

**ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672**

**8421 SENATE LABOR & COMMERCE**

**HB**

**170**

# SENATE COMMITTEE REPORT

DATE: 4/16/93

FURTHER: JUDICIARY

DATE TURNED INTO OFFICE: 4/22/93

L&C Committee considered HOUSE BILL NO. 170

"An Act extending the termination date of the Board of Marine Pilots"

and recommends:

replace with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attaches amendment(s)

same title  
 new title  
 technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal
<del>DCED</del>	<del>3/22</del>	<del>✓</del>	

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal
DCED	3/22	✓	

Appropriation No Fiscal Note

**DO PASS:**

Alvin Thain  
J. E. Sald  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**OTHER RECOMMENDATIONS:**

Ben King N.R.  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

T. Kelly

Chair: Signature and Recommendation

**BILL: HB 170**

**SHORT TITLE: EXTEND BOARD OF MARINE PILOTS**

**BILL VERSION:**

**SPONSOR(S): REPRESENTATIVE(S) SANDERS, Grussendorf**

**HB 170**

**Bill/Resolution Floor Action**

**Page 2 of 2**

**Current Status: (S) L&C**

<b>Jrn-Date</b>	<b>Jrn-Page</b>	<b>Action</b>
1 02/22/93	413	(H) READ THE FIRST TIME - REFERRAL(S)
2 02/22/93	413	(H) LABOR & COMMERCE, FINANCE
3 03/31/93	870	(H) L&C RPT 6DP
4 03/31/93	870	(H) DP: PORTER, SITTON, MACKIE, MULDER
5 03/31/93	870	(H) DP: WILLIAMS, HUDSON
6 03/31/93	870	(H) -ZERO FISCAL NOTE (DCED) 3/31/93
7 04/13/93	1172	(H) FIN RPT 7DP
8 04/13/93	1173	(H) DP: MACLEAN, LARSON, HANLEY, MARTIN
9 04/13/93	1173	(H) DP: PARNELL, BROWN, FOSTER
10 04/13/93	1173	(H) -PREVIOUS ZERO FN (DCED) 3/31/93
11 04/15/93	1261	(H) RULES TO CALENDAR 4/15/93
12 04/15/93	1261	(H) READ THE SECOND TIME
13 04/15/93	1261	(H) - ADVANCED TO THIRD READING UNAN CONSENT
14 04/15/93	1261	(H) READ THE THIRD TIME HB 170
15 04/15/93	1261	(H) PASSED Y36 N- E1 A3
16 04/15/93	1273	(H) TRANSMITTED TO (S)
17 04/16/93	1434	(S) READ THE FIRST TIME - REFERRAL(S)
18 04/16/93	1434	(S) LABOR AND COMMERCE, JUDICIARY

**MARINE PILOTS, BOARD OF**  
**AS 08.62.010-.990**

*The Board of Marine Pilots is within the Department of Commerce and Economic Development.*

**Purpose:** The board shall: provide for the maintenance of efficient and competent pilotage on the inland and coastal water of and adjacent to the State; adopt regulations establishing the qualifications of and required training for pilots and providing for the examination of pilots and the issuance of original or renewal pilot licenses to qualified persons; and adopt by regulation maximum tariffs that may be charged by pilots for the provision of specific pilotage services.

**Originating Legislation:** Chapter 106, SLA 1970

**Status:** Active. The board shall hold at least three regularly scheduled meetings each year. The board may hold special meetings at the call of the chair or at the request of a majority of the members of the board.

**Travel and Per Diem:** Standard as authorized under AS 39.20.180.

**Compensation:** None.

**Board Membership:** The board consists of:

- (1) two licensed pilots who have been actively engaged in piloting on vessels subject to Chapter 62 (Marine Pilots);
- (2) two agents or managers of vessels subject to Chapter 62;
- (3) two public members in accordance with AS 08.01.025; and
- (4) the commissioner of the Department of Commerce and Economic Development or the commissioner's designee.

**Special Facts:** Board members are appointed by the governor. All board members must be residents of the State.

**Budget Information for FY 93<sup>45</sup>:** Dollar amounts are in thousands.

EXPENDITURES	REVENUES
\$124.6	\$18.4

**Recommendation:** No change is recommended.

<sup>45</sup> Expenditure and revenue amounts were obtained from the Division of Occupational Licensing's cost allocation spreadsheet. The amount for expenditures includes the Marine Pilot Coordinator position. The division has proposed a licensing fee increase for marine pilots to pay for the position. The funding source is general fund/program receipts.



# Representative Jerry Sanders

District 19

Vice Chair, Rules Committee  
Vice Chair, Community & Regional Affairs Committee  
House State Affairs Committee  
Special Committee on Oil & Gas  
Legislative Council  
International Trade & Tourism

## S P O N S O R S T A T E M E N T

### HOUSE BILL 170

The purpose of House Bill 170 is simply to extend the Board of Marine Pilots from when it is currently due to sunset, June 30, 1994, to June 30, 1998.

The Board of Marine Pilots was created under Chapter 62 of the Alaska Statutes for the purpose of protecting the state's interests in its life, property, and environment, and in the efficient flow of waterborne commerce. Membership consists of two licensed marine pilots, two vessel agents or managers, two public members, and the commissioner. The Board of Marine Pilots establishes qualifications of and the required training for pilots, provides for the examination of the pilots, and the issuance of original and renewal licenses to qualified persons.

We need to extend the Board of Marine Pilots, because of the competitive nature of shipping, the need to set tariffs, and the almost constant flow of state statutes and regulations which must be implemented in the interest of safety and commerce. Therefore, I urge your support of House Bill 170.

# FISCAL NOTE

No. 1  
 Bill Version: HB 170  
 (H) Publish Date: 3/31/93

STATE OF ALASKA  
 1993 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Commerce & Economic Development  
 Title: An Act extending the termination date BRU: Occupational Licensing  
of the Board of Marine Pilots. Component: Operations  
 Sponsor: Reps. Sanders and Grussendorf  
 Requestor: House Labor & Commerce COMPONENT SERIAL NO. 1844

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	.01	.01	.01	.01	.01	.01
<b>CAPITAL</b>						
<b>REVENUE FUND SOURCE:</b>	.01	.01	.01	.01	.01	.01

**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	.01	.01	.01	.01	.01	.01

**POSITIONS:**

FULL-TIME	01	01	01	01	01	01
PART-TIME	01	01	01	01	01	01
TEMPORARY	01	01	01	01	01	01

Estimate of current year (FY 93) impact: \$ None

**ANALYSIS:** (Attach a separate page if necessary)  
 The bill extends the termination date of the Board of Marine Pilots to June 30, 1998. Funding for the Board of Marine Pilots is included in the FY 94 operating budget; therefore, new funds are not required.

Average Annual Costs: \$125.0  
 Average Annual Revenue: 172.7

Prepared by: Jennifer Strickler, Administrative Officer Phon: 465-2144  
 Division: Occupational Licensing Date: 3/22/93

Approved by Commissioner: Paul Fuhs Date: 3-22-93  
 Agency: Commerce & Economic Development

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- FISCAL NOTE -

**HB**

**178**

# DIVISION OF LEGAL SERVICES

## LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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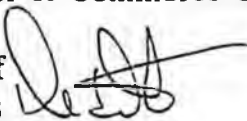
130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

### MEMORANDUM

April 19, 1993

**SUBJECT:** Sectional Summary of SCS HB 178(HES)

**TO:** Representative Bill Hudson  
Chair, House Labor & Commerce Committee

**FROM:** David R. Dierdorff   
Revisor of Statutes

Lynda Giguere of your staff requested an updated sectional of the referenced bill. At the outset, I must tell you that the Senate CS violates article II, section 13, Constitution of Alaska, which provides, in part, that "[t]he subject of each bill shall be expressed in the title." The Senate amendment added provisions that implement an option available under federal law to extend Medicaid eligibility to certain persons who are eligible to be institutionalized but who are not in institutions and that relate to Medicaid waivers. (The amendment combined the provisions of CSSSSB 5(HES) with HB 178 as passed by the House.) The title of HB 178, which was retained intact for the Senate CS, is specific as to the description of the eligible class added by that bill and does not describe, specifically or generally, the class added by the amendment or the provisions relating to waivers.

A bill that is enacted in violation of the expression rule is subject to legal challenge. I assume that a court would invoke the severability provisions of AS 01.10.030 and invalidate only that portion of the bill that was not described in the title, allowing the remainder to stand.

In addition to the constitutional problem, the bill as it now stands is in violation of Uniform Rule 24(c), which bars amendments by a committee of the second house that require a title change. While this violation would not invalidate the bill, it does make it subject to challenge in the House (under Rule 54) if the current version is approved by the full Senate. An option at this point is, of course, for the Senate to offer a resolution suspending the title change rules and change the title to reflect the Senate amendments.

**SECTIONAL**

The present version of the bill contains six sections, as follows:

Section 1. Amends AS 47.07.020(b) by adding two new paragraphs describing groups eligible for optional coverage under Medicaid. The first paragraph, new (b)(10), was that contained in sec. 1 of HB 178 and sec. 67 of HB 65, and adds children under the age of 21 who are eligible for adoption assistance because of special medical or rehabilitative needs. The second, (b)(11), was found in sec. 1 of CSSSSB 5(HES) and, as indicated above, implements an option available under federal law to extend Medicaid eligibility to certain persons who are eligible to be institutionalized but who are not in institutions. The latter addition is not described in the title of the bill.

Sec. 2. Amends AS 47.07.030 by adding a new subsection that allows the Department of Health and Social Services to offer a service for which the department has received a waiver from the federal government if the department was authorized, directed, or requested to apply for the waiver by law or by a concurrent or joint resolution of the legislature. The department is required to annually submit to the legislature its recommendations about where a service offered under this provision should be placed on the priority list in AS 47.07.035. This was sec. 2 in CSSSSB 5(HES) and was not in HB 178. It is not described in the title of the bill.

Sec. 3. Amends AS 47.07.035, the priority of service list for the optional services. It combines provisions found in secs. 2 of HB 178 and 3 of CSSSSB 5(HES).

Sec. 4. Provides a special effective date for the provisions added as AS 47.07.030(b)-(11) and AS 47.07.035(23) (the provisions formerly in CSSSSB 5(HES)).

Sec. 5. Provides an immediate effective date for sec. 2.

Sec. 6. Makes the provisions added as AS 47.07.030(b)(10) and AS 47.07.035(29) (the provisions of original HB 178) effective July 1, 1993.

If I may be of further assistance, please advise.

DRD:pl  
93-314.plm

**JOHNNY ELLIS**  
SENATOR



STATE CAPITOL, ROOM 9  
JUNEAU, ALASKA 99801-1182  
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ALASKA STATE LEGISLATURE  
**SENATE**

**MEMORANDUM**

TO: Sen. Tim Kelly, Chair  
Senate Labor & Commerce Committee

FROM: Sen. Johnny Ellis

RE: SB5/HB 178 — The Brianna Hurley Bill

DATE: April 21, 1993

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Please support SB5/HB 178 — The Brianna Hurley Bill, which is scheduled for a hearing in your committee Thursday, April 22. This bill is a repeat of my bill from last year, HB 438, which was calendared but failed to reach the Senate floor for a vote in the last few hours of the session. It is named after Brianna Hurley, now nearly three years old, who was born with cerebral palsy.

This bill adds a new group of people — children with severe disabilities who want to live at home — to the optional list of Medicaid-eligibles in Alaska. Alaska's current eligibility requirements for Medicaid allow parents to give up their child to the care of an institution — which is often much more expensive to the State — but will not allow parents to keep their child at home and still qualify.

The sponsor substitute reflects changes which will delay the effective date of this legislation in order to allow the Department of Health & Social Services (DHSS) to implement federally-approved Medicaid waivers for home and community-based health care. The CS changes give DHSS more flexibility to fill waiver slots *and* use the option, so that children who *only* need medical care (which is what CS HB 178 (HES) provides) — don't fill up valuable and limited waiver slots.

**Why do we need the option?** Studies have shown that the cost of institutionalization can be up to three times as expensive as the cost of home and community-based care. Since Alaskans are paying for those children in institutions and foster care anyway, why not allow them to come home and be with their families?

Position Paper  
SCS HB 178 (HES)

"An Act adding children under the age of 21 who are eligible for adoption ... to the optional Medicaid coverage list...."

Subsidized Adoption

This bill will add a new group to the list in AS 47.07.020 of persons eligible for coverage under Medicaid in Alaska. This new group consists of children under the age of 21 who have special medical needs, who are therefore difficult to place for adoption, and for whom there is in effect a state adoption assistance agreement. The bill would make this new group the last to be eliminated from Medicaid coverage under AS 47.07.035 if there are insufficient appropriations to cover all optional services and groups.

At present, adoptive parents of these children are subsidized by the state under AS 25.23.190 -- AS 25.23.210. State money often pays for some or all of the costs of medical care provided to these children. The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate. This shift in funding source will be accomplished with a one-time transfer of fiscal responsibility from DFYS to DMA.

It is our estimate that this bill will save the state \$17.7 the first year; an amount equal to the federal matching funds received for new adoptions for children with special medical needs. This amount will grow over the following years as new children are placed and existing subsidy agreements are replaced.

Eligibility for Children Who Need Long Term Care

The department supports the delivery of health care to children in need of long term care in the environment of the the family's choice. Currently in Alaska, if a child is receiving long term care in an institution, only that child's income is used to determine whether he or she qualifies for Medicaid. However, if that same child lives at home, the income of the child's parents is also considered. As a result, some children who need long term care can qualify for Medicaid in institutions, but not if they live at home.

This bill would amend AS 47.07.020(b) so that children age 18 and younger who would qualify for Medicaid in institutions qualify at home. To qualify, children must: 1) require a level of long term care provided by an institution; 2) be served appropriately outside of the institution; 3) cost no more to serve outside the institution; 4) be eligible for

# POSITION PAPER

STATE OF ALASKA \* DEPARTMENT OF HEALTH & SOCIAL SERVICES

Medicaid were they in institutions; and 5) not qualify for Medicaid home and community-based services under a federally approved waiver.

The department recently received federal approval to offer home and community-based services under waivers, effective July 1, 1993. The waivers allow the state to pay for home and community-based services for Medicaid eligible people who need an institutional level of care and allow people who qualify for Medicaid in an institution to qualify for Medicaid on a waiver, living in the community. While the federal government limits the number of people that a state can serve under waivers, the department anticipates being able to serve all children qualify for the optional coverage added by this bill by the third year of waiver operation.

The Department supports the passage of this bill. Given Alaska's short and long-term revenue picture, it is important that we take advantage of every legitimate opportunity we have to reduce state expenditures by claiming new federal matching funds for the necessary medical services we furnish to needy Alaskans through subsidized adoptions. The department also supports the addition of the children's long term care coverage option to the state's Medicaid program. While the department will use home and community-based waivers to provide Medicaid coverage to children who would qualify for this option, the option extends basic Medicaid coverage to all children who qualify while the waivers are being fully implemented. Once waivers are implemented, the option ensures that eligible children have basic Medicaid coverage regardless of federally-imposed limits on the number of waiver recipients. It will allow some families to obtain Medicaid coverage for their children without requesting any waiver services.

Recommended by: Kimberly B. Busch  
Kimberly B. Busch  
Director  
Div. of Medical Assistance

Date: \_\_\_\_\_

Recommended by: Deborah R. Wing  
Deborah R. Wing  
Director  
Div. of Family and Youth Services

Date: 4/16/93

Approved by: Theodore A. Mala, MD, MPH  
Theodore A. Mala, MD, MPH  
Commissioner

Date: 4-16-93



FRAN DURNER / Anchorage Daily News

Elaine and Douglas Hurley with 18-month-old daughter Brianna.

Now divorced.

— NEWSPAPER ARTICLES —

# Caught in a Health Care Trap

Medicaid rules push  
middle-class family toward poverty

By JAY BLUCHER  
Daily News reporter

Douglas and Elaine Hurley had it all — a new marriage, good jobs, a promising future. The only thing that would have made their lives perfect, they thought, was a child.

But when their daughter, Brianna, was born with severe medical problems, the Hurleys were forced to surrender much of what they had so Medicaid would pay for her care.

Eighteen months ago, before Brianna's birth, the Hurleys were a two-income family earning more than \$40,000 a year. Douglas, 24, was working full time as a baker and commercial fisherman, and Elaine, 26, was holding down three part-time jobs as a secretary and bookkeeper. They had been married for just two years.

"We scrimped, saved and planned for this baby and thought we had what people think of as the American dream — money for a down payment on a house, college funds, savings accounts — if not attainable, then at least in sight," says Douglas.

Brianna was born with cerebral palsy and epilepsy. She also has severe brain damage caused by viral encephalitis contracted in the womb. The disease, often fatal, causes paralysis.

At 7 months old, Brianna also suffered a stroke.

Some doctors tell the Hurleys that Brianna might learn to walk

by age 6 or 7. Others, such as Dr. Jerome Mednick, a pediatric neurologist in San Francisco, say she will never walk or talk.

Now, when other children her age are toddling, Brianna has only recently been able to muster the muscle coordination to wave her right hand. She cannot support herself upright or crawl, and the entire left side of her body is impaired. She is like a limp rag doll, with the motor skills of a 2-month-old.

While the Hurleys accept Brianna's special needs, the cost of caring for her at home was unexpected.

"We thought to ourselves, 'OK, we'll deal with it; there's help available for families like us,' " says Elaine.

But little did they realize that their decision to care for Brianna at home would force them to cash in their lives for a welfare check.

Since birth, Brianna has required extensive medical attention ranging from emergency hospitalizations — as when her seizures caused a semi-comatose state for 30 days — to regular visits with pediatricians, neurologists, nutritionists and other specialists. As a disabled infant, she also receives regular occupational, physical and speech therapy services through the state's Infant Learning Program.

She's had every manner of diagnostic test, and these continue.

At a big price.

The specialized infant formula she needs to gain weight costs \$75 a case, and lasts only a week because Brianna still cannot eat solid foods. The medications needed to control her seizures cost \$700 per month. Her medical bills average \$4,000 a month. And in Brianna's future looms extensive orthopedic surgery and probably an expensive liver transplant. (The drugs that help control her seizure have damaged her liver.)

The Hurleys estimate Brianna's medical bills will cost \$60,000 annually for the next five years. More than \$20,000 remains unpaid now.

At first, the couple had reasonably good medical insurance through Douglas' employer. It paid 80 percent of the family's medical costs. But after just three months in which Brianna's total medical costs topped \$60,000, Blue Cross of Washington and Alaska reduced its coverage to 50 percent.

Douglas' employer at the time, William Pargeter, who owns Harry's restaurant and owned the now-defunct Kayak Club, could have continued the higher coverage, but at greater cost.

Pargeter says he was acutely aware of the Hurleys' high medical expenses because the Kayak Club was in the midst of a bankruptcy reorganization at the time and he

Please see Page D-2, TRA!

was looking for a new health insurance plan for his employees.

"But this family's high medical costs made the insurance companies leery of accepting the whole group," he says. "In fact, one carrier flatly refused to carry us as long as Douglas was employed with us."

Rather than offering his employees a health plan that excluded the Hurleys, Pargeter instead opted for a less comprehensive Blue Cross plan for all.

Blue Cross officials would say only that the company opted for a less expensive health plan.

Other insurance companies wouldn't accept the family because Brianna's medical needs were "pre-existing."

The Hurleys soon owed thousands of dollars with no hope of ever repaying it on their existing incomes. Threatening phone calls from bill collectors now punctuate their days. Their credit ratings are ruined.

"We were taking food out of our own mouths in order to send \$10 here, \$20 there, for medical bills left unpaid by our insurance, but we were falling hopelessly behind," says Elaine.

The couple realized their only option was Medicaid, the federal health-care program administered by individual states to help the poor. But Medicaid has a strict income limit, and the Hurleys exceeded it.

This family of three, to qualify for Medicaid, would have to begin living on \$1,334 a month, before taxes. Or, as they were told by Medicaid officials, they would have to "spend down to 133 percent of the federal poverty level."

This meant Douglas had to quit his job in September and go on unemployment, which pays him \$760 a month. Elaine could bring in only \$574 a month to stay under Medicaid's limit, so she could accept only part-time work as a bookkeeper.

"I despise living this way, feeling like I'm on the dole looking for a handout, but it's the only way my daughter's medical bills can be paid," says Douglas.

"It's frustrating to be a capable and willing-to-work father who wants to be the provider for my family, and yet be forced by bureaucratic rules to not work," says Douglas.

Income wasn't the only thing they had to cut. The Hurleys were required by Medicaid rules to deplete their savings accounts, college funds for Brianna, certificates of deposit, individual retirement accounts, and to trim their possessions to one car of no more than \$1,500 value, household goods of \$500 value, and \$250 worth of baby furniture.

Every three months, state public assistance officials grill the family about new sources of income — inheritances, church donations or money from other family members.

"It makes me feel so demeaned, like

*‘I despise living this way, feeling like I’m on the dole looking for a handout . . . It’s frustrating to be a capable and willing-to-work father who wants to be the provider for my family, and yet be forced by bureaucratic rules to not work.’*

— Douglas Hurley

I have no worth, no self-esteem," says Douglas.

Since he's been unemployed, he's gotten several good job offers at considerably more salary.

"I've been reduced to turning down good jobs in order to care for my daughter," he says. "Now isn't that a perverse situation?"

Elaine is just as frustrated.

She worries that the couple may never be able to afford a home, have other children or excel in a career that could provide the security every family seeks.

They could do all that, however, if they did just one thing: Put Brianna in an institution or make her a ward of the state. Then Medicaid would pay for her care and release her parents from income limits.

Unacceptable, say the Hurleys.

"We want to be able to look at ourselves in the mirror and say that we did everything we possibly could to help her, no matter the sacrifice," says Elaine.

Equally distasteful is a third option — for the couple to legally separate. Elaine could accept public assistance as a single parent and Douglas would be free to return to work and pay child support.

"So the state would actually reward the breakup of a loving family," says Douglas sarcastically.

Chris Ashenbrenner, program officer for the state's medical assistance office, says the Hurleys are not alone.

"Because there's no nationwide health plan in this country, people such as the Hurleys are among the gap group, people caught in the middle-class health crisis," she says.

But she also says it's unfair to blame Medicaid.

"It's the whole health care mess in this country and insurance companies that are allowed to drop coverage when claims get too high or certain limits are reached."

David Maltman, executive director

of the Governor's Council for Handicapped and Gifted, says it can happen to anyone.

He agrees that Alaska's current policy needlessly impoverishes working families trying to care for a disabled child at home.

Responding to the problem, the council has examined the Medicaid system and recommended improvements to make home care more available to persons with disabilities.

In 1990, the legislature required a similar study by an independent commission known as Project Choice whose final report will be presented in January. Both the council and Project Choice recommend that the state ask for a waiver from federal Medicaid rules.

This would let Medicaid waive income limits for families like the Hurleys.

Alaska is one of only a handful of states that have not adopted a waiver program or something known as "Katie Beckett option."

In 1981 Katie Beckett, a 3-year-old girl from Iowa who, like Brianna, suffered from viral encephalitis, was granted a federal waiver by President Ronald Reagan. He cited the case as an example of overregulation.

Since then, a majority of U.S. states have adopted either a waiver program or Katie Beckett options.

Medicaid's Ashenbrenner says Alaska has never applied for this particular waiver or option because the state already has an adequate welfare program, with the most generous eligibility standards in the country.

This rationale, however, does not consider people like the Hurleys: a family caught in precisely the regulatory paradox that such waiver programs were intended to address.

The Hurleys see a waiver or Beckett option as their only relief from poverty sentence.

"Sometimes, you get the impression these Medicaid people think of it as their own money," says Elaine.

She glances lovingly at Brianna who responds with a curious look. When all the frustrations become too much, the Hurleys focus on what is most dear.

They shower Brianna with attention. The tiniest of achievements, such as a simple wave of her hand, bring them renewed hope for her future.

"Her wonderful disposition through all of this really makes it easy on our hearts, knowing that as difficult as it gets for us sometimes, her love remains unconditional," says Douglas.

He marvels at his daughter's resilience as she sleeps in his arms.

"She's so beautiful, so innocent. She has no idea any of this is happening, no idea that she's . . . different, or how difficult all of this has been for her parents," he says.

Brianna stirs. "Ssshhh, little one. It's OK. Dad's here."

**BRIANNA HURLEY:  
CATCH-22**

Daily News - 12/31/92

In January, we wrote about Elaine and Douglas Hurley's struggles to care for their 18-month-old daughter, Brianna, born with cerebral palsy and mysterious seizures. Her severe medical problems and the accompanying medical bills forced her parents to exist at the federal poverty level to qualify for Medicaid.

Nearly one year later, they are still caught in a medical Catch-22.

Legislation that might have helped the Hurleys — a waiver from federal Medicaid parental income rules — failed to pass in the state's last legislative session.

The strain of caring for Brianna and fighting both state and federal bureaucracies proved too great for the Hurleys' marriage; the couple divorced earlier this year.

As a single parent, Elaine Hurley can earn \$963 per month, before taxes, to keep her daughter qualified for Medicaid. Because her daughter's severe medical problems are considered to be a "pre-existing condition" by private health insurance companies, Elaine can't buy health insurance of any kind for Brianna; Medicaid is her only option.

Earlier this month, the state's Division of Mental Health and Developmental

Disabilities paid for Brianna to go to the Mayo Clinic in Rochester, Minn., for more specialized diagnosis and care. The Mayo Clinic doctors say her condition is terminal.

Elaine Hurley is considering a move to Seattle or elsewhere in the Lower 48, hoping to locate near a pediatric center that may offer opportunities to prolong Brianna's life.

— Jay Blucher

BILL: HB 178

SHORT TITLE: MEDICAID FOR CERTAIN CHILDREN

BILL VERSION:

SPONSOR(S): LABOR & COMMERCE

HB 178

Bill/Resolution Floor Action

Page 2 of 3

Current Status: (S) L&C

Jrn-Date	Jrn-Page	Action
1 02/24/93	434 (H)	READ THE FIRST TIME - REFERRAL(S)
2 02/24/93	435 (H)	HES, FINANCE
3 03/22/93	730 (H)	HES RPT 6DP
4 03/22/93	730 (H)	DP: KOTT, VEZEY, G.DAVIS, TOOHEY
5 03/22/93	730 (H)	DP: OLBERG, BRICE
6 03/22/93	730 (H)	-2 FISCAL NOTES (DHSS) 3/22/93
7 03/30/93	850 (H)	FIN RPT 9DP
8 03/30/93	850 (H)	DP: MACLEAN, LARSON, HANLEY, MARTIN
9 03/30/93	850 (H)	DP: PARNELL, GRUSSENDORF, NAVARRE
10 03/30/93	850 (H)	DP: THERRIAULT, FOSTER
11 03/30/93	851 (H)	-2 PREVIOUS FNS (DHSS) 3/22/93
12 04/07/93	1077 (H)	RULES TO CALENDAR 4/7/93
13 04/07/93	1077 (H)	READ THE SECOND TIME
14 04/07/93	1077 (H)	ADVANCED TO THIRD READING UNAN CONSENT
15 04/07/93	1077 (H)	READ THE THIRD TIME HB 178
16 04/07/93	1077 (H)	PASSED Y37 N- E1 A2
17 04/07/93	1078 (H)	EFFECTIVE DATE VOTE SAME AS PASSAGE
18 04/07/93	1095 (H)	TRANSMITTED TO (S)
1 04/08/93	1267 (S)	READ THE FIRST TIME - REFERRAL(S)
2 04/08/93	1267 (S)	HES, LABOR & COMMERCE, FINANCE
3 04/18/93	1473 (S)	HES RPT SCS 5DP SAME TITLE Signing Do Pass: Sen. Rieger, Chair; Senators Miller, Leman, Ellis, Salo
4 04/18/93	1473 (S)	FISCAL NOTES TO SCS (DHSS-6)
5 04/18/93	1473 (S)	REFERRED TO LABOR & COMMERCE

Signing do pass: Senator Rieger, Chair, Senators Miller, Ellis, Salo, Leman.

Fiscal notes for the Senate Committee Substitute published today from Department of Health and Social Services (6).

**DATE COMMITTEE REPORT**

DATE: 4/18/93

FURTHER: FINANCE

DATE TURNED INTO OFFICE: 4-22-93

L&C Committee considered HOUSE BILL NO. 178

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ ( )
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ ( )
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal

*PREVIOUS NOTES*

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal
(6) DHSS			rel ✓

Appropriation No Fiscal Note

**DO PASS**

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

**OTHER RECOMMENDATIONS:**

*Best Hand N. Rec.*  
*J. E. Salt N. Rec.*  
 \_\_\_\_\_  
 \_\_\_\_\_

*Tim Kelly No Rec*

Chair: Signature and Recommendation

# FISCAL NOTE

No. 8

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Revision Date: April 16, 1993 Dept. Affected: Health and Social Services  
 Title: \*An Act adding children under the age of 21 who are eligible for adoption....to the optional Medicaid BRU: Purchased Services  
 Component: Foster Care  
 Sponsor: HOUSE LABOR & COMMERCE  
 Requestor: SENATE HES COMMITTEE COMPONENT SERIAL NO. 0252

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-35.4	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(35.4)</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 FUND SOURCE						
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**FUNDING:**

(Thousands of Dollars)

FUNDING	FY94	FY95	FY96	FY97	FY98	FY99
1002 Federal Receipts						
1003 GF Match						
1004 GF	(35.4)	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>(35.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

**ANALYSIS:** (Attach a separate page if necessary)  
 This fiscal note represents a one-time transfer of funding responsibility from DFYS component #0252 to DMA component #0229. This fiscal note addresses the "subsidized adoption" provisions of this bill and the long term care provisions are addressed in a in a separate fiscal note. See attached pages for additional analysis.

Prepared by: Deborah R. Wing, Director *Deborah R. Wing* Phone: 465-3191  
 Division: Family & Youth Services Date: 04/16/93  
 Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala* Date: 4-16-93  
 Agency: Department of Health and Social Services

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FISCAL NOTES

Fiscal Note Analysis continuation  
Sen CSHB 178 (HES) -- Subsidized Adoption Provisions

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4 (14 placements X \$2,400 X 1.055 medical inflation rate = \$35,448). There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

Calculation of Medical Costs for New Placements under the Bill  
and  
Anticipated Federal Revenue to Offset General Fund Spending.

	New Place- ments	X	Base Year Medical Cost	X	Medical Infla- tion Rate	=	Total Annual Medical Costs	÷ 2 =	New Federal Revenue & GF Offset
FY 94	14	X	\$2,400	X	1.055	=	\$35,448	÷ 2 =	\$17,724
FY 95	16	X	\$2,400	X	1.055	=	\$40,512	÷ 2 =	\$20,256
FY 96	17	X	\$2,400	X	1.055	=	\$43,044	÷ 2 =	\$21,522
FY 97	19	X	\$2,400	X	1.055	=	\$48,108	÷ 2 =	\$24,054
FY 98	21	X	\$2,400	X	1.055	=	\$53,172	÷ 2 =	\$26,586
FY 99	23	X	\$2,400	X	1.055	=	\$58,236	÷ 2 =	\$29,118

Cross ref: Fiscal note by the Div. of Family and Youth Services

# FISCAL NOTE

No. 7

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: SCS HA 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of BRU: Medical Assistance Administration  
21 who are eligible for adoption...of the optional Medicaid Component: Claims Processing  
 Sponsor: House Labor and Commerce  
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 243

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	25.1	9.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.1</b>	<b>9.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL</b>						
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<b>REVENUE FUND SOURCE</b>						
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**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts	12.5	4.5	0.0	0.0	0.0	0.0
1003 GF Match	12.6	4.5	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>25.1</b>	<b>9.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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 (FY93) impact: 0.0

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

The fiscal impact of this bill results from an increase in claims processing charges due to increasing new recipients. Cost calculations are shown on the attached page. In addition, FY 94 impact include one-time changes to the Medicaid Management Information System to add a new category of eligibility.

The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. Failure to fully fund this amendment would increase the cost of this bill.

This fiscal note addresses the cost of the long term care eligibility provisions of the bill; the subsidized adoption provisions are addressed in another fiscal note.

Prepared by: Jon Sherwood  
 Division: Division of Medical Assistance

Phone: 465-3355  
 Date: 04/16/93

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

Date: 4-16-93

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# FISCAL NOTE

No. 6

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (H/S)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of BRU: Medical Assistance  
21 who are eligible for adoption...of the optional Medicaid Component: Medicaid Facilities  
 Sponsor: House Labor and Commerce  
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 230

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	499.6	296.6	0.0	0.0	0.0	0.0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>499.6</b>	<b>296.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE FUND SOURCE						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts	249.8	148.3	0.0	0.0	0.0	0.0
1003 GF Match	249.8	148.3	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>499.6</b>	<b>296.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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 (FY93) impact: 0.0

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

The fiscal impact of this bill results from adding new Medicaid recipients. Cost calculations are shown on attached page. Cost per recipient and number of new recipients are taken from home and community-based services waiver applications and supporting documents. The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. The cost of serving new eligibles who would also be covered under a waiver is not included in this fiscal note. Some of the cost impact of this bill would be increased if that amendment is not fully funded. The Department has limited experience identifying children living in the community who need an institutional level of care. Any variance with the predicted number of those eligible will impact costs.

This fiscal note addresses the long term care eligibility provisions of the bill, the subsidized adoption provisions are addressed in a separate fiscal note.

Prepared by: Jor Sherwood  
 Division: Division of Medical Assistance  
 Approved by Commissioner: Theodore A. Mala, MD, MPH  
 Agency: Department of Health & Social Services

Phone: 465-3355  
 Date: 04/16/93  
 Date: 4-16-93

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## ANALYSIS (cont.):

Cost Estimate (thousands of dollars)

## FY 94:

FY 94 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$102.2
Number of new recipients, not on waivers, in FY 94 needing hospital or NF level of care:	21
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$102.2 \times 21 \times 50\% =$	<u>\$1,073.1</u>

FY 94 Medicaid service costs per recipient needing ICF/MR level of care:	\$32.9
Number of new recipients, not on waivers, in FY 94 needing ICF/MR level of care:	36
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$32.9 \times 36 \times 50\% =$	<u>\$592.2</u>

Total FY 94 cost of Medicaid services for all new recipients:	
$\$1,073.1 + \$592.2 =$	<u>\$1,665.3</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$1,165.7
Medicaid Facility (30 percent of total costs)	\$499.6

## FY 95

FY 95 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$111.1
Number of new recipients, not on waivers, in FY 95 needing hospital or NF level of care:	6
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$111.1 \times 6 \times 100\% =$	<u>\$666.6</u>

FY 95 Medicaid service costs per recipient needing ICF/MR level of care:	\$35.8
Number of new recipients, not on waivers, in FY 95 needing ICF/MR level of care:	9
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$35.8 \times 9 \times 100\% =$	<u>\$322.2</u>

Total FY 95 cost of Medicaid services for all new recipients:	
$\$666.6 + \$322.2 =$	<u>\$988.8</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$692.2
Medicaid Facility (30 percent of total costs)	\$296.6

## FY 96 - FY 99:

It is assumed that all new eligibles covered under this bill in FY 96 or after would receive coverage under waivers if this bill did not pass.

# FISCAL NOTE

No. 5

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of 21 who are eligible for adoption....to the optional Medicaid BRU: Medial Assistance  
 Component: Medicaid Non Facility  
 Sponsor: House Labor & Commerce  
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 0229

**Expenditures/Revenues:** (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
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	35.4	40.2	43.0	48.2	53.2	58.2
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>35.4</b>	<b>40.2</b>	<b>43.0</b>	<b>48.2</b>	<b>53.2</b>	<b>58.2</b>

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

1002 Federal Receipts	17.7	20.1	21.5	24.1	26.6	29.1
1003 GF Match	17.7	20.1	21.5	24.1	26.6	29.1
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>35.4</b>	<b>40.2</b>	<b>43.0</b>	<b>48.2</b>	<b>53.2</b>	<b>58.2</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

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

This fiscal note represents a one-time transfer of funding responsibility from DFYS component #0252 to DMA component #0229. This fiscal note addresses the parts of this bill dealing with "subsidized adoptions". The sections of this bill dealing with the long term care eligibility provisions are addressed in a separate fiscal note on this component.

Prepared by: Dave W. Williams *Dave Williams*  
 Division: Medical Assistance

Phone: 907-465-5826  
 Date: 04/16/93

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

Date: 4-16-93

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Fiscal Note Analysis continuation  
Sen CSHB 178 (HES) -- Subsidized Adoption Provisions

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4 (14 placements X \$2,400 X 1.055 medical inflation rate = \$35,448). There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

Calculation of Medical Costs for New Placements under the Bill  
and  
Anticipated Federal Revenue to Offset General Fund Spending.

	New Place- ments	X	Base Year Medical Cost	X	Medical Infla- tion Rate	= Annual Medical Costs	÷ 2 =	New Federal Revenue & GF Offset
FY 94	1	X	\$2,400	X	1.055	= \$35,448	÷ 2 =	\$17,724
FY 95	16	X	\$2,400	X	1.055	= \$40,512	÷ 2 =	\$20,256
FY 96	17	X	\$2,400	X	1.055	= \$43,044	÷ 2 =	\$21,522
FY 97	19	X	\$2,400	X	1.055	= \$48,108	÷ 2 =	\$24,054
FY 98	21	X	\$2,400	X	1.055	= \$53,172	÷ 2 =	\$26,586
FY 99	23	X	\$2,400	X	1.055	= \$58,236	÷ 2 =	\$29,118

Cross ref: Fiscal note by the Div. of Family and Youth Services

# FISCAL NOTE

No. 4

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services  
 Title: An Act adding children under the age of BRU: Medical Assistance  
21 who are eligible for adoption...of the optional Medicaid Component: Medicaid Non-Facility  
 Sponsor: House Labor and Commerce  
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 229

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,165.7	692.2	0.0	0.0	0.0	0.0
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>1,165.7</b>	<b>692.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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REVENUE FUND SOURCE						
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**FUNDING:**

(Thousands of Dollars)

1002 Federal Receipts	582.8	346.1	0.0	0.0	0.0	0.0
1003 GF Match	582.9	346.1	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>1,165.7</b>	<b>692.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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 (FY93) impact: 0.0

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

The fiscal impact of this bill results from adding new Medicaid recipients. Cost calculations are shown on attached page. Cost per recipient and number of new recipients are taken from home and community-based services waiver applications and supporting documents. The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. The cost of serving new eligibles who would also be covered under a waiver is not included in this fiscal note. Some of the cost impact of this bill would be increased if that amendment is not fully funded. The Department has limited experience identifying children living in the community who need an institutional level of care. Any variance with the predicted number of those eligible will impact costs.

The cost impacts of the subsidized adoption provisions of this bill are addressed in a separate fiscal note.

Prepared by: Jon Sherwood  
 Division: Division of Medical Assistance

Phone: 465-3355  
 Date: 04/16/93

Approved by Commissioner: Theodore A. Mata, MD, MPH  
 Agency: Department of Health & Social Services

Date: 5-16-93

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## ANALYSIS (cont.):

Cost Estimate (thousands of dollars)

## FY 94:

FY 94 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$102.2
Number of new recipients, not on waivers, in FY 94 needing hospital or NF level of care:	21
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$102.2 \times 21 \times 50\% =$	<u>\$1,073.1</u>

FY 94 Medicaid service costs per recipient needing ICF/MR level of care:	\$32.9
Number of new recipients, not on waivers, in FY 94 needing ICF/MR level of care:	36
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$32.9 \times 36 \times 50\% =$	<u>\$592.2</u>

Total FY 94 cost of Medicaid services for all new recipients:	
$\$1,073.1 + \$592.2 =$	<u>\$1,665.3</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$1,165.7
Medicaid Facility (30 percent of total costs)	\$499.6

## FY 95

FY 95 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$111.1
Number of new recipients, not on waivers, in FY 95 needing hospital or NF level of care:	6
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$111.1 \times 6 \times 100\% =$	<u>\$666.6</u>

FY 95 Medicaid service costs per recipient needing ICF/MR level of care:	\$35.8
Number of new recipients, not on waivers, in FY 95 needing ICF/MR level of care:	9
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$35.8 \times 9 \times 100\% =$	<u>\$322.2</u>

Total FY 95 cost of Medicaid services for all new recipients:	
$\$666.6 + \$322.2 =$	<u>\$988.8</u>

## Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$692.2
Medicaid Facility (30 percent of total costs)	\$296.6

## FY 96 - FY 99:

It is assumed that all new eligibles covered under this bill in FY 96 or after would receive coverage under waivers if this bill did not pass.

FISCAL NOTE

No. 3

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)  
(S) Publish Date: 4-18-93

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
Title: An Act adding children under the age of BRU: Public Assistance Administration  
21 who are eligible for adoption Component: Eligibility Determination  
Sponsor: House Labor & Commerce  
Requestor: Senate HES COMPONENT SERIAL NO. 270

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	46.8	48.2	49.7	51.1	52.7	54.3
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	3.5	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>55.8</b>	<b>53.7</b>	<b>55.2</b>	<b>56.6</b>	<b>58.2</b>	<b>59.8</b>

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

REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	27.9	26.8	27.6	28.3	29.1	29.9
1003 GF Match	27.9	26.9	27.6	28.3	29.1	29.9
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>55.8</b>	<b>53.7</b>	<b>55.2</b>	<b>56.6</b>	<b>58.2</b>	<b>59.8</b>

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

SCS HB 178 (HES) expands Medicaid eligibility to cover severely disabled children in home and community-based care. The Division of Medical Assistance estimates that 139 disabled children who do not currently receive Medicaid would become eligible in FY94 under SCS HB 178(HES) and the Governor's amended budget. This caseload would grow to 148 in FY95 and 163 in FY96.

Additional public assistance field eligibility staff would be required to process applications and maintain Medicaid cases for these additional clients. One additional Eligibility Technician I/II would be necessary to cover the increased caseload.

Prepared by: Jan L. Hansen, Director  
Division: Division of Public Assistance  
Approved by Commissioner: Theodore A. Malachuk, MPH  
Agency: Department of Health & Social Services

Phone: 465-2680  
Date: 4/16/93  
Date: 4-16-93

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For further distribution information call the Governor's Legislative Office

Position Title Eligibility Technician II		No. of Positions 1	Range/Step 14B	Bargaining Unit GGU
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District House 15
TYPE of EXPENDITURE		AMOUNT		
Salary		32.8		
Benefits		14.0		
Premium Pay				
Other				
Total Personal Services		46.8		
Travel				
Contractual		5.0		
Commodities		0.5		
Equipment		3.5		
Other				
Total Cost		55.8		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	27.9		
1003	GF Match	27.9		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>SCS HB 178 (HES) expands Medicaid eligibility to cover severely disabled children in home and community-based care. The Division of Medical Assistance estimates that 139 disabled children who do not currently receive Medicaid would become eligible in FY94 under SCS HB 178 (HES) and the Governor's amended budget. This caseload would grow to 148 in FY95 and 163 in FY96.</p> <p>Additional public assistance field eligibility staff would be required to process applications and maintain Medicaid cases for these additional clients. One additional Eligibility Technician I/II would be necessary to cover the increased caseload.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services  
 BRU: Public Assistance Administration  
 COMPONENT: Eligibility Determination (270)

**FY94**

Page 1 of 1

Revised Date:

# **CORRECTION**

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

Position Title <b>Eligibility Technician II</b>		No. of Positions <b>1</b>	Range/Step <b>14B</b>	Bargaining Unit <b>GGU</b>
Time Status <b>PFT</b>	Staff Months <b>12.0</b>	Location <b>Anchorage</b>		Election District <b>House 15</b>
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		<b>32.8</b>		
Benefits		<b>14.0</b>		
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>46.8</b>		
Travel				
Contractual		<b>5.0</b>		
Commodities		<b>0.5</b>		
Equipment		<b>3.5</b>		
Other				
<b>Total Cost</b>		<b>55.8</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
1002	Federal Receipts	<b>27.9</b>		
1003	GF Match	<b>27.9</b>		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				
<p>Justification</p> <p>SCS HB 178 (HES) expands Medicaid eligibility to cover severely disabled children in home and community-based care. The Division of Medical Assistance estimates that 139 disabled children who do not currently receive Medicaid would become eligible in FY94 under SCS HB 178 (HES) and the Governor's amended budget. This caseload would grow to 148 in FY95 and 163 in FY96.</p> <p>Additional public assistance field eligibility staff would be required to process applications and maintain Medicaid cases for these additional clients. One additional Eligibility Technician I/II would be necessary to cover the increased caseload.</p>				

**REQUEST for  
NEW POSITION**

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Eligibility Determination (270)

**FY94**

Page 1 of 1

Revised Date:

**HB**

**180**

# ALASKA STATE LEGISLATURE

Representative Eileen Panigeo MacLean  
Co-Chair House Finance Committee  
P.O. Box 830  
Barrow, Alaska 99723  
(907) 852-7111



WHILE IN JUNEAU  
State Capitol, Room 507  
Juneau, Alaska 99801-1182  
465-4833  
465-4525  
463-3241 FAX

## HOUSE OF REPRESENTATIVES

### MEMORANDUM

District 37

North Slope  
Borough

Anaktuvuk Pass  
Atkasuk  
Barrow  
Kaktovik  
Nuiqsut  
Point Hope  
Point Lay  
Walnwright


Northwest Arctic  
Borough

Ambler  
Buckland  
Deering  
Kiana  
Kivalina  
Kobuk  
Kolzebue  
Noatak  
Noorvik  
Selawik  
Shungnak

Seward Peninsula

Brevig Mission  
Diomedes  
Shishmaref  
Teller  
Wales

TO: Senator Tim Kelly  
Chair, Labor and Commerce Committee

FROM: Rep. Eileen Panigeo MacLean 

DATE: January 17, 1994

RE: Scheduling of HB 180

---

HB 180 was scheduled to be heard by the Senate Labor and Commerce committee in what proved to be the committee's last meeting of the 1993 session. Since we barely missed our opportunity last year, I respectfully request a hearing on this bill at your earliest convenience.

HB 180 responds to an unintended consequence of the 1992 merger of DCRA housing loans into AHFC. AHFC's building inspection requirements in AS 18.56.300(b) were designed for residential construction within municipalities or along the road system. Their application to remote settings was not anticipated, and can result in thousands of additional dollars added to the cost of a new home. This works against the development of new housing in remote areas where it is most needed.

HB 180 does not eliminate the requirement for multiple building inspections during construction. Instead it allows AHFC to use some flexibility in applying the existing criteria in remote settings.

HB 180 broadens the pool of eligible inspectors by including licensed architects and engineers, and more importantly it authorizes AHFC to identify other qualified people in rural communities who are capable of doing one or more of the required inspections.

In addition, this bill allows the use of videotape or other means that get the job done without requiring a site inspection. And it authorizes AHFC

to use flexibility in its interpretation of building codes as long as health and safety considerations are not compromised.

AS 18.56.300(b) was originally enacted to ensure that areas immediately outside municipal boundaries are held to comparable inspection requirements on AHFC-funded residential housing construction projects. While a requirement of four on-site inspections may be reasonable in urban areas, it imposes an unreasonable burden in areas where inspectors must be flown in.

HB 180 has the support of the banks involved in rural lending. It is welcomed by AHFC. The Alaska Homebuilders Association and builders throughout the state have testified to the need for a more flexible arrangement in rural areas.

If you need further documentation, please contact David Harding of my staff (-6871).

Thank you.

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

MEMORANDUM

March 4, 1993

**SUBJECT:** Sectional summary of HB 180

**TO:** Representative Eileen MacLean  
Attn: David

**FROM:** Theresa L. Eannister *TE*  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Amends AS 18.56.300(b) (in the Alaska Housing Finance Corporation chapter) to

(A) allow additional persons (licensed architects and engineers, and other AHFC-approved persons) to perform in rural areas the inspections required by AS 18.56.300(b);

(B) allow the inspector to use methods other than personal physical inspections to make the inspections in rural areas, if the methods are approved by the AHFC;

(C) authorize the AHFC to accept in rural areas variations from the applicable building code, if the inspector satisfies the AHFC that the variations don't adversely affect the structural integrity of the unit being inspected or the health and safety of the residents.

Section 2. Defines "rural area" for sec. 1.

If I may be of further assistance, please advise.

TLB:gc  
93-193.glc

**LETTERS OF SUPPORT:**

**National Bank of Alaska  
NCP Architects & Planners  
Kenai Peninsula Builders Association  
Alaska Bankers Association**

**Eagle Contracting Corporation  
Hoffman-Langlie, Inc.  
Henry Huntington**

# National Bank of Alaska



Corporate Headquarters P.O. Box 100600 Anchorage, Alaska 99510-0600 (907) 276-1132

March 9, 1993

Representative Eileen MacLean  
State Capital  
Room 507  
Juneau, AK 99801

Dear Representative MacLean:

We believe HB180 is a necessary change in Section I AS 18.56.300(b) regarding mandatory construction inspections that affect the entire state of Alaska. The change will mitigate the severe financial and procedural impact of the law on rural areas while still providing quality housing, health, and safety protection.

There are approximately 178 ICBO certified inspectors who graduated from a class put on in 1992 by AHFC in anticipation of this law. These inspectors are distributed through 33 communities around the state. These private inspectors may not provide their services at reasonable cost when considering the social need to provide modern housing in rural Alaska.

We see two problems with the existing statutes for rural home builders: 1) The high cost of a home builder supporting the inspection program, and 2) the required inspectors are limited narrowly to only ICBO inspectors. In outlying areas such as St. Paul, King Cove, or Nome, the cost of four on-site inspections is for round-trip airfares plus possibly room and board. Anchorage/St. Paul is currently \$1,054 round-trip. If a typical inspector charges \$1,800 for a house, the total bill could exceed \$7,800. Costs for on-site visits for appraisal, surveys, thermal standards, and environmental considerations are in addition to this.

Secondly, by limiting the inspector pool to only ICBO inspectors, many qualified architects, engineers or other responsible persons are eliminated in assisting in the inspection process. Some of these local officials may be more experienced in local conditions than a newly created inspector flying out from an urban area. Many architects and engineers have frequent occasion to fly to rural areas to inspect projects and could add a home inspection at little extra cost.

Representative Eileen MacLean  
March 9, 1993  
Page Two

It is our understanding that the original legislation exempted DCRA's Rural Housing Program from the statute, but an unintended by-product of the merger of DCRA's rural housing program into AHFC was to make this law a fact-of-life for the entire state.

We believe the solution to this problem is through passage of house bill 180 as it is currently written and asks for the legislature's support of the bill.

Sincerely,



Jim McCormack  
Vice President

gs

# NATIONAL Bank of Alaska



Corporate Headquarters P.O. Box 12600 Anchorage, Alaska 99512-0600 (907) 575-1122

March 11, 1993

Representative Harley Olberg  
Alaska State Legislature  
State Capital  
Juneau, AK 99801-1182

Re: Residential Housing Inspection  
Requirements of AHFC

Dear Representative Olberg:

National Bank of Alaska has been a participant in the development of the housing needs of Alaskans since its inception 77 years ago. Due to the difficulty of attracting capital to our state for housing, NBA maintained an office in New York for that purpose in the 1950s and have participated in the creation of Alaska Housing Finance Corporation. NBA has been actively involved with Fannie Mae, Freddie Mac, HUD, VA, the Farmers Home Administration, and other secondary market lenders to assure the flow of capital to meet the housing needs of all Alaskans. It is our belief that the long-term viability of the state of Alaska is dependent on the equal access of housing to all inhabitants. Government regulations that inhibit equal access to housing or create a situation that discriminates by adding burdensome costs to particular residents of our state and does not foster equal access to housing of our population are not acceptable.

We believe that the ICBO legislation previously enacted created a costly bureaucratic situation for rural residents of the state of Alaska and does not practically increase equality of housing to our rural residents. We therefore have supported and encouraged the enactment of House Bill 180 which deals with inspections in rural and remote Alaska and ask that you provide support to this legislation as well. Keep in mind that the proposed amendments to the existing law relate to rural areas and increases the ability of Alaska Housing Finance to meet quality and safety objectives by giving it flexibility to deal with problems of remote communities. Rural in this legislation means an area that is not land connected by the state highway system.

March 11, 1993  
Page Two

Alaskans, in general, abhor other people forcing governmental authority onto us when we feel that these rules inhibit our ability to function as a unique society. Please keep in mind that Alaska has numerous communities and climates with unique situations which may require unique solutions. Costs related to Government regulations that may seem reasonable to a Kenai home builder may cost ten times as much for a home in the Bush. The original ICBO law was not intended to cover rural Alaska; however, with the merging of DCRA and Alaska Finance Corporation such a regulatory requirement now exists.

Your support and assistance in this matter would be greatly appreciated. If you have additional questions about the technical aspects of the bill, please contact Jim McCormack at 265-2878.

Sincerely yours,



Jan K. Sieberts  
Senior Vice President

sr

# NCP

ARCHITECTS & PLANNERS

March 9, 1993

Post-It™ brand fax transmittal memo 7671		# of pages •
To	E. Lep. & J. Mac. Jca	From C. Porter
Co.		Co.
Dept.		Phone # 542-2283
Fax #	463-3241	Fax #

Ref: House Bill 180

Dear Legislator:

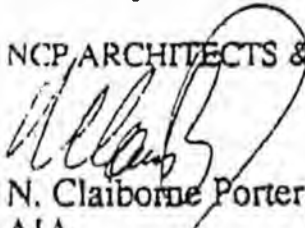
Recently I received a copy of HB 180 entitled "An Act Relating To The Residential Housing Inspection Requirements Of The Alaska Housing Finance Corp." As a registered architect in the State of Alaska and design professional involved in the inspection of the residential and commercial buildings, I find this change very positive. A request was made initially on HB 368 to included architects and engineers in that legislation, however, it was not done. Many different problems have been created by that omission and this is an attempt to clarify that oversight. This clarification is admirable and should be passed.

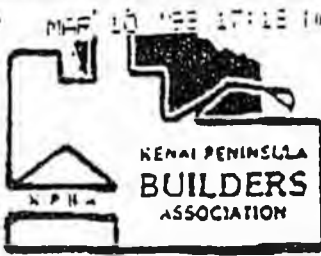
Lines 2 and 3 on page 2 do create an interesting set of circumstances for which further clarification are needed. The default position of HB 368 and HB 180 is that the Executive Director of Alaska Housing Finance Corp. is indeed the State Building Official and is the party that sets what body of codes that are to be enforced. In addition, there is no State Building Code for residential construction in the State of Alaska that is enforced by any agency as all of those agency's have been precluded by statue. Therefore, the Executive Director of Alaska Housing Finance Corp. is the defacto building official for this legislation and by the rules of the applicable codes has the authority to make changes and exceptions. That condition presently exist and will continue to exist based upon this legislation.

Finally let me state that the Architects I have spoken with are in favor of this modification to HB 368 and in favor of the passage of HB 180.

Sincerely,

NCP ARCHITECTS & PLANNERS

  
N. Claiborne Porter, Jr.  
AIA



KENAI PENINSULA BUILDERS ASSOCIATION  
Written Testimony  
House Bill No.180

March 11, 1993

The Kenai Peninsula Builders Association is aware that the residential housing inspections required by Alaska Housing Finance Corporation are difficult and expensive for some outlying rural areas to comply with. House Bill 180 addresses this problem and while we support the reasoning of this bill, we can not support legislation which would allow inspections by anyone other than an ICBO certified inspector.

We feel that the intent of the existing statute which requires that inspections be made only by ICBO certified inspectors needs to be recognized and preserved. We strongly support the intent of the original legislation which requires ICBO certification for inspectors.

The Kenai Peninsula Builders Association agrees that the Alaska Housing Finance Corporation should be given the authority to deal with isolated problems of residential inspections in rural areas on a case-by-case basis.

March 9, 1993

Representative Eileen MacLean  
State Capital  
Room 507  
Juneau, AK 99801

Dear Representative MacLean:

We believe HB180 is a necessary change in Section I AS 18.56.300(b) regarding mandatory construction inspections that affect the entire state of Alaska. The change will mitigate the severe financial and procedural impact of the law on rural areas while still providing quality housing, health, and safety protection.

There are approximately 178 ICBO certified inspectors who graduated from a class put on in 1992 by AHFC in anticipation of this law. These inspectors are distributed through 33 communities around the state. These private inspectors may not provide their services at reasonable cost when considering the social need to provide modern housing in rural Alaska.

We see two problems with the existing statutes for rural home builders: 1) The high cost of a home builder supporting the inspection program, and 2) the required inspectors are limited narrowly to only ICBO inspectors. In outlying areas such as St. Paul, King Cove, or Nome, the cost of four on-site inspections is for round-trip airfares plus possibly room and board. Anchorage/St. Paul is currently \$1,054 round-trip. If a typical inspector charges \$1,800 for a house, the total bill could exceed \$7,800. Costs for on-site visits for appraisal, surveys, thermal standards, and environmental considerations are in addition to this.

Secondly, by limiting the inspector pool to only ICBO inspectors, many qualified architects, engineers or other responsible persons are eliminated in assisting in the inspection process. Some of these local officials may be more experienced in local conditions than a newly created inspector flying out from an urban area. Many architects and engineers have frequent occasion to fly to rural areas to inspect projects and could add a home inspection at little extra cost.

Representative Eileen MacLean

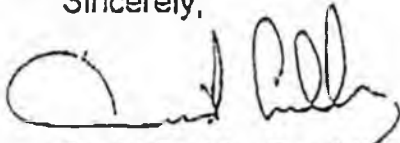
March 9, 1993

Page Two

It is our understanding that the original legislation exempted DCRA's Rural Housing Program from the statute, but an unintended by-product of the merger of DCRA's rural housing program into AHFC was to make this law a fact-of-life for the entire state.

We believe the solution to this problem is through passage of house bill 180 as it is currently written and asks for the legislature's support of the bill.

Sincerely,

A handwritten signature in black ink, appearing to read "David Cuddy". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

David Cuddy, President

gs

# EAGLE CONTRACTING CORPORATION

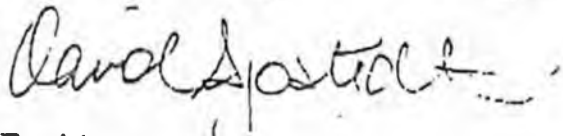
*You've tried the rest now try the best.*

March 10, 1993

RE: House Bill 180

This letter is to urge you to support HB 180. This bill would greatly benefit rural communities with regard to the expense of building.

Sincerely,



David Sjostedt  
President

# HOFFMAN-LANGLIE, INC.

GENERAL CONTRACTORS  
P.O. BOX 721 BETHEL, AK 99559  
(907) 543-3983 FAX (907) 543-3956

3/11/93



Eighteenth Legislature  
Juneau, AK

RE: House Bill No. 180

Attn: Legislators

This letter is in support of House Bill No. 180, sponsored by Rep. Eileen Panigeo Maclean, which addresses the problem of the five required inspections on residential housing in rural Alaska.

As a general contractor in the Bethel area for the past 15 years, we know the cost of building in the rural areas is much higher than other areas. Although we feel building inspections benefit all parties concerned, HB 180 at least gives the homeowner some options, which may result in lowering the total cost of construction.

If inspections could be done by more than one qualified agency, the construction process would be able to proceed much faster, and probably much cheaper than depending on one source for inspections.

Since the building season is short, rural builders need some flexibility for getting the required inspections done.

In closing, our company strongly supports HB 180 and its benefits to rural homebuilders, and feel it would not hinder quality construction in rural Alaska. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Langlie".

Michael E. Langlie - President  
Hoffman-Langlie, Inc.

TESTIMONY ON H.R. - 180

MARCH 11, 1993

My name is Henry Huntington. I'm building my own house in Barrow. I started in June 1992. When I heard about the inspections, it sounded like a good thing - so I could make sure everything was okay with the construction. But then I found out that there was only one qualified inspector in Barrow. He didn't even want to do it, and would have charged \$2000 just to start with, if no re-inspections were needed. That was ridiculous. If I lived in Point Barrow, I'd have to fly him there at great expense, if he would even be willing to go there, which he probably wouldn't. The cost and the effort required were not worth the product. It is just another hoop to jump through that benefits only AHFC. It really is not appropriate in rural areas where inspectors are few and the distance between need and building is enough of a pain as it is.

By contrast, I got an Energy Rating quickly and easily and for \$60. I was happy to do that, and it is good to know that my house is a 5-star. ~~That~~ That type of system makes much more sense, because it is useful to the homeowner at an affordable cost, and provides AHFC with the information they need. While the idea of checking construction to make sure it is adequate is a good one, without some way to provide for the inspection in a reliable and cost-effective manner, the law is inappropriate to rural Alaska.

H.R. 180 is a step in the right direction for helping rural Alaskans build quality homes with a minimum of regulatory cost and logistical burden.

**SENATE LABOR & COMMERCE COMMITTEE - JANUARY 24, 1994**

**Additional Packet Information for:**

**HB 180 - Residential Housing Inspection Requirments of AHFC**

- Updated Sponsor Statement
- Updated Fiscal Note

**Sponsor Statement**  
**HB 180 AM**  
**Rep. Eileen Panigeo MacLean**

HB 180 relates to the residential housing inspection requirements of the Alaska Housing Finance Corporation. When DCRA's rural housing loan programs were merged into AHFC in 1992, they became subject to AHFC's inspection requirements as listed in AS 18.56.300(b). These requirements were never intended to apply to rural housing loan programs; in fact, AHFC's primary rural loan program (non-conforming housing) is specifically exempted in the statute.

Rural housing loans have been subject to the AHFC inspection requirements since July 1, 1992. These statutory requirements mandate a minimum of four site visits by a qualified inspector. Very few of these inspectors live in rural communities. The result is that a homeowner building a new house must pay for an inspector to fly in five times to review the progress of the project. If the inspector finds any problems during one of these site visits, additional inspection trips may be necessary.

Lending institutions have found that these requirements can add thousands of dollars to the price of a new home. This is an unnecessary and unfair burden on rural homeowners who already are faced with extremely high home construction costs.

While it would be simpler to exempt the former DCRA rural loans from such requirements, the housing inspection process can serve a useful purpose. It assures safe construction and offers lending institutions a level of comfort in financing rural projects. However, the key to assuring safe construction in rural areas without sending the price through the roof is flexibility in applying the inspection requirements.

HB 180 would provide this flexibility in the following ways:

- It broadens the pool of eligible inspectors in rural areas by allowing licensed architects and engineers to conduct the inspections. These professionals are clearly qualified to accomplish the task, and they often travel to rural areas to monitor construction projects.
- It allows AHFC to identify other qualified individuals in rural communities. A local contractor or journeyman in a trade might be obvious candidates to carry out part or all of a remote inspection.
- It authorizes inspection methods other than a physical site visit by an inspector. For example, AHFC could approve an inspection of footings and foundations based on videotape or photographs.

In addition, this bill authorizes AHFC to accept building methods or materials that may not meet state building codes if the corporation is satisfied that the code variation does not sacrifice health or safety. Such variations may help to remedy the rural disadvantage regarding available materials. If a building material were available that may not meet code but would stand up to an engineering review, then AHFC would be allowed to accept such equivalent substitutions.

HB 180 has the support of lending agencies around the state. AHFC agrees with the need for greater inspection flexibility. And builders appreciate the need for different inspection criteria in remote areas. The bill has a zero fiscal note from AHFC.

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. House Bill 180 am

Revision Date: April 14, 1993

Dept. Affected: - Department of Revenue

Title: An Act relating to the residential housing inspection  
requirement of the Alaska Housing Finance Corporation

BRU: Alaska Housing Finance Corp

Component: Alaska Housing Finance Corp

Sponsor: Representative MacLean

Requestor: Representative MacLean

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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

(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
1008 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

Alaska Housing Finance Corporation does not anticipate any increased cost with the proposed amendment to AS 18.56.300(u).

Prepared by:

Kay Murphy

*Kay Murphy, Director*  
*Mortgage Dept.*

Phone: (907) 561-1900

Division:

Alaska Housing Finance Corporation

Date: January 18, 1994

Approved by

Date:

Agency:

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BILL: HB 180      SHORT TITLE: AHFC HOUSING INSPECTION REQUIREMENTS  
 BILL VERSION: HB 180 AM  
 SPONSOR(S): REPRESENTATIVE(S) MACLEAN

HB 180                      Bill/Resolution Floor Action                      Page 2 of 3

Current Status: (S) L&C

Jrn-Date	Jrn-Page	Action
1 02/25/93	455	(H) READ THE FIRST TIME - REFERRAL(S)
2 02/25/93	455	(H) CRA, LABOR & COMMERCE
3 03/22/93	730	(H) CRA RPT 3DP 4NR
4 03/22/93	730	(H) DP: TOOHEY, OLBERG, WILLIAMS
5 03/22/93	730	(H) NR: SANDERS, BUNDE, DAVIES, WILLIS
6 03/22/93	730	(H) -ZERO FISCAL NOTE (REV) 3/22/93
7 04/02/93	928	(H) L&C RPT 4DP 2NR
8 04/02/93	928	(H) DP: PORTER, SITTON, MACKIE, MULDER
9 04/02/93	928	(H) NR: GREEN, HUDSON
10 04/02/93	928	(H) -PREVIOUS ZERO FN (REV) 3/22/93
11 04/14/93	1235	(H) RULES TO CALENDAR 4/14/93
12 04/14/93	1235	(H) READ THE SECOND TIME
13 04/14/93	1235	(H) AMENDMENT NO 1 BY DAVIES
14 04/14/93	1235	(H) AM NO 1 ADOPTED UNAN CONSENT
15 04/14/93	1235	(H) ADVANCED TO THIRD READING UNAN CONSENT
16 04/14/93	1235	(H) READ THE THIRD TIME HB 180 AM
17 04/14/93	1235	(H) PASSED Y37 N- E3
18 04/14/93	1243	(H) TRANSMITTED TO (S)
1 04/15/93	1404	(S) READ THE FIRST TIME - REFERRAL(S)
2 04/15/93	1404	(S) CRA, LABOR & COMMERCE
3 04/24/93	1725	(S) CRA RPT 4DP
4 04/24/93	1726	(S) PREVIOUS H ZERO FN (REV)
5 04/24/93	1726	(S) REFERRED TO LABOR & COMMERCE

**Yeas:** Barnes, Brice, Brown, Bunde, Carney, Davidson, Davies, B.Davis, G.Davis, Finkelstein, Foster, Green, Grussendorf, Hanley, Hudson, James, Kott, Larson, Mackie, MacLean, Martin, Menard, Moses, Mulder, Nordlund, Olberg, Parnell, Phillips, Porter, Sanders, Sitton, Therriault, Toohey, Ulmer, Vezey, Williams, Willis

**Excused:** Hoffman, Navarre, Nicholia

1993 MUNICIPAL POPULATION CERTIFICATION

MUNICIPALITY	1993 POPULATION
Akhiok (8)	78
Akiak	303
Akutan (1)	537
Alakanuk	623
Aleknagik	194
Aleutians East Borough	2,809
Allakaket	189
Ambler (12)	313
Anaktuvuk Pass (11)	251
Municipality of Anchorage	242,638
Anderson (3)	650
Angoon	725
Aniak	551
Anvik	104
Atka	83
Armautluak	244
Aiqasuk (11)	219
Barrow (11)	3,962
Bethel	5,023
Bettles	43
Brevig Mission	234
Bristol Bay Borough	1,492
Buckland (12)	342
Chelornak	346
Chevak	606
Chignik (9)	170
Chuathbaluk	100
Clark's Point	73
Coltman Cove	240
Cold Bay (1)	137
Cordova	2,928
Craig	1,455
Deering (12)	161
Delta Junction	757
Denali Borough	2,077
Dillingham	2,095
Diomede	180
Eagle	166
Eek	273
Ekwok	113
Elim	290
Emmonak	724
Fairbanks (4)	32,168
Fairbanks North Star Borough	81,383
False Pass (1)	84
Fort Yukon	729

## 1993 MUNICIPAL POPULATION CERTIFICATION

<u>MUNICIPALITY</u>	<u>1993 POPULATION</u>
Galena	821
Gambell	566
Golovin	146
Goodnews Bay	250
Grayling	208
Haines (5)	1,377
Haines Borough	2,267
Holy Cross	277
Homer (6)	4,349
Hoonah	968
Hooper Bay	904
Houston (10)	878
Hughes	63
Huslia	242
Hydaburg	424
City & Borough of Juneau	29,251
Kachemak (6)	371
Kake	712
Kaktovik (11)	217
Kaltag	257
Kasaan	47
Kasigiuk	464
Kenai (6)	6,613
Kenai Peninsula Borough	44,019
Ketchikan (7)	8,692
Ketchikan Gateway Borough	14,664
Kiana (12)	408
King Cove (1)	871
Kivalina (12)	365
Klawock	774
Kobuk (12)	97
Kodiak (8)	7,581
Kodiak Island Borough	15,245
Kotlik	514
Kotzebue (12)	2,532
Koyuk	281
Koyukuk	129
Kupreanof	24
Kwethluk	641
Lake & Peninsula Borough	1,789
Larsen Bay (8)	144
Lower Kalskag	239
Manokotak	408
Marshall (Fortuna Ledge)	318
Matanuska-Susitna Borough	48,731
McGrath	533

## 1993 MUNICIPAL POPULATION CERTIFICATION

<u>MUNICIPALITY</u>	<u>1993 POPULATION</u>
Mekoryuk	206
Metlakatla (Federal Law)	1,494
Mountain Village	802
Napakiak	322
Napaskiak	382
Nenana	508
New Stuyahok	408
Newhalen (9)	185
Newtok	259
Nightmute	178
Nikolai	108
Nome	4,184
Nondalton (9)	217
Noorvik (12)	542
North Pole (4)	1,671
North Slope Borough	8,572
Northwest Arctic Borough	6,558
Nuiqsut (11)	393
Nulato	378
Nunapitchuk (Akolmiut)	475
Old Harbor (8)	307
Ouzinkie (8)	210
Palmer (10)	3,205
Pelican	228
Petersburg	3,528
Pilot Point (9)	97
Pilot Station	509
Platinum	63
Point Hope (11)	685
Port Alexander	108
Port Heiden (9)	133
Port Lions (8)	259
Quinhagak	523
Ruby	207
Russian Mission	287
Saint George	287
Saint Mary's	477
Saint Michael	332
Saint Paul	763
Sand Point (1)	1,095
Savoonga	541
Saxman (7)	388
Scammon Bay	378
Selawik (12)	637
Seldovia (6)	292
Seward (6)	2,704

## 1993 MUNICIPAL POPULATION CERTIFICATION

<u>MUNICIPALITY</u>	<u>1993 POPULATION</u>
Shageluk	152
Shaktoolik	212
Sheldon Point	128
Shishmaref	533
Shungnak (12)	232
City & Borough of Sitka	9,100
Skagway	700
Soldotna (6)	3,771
Stebbins	445
Tanana	374
Teller	235
Tenakee Springs	106
Thorne Bay	637
Togiak	778
Toksook Bay	510
Tuluksak	353
Tununak	330
Unalakleet	756
Unalaska	4,317
Upper Kalskag	184
Valdez	4,301
Wainwright (11)	536
Wales	145
Wasilla (10)	4,381
White Mountain	185
Whittier	294
Wrangell	2,643
City & Borough of Yakutat	671

- 1 = City located within the Aleutians East Borough
- 2 = City located within the Bristol Bay Borough (none)
- 3 = City located within the Denali Borough
- 4 = City located within the Fairbanks North Star Borough
- 5 = City located within the Haines Borough
- 6 = City located within the Kenai Peninsula Borough
- 7 = City located within the Ketchikan Gateway Borough
- 8 = City located within the Kodiak Island Borough
- 9 = City located within the Lake and Peninsula Borough
- 10 = City located within the Matanuska-Susitna Borough
- 11 = City located within the North Slope Borough
- 12 = City located within the Northwest Arctic Borough

**Boroughs And Cities Within Boroughs  
Certified Populations - 1993  
For FY 93 SRS/MA Program**

Boroughs	Cities Within Boroughs	Population	Total of Cities Within Each Borough	Total, Each Borough Less Cities
1. Aleutians East		2,809	2,724	85
	Akiutan	337		
	Cold Bay	137		
	Faroo Pass	84		
	King Cove	371		
	Sand Point	1,095		
2. Bristol Bay		1,482	N/A	1,482
	No cities	N/A		
3. Denali		2,077	650	1,427
	Anderson	650		
4. Fairbanks North Star		81,383	33,839	47,544
	Fairbanks	32,168		
	North Pole	1,671		
5. Haines		2,267	1,377	890
	Haines	1,377		
6. Ketchikan Peninsula		44,019	18,100	25,919
	Homer	4,349		
	Kachemak	374		
	Kenai	6,613		
	Kaldora	282		
	Seward	2,704		
	Soldatna	3,771		
7. Ketchikan Gateway		14,664	9,080	5,584
	Ketchikan	8,602		
	Carlson	388		
8. Kodiak Island		15,245	8,579	6,666
	Akhivik	76		
	Kodiak	7,381		
	Larsen Bay	144		
	Old Harbor	307		
	Ouzinkie	210		
	Port Lions	389		
9. Lake and Peninsula		1,789	802	987
	Chignik	170		
	Newman	183		
	Nondaton	217		
	Pilot Point	97		
	Port Heiden	133		
10. Matanuska-Susitna		48,731	8,464	40,267
	Houston	878		
	Palmer	3,209		
	Wasilla	4,381		
11. North Slope		8,572	6,263	2,309
	Anaktuvuk Pass	251		
	Aleaska	219		
	Barrow	3,062		
	Kaktovik	217		
	Narsart	393		
	Point Hope	685		
	Wainwright	358		
12. Northwest Arctic		6,558	6,049	509
	Arctic	313		
	Buckland	342		
	Deering	161		
	Kaktovik	408		
	Korovin	263		
	Kosul	97		
	Kotzebue	2,852		
	Noorvik	542		
	Selawik	637		
	Chunguk	232		
13. Municipality of Anchorage		242,638		
14. City and Borough of Juneau		29,251		
15. City and Borough of Sitka		9,100		
16. City and Borough of Yakutat		671		

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

P.O. BOX 112100  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4750

333 W. 4TH AVENUE, SUITE 220  
ANCHORAGE, ALASKA 98501-2341  
PHONE: (907) 269-4500

December 15, 1993

CERTIFICATION OF 1993 MUNICIPAL POPULATIONS

Under the authority vested in me by AS 29.60.020, AS 29.60.150, and AS 29.60.370, I, Edgar Blatchford, Commissioner of the Department of Community and Regional Affairs, do hereby certify the population of each municipality as of July 1, 1993, as shown on the attached "1993 Municipal Population Certification."

Dec. 15 - 93  
Date

Ed. Blatchford  
Edgar Blatchford  
Commissioner

Post-It<sup>™</sup> brand fax transmittal memo 7571 # of pages **6**

To: <i>H. David Henderson</i>	From: <i>Blatch</i>
Co.	Co.
Dept.	Phone #
Fax # <i>416.3-3241</i>	Fax #

# SENATE COMMITTEE REPORT

DATE: 4/24/93

FURTHER:

DATE TURNED INTO OFFICE: 2-10-94

L&C Committee considered HOUSE BILL NO. 180 am

"An Act relating to the residential housing inspection requirements of the Alaska Housing Finance Corporation."

and recommends:

- replace with 5 CS HB 180 (L&C)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department      Date      Zero      Fiscal

Department	Date	Zero	Fiscal
HB 180 am DOR SCS	1/18/94	<input checked="" type="checkbox"/>	

**PREVIOUS FISCAL NOTES**

Department      Date      Zero      Fiscal

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:       

OTHER RECOMMENDATIONS:

Chair: Signature and Recommendation

A M E N D M E N T

OFFERED IN THE SENATE  
TO: HB 180 AM

page 2, line 17-18:  
delete all material and insert:

(3) "rural area" means a community with a population of 5,500 or less that is not connected by road or rail to Anchorage or Fairbanks.

Josh - pls call  
-6871

DAVID

principal amount of loans made for small community housing under AS 18.56.400 — 18.56.600.

(d) In this section

(1) "development" means the construction of a new residence or the repair, remodeling, rehabilitation, or expansion of an existing residence;

(2) "nonowner occupied housing" means a single-family residence or a multi-family residence having up to eight dwelling units and that is not occupied by the owner; the corporation may modify this definition if it determines that there is a special need for nonowner occupied housing and that a change in the definition is necessary to enable the corporation to meet that need. (§ 100 ch 4 FSSLA 1992)

**Sec. 18.56.590. Annual report.** To further ensure effective budgetary decision making by the legislature, the corporation shall present a complete accounting of the housing assistance revolving fund to the legislature each year by January 10. The accounting must consist of an audit by an independent outside auditor for that year. The accounting must include a full description of all mortgage loan interest and principal repayments and program receipts for purposes of programs under AS 18.56.400 — 18.56.600, including mortgage loan commitment fees, received by or accrued to the corporation during the preceding fiscal year, and all income earned on assets held by the corporation for purposes of programs under AS 18.56.400 — 18.56.600 during that period. (§ 100 ch 4 FSSLA 1992)

**Sec. 18.56.600. Definitions.** In AS 18.56.400 — 18.56.600,

(1) "housing" means owner-occupied, single-family housing and owner-occupied duplexes in which not more than 25 percent of the gross floor area is or will be devoted to commercial use;

(2) "small community" means a community with a population of 5,500 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 1,400 or less that is connected by road or rail to Anchorage or Fairbanks; in this paragraph, "connected by road" does not include a connection by the Alaska marine highway system. (§ 100 ch 4 FSSLA 1992)

**Article 3. Low Cost and Low Income Multiple Housing.**

**Section**

650. Low cost and low income multiple family housing development fund and grants

**Sec. 18.56.650. housing development fund.** corporation a development fund.

grants to municipalities designated as Revenue Code income multiplier

(b) Application form prescribed

(1) shall describe family housing project; and

(2) must illustrate the ab project.

(c) A low cost housing project developed under this section

(1) shall be eligible for development grants under AS 18.56.650

(2) is a public housing project

(d) The corporation shall carry out the project

(e) In this section "project" means

(1) means provide multiple family housing

(2) include buildings, incidental or

Revisor's note: this section amended by AS 44.47.01

Cross reference: provisions relating to former low cost

**Section**

700. Senior housing  
710. Senior housing  
720. Interest on  
730. Condition  
740. Fire insurance  
750. Loan origination

A M E N D M E N T

OFFERED IN THE SENATE  
TO: SCS HB 180 (L&C)

page 2, line18:  
add:

to Anchorage or Fairbanks[.] , or with a population of 1,000 or less that is connected by road or rail to Anchorage or Fairbanks, except for communities within 50 miles of Anchorage, Kenai, Wasilla, Fairbanks, Juneau, Ketchikan, Homer, Seward and Valdez.

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. House Bill 180 am

Revision Date: April 14, 1993 Dept. Affected: - Department of Revenue  
 Title: An Act relating to the residential housing inspection BRU: Alaska Housing Finance Corp  
requirement of the Alaska Housing Finance Corporation Component: Alaska Housing Finance Corp  
 Sponsor: Representative MacLean  
 Requestor: Representative MacLean 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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING: (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
Other	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

Alaska Housing Finance Corporation does not anticipate any increased cost with the proposed amendment to AS 18.56.300(b).

Prepared by: Kay Murphy, Director Phone: (907) 561-1900  
 Division: Alaska Housing Finance Corporation Date: January 18, 1994  
 Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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FISCAL NOTE

*Does municipal  
exemptions apply  
to (b) ? or only  
(a) ?*

HOUSE BILL NO. 180 am

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE MACLEAN

Amended: 4/14/93  
Introduced: 2/25/93

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the residential housing inspection requirements of the Alaska  
2 Housing Finance Corporation."

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

4 \* Section 1. AS 18.56.300(b) is amended to read:

5 (b) As a condition of a commitment to purchase or approve a loan under this  
6 section for residential housing the construction of which begins after June 30, 1992,  
7 the corporation shall require inspection of the unit of residential housing that is the  
8 subject of the loan. The inspection must be performed by a municipal building  
9 inspector, [OR] by a person who is approved or certified to perform residential  
10 inspections by the International Conference of Building Officials or the International  
11 Association of Electrical Inspectors, or, when the unit of residential housing is  
12 located in a rural area, by an architect licensed under AS 08.48, by an engineer  
13 licensed under AS 08.48, or by another qualified person approved by the  
14 corporation. When the unit of residential housing is located in a rural area, the

1 person who makes the inspection may use methods, including reviewing the unit  
2 by videotape, other than a personal physical inspection to make the inspection if  
3 the method is approved by the corporation, and variations from the applicable  
4 code may be accepted at the corporation's discretion, if the person authorized to  
5 inspect the unit under this subsection satisfies the corporation that the variation  
6 does not adversely affect the structural integrity of the unit or the health and  
7 safety of the residents. The person who makes the inspection shall determine whether  
8 the construction conforms to relevant provisions of the construction codes of the  
9 municipality or of the state building code, as applicable, at each of the following stages  
10 of construction:

- 11 (1) plan approval;
- 12 (2) completion of footings and foundations;
- 13 (3) completion of electrical installation, plumbing, and framing;
- 14 (4) completion of installation of insulation;
- 15 (5) final approval.

16 \* Sec. 2. AS 18.56.300(e) is amended by adding a new paragraph to read:

17 (3) "rural area" means an area that is not on the land-connected state  
18 highway system.

**HB**

**1966**

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

MEMORANDUM

March 10, 1993

**SUBJECT:** Sectional Summary of SSHB 196 (State employment preference for veterans and prisoners of war)

**TO:** Representative Pete Kott

**FROM:** Teresa B. Cramer *TBC*  
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill is not considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 amends the existing state employment preference for veterans and prisoners of war to permit its use more frequently.

Sec. 2 repeals a subsection of the existing state employment preference for veterans to conform to the changes made in sec. 1.

TBC:gc  
93-221.glc

SECTIONAL ANALYSIS



VETERANS OF FOREIGN WARS OF THE U.S.  
DEPARTMENT OF ALASKA  
P.O. Box 141988  
Anchorage, Alaska 99514

March 23, 1993

TO: All State Senators and Representatives

The Veterans of Foreign Wars, Department of Alaska, is in full support of Sponsor Substitute for House Bill No. 196. Former prisoners of war and veterans have already paid a high price in service to our country. An act relating to the state employment preference for veterans and prisoners of war is justified.

The Veterans of Foreign Wars, Department of Alaska, appreciates your consideration and assistance in passing Sponsor Substitute for House Bill No. 196.

Sincerely,

A handwritten signature in black ink, appearing to read 'Larry Patch', written in a cursive style.

Larry Patch  
VFW State Commander

## SPONSOR STATEMENT

AS 39.25.159 currently establishes an employment preference for veterans. This preference, however, is limited by specific statutory language, as follows: "Except as provided in (c) of this section, a person who has been appointed, after receiving preference points under this subsection, to a permanent position in the classified service is not entitled to a further hiring preference under this subsection." SSHB 196 would eliminate this limitation.

Hiring preferences traditionally are justifiable as conducive to the achievement of several important state goals. Among those goals may be included the following:

- (a) Encouraging qualified men and women to volunteer for military duty;
- (b) Rewarding those men and women who, either as a result of enlistment or through conscription, sacrificed their time, effort, and sometimes their health, to protect those liberties and freedoms which Alaskans and all Americans hold dear;
- (c) Assisting veterans into making the oftentimes difficult transition from military to civilian status; and,
- (d) Securing for the State the services of men and women of proven discipline and integrity.

See Personnel Administrator of Massachusetts v. Feenev, 442 U.S. 256 (1979) for a discussion of the traditional goals of veterans preferences statutes.

It respectfully is submitted that the above articulated goals are desirable and proper for the State of Alaska. SSHB196 enhances Alaska's ability to achieve these important goals.

Alaska is facing uncertain economic times and a projected decline in revenues. Any given civil service position may be of very short duration. A veteran who uses his or her one-time preference in securing a position may quickly be without that position. When that occurs, the above mentioned state goals are not significantly advanced. These goals can not be achieved if the veteran, having once asserted the preference, is thereafter foreclosed from utilizing it again to secure employment. To more fully achieve state goals it therefore is necessary to remove the limitation now contained in the statute and permit veterans to re-assert their preference rights in

securing employment. SSHB 196 endeavors to accomplish that end,  
and it is heartily commended to you for your consideration.

SENATE COMMITTEE REPORT

DATE: 4/23/93

FURTHER:

DATE TURNED INTO OFFICE: 4/27/93

L&C Committee considered SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 196

"An Act relating to the state employment preference for veterans and prisoners of war."

and recommends:

- replace with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- or  adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal
DMVA	3/15	✓	
DOA	3/19	✓	

Appropriation No Fiscal Note

DO PASS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

OTHER RECOMMENDATIONS:

\_\_\_\_\_ NR

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SSHB 196

Revision Date: \_\_\_\_\_  
 Title: 'State employment preference for veterans and prisoners of war.'  
 Sponsor: Representative Kott  
 Requestor: House Special Committee on Military and Veterans Affairs.

Department Affected: Administration  
 SFU: Personnel/OEEO  
 Component: Personnel/OEEO  
 COMPONENT SERIAL NO. 56

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
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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FUNDING:

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
OTHER	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 (FY93) impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Kevin Ritchie, Director  
 Division: Personnel/OEEO

Phone: 465-4429  
 Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Usery  
 Agency: Administration

Date: 3/12/93

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- Fiscal Notes -

# FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. SSHB 196

Revision Date: \_\_\_\_\_ Dept. Affected: DMVA  
 Title: State employment preference for BRU: NA  
veterans and prisoners of war Component: \_\_\_\_\_  
 Sponsor: Rep. Kott  
 Requestor: Rep. Kott COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

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

REVENUE FUND SOURCE:						
----------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact \$ \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact

Prepared by: Jeff Morrison, Director  
 Division: Administrative Support & Services  
 Approved by Commissioner: *J. Morrison* Hugh L. Cox III  
 Agency: Military & Veterans Affairs

Phone: 465-4730  
 Date: 15 Mar 93  
 Date: 3/15/93

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**HB**

**221**

# ALASKA STATE FIREFIGHTERS ASSOCIATION

P.O. Box 2092, Cordova, Alaska 99574



March 10, 1994

Senator Tim Kelly  
State Capitol, Room 101  
Juneau, Alaska 99801-1182

Dear Senator:

On Tuesday March 8th I met with your Legislative Assistant, Joshua Fink. We discussed HB 221 regarding Worker's Compensation benefits for Volunteers. I appreciate the time he took out of his busy day to meet with me. Thank you.

After reviewing the letters from the Alaska Municipal League and the Municipality of Anchorage and identifying the problems this legislation presented to them, I believe that we could amend the bill to satisfy everyone.

First, by eliminating Section 1, the problem of an additional expenses for communities to insure volunteers who earn considerably more in their normal employment would be removed.

Section 2 seems to clearly mean that if volunteers are considered to be employees it will be for the purpose of Title 23, Chapter 30 dealing with Alaska Worker's Compensation. This is important because volunteer fire fighters should be insured while participating in duties that are identical to those performed by career firefighters, covered by workers compensation. Without this change the following would apply.

The Worker's Compensation Board ruling handed down on February 17, 1993 stated that *..."Assuming such a 'volunteer', is truly a volunteer, and not an employee, we presume we would apply AS 23.30.243. Notably, that statute does not mention firemen who are injured during training. Based on the plain language of the statute, it appears likely coverage under the AWCA would be denied."* (Pages 4 & 5).

Fire fighters also participate in many activities in addition to training. These include pre fire planning, fire investigation, building and equipment maintenance, administrative duties, fire investigation and teaching fire prevention to citizens. This is only a partial list and presumably volunteer firefighters would not be covered by Worker's Compensation while participating in these activities.

The concern that the Municipality of Anchorage has, that two or three claims could result in claims in excess of one million, may be true. But, the only recourse an injured volunteer would have otherwise is by filing suit. This is currently happening in Juneau and the plaintiff is asking for three million.

It is my hope that by passing this bill suits of this sort will be avoided in the future.

Thank You,

A handwritten signature in cursive script, appearing to read 'Rob Plumb', followed by a long horizontal line extending to the right.

Robert Plumb, president

cc: Representative Bill Hudson  
John George



# Alaska State Legislature

REPRESENTATIVE BILL HUDSON

State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-3744

## COMMITTEES

CHAIR  
Labor & Commerce  
VICE CHAIR  
Resources  
MEMBER  
Transportation  
Regulation Review  
Economic Development  
Task Force

## MEMORANDUM

April 20, 1993

**TO:** Senator Tim Kelly, Chair  
Senate Labor and Commerce Committee

**FROM:** Representative Bill Hudson

**SUBJECT:** House Bill 221, "An Act relating to workers' compensation for volunteer ambulance attendants, police officers, and firefighters . . ."

House Bill 221 was heard today by the Senate Community and Regional Affairs Committee and passed onto Senate Labor and Commerce Committee with 4 do passes and a zero fiscal note. I would very much appreciate your scheduling this bill in your committee at your earliest convenience.

HB 221 passed the House with a vote of 32 yeas, 2 nays and enjoys the support of fire fighters statewide. Attached you will find:

- \* Sponsor Statement
- \* Fiscal Note
- \* Sectional Analysis
- \* Alaska Statutes AS 23.30.092
- \* Alaska Workers' Compensation Board Ruling of 2/17/93
- \* Letters of Support

Attachments

