

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

7819 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

6. **Provider Mix (continued)** Incentives to attract/retain health care professionals in medically underserved areas...student loan forgiveness. Alaska based family residency program, training for mid-level practitioners, RAHEC to analyze retention and recruitment.
7. **Utilization** Utilization needs to be controlled.
- Utilization is a factor to be examined and factored into establishing targets. Specialty groups will examine utilization and make recommendations to the corporation. If corporation "target" is not met and utilization's target has been determined to be inappropriate, corporation will examine other means of controlling utilization.
- Specialty groups given the opportunity to deal with excesses by imposing across-the-board cuts before corporation imposes mandatory sub-budgets.
- Quality of care is another factor that must be factored into budget/sub-budgets.
8. **Access to Care (both coverage and physical access).** Appropriate transportation costs must be included in expenditure target budget, plus a factor for adjusting the target. Data collected should include transportation costs.
- Authority responsible for analyzing current service delivery system and recommending changes to the system as a means of improving access.

**9. Health Insurance Reform**

Community rating.

Coverage of pre-existing conditions.

Guaranteed renewal.

Insurers must offer basic plan.

Single claims form/electronic claims system.

Claims clearinghouse.

Minimum benefit package.

Director of Division of Insurance should have corporation to review and approve or disapprove health insurance rates; will need adequate staff including actuaries.

**10. Tort Reform**

Statute of limitation at age 8 for injury before age 6.

Prejudgement interest floats with federal discount rate.

Universal coverage assures future medical care for the negligently injured.

Mandatory non-binding arbitration of **all** lawsuits; one neutral expert.

Arbitration of all small claims; threshold of \$100,000-\$200,000; if appealed, losing party would have to pay 100% of all costs; eliminate panel, one medical expert per side; limit on attorney fees, both sides; arbitrator is a friend of the court; Rule 11 strengthened.

H B

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# HOUSE COMMITTEE REPORT

(9)

Date Referred: February 11, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/8/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 466

HOUSE BILL NO. 466

AHFC BONDS FOR UNIV. OF ALASKA USES

"An Act authorizing the issuance of bonds by the Alaska Housing Finance Corporation to pay for the costs of repair and rehabilitation of student housing facilities of the University of Alaska; authorizing the issuance of bonds by the University of Alaska to pay for the costs of repair and rehabilitation of facilities of the University of Alaska; amending powers of the Alaska Housing Finance Corporation; amending the definition of "public building"; relating to the Alaska debt retirement fund; and providing for an effective date."

- RECOMMENDATIONS: [ ] the same title  
 be replaced with \_\_\_\_\_ [ ] a new title
- [ ] have attached amendments(s)
- [ ] do pass
- [ ] do not pass
- [X] no recommendations
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

[ ] fiscal impact \_\_\_\_\_

[ ] fiscal note(s) \_\_\_\_\_

[X] zero fiscal note University

[X] zero fiscal note(s) Revenue, Governor 2/11/94

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Car Brude</i>	✓	<i>[Signature]</i>		X	
<i>[Signature]</i>	✓	<i>[Signature]</i>		X	
<i>Betty Davis</i>	X	<i>Halley Olberg</i>		✓	
<i>Tom Brice</i>	✓	<i>[Signature]</i>		✓	
		<i>Pete [Signature]</i>		✓	

*Car Brude*  
 CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

No. 1  
Bill Version: HB 466  
(H) Publish Date: 2/11/94

Revision Date: \_\_\_\_\_  
Title: "An Act authorizing issuance of bonds..."  
Sponsor: House Rules Committee  
Requestor: Governor

Department Affected: Office of the Governor  
BRU: Elective Operations  
Component: General & Primary  
COMPONENT SERIAL NO. 0022

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY94) cost: 0

ANALYSIS: (Attach a separate page if necessary.)  
Should bond sale require approval of the voters, the fiscal impact will be 2.2 or 53.4 if additional ballot required.

Prepared by: Joe Swanson, Director  
Division: Division of Elections

Phone: 465-4611  
Date: 2/10/94

Approved by Commissioner: Lt. Governor John B. Coonan  
Agency: Office of the Lt. Governor

Date: 2/10/94

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# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. \_\_\_\_\_

Revision Date: February 11, 1994

Dept. Affected: Department of Revenue

Title: An Act authorizing the issuance of bonds by AHFC to pay for the costs of repair and rehabilitation of student housing facilities of U of A

BRU: Alaska Housing Finance Corp

Component: Operations

Sponsor: \_\_\_\_\_

Requestor: \_\_\_\_\_

COMPONENT SERIAL NO. 0110

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FINDING:

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
1022 Corporation Receipts	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year (FY94) impact: 5 0

ANALYSIS: (Attach a separate page if necessary.)

Alaska Housing Finance Corporation does not anticipate any increased cost with the proposed amendments to AS 18.55.100, AS 18.55.288 and AS 37.15.011. The fiscal note indicates no incremental costs to the AHFC. There are expected to be expenses, costs and reserve funds associated with the issuance of the bonds and servicing of debt. Reserve funds, while not a cost or expense, will reduce the loan amount available to the University of Alaska. The costs and expenses associated with the financing will be taken into consideration in determining the payment obligations of the University of Alaska.

Prepared by: Judith DeSpain Phone: (907) 561-1900  
 Division: Alaska Housing Finance Corporation Date: February 11, 1994  
 Approved by: [Signature] Date: 2/11/94  
 Agency: REVENUE

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COMMITTEE COPY

DEPARTMENT OF REVENUE-AHFC-ZERO FISCAL NOTE



# Alaska State Legislature

House of Representatives  
 COMMITTEE ON HEALTH, EDUCATION  
 AND SOCIAL SERVICES

DATE: 3/8/94

PLACE: Capitol Room 106

SUBJECT OF MEETING:  
 \* HB 466: AHFC BONDS FOR UNIV OF AK USES  
 \* HB 234: UNIV. OF AK ENVIRONMENT TRUST FUNDS  
 - BILLS HELD OVER -  
 HB 506: STUDENT LOAN PROGRAM  
 \* INDICATES FIRST PRIORITY HEARING

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Laraine Derr	Revenue					(Y) N	234
Brian Rogers	UA	207D Buttrick 44 Fairbanks AK	99775		4747448	(Y) N	HB 466 HB 234
Chip Wagonev	UAF Alumni	3294 Pioneer Ave Seward AK	99801		586-1867	(Y) N	H.B. 466
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	
						Y N	



# Alaska State Legislature

## House of Representatives

### COMMITTEE ON HEALTH, EDUCATION AND SOCIAL SERVICES

SUBJECT OF MEETING:

DATE:

PLACE: Capitol Room 106

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Nick Abramczyk	UAF					<input checked="" type="radio"/> Y	<input type="radio"/> N	HB466
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	
						<input type="radio"/> Y	<input type="radio"/> N	

LTN1100-R01  
03/16/94

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 01  
10:58:40

TCN: 40471 DATE & TIME: 03/08/94 15:00 TO 16:00 STATUS: 7 STATS: IN

\*\*\*\* ORDER SUMMARY \*\*\*\*

SPONSOR: HHSX HOUSE HEALTH, EDUCATION AND SOCIAL SERVI CHAIRS: TOOHEY  
PURPOSE: PUB PUBLIC HEARING LEGISLATIVE BUNDE  
CONTACT: LYNNE TEL#: (907)465-6825  
CHAIRING SITE: JUNEAU CAPITOL CAP106

SPONSOR REMARKS(PUB): TESTIMONY:J INVITATION ONLY 99 MINUTE LIMIT  
TCN REQUESTED ON 03/08/94 AND HAS 0 UPDATES

\*\*\*\* AGENDA \*\*\*\*

1 HB 466 AHFC BONDS FOR UNIV. OF ALASKA USES

\*\*\*\* PARTICIPATING LIOE \*\*\*\*

\* JNU JUNEAU CAPITOL CAP106 LOCATION STAFF

\*\*\*\* VOLUNTEER & OFFNET SITES \*\*\*\*

227 OF 1 OFFNET 1 ANCHORAGE WILL GAY (907)584-9326

PARTICIPANTS IN: JUNEAU

JNU

1	REP	CON	BURDE		TSFY, HB 466
				AK	(907)000-0000
2	REP	CYNTHIA	TOOHEY		TSFY, HB 466
				AK	(907)000-0000
3	REP	GARY	DAVIS		TSFY, HB 466
				AK	(907)000-0000
4	REP	PETE	KOTT		TSFY, HB 466
				AK	(907)000-0000
5	REP	AL	VEZEY		TSFY, HB 466
				AK	(907)000-0000
6	REP	JOHN	DAVIES		TSFY, HB 466
				AK	(907)000-0000
7	REP	TOM	BRICE		TSFY, HB 466
				AK	(907)000-0000
8	REP	HARLEY	OLBERG		TSFY, HB 466
				AK	(907)000-0000
9	REP	IRENE	NICHOLIA		TSFY, HB 466
				AK	(907)000-0000
10		TO	OBSERVE		OBSV, ALL ITEMS
11		TO	OBSERVE		OBSV, ALL ITEMS
12		TO	OBSERVE		OBSV, ALL ITEMS
13		TO	OBSERVE		OBSV, ALL ITEMS
14		TO	OBSERVE		OBSV, ALL ITEMS
15		TO	OBSERVE		OBSV, ALL ITEMS
16		TO	OBSERVE		OBSV, ALL ITEMS
17		TO	OBSERVE		OBSV, ALL ITEMS

18	TO	OBSERVE	OBSV. ALL ITEMS
19	TO	OBSERVE	OBSV. ALL ITEMS
20	TO	OBSERVE	OBSV. ALL ITEMS
21	TO	OBSERVE	OBSV. ALL ITEMS
22	TO	OBSERVE	OBSV. ALL ITEMS
23	TO	OBSERVE	OBSV. ALL ITEMS
24	TO	OBSERVE	OBSV. ALL ITEMS
25	TO	OBSERVE	OBSV. ALL ITEMS
26	TO	OBSERVE	OBSV. ALL ITEMS

LTN1100-R01  
03/16/94

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 02  
10:58:40

TCN: 49471      DATE & TIME: 03/08/94 15:00 TO 16:00      STATUS:7      STATS. IN

PARTICIPANTS IN: JUREAU

JMU

27      10

OBSERVE

OBSV. ALL ITEMS

PARTICIPANTS IN: OFFNET 1

ZZZ OF 1

1 MR      WILL

GAY

ANCHORAGE

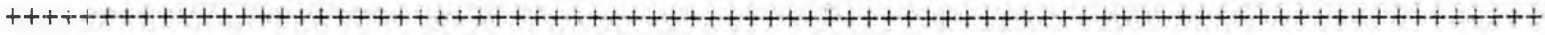
AK

TSFY. HB 466  
(907)564-7326

H/HESS ROLL CALL FORM

BILL HB 460 DATE 3/8/94  
 TAPE 94-40 NUMBER 043  
 SUBJECT OF VOTE TO MOVE HB 460 OUT OF COMMITTEE

MEMBER	YEA	NAY	ABS
Rep. Cynthia Toohey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Con Bunde	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gary Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Al Vezey	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Pete Kott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Harley Olberg	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Bettye Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Irene Nicholia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Tom Brice	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TOTAL	<u>7</u>	<u>1</u>	<u>    </u>



BILL HB 734 DATE 3/8/94  
 TAPE 94-40B NUMBER 1882  
 SUBJECT OF VOTE TO PASS HB 734 OUT OF COMMITTEE WITH INDIVIDUAL RECOMMENDATIONS

MEMBER	YEA	NAY	ABS
Rep. Con Bunde	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Gary Davis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Al Vezey	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rep. Pete Kott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Harley Olberg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Bettye Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Irene Nicholia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Tom Brice	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rep. Cynthia Toohey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TOTAL	<u>5</u>	<u>1</u>	<u>    </u>

**FISCAL NOTE**

**STATE OF ALASKA  
1994 LEGISLATIVE SESSION**

**BILL NO. HB 466**

Revision Date: \_\_\_\_\_ Department Affected: **University of Alaska**  
 Title: **Authorizing issuance of bonds by Ak. Housing Finance and UA for deferred maintenance** BRU: \_\_\_\_\_  
 Sponsor: **Governor** Component: **all**  
 Requestor: **(H)HESS** **COMPONENT SERIAL NO.**

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

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE FD SOURCE						
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**FUNDING: (Thousands of Dollars)**

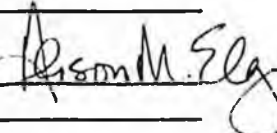
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
<b>TOTAL FUNDING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>POSITIONS:</b>						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

**ANALYSIS: (Attach a separate page if necessary.)**

The correction of deferred maintenance problems existing with University facilities is anticipated to reduce operations and maintenance costs of the facilities. The University is currently significantly underfunded for facility maintenance needs. Any realized savings will be reinvested in the maintenance of all University facilities to reduce deferred maintenance accrual.

Prepared by: Wendy Matheny, Budget Analyst Phone: 463-3086  
 Division: Statewide Budget Office Date: \_\_\_\_\_  
 Approved by: Alison Elgee, Associate Director  Date: 2/8/93  
 Agency: Statewide Budget Office

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

## Analysis of Debt Retirement Needs

	\$45 million Facilities Repair & Rehabilitation	\$30 million Student Housing Repair & Rehabilitation
Construction	\$40,376,100	\$26,917,400
Issuance Expenses	\$900,000	\$600,000
	\$41,276,100	\$27,517,400
Financed Acquisition Cost	\$41,276,100	\$27,517,400
Required Debt Reserve (1 year payment)	\$3,723,900	\$2,482,600
	\$45,000,000	\$30,000,000
Total Project Cost	\$45,000,000	\$30,000,000
Term (years)	20	
Payments per year	4	
Interest rate	5.50%	
First payment due 1 year after issue		
Anticipated Annual Amount* of Rental Obligatio	\$3,723,900	\$2,482,600
Total Lease Payments for 20 year term	\$74,478,084	\$49,652,058

\*Bonds represent a three year construction program. Debt retirement for the second and third years of the program would be required for only those bonds issued and sold. Annual cost of debt service once all bonds have been sold will be \$6,206.5 utilizing a 5.5% interest rate assumption.

WALTER J. HICKEL  
GOVERNOR



HB 466  
P. O. Box 110001  
Juneau, Alaska 99611-0001  
(907) 465-3500

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 11, 1994

The Honorable Ramona L. Barnes  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Barnes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill authorizing the issuance of Alaska Housing Finance Corporation and University of Alaska bonds for repair and rehabilitation of university facilities.

This legislation will provide funding to partially meet the university facilities' deferred maintenance needs throughout the state. The Legislature's approval of my bill last session creating the educational facilities maintenance and construction fund was a start in stepping up to our responsibilities in investing in the state's existing infrastructure. But it was only a start. We now have the responsibility to continue to meet the university's critical needs.

The bill I am proposing authorizes the Alaska Housing Finance Corporation to issue \$30 million in bonds for student housing repair and rehabilitation, and authorizes the University of Alaska to issue \$45 million in bonds for repair and rehabilitation of other university facilities. This program will allow the buildings to be repaired now, with costs of the upgrades spread over the remaining useful life of the facilities. Repayment of the debt service will be made from annual legislative appropriations from the Alaska debt retirement fund (AS 37.05.011). The historic low interest rates currently prevailing in the national capital markets, combined with reduced future maintenance and operating costs brought about by fixing the university facilities, makes this approach particularly appropriate this year.

I urge your early and favorable consideration of this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel  
Governor

## HB 466/SB 304 — Bonding for repair and rehabilitation of UA facilities

### The Background

After years of inadequate funding, the backlog of deferred maintenance projects now totals more than \$150 million for the University of Alaska system. Over the past decade, the university has sought nearly \$180 million for maintenance projects, and received less than one third of that amount. The result is that the facilities on every campus, particularly the oldest campuses in Fairbanks and Ketchikan, are in dangerous states of disrepair.

#### Colleges and universities

around the country face similar problems. In 1988, inadequate funding forced U.S. colleges and universities to defer \$4 of needed maintenance for every dollar spent. The combination of flat funding and increasing enrollments continue to force institutions of higher education to "spend down" plant assets to meet these conflicting demands. The associated costs of these efforts are considerable. In addition to obvious problems of health and safety, there is a major loss of program flexibility, energy efficiency, and optimum space utilization in deteriorating facilities.

The Board of Regents has made capital improvement maintenance its highest priority and the university wants the problem resolved this year either through passage of bonding legislation or direct appropriation. Further, to avoid slipping backwards, the regents are requiring a three-to-four-year plan to increase the amount of funds directed to ongoing maintenance.

### Current Status

The governor and the legislature have a strong commitment to protecting the state's investment in its infrastructure. At the request of Governor Hickel, House Bill 466 and Senate Bill 304 have been introduced to address \$75 million of the problem. The bills call for the Alaska Housing Finance Corporation to issue \$30 million in bonds for student housing, and the university to issue another \$45 million in bonds for repair of classroom, office and laboratory facilities throughout the system.

---

Over the past decade, the university has sought nearly \$180 million for maintenance projects, and received less than one third of that amount.

---

Anchorage campus	\$ 7,408,300
Kodiak Campus	230,300
Kenai Peninsula Campus	65,000
Mat-Su Campus	465,000
Prince William Sound Community Coll.	900,000
Fairbanks Campus	26,524,500
Bristol Bay Campus	300,000
Chukchi Campus	372,000
Kuskokwim Campus	1,047,100
Northwest Campus	756,700
AFES Palmer	402,000
AFES Mat Su	822,500
Juneau Campus	462,600
Ketchikan Campus	319,300
Sitka Campus	300,000

Bonds make sense this year because the state's outstanding debt service is declining, and bond interest rates last year were the lowest since the 1960s.

### contact:

Wendy Redman 474-4782, Fairbanks  
463-3086, Juneau

**University of Alaska  
Repair and Rehabilitation Bond Package**

	University of Alaska \$45 million Facilities Repair & Rehabilitation	Alaska Housing Finance Corp. \$30 million Student Housing Repair & Rehabilitation
<b>University of Alaska Anchorage</b>		
Anchorage Campus	\$7,408,300	\$2,455,000
Kenai Peninsula College	\$65,000	
Kodiak College	\$230,300	
Matanuska-Susitna College	\$465,000	
Prince William Sound Community College	\$900,000	\$664,000
Total UA Anchorage	\$9,068,600	\$3,119,000
<b>University of Alaska Fairbanks</b>		
Fairbanks Campus	\$26,524,500	\$22,793,700
Bristol Bay Campus	\$300,000	
Chukchi Campus	\$372,800	
Kuskokwim Campus	\$1,047,100	\$75,000
Northwest Campus	\$756,700	
AFES Palmer	\$402,000	
AFES Mat-Su Farm	\$822,500	
Total UA Fairbanks	\$30,225,600	\$22,868,700
<b>University of Alaska Southeast</b>		
Juneau Campus	\$462,600	\$929,700
Ketchikan Campus	\$319,300	
Sitka Campus	\$300,000	
Total University of Alaska Southeast	\$1,081,900	\$929,700
<b>Total Repair &amp; Rehabilitation Projects</b>	<b>\$40,376,100</b>	<b>\$26,917,400</b>
Bond Issuance Costs	\$900,000	\$600,000
Required Debt Reserve	\$3,723,900	\$2,482,600
<b>Total Bond Issue</b>	<b>\$45,000,000</b>	<b>\$30,000,000</b>

**University of Alaska  
Repair and Rehabilitation Bond Package  
Student Housing Projects**

<b>UA Anchorage</b>		
Anchorage Campus		\$2,455,000
Student housing complex	\$1,728,000	
Templewood Condominiums	\$727,000	
Prince William Sound Community College		\$664,000
Copper Basin Hall	\$40,000	
Cordova Hall	\$60,000	
Student Housing	\$394,000	
Valdez Hall	\$170,000	
Total UA Anchorage	\$3,119,000	
<b>UA Fairbanks</b>		
Fairbanks Campus		\$22,793,700
Bartlett Hall	\$2,303,400	
Garden Apartments I & II	\$52,000	
Harwood Hall	\$1,534,500	
Hess Commons	\$294,200	
Hess Village	\$4,418,000	
Lathrop Hall	\$2,209,200	
McIntosh Hall	\$1,157,300	
Moore Hall	\$2,562,500	
Nerland Hall	\$1,117,200	
Skarland Hall	\$1,346,100	
Stevens Hall	\$1,068,000	
Student Apartment Complex	\$1,875,100	
Tilly Commons	\$1,381,000	
Wickersham Hall	\$1,475,200	
Kuskokwim Campus		\$75,000
Sackett Hall	\$75,000	
Total UA Fairbanks	\$22,868,700	
<b>UA Southeast - Juneau Campus</b>		\$929,700
Student Housing Complex	\$929,700	
Total UA Southeast	\$929,700	
<b>University of Alaska Total</b>		<b>\$26,917,400</b>

	G	H	I
508	<b>University of Alaska Deferred Maintenance</b>		
509	<b>Non-Residential Projects - by Campus, by Building</b>		
510			
511	Arts Building		23,000
512	Auto/Diesel Building		35,000
513	Aviation Tec. Ctr.		19,000
514	Campus		2,904,435
515	Campus Center		175,000
516	College of Arts & Science		246,100
517	Cuddy Center		110,700
518	Downtown Center		337,950
519	Hartlieb		152,000
520	Buliding K		626,300
521	Library		440,000
522	McDonald		277,450
523	Monserud		604,500
524	Science Building		86,800
525	Short Buliding		564,000
526	Sports Center		412,265
527	Student Center		295,000
528	Williamson		98,800
529		<b>Anchorage Campus Total</b>	<b>7,408,300</b>
530			
531	Campus, KOC		194,800
532	Voc-Ed, KOC		35,500
533		<b>Kodiak Campus Total</b>	<b>230,300</b>
534			
535	Homer, KPC		65,000
536		<b>Kenai Penninsula Campus Total</b>	<b>65,000</b>
537			
538	Campus, MSC		240,000
539	Kertula, MSC		225,000
540		<b>Mat-Su Campus Total</b>	<b>465,000</b>
541			
542	PWSCC		900,000
543		<b>PWSCC Total</b>	<b>900,000</b>
544			
545	<b>University of Alaska Anchorage</b>		<b>9,068,600</b>
546			
547			
548	AHRC		740,000
549	Brooks Building		427,414
550	Bunnell Building		1,910,000
551	Bunnell House		10,000
552	Coal Lab		25,000
553	Consitution Hall		180,000
554	Duckering Building		2,112,000
555	Elvey Building		400,000

	G	H	I
556	Fine arts		1,430,000
557	Geist Museum		1,039,350
558	Gruening Building		70,000
559	Irving I		1,803,000
560	Irving II		385,000
561	O'Neill Building		4,438,000
562	Patty Center		6,100,000
563	Patty Ice Arena		850,000
564	Physical Plant		170,000
565	Rasmuson		570,000
566	UAF Campus Wide		2,909,736
567	Utilities		765,000
568	Wood Center		190,000
569		Fairbanks Campus Total	26,524,500
570			
571	Dillingham		300,000
572		Bristol Bay Campus Total	300,000
573			
574	Admin/Classroom		347,837
575	MAU-WIDE		24,963
576		Chukchi Campus Total	372,800
577			
578	All		150,000
579	Phase I (YLC)		26,000
580	Phase I-II		10,000
581	Phase I-III		30,000
582	Phase III		756,138
583	Sackett Hall		74,962
584		Kuskokwim Campus Total	1,047,100
585			
586	Bookstore		80,000
587	Brown		225,648
588	CES/Storage		41,000
589	Classroom		90,000
590	MAU-WIDE		105,052
591	Nagozruk		115,000
592	Sats A-D		100,000
593		Northwest Campus Total	756,700
594			
595	HSG 1-8		110,008
596	Main Office/Lab		291,992
597		AFES Palmer Total	402,000
598			
599	AG Lab		150,000
600	All		300,000
601	North Garage		9,961
602	Sewage Treat		125,000
603	Straw Mix Facility		37,539

	G	H	I
604	Water Reservoir		200,000
605		AFES Mat-Su Farm Total	822,500
606			
607	University of Alaska Fairbanks		30,225,600
608			
609			
610	Anderson		78,005
611	Bill Ray		12,095
612	Child Care		9,333
613	Child Center		6,667
614	Egan		93,900
615	Lee Street		46,600
616	Marine Tech		14,666
617	Mourant		41,333
618	Novatney		24,000
619	UAS Site		20,000
620	Soboleff		33,334
621	Welding Lab		60,000
622	Whitehead		22,667
623		Juneau Campus Total	462,600
624			
625	Hamilton		16,000
626	Paul/Ziegler/Robert		216,800
627	Ziegler		86,500
628		Ketchikan Campus Total	319,300
629			
630	Hangar 332		300,000
631		Sitka Campus Total	300,000
632			
633	University of Alaska Southeast Total		1,081,900
634			
635	Total Non-Residential Deferred Maintenance Projects		40,376,100
636			
637		Bond Issuance Costs	900000
638		Required Debt Reserve	3723900
639	Total Bond Issue		45,000,000

H B

4 6 8

# HOUSE COMMITTEE REPORT

(9)

Date Referred: February 14, 1994

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/9/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 468

HOUSE BILL NO. 468

FOSTER CARE REVIEW PANEL

"An Act extending the termination date of the Citizens' Review Panel for Permanency Planning."

- RECOMMENDATIONS:  the same title  
 be replaced with \_\_\_\_\_  a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (D:pt/Date)

fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note Admin

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	X	<i>[Signature]</i>	X		
Betty Davis	X	<i>[Signature]</i>		X	
<i>[Signature]</i>	X	<i>[Signature]</i>	✓		
Carl Kunde	✓				

*[Signature]*  
CHAIRMAN'S SIGNATURE

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HB 468

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: "An Act extending the termination date of the BRU: Office of the Commissioner  
Citizens' Review Panel for Permanency Planning" Component: Permanency Planning Board  
 Sponsor: Rep. Toohy  
 Requestor: (H) Hes COMPONENT SERIAL NO. 1888

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY94) cost: none

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Roberley Waldron, Deputy Commissioner Phone: 258-6117  
 Division: Commissioner's Office Date: \_\_\_\_\_  
 Approved by Commissioner: Nancy Bear Usura Date: 3/4/94  
 Agency: Administration

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Official Business

# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

REPRESENTATIVE CYNTHIA TOOHEY

State Capitol  
Juneau, AK 99801-1182

DISTRICT 13

### SPONSOR STATEMENT

#### HOUSE BILL 468

#### **"An Act extending the termination date of the Citizens' Review Panel for Permanency Planning."**

House Bill 468 would extend the termination date of the Citizens' Review Panel for Permanency Planning to 1997. This would be in accordance with the recommendation of the Division of Legislative Audit which completed an audit in September of 1993.

The enabling legislation had bi-partisan support and passed both the House and the Senate unanimously in 1990. It established an external citizens' review process in order to ensure that children do not languish in out-of-home placements, but receive the benefits of a permanent home. The goal of the act was to reunite children with their families, but in those cases where reunification was not in the best interest of the child, the process would expeditiously place the child in a secure, permanent home.

DOA originally made a decision not to implement the panels. It has only been in FY94, the year the panels are scheduled to sunset, that DOA is implementing pilot panels in Anchorage, so there is not yet adequate information to analyze the panels' effectiveness. External citizens' reviews have been on-going as a model project only since mid-December of 1993. Although functional for just a short period of time, the panel submitted an annual report to the legislature.

According to the report, public acceptance of the external review process has been excellent. The office has received numerous calls from parents requesting that their child be reviewed by the citizens' review panels. Foster parents have stated they appreciate being a part of the external review process. The office has been able to provide assistance to Native village councils regarding some procedures.

Citizen Review Panels are in existence in 24 states. It has been shown that not only can children spend less time in out-of-home placements, but cost-savings can result. Your support and co-sponsorship would be appreciated. There is a zero fiscal note.

SPONSOR STATEMENT

CG

CITIZEN'S REVIEW PANEL FOR PERMANENCY PLANNING  
ANNUAL REPORT TO THE LEGISLATURE  
JANUARY 1994

STATE OF ALASKA  
WALTER J. HICKEL, GOVERNOR  
DEPARTMENT OF ADMINISTRATION

900 West Fifth Avenue Suite 710 Anchorage, Alaska 99501  
Telephone: 907/258-6104 FAX number: 907/258-1651

CITIZENS' REVIEW PANEL FOR PERMANENCY PLANNING

MISSION STATEMENT

As stated in the findings and purpose section of Alaska Statute 47.10.400, the Citizens' Review Panel for Permanency Planning has a twofold mission:

1. to establish a process to ensure that children do not linger unnecessarily in out-of-home placements; and,
2. to reunite children with their families by advocating for available and appropriate services to promote reunification. or if the reunification is not in the best interest of the child, to ensure that the child is placed in a permanent home as expeditiously as possible.

CITIZENS' REVIEW PANELS FOR PERMANENCY PLANNING  
SUMMARY OF ACTIVITY  
Fiscal Year 94

The Legislature appropriated \$125,000 for FY94 for the Citizens' Review Panels, a program that provides for external reviews of children in out-of-home placement in the interest of determining a permanent placement. Permanent placement could mean unification with family, adoption, emancipation, or extended out-of-home care.

Planning for implementation began prior to the beginning of the fiscal year. Information from other states was gathered and reviewed to find programs that could be tailored to fit Alaska's situation. The final product uses parts from several states. The program is in Anchorage where half of the children in out-of-home care reside. It was designed to be a model program so that expansion could more easily occur should other funding become available. Since reviews will take place only in Anchorage, the administrative members of the state-wide panel became an advisory board. This avoided the necessity of appointing local panels in an area where citizen reviews would not take place and saved time and expenses for travel of the state-wide panel.

Roberley Waldron supervises the program. The Governor's office was asked to appoint twenty or more citizen panelists. Twenty-one members were appointed and currently there are 15 active panelists.

The program has progressed as follows:

- \* The advisory board met several times to plan for implementation.
- \* A contract was negotiated with a social worker-attorney to devise procedures, forms, etc. to meet all state and federal standards.
- \* The list of panelists was received from the Governor's office on October 29, 1993.
- \* An administrative assistant and social worker III were hired in October, a social worker II in November.
- \* Training of panelists was accomplished in November and the list of children to be reviewed was received.
- \* Seventeen children were reviewed in December.
- \* Twenty-six children have been referred for review in January.

Comments from all associated parties regarding the process have been very favorable. The foster parents are particularly pleased to be included. Several calls have been received from parents asking that their child be reviewed by the panel (referrals are received from the court).

Here is a sample statement from a foster parent regarding her participation in the review process: "This is my first opportunity to comment to the review process. One concern I would like to share is the value of keeping the foster parents apprised of the

status of the case plan. (Child's name) lives in our home. She is a member of our family at this point and we love her. We are concerned about her and work to better her future through DFYS. We think of foster parenting as a team effort and appreciate being included in decisions that touch our lives to the core."

A Social worker wrote in her evaluation, "The panel opened up in my mind a potential resource to further explore for this child."

The review process is complex. A great deal of time and effort is spent in gathering information from the Division of Family and Youth Services (DFYS) files and prepared report for the panelists. At times the information is incomplete which is a deterrent to a good review. It takes about three hours to gather material at DFYS, at least two hours to write a summary of the material to be sent to the panels, and the actual citizens' review requires about one and one-half hours. The panelists and staff are extremely conscientious and take their responsibilities very seriously.

At the end of the fiscal year, OMB will review the data from the external reviews and compare with data from DFYS. At that time, it can be better determined what effect the external reviews are having. During the short period in operation, the staff and advisory board have become convinced that the external review could replace some of the reviews currently done by DFYS. They currently have three types of reviews. The citizen reviews meet the federal guidelines and could replace those reviews required by the federal government (Title 4-E). If that should happen, the funding provided by the federal government should follow the review.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P. O. Box 113300  
Juneau, AK 99811-3300  
(907) 465-3830  
FAX (907) 465-2347

September 1, 1993

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

### DEPARTMENT OF ADMINISTRATION CITIZENS' REVIEW PANEL FOR PERMANENCY PLANNING

September 1, 1993

Audit Control Number

02-1420-93

The audit reports on whether the Citizens' Review Panel for Permanency Planning (the panel) should continue its existence. Currently AS 44.66.010 has the panel scheduled for termination on June 30, 1994 and provides the panel with a year in which to conclude its affairs. We recommend that the legislature extend the panel's termination date to June 30, 1997 with the provision that sufficient funds be appropriated to allow the pilot project in Anchorage to perform reviews that can be used to evaluate the economic feasibility and rate of success for citizens' reviews.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

A handwritten signature in cursive script, appearing to read "Randy S. Welker".

Randy S. Welker, CPA  
Legislative Auditor

## FINDINGS AND RECOMMENDATIONS

### Recommendation No. 1

The legislature should extend the Citizens' Review Panel for Permanency Planning's (the panel's) termination date to June 30, 1997 with the provision that sufficient funds be appropriated to allow the pilot project in Anchorage to perform reviews that can be used to evaluate the economic feasibility and rate of success for citizens' reviews.

Although the enabling legislation for the establishment of citizens' review panels was passed in 1990, the Department of Administration (DOA) originally made a decision to not implement the panels. It has only been in fiscal year 1994, the year the panels are scheduled to sunset, that DOA is implementing pilot panels in one Alaskan city, Anchorage. Because the panels were never established, there are no activities to analyze to determine the panels' effectiveness.

The Department of Health and Social Services (DHSS), Division of Family and Youth Services (DFYS) has been performing permanency planning reviews to meet federal requirements. However, as explained in the Analysis of Public Need section of this report, we do not find DFYS' internal reviews fulfilling the entire objectives of the State's statutes, which establish an external review process. Alaska Statute 47.10, Article 5 specifically creates a Citizens' Review Panel for Permanency Planning and prescribes the duties, appointments, and reporting requirements of the panels.

There also remains a perception among foster care providers, guardians ad litem, court system personnel, and the general public that DFYS' internal reviews do not achieve real permanency planning for children and there continues to be widespread support for citizens' review panels. Because of this perceived need, we believe that the Anchorage pilot project in citizens' panels should be continued until June 1997 to gather data to determine the panels' effectiveness. The pilot project needs to implement a system that meets federal requirements and achieves real permanency planning for children. Effectiveness can be measured by the length of time children remain in foster care and by savings associated with children no longer being part of the foster care system.

If the data from the pilot project shows that citizens' review panels are effective, then decisions need to be made on whether and how to expand the panels to other regions in Alaska. Also, if the citizens' reviews prove to meet federal requirements, DFYS will be able to stop their internal review process and concentrate their resources on case management. DOA should pursue the possibility of receiving federal funding for the activities of the citizens' panels.

## I. OVERVIEW OF REVIEW SYSTEMS

### A. PURPOSE OF FOSTER CARE REVIEW

The purpose of foster care review is to assure that children do not linger unnecessarily in foster care, but rather that they receive the support and benefits of a permanent home. Permanence is defined as a home which holds together during crisis and provides a lasting, trusting, and nurturing environment. The return of the child to the biological family is the ideal permanent goal; however, when this is not possible, the goal becomes to place the child in another stable, permanent home.

### B. IMPORTANCE OF REVIEW SYSTEMS

#### 1. Impact of Foster Care on Children

Children need the stability and support of a permanent home and family in order to grow and flourish; they need the sense of lifelong belonging and continuity that only a permanent home can provide. Children in foster care represent a huge potential loss in both financial and human terms.

It is estimated that almost half a million children pass through state foster care systems in this country every year. In fiscal year 1985, for example, federal government figures show that an average of 108,000 children were in foster care in any given month. The foster care system places a financial burden on U.S. taxpayers that was estimated at \$2 billion. The cost in human potential was- and remains- inestimable, since research indicates a direct correlation between child abuse and neglect and later juvenile delinquency and adult criminality.

When a child is placed in foster care, it is intended to be a short-term solution to an emergency situation. In the past, however, all too often foster care placements resulted in the child being destined to obscurity within the child welfare system. The ideal of assuring a permanent home for every child fell by the wayside while the child was set adrift among different foster families and group homes. The child's vital developmental years were lost, since he was neither free to return home to his natural parents nor eligible to be adopted by a new and permanent family.

Throughout the 1970's, judges, social workers, attorneys and child advocacy groups began to recognize that the U.S. foster care system was failing to respond to the needs of many abused and neglected children and their families. Many children were "adrift" in the system without regular or timely review of their placement. Crowded court calendars and understaffed child welfare agencies were contributing to an increase in the number of children and lengths of time spent in substitute care.

Concern for children lingering unnecessarily in foster care continued to mount throughout the decade. Among solutions proposed by child advocacy organizations were the comprehensive implementation of permanency planning case work and foster care placement monitoring through regular case reviews. A new resource was also identified to help monitor foster care children and to advocate on their behalf: citizen volunteers.

*(from South Carolina which has had a  
citizens review system in place since 1974.*



## ALASKA CHAPTER

## NATIONAL ASSOCIATION OF SOCIAL WORKERS ALASKA CHAPTER

1727 Wickersham Drive  
Anchorage, Alaska 99507  
(907) 563-4502  
FAX (907) 563-4504

Executive Director  
Angela Salerno, ACSW

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Kodiak

#### STUDENT REPRESENTATIVE

Mary Joa Stasch  
Fairbanks

March 8, 1994

Representative Cynthia Toohey  
State Capitol  
Room 104  
Juneau, AK 99801-1182

Dear Representative Toohey:

The Alaska Chapter National Association of Social Workers fully supports HB 468 which would provide for the continuation of the Citizen's Review Panel for permanency planning in Alaska. NASW strongly advocated for the development of this review board, and continues to urge its utilization as a proven method for enhancing the effectiveness of the child protection system. We believe that through this type of review, Alaskan children now growing up in out-of-home care will have a better chance at being reunited with their families, or in finding a permanent adoptive home.

Please feel free to call me with comments or questions.

Sincerely,

Angela M. Salerno, ACSW  
Executive Director, NASW Alaska Chapter

# Alaska Foster Parent Association

---

P.O. Box 142135  
Anchorage, Alaska 99514  
FRANK WASMER, President

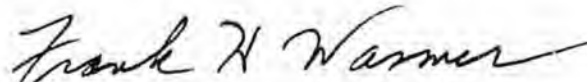
February 25, 1994

The Honorable Cynthia Toohy  
Alaska State Legislature  
P.O. Box V (MS3100)  
Juneau, Alaska 99811

Dear Representative.

We of the Alaska Foster Parent Association wish to express our heartfelt appreciation for your sponsorship of HB 468 extending the termination date of Citizen Review Panels. This process will go far in resolving continuing problems faced by neglected and abused children and the citizens who volunteer as foster parents to care for them.

We support, without qualification, the external review process under Alaska Statute 47.10.400.

  
Frank H. Wasmer



NATIONAL  
ASSOCIATION  
OF FOSTER  
CARE REVIEWERS

190 W. OSTEND STREET, SUITE 201  
BALTIMORE, MARYLAND 21230  
1-800-368-0136

Corinne F. Driver  
Executive Director  
98 Oldchester Road  
Essex Fells, NJ 07021  
201-226-0235

March 7, 1994

Representative Cynthia Toohey  
State Capitol, Room 104  
Juneau, AK 99801

Re: HB468-Citizen Review Panel for Permanency Planning

Dear Representative Toohey:

I am writing in support of the above legislation which would extend the current expiration of citizen review legislation in Alaska until June 30, 1997. NAFCR originally funded a pilot project in Anchorage in 1988, and William Hitchcock, who serves as Children's Court Master in Anchorage, is currently president of NAFCR.

It is my understanding that the implementation of citizen review has only just begun in Anchorage in the latter part of 1993. Extending the life of this legislation will enable that project to serve as a model on which further decisions can be made about funding, organization and support for a more extensive program statewide. In the experience of NAFCR, such model or pilot programs often serve as the blueprint for the design of a system that truly meets the individual state's needs.

In some 24 states across the country, citizen review systems are operating at either the state or local level. We believe that such systems are critically necessary to insure both balance and accountability in the handling of children in foster care. Alaska has a great opportunity to build its system from the base of knowledge already being amassed by the Anchorage program.

Sincerely,

cc: William D. Hitchcock  
President  
NAFCR

**Sec. 47.10.400. Citizens' review panel for permanency planning.** (a) There is created in the Department of Administration the Citizens' Review Panel for Permanency Planning. The state panel consists of five voting members appointed by the governor from among present members of local citizen review panels established under AS 47.10.420. The governor shall appoint at least one voting state panel member from each judicial district. The governor may not appoint a person who has committed a felony or violated AS 11.51.130 or a law with substantially similar elements. The panel also includes the following five nonvoting members who serve ex officio or their designees: the commissioner of health and social services, the director of the office of public advocacy, the attorney general, the public defender appointed under AS 18.85.030, and the chief justice of the Alaska Supreme Court.

(b) Appointed members of the state panel serve at the pleasure of the governor for staggered terms of three years or until their successors are appointed.

(c) The voting members of the state panel shall elect from among the voting members a chair who shall serve for one year. Three voting members of the state panel constitute a quorum for the transaction of business. The panel may not take official action without the affirmative vote of at least three of its members.

(d) Members of the state panel are entitled to reimbursement for actual expenses necessary to perform their duties as state panel members. The reimbursement may not exceed the amount of per diem and expenses authorized for boards and commissions under AS 39.20.180.

(e) The state panel shall meet twice annually. Meetings may take place telephonically.

(f) The state panel may employ a program coordinator who shall serve at the pleasure of the state panel. The program coordinator shall employ staff as necessary to carry out the program coordinator's duties under state panel directives and to provide clerical assistance to local panels. (§ 2 ch 117 SLA 1990)

**Cross references.** — For terms of initial appointees to the review panel, see § 7, ch. 117, SLA 1990 in the Temporary and Special Acts.

**Sec. 47.10.410. Duties of the state panel.** The state panel shall

- (1) by regulation adopt policies and procedures to carry out its duties and to govern the performance of the duties of the local panels established under AS 47.10.420;
- (2) ensure that local panel members receive the minimum level of training necessary to effectively carry out their duties;

A CASE FOR COMPREHENSIVE  
HEALTH CARE REFORM:  
*The Costs of Doing Nothing*



*Prepared by*



AMERICAN ASSOCIATION OF RETIRED PERSONS  
PUBLIC POLICY INSTITUTE

*October 1993*

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*For additional information, please contact:  
Health Team, Public Policy Institute, Division of Legislation and Public Policy,  
AARP, 601 E Street, N.W., Washington, DC 20049 202-434-3890*

# Without health care reform, your family's payment for the nation's health care bill will grow.

The Jones Family

PAY TO THE ORDER OF U.S. Health Care System \$9,377.24



*Bob and Belh Jones*


⑆00 2100 66⑆ 770⑆ 364076⑆ 2121

1993

2000

The Jones Family

PAY TO THE ORDER OF U.S. Health Care System \$16,983.60



*Bob and Belh Jones*

⑆00 2100 66⑆ 770⑆ 364076⑆ 2121

Prepared by AARP Public Policy Institute

SOURCE: HCFA and Bureau of Census. Figures are averages based on total national health expenditures.

## **WITHOUT HEALTH CARE REFORM, YOUR FAMILY'S PAYMENT FOR THE NATION'S HEALTH CARE BILL WILL GROW**

Description: Health care costs have risen dramatically in recent years and are expected to continue on this path under the current health care system. How much does this increase affect Americans' personal pocketbooks? This chart shows that the per-household payment for the nation's health care bill in 1993 is \$9,377. **If Congress and the President do not enact comprehensive health care reform to reduce health care costs, by the year 2000 the payment by each American household is expected to almost double to \$16,983.**

Among the items included in the household payment are health insurance premiums and cost-sharing (i.e., deductibles and coinsurance), bills for health services not covered by insurance, government taxes used for health care programs, lower wages due to rising employer contributions for health insurance, and higher product prices.

Sources: Burner, S.T., Waldo, D.R., and McKusick, D.R. "National Health Expenditure Projections Through 2030." Health Care Financing Review, Fall 1992, Vol. 14, No. 1.

U.S. Department of Commerce, Bureau of the Census. "Projections of the Number of Households and Families: 1986 to 2000." Current Population Reports, Series P-25, No. 986.

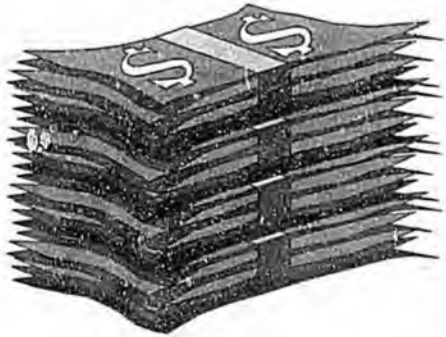
Methods: The per-household health care payment was calculated by dividing total national health expenditures for 1993 and 2000 by the total number of households projected for the same years.

Total national health expenditures, which represent all of the nation's health expenditures, include spending by all sources for personal health care, program administration, net cost of private health insurance, government public health activities, research, and construction of medical facilities. Roughly 90 percent of all health expenditures are for personal health care, which include hospital care, physician and dental services, other professional services, home health care, nursing home care, drugs and other medical non-durables, vision products and other medical durables, and other personal health care.

Series C projections (i.e., projections based on Series C assumptions) were used for the total number of households in 1993 and 2000, as this series produced a 1990 projection that was closest to the actual 1990 population.

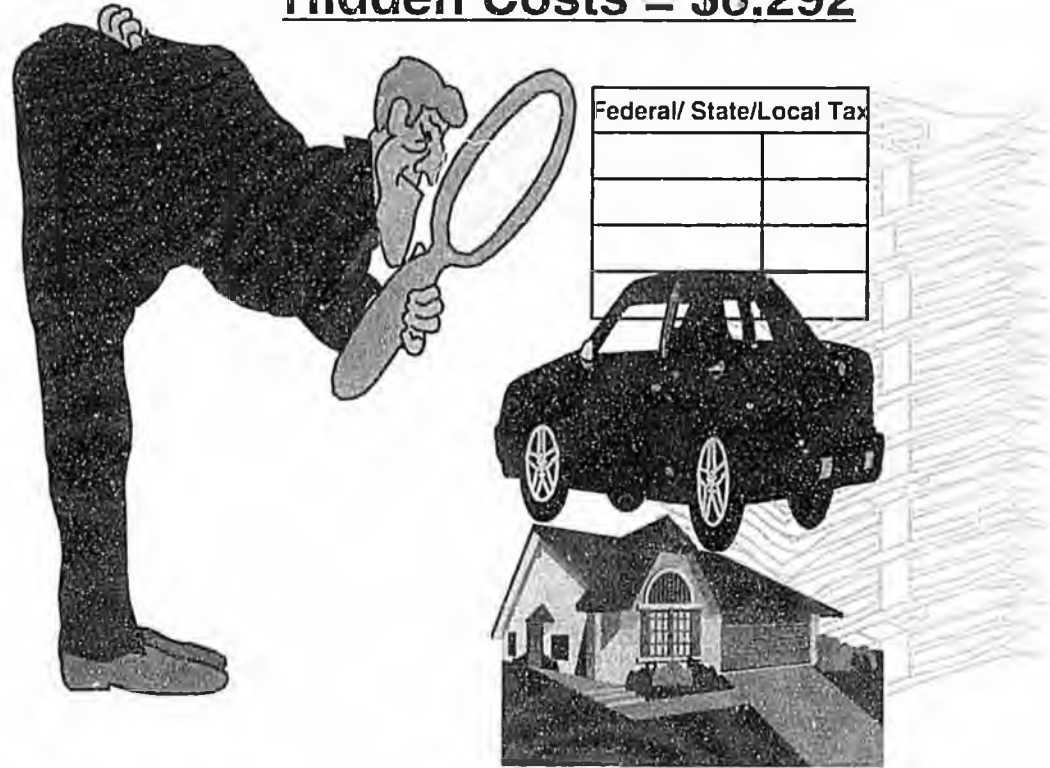
# Hidden costs are a major share of the average family's health care bill in 1993.

Visible Costs = \$3.085



Deductibles and coinsurance  
Uncovered services and goods (e.g., long term care, prescription drugs, mental health)  
Consumer health insurance premiums  
Specific taxes (Medicare Part A)

Hidden Costs = \$6.292



Higher product prices (e.g., automobiles, groceries)  
Lower wages due to employer contributions  
General taxes (e.g., property, sales, income) for public programs (e.g., Medicare Part B, Medicaid, government hospitals)

Prepared by AARP Public Policy Institute

SOURCE: HCFA, HHS, and Bureau of Census. Figures are averages based on total national health expenditures.

## HIDDEN COSTS ARE A MAJOR SHARE OF THE AVERAGE FAMILY'S HEALTH CARE BILL IN 1993

Description: Americans generally are aware of the high health care costs paid directly out of their pockets: these payments include health insurance premiums, coinsurance, deductibles, and bills for uncovered services. However, they may not be aware of all the other *larger yet hidden* ways that households pay for this country's health care. This chart shows that only about one-third of per-household spending on health care in 1993 is for costs that are "visible" to consumers. **Households pay the vast majority of their health care bill -- roughly two-thirds or \$6,292 in 1993 -- through costs that are not as readily apparent but that still come out of their pockets.** "Hidden" costs include the lower wages received because employers have to spend more on health insurance, as well as the higher consumer prices charged by manufacturers seeking to offset their rising health care costs. In addition, federal, state, and local taxes paid by residents are used to help finance government health programs, such as Medicare and Medicaid, and government-sponsored health facilities.

Sources: U. S. Department of Health and Human Services, HHS News, January 29, 1993.

Cowan, C.A. and McDonnel, P.A. "Business, Households and Governments -- Health Spending, 1991." Report of HCFA Office of the Actuary.

Burner, S.T., Waldo, D.R., and McKusick, D.R. "National Health Expenditure Projections Through 2030." Health Care Financing Review, Fall 1992, Vol. 14, No. 1.

U.S. Department of Commerce, Bureau of the Census. "Projections of the Number of Households and Families: 1986 to 2000." Current Population Reports, Series P-25, No. 986.

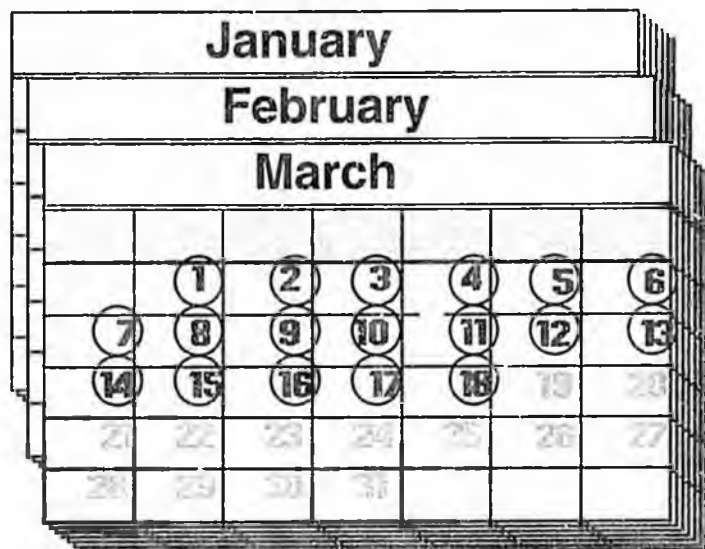
Methods: The percentage of direct vs. indirect spending on health care in 1993 was calculated by applying the actual 1991 percentages for these types of spending to the projection of per-household health care payments in 1993.

Direct spending was defined as including employee contributions to health insurance premiums, premiums for individual policies, Medicare Part B premiums, employee payroll tax and voluntary premiums for Medicare Hospital Insurance (HI) trust fund, and out-of-pocket spending. Indirect spending consisted of employer (both private and government) contributions to health insurance premiums, employer contributions to Medicare HI trust fund, workers' compensation and disability insurance, industrial inplant health services, non-patient revenue, research and construction, and federal, state and local health programs.

The per-household health care payment was calculated by dividing total national health expenditures by the total number of households projected for 1993. Total national health expenditures, which represent all of the nation's health expenditures, include spending by all sources for personal health care, program administration, net cost of private health insurance, government public health activities, research and construction of medical facilities. Series C projections (i.e., projections based on Series C assumptions) were used for the total number of households in 1993.

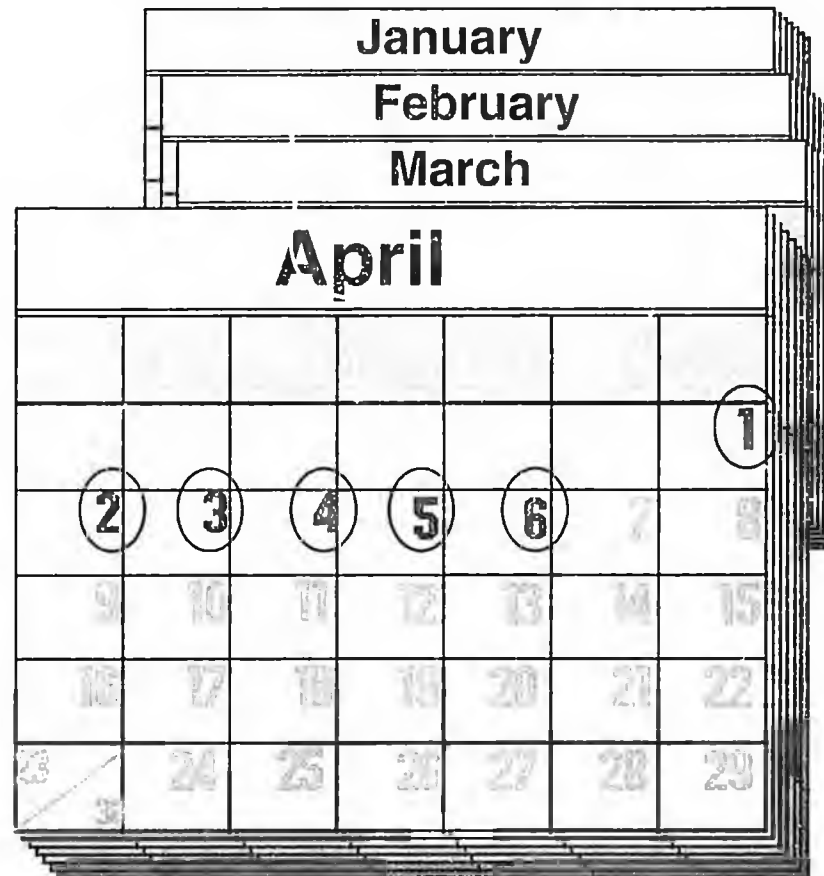
# Without reform, rising health care costs will take three more weeks of your family's income.

1993



77 days

2000



97 days

Prepared by AARP Public Policy Institute  
SOURCES: HCFA, Bureau of Census, and Laurence Meyer Associates.  
Figures are averages based on total national health expenditures.

## **WITHOUT REFORM, RISING HEALTH CARE COSTS WILL TAKE THREE MORE WEEKS OF YOUR FAMILY'S INCOME**

Description: This chart shows that U.S. health care costs are so high that, in 1993, they "consumed" the equivalent of all income from January 1 through March 18, or 77 days worth. **Unless Congress and the President enact comprehensive health care reform, an additional three weeks of household income will be devoted to health care costs by the year 2000.** In that year, it is projected that households will not finish paying their health care bill until April 6, accounting for nearly 100 days worth of household income.

Sources: U.S. Department of Commerce, Bureau of the Census. "Measuring the Effect of Benefits and Taxes on Income and Poverty: 1979-1991." Current Population Reports, Series P-60, No. 182-RD.

Laurence H. Meyer & Associates, Ltd. "Long-Term U.S. Economic Outlook," June 15, 1993.

Burner, S.T., Waldo, D.R., and McKusick, D.R. "National Health Expenditure Projections Through 2030." Health Care Financing Review, Fall 1992, Vol. 14, No. 1.

U.S. Department of Commerce, Bureau of the Census. "Projections of the Number of Households and Families: 1986 to 2000." Current Population Reports, Series P-25, No. 986.

Methods: The number of days worth of income accounted for by household payment for the nation's health care bill was calculated on the basis of 365 days in a year.

Mean household income was defined as before-tax money income including capital gains, government cash transfers, and health insurance supplements. This 1991 figure was inflated at the rate of growth in nominal Gross Domestic Product (GDP) to arrive at a 1993 and 2000 projected income.

The per-household health care payment was calculated by dividing total national health expenditures for each year by the total number of households projected for 1993 and 2000. Total national health expenditures, which represent all of the nation's health expenditures, include spending by all sources for personal health care, program administration, net cost of private health insurance, government public health activities, research, and construction of medical facilities. Series C projections (i.e., projections based on Series C assumptions) were used for the total number of households in 1993 and 2000.

# Without health care reform, what is your risk of being uninsured for an entire year in the future?



**1 in 4, if you are single without children.**

**1 in 7, if you are age 30-54.**

**1 in 8, if your head of family works full-time, full-year.**

**1 in 9, if you are a professional services worker.**

**1 in 10, if you are employed by a large firm.**

**Without reform, no one is protected from being uninsured.**

Prepared by AARP Public Policy Institute

SOURCE: Employee Benefit Research Institute, 1993. Data are for 1991.

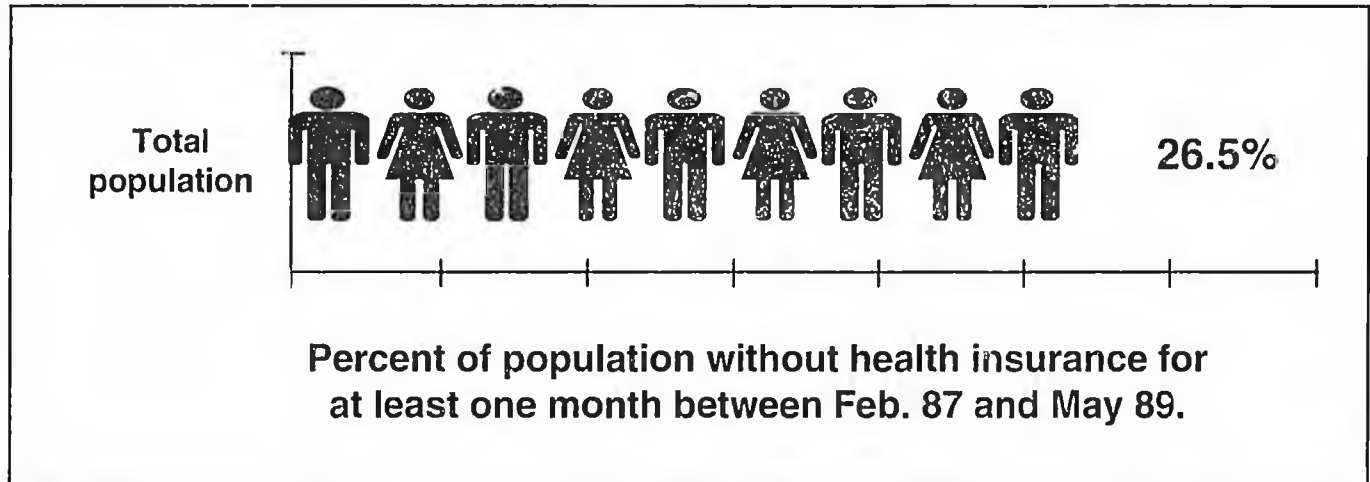
## **WITHOUT HEALTH CARE REFORM, WHAT IS YOUR RISK OF BEING UNINSURED FOR AN ENTIRE YEAR IN THE FUTURE?**

Description: While it is a well-known fact that over 37 million Americans are uninsured, there are widespread misconceptions about the composition of this population. For example, some believe that the uninsured population consists only of the unemployed, the less educated, persons with low income, or single-parent households. Although the risk of being uninsured is greatest among people with these characteristics, the truth is that the average middle-class American is not necessarily protected from a similar fate. The lack of health coverage is more pervasive than most people realize; for example, in 1991, 85 percent of the uninsured belonged to families headed by workers. **Without health care reform, the prospect of being without coverage threatens the security of all individuals, including middle-aged people, persons without children, members of families with a full-time year-round worker, employees of large firms, and people employed in professional services.**

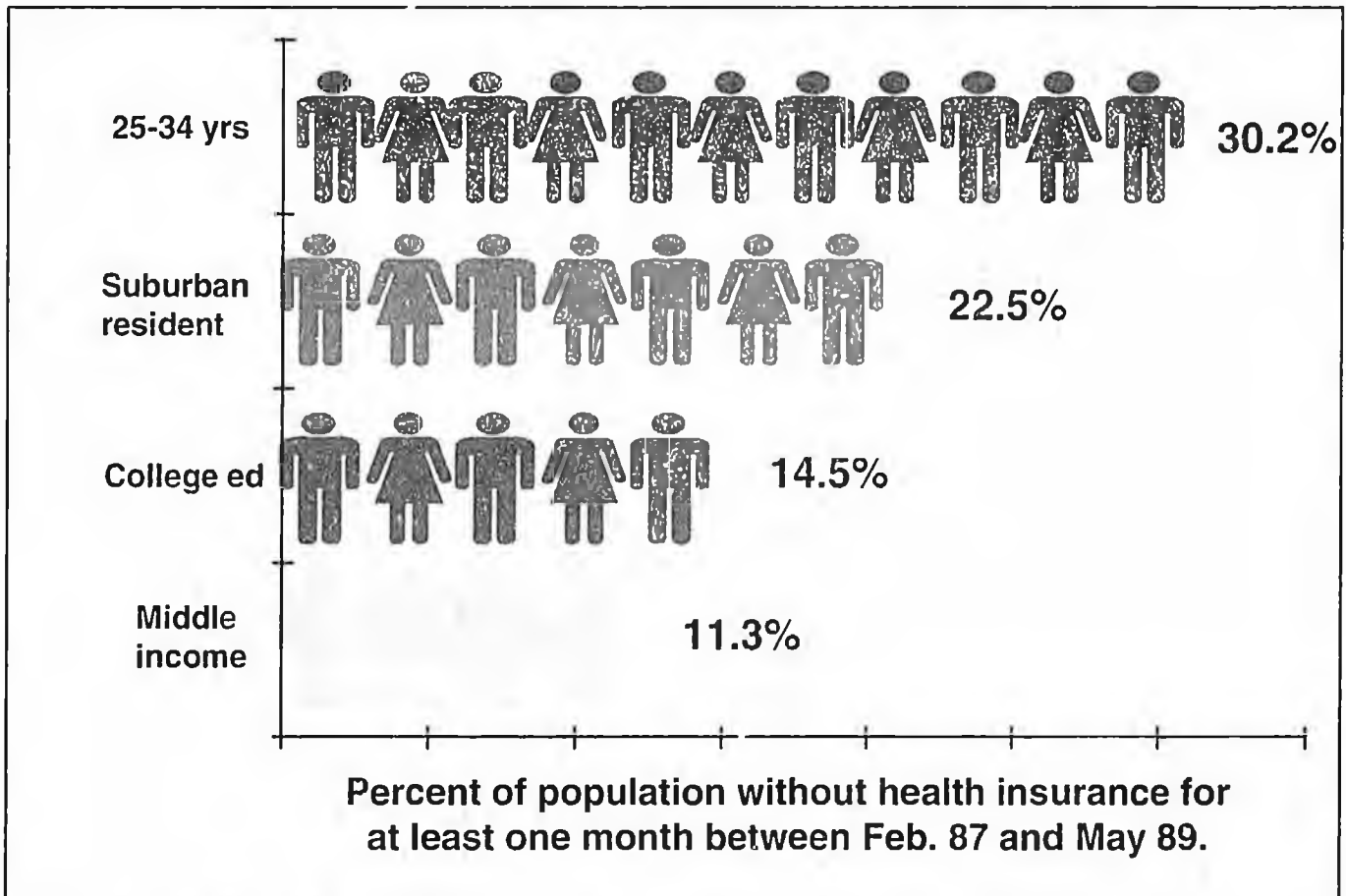
Source: Employee Benefit Research Institute. "Sources of Health Insurance and Characteristics of the Uninsured, Analysis of the March 1992 Current Population Survey." Issue Brief Number 133, Special Report 16. Washington, D.C., January 1993.

Methods: The uninsured refers to noninstitutionalized individuals (excluding active duty military workers and members of their families) who were not covered by private health insurance and did not receive publicly financed health assistance. Large firms are defined as those with 500 or more employees.

# Without health care reform, you are at risk of being without health insurance for at least one month. . .



## . . . even if you think you're not!



**WITHOUT HEALTH CARE REFORM, YOU ARE AT RISK OF BEING WITHOUT HEALTH INSURANCE FOR AT LEAST ONE MONTH. . . EVEN IF YOU THINK YOU'RE NOT!**

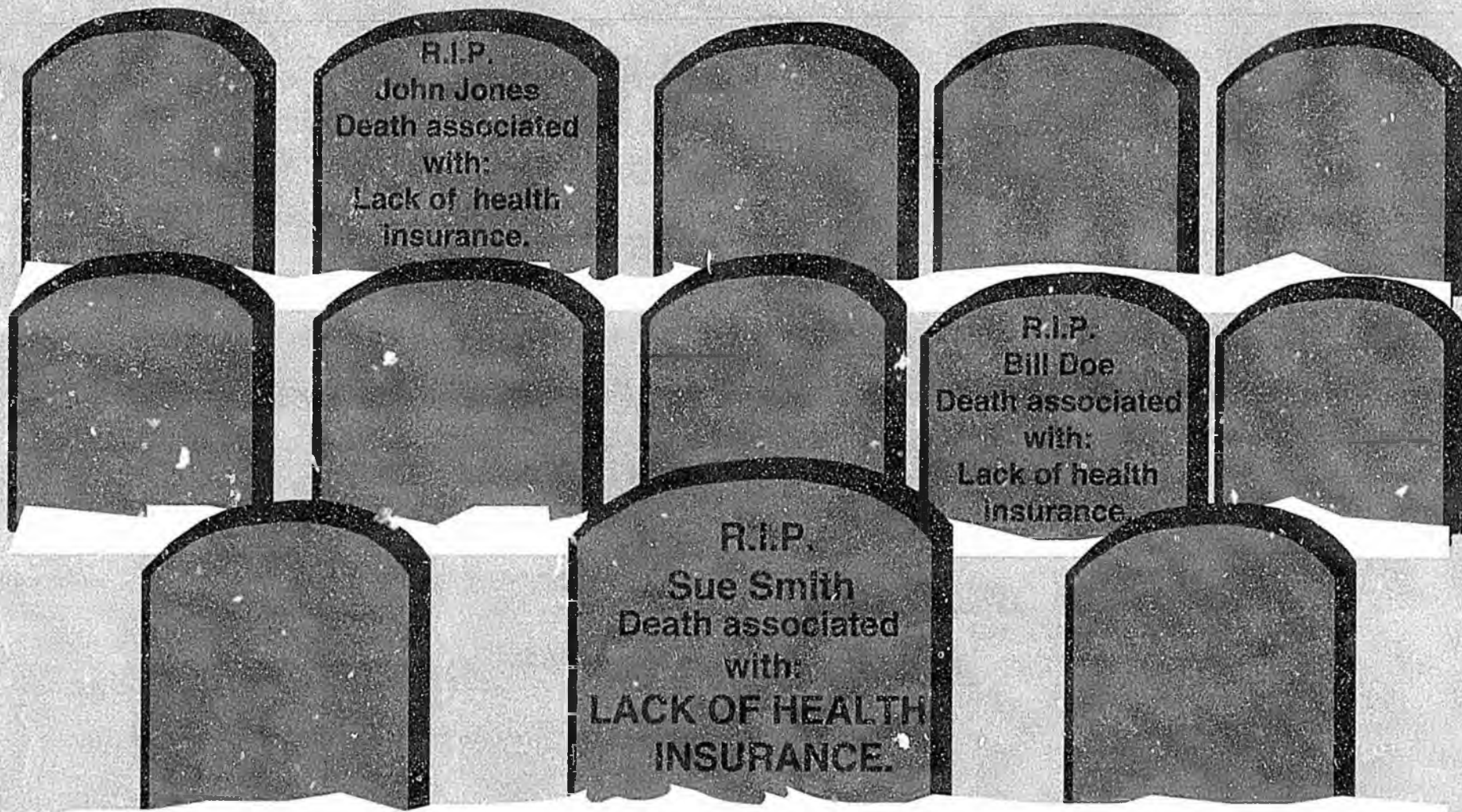
Description: Some individuals lack health insurance for long periods of time, while others experience loss of coverage for one or more months at a time. In fact, while approximately 15 percent of the population typically lacks coverage *throughout* the year, more than one in four Americans lacked health insurance for shorter periods. Between February 1987 and May 1989, 26.5 percent of all persons lacked health insurance for at least one month. **Without health care reform, the risk of being without coverage for at least short periods of time is significant, even for individuals not typically viewed as vulnerable -- those living in the suburbs, those with college educations, middle-income individuals, and people in their late 20s and early 30s, who are likely to have established employment.**

The consequence of being without health insurance for even short periods of time can be dramatic and far-reaching. During one month without health insurance, a woman might discover breast cancer, or fail to discover it because she could not afford the office visit or screening tests. Or, a child could become seriously ill or be injured in an accident. When a family is able to resume coverage after not having had it for a period of time, it may find that insurers impose limitations or exclusions on coverage for conditions or illnesses that were acquired during the period of uninsurance. Without coverage, even for a specific condition, a family may face medical bills that could jeopardize its economic security for years to come.

Source: U.S. Bureau of the Census. Current Population Reports, Series P-70, No. 29, "Health Insurance Coverage: 1987-1990 (Selected Data from the Survey of Income and Program Participation)." U.S. Government Printing Office, Washington, D.C., 1992.

Methods: Middle income is defined as an income-to-poverty ratio of 4 or over.

**Lack of health coverage affects more than money: you face a risk of death 25% higher if you are uninsured than if you are insured.**



11

## **LACK OF HEALTH COVERAGE AFFECTS MORE THAN MONEY: YOU FACE A RISK OF DEATH 25% HIGHER IF YOU ARE UNINSURED THAN IF YOU ARE INSURED**

Description: There are important advantages associated with having health insurance. For example, insured people pay a smaller proportion of their health care expenses out-of-pocket than do their insured counterparts. They are also less likely to receive inadequate care. It is well established that the lack of health insurance is associated with reduced access to medical care in the form of delayed or forgone care for serious symptoms, fewer physician visits, and a lower use of recommended preventive services; further, health services for the uninsured are usually obtained on an emergency basis.

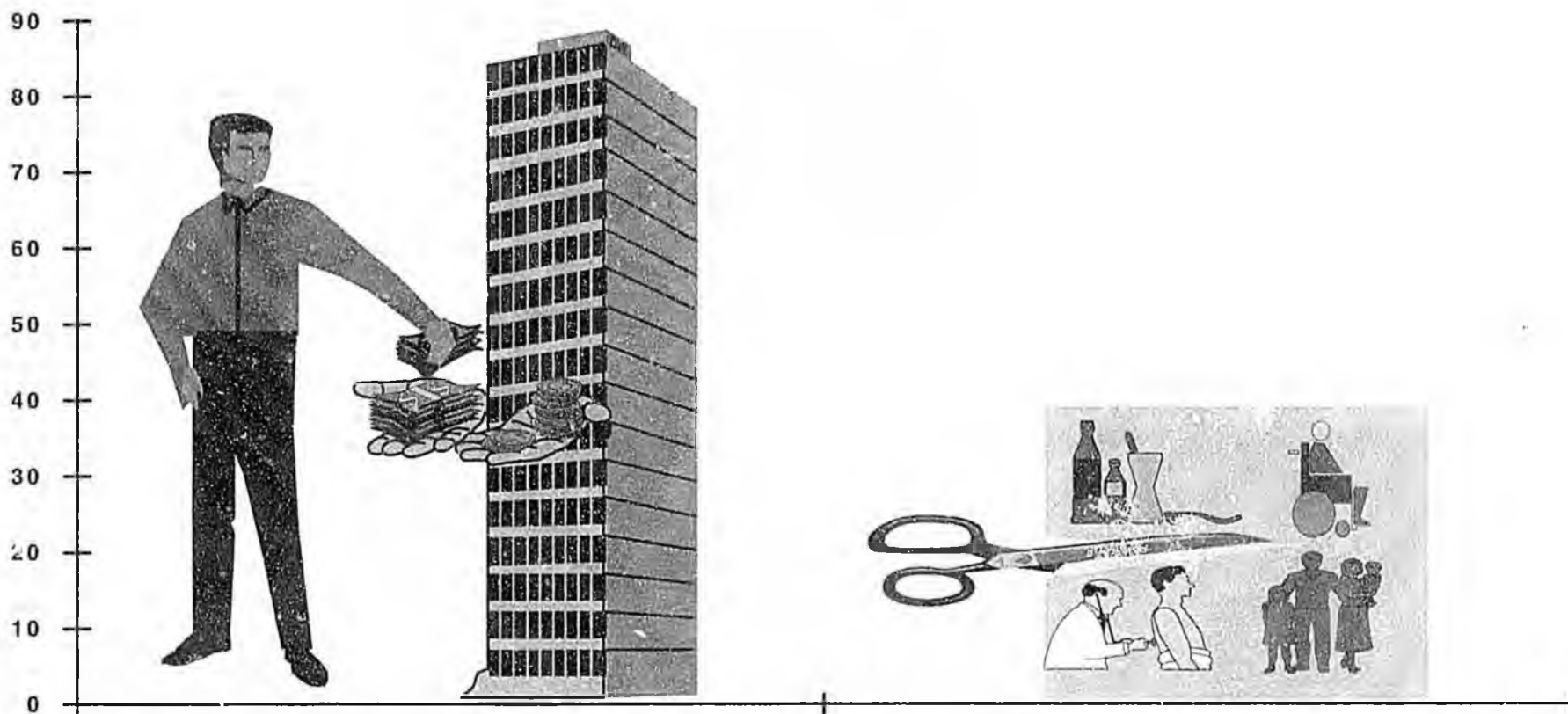
Among those who receive services, the uninsured are more likely than those with insurance to have hospitalizations that might have been avoided and are sicker at the time of hospital admission; they are also less likely to undergo high-cost procedures. In addition, the lack of health insurance has been associated with declines in health and functional status and an increased risk of suffering medical injury from substandard care. **Recent research indicates that the lack of health insurance places an individual at a 25 percent greater risk of subsequent mortality than his or her insured counterpart.** Health care reform is needed to reduce both the financial barriers to receiving health services and the risk of premature death.

Source: Franks, P., Clancy, C.M., and Gold, M.R. "Health Insurance and Mortality: Evidence from a National Cohort." Journal of the American Medical Association, Vol. 270, No. 6, August 11, 1993.

Methods: The relationship between lack of health insurance and risk of subsequent mortality was examined by analyzing data from the National Health and Nutrition Examination Survey Epidemiologic Follow-up Study. Adults older than 25 years who reported being uninsured or privately insured in the first NHANES, a representative cohort of the U.S. population, were followed prospectively from initial interview in 1971 through 1975 until 1987. The analysis adjusted for gender, race, baseline age, education, income, employment status, the presence of morbidity on examination, self-rated health, smoking status, leisure exercise, alcohol consumption, and obesity.

# Without health care reform, employees can expect to pay more in the future for their health benefits and/or receive less in coverage.

13



**90% of employers would increase employee share of premiums.**

**40% of employers would cut employees' medical benefits**

Prepared by AARP Public Policy Institute

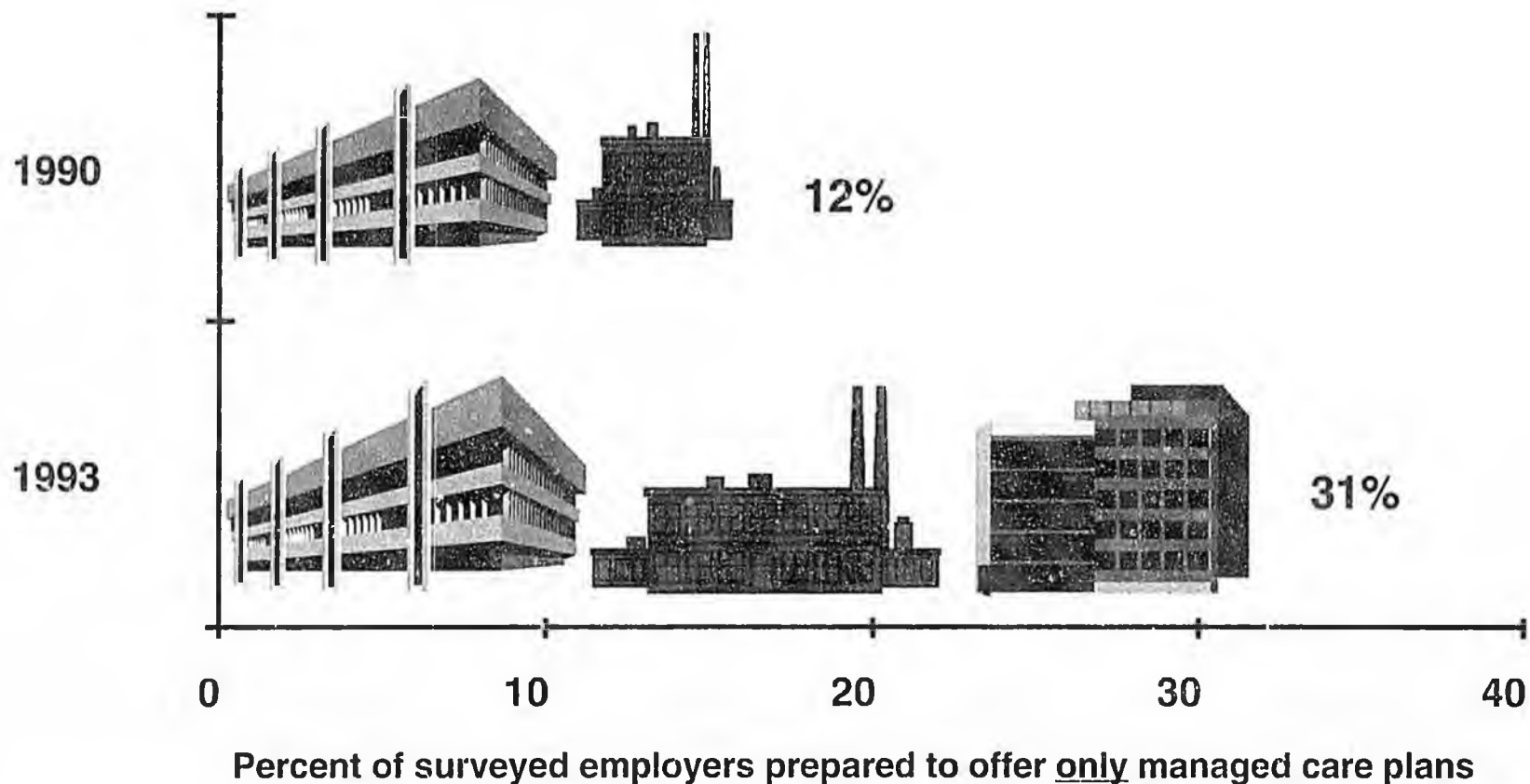
SOURCE: Annual National Executive Poll as presented in Business & Health, July 1993

## **WITHOUT HEALTH CARE REFORM, EMPLOYEES CAN EXPECT TO PAY MORE IN THE FUTURE FOR THEIR HEALTH BENEFITS AND/OR RECEIVE LESS IN COVERAGE**

Description: Along with life insurance and paid time off, medical care is one of the most prevalent employee benefits offered to workers in medium and large establishments. However, Americans, whether working or retired, are now more concerned about their employer-provided health benefits than about any other benefit, including pensions. **Rapidly rising health benefit costs have led employers -- large and small, in the private and public sectors -- to reduce benefits and shift a greater share of the costs onto workers and their families.** In 1991, for the first time since 1979 when the Bureau of Labor Statistics began surveying employee benefits, more workers with medical care coverage contributed to their coverage than did not, both for individual and family coverage. Furthermore, a recently released national poll of business executives found that 90 percent of employers surveyed -- up from 76 percent in 1992 -- would increase their employees' share of premiums if increasing health benefit costs force them to trim their health benefits programs. Additionally, 40 percent of those surveyed -- up from just 16 percent a year earlier -- would cut their employees' medical benefits. Without health care reform, employees are likely to see more of these kinds of changes.

Source: Business & Health, "The Annual National Executive Poll on Health Care Costs and Benefits," July 1993.

**Without health care reform, employees can expect to have their choice of health care plans restricted as employers respond to rising costs.**



Prepared by AARP Public Policy Institute

SOURCE: Annual National Executive Poll as presented in *Business & Health*, July 1993 and April 1990.

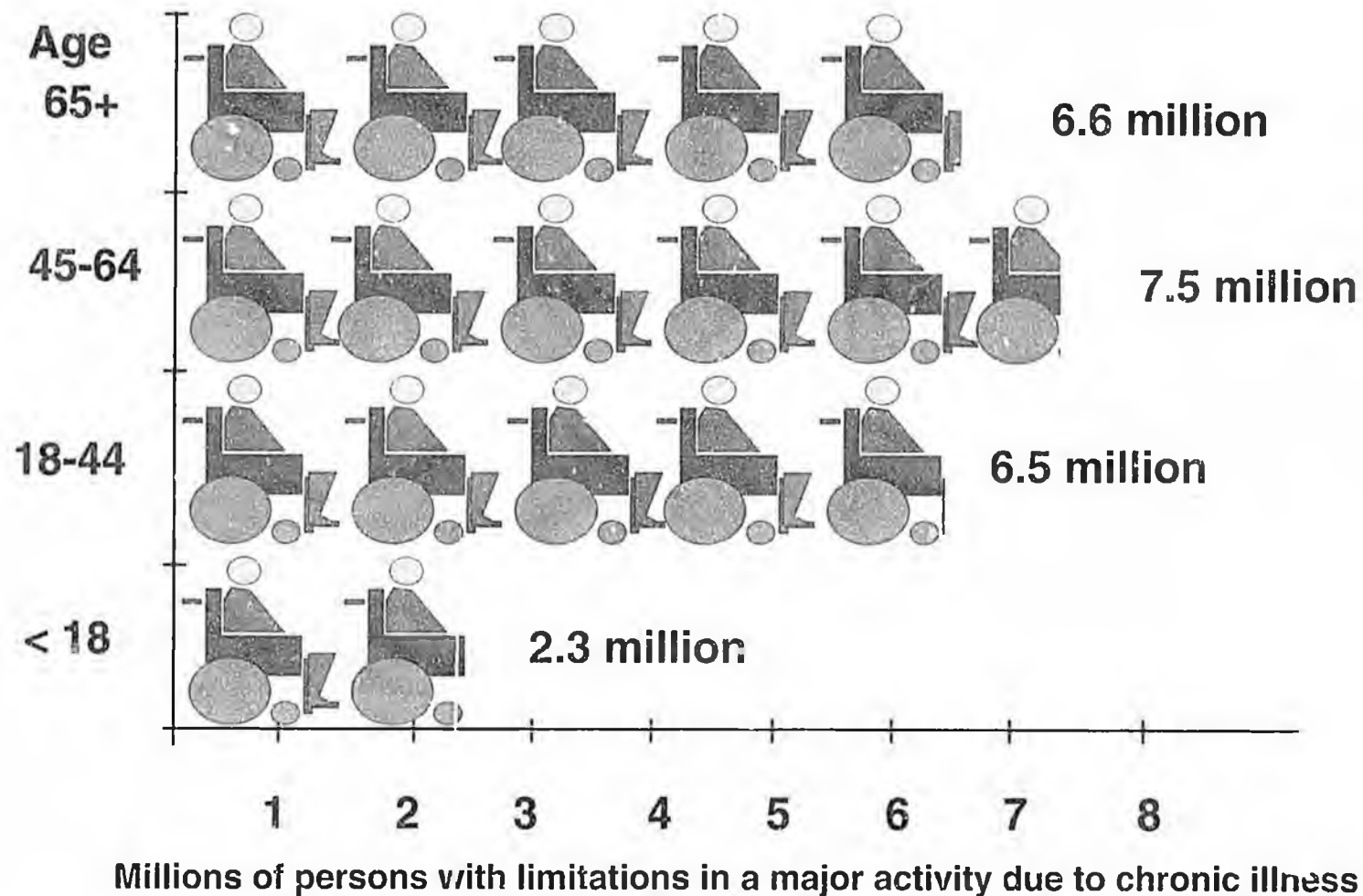
## **WITHOUT HEALTH CARE REFORM, EMPLOYEES CAN EXPECT TO HAVE THEIR CHOICE OF HEALTH CARE PLANS RESTRICTED AS EMPLOYERS RESPOND TO RISING COSTS**

Description: Increasingly, employers are offering managed care options in response to escalating health care costs. According to the Bureau of Labor Statistics (BLS), traditional fee-for-service plans covered two-thirds (67 percent) of medical plan participants in 1991, down from 74 percent in 1988. Health maintenance organizations (HMOs) and preferred provider organizations (PPOs) covered about one-sixth each (17 percent and 16 percent, respectively). Earlier, more limited-scope surveys by BLS found that, in 1980, only 2 percent of health plan participants were in HMOs and 98 percent of plan participants were covered by a fee-for-service plan.

Recent evidence indicates that rising costs are increasingly leading employers to introduce benefit changes that may limit employee choice of health insurance plan. **A 1993 survey found that 31 percent of executives would consider dropping traditional insurance and offering only managed care plans in order to trim the cost of health programs -- up from 22 percent in 1992.** Unless an employer offers a point-of-service option (i.e., one that permits employees to decide at the time of service whether to use providers who participate with the plan), workers must often choose between only two or three plans, each with a limited choice of providers. This can mean that longstanding physician-patient relationships are severed, and that workers must pay out of their own pockets to maintain continuity of care.

Source: *Business & Health*, "The Annual National Executive Poll on Health Care Costs and Benefits," July 1993.

**Without reform that includes long-term care, any member of your family may face uncovered expenses due to disability.**



## WITHOUT REFORM THAT INCLUDES LONG-TERM CARE, ANY MEMBER OF YOUR FAMILY MAY FACE UNCOVERED EXPENSES DUE TO DISABILITY

Description: The image of long-term care is often associated with nursing homes filled with frail senior citizens with disabilities. **However, individuals of any age can find themselves in need of long-term care services at any time.** In fact, individuals between the ages of 45 and 64 made up the largest group of people in 1990 who were limited in their ability to perform major activities due to chronic illness and therefore at risk of requiring long-term care at some point in their lives, either at home or in a nursing home. Roughly 7.5 million individuals between the ages of 45 and 64 had limitations in a major activity in their daily lives, compared to 6.6 million over the age of 65 and nearly 6.5 million between the ages of 18 and 44. In addition, approximately 2.3 million *children* experienced these limitations in 1990.

Source: Adams, P.F. and Benson, V. "Current Estimates from the National Health Interview Survey." National Center for Health Statistics. Vital and Health Statistics, Series 10, No. 181, 1991.

Methods: The definition of a major activity in the 1990 National Health Interview Survey varies by age: (a) ordinary play for children under age 5, (b) attending school for those aged 5-17, (c) work or keeping house for persons 18-69 years old, and (d) capacity for independent living (the ability to bathe, dress, shop, etc., without needing the help of another person) for those age 70 and older. The purpose of this broad definition is to measure disability in the context of the particular environment and challenges associated with activities at different ages.

**Without reform that includes comprehensive long-term care,  
43% of older people face substantial out-of-pocket costs  
due to nursing home stays.**



**43% of 65-year-olds will use nursing homes  
during their lifetimes.**



**1 out of 2 65-year-old women will use  
nursing homes during their lifetimes.**



**1 out of 3 65-year-old men will use  
nursing homes during their lifetimes.**

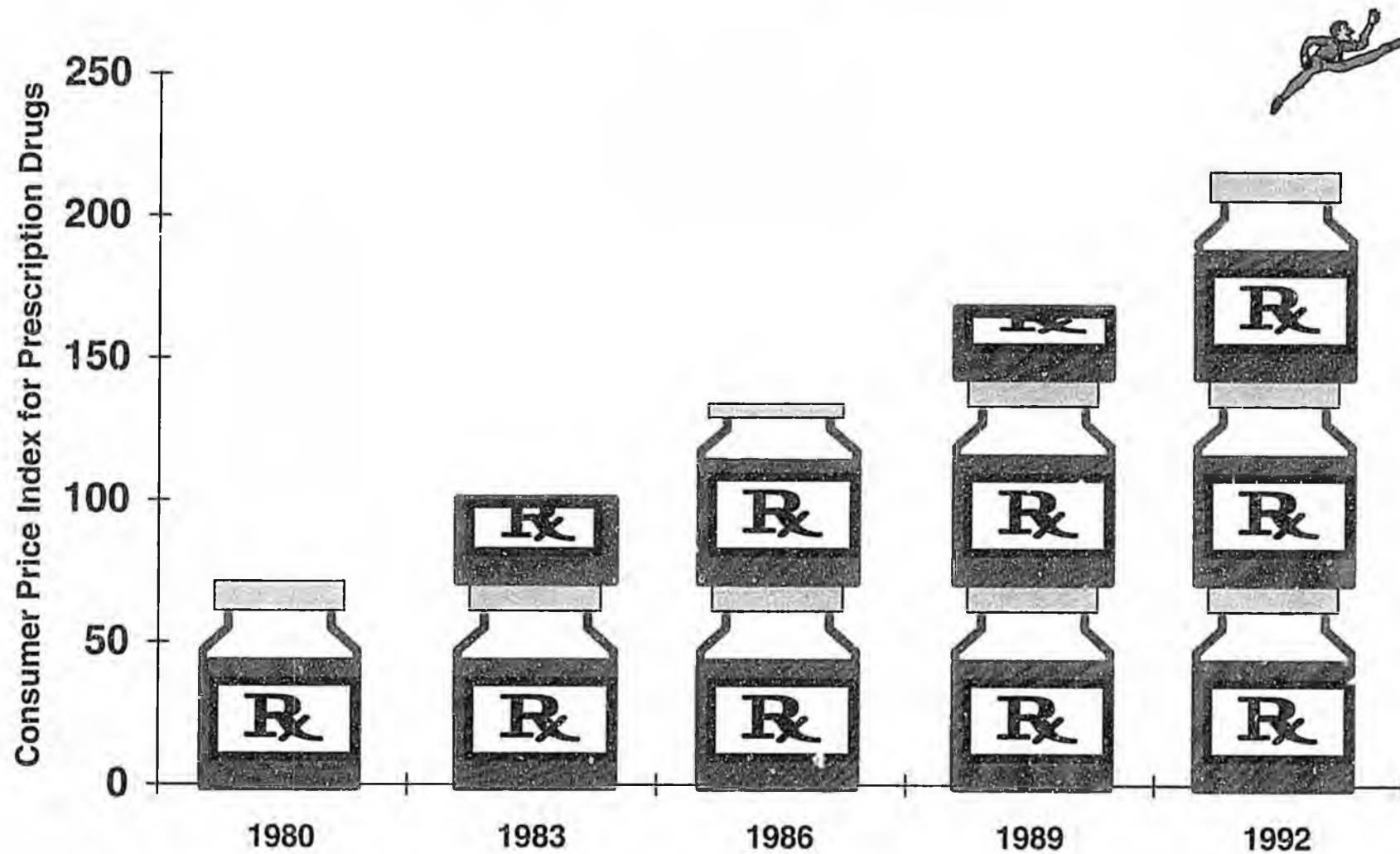
**WITHOUT REFORM THAT INCLUDES COMPREHENSIVE LONG-TERM CARE,  
43% OF OLDER PEOPLE FACE SUBSTANTIAL OUT-OF-POCKET COSTS DUE TO  
NURSING HOME STAYS**

Description: Today, a one-year stay in a nursing home can cost an average of \$30,000 and as high as \$60,000 in some states. **Although 43 percent of persons age 65 in 1990 -- one in two women and one in three men -- will use a nursing home at some point in their lives, without health care reform that includes comprehensive long-term care, few will be able to pay for it without incurring substantial out-of-pocket costs.** Medicare offers very little coverage for long-term care, paying only for post-hospital nursing home stays of limited duration. A relatively small percentage of individuals has private long-term care insurance; this insurance is prohibitively expensive for too many people and may yield few benefits for those who do purchase it. And, while Medicaid covers nursing home care for those without financial resources, it has strict financial eligibility criteria that require individuals to first exhaust most assets and virtually all income. Furthermore, under the current system, long-term care services for those who wish to remain at home or in the community typically must be paid out-of-pocket.

Sources: Kemper, P. and Murtaugh, C.M. "Lifetime use of nursing home care." New England Journal of Medicine, Vol. 324, No. 9, pp. 595-600, 1991.

Methods: Data for this analysis were obtained from the 1986 National Mortality Followback Survey. The next-of-kin of a nationally representative sample of adults who died in 1986 were asked the total amount of time spent in nursing homes by the deceased. These estimates were used to project future nursing home use by persons who were 65 in 1990. The projections were adjusted to account for the effects of increasing life expectancy and the differing composition of the two groups.

Without health care reform, prescription drug prices--which more than doubled in the 1980s--could double again.



## **WITHOUT HEALTH CARE REFORM, PRESCRIPTION DRUG PRICES -- WHICH MORE THAN DOUBLED IN THE 1980s -- COULD DOUBLE AGAIN**

Description: While outpatient prescription drugs are commonly covered under employer-sponsored insurance plans and for Medicaid recipients, the Office of Technology Assessment estimates that 25 to 30 percent of the population still do *not* have health insurance for prescription drugs. Lack of coverage for drugs is a particular problem for older Americans; this population relies more on medications to maintain its health than younger age groups but has substantially less coverage. Medicare, the major insurance program for the elderly, generally does not cover outpatient prescription medicines. Many individuals, particularly older Americans, are denied access to essential -- often life-saving -- medications or are forced to make choices between paying for medications or forgoing other necessities because they cannot afford high prescription drug prices. **Between 1980 and 1990, prescription drug prices rose 151 percent, increasing even more than medical inflation and almost three times as much as general inflation.** This trend in drug prices persisted between 1990 and 1992, when drug prices increased more than medical inflation and nearly three times the rate of general inflation. Without health care reform that includes enforceable cost containment, drug prices will continue to rise at unaffordable rates during the 1990s.

Sources: U.S. Bureau of Labor Statistics, Washington, D.C. [Unpublished data].

U.S. Bureau of the Census, Statistical Abstract of the United States: 1992 (112th edition), Washington, D.C., 1992.

U.S. Bureau of the Census, Statistical Abstract of the United States: 1989 (109th edition), Washington, D.C., 1989.

# Without health care reform, cuts in only public programs lead to higher charges for privately insured patients

When Medicare pays less.....private patients pay more.



Prepared by AARP Public Policy Institute  
SOURCE: Congressional Budget Office. Data are for 1991.

## WITHOUT HEALTH CARE REFORM, CUTS IN ONLY PUBLIC PROGRAMS LEAD TO HIGHER CHARGES FOR PRIVATELY INSURED PATIENTS

Description: In response to growing budget deficits in the past several years, Congress has cut public health insurance programs -- Medicare and Medicaid -- without limiting the explosive growth in the rest of the health care system. This fragmented approach has not solved the health care cost problem; rather, it has exacerbated increases in health costs as hospitals have responded since the mid-1980s by charging private patients more. **By 1991, Medicare paid only 88% of the hospital costs of treating Medicare patients (or \$880 per \$1,000 in costs), Medicaid paid only 82% of the cost of treatment, but private insurers and private-pay patients paid 130% of hospital treatment costs (or \$1,300 per \$1,000 in costs).** Looked at another way, Medicare hospital payments were only 68% of what private insurance paid, relative to the cost of treatment, in 1991. Medicaid paid an even lower proportion. This means that employers and workers alike pay what could be considered a health "cost-shifting" tax that increases each time Medicare and Medicaid payments are cut. Without health care reform that provides system-wide limits on costs, hospitals, physicians and other health care providers simply charge privately insured patients more when public insurance programs reduce payments.

Source: Congressional Budget Office, "Responses to Uncompensated Care and Public-Program Controls on Spending: Do Hospitals 'Cost Shift'?", May 1993.

Methods: Medicare and private insurance payments are defined as the amount of revenues hospitals receive from each source per \$1,000 in hospital costs associated with treating patients with health coverage from that source.

# Without health care reform, cuts in only public programs affect patient access to physician services.

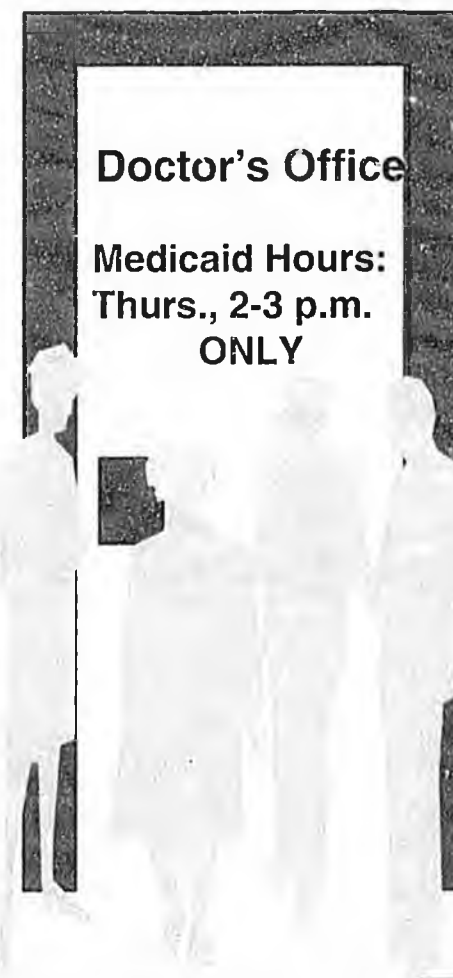


Doctors receive highest payments from privately insured patients.



No longer taking new Medicare patients.

Doctors receive 35% less from Medicare.



Doctors receive 45% less from Medicaid.

## WITHOUT HEALTH CARE REFORM, CUTS IN ONLY PUBLIC PROGRAMS AFFECT PATIENT ACCESS TO PHYSICIAN SERVICES

Description: Under the current health care system, doctors receive higher payments for privately insured patients than for other patients. It is projected that, in 1994, these differences will result in Medicare paying only 65 cents for every dollar that private insurance pays for physician care, and Medicaid paying only 55 cents for every private-pay dollar. **Because payment rate differences make doctors less willing to treat Medicaid and Medicare patients, this growing gap is causing access problems for Medicaid patients and may also be causing problems for Medicare patients.** Widespread evidence indicates that low Medicaid payment levels lead physicians to limit the number of Medicaid patients they treat. Further, in areas where Medicaid fees are lowest, Medicaid patients are less likely to receive care in a physician's office and more likely to get care in outpatient departments, emergency rooms, health clinics, and community and migrant health centers. In addition, Medicare and Medicaid patients are more than twice as likely as privately insured patients to travel more than an hour to their usual source of health care; once at their usual source of medical care, Medicaid patients are almost three times more likely than privately insured patients to wait more than an hour to see a provider. There is also anecdotal evidence that new Medicare patients are having trouble finding doctors who will treat them.

Without health care reform, cuts restricted only to public programs may exacerbate access problems. Health care reform is needed to reduce the variation in payment rates and remove the disincentive to serve Medicare and Medicaid patients.

Source: Physician Payment Review Commission. "Optional Payment Rates for Physicians: An Analysis of Section 402 of H.R. 3626." March 1992.



**AMERICAN ASSOCIATION OF RETIRED PERSONS**  
**PUBLIC POLICY INSTITUTE**  
601 E Street, N.W.  
Washington, DC 20049

LR 51-47 (1093)

HB

472

# HOUSE COMMITTEE REPORT

(9) Date Referred: February 14, 1994 FURTHER REFERRALS: Judiciary

Date of Committee Action: 3/1/94

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: HB 472

HOUSE BILL NO. 472 REFERRALS INVOLVING DENTAL SERVICES

"An Act relating to referrals involving dental services."

RECOMMENDATIONS: | | the same title  
 be replaced with \_\_\_\_\_ | | a new title

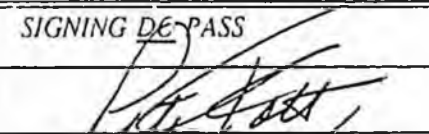

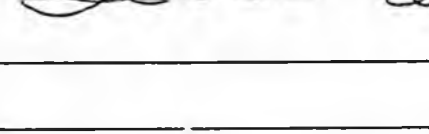
- have attached amendments(s)
- do pass
- do not pass
- no recommendations
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

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

fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_

zero fiscal note CED  zero fiscal note(s) \_\_\_\_\_

SIGNING DE PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
	✓	None noted		X	
	✓	Can Beurde		✓	
	✓	Harley Alberg		✓	

  
 CHAIRMAN'S SIGNATURE

# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

**BILL NO. HB 472**

Revision Date: 2/25/94  
 Title: An Act relating to referrals involving dental services.  
 Sponsor: Rep. G. Davis  
 Requestor: Rep. G. Davis

Department: Commerce and Economic Dev.  
 BRU: Occupational Licensing  
 Component: Operations  
 COMPONENT SERIAL NO. 1844

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

CAPITAL EXPENDITURES						
CHANGE IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 General Fund							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Estimate of any current year (FY 94) cost: \$ None

POSITIONS		FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
FULL-TIME		0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME		0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY		0.0	0.0	0.0	0.0	0.0	0.0

**ANALYSIS:** (Attach a separate page if necessary)  
 HB 472 amends authority of the Board of Dental Examiners to discipline a licensee for receiving compensation for referring a person to another dentist or dental practice. If investigations arise as a result of this bill, it may be necessary to seek increased appropriation to recuperate those costs through other sources, such as the Legislative Budget and Audit Committee. However, until then, new funds are not required to implement HB 472.

Prepared by: Jennifer Strickler, Administrative Officer *JS* Phone: 465-2144  
 Division: Occupational Licensing Date: 2/25/94  
 Approved by Commissioner: Paul Fuhs *Paul Fuhs* Date: 2-28-94  
 Agency: Commerce and Economic Development

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Alaska State Legislature  
 House of Representatives  
 COMMITTEE ON HEALTH, EDUCATION  
 AND SOCIAL SERVICES

DATE: 3/1/94

PLACE: Capitol Room 106

SUBJECT OF MEETING:  
 \* HB 507: LICENSING OF OPTOMETRISTS & PHYSICIANS  
 \* HB 492: REFERRALS INVOLVING DENTAL SERVICES  
 \* HB 324: EXTEND BOARD OF DENTAL EXAMINERS  
 \* INDICATES FIRST PUBLIC HEARING

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Jon Lehmann MD	A.S.M.A.	700 KATLIAN "E" - SITE A	99835		747-5861	<input checked="" type="checkbox"/>	<input type="checkbox"/>	# 507
						<input type="checkbox"/>	<input type="checkbox"/>	
						<input type="checkbox"/>	<input type="checkbox"/>	
						<input type="checkbox"/>	<input type="checkbox"/>	
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						<input type="checkbox"/>	<input type="checkbox"/>	

LYN1100-R01  
03/05/94

LEGISLATIVE TELECONFERENCE NETWORK

PAGE 01  
19:19:38

TCN: 40407 DATE & TIME: 03/01/94 15:00 TO 17:00 STATUS:7 STATS. IN

\*\*\*\* ORDER SUMMARY \*\*\*\*

SPONSOR: HHES HOUSE HEALTH, EDUCATION AND SOCIAL SERVI CHAIRS: TOOMEY  
PURPOSE: PUB PUBLIC HEARING LEGISLATIVE BUNDE  
CONTACT: LYNNE SMITH TEL#: (907)465-6825  
CHAIRING SITE: JUNEAU CAPITOL CAP106

SPONSOR REMARKS(PUB): TESTIMONY:Y ALLOWED 8 MINUTE LIMIT  
TCN REQUESTED ON 03/01/94 AND HAS 3 UPDATES

\*\*\*\* AGENDA \*\*\*\*

- 1 HB 507 LICENSING OF OPTOMETRISTS AND PHYSICIANS
- 2 HB 472 REFERRALS INVOLVING DENTAL SERVICES
- 3 HB 361 APPROP: EDUCATION FUNDING FOR FY 95

\*\*\*\* PARTICIPATING LIOS \*\*\*\*

\* JNU JUNEAU CAPITOL CAP106 LOCATION STAFF

\*\*\*\* VOLUNTEER & OFFNET SITES \*\*\*\*

PSC MRG WRANGELL LTC	LONGSHOREMEN'S	MABEL FENNIMORE	(907)874-3013
ZZZ OF1 OFFNET 1	ANCHORAGE	DR. MCGUIRE	(907)562-4142
ZZZ OF2 OFFNET 2	SOLDOTNA	DAN PITTS	(907)262-4989
ZZZ OF3 OFFNET 3	TANANA	RON DELAY	(907)366-7208



# Alaska State Legislature

Interim.  
P.O. Box 1287  
Soldotna, AK 99669  
(907) 262-8414




Session:  
State Capitol  
Juneau, AK 99801  
(907) 465-2693

Representative Gary L. Davis

## MEMORANDUM

TO: Representative Con Bunde, Co-Chair  
HESS Committee  
Representative Cynthia Toohey, Co-Chair  
HESS Committee

FROM: Representative Gary L. Davis, Vice-Chair  
HESS Committee 

DATE: February 17, 1994

RE: House Bill 472, "An Act relating to referrals involving dental services."

I respectfully request that House Bill 472 be scheduled for a hearing by the HESS Committee at your earliest convenience.

House Bill 472 will prohibit the receipt of compensation by a dentist for referring a person to another dentist or dental practice. In addition, the receipt of compensation by a person or advertisement referring a dental service is prohibited unless the compensation for referral is disclosed at the time of referral. This legislation will help ensure that patients are being referred to a dentist or dental practice as a result of the quality service.

SPONSOR REQUEST FOR HEARING

*Representing House District 8 - Soldotna to Seward*

# Alaska State Legislature

Interim:  
P.O. Box 1287  
Soldotna, AK 99669  
(907) 262-8414



Session:  
State Capitol  
Juneau, AK 99801  
(907) 465-2693

Representative Gary L. Davis

## SECTIONAL ANALYSIS

### HOUSE BILL 472

"An Act relating to referrals involving dental services."

Section 1 - Amends AS 08.36.315 by adding a new subsection relating to the grounds for discipline, suspension, or revocation of a license for the receipt of compensation for referring a person to another dentist or dental practice.

Section 2 - Amends AS 45.50.471 (b) by adding two new paragraphs relating to the receipt of compensation by a dentist or advertiser for referring a person to a dentist or dental practice.

SECTIONAL ANALYSIS

*Representing House District 8 - Soldotna to Seward*

- BACKGROUND HB 472

February 25, 1994

Dr. Pitts -

These are the incidents that I know of that pertain to the dental referral service. Is this what you want?

In Fairbanks, a dentist called the dental referral service and was told that the service only referred to dentists:

who were in good standing with the dental society, and  
who did high quality work

The dentist replied that this company must refer to most of the dentists in the Fairbanks area if that was the criteria which was used. The referral service then admitted that they refer to the dentists who pay them to refer.

In Anchorage a dentist expressed concern that one of his patients had called the dental referral service listed in the yellow pages for a referral to an orthodontist and made an appointment with the dentist to whom he was referred. During the initial evaluation the dentist related that because the nature of the case he would have to consult with an orthodontist.

The patient then questioned the dentist as to his qualifications because he was led to believe that he had come to an orthodontist, when in fact he had been referred to a general dentist.

Following this call to our office concerning the dental referral service, several people called the number listed in the telephone book, giving various names and home addresses in various parts of town, and requesting various specialists. No matter what zip code was given, no matter what specialist was requested, the referral service only referred to 2 practices in Anchorage. Neither office was a specialty practice. One was a member of the dental society, another was not. There are 150 dentists in the Anchorage area who are members of the dental society.

The dental referral service has never asked the dental society which dentists are in good standing.

*Betty*

BETTY PRENTICE  
DIRECTOR OF OPERATIONS  
ALASKA DENTAL SOCIETY

BACKGROUND



## Alaska Dental Society

3400 Spenard Road, Suite 10  
Anchorage, Alaska 99503  
(907) 277-4675 • FAX: 274-2960

Wednesday, February 23, 1994

Representative Gary Davis  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 99801-1182

Dear Representative Davis:

The Alaska Dental Society is pleased to provide you with the attached information sheet relative to the following House and Senate Bills currently under review:

**Senate Bill 201 - *COORDINATING INSURANCE BENEFITS***

**House Bill 324 - *KEEPING THE BOARD OF DENTAL EXAMINERS***

**House Bill 476 - *ANY WILLING PROVIDER (Freedom of Choice for Dental Patients)***

**House Bill 472 - *DENTAL REFERRAL SERVICES (Disclosure of fees paid)***

The information sheet provides you with a comparison of the various types of dental reimbursement plans currently being offered to employees as well as a glossary of dental benefits terminology. We have devised this chart as a means of educating people about the differences between the various programs.

*The Alaska Dental Society supports all of the above legislation because it helps protect the interests and freedoms of our patients. If you have any questions with regards to the information contained herein, please contact the Alaska Dental Society at (907) 277-4875.*

Sincerely,

The Alaska Dental Society

American Dental Association

BACKGROUND FOR HB 472

E

ADA  
PRINCIPLES OF  
ETHICS  
AND CODE OF

C  
PROFESSIONAL  
CONDUCT

American Dental Association  
Council on Ethics, Bylaws and Judicial Affairs  
211 East Chicago Avenue  
Chicago, Illinois 60611  
With official advisory opinions  
revised to January, 1993.

With official advisory opinions  
revised to January, 1993.

ADA.

BACKGROUND  
HB 472

### *Principle - Section 5*

#### **PROFESSIONAL ANNOUNCEMENT.**

In order to properly serve the public, dentists should represent themselves in a manner that contributes to the esteem of the profession. Dentists should not misrepresent their training and competence in any way that would be false or misleading in any material respect.\*

### *Code of Professional Conduct*

#### **5-A. ADVERTISING.**

Although any dentist may advertise, no dentist shall advertise or solicit patients in any form of communication in a manner that is false or misleading in any material respect.\*

### *Advisory Opinions*

1. If a dental health article, message, or newsletter is published under a dentist's byline to the public without making truthful disclosure of the source and authorship or is designed to give rise to questionable expectations for the purpose of inducing the public to utilize the services of the sponsoring dentist, the dentist is engaged in making a false or misleading representation to the public in a material respect.

2. The Council on Ethics, Bylaws and Judicial Affairs believes it would be of service to the members to provide some insight into the meaning of the term "false or misleading in a material respect." Therefore, the following examples are set forth. These examples are not meant to be all-inclusive. Rather by restating the concept in alternative language and giving general examples, it is hoped that the membership will gain a better understanding of the term. With this in mind, statements shall be avoided which would: a) contain a material misrepresentation of fact, b) omit a fact necessary to make the statement considered as a whole not materially misleading, c) contain a representation or implication regarding the quality of dental services which would suggest unique or general superiority to other practitioners which are not susceptible to reasonable verification by the public, and d) be intended or be likely to create an unjustified expectation about results the dentist can achieve.

3. The use of an unearned or nonhealth degree in any general announcements to the public by a dentist may be a representation to the public which is false or misleading in a material respect. A dentist may use the

of unearned or nonhealth degrees could be misleading because of the likelihood that it will indicate to the public the attainment of a specialty or diplomate status. It may also suggest that the dentist using such is claiming superior dental skills.

For purposes of this advisory opinion, an unearned academic degree is one which is awarded by an educational institution not accredited by a generally recognized accrediting body or is an honorary degree. Generally, the use of honorary degrees or nonhealth degrees should be limited to scientific papers and curriculum vitae. In all instances state law should be consulted. In any review by the council of the use of nonhealth degrees or honorary degrees, the council will apply the standard of whether the use of such is false or misleading in a material respect.

4. A dentist using the attainment of a fellowship in a direct advertisement to the general public may be making a representation to the public which is false or misleading in a material respect. Such use of a fellowship status may be misleading because of the likelihood that it will indicate to the dental consumer the attainment of a specialty status. It may also suggest that the dentist using such is claiming superior dental skills. However, when such use does not conflict with state law, the attainment of fellowship status may be indicated in scientific papers, curriculum vitae, third party payment forms, and letterhead and stationery which is not used for the direct solicitation of patients. In any review by the council of the use of the attainment of fellowship status, the council will apply the standard of whether the use of such is false or misleading in a material respect.

5. There are two basic types of referral services for dental care: not-for-profit and the commercial.

The not-for-profit is commonly organized by dental societies or community services. It is open to all qualified practitioners in the area served. A fee is sometimes charged the practitioner to be listed with the service. A fee for such referral services is for the purpose of covering the expenses of the service and has no relation to the number of patients referred.

In contrast, experience has shown that commercial referral services generally limit access to the referral service to one dentist in a particular geographic area. Prospective patients calling the service are referred to the single subscribing dentist in the geographic area

the referral fee paid by the dentist. There is a connotation to such advertisements that the referral that is being made is in the nature of a public service.

A dentist is allowed to pay for any advertising permitted by the Code, but is generally not permitted to make payments to another person or entity for the referral of a patient for professional services. While the particular facts and circumstances relating to an individual commercial referral service will vary, the council believes that the aspects outlined above for commercial referral services violate the Code in that it constitutes advertising which is false or misleading in a material respect and violate the prohibitions in the Code against fee splitting.

6. An advertisement which omits a material fact or facts necessary to put the information conveyed in the advertisement in a proper context can be misleading in a material respect. An advertisement to the public of HIV negative test results, without conveying additional information that will clarify the scientific significance of this fact, is an example of a misleading omission. A dental practice should not seek to attract patients on the basis of partial truths which create a false impression.

#### 5-B. NAME OF PRACTICE.

Since the name under which a dentist conducts his or her practice may be a factor in the selection process of the patient, the use of a trade name or an assumed name that is false or misleading in any material respect is unethical.

Use of the name of a dentist no longer actively associated with the practice may be continued for a period not to exceed one year.\*

#### Opinion

1. Dentists leaving a practice who authorize continued use of their names should receive competent advice on the legal implications of this action. With permission of a departing dentist, his or her name may be used for more than one year, if, after the one year grace period has expired, prominent notice is provided to the public through such mediums as a sign at the office and a short statement on stationery and business cards that the departing dentist has retired from the practice.

#### 5-C. ANNOUNCEMENT OF