuck, Kupreanof

Senator Lloyd Jones

P.O. Box V
Juneau, AK 99811
907 465-3743
Fax: 907 465-3922

352 Front Street
Ketchikan, AK 99901
907 225 9082
Fax: 907 225-8546

MEMORANDUM

To: All Senators

From: Senator Lloyd Jones *LJ*

Date: January 21, 1991

Subj: Requests for co-Sponsors on Senate Bill 67 - Relating to state aid for nonprofit health facilities

I would appreciate your co-sponsorship on **SB 67**, which I have attached for your perusal.

Basically, the bill is modeled after the school construction bill passed by the legislature last year. As you know, health facility construction, like school construction, is costly. As we've deliberated funding various projects in the past, it was hard to prioritize which facilities should be funded first. This bill would de-politicize the system by setting up an independent board to prioritize the projects, based on specific criteria, such as threat to life and emergency needs of the facility.

The Health Facilities Review Board, as established in **SB 67**, will be made up of an architect, an engineer, a representative nominated by the Alaska Municipal League, a representative from the Department of Health and Social Services, and a representative nominated by the Alaska State Hospital and Nursing Association. The board will have comprehensive duties, including:

- reviewing health facilities master plans
- establishing a revised and updated five-year construction grant schedule
- making recommendations to DHSS, the Governor and the Legislature regarding which three projects to fund each fiscal year.

As we see capital funds decreasing, I think it is essential that we have an orderly system by which the neediest and most worthwhile health facilities projects receive funds. With a priority list, established by this bill's proposed Health Facilities Review Board, the legislature and the governor will be able to make rational funding decisions.

Senate Bill 67
Page 2
January 21, 1991

I've worked with hospital administrators, DHSS representatives and the Alaska State Hospital and Nursing Association to shape **SB 67**, and all agree it is a much needed piece of legislation.

I would appreciate you taking the time to look through the bill. If you have any questions, please call Glenda Carino of my office at 3743. Your support of **SB 67** would be greatly appreciated.

LAJ:gmc
Attachment

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

March 1, 1991

SUBJECT: Additional changes made to draft (CSHB 67 (HESS))

TO: Senator Arliss Sturgulewski
Chair, Health, Education, and Social Services Committee
Attn: Melissa Fouse

FROM: Theresa L. Bannister *TB*
Legislative Counsel

This memo accompanies the draft that you requested of CSHB 67 (HESS), relating to grants for nonprofit health facilities.

Please note that the prohibition against appealing subjective determinations has been placed in a new subsection (g) so that it applies to sec. 18.25.023 generally.

Please also note that the following additional changes were made to the bill, in addition to the other changes that were requested:

1. p. 1, l. 5, "APPLICATIONS" replaces "REQUESTS";
2. p. 3, l. 17, "grant application" replaces "project request";
3. p. 3, l. 26, "application" replaces "request";
4. p. 4, l. 1, "applications" replaces "requests";
5. p. 5, l. 23, "applicant's" replaces "municipality's";
6. p. 7, l. 20, paragraph (2) of HB 67 has been deleted.

Changes 1 - 3 were technical corrections made to reflect that under sec. 18.25.011, a person submits a grant application, not a grant request. Change 4 was a technical change to reflect that nonprofit organizations, as well as municipalities, make requests under this bill. Change 5 was deleted at the committee's request because the department does not approve the applications.

Senator Arliss Sturgulewski

March 1, 1991

Page 2

If I may be of further assistance, please advise.

TLB:pl

91-121.plm:mi

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

JAN 23 1991

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

January 23, 1991

SUBJECT: Sectional summary of SB 67

TO: Senator Lloyd Jones

FROM: Theresa L. Bannister *TB*
Legislative Counsel

You have requested a sectional summary of SB 67, "An Act relating to state aid for nonprofit health facilities; and providing for an effective date". Please remember that this is only a summary of the bill and that the bill is the best source of its contents.

Section 1 contains the main provisions of the bill.

Sec. 18.25.011(a) authorizes municipalities and nonprofit organizations to apply for a nonprofit health facility construction grant. Sets the application deadline.

Sec. 18.25.011(b) requires that projects for which certificates of need are required under AS 18.07.031 - 18.07.111 must have a current certificate in order to be eligible for a grant.

Sec. 18.25.011(c) states that a project is not eligible for a grant unless the applicant submits a five-year master plan for the construction of the health facility on or before September 1 of the fiscal year preceding the fiscal year when the application is submitted. Describes what the plan must include.

Sec. 18.25.011(d) requires that the grant application include certain insurance evidence, and evidence satisfactory to the Department of Health and Social Services that the proposed project is a capital construction project and not part of a preventive maintenance program or regular custodial care program.

Sec. 18.25.013 establishes a seven-member Health Facilities Review Board in the Department of Health and Social Services. Gives specific qualifications for the members. States that the members are to be appointed by the governor. Sets staggered terms of three years for the members. Directs the members to elect one of the members to chair the board. Requires the board to hold at least one meeting

each year. Authorizes the board to hold additional meetings at the call of the chair or a majority of the members.

Sec. 18.25.015 establishes the duties of the board.

Sec. 18.25.015(a) directs the board to review the master plans submitted by grant applicants. Also requires the board to establish and transmit to the department a five-year construction grant schedule that establishes the priorities among the proposed grant projects. States that the prioritized schedule must serve the best interests of the state and the municipality or area in which the health facility is to be located.

Sec. 18.25.015(b) directs the board to establish by regulation its criteria for establishing priorities. Lists certain factors that must be included in the criteria.

Sec. 18.25.015(c) authorizes the board to reject a project request and omit it from the construction grant schedule in certain circumstances.

Sec. 18.25.017 directs the department to verify the budget items in the board's grant schedule. Also directs the department to transmit the board's grant schedule and the verified budget to the governor and the legislature by certain dates.

Sec. 18.25.019 requires the department to provide public notice of the grant requests and the priorities established by the board and a hearing on the priorities by certain dates each year. Defines "public notice" for the section.

Sec. 18.25.021(a) directs the department to award the grants in the order of the projects' priorities when the appropriation bill funding the grant fund becomes law, regardless of pending reviews of the grant applications. Prohibits review from delaying the funding of the grants.

Sec. 18.25.021(b) establishes that a project re-prioritized after the funding appropriation becomes law is to be awarded according to the new priority at the next time grants are awarded.

Sec. 18.25.023(a) authorizes a grant applicant to request reconsideration of certain board decisions. Establishes certain criteria that the reconsideration request must satisfy. Directs the board to review its decision and issue a written decision by a certain date.

Sec. 18.25.023(b) authorizes a grant applicant to appeal an adverse decision of the board under (a) of this section. Establishes certain criteria for making the appeal. Establishes that the omission of an issue from the notice of appeal waives the right to have the issue considered. Directs the commissioner to appoint a hearing officer

Senator Lloyd Jones

January 23, 1991

Page 3

with certain qualifications and by a certain date. Describes the hearing officer's duties. Establishes that denial of an appeal by the hearing officer is a final decision that may be appealed under (d) of this section. Directs the board to consider the hearing officer's recommended decision by a certain date and indicates what action the board may take at that point. Directs the board to issue its decision in writing by a certain date.

Section 18.25.023(c) authorizes the hearing officer to consolidate appeals.

Section 18.25.023(d) authorizes a grant applicant to appeal an adverse decision of the hearing officer or the board under (b) of this section to the superior court.

Section 18.25.023(e) directs the board to adopt regulations governing reconsideration and appeal procedures.

Section 18.25.023(f) prohibits a grant applicant from requesting a reconsideration or appeal of a priority determination because the reprioritization of another project due to a reconsideration or appeal under this section has resulted in a lower priority for the applicant's project. (On line 18 of page 5, "municipality's" should read "applicant's")

Section 18.25.025(a) requires the department to enter into a written grant agreement before distributing the funds.

Section 18.25.025(b) requires that the grant agreement contain certain listed conditions.

Section 18.25.025(c) allows a cost of construction for a health facility to be paid under a grant even if the cost was incurred before certain listed events, except as provided in subsection (b) or (d).

Section 18.25.025(d) prohibits the payment under the grant of certain early project costs.

Sec. 18.25.025(e) prohibits the direct administrative expenses of the grantee from exceeding 10 percent of the grant.

Sec. 10.25.027 requires the governor to include an appropriation for the nonprofit health facility construction grants in the governor's general appropriation bill.

Sec. 10.25.029 states that each grant will pay 80 percent of the total costs of construction for the project each year.

Senator Lloyd Jones

January 23, 1991

Page 4

Sec. 18.25.031 directs the department to advance 20 percent of a grant after the effective date of the grant agreement. Requires the department to base subsequent payments on payment requests submitted by the grantee. Prohibits the department from making further payments until the grantee exhausts the advance.

Sec. 18.25.033 establishes the nonprofit health facility construction grant fund for grants under AS 18.25.011 - 18.25.035.

Sec. 18.25.035 defines certain terms for the new sections.

Section 2 directs the department to adopt regulations to implement AS 18.25.

Section 3 has the effect of exempting grants under AS 18.25.011 - 18.25.035 from the requirements of AS 46.11.

Section 4 repeals certain statutes.

Section 5 gives the Act an effective date.

If I may be of further assistance, please advise.

TLB:pl
91-020.plm

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR DUNCAN

TC: CSSB 67(HES)

Page 9, following line 14:

Insert a new section to read:

"* Sec. 5. RETROACTIVE GRANTS. (a) A grant may be made under AS 18.25.011 - 18.25.035, added by sec. 1 of this Act, for construction costs that are incurred before the effective date of this Act and if the construction project is begun or completed before the effective date of this Act and if the project began after December 31, 1985.

(b) Notwithstanding AS 18.25.011(b), the certificate of need required for a construction project described in (a) of this section must have been in effect when the project was begun.

(c) The determination of the priority of a construction project described in (a) of this section shall be based on the circumstances existing when the construction project was begun.

(d) If the grant is for construction costs described in (a) of this section, the written agreement required under AS 18.25.025 may not include the provisions contained in AS 18.25.025(b)(1) - (11), (13), and (14).

(e) Notwithstanding AS 18.25.029, for each grant described in (a) of this section, the state shall pay ⁷⁵~~30~~ percent of the costs of construction incurred for the project by the grantee before the effective date of this Act.

(f) Notwithstanding AS 18.25.031, after the effective date of the agreement for a grant under AS 18.25.011 - 18.25.035, the Department of Health and Social Services shall advance the entire grant to the grantee if the grant is authorized by (a) of this section."

Renumber the following bill section accordingly.

See pg 3, line 16

**CS FOR SENATE BILL NO. 67 (HES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION**

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATORS JONES, Zharoff, Menard

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state aid for nonprofit health facilities; and providing for an effective
2 date."

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

4 * Section 1. AS 18.25 is amended by adding new sections to read:

5 Sec. 18.25.011. GRANT APPLICATIONS. (a) On or before June 15, a municipality
6 or a nonprofit organization may submit a grant application to the department for a nonprofit
7 health facility construction grant.

8 (b) A project for which a certificate of need is required under AS 18.07.031 - 18.07.111
9 at the time of the grant application is not eligible for a grant under AS 18.25.011 - 18.25.035
10 unless a certificate has been issued to the health facility that is the subject of the application, and
11 the certificate is in effect at the time of the application.

12 (c) A project is not eligible for a grant under AS 18.25.011 - 18.25.035 unless the
13 applicant has submitted a five-year master plan for the construction of the health facility on or
14 before September 1 of the fiscal year in which the application is submitted; the master plan must

1 include a description of the applicant's fixed asset inventory system and preventive maintenance
2 program, a detailed scope of work, an estimated project budget, an operation, maintenance, and
3 financial feasibility study, and a documentation of the conditions justifying the project, including
4 a signed statement by an architect or engineer verifying any code violation documented in the
5 plan.

6 (d) The grant application must include

7 (1) evidence that the applicant has secured and will maintain adequate property
8 loss insurance for the replacement cost of the health facility or a program of insurance acceptable
9 to the department; and

10 (2) evidence acceptable to the department that the proposed project is a capital
11 construction project and not part of a preventive maintenance program or regular custodial care
12 program.

13 Sec. 18.25.013. HEALTH FACILITIES REVIEW BOARD ESTABLISHED. (a) There
14 is created in the Department of Health and Social Services the Health Facilities Review Board
15 composed of seven members consisting of the following persons appointed by the governor and
16 who serve at the pleasure of the governor:

17 (1) an architect licensed under AS 08.48;

18 (2) an engineer licensed under AS 08.48;

19 (3) a representative nominated by the Alaska Municipal League;

20 (4) a representative from the department;

21 (5) a representative of a nonprofit health facility;

22 (6) a representative of the Alaska Area Native Health Service; and

23 (7) a member of the general public.

24 (b) The members serve for staggered terms of three years.

25 (c) The members of the board shall elect a member of the board as chair.

26 (d) The board shall hold at least one meeting each year. The board may hold additional
27 meetings at the call of the chair or of a majority of the board members.

28 Sec. 18.25.015. BOARD DUTIES. (a) The board shall annually

29 (1) review the master plans submitted by applicants under AS 18.25.011;

30 (2) with regard to the plans reviewed under (1) of this subsection, establish and
31 transmit to the department a revised and updated five-year construction grant schedule that

1 establishes the priorities among the proposed health facility construction projects and serves the
2 best interest of the state and the municipality or area in which the health facility is located.

3 (b) The board shall establish by regulation its criteria for establishing the priorities under
4 (a) of this section. The criteria must include at least the following factors:

- 5 (1) the degree of threat to the health or safety of facility occupants;
- 6 (2) the degree of potential harm to building integrity as it affects the building's
7 ability to support health care functions in a cost effective and efficient manner;
- 8 (3) the ability of the project or project phase to be self-supporting;
- 9 ✓ (4) access to other sources of funding;
- 10 (5) the overall capital requirements and operating cost efficiency over the lifetime
11 of the facility;
- 12 (6) the community or area need for the facility as compared to alternative means
13 for providing the care;
- 14 (7) the level of care required to provide basic cost effective and efficient health
15 services;
- 16 (8) the effect of the grant award on the overall position of the applicant as
17 compared to health facilities that are not eligible to receive grants under AS 18.25.011 -
18 18.25.035.

19 (c) The board may reject a grant application and omit it from the construction grant
20 schedule if

- 21 (1) the applicant provides incomplete information or documentation on the project;
- 22 (2) the board determines that existing facilities can adequately serve the program
23 requirements, or that an alternative project is in the best interests of the state; or
- 24 (3) the board determines that the project is not in the best interests of the state
25 or the municipality or area in which the health facility is located.

26 Sec. 18.25.017. DEPARTMENT ACTION. (a) Before a grant application is submitted
27 to the board, the department shall verify the amounts and reasons for the items in the budget for
28 each grant application.

29 (b) With regard to the construction grant schedule established by the board under
30 AS 18.25.015, the department shall transmit the construction grant schedule, including the
31 budgets verified under (a) of this section, to the governor by October 15 of each year and to the

1 legislature within the first 10 days of each regular legislative session.

2 Sec. 18.25.019. PUBLIC NOTICE AND HEARING. On or before July 15 of each year,
3 the department shall provide public notice of the grant applications made under AS 18.25.011
4 and the priorities established under AS 18.25.015. After public notice has been given, the
5 department shall, not later than August 15 of each year, hold a public hearing on the priorities
6 established under AS 18.25.015. In this subsection, "public notice" means notice published in
7 a newspaper of general circulation and notice to each person who has requested notice about the
8 grant requests from the department.

9 Sec. 18.25.021. AWARD. (a) The department shall award grants in the order of the
10 projects' priorities on the date the appropriation bill funding the nonprofit health facility
11 construction grant fund becomes law, regardless of an administrative or judicial review pending
12 under AS 18.25.023. An administrative or judicial review pending under AS 18.25.023 at the
13 time that grants are awarded may not delay the funding of grants.

14 (b) If a project is assigned a new priority ranking under AS 18.25.023 after the date the
15 appropriation bill for the nonprofit health facility construction grant fund becomes law, a grant
16 shall be awarded for the project in accordance with the new priority ranking at the next time that
17 nonprofit health facility construction grants are awarded under AS 18.25.011 - 18.25.035.

18 Sec. 18.25.023. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) An applicant
19 under AS 18.25.011 may not request reconsideration of a decision of the board unless the request
20 is based on reasonable issues of fact or law. The request must be in writing and include a
21 statement of the specific changes desired, and a summary of the evidence supporting the
22 applicant's claim that the board has erred in its review of the applicant's grant application. A
23 request for reconsideration must be submitted to the board by the first day of the public hearing
24 held under AS 18.25.019. The board shall review its decision on the basis of the request by the
25 applicant and determine whether its decision should be changed. The board shall issue its deter-
26 mination in writing within 15 days after the last day of the public hearing held under
27 AS 18.25.019.

28 (b) An applicant under AS 18.25.011 may appeal an adverse decision of the board under
29 (a) of this section by filing a written notice of appeal with the commissioner within 15 days after
30 the date of the board's decision. The notice of appeal must state the legal and factual basis for
31 the appeal and the precise relief sought. The failure of the applicant to include an issue in a

1 notice of appeal constitutes a waiver of the right to have the issue considered. Not later than 10
2 days after receipt of a notice of appeal, the commissioner shall appoint a hearing officer who is
3 qualified under AS 44.62.350(c) to consider the appeal. If the hearing officer finds that the
4 notice of appeal does not raise a reasonable issue of fact or law, the hearing officer shall issue
5 a written decision denying the appeal. Denial of an appeal by a hearing officer is a final decision
6 that may be appealed under (d) of this section. If the hearing officer finds that the notice of
7 appeal raises a reasonable issue of fact or law, the hearing officer shall conduct a hearing on
8 those issues and recommend a decision to the board. The hearing officer shall issue a decision
9 on the appeal not later than 60 days after being appointed. The commissioner shall consider the
10 recommended decision of the hearing officer within 10 days after receipt and may adopt all, part,
11 or none of the recommended decision or may remand the issue to the hearing officer for further
12 hearings. The commissioner shall issue a decision in writing within 10 days after consideration
13 of the hearing officer's decision.

14 (c) The hearing officer may consolidate appeals under (b) of this section if the notices
15 of appeal raise related issues of fact or law.

16 (d) An applicant under AS 18.25.011 may appeal an adverse decision of a hearing officer
17 or the board under (b) of this section to the superior court in the manner provided by
18 AS 44.62.560 - 44.62.570 and the Alaska Rules of Appellate Procedure.

19 (e) The board shall adopt regulations governing procedures for the reconsideration and
20 appeal of decisions under (a) - (c) of this section. The regulations adopted under this subsection
21 are not required to conform to AS 44.62.330 - 44.62.630, but must be consistent with minimum
22 standards of due process.

23 (f) An applicant under AS 18.25.011 may not request reconsideration of or appeal a
24 priority determination on the grounds that a revised priority assigned to another project, due to
25 a reconsideration or appeal under this section, has resulted in a lower priority being accorded to
26 the applicant's project.

27 Sec. 18.25.025. GRANT AGREEMENT AND CONDITIONS. (a) The department shall
28 enter into a written agreement with the grantee before it distributes grant funds under
29 AS 18.25.011 - 18.25.035.

30 (b) The department shall require in the grant agreement that the grantee

31 (1) agree to construction of the health facility as described by the certificate of

1 need, if any, issued to the facility under AS 18.07.031 - 18.07.111;

2 (2) provide reasonable assurance by a means acceptable to the department that
3 the cost of the project will be uniform with the costs of the most current construction projects
4 in the area;

5 (3) agree to submit to the department for department approval a description and
6 justification of a cost overrun before the grantee agrees to pay for the overrun and before the
7 department distributes money to the grantee to pay for the overrun;

8 (4) agree to place the grant funds in an interest-bearing account and not to use
9 the interest or the grant funds for a purpose other than the project;

10 (5) agree to limit equipment purchases to that required for the facility operation;

11 (6) submit project budgets for department review and agree that the grant amount
12 may, at the discretion of the department, be reduced or increased by amounts equal to the
13 amounts by which contracts vary from the budget amounts approved by the department;

14 (7) submit to the department for approval, before advertising for bids for the
15 construction contract, a plan for construction that includes specifications, final construction
16 drawings, and proposed contract documents;

17 (8) submit for department review a tabulation of all bids received, a complete
18 copy of the lowest bid, a copy of the proposed notice to proceed with construction, and a copy
19 of the proposed construction contract;

20 (9) submit for department review and acceptance documentary evidence that the
21 project is being accomplished in accordance with all the assertions in the grantee's five-year
22 master plan and grant application;

23 (10) submit sufficient assurances that the project will be used for the stated
24 purposes of the grant for the expected useful lifetime of the facility;

25 (11) agree to conform to all applicable governmental codes and standards,
26 including the most recently adopted state statutes and regulations on building, health, mechanical,
27 electrical, fire, safety, and handicap accessibility, and those covering the planning, construction,
28 and operation of the health facility;

29 (12) agree to comply with

30 (A) the department's single audit requirements;

31 (B) AS 37.05.321, prohibiting the use of grant funds and earnings to

1 influence legislative action;

2 (C) the reporting requirements of AS 36.05 and AS 36.10; and

3 (D) 42 U.S.C. 2000a - 2000h-6 (Civil Rights Act of 1964), 29 U.S.C. 621-
4 634 (Age Discrimination in Employment Act of 1967), 7 U.S.C. 2027 (Food Stamp Act
5 of 1977), and the department's requirements for implementation of the federal statutes
6 listed in this subparagraph;

7 (13) identify anticipated operating costs and revenue and the sources of funding
8 that may be requested if costs exceed projected revenue;

9 (14) complete the project in a timely manner to a fully functional condition and
10 submit periodic status reports not less than every six months to the department detailing work
11 completed to date, a summary of expenditures compared with the approved budget, and an
12 explanation of any deviation from the approved work, schedule, or budget; and

13 (15) agree to comply with other requirements that the department, notwithstanding
14 AS 37.05.318, may reasonably impose on grantees and that are necessary to meet the intent of
15 the grant.

16 (c) Except as provided under (b) or (d) of this section, a cost of construction for a health
17 facility may be paid under a grant awarded under AS 18.25.021 without regard to whether the
18 cost was incurred before the

19 (1) award of the grant; or

20 (2) effective date of an appropriation to the nonprofit health facility construction
21 grant fund for the year in which the grant is funded.

22 (d) The maximum percentage of the costs of planning and designing, including
23 engineering, that are incurred before awarding a grant and that may be paid under the grant may
24 not exceed 15 percent.

25 (e) The fair market value of land acquisition and site preparation may be included in the
26 grantee's share of the total cost of the health facility. The fair market value shall be determined
27 as of the date when the grant application is submitted under AS 18.25.011.

28 (f) The direct expenses of the grantee to administer the project may not exceed 10
29 percent of the grant.

30 Sec. 18.25.027. GRANT APPROPRIATIONS. Within the general appropriation bill
31 submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for

1 nonprofit health facility construction grants in the succeeding fiscal year as determined by the
2 priority list and budgets transmitted to the governor under AS 18.25.017.

3 Sec. 18.25.029. AMOUNT OF GRANTS. For each project included in a grant awarded
4 under AS 18.25.021, the state shall pay 80 percent of the total costs of construction incurred for
5 the project by the grantee during the fiscal year for which the grant is made.

6 Sec. 18.25.031. DISTRIBUTION OF GRANT. After the effective date of the agreement
7 for a grant under AS 18.25.011 - 18.25.035, the department shall advance 20 percent of the grant
8 to the grantee. The department shall base subsequent payments from the grant on payment
9 requests submitted by the grantee for the costs of construction incurred by the grantee for the
10 grant project. The department may not make a further payment under the grant until the grantee
11 has exhausted the advance.

12 Sec. 18.25.033. NONPROFIT HEALTH FACILITY CONSTRUCTION GRANT FUND.
13 The nonprofit health facility construction grant fund is created as an account in the general fund.
14 The fund shall be used to make grants under AS 18.25.011 - 18.25.035 for the costs of
15 construction of nonprofit health facilities. Legislative appropriations under AS 18.25.011 -
16 18.25.035 for the costs of construction of nonprofit health facilities shall be deposited in the fund.

17 Sec. 18.25.035. DEFINITIONS. In AS 18.25.011 - 18.25.035,

18 (1) "board" means the Health Facilities Review Board;

19 (2) "costs of construction" means the cost of acquiring, constructing, enlarging,
20 repairing, remodeling, equipping, or furnishing nonprofit health facilities and includes the total
21 of all costs of financing and carrying out the project, including

22 (A) the cost of necessary studies, surveys, plans and specifications,
23 architectural, engineering and other special services, the acquisition of real property, site
24 preparation and development, and the acquisition of machinery and equipment necessary
25 for the project;

26 (B) the direct expenses of the grantee to administer the project;

27 (C) the cost of financing the project, including interest on bonds issued
28 to finance the project; and

29 (D) the cost of other items, including indemnity and surety bonds and
30 premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial
31 advisors, and paying agents for the bonds issued;

1 (3) "health facility" means a nursing home or a facility that provides
2 hospitalization for inpatient medical and surgical care of acute illness or injury or obstetric care;

3 (4) "nonprofit" means qualified for an exemption under 26 U.S.C. 501 from
4 federal income tax.

5 * Sec. 2. AS 18.25.100 is repealed and reenacted to read:

6 Sec. 18.25.100. REGULATIONS. The department shall adopt regulations to implement
7 this chapter.

8 * Sec. 3. AS 46.11.900(7) is amended to read:

9 (7) "state financial assistance" means a loan, grant, guarantee, insurance, payment,
10 rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070,
11 AS 14.11, AS 18.25.011 - 18.25.035, and AS 29.60, including the purchase by a state agency of
12 a loan to finance the construction or purchase of a residential building;

13 * Sec. 4. AS 18.25.010, 18.25.020, 18.25.030, 18.25.070, 18.25.080, 18.25.090, and 18.25.110 are
14 repealed.

15 * Sec. 5. This Act takes effect July 1, 1991.

CS FOR SENATE BILL NO. 67 (HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

Sponsor(s): SENATORS JONES, Zharoff, Menard

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state aid for nonprofit health facilities; and providing for an effective
2 date."

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

4 * Section 1. AS 18.25 is amended by adding new sections to read:

5 Sec. 18.25.011. GRANT APPLICATIONS. (a) On or before June 15 of the fiscal year
6 preceding the fiscal year for which the application is made, a municipality or a nonprofit
7 organization may submit a grant application to the department for a nonprofit health facility
8 construction grant.

9 (b) A project for which a certificate of need is required under AS 18.07.031 - 18.07.111
10 at the time of the grant application is not eligible for a grant under AS 18.25.011 - 18.25.035
11 unless a certificate has been issued to the health facility that is the subject of the application, and
12 the certificate is in effect at the time of the application.

13 (c) A project is not eligible for a grant under AS 18.25.011 - 18.25.035 unless the
14 applicant has submitted a five-year master plan for the construction of the health facility on or

1 before September 1 of the fiscal year in which the application is submitted; the master plan must
2 include a description of the applicant's fixed asset inventory system and preventive maintenance
3 program, a detailed scope of work, an estimated project budget, an operation, maintenance, and
4 financial feasibility study, and a documentation of the conditions justifying the project, including
5 a signed statement by an architect or engineer verifying any code violation documented in the
6 plan.

7 (d) The grant application must include

8 (1) evidence that the applicant has secured and will maintain adequate property
9 loss insurance for the replacement cost of the health facility or a program of insurance acceptable
10 to the department; and

11 (2) evidence acceptable to the department that the proposed project is a capital
12 construction project and not part of a preventive maintenance program or regular custodial care
13 program.

14 Sec. 18.25.013. HEALTH FACILITIES REVIEW BOARD ESTABLISHED. (a) There
15 is created in the Department of Health and Social Services the Health Facilities Review Board
16 composed of seven members consisting of the following persons appointed by the governor and
17 who serve at the pleasure of the governor:

18 (1) an architect licensed under AS 08.48;

19 (2) an engineer licensed under AS 08.48;

20 (3) a representative nominated by the Alaska Municipal League;

21 (4) a representative from the department;

22 (5) a representative of a nonprofit health facility;

23 (6) a representative of the Alaska Area Native Health Service; and

24 (7) a member of the general public.

25 (b) The members serve for staggered terms of three years.

26 (c) The members of the board shall elect a member of the board as chair.

27 (d) The board shall hold at least one meeting each year. The board may hold additional
28 meetings at the call of the chair or of a majority of the board members.

29 Sec. 18.25.015. BOARD DUTIES. (a) The board shall annually

30 (1) review the master plans submitted by applicants under AS 18.25.011;

31 (2) with regard to the plans reviewed under (1) of this subsection, establish and

1 transmit to the department a revised and updated five-year construction grant schedule that
2 establishes the priorities among the proposed health facility construction projects and serves the
3 best interest of the state and the municipality or area in which the health facility is located.

4 (b) The board shall establish by regulation its criteria for establishing the priorities under
5 (a) of this section. The criteria must include at least the following factors:

6 (1) the degree of threat to the health or safety of facility occupants;

7 (2) the degree of potential harm to building integrity as it affects the building's
8 ability to support health care functions in a cost effective and efficient manner;

9 (3) the ability of the project or project phase to be self-supporting;

10 (4) access to other sources of funding;

11 (5) the overall capital requirements and operating cost efficiency over the lifetime
12 of the facility;

13 (6) the community or area need for the facility as compared to alternative means
14 for providing the care;

15 (7) the level of care required to provide basic cost effective and efficient health
16 services.

17 (c) The board may reject a grant application and omit it from the construction grant
18 schedule if

19 (1) the applicant provides incomplete information or documentation on the project;

20 (2) the board determines that existing facilities can adequately serve the program
21 requirements, or that an alternative project is in the best interests of the state; or

22 (3) the board determines that the project is not in the best interests of the state
23 or the municipality or area in which the health facility is located.

24 Sec. 18.25.017. DEPARTMENT ACTION. (a) Before a grant application is submitted
25 to the board, the department shall verify the amounts and reasons for the items in the budget for
26 each grant application.

27 (b) With regard to the construction grant schedule established by the board under
28 AS 18.25.015, the department shall transmit the construction grant schedule, including the
29 budgets verified under (a) of this section, to the governor by October 15 of each year and to the
30 legislature within the first 10 days of each regular legislative session.

31 Sec. 18.25.019. PUBLIC NOTICE AND HEARING. On or before July 15 of each year,

1 the department shall provide public notice of the grant applications made under AS 18.25.011
2 and the priorities established under AS 18.25.015. After public notice has been given, the
3 department shall, not later than August 15 of each year, hold a public hearing on the priorities
4 established under AS 18.25.015. In this subsection, "public notice" means notice published in
5 a newspaper of general circulation and notice to each person who has requested notice about the
6 grant requests from the department.

7 Sec. 18.25.021. AWARD. (a) The department shall award grants in the order of the
8 projects' priorities on the date the appropriation bill funding the nonprofit health facility
9 construction grant fund becomes law, regardless of an administrative or judicial review pending
10 under AS 18.25.023. An administrative or judicial review pending under AS 18.25.023 at the
11 time that grants are awarded may not delay the funding of grants.

12 (b) If a project is assigned a new priority ranking under AS 18.25.023 after the date the
13 appropriation bill for the nonprofit health facility construction grant fund becomes law, a grant
14 shall be awarded for the project in accordance with the new priority ranking at the next time that
15 nonprofit health facility construction grants are awarded under AS 18.25.011 - 18.25.035.

16 Sec. 18.25.023. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) An applicant
17 under AS 18.25.011 may request reconsideration of a decision of the board based on reasonable
18 issues of fact or law. The request must be in writing and include a statement of the specific
19 changes desired, and a summary of the evidence supporting the applicant's claim that the board
20 has erred in its review of the applicant's grant application. A request for reconsideration must
21 be submitted to the board by the first day of the public hearing held under AS 18.25.019. The
22 board shall review its decision on the basis of the request by the applicant and determine whether
23 its decision should be changed. The board shall issue its determination in writing within 15 days
24 after the last day of the public hearing held under AS 18.25.019.

25 (b) An applicant under AS 18.25.011 may appeal an adverse decision of the board under
26 (a) of this section by filing a written notice of appeal with the commissioner within 15 days after
27 the date of the board's decision. The notice of appeal must state the legal and factual basis for
28 the appeal and the precise relief sought. The failure of the applicant to include an issue in a
29 notice of appeal constitutes a waiver of the right to have the issue considered. Not later than 10
30 days after receipt of a notice of appeal, the commissioner shall appoint a hearing officer who is
31 qualified under AS 44.62.350(c) to consider the appeal. If the hearing officer finds that the

1 notice of appeal does not raise a reasonable issue of fact or law, the hearing officer shall issue
 2 a written decision denying the appeal. Denial of an appeal by a hearing officer is a final decision
 3 that may be appealed under (d) of this section. If the hearing officer finds that the notice of
 4 appeal raises a reasonable issue of fact or law, the hearing officer shall conduct a hearing on
 5 those issues and recommend a decision to the board. The hearing officer shall issue a decision
 6 on the appeal not later than 60 days after being appointed. The commissioner shall consider the
 7 recommended decision of the hearing officer within 10 days after receipt and may adopt all, part,
 8 or none of the recommended decision or may remand the issue to the hearing officer for further
 9 hearings. The commissioner shall issue a decision in writing within 10 days after consideration
 10 of the hearing officer's decision.

11 (c) The hearing officer may consolidate appeals under (b) of this section if the notices
 12 of appeal raise related issues of fact or law.

13 (d) An applicant under AS 18.25.011 may appeal an adverse decision of a hearing officer
 14 or the board under (b) of this section to the superior court in the manner provided by
 15 AS 44.62.560 - 44.62.570 and the Alaska Rules of Appellate Procedure.

16 (e) The board shall adopt regulations governing procedures for the reconsideration and
 17 appeal of decisions under (a) - (c) of this section. The regulations adopted under this subsection
 18 are not required to conform to AS 44.62.330 - 44.62.630, but must be consistent with minimum
 19 standards of due process.

20 (f) An applicant under AS 18.25.011 may not request reconsideration of or appeal a
 21 priority determination on the grounds that a revised priority assigned to another project, due to
 22 a reconsideration or appeal under this section, has resulted in a lower priority being accorded to
 23 the applicant's project.

24 (g) A subjective judgment of the board or board members may not be a basis for
 25 reconsideration or appeal unless it can be conclusively demonstrated that the board or a board
 26 member has acted in an arbitrary or capricious manner in making the judgment.

27 Sec. 18.25.025. GRANT AGREEMENT AND CONDITIONS. (a) The department shall
 28 enter into a written agreement with the grantee before it distributes grant funds under
 29 AS 18.25.011 - 18.25.035.

30 (b) The department shall require in the grant agreement that the grantee
 31 (1) agree to construction of the health facility as described by the certificate of



1 need, if any, issued to the facility under AS 18.07.031 - 18.07.111;

2 (2) provide reasonable assurance by a means acceptable to the department that
3 the cost of the project will be uniform with the costs of the most current construction projects
4 in the area;

5 (3) agree to submit to the department for department approval a description and
6 justification of a cost overrun before the grantee agrees to pay for the overrun and before the
7 department distributes money to the grantee to pay for the overrun;

8 (4) agree to place the grant funds in an interest-bearing account and not to use
9 the interest or the grant funds for a purpose other than the project;

10 (5) agree to limit equipment purchases to that required for the facility operation;

11 (6) submit project budgets for department review and agree that the grant amount
12 may, at the discretion of the department, be reduced or increased by amounts equal to the
13 amounts by which contracts vary from the budget amounts approved by the department;

14 (7) submit to the department for approval, before advertising for bids for the
15 construction contract, a plan for construction that includes specifications, final construction
16 drawings, and proposed contract documents;

17 (8) submit for department review a tabulation of all bids received, a complete
18 copy of the lowest bid, a copy of the proposed notice to proceed with construction, and a copy
19 of the proposed construction contract;

20 (9) submit for department review and acceptance documentary evidence that the
21 project is being accomplished in accordance with all the assertions in the grantee's five-year
22 master plan and grant application;

23 (10) submit sufficient assurances that the project will be used for the stated
24 purposes of the grant for the expected useful lifetime of the facility;

25 (11) agree to conform to all applicable governmental codes and standards,
26 including the most recently adopted state statutes and regulations on building, health, mechanical,
27 electrical, fire, safety, and handicap accessibility, and those covering the planning, construction,
28 and operation of the health facility;

29 (12) agree to comply with

30 (A) the department's single audit requirements;

31 (B) AS 37.05.321, prohibiting the use of grant funds and earnings to

1 influence legislative action;

2 (C) the reporting requirements of AS 36.05 and AS 36.10; and

3 (D) 42 U.S.C. 2000a - 2000h-6 (Civil Rights Act of 1964), 29 U.S.C. 621-
4 634 (Age Discrimination in Employment Act of 1967), 7 U.S.C. 2027 (Food Stamp Act
5 of 1977), and the department's requirements for implementation of the federal statutes
6 listed in this subparagraph;

7 (13) identify anticipated operating costs and revenue and the sources of funding
8 that may be requested if costs exceed projected revenue;

9 (14) complete the project in a timely manner to a fully functional condition and
10 submit periodic status reports not less than every six months to the department detailing work
11 completed to date, a summary of expenditures compared with the approved budget, and an
12 explanation of any deviation from the approved work, schedule, or budget; and

13 (15) agree to comply with other requirements that the department, notwithstanding
14 AS 37.05.318, may reasonably impose on grantees and that are necessary to meet the intent of
15 the grant.

16 (c) Except as provided under (b) or (d) of this section, a cost of construction for a health
17 facility may be paid under a grant awarded under AS 18.25.021 without regard to whether the
18 cost was incurred before the

19 (1) award of the grant; or

20 (2) effective date of an appropriation to the nonprofit health facility construction
21 grant fund for the year in which the grant is funded.

22 (d) The maximum percentage of the costs of planning and designing, including
23 engineering, that are incurred before awarding a grant and that may be paid under the grant may
24 not exceed 15 percent.

25 (e) The fair market value of land acquisition and site preparation may be included in the
26 grantee's share of the total cost of the health facility. The fair market value shall be determined
27 as of the date when the grant application is submitted under AS 18.25.011.

28 (f) The direct expenses of the grantee to administer the project may not exceed 10
29 percent of the grant.

30 Sec. 18.25.027. GRANT APPROPRIATIONS. Within the general appropriation bill
31 submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for

1 nonprofit health facility construction grants in the succeeding fiscal year as determined by the
2 priority list and budgets transmitted to the governor under AS 18.25.017.

3 Sec. 18.25.029. AMOUNT OF GRANTS. For each project included in a grant awarded
4 under AS 18.25.021, the state shall pay 80 percent of the total costs of construction incurred for
5 the project by the grantee during the fiscal year for which the grant is made.

6 Sec. 18.25.031. DISTRIBUTION OF GRANT. After the effective date of the agreement
7 for a grant under AS 18.25.011 - 18.25.035, the department shall advance 20 percent of the grant
8 to the grantee. The department shall base subsequent payments from the grant on payment
9 requests submitted by the grantee for the costs of construction incurred by the grantee for the
10 grant project. The department may not make a further payment under the grant until the grantee
11 has exhausted the advance.

12 Sec. 18.25.033. NONPROFIT HEALTH FACILITY CONSTRUCTION GRANT FUND.
13 The nonprofit health facility construction grant fund is created as an account in the general fund.
14 The fund shall be used to make grants under AS 18.25.011 - 18.25.035 for the costs of
15 construction of nonprofit health facilities. Legislative appropriations under AS 18.25.011 -
16 18.25.035 for the costs of construction of nonprofit health facilities shall be deposited in the fund.

17 Sec. 18.25.035. DEFINITIONS. In AS 18.25.011 - 18.25.035,

18 (1) "board" means the Health Facilities Review Board;

19 (2) "costs of construction" means the cost of acquiring, constructing, enlarging,
20 repairing, remodeling, equipping, or furnishing nonprofit health facilities and includes the total
21 of all costs of financing and carrying out the project, including

22 (A) the cost of necessary studies, surveys, plans and specifications,
23 architectural, engineering and other special services, the acquisition of real property, site
24 preparation and development, and the acquisition of machinery and equipment necessary
25 for the project;

26 (B) the direct expenses of the grantee to administer the project;

27 (C) the cost of financing the project, including interest on bonds issued
28 to finance the project; and

29 (D) the cost of other items, including indemnity and surety bonds and
30 premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial
31 advisors, and paying agents for the bonds issued;

1 (3) "health facility" means a nursing home or a facility that provides
2 hospitalization for inpatient medical and surgical care of acute illness or injury or obstetric care;

3 (4) "nonprofit" means qualified for an exemption under 26 U.S.C. 501 from
4 federal income tax.

5 * Sec. 2. AS 18.25.100 is repealed and reenacted to read:

6 Sec. 18.25.100. REGULATIONS. The department shall adopt regulations to implement
7 this chapter.

8 * Sec. 3. AS 46.11.900(7) is amended to read:

9 (7) "state financial assistance" means a loan, grant, guarantee, insurance, payment,
10 rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070,
11 AS 14.11, AS 18.25.011 - 18.25.035, and AS 29.60, including the purchase by a state agency of
12 a loan to finance the construction or purchase of a residential building;

13 * Sec. 4. AS 18.25.010, 18.25.020, 18.25.030, 18.25.070, 18.25.080, 18.25.090, and 18.25.110 are
14 repealed.

15 * Sec. 5. This Act takes effect July 1, 1991.

*Profit
not for profit } tax status
Amend*

*Clinic. part of a hospital (included)
(excluded)*

SENATE BILL NO. 67

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY SENATORS JONES, Zharoff

**Introduced: 1/21/91
Referred: HESS and Finance**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to state aid for nonprofit health facilities; and providing for an effective
2 date."

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

4 * **Section 1.** AS 18.25 is amended by adding new sections to read:

5 Sec. 18.25.011. GRANT REQUESTS. (a) On or before June 15 of the fiscal year
6 preceding the fiscal year for which the application is made, a municipality or a nonprofit
7 organization may submit a grant application to the department for a nonprofit health facility
8 construction grant.

9 (b) A project for which a certificate of need is required under AS 18.07.031 - 18.07.111
10 is not eligible for a grant under AS 18.25.011 - 18.25.035 unless a certificate has been issued to
11 the health facility that is the subject of the application, and the certificate is in effect at the time
12 of the application.

13 (c) A project is not eligible for a grant under AS 18.25.011 - 18.25.035 unless the
14 applicant has submitted a five-year master plan for the construction of the health facility on or

(WHEN LOOKING AT TIMELINE WE REALIZED IT WOULD BE 21 MONTHS BETWEEN SUBMISSION OF MASTER PLAN & APPLICATION. BY STRIKING THIS LANGUAGE WE KEEP WITHIN A REASONABLE TIME PERIOD)

1 before September 1 of the fiscal year ~~preceding the fiscal year~~ in which the application is
2 submitted; the master plan must include a description of the applicant's fixed asset inventory
3 system and preventive maintenance program, a detailed scope of work, an estimated project
4 budget, an operation, maintenance, and financial feasibility study, and a documentation of the
5 conditions justifying the project, including a signed statement by an architect or engineer
6 verifying any code violation documented in the plan.

7 (d) The grant application must include

8 (1) evidence that the applicant has secured and will maintain adequate property
9 loss insurance for the replacement cost of the health facility or a program of insurance acceptable
10 to the department; and

11 (2) evidence acceptable to the department that the proposed project is a capital
12 construction project and not part of a preventive maintenance program or regular custodial care
13 program.

14 Sec. 18.25.013. HEALTH FACILITIES REVIEW BOARD ESTABLISHED. (a) There
15 is created in the Department of Health and Social Services the Health Facilities Review Board
16 composed of seven members consisting of the following persons appointed by the governor:

17 (1) an architect licensed under AS 08.48;

18 (2) an engineer licensed under AS 08.48;

19 (3) a representative nominated by the Alaska Municipal League;

20 (4) a representative from the department;

21 (5) a representative nominated by the Alaska State Hospital and Nursing

22 Association;

23 (6) a representative from the division of fire prevention in the Department of
24 Public Safety; and

25 (7) a member of the general public.

26 (b) The members serve for staggered terms of three years.

27 (c) The members of the board shall elect a member of the board as chair.

28 (d) The board shall hold at least one meeting each year. The board may hold additional
29 meetings at the call of the chair or of a majority of the board members.

30 Sec. 18.25.015. BOARD DUTIES. (a) The board shall annually

31 (1) review the master plans submitted by applicants under AS 18.25.011;

1 (2) with regard to the plans reviewed under (1) of this subsection, establish and
2 transmit to the department a revised and updated five-year construction grant schedule that
3 establishes the priorities among the proposed health facility construction projects and serves the
4 best interest of the state and the municipality or area in which the health facility is located.

5 (b) The board shall establish by regulation its criteria for establishing the priorities under
6 (a) of this section. The criteria must include at least the following factors:

*What if priority
to so. the
priority*

- 7 (1) emergency requirements;
- 8 (2) priorities assigned by the applicant to the projects requested; and
- 9 (3) whether the project is needed to avert imminent danger or correct life-
10 threatening situations.

11 (c) The board may reject a project ^{APPLICATION} request and omit it from the construction grant
12 schedule if

- 13 (1) the applicant provides incomplete information or documentation on the project;
- 14 (2) the board determines that existing facilities can adequately serve the program
15 requirements, or that an alternative project is in the best interests of the state; or
- 16 (3) the board determines that the project is not in the best interests of the state
17 or the municipality or area in which the health facility is located.

18 Sec. 18.25.017. DEPARTMENT ACTION ON GRANT SCHEDULE. With regard to
19 the construction grant schedule established by the board under AS 18.25.015, the department shall

20 (1) verify the amounts and reasons for the items in the budget for each grant
21 request; and

22 (2) transmit the construction grant schedule and the budget verified under (1) of
23 this section to the governor by October 15 of each year and to the legislature within the first 10
24 days of each regular legislative session.

25 Sec. 18.25.019. PUBLIC NOTICE AND HEARING. On or before July 15 of each year,
26 the department shall provide public notice of the grant ^{APPLICATIONS} requests made under AS 18.25.011 and
27 the priorities established under AS 18.25.015. After public notice has been given, the department
28 shall, not later than August 15 of each year, hold a public hearing on the priorities established
29 under AS 18.25.015. In this subsection, "public notice" means notice published in a newspaper
30 of general circulation and notice to each person who has requested notice about the grant requests
31 from the department.

1 Sec. 18.25.021. AWARD. (a) The department shall award grants in the order of the
2 projects' priorities on the date the appropriation bill funding the nonprofit health facility
3 construction grant fund becomes law, regardless of an administrative or judicial review pending
4 under AS 18.25.023. An administrative or judicial review pending under AS 18.25.023 at the
5 * time that grants are awarded may not delay the funding of grants.

6 (b) If a project is assigned a new priority ranking under AS 18.25.023 after the date the
7 appropriation bill for the nonprofit health facility construction grant fund becomes law, a grant
8 shall be awarded for the project in accordance with the new priority ranking at the next time that
9 nonprofit health facility construction grants are awarded under AS 18.25.011 - 18.25.035.

10 Sec. 18.25.023. ADMINISTRATIVE AND JUDICIAL REVIEW. (a) An applicant
11 under AS 18.25.011 may request reconsideration of a decision of the board assigning a priority
12 to the applicant's project, establishing the scope of the project, or establishing the budget for the
13 project. The request must be in writing and include a statement of the specific changes desired,
14 and a summary of the evidence supporting the applicant's claim that the board has erred in its
15 review of the applicant's grant application. A request for reconsideration must be submitted to
16 the board by the first day of the public hearing held under AS 18.25.019. The board shall review
17 its decision on the basis of the request by the applicant and determine whether its decision should
18 be changed. The board shall issue its determination in writing within 15 days after the last day
19 of the public hearing held under AS 18.25.019.

20 (b) An applicant under AS 18.25.011 may appeal an adverse decision of the board under
21 (a) of this section by filing a written notice of appeal with the commissioner within 15 days after
22 the date of the board's decision. The notice of appeal must state the legal and factual basis for
23 the appeal and the precise relief sought. The failure of the applicant to include an issue in a
24 notice of appeal constitutes a waiver of the right to have the issue considered. Not later than 10
25 days after receipt of a notice of appeal, the commissioner shall appoint a hearing officer who is
26 qualified under AS 44.62.350(c) to consider the appeal. If the hearing officer finds that the
27 notice of appeal does not raise a reasonable issue of fact or law, the hearing officer shall issue
28 a written decision denying the appeal. Denial of an appeal by a hearing officer is a final decision
29 that may be appealed under (d) of this section. If the hearing officer finds that the notice of
30 appeal raises a reasonable issue of fact or law, the hearing officer shall conduct a hearing on
31 those issues and recommend a decision to the board. The hearing officer shall issue a decision

1 on the appeal not later than 60 days after being appointed. The board shall consider the
2 recommended decision of the hearing officer within 10 days after receipt and may adopt all, part,
3 or none of the recommended decision or may remand the issue to the hearing officer for further
4 hearings. The board shall issue its decision in writing within 10 days after consideration of the
5 hearing officer's decision.

6 (c) The hearing officer may consolidate appeals under (b) of this section if the notices
7 of appeal raise related issues of fact or law.

8 (d) An applicant under AS 18.25.011 may appeal an adverse decision of a hearing officer
9 or the board under (b) of this section to the superior court in the manner provided by
10 AS 44.62.560 - 44.62.570.

11 (e) The board shall adopt regulations governing procedures for the reconsideration and
12 appeal of decisions under (a) - (c) of this section. The regulations adopted under this subsection
13 are not required to conform to AS 44.62.330 - 44.62.630, but must be consistent with minimum
14 standards of due process.

15 (f) An applicant under AS 18.25.011 may not request reconsideration of or appeal a
16 priority determination on the grounds that a revised priority assigned to another project, due to
17 a reconsideration or appeal under this section, has resulted in a lower priority being accorded to
18 the ^{APPLICANT'S} municipality's project.

19 Sec. 18.25.025. GRANT AGREEMENT AND CONDITIONS. (a) The department shall
20 enter into a written agreement with the grantee before it distributes grant funds under
21 AS 18.25.011 - 18.25.035.

22 (b) The department shall require in the grant agreement that the grantee

23 (1) agree to construction of the health facility as described by the certificate of
24 need, if any, issued to the facility under AS 18.07.031 - 18.07.111;

25 (2) provide reasonable assurance by a means acceptable to the department that
26 the cost of the project will be uniform with the costs of the most current construction projects
27 in the area;

28 (3) agree to submit to the department for department approval a description and
29 justification of a cost overrun before the grantee agrees to pay for the overrun and before the
30 department distributes money to the grantee to pay for the overrun;

31 (4) agree to place the grant funds in an interest-bearing account and not to use

1 the interest of the grant funds for a purpose other than the project;

2 (5) agree to limit equipment purchases to that required for the construction plan;

3 (6) submit project budgets for department review and agree that the grant amount
4 may, at the discretion of the department, be reduced or increased by amounts equal to the
5 amounts by which contracts vary from the budget amounts approved by the department;

6 (7) submit to the department for approval, before advertising for bids for the
7 construction contract, a plan for construction that includes specifications, final construction
8 drawings, and proposed contract documents;

9 (8) submit for department review a tabulation of all bids received, a complete
10 copy of the lowest bid, a copy of the proposed notice to proceed with construction, and a copy
11 of the proposed construction contract;

12 (9) submit for department review and acceptance documentary evidence that the
13 project is being accomplished in accordance with all the assertions in the grantee's five-year
14 master plan and grant application;

15 (10) submit sufficient assurances that the project will be used for the stated
16 purposes of the grant for not less than five years;

17 (11) agree to conform to all applicable governmental codes and standards,
18 including the most recently adopted state statutes and regulations on building, health, mechanical,
19 electrical, fire, safety, and handicap accessibility, and those covering the planning, construction,
20 and operation of the health facility;

21 (12) agree to comply with

22 (A) the department's single audit requirements;

23 (B) AS 37.05.321, prohibiting the use of grant funds and earnings to
24 influence legislative action;

25 (C) the reporting requirements of AS 36.05 and AS 36.10; and

26 (D) 42 U.S.C. 2000a - 2000h-6 (Civil Rights Act of 1964), 29 U.S.C. 621-
27 634 (Age Discrimination in Employment Act of 1967), 7 U.S.C. 2027 (Food Stamp Act
28 of 1977), and the department's requirements for implementation of the federal statutes
29 listed in this subparagraph;

30 (13) identify anticipated operating costs and revenue and the sources of funding
31 that may be requested if costs exceed projected revenue;

1 (14) complete the project in a timely manner to a fully functional condition and
2 submit periodic status reports not less than every six months to the department detailing work
3 completed to date, a summary of expenditures compared with the approved budget, and an
4 explanation of any deviation from the approved work, schedule, or budget; and

5 (15) agree to comply with other requirements that the department, notwithstanding
6 AS 37.05.318, may reasonably impose on grantees and that are necessary to meet the intent of
7 the grant.

8 (c) Except as provided under (b) or (d) of this section, a cost of construction for a health
9 facility may be paid under a grant awarded under AS 18.25.021 without regard to whether the
10 cost was incurred before the

11 (1) award of the grant;

12 (2) ^{REVIEW}~~approval~~ of the grant application by the department; or

13 (3) effective date of an appropriation to the nonprofit health facility construction
14 grant fund for the year in which the grant is funded.

15 (d) The costs of planning and designing, including engineering, of a health facility may
16 not be paid under a grant awarded under AS 18.25.021 if the cost is incurred more than 120 days
17 before the award of the grant, except that the cost of land acquisition and site preparation may
18 be included in the grantee's share of the total cost regardless of the date of the acquisition or site
19 work.

20 (e) The direct expenses of the grantee to administer the project may not exceed 10
21 percent of the grant.

22 Sec. 18.25.027. GRANT APPROPRIATIONS. Within the general appropriation bill
23 submitted to the legislature under AS 37.07.020, the governor shall include an appropriation for
24 nonprofit health facility construction grants in the succeeding fiscal year as determined by the
25 priority list and budgets transmitted to the governor under AS 18.25.017.

26 Sec. 18.25.029. AMOUNT OF GRANTS. For each project included in a grant awarded
27 under AS 18.25.021, the state shall pay 80 percent of the total costs of construction incurred for
28 the project by the grantee during the fiscal year for which the grant is made.

29 Sec. 18.25.031. DISTRIBUTION OF GRANT. After the effective date of the agreement
30 for a grant under AS 18.25.011 - 18.25.035, the department shall advance 20 percent of the grant
31 to the grantee. The department shall base subsequent payments from the grant on payment

1 requests submitted by the grantee for the costs of construction incurred by the grantee for the
2 grant project. The department may not make a further payment under the grant until the grantee
3 has exhausted the advance.

4 Sec. 18.25.033. NONPROFIT HEALTH FACILITY CONSTRUCTION GRANT FUND.

5 The nonprofit health facility construction grant fund is created as an account in the general fund.
6 The fund shall be used to make grants under AS 18.25.011 - 18.25.035 for the costs of
7 construction of nonprofit health facilities. Legislative appropriations under AS 18.25.011 -
8 18.25.035 for the costs of construction of nonprofit health facilities shall be deposited in the fund.

9 Sec. 18.25.035. DEFINITIONS. In AS 18.25.011 - 18.25.035,

10 (1) "board" means the Health Facilities Review Board;

11 (2) "costs of construction" means the cost of acquiring, constructing, enlarging,
12 repairing, remodeling, equipping, or furnishing nonprofit health facilities and includes the total
13 of all costs of financing and carrying out the project, including

14 (A) the cost of necessary studies, surveys, plans and specifications,
15 architectural, engineering and other special services, the acquisition of real property, site
16 preparation and development, and the acquisition of machinery and equipment necessary
17 for the project;

18 (B) the direct expenses of the grantee to administer the project;

19 (C) the cost of financing the project, including interest on bonds issued
20 to finance the project; and

21 (D) the cost of other items, including indemnity and surety bonds and
22 premiums on insurance, legal fees, fees and expenses of trustees, depositaries, financial
23 advisors, and paying agents for the bonds issued;

24 (3) "health facility" means a nursing home or hospital;

25 (4) "nonprofit" means qualified for an exemption under 26 U.S.C. 501 from
26 federal income tax.

27 * Sec. 2. AS 18.25.100 is repealed and reenacted to read:

28 Sec. 18.25.100. REGULATIONS. The department shall adopt regulations to implement
29 this chapter.

30 * Sec. 3. AS 46.11.900(7) is amended to read:

31 (7) "state financial assistance" means a loan, grant, guarantee, insurance, payment,

1 rebate, subsidy, or other form of state assistance other than aid under AS 05.35.010 - 05.35.070,
2 AS 14.11, AS 18.25.011 - 18.25.035, and AS 29.60, including the purchase by a state agency of
3 a loan to finance the construction or purchase of a residential building;

4 * Sec. 4. AS 18.25.010, 18.25.020, 18.25.030, 18.25.070, 18.25.080, 18.25.090, and 18.25.110 are
5 repealed.

6 * Sec. 5. This Act takes effect July 1, 1991.

Senate Bill 67
State Aid to NonProfit Health Facilities
Typical Project Chronology

<u>FY 92*</u>	<u>FY 93</u>		<u>FY 94</u>				<u>FY 95</u>	
July 1 SB 67 Becomes law <i>1991</i>	Sept. 1 Submit 5 Year Master Plan	June 15 Grant Application is submitted <i>1992</i>	July 15 Public Notice on the Priorities Established by the Board <i>1992</i>	Aug. 15 Public Hearing on Priorities <i>1992</i>	Oct. 15 Dept. Transmits Grant Schedule to Governor <i>1992</i>	Jan. Dept. Transmits Grant Schedule to Legislature <i>1993</i>	Jan. Gov. Submits An Appropriation for health facility grants <i>1993</i>	July Effective Date of Appropriation <i>1994</i>

***Note:**

The Department plans to issue emergency regulations for the first year after SB 67 becomes law. These emergency regulations are necessary to implement SB 67 (without regard to the above timeline) in order to begin the program as soon as possible.

Position Paper
Senate Bill 67

"An Act relating to state aid for nonprofit health facilities; and providing for and effective date."

While the Department of Health and Social Services supports in general terms Senate Bill 67, some important changes are required before we can actively provide our support. Those changes are:

*How is this
workin' @ school*

*may be explain
the number*

1. Add a representative to the Health Facilities Review Board from the Alaska Native Health Board.
2. Allow the Department to charge up to 1.5% in any one year in which an \$8 million or more appropriation is made to cover additional administrative and contractual cost potentially associated with the larger volume of work, and/or complexity implicit in the larger appropriation.
3. The appeals process appears to be too broad and cumbersome. The legislative legal staff should work to narrow and simplify the appeals process. The Department is concerned that there will be endless appeals from health facilities who are upset at not being on the top of the five year construction grant schedule.
4. Language needs to be inserted in Senate Bill 67 that specifically states that members of the Health Facilities Review Board serve at the pleasure of the Governor.
5. A mechanism needs to be put in SB67 to end the existence of the Health Facilities Review Board, such as "sunsetting" it in five years.

If the changes that are outlined in items 1-5 above are made to Senate Bill 67, the Department of Health and Social Services will actively support it. Also the Department feels that the fiscal note that has been developed is the minimum required to carry out the provisions and requirements of this legislation.

Recommended by: *J. Clarke*
Janet Clarke
Director
Division of Administrative
Services

Date: 2/1/91

Approved by: *Theodore A. Mala*
Theodore A. Mala, MD, MPH
Commissioner
Department of Health and
Social Services

Date: 2/4/91

Resolution of the Alaska Municipal League

Resolution No. 91-6

**A RESOLUTION CALLING FOR STATE SUPPORT OF
HEALTH CARE FACILITIES**

WHEREAS, the Alaska Constitution makes the health of the citizens of Alaska a responsibility of the State of Alaska, and

WHEREAS, *Newsweek* magazine has identified Alaska as the most unhealthy state of any of the 50 states, and

WHEREAS, access to health care was a major factor in this rating, and

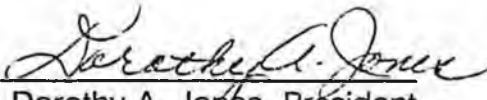
WHEREAS, the image of Alaska being an unhealthy place to live or visit damages many aspects of the state economy, especially tourism and the attraction of new business development to the state, and

WHEREAS, the need for high-quality health care is especially acute in the rural areas of the state, and


WHEREAS, the Alaska Legislature has not appropriated significant funding for health care facilities for several years;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the Governor of the State of Alaska and the State Legislature to responsibly fund health care facilities in Alaska, with the first priority going to projects that are ready to construct within one year and have some federal or local match funds (cash or in-kind) provided.

Adopted this 16th day of November 1990 in Anchorage, Alaska.


Dorothy A. Jones, President

ATTEST:


Scott A. Burgess, Executive Director

Ketchikan General Hospital

3100 TONGASS AVE.
KETCHIKAN, ALASKA 99901-5746
PHONE 907-225-5171
FAX 907-225-2173

90A
File w/
SB67
msmg

March 18, 1991

Senator Arliss Sturgulewski
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Senator:

The Administration and Staff of Ketchikan General Hospital would like to thank you for your hard work and support of Senate Bill 67 and Senate Bill 111 during the Senate HESS Committee meetings.

Without your guidance and diligence working for the improvement of Alaska's health care facilities, these bills would not be before the Senate Finance Committee today. We appreciate all the efforts by you and your staff for continuing to fight for the betterment of Alaska.

As I'm sure you well know, we continue to hope for the best outcome during the legislative session. We are optimistic for the bills knowing that senators like yourself are behind them 100 percent.

Sincerely,



Edward Mahn
Administrator

Ketchikan General Hospital

3100 TONGASS AVE.
KETCHIKAN, ALASKA 99901-5746
PHONE 907-225-5171
FAX 907-225-2173

January 28, 1991

Honorable Arlis Sturgulewski
Chairman Senate HESS Committee
P.O. Box V
Juneau, AK 99811

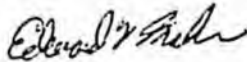
Subject: Senate Bill #67

Dear Senator Sturgulewski:

I would like to ask you to hold a hearing on Senate Bill #67, An Act Relating to State Aid For Nonprofit Health Facilities as quickly as possible. The state health care facilities are in desperate need of upgrading to meet the needs of the communities we serve. The proposed bill would set up a systematic statewide approach to addressing the health facilities' needs.

The Governing Board of Ketchikan General Hospital strongly endorses this bill and looks forward to offering any assistance you may request.

Sincerely,



Edward F. Mahn
Administrator

cc: Glenda Carino

KGH

Ketchikan General Hospital

3100 TONGASS AVE.
KETCHIKAN, ALASKA 99901

JAN 23 1991

January 18, 1991

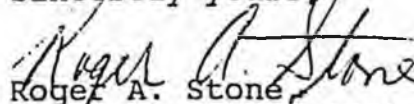
Senator Lloyd Jones
Alaska State Senate
Box V
Juneau, Alaska 99811

Dear Senator Jones:

This letter is to clarify the dollar amount needed to accomplish the planned facility expansion at Ketchikan General Hospital. According to our Certificate of Need dated 5-23-90, we needed \$17,774,000 as a lump sum to complete our facility expansion project all at the same time if construction started during the 1990 construction season. Since construction did not start in the 1990 construction season, our architects, John Rigdon & Mills, estimate our costs have increased approximately 5.5% over last year. Therefore, our current funding need to complete the facility expansion as a single project is estimated to be \$18,751,570. If our expansion project were to be built in three phases our 1990 Certificate of Need estimated the cost at \$19,257,457. Again assuming our costs have increased approximately 5.5%, the phased cost is now estimated to be \$20,316,617.

If you need any additional information or require additional details on the above cost estimates, please contact either Ed Mahn, our Administrator here in Ketchikan, or me if Ed is not available. We sincerely hope the Alaska State Legislature can fund this badly needed project for the Ketchikan Community in the upcoming legislative session.

Sincerely yours,


Roger A. Stone
Chief Financial Officer

KCH

CITY OF SEWARD

P.O. BOX 167
SEWARD, ALASKA 99664



- Main Office (907) 224-3331
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- Telecopier (907) 224-3248

*Filing
bill*

March 7, 1991

THE MEMBERS OF STANDING COMMITTEE
HEALTH, EDUCATION & SOCIAL SERVICES
Arless Sturgulewski, Chairman
P. O. Box V
Juneau, AK 99811

Dear Committee Members:

Thank you so very much for taking time from your busy schedule to meet with us last week in discussion of legislation that would appropriate funding for the renovation and construction of Seward General Hospital. This project is extremely important to the citizens of our region and will greatly improve the hospital's ability to provide quality health care services.

We certainly appreciate all of your support and dedicated work in our behalf.

Sincerely,

CITY OF SEWARD, ALASKA

Michael J. Meehan

MICHAEL J. MEEHAN
Seward City Council Member

MJM:alm

Seward General Hospital

P.O. BOX 365 417 FIRST AVENUE
SEWARD, ALASKA 99664 0365
PHONE (907) 224-5205

7 file of bill

March 4, 1991

Senator Arliss Sturgulewski
P.O. Box V
Juneau, AK 99811

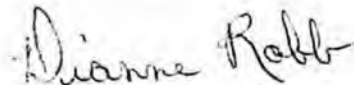
Dear Senator Sturgulewski:

Thank you so very much for your continued support for Seward General Hospital. We appreciate your working to assure that the citizens of the Seward area will have access to a modern up to date health care facility.

We appreciate also, your taking time from a busy schedule to meet with me and Councilman Michael Meehan.

Please feel free to contact me if I can answer additional questions or provide assistance in any way. Again, our deepest appreciation for your continued support.

Best regards,



Dianne Rabb, M.H.A.
Chief Executive Officer

DR/sj

Seward General Hospital

P.O. BOX 365 417 FIRST AVENUE
SEWARD, ALASKA 99664-0365
PHONE (907) 224-5205

January 28, 1991

Senator Arliss Sturgulewski
Chairman
Health, Education & Social Services Committee
P.O. Box V
Juneau, AK 99811

Dear Senator Sturgulewski:

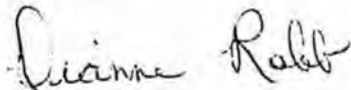
We would greatly appreciate your support for Senate Bill #67 which will be up for consideration February 5, 1991.

Our Seward group will be in Juneau February 3rd through February 6th. The Group from Seward will include Seward General Hospital Board Chairman John Burckhardt, Chief Financial Officer Alan Streeter and myself.

Thank you for your interest and support for the health care needs for the people in our region. I can not imagine a project which will have more direct impact on the health and well being of our citizens. We appreciate your support for this much needed funding and look forward to seeing you in Juneau.

Best regards for a happy, healthy and successful 1991.

Sincerely,



Dianne Rabb, M.H.A.
Chief Executive Officer

DR/sj

JAN 26 1991

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

January 24, 1991

Senator Arliss Sturgulewski, Chair
Health, Education & Social Services
Committee
Alaska State Senate
P. O. Box V
Juneau, AK 99801

RE: Hearing SB 67, Health Facility Construction

Dear Senator Sturgulewski:

We would like to respectfully request a hearing on SB 67, sponsored by Senator Jones, that establishes a Health Facilities Review Board within the Department of Health & Social Services.

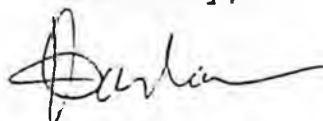
That Board will bring an orderly process (we hope) to state funding of community, non-profit hospitals and nursing homes.

We will have representatives of Fairbanks, Kodiak, Ketchikan and Seward in Juneau on February 4-5 and would greatly appreciate having SB 67 scheduled for hearing before your committee on that date. Would save additional travel for them.

We look forward to working with you.

Many thanks.

Sincerely,



Harlan R. Knudson

HRK/ma
cc: ✓ Senator Jones
Ms. Fouse
Mr. Homan

JAN 23 1991

KENAI PENINSULA CAUCUS
AN ORGANIZATION REPRESENTING
MUNICIPAL GOVERNMENTS AND CHAMBERS OF COMMERCE
OF THE KENAI PENINSULA BOROUGH
177 North Birch Street, Soldotna, AK 99669
Phone: 262-9107

January 23, 1991

Alaska Legislators
State of Alaska
P.O. Box V (Mail Stop 3100)
Juneau, AK 99811

Dear Legislators:

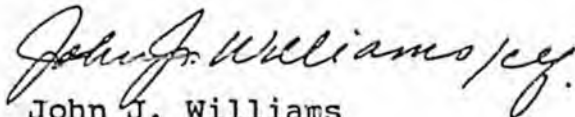
Enclosed please find a copy of the Kenai Peninsula Caucus resolution supporting a legislative grant to fund the replacement of the Seward General Hospital.

The replacement of the Seward General Hospital is the high priority project of the City of Seward for the 1991 legislative session and the Caucus strongly supports the request for funding.

Thank you for your cooperation in this matter.

Sincerely,

KENAI PENINSULA CAUCUS



John J. Williams
Secretary

JJW/clf

KENAI PENINSULA CAUCUS

RESOLUTION 90-12

A RESOLUTION SUPPORTING A LEGISLATIVE GRANT TO FUND REPLACEMENT OF SEWARD GENERAL HOSPITAL.

WHEREAS, Seward General Hospital is one of three acute care hospitals within the Kenai Peninsula Borough; and,

WHEREAS, in 1981 Seward General Hospital was inspected by state and federal regulators and found to be in violation of numerous federal, state and local life safety and accessibility codes; and,

WHEREAS, the State of Alaska, Department of Health and Social Services, pursuant to the provisions of AS 18.07.031-111 and 7AAC 07.010-130, on September 9, 1989, granted Seward General Hospital a Certificate of Need for replacement; and,

WHEREAS, the Certificate of Need authorizes a replacement project of up to ten double-bed, acute-patient-care rooms with a total expenditure authorized for the project of \$9,500,000, not including land and in-kind contributions; and,

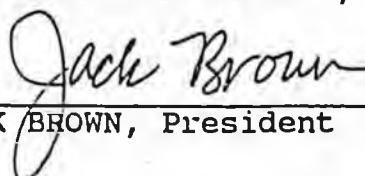
WHEREAS, the replacement of the Seward General Hospital is the single highest priority project for the City of Seward for funding by the 1991 legislative session.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KENAI PENINSULA CAUCUS:

Section 1. The Kenai Peninsula Caucus supports the appropriation of \$9.5 million by the 1991 Alaska Legislature for the replacement of Seward General Hospital.

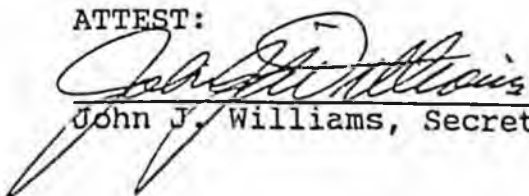
Section 2. The secretary is hereby directed to send copies of this resolution to The Honorable Walter J. Hickel, Governor, State of Alaska; all members of the 1991 Alaska State Legislature; Theodore Mala, Commissioner, Department of Health and Social Services; and the Alaska Hospital Association.

ADOPTED BY THE KENAI CAUCUS BOARD OF DIRECTORS, this 18th day of January, 1991.



JACK BROWN, President

ATTEST:



John J. Williams, Secretary



Kodiak Island Hospital and Care Center

1915 East Rezanof Drive
Kodiak, Alaska 99615
907-486-3281

Kodiak Island fax transmittal memo 7671		# of pages • 2
To Glenda Corino	From W. Cameron	
Co. Senator Jones c/o	Co. KIH/CC	
Dept.	Phone # 907-486-3281	
Fax # 465-3922	Fax # 907-486-2336	

January 28, 1991

The Honorable Arliss Sturgulewski
Chair, Education and Social Services Committee
Alaska State Senate
P.O. Box V
Juneau, AK 99811

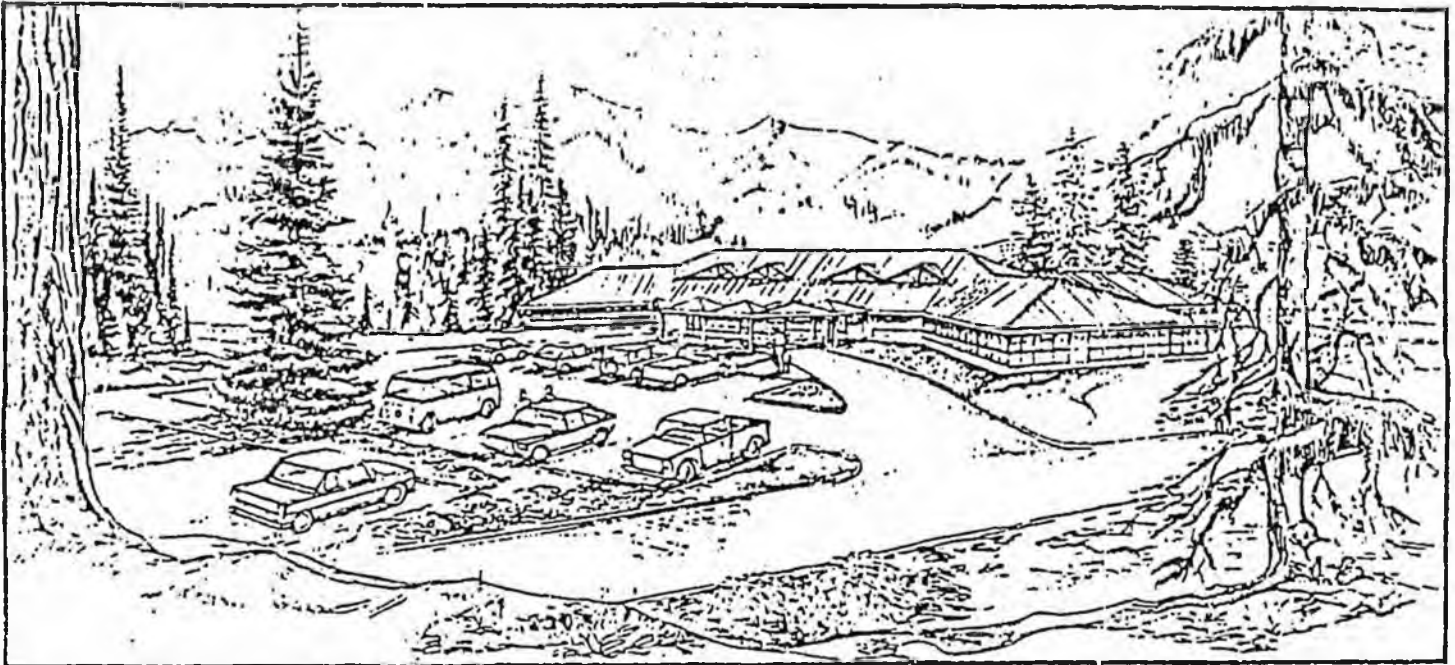
Dear Senator Sturgulewski:

This is to request your assistance in seeing that Senate Bill No. 67, which would provide vitally needed assistance to non-profit health care facilities in Alaska, receives a timely and favorable hearing before the Education and Social Services Committee. This legislation, introduced by Senator Jones, addresses one of the most critical issues facing Alaska's smaller (and some not so small) communities.

Several of our community hospitals are in jeopardy of losing their ability to continue to provide high quality health care services. Several factors have contributed to this crisis. Over the last ten years, increasing Federal regulation of the health care industry has increased the physical requirements that hospitals face. At the same time, higher interest rates and falling bond ratings for hospitals in general have made it more difficult for smaller facilities to raise the capital necessary to make the necessary physical plant improvements. As a result, some of Alaska's smaller health care facilities are falling behind in terms of technology and new services. People in smaller communities do not have adequate access to modern diagnosis and treatment facilities. This physical inadequacy, in turn, makes it increasingly difficult for us to recruit and retain qualified physicians and other professional staff.

JAN. 13. 1988

**KODIAK ISLAND (BOROUGH) HOSPITAL
AND CARE CENTER**



REPLACEMENT FACILITY PROPOSAL