

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8550 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

TONY KNOWLES  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

HB 244  
PO Box 110001  
Juneau, Alaska 99811 0001  
(907) 465-3500  
Fax (907) 465 3532

March 6, 1995

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-8881

Dear Speaker Phillips:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the administrative determination of paternity by the Department of Revenue, child support enforcement division (CSED) and addressing the establishment of paternity based on voluntary acknowledgement of paternity by appropriate parties.

The bill would amend relevant portions of the laws currently found in AS 25.27 to allow CSED to administratively determine the paternity of children. The bill also amends AS 18.50.160, relating to the identification of parents on birth certificates by voluntary acknowledgement. The bill does not affect any existing court rules.

Under recent federal regulations adopted in December 1994, time frames for the establishment of paternity and support orders have been significantly shortened. In order to determine how best to meet these deadlines, CSED has reviewed the relevant Alaska statutes and its administrative procedures to identify areas that could be handled more efficiently than under the current state statutes and regulations. One such area is the determination of paternity. Under current state law, such determinations may only be made by a court.

This bill establishes a procedure by which CSED may determine paternity administratively, without resort to the courts. Under the proposed statute changes, CSED may initiate an administrative proceeding to determine paternity upon application of the child's mother or guardian or upon application of the State of Alaska or of another state. The proceeding is initiated through service of a Notice of Paternity and Financial Responsibility, together with an administrative order requiring the parties to submit to

The Honorable Gail Phillips  
March 6, 1995  
Page 2

genetic testing. Unless paternity is admitted or the alleged father fails to respond to the notice, CSED's determination of paternity will be based upon the results of the genetic testing and other evidence. In conjunction with the paternity proceeding, CSED also may establish the amount of the support obligation, which CSED is already permitted to do under existing law.

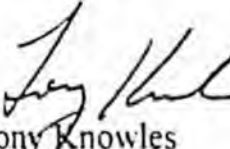
Through an appeal process, the bill safeguards the alleged father's rights with respect to the determination of paternity. Once CSED has issued its finding of paternity, the alleged father may request a formal hearing, after which the alleged father also will be entitled to judicial review if a timely appeal is filed with the superior court.

The bill amends the state law relating to the identification of parents on a child's birth certificate. The bill would allow the Bureau of Vital Statistics to enter a father's name on a child's birth certificate based on voluntary acknowledgements of paternity by the appropriate parties. If the child was born in wedlock (and, thus, the mother's husband is the legally presumed father), affidavits must be provided by the mother, her husband, and the alleged father, attesting that the husband is not the child's father and that the alleged father is the father of the child. If the child was born out of wedlock, affidavits are needed only from the mother and the alleged father, attesting that the alleged father is the child's father.

The bill also recognizes the growing use of administrative procedures in addition to or in place of judicial proceedings in the establishment of paternity and the establishment and enforcement of support orders. The changes proposed in the bill are intended to increase the efficiency of the child support enforcement process by allowing CSED and, in certain cases the parties themselves, to determine the paternity of children.

I urge prompt consideration and passage of this bill.

Sincerely,

  
Tony Knowles  
Governor



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

PLEASE PROVIDE  
 ALL REQUESTED  
 INFORMATION.

SUBJECT OF MEETING:  
 HB 241: PATERNITY;  
 Child Support  
 Enforcement

DATE: APRIL 27

PLACE: Capitol Room 106

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Glenda Strambe	Gov. - CED	550 W. 7th, #312 Anch.	99501		269-6801	<input checked="" type="radio"/>	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	

## HB 244 - SB 116

This bill provides for the administrative establishment of paternity, and for paternity to be established based upon the affidavits of the child's mother, her husband, and another man who is the child's father. The benefits and important features of the bill include the following:

- Paternity cases are currently handled only by Alaska's courts. Providing for establishment of paternity by CSED will speed up the establishment and enforcement of child support orders.
- The statute allows for paternity establishment through the courts or the agency. More complicated cases will generally be referred to court.
- Administrative establishment of paternity will allow CSED to meet federal deadlines for support order establishment, assuring continued federal funding.
- Paternity may be established administratively based on the putative father's acknowledgement of paternity or based on genetic test results according to the standard set forth in AS 25.20.050.
- The administrative paternity procedures are designed to give full due process, including service of the notice of paternity and financial responsibility by formal service rules; opportunity to object to genetic test results; and availability of full administrative hearing procedures followed by opportunity for court review.
- In the case of a child born in wedlock who is not the natural child of the husband, paternity may be established by affidavit of the mother, the husband and the other man who is the father of the child. This will avoid the expense and delay of filing a paternity action where all relevant parties agree.

**HB**

**246**

# FISCAL NOTE

**STATE OF ALASKA**  
**1995 LEGISLATIVE SESSION**

**BILL NO** HB 246

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: An Act directing the commissioner of administration BRU: Senior Services  
to seek a buyer for the Alaska Pioneers' Home... Component: Pioneers' Homes  
 Sponsor: Rep. G. Davis  
 Requestor: \_\_\_\_\_ COMPONENT SERIAL NO. 1950

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITUR	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES	221.0	114.3	117.7	121.6		
TRAVEL	5.8	5.8				
CONTRACTUAL	509.3	75.0	25.0	25.0		
SUPPLIES	2.0	1.0	1.0	1.0		
EQUIPMENT	8.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>746.1</b>	<b>196.1</b>	<b>143.7</b>	<b>147.6</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	746.1	196.1	143.7	147.6		
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>Total</b>	<b>746.1</b>	<b>196.1</b>	<b>143.7</b>	<b>147.6</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY 95) cost: \$ 50.0

**POSITIONS:**

FULL-TIME	4	2	2	2		
PART-TIME						
TEMPORARY						

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

This analysis is based on the assumption that the state is not able to find a suitable buyer for the six Pioneers' Homes. Statutory and legal processes required to sell substantial pieces of public property such as the Pioneers' Homes are quite complex, costly and time consuming. To meet the legal requirements, the division estimates it would need four positions (two Project Coordinators and two Project Assistants) to oversee the project; to work with a title insurance company to establish legal title to the homes and obtain title insurance; to prepare documentation and analyses for the Department of Natural Resources required for the disposal of the real property; to work with the Division of General Services to inventory and document the personal property contained in the Homes; and to interview the (continued on page 2)

Prepared by: Connie J. Sipe, Director Phone: 563-5654  
 Division: Senior Services Date: \_\_\_\_\_

Approved by Commissioner: Mark Bover Date: 4/5/95  
 Agency: Department of Administration

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residents and obtain documentation to determine the financial ability of residents: who might be able to pay full cost of care, who might be eligible for Medicaid, etc. This information would be required by any potential buyer.

In addition, after the first year of trying to find a suitable buyer, this bill requires that the state contract out all services. This would require at least two of the positions for another three years, as the division estimates that it would take at least three years to meet the requirements of union bargaining agreements regarding contracting out services, and to have RFPs prepared, bid out and to put legal and viable contracts in place in the six locations. The staff would be responsible for performing the studies required by the three bargaining agreements present in the Homes (Supervisory, General Government, and Labor, Trades & Crafts). In addition, they would prepare and advertise RFPs for the variety of services needed to operate the homes (nursing, assisted living care, housekeeping, food services, maintenance, management and accounting services, etc.); advertise the RFPs; rate the proposals and make recommendations for selection; and prepare professional services contracts. Associated costs are identified below. Estimated costs based on the assumption that the state does not find a suitable buyer for the six Pioneers' Homes.

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
<u>Personal Services</u>				
Two Range 18 Project Coordinators (one after first year)	118.0	61.0	62.9	64.9
Two Range 16 Project Assistants (one after first year)	<u>103.0</u>	<u>53.3</u>	<u>54.8</u>	<u>56.7</u>
	221.0	114.3	117.7	121.6
<u>Travel</u>				
3 trips to SE Homes; 3 trips to Northern Homes	5.8	5.8	0.0	0.0
<u>Contractual</u>				
RSA with DNR/Div. of Land Mgt. (est. 6 mos., range 18 position)	29.3			
Title Search For Six Homes	30.0			
Title Insurance (conservative estimate -- depends on value)	250.0			
Appraisals	30.0			
Litigation Reports	30.0			
Surveys	60.0			
Public Notice, Public Hearings	25.0	5.0	5.0	5.0
Dept. of Law costs	50.0	15.0	15.0	15.0
Feasibility Study		50.0		
Miscellaneous (telephone, postage, printing, etc.)	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
	509.3	75.0	25.0	25.0

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>
<u>Commodities</u>				
Operating Supplies for four positions	2.0	1.0	1.0	1.0
<u>Equipment</u>				
Furniture/computers for four positions (one-time cost)	8.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>746.1</b>	<b>196.1</b>	<b>143.7</b>	<b>147.6</b>



# Alaska State Legislature

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



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

Representative Gary L. Davis

## SPONSOR STATEMENT

### HOUSE BILL 246

#### Relating to the Sale of the Alaska Pioneers' Home.

The purpose of House Bill 246 is to direct the commissioner of administration to seek a suitable buyer for the Alaska Pioneers' Home who will agree to operate the facilities that comprise the home as nursing homes, assisted living facilities, or a combination of nursing homes and assisted living facilities for at least five years after the date of sale. If a sale takes place, it is the purpose of this legislation to repeal the Alaska Pioneers' Home program.

If a suitable buyer is not found by June 30, 1996, the purpose of HB 246 is to direct the commissioner of administration to seek contractors to perform all or some of the functions involved in operating and administering the Alaska Pioneers' Home on behalf of the state.

Considering the budget constraints facing Alaska, it would be in the State's best interest to start seeking options to remove the State's function in the operation of Alaska Pioneers' Home.

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



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

Representative Gary L. Davis

## SECTIONAL ANALYSIS

### HOUSE BILL 246

**"An Act directing to the commissioner of administration to seek a buyer for the Alaska Pioneers" Home and eliminating the Alaska Pioneers" Home program if the Alaska Pioneers" Home is sold; directing the commissioner of administration to contract for all or part of the operation of the Alaska Pioneers' Home if a suitable buyer is not found; relating to the closure of the Alaska Pioneers" Home; and providing for an effective date."**

Section 1 Purpose

Section 2 Amends AS 08.68.395(g)(2) to delete Alaska Pioneers' Home from the definition of "health care facility".

Section 3 Amends AS 08.70.080 to delete Alaska Pioneers' Home exemption from the requirement of a licensed nursing home administrator.

Section 4 Amends AS 15.05.020 by clarifying "former" Alaska Pioneers' Home residents as it relates to rules for determining residence of a voter.

Section 5 Amends AS 36.30.990(1) by deleting the Alaska Pioneers' Home from the definition of "agency".

Section 6 Amends AS 37.05.990(2) by deleting the Alaska Pioneers' Home from the definition of "state agency," "agency," "department," or similar term.

Section 7 Amends AS 37.07.120(1) by deleting the Alaska Pioneers' Home from the definition of "agency".

Section 8 Amends AS 44.21.210(b) by deleting the chairman of the Pioneers' Homes Advisory Board from the Older Alaskans' Commission.

Section 9 Amends AS 44.21.230(c) by deleting the Long Term Care Ombudsman and the Alaska Pioneers' Homes from the jurisdiction of the Older Alaskans' Commission.

Section 10 Amends AS 47.25.140 by deleting residents of Alaska Pioneers' Home from the public assistance statute as it relates to eligibility.

Section 11 Amends AS 47.55.010 by adding a new subsection directing the Commissioner of Administration to solicit private contractors to perform all or some of the functions involved in operation and administration of the Alaska Pioneers' Home.

Section 12 Amends AS 47.55.070(a) by adding language clarifying that a debt incurred by a resident of the Alaska Pioneers' Home to the state will still be recoverable when the resident is a "former" resident of the Alaska Pioneers' Home.

Section 13 Amends AS 47.55.080 by adding language clarifying that enforcement against the estate will be completed under the "former provisions" of this chapter.

Section 14 Amends AS 47.55.090 by adding language clarifying that enforcement against property outside the state will be completed under the "former provisions" of this chapter.

Section 15 Amends AS 47.55.100 by adding language clarifying that a certificate of evidence relates to the "former provisions" of this chapter.

Section 16 Directs the commissioner to seek a buyer of the Alaska Pioneers' Home.

Section 17 Directs the commissioner of administration to report to the governor concerning the efforts he has made under section 16 and AS 47.55.010(e), and to notify the legislature that the reports are available.

Section 18 Repeals various statutes relating to the Alaska Pioneers' Home.

Section 19 Sections 2-10, 12-15, 17(a) and 18 of this Act are repealed on the date section 11 of this Act takes effect.

Section 20 Sections 11 and 17(b) of this Act take effect if and only if a sales contract under section 16 of this Act has not been signed on or before June 30, 1996.

Section 21 Sections 2-10, 12-15, and 18 of this Act take effect if and only if the facilities of the Alaska Pioneers' Home are transferred to a private person under a sales agreement authorized under section 16 of this Act.

Section 22 If sections 2-10, 12-15, and 18 of this Act take effect, they take effect on the day the facilities of the Alaska Pioneers' Home are transferred to a private person under a sales agreement authorized under section 16 of this Act. The commissioner of administration shall notify the revisor of statutes of the date of transfer.

Section 23 Sections 1, 16, 17(a), and 19-21 of this Act take effect immediately under AS 01.10.070(c).

Section 24 If sections 11 and 17(b) of this Act take effect, they take effect July 1, 1996

To: Members of House Committee on Health  
Education and Social Services

From: Resident Harry Janzen  
Sitka Pioneers' Home

I am sorry I can't be with you today in person, but I have to keep an appointment with my oncologist and must go to Anchorage to do that. Thank you for giving me a chance to share with you.

Mr. Davis' introduction of House Bill 246 has caused a great deal of apprehension among the residents of the Alaska Pioneers Homes. The feeling of fear is made more intense especially since our rent was raised twice last year, and budget cuts caused some loss of quality of care.

If anyone would buy the homes, the cost of <sup>e</sup>stying would increase so much that some residents say they would have to go to a state of welfare to remain in the Home. They would need more help in their medical expenses, among other things. Many of us are here because catastrophic medical events have used up our savings and have left us with tremendous debts.

During the 1980's and 1990's, when there was lots of money for the State, the Legislature chose to put money into expanding the Pioneers Home System; so no non-profit or religious groups have developed alternatives. Since we have no place to go and can't pay the high rates of private care, I hope you will not pass this bill. You are literally speaking of life or death for many of us.

Thank you.

TO: House Committee on Health, Education,  
and Social Services

FROM: Ann Janzen, Resident Sitka Pioneer's Home

I want to express my appreciation for the opportunity to speak with you. It is difficult for most of the residents of the Homes to come to a Legislative Information Office for a hearing such as this. As you know, to live in the Home, one must have a special need, and that need keeps many residents from participating in activities which to others may be relatively manageable. I cannot be present because my husband, who is legally blind and has a moderate to severe hearing loss has an appointment with his oncologist in Anchorage.

We understand that the State has difficult decisions to make at this time, but we ask that House Bill 246 not be moved out of this Committee. House Bill 246 has brought reactions from uneasiness to terror to the residents of the Sitka Pioneer's Home. I know that my husband and I could not afford private care at the rates charged in the lower 48 -- and we must assume that such care would be more expensive here in Alaska than down there.

We have been reassured by Representative Davis that this Bill would "provide a smooth transfer of each facility from a PUBLIC home to a PRIVATE home." (letter, March 16, 1995). We have yet to receive any specific assurances of what this "smooth transition" would lead us to. If a resident of the Pioneer's Home, who is not an attorney, can find the way through the bill to Page 6 without absolutely derailing from confusion, Section 16(c)(3) "the Commissioner of Administration...may attach other reasonable terms and conditions of sale that are designed to ...address the needs of the residents of the Alaska Pioneers' Home." I might find this assurance more likely to bring my blood pressure back down if this came earlier in the bill, as if it might even be more important

than all of the minute changes in the Alaska Statutes. I would also like to know what Representative Davis feels are the "needs" and what "other reasonable terms and conditions of sale" might be.

I do not know any resident of the Pioneers' Home who is here on vacation. We are here because we need to be here, and giving up our homes, most of our possessions, and some of our freedom has not been easy. The quality of care is excellent, and Alaska should certainly be proud of this.

Two large rent increases within thirteen months have stretched many, if not most, of us to the limit. The thought of paying rates charged by private care organizations is an ongoing nightmare at this time. My husband would not have been able to see his oncologist if Alaska Airlines had not offered a special rate at this time. There may be a few residents who can afford private rates, but I feel confident you will find they are very, very few.

What do you want us to do? We could not afford to stay here if a private organization bought the system and charged private rate. We were assured when we entered the Homes that we would never have to leave because of lack of money, but it seems that could change, too. What are we supposed to believe now?



# Alaska State Legislature

Please enter into the record my testimony to the House HESS  
committee name  
 committee on HR 246 . dated 4/11/95  
bill/subject

I have been at the Sitka Pioneer Home since Dec. 1, under doctor's orders. I would like to continue living there, and do not want the Home sold. In the future there will still be older people that need a place to stay. I know if it goes into independent hands, they will raise the rent. There are a lot of people who have only Social Security and need it desperately.

Signed: Bessie L. Keck  
Testifier  
Sitka Pioneer Home  
Representing (Optional)  
120 Katlian St, Sitka AK 99835  
Address  
747-6387  
Phone No.



# Alaska State Legislature

Please enter into the record my testimony to the House Hess  
committee name

committee on HB 246, dated 4-11-95  
bill/subject

*I am opposed to the sale of the Pioneer Homes.  
A private owner would charge more.*

Signed: Lois Von Clasen  
Testifier

Representing (Optional)  
Pioneer Home, 120 Kattian, Sitka AK 99835  
Address

Phone No.

# MY TURN

3/30/95 - Juneau Empire

## Pioneers' homes deserve legislative support

By R.N. DeARMOND

The First Alaska Territorial Legislature was convened in the Elks Hall at Juneau on March 3, 1913. The 23 members who took the oath of office (the 24th one never showed up) were faced with many problems. One was that the new-born territory had no money. Not a dime.

One thing they had to do was enact some tax laws, including at least one that would quickly put dollars in the treasury.

Another problem was that although the population of the territory was dwindling, there was an increasing number of decrepit and destitute old-timers, especially in the gold regions. Most of them were men who had come north before or during the big gold rushes of the years 1896 through 1900.

Of the thousands of men and women who joined the gold rushes, a high percentage returned south after a few years, some of them with sizable pokes of nuggets. Some of those who remained behind did so because they liked the country and were making a living. Others still hoped to strike it rich over the next hill, and continued with that hope until they were no longer able to climb that hill.

Nearly all of them, whether loners or raising families, continued to work at something and to support themselves as long as they were able.

It was Igloo No. 4, Pioneers of Alaska, at Fairbanks that first proposed creating a home for the needy. That was a year or more

Most of the early Sitka Pioneers' Home residents were prospectors and miners, but the roster includes fishers, housewives, doctors, lawyers and former legislators.

before there was an Alaska Legislature. And it was Rep. Dan Driscoll of Fairbanks who introduced the first bill to create such a home.

The bill passed very quickly and was signed into law by Gov. Walter Clark. Driscoll's bill, however, had one flaw, one fatal sentence. It provided that the home was to be "at one of the several hot springs in Interior Alaska."

There was no agreement on which of the "several" locations should be used. The home was never built.

Rep. Arthur Shoup of Sitka had better success. A Marine Corps base in Sitka, with a large barracks and several other buildings, had been closed a year earlier. The real problem was getting approval from the Secretary of the Navy for the territory to use it.

The approval did not come until April 25, the 54th day of the 60-day 1913 session. A bill was whipped through both houses and signed by Gov. Clark on April 30.

The law provided for a board of three trustees to run the pioneers' home. There was an appropriation of \$10,000 and the law provided that the home would be available to "every worthy pioneer, or other

person, who shall have been a resident of the territory of Alaska for five years preceding his application for admission and who shall need the aid or benefit of said home in consequence of physical disability or other cause."

At Sitka, the barracks building, built in 1892, needed repairs and many of these were done by volunteers. The building was unfurnished except for an immense galley range.

Arthur Shoup was named superintendent of the facility and served the first two years without pay. The pioneers' home opened Sept. 2, 1913, with five residents. By the end of the month there were 12, and by Dec. 31 there were 29.

Money was still in short supply. The Legislature had relied on a poll tax, to be collected by U.S. commissioners in the various precincts, for quick revenue. The court struck that down, declaring that the Legislature had no power to impose duties on federal officials.

In time, Alaska's congressional delegate, James Wickersham, got a bill through Congress to grant that power.

There was also a tax on mining.

Two of Alaska's largest mines, the Treadwell and the Alaska Gastineau, both near Juneau, responded by paying a year's taxes in advance. That probably kept the new pioneers' home from having to close its doors.

In 1915 the Second Legislature enacted another law to support the needy. This was a monthly allowance available to both men and women. At first, the maximum was \$10 a month for men and \$20 for women, gradually increased in future years to \$30 and \$60, respectively.

The old barracks at Sitka was replaced in 1954 by a concrete building. Since the Sitka Pioneers' Home opened in 1913, nearly 3,000 Alaskans have spent some time in it. Most of the early ones were prospectors and miners, but the roster includes fishers, workers of all sorts, housewives, doctors, lawyers, and 10 or a dozen former legislators.

Some years ago the Legislature trashed the Alaska mental health lands trust, costing the state both money and grief. It seems inconceivable that there would, at this time, even be consideration of trashing the first institution created by the Legislature, the historic Alaska pioneers' homes system with its six branches.

\*\*\*\*\*

R.N. DeArmond was born in Sitka two years before the Sitka Pioneers' Home was established. He worked at the home in the early 1930s and now lives there.

747-5807



# Alaska State Legislature

Please enter into the record my testimony to the H. E. S. S.  
 committee name  
 committee on H. B. 246 dated 4/18/95  
 bill/subject

I suggested in oral testimony on April 18 that it would be desirable to form a special joint interim committee of the House and Senate to study the possibilities for enhancing the revenues of the Pioneers' Homes and possibly reducing the cost of their operation.

In its position paper on H.B. 246, the Department of Administration admits that it has no figures on the incomes or the individual net worth of any of the present residents except those who are classified as indigents, that is, those who are unable to pay the established rates for their level of care.

My personal opinion is that each individual has a financial obligation to take care of himself or herself to the extent that they are able. The lack of financial information about the individuals makes it impossible to determine whether that obligation is being met.

The interim committee I have suggested could explore ways of securing that information and using it, through the use of actuarial tables, in setting individual rates of payment. The variation in rates would not be substantially different than the present practice in which the amounts paid by individuals ranges from zero to the full established rate.

The committee could also consider setting rates for the various classes of care at the full cost of such care. That would, in at least some cases, enable the State to make a recovery from an estate even though the individual had been paying an actuarially established monthly rate below the actual cost of his or her care.

Back in Alaska's territorial days, relatives of residents of the Sitka Home were asked to assume a part if the financial burden of caring for their relative. Some of them did so. That might be another avenue of investigation by the committee.

Signed: R. N. DeArmond R. N. DeArmond

Testifier

Self

~~Self~~  
Representing (Optional)

Sitka Pioneers' Home, 120 Katlian St., Sitka, AK 99835

Address

(907) 747-6153

Phone No.

MSG: 1410 NO FURTHER INFORMATION

ENTER Pg# 09 PF2 NextC# ynnnn PF3 Exit PF5 Update PF7 Bwd PF8 Fwd PF12 Quit

04/24/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405

09:30:34 N CONFERENCE DISPLAY PAGE 05 - PARTICIPANTS BY SITE L362

TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN

SITE: LIO KTN VTS KETCHIKAN

1 MS.	MERTA	KIFFER		O 02 HB 246
	2729 TONGASS	KETCHIKAN	AK 99901	(907)225-4840
2 MS.	JANE T.	CHURCH		O 02 HB 246
	2512 3RD AVE	KETCHIKAN	AK 99901	(907)225-4633

822 JACKSON ST	KETCHIKAN	AK 99901	(907)225-4770
4 MR. MATIAS	SAARI		O 02 HB 246
PO BOX 7900	KETCHIKAN	AK 99901	(907)225-3157
5 MR. JIM	WATSON		O 02 HB 246
PO BOX 6612	KETCHIKAN	AK 99901	(907)225-6406
6 MS. ELENA	KILBUCK		O 02 HB 246
1621 TONGASS AVE	KETCHIKAN	AK 99901	(907)225-4735

MSG: 1410 NO FURTHER INFORMATION

ENTER Pg# 09 PF2 NextC# ynnnn PF3 Exit PF5 Update PF7 Bwd PF8 Fwd PF12 Quit

04/24/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405  
 09:30:47 N CONFERENCE DISPLAY PAGE 05 - PARTICIPANTS BY SITE L362  
 TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
 SITE: LIO MAT VTS MATSU

MSG: 1431 NO PARTICIPANTS FOR THIS SITE

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04/24/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405  
 09:30:51 N CONFERENCE DISPLAY PAGE 05 - PARTICIPANTS BY SITE L362  
 TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
 SITE: LIO SIT VTS SITKA

1	JOHN	SHAFFER	AARP	O 02 HB 246
	303 KIMSHAM	SITKA	AK 99835	(907)747-8425
2	HOLLY	JENKINS		O 02 HB 246
	PO BOX 1474	SITKA	AK 99835	(907)747-3288

MSG: 1410 NO FURTHER INFORMATION

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04/24/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405

MSG: 1410 NO FURTHER INFORMATION

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04/24/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405  
09:31:11 N CONFERENCE DISPLAY PAGE 05 - PARTICIPANTS BY SITE L362  
TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
SITE: LIO ZZZ VTS OF3 OFFNET 3

1	MR	G	SHERIDAN	_____	_____	0 02 HB 246
			PALMER	_____	AK _____	(907)000-0000
2	_____	TO	OBSERVE	_____	_____	0 99 ALL ITEMS
3	_____	TO	OBSERVE	_____	_____	0 99 ALL ITEMS
4	_____	TO	OBSERVE	_____	_____	0 99 ALL ITEMS
5	_____	TO	OBSERVE	_____	_____	0 99 ALL ITEMS

MSG: 1410 NO FURTHER INFORMATION

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04/24/95 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM LTN1401  
09:31:24 N CONFERENCE DISPLAY PAGE 01 - ORDER SUMMARY L362  
TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
SPONSOR: HHES HOUSE HEALTH, EDUCATION & SOCIAL SERVICE CHAIRS: TOOHEY  
PURPOSE: PUB PUBLIC-HEARING LEGISLATIVE BUNDE  
1ST ITEM: HB 226 MARITAL STATUS AND RETIREMENT BENEFITS 2 ITEMS ON AGENDA  
CONTACT: LYNNE SMITH TEL: (907)465-6825 MODERATOR: ZZZ

CHAIRING SITE: JUNEAU CAPITOL ROOM: CAP106 PRINTER: L300  
PARTICIPATING LIOS: 8 VOLUNTEER SITES: 0 OFFNETS: 3

SPONSOR REMARKS(PUBLIC): TESTIMONY ALLOWED: Y 3 MINUTE LIMIT:  
THESE BILLS ARE RESCHEDULED FROM 4/11.  
TESTIMONY WILL BE TAKEN WITH A 3 MINUTE LIMIT.  
BACKUP MATERIAL: N

UPDATE NO: 5 ENTERED BY: LHSCHES LAST UPDATED BY: LIOCFRA  
REQUESTED ON: 04/12/95 ON: 04/12/95 ON: 04/18/95

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04/24/95 LEGISLATIVE TELECONFERENCE NETWORK SYSTEM LTN1401  
09:31:24 N CONFERENCE DISPLAY PAGE 01 - ORDER SUMMARY L362  
TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
SPONSOR: HHES HOUSE HEALTH, EDUCATION & SOCIAL SERVICE CHAIRS: TOOHEY  
PURPOSE: PUB PUBLIC-HEARING LEGISLATIVE BUNDE  
1ST ITEM: HB 226 MARITAL STATUS AND RETIREMENT BENEFITS 2 ITEMS ON AGENDA  
CONTACT: LYNNE SMITH TEL: (907)465-6825 MODERATOR: ZZZ

CHAIRING SITE: JUNEAU CAPITOL ROOM: CAP106 PRINTER: L300  
PARTICIPATING LIOS: 8 VOLUNTEER SITES: 0 OFFNETS: 3

TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
SITE: LIO SOL VTS KEN/SOL

1 MR.	DALE	BONDURANT	SELF	T 02 HB 246
	HC 1 BOX 1197	SOLDOTNA	AK 99669	(907)262-0818
2 MRS.	DOROTHY	WESTPHAL	SELF	T 02 HB 246
	PO BOX 288	STERLING	AK 99672	(907)262-6061
3 MRS.	KATHERINE	PARKER	SELF	T 02 HB 246
	PO BOX 349	SOLDOTNA	AK 99669	(907)262-4580
4 MR.	ROBERT	BONDURANT	SELF	O 02 HB 246
	HC 1 BOX 1197	SOLDOTNA	AK 99669	(907)262-0818
5 MR.	DENNIS	MURRAY	HERITAGE PLACE	O 02 HB 246
	232 ROCKWELL	SOLDOTNA	AK 99669	(907)262-7801
6 MS.	LOIS	PILIFANT	SOLDOTNA SRS	O 02 HB 246
	197 W. PARK	SOLDOTNA	AK 99669	(907)262-2232

MSG: 1410 NO FURTHER INFORMATION

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04/24/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405  
09:31:01 N CONFERENCE DISPLAY PAGE 05 - PARTICIPANTS BY SITE L362  
TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
SITE: LIO ZZZ VTS OF1 OFFNET 1

1 MR	R	SMITH	_____	O 02 HB 246
		ANC	AK _____	(907)000-0000
2	_____ TO	OBSERVE	_____	O 99 ALL ITEMS
3	_____ TO	OBSERVE	_____	O 99 ALL ITEMS
4	_____ TO	OBSERVE	_____	O 99 ALL ITEMS
5	_____ TO	OBSERVE	_____	O 99 ALL ITEMS

MSG: 1410 NO FURTHER INFORMATION

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04/24/95 LEGISLATIVE TELECONFERENCE NETWORK LTN1405  
09:31:06 N CONFERENCE DISPLAY PAGE 05 - PARTICIPANTS BY SITE L362  
TCN 50592 T/C DATE: 04/18/95 TIME: 10:00 to 12:00 STATUS: 7 STATS IN  
SITE: LIO ZZZ VTS OF2 OFFNET 2

1 MS	C	MONACO	_____	T 02 HB 246
		SIT	AK _____	(907)000-0000
2	_____ TO	TESTIFY	_____	T 99 ALL ITEMS
3	_____ TO	TESTIFY	_____	T 99 ALL ITEMS
4	_____ TO	TESTIFY	_____	T 99 ALL ITEMS
5	_____ TO	TESTIFY	_____	T 99 ALL ITEMS



TELECOPY COVER SHEET

Ketchikan Legislative Information Office  
Office - (907) 225-9675 Fax - (907) 225-8546

TO: Health Education & Social Service Committee

ATTN: Co-Chairs Rep Torhey & Bunde FAX: 907-4165-2137 PHONE: \_\_\_\_\_

FROM: \_\_\_\_\_ PHONE: \_\_\_\_\_

INSTRUCTIONS: Written testimony from Teleconference # 50552 4-11-95

for inclusion in rescheduled Teleconference # 50592 HB246

Eliminating Pioneer's Home Program

SENT: Date 4/13/95 Time \_\_\_\_\_

DISPOSAL OF ORIGINAL: Discard \_\_\_\_\_ Hold for Pickup \_\_\_\_\_

NUMBER OF PAGES: \_\_\_\_\_ (NOT counting cover sheet)

TRANSMITTED BY: Nancy Urlik

# Alaska State Legislature

Please enter into the record my testimony to the House Health Education & Social Service  
(committee name)  
committee on HB 246, dated 4/11/95.  
bill/subject

I strongly <sup>op</sup> against the Pioneer Home being run  
by a private sector rather than the State.  
I feel the State provides good standards, professional  
staffing and the ~~certificates~~ that the private sector  
can not. I strongly recommend that the  
Pioneer Home remain to be run by the State  
of Alaska.

*Amusement*

Signed: Dale A. Murrell Phone: 247-2616  
Testifier  
Representing (Optional)

Address  
Fax transmitted from Ketchikan Legislative Information Office  
Phone: 225-9675 Fax: 225-8546

# Alaska State Legislature

Please enter into the record my testimony to the House Health Education & Social Service  
(committee name)  
committee on HR 246, dated 4/11/95  
bill/subject

I oppose the Davis Bill # 246 directing the State to sell the Pioneer Homes. It would create hardships for many of our senior citizens and cause the loss of independence and companionship. It would create extra expenses for families struggling to survive. As lifetime Alaskans have counted on this facilities to assist us in our old age. Please leave the Pioneer Homes alone!

Signed: James J. Nichols Phone: 225-4861  
Testifier Self  
Representing (Optional) 2729 Longwood #108  
Address 1

# Alaska State Legislature

Please enter into the record my testimony to the \_\_\_\_\_  
 (committee name)  
 committee on House Bill No. 240 - Pioneer Homes, dated 3-9-95  
 bill/subject:

The Pioneer Homes are necessary just as they  
are. Private homes won't usually care for the  
retarded or Alzheimers patients, and those are  
the people who need help the most. The  
Pioneer Home takes people who are too poor to  
go into a private home. If they are put out of  
the Pioneer Home, they will have to go on  
Welfare which will probably cost the State  
more than the Pioneer Homes do. And they  
won't get the quality of housing and care  
the Pioneer Homes provide. The elderly have  
put their working lives into building this state,  
they should not be deprived of care in their  
old age when they have been led to believe  
such care will be available to them when  
necessary.

Signed: Jean Howard Phone: 225-6574  
 Testifier

Representing (Optional)  
130 Bryant Apt. 214, Ketchikan, AK  
 Address 99901

Fax transmitted from Ketchikan Legislative Information Office  
 Phone: 225-9675 Fax: 225-8546

## Alaska State Legislature

Please enter into the record my testimony to the HESS, STATE AFFAIRS, & FINANCE COMMITTEE  
 committee on HB 246 To sell Pioneer Homes (committee name), dated 4/11/95  
bill/subject

I do not feel this will save the state of Alaska money, as they will be paying out more in welfare and medical benefits for those who are already in <sup>the homes</sup> and others who will need help in the future. Other nursing homes do not admit or treat those with Alzheimer's. Most of us who enter the nursing homes soon run out of funds. This means going on Medicaid. At least in the Pioneer Homes, most patients pay a portion (small tho it be) of their costs.

The fact that we have the Pioneer Homes helps many of us seniors to stay here near families and friends with the Homes to look forward to if & when we need them.

Signed:

Marta Kellen

Phone: (907) 225-4840

Resident

Myself &amp; other long-time Alaska residents

Representing (Optional)

2729 Tongass, #303, Ketchikan, AK 99901

Address

Fax transmitted from Ketchikan Legislative Information Office

Phone: 225-9675 Fax: 225-8546

# Alaska State Legislature

Please enter into the record my testimony to the House Health Education & Social Service  
(committee name)  
committee on HR 246, dated 4-11-95.  
bill/subject

I am against this Bill - in its entirety -  
Alaskans have worked many years to  
make homes available for residents in  
need - We have need of State control of  
these homes - and the State has money  
to provide if they were managed better by  
eliminating overpaid political appointees -

I am not in favor of selling Pioneer  
Homes. They should be left unchanged -  
and available for us elderly Alaskans  
who just look forward to having a  
home when in need -

I am very much in favor of having the Pioneer  
Homes kept the way they are at the present time.

Devin Comiskey.

Signed: [Signature] Phone: 225-4770  
Testifier

Representing (Optional)  
822 Jackson St, Ketchikan  
Address

# Alaska State Legislature

Please enter into the record my testimony to the House Health Education & Social Service  
committee on HR 246 (committee name), dated 4/11/95  
bill/subject:

I OBJECT TO THE PIONEER HOMES BEING SOLD  
TO A PRIVATE OPERATOR AS I BELIEVE IT  
WOULD LACK THE "HOMEYNESS" IT NOW HAS.  
MANY PEOPLE NOW THERE KNOW ONE ANOTHER  
AND GET ALONG WELL, FEELING THEY BELONG.  
IT COSTS MORE TO OPERATE PRISONS  
THAN THE PIONEER HOMES AND THE MONEY  
WOULD BE PUT TO BETTER USE.  
MANY NURSING HOMES ARE TOO MUCH LIKE  
HOSPITALS, AND RESIDENTS HERE ARE WELL  
TAKEN CARE OF BUT DOES NOT HAVE THE  
HOSPITAL ATMOSPHERE.

Signed: *Juanita Uggahood* Phone: 225-4422  
 Testifier

Representing (Optional)  
P.O. Box 5535 Ketchikan AK 99901  
Address

Fax transmitted from Ketchikan Legislative Information Office  
Phone: 225-9675 Fax: 225-8546

**1995 LEGISLATION  
POSITION PAPER  
DEPARTMENT OF ADMINISTRATION**

**Division** Senior Services

**Bill Number** HB 246

**Bill Title** Eliminating Pioneers' Home Program

**Position Statement:** Explain briefly what bill does, its impacts and Department's position, i.e., a) support, b) do not support, c) neutral or d) oppose.

**Summary of Bill's Effect:** HB 246 directs the commissioner of the Department of Administration to sell the Alaska Pioneers' Home system with the ultimate goal of eliminating the Alaska Pioneers' Home program as a state-funded program. The bill would have the effect of causing an entity in the private sector, rather than the state, own and operate the Pioneers' Homes and to change them from Pioneers' Homes into private long-term care institutions. Other sections of the bill state that if such a sale to the private sector is not accomplished by June 30, 1996, then the bill directs the commissioner to contract out to the private sector all, or as much as possible, of the operation and administration of the Homes, with the Homes still to be part of a state Pioneers' Homes program.

**Background:** House Bill 246 is apparently based on the assumption that the private sector contains an entity which would wish to buy the Pioneers' Home system for the purpose of operating the Pioneers' Home system at a profit, without the state's budgetary support of 85 percent of the cost of operations. However, for a private sector entity to operate the Homes at a profit without state fiscal support would require all of the following:

- a. that the private operator could operate the Homes at a lower cost than the state;
- b. that the private operator could tap into third-party funding sources such as Medicaid or Medicare not now used by the Homes;
- c. that the private operator would charge residents the full cost of care; and
- d. that all of the residents who were not Medicaid-eligible would be able to pay the full charges.

There are serious problems with all of these assumptions. In fact, what we know about the Homes, the residents, and long-term care costs in Alaska, would tend to disprove most of these assumptions. Presently, the state provides 85 percent of the operating costs of the Homes and the residents about 15 percent in the aggregate. The state also provides all capital funds to maintain these six state-owned facilities.

Because HB 246 would repeal the Pioneers' Home program, there would no longer be any state budgetary support from the general fund available to operate the Homes. Therefore, a buyer of the Homes would seek a new source of revenue to replace the 85 percent now provided by the state. However, as explained later in this paper, there are not significant other sources of revenue available to any operator of the Homes--certainly not enough to replace the state program of support. A buyer would also seek to decrease costs significantly. However, the present operating costs of a Pioneers' Home compare favorably with the costs experienced by private long-term care facilities in Alaska. It is not clear that there would be significantly lower costs associated with private sector operation of the Homes, when the profit factor is included.

**POSITION PAPER**  
**HB 246**

**Position Statement Continued:**

**Summary Conclusion:** It is unlikely that there is any private buyer willing to buy the Homes, unless the state continues its budgeted support of resident care costs. Some residents could pay more than the current rental charges, but very few could pay full cost of care. With some significant changes, some federal financing could be brought in, but, short of national or state health care reform, there is no significant source of funding for care in the Homes which could adequately replace the current state budgetary support provided by the Alaska Pioneers' Home program. The Homes also have substantial capital maintenance problems which make a sale unlikely.

**Department's Position:** For these reasons, as more fully set out below, the Department of Administration opposes passage of HB 246.

**DISCUSSION OF OTHER REVENUE SOURCES AND PROBLEMS WITH POTENTIAL SALE OF HOMES**

There are only two major revenue sources to offset the present state fiscal support of 85 percent of operational costs of the Homes: private pay from residents and federal programs. Few residents could pay the operating cost of care which averages \$50,000 per year. The federal programs available are Medicare, Medicaid, and Veterans benefits. At this point in time, all three of these federal programs could be applied only to those residents receiving skilled nursing care which equals 25 percent of all the Pioneers' Home beds (presently 151 beds, 120 beds by mid-FY 96).

**Possible Federal Funding for Skilled Nursing Care:** If the Homes could become Medicaid certified, Medicaid could possibly be charged for the skilled nursing care of between 15 and 25 percent of the nursing clients (today this would mean 15 to 25 percent of 151 nursing beds aggregate in the six homes). Even if Medicaid and Veterans' coverage could pay for one-fourth (41) of the nursing beds, this would leave 110 skilled-nursing bed residents not covered by federal support. Also, the state would remain liable for 50 percent of the cost of Medicaid payments.

Realization of the maximum possible Medicaid funding for skilled nursing care in the Homes would also require a change in the Alaska state Medicaid program's policy regarding cognitive disabilities such as Alzheimer's disease and related disabilities (ARD). Alaska's Medicaid program does not acknowledge ARD as being a diagnosis which is by itself presently eligible for Medicaid skilled nursing payment. Such a policy change would increase the state's Medicaid budget by providing expanded payment to other private sector nursing homes for similar clients.

Federal Medicare, from residents' basic social security health care coverage, would probably not become a significant revenue source for any current residents. Medicare only covers post-hospitalization "convalescent" and rehabilitative type care for persons who are predicted to return to their own homes in the community within 120 days of admission to the nursing home. Since most residents admitted today to the Pioneers' Homes are of an average age of 82+ years and do not expect to return to their own homes, it is questionable whether Medicare would contribute anything to future revenues for the Homes. In addition, providing the type of skilled nursing care covered by Medicare would require the purchase of significant additional equipment and additional staff not now present in the Homes.

POSITION PAPER  
HB 246

**Position Statement Continued:**

**Possible Federal Funding for Assisted Living and Residential Beds (75 percent of beds):** Returning to the possible revenue sources for the remaining beds in the Pioneers' Homes, it should be noted that 223 of these beds are now designated as basic or enhanced assisted living. Today, there are 228 residential beds.

Residential beds are quickly being designated as "basic assisted living" beds due to the needs of the residents and the lack of applicant interest in residential beds which do not provide hands-on assistance with activities of daily living (ADL). Almost all current applicants to the Pioneers' Homes need ADL support, or they would rather stay in their own houses or apartments. The average age of admission to all levels of care is 82 +, so most residents come into the Homes almost immediately needing significant ADL assistance.

At this point in time, assisted living care in Alaska is not a Medicaid-reimbursable service. However, the state could explore expansion of its budget for the Medicaid Home Care Waiver for the Elderly in order to allow the Homes, and all other private sector providers in the state, to bill Medicaid for assisted living care for the most disabled residents who would otherwise be eligible for skilled nursing care and hence for nursing home "waivers." (Again, only the 15 - 25 percent of Home residents who were also financially eligible could become Medicaid recipients.)

Garnering the maximum federal revenue from this strategy would also require the state to amend its Medicaid plan and regulations to acknowledge ADRD as a diagnosis eligible by itself for Medicaid skilled nursing and home care waiver payment, because for the large majority of current homes' residents, dementia of the Alzheimer's type is their primary diagnosis.

The Clinton Administration has also just opened up a new assisted living Medicaid "option" to the states, which could provide Medicaid to some persons before they were so far advanced in their illness or disabilities. However, the Homes might not qualify for this new option because it requires each resident to live in a fully equipped, separate apartment, not the small rooms with shared baths prevalent in most of the Homes.

Of course, any "re-financing" through Medicaid, whether for the state or private operation of the Homes, would require the state budget for Medicaid to expand. At the present moment, the Legislature is reducing the State's Medicaid budget and seems hesitant to expand Medicaid's scope or eligible services and clients in the state.

**The "Ultimate" Payer - the Residents of the Homes, present and future:** Although Medicaid might be available to pay for some small percentage of the resident care, a private operator of the Homes would be compelled to immediately raise the rates in the Homes to the full cost of care, and to insist on payment at the pain of eviction for anyone not able to pay. No private operator would have any incentive or duty to allow any resident to stay without full payment of the full cost of care.

Very few, if any, residents of the Homes have any "long-term care" insurance, as very few Americans generally have purchased such policies. Normal retiree health insurance policies and Medicare do not pay for long-term care. The state does not know the financial status of most of the residents, as only those incapable of paying their monthly rental fee are required to divulge their

POSITION PAPER  
HB 246

**Position Statement Continued:**

income and assets to the home administrator. However, if the income levels of residents reflect the incomes of other Alaska elderly of similar age, then the percentage capable of paying full cost of care is likely to be small--perhaps 10 to 20 percent.

The current residents of the Homes are not innately the most "profitable" group for a private operator because of the overwhelmingly high incidence of cognitive problems or ADRD. The current market situation tends to force persons with ADRD towards the six Homes, and persons with physical needs for skilled nursing toward the private sector nursing homes (i.e., Medicaid pays only for physical diagnoses and the waiting list of about one year at the Homes is too great a delay for some physical crisis problems). Also, the current residents of the Homes are of an average age approaching 86. They are from a generation before federally-protected retirement benefits and they have social security benefits based on much lower wages during their working life. Their financial situation is very different from that of today's 65 year old.

Pioneers' Homes began charging for care in 1954 when the monthly rate was set at \$150. Small increases were made in 1966, 1983, 1989, 1993, 1994, and 1995. For each of the past three years, the rates have been raised by about 10 percent a year. At this rate of increase, it would require another 19 years to reach "full cost of care."

However, even these seemingly modest rate increases cause great distress each year to many residents of the Homes who greatly fear becoming "indigent" or unable to "pay their own way." They literally fear eviction or ending up in the type of county poor folks/old folks home that they remember from their childhood during the Great Depression. The proposed sale of the Homes, unless there is a guarantee of state "grandfathering" of the current residents, is sure to cause widespread turmoil, heartache, and anger among the residents.

There are 1,492 applicants on the Pioneers' Home waiting lists. The inactive waiting list has a total of 1,252 applicants while the active list has a total of 240 applicants. New applicants increase the total of the waiting lists by about 90 each month. The majority of applicants on the active waiting list, 80 to 90 percent, need assistance due to a diagnosis of ADRD. Without substantial state funding, the private sector would not be able to meet the need of this group.

The inability of the elderly anywhere in America to pay for long-term care when they need it is a monumental problem. The middle income senior citizen can never hope to be able to pay for long-term care, whether in a Pioneers' Home or a private facility. Only the very wealthiest of seniors can pay for long-term care, and if they have such resources, they are likely to move to the lower 48 where the most luxurious of care costs less than basic quality long-term care in Alaska.

**Unique Role of the Pioneers' Homes in Alzheimer's (ADRD) Care and Relationship to Alaska Psychiatric Hospital:** The factors just mentioned have resulted in a drastic change in the mission and services within the six Homes in the last five years. Forty percent of all Homes' residents have severe disabilities based on Alzheimer's or a related disorder (ADRD), and as many as another 50 percent have mild to moderate ADRD needs. The appropriate future of the Homes under the current state program seems clearly to be to provide for the needs of this new "epidemic" among our rapidly growing "oldest" old seniors, 85 years and older.

POSITION PAPER  
HB 246

**Position Statement Continued:**

ADRD needs of victims almost always overwhelm and exceed the family and community care resources and require facility placement. If these persons were not receiving care in the state Pioneers' Homes, they would be on the doorsteps of Alaska Psychiatric Hospital or inappropriately placed in expensive skilled nursing units where they are usually tranquilized until they are no longer a physical threat to the other fragile patients. (It is admittedly very difficult and not cost-effective for a normal skilled nursing unit to attempt to treat ADRD clients before their terminal bed ridden stage.)

These residents are often very difficult and dangerous to deal with, but the Pioneers' Homes have developed special ADRD units for the most difficult, and a facility-wide ADRD training and therapy program for the benefit of all residents and staff. Whether a private operator of the Homes would choose to continue this focus and specialty treatment would be a question affecting the entire long-term and mental health care systems of this state.

**State Costs of Operations are Comparable to Private Sector:** The total cost in FY 94 to operate the Pioneers' Homes divides out to an average annual cost, per type of bed, as follows: skilled nursing: \$89,000; enhanced assisted living: \$ 55,000; basic assisted living: \$36,000; and residential living: \$24,000. The average annual Medicaid rate for skilled nursing in the state, as of mid-year FY 93, was \$81,000 (Pioneers' Homes were not included in this calculation as they are not on the Medicaid system). The new assisted living home being opened by Sisters of Providence in June 1995 plans to start out with basic assisted living care charges at \$36,000 per year which is the same as the Homes' cost. At this point, there is not any significant difference in costs between the state operation and private sector operation of similar facilities. Although the state has higher employee salary and benefit costs, the state achieves some economies of scale by group purchasing for the Homes, etc. On the other hand, the Homes' current costs of care do not include any depreciation or amortization of capital costs.

**Capital Needs to Meet Federal Funding Standards:** It must also be disclosed to any prospective buyer that the Homes were never designed nor have they been maintained for the purpose of meeting federal Medicare/Medicaid certification standards for physical plant standards. The Homes are currently "licensed" under state law, but are not federally certified. Although a new operator of the Homes might be able to obtain temporary waivers to Medicare/Medicaid certification standards, the operator would be facing several millions of dollars of capital renovations and equipment purchases in order to be eligible to bill to these federal programs. The exact dollar amount needed to bring the Homes to federal physical plant standards would probably need to be analyzed prior to any sale, as any prudent buyer would need this information.

**Other Basic Capital Needs and the Condition of the Homes:** While discussing capital needs of the Homes and full disclosure to any prospective buyer, it must be noted that the Department of Administration hired an architect and engineering firm which completed a comprehensive report in November 1992 about the capital renovation, repair, and maintenance needs of the Homes. This extensive survey compiled nearly 800 deficiencies totaling more than \$97 million in 1993 construction dollars. Of this, \$12 million is required to correct known code deficiencies; \$10 million

**POSITION PAPER**  
**HB 246**

**Position Statement Continued:**

is required to repair or replace equipment and materials which are not functioning properly or have reached the end of their useful life; and \$57.5 million is required for the design and construction of dementia units.

The state should be spending two to three million dollars annually on capital upkeep of the Homes to prevent complete operational breakdown. However, since the release of the 1992 report, the capital budget for the Homes has never met this annual amount. Indeed, the capital budget for the Homes for FY 95 was \$0, and the proposed capital budget for FY 96 is \$326,000 for the coverage of the most basic emergency type repairs. There is substantial doubt whether any prudent buyer would take over the Homes in their current state of physical deterioration.

**Complexities and Potential Problems in the Process of the Sale of the Homes:**

The legal and logistical complexities of selling state real estate comprising the Pioneers' Homes will require extensive work by several state agencies. This work is reflected in the department's fiscal note for HB 246. The sale of even one of the Homes could not possibly be accomplished in the one year period mandated by the bill.

Selling the Homes would take at least two years, due to the complex nature of selling public property through existing state land disposal laws and related state and federal land management systems such as coastal zone management. Any litigation by any interested members of the public regarding the sale could stretch this time period even longer.

It appears that the legal ability to sell the Homes does not rest with the commissioner of the Department of Administration. Title to the land and buildings of the Homes is held by either the Department of Natural Resources or the Department of Transportation and Public Facilities. The Department of Administration has the authority to sell the fixtures and equipment inventory of the Homes.

At the current time, the Department of Administration has not researched the titles of each Home. It is known that land donations by the federal government and by private individuals to the state for the purpose of building at least some of the Pioneers' Homes has been made. The department is not certain whether there are any reversionary clauses attached to the titles of these properties. For example, the Sitka Home is built on property originally ceded to the territory by the federal government for the purpose of the establishment of a Pioneers' Home. The Sitka Home has been designated as an historic site and listed with the National Register of Historic Places. The Pioneers' Home cemetery in Sitka would not be salable, and title should be retained by some state agency.

The statutory and legal processes required to sell substantial pieces of public property, such as the six Pioneers' Homes, are quite complex, costly and time-consuming. Disposals of public land and buildings are governed by AS 38.05, which requires the Department of Natural Resources to determine "fair market value" of the property, to make a determination that sale is "in the best interests of the people of the state," and to conduct public hearings and to defend any administrative or judicial appeals filed against the sale.

**POSITION PAPER**  
**HB 246**

**Position Statement Continued:**

The Department of Administration, because it manages the Homes, and because HB 246 directs the Department of Administration to sell the Homes, will need to produce several types of analytic reports for the Department of Natural Resources, on the current title situation on all the Homes, hazardous materials content within the Homes, appraisals of valuation, possibly Phase I environmental impact statements, and even coastal zone management usage impact statements for the three Homes near the ocean.

Costs for preliminary preparation of title "litigation" reports alone will probably be \$30,000 for the six Homes, commercial appraisals another \$30,000. Updated surveys could cost \$10,000 per Home, and it would probably take four to six staff months of professional work in the Realty Services Unit of the Division of Land Management to prepare and coordinate these efforts.

The Department of Administration will probably need four professional project staff during the sale preparation and solicitation period, and will need to reimburse the Division of Land Management for its work.

A commercial buyer will probably demand title insurance on the sale, and this cost is equivalent to a percentage of market value. Title insurance could cost \$250,000 or more, depending on the appraisals.

There will be publication and public hearing costs. Considering the avid public interest by seniors in the continued public operation of the Homes, and concern by current private sector "competitors," there is likely to be both an administrative and a judicial appeal of the sale of the Homes to a private operator. The Department of Law will incur staff time costs to defend any appeals or lawsuits.

**The Alternative to Sale - Contracting Out the Homes' Operations:** If House Bill 246's primary objective, the sale of the Homes, is not possible, then other sections of the bill mandate the "contracting out" of all or any part of the operations and administration of the Homes. Currently, the ability of the state to contract out services is a negotiated point in all union bargaining agreements. According to all present agreements with the various unions, a study is needed to demonstrate that contracting out services is "feasible" and cost-effective to the state.

If contracting is determined to be cost-effective for the state, the current labor agreements all dictate that the new private sector contractor must continue to pay the hourly rates provided in the current union contracts with the state. Also, the agreements dictate that as contracts with the private service providers (contractors) are re-negotiated over time, the union pay scale must still be maintained. A premium to the hourly rate must be paid in the event that the contractor does not provide benefits.

In effect, under the current system, contracting out state jobs does not relieve the state from ensuring that the contractor continues to pay union scale wages. (For example, see the agreement between the State of Alaska and Public Employees Local 71, Article 7, Section 4.) Over time, the contractors can effect some cost savings compared to state administration by offering lower cost benefit and retirement packages, by down-sizing the work force where possible, or by re-aligning

POSITION PAPER  
HB 246

**Position Statement Continued:**

the staff as appropriate into new job categories that were not covered under the prior state bargaining agreement.

Contracting out some functions could save some costs, but it will require three to five years to accomplish and significant staff work to effect these changes.

For all of the reasons explained in this position paper, the Department of Administration opposes passage of HB 246.

**APPROVED:**

**Director** Connie J. Sipe **Division** Senior Services

**Signature** *Connie J. Sipe* **Date** April 7, 1995

**Commissioner** Mark Boyer

**Signature** *Alison M. Elger* **Date** April 10/95

Rev. 01/95

AS  
1187

# Anchorage Pioneers' Home Resident Council

FAX Transmission

From: John A. Gibbons PRES  
To: Mark Boyer  
Company: Admin

Date: 3-20-95  
Time: 8:30 AM  
FAX #: 465-2496

Message: 132 - Residents signed our  
petition.

Regards  
John

RECEIVED

MAR 23 1995

MAIL ROOM

Page 1 of 8

UCD Super  
11/2/95

COPIES OF THE PETITION ARE AVAILABLE  
FROM HOUSE HESS COMMITTEE STAFF.

VOICE: 276-3414 FAX: 278-6006

923 West 11th Avenue, Anchorage, Alaska 99501



Statistical Summary  
Alaska Pioneers' Homes  
Alaska Longevity Bonus  
February 1994

# MEMORANDUM

State of Alaska

Department of Administration

Division of Senior Services

P.O. Box 110211, Juneau, AK 99811-0211

TO: Nancy Bear Usher  
Commissioner  
Department of Administration

DATE: February 14, 1994

FROM: James Kohn  
Deputy Director  
Division of Senior Services  
Department of Administration

PHONE: 465-2159

SUBJECT: Statistical Summaries & Analyses

A few months ago you mentioned to me that you would like statistical information regarding the Pioneers' Homes and Longevity Bonus Program gathered together into one current report. The attached report focuses on budgetary issues, numbers of program participants, and some historical perspectives. Another future report will focus on age and needs of the Pioneers' Homes residents with special attention to statistics related to Alzheimer's disease and related dementias.

cc: Roberley Waldron, Deputy Commissioner  
Connie Sipe, Director, Senior Services

Alaska Pioneers' Homes  
Statistical Summary  
February 1, 1994

**Admissions Information**

	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
First Year of Operation	1913	1967	1971	1977	1981	1988	
<b>Since Opening:</b>							
Total Admissions	3,002	595	569	565	157	116	5,104
Average Annual Admissions	37.1	32.0	24.7	39.1	12.1	19.3	154.4
Average Monthly Admissions	3.1	1.8	2.1	3.3	1.0	1.6	12.9
<b>For 1988 - 1993:</b>							
Average Annual Admissions	16.7	16.8	16.0	34.3	11.3	19.3	120.9
Average Monthly Admissions	1.4	1.4	1.3	2.9	0.9	1.6	10.1

**Percent of Over 65 Population Admitted to a Home**

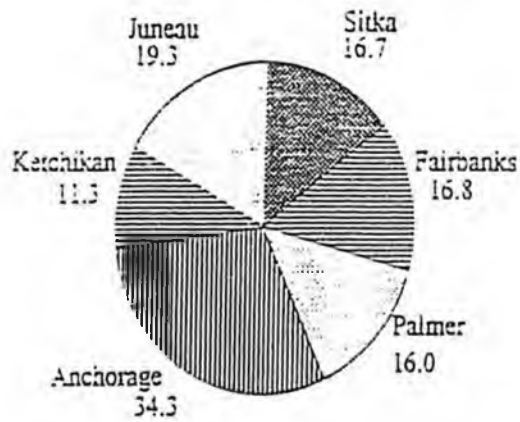
	1929	1939	1950	1960	1970	1980	1990
Over 65 Population	3,074	4,332	4,742	5,386	6,387	11,547	22,459
Admissions	27	34	51	52	37	118	108
Percent Admitted	0.88%	0.78%	1.08%	0.97%	0.54%	1.02%	0.48%

**Current Resident Information**

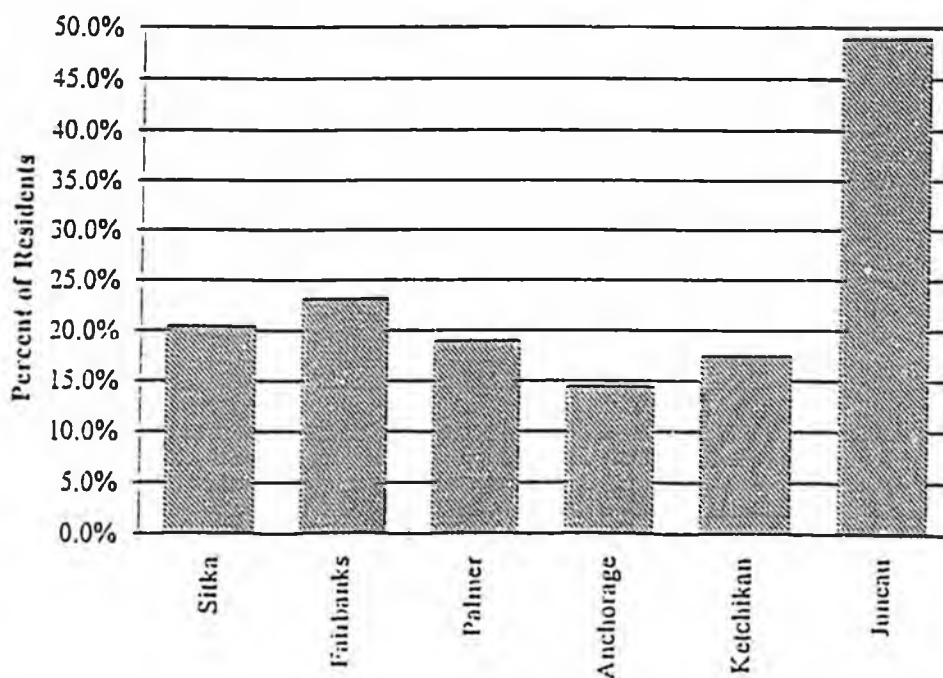
	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
<b>Number of Residents</b>							
Residential	45	37	20	109	7	12	230
Assisted Living	20	25	34	22	21	18	140
Nursing	30	32	26	79	14	19	200
Total	95	94	80	210	42	49	570
Occupancy Rate	90.5%	97.9%	97.6%	95.0%	93.3%	100.0%	95.3%
Historical Annual Turnover	39.0%	23.4%	30.9%	18.6%	28.8%	39.5%	27.1%
<small>(average annual admissions divided by current occupancy)</small>							
1993 Turnover Rate	20.5%	23.2%	19.0%	14.5%	17.5%	48.9%	20.6%
<small>(admissions in 1993 divided by occupancy Dec 31, 1993)</small>							
Average Length of Stay (years)	5.1	5.6	4.4	4.9	2.9	2.8	4.4
<small>(length of residency of all who died or were discharged, 10/1/91 through 9/30/93)</small>							
Current Indigency Rate	11.5%	11.9%	10.5%	7.6%	11.4%	11.6%	9.6%
<small>(percentage of billable revenues not collected because of inability to pay, based on Aug and Sep, 1993)</small>							

Alaska Pioneers' Homes  
 Statistical Summary  
 February 1, 1994

Average Annual Admissions

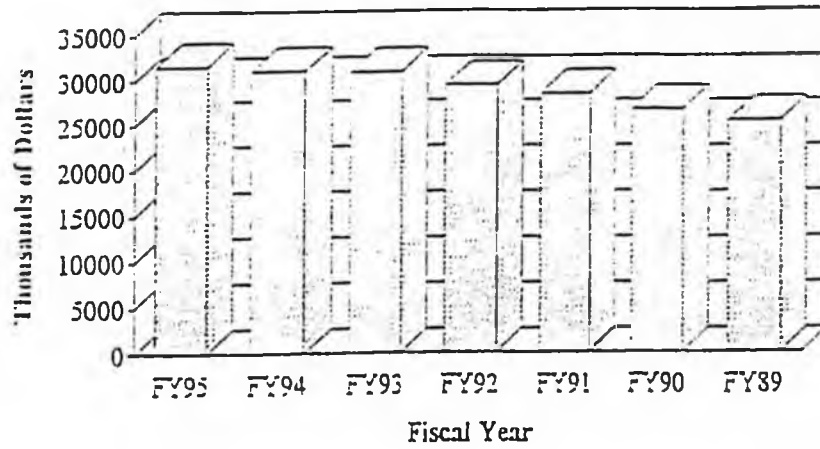


1993 Turnover Rate

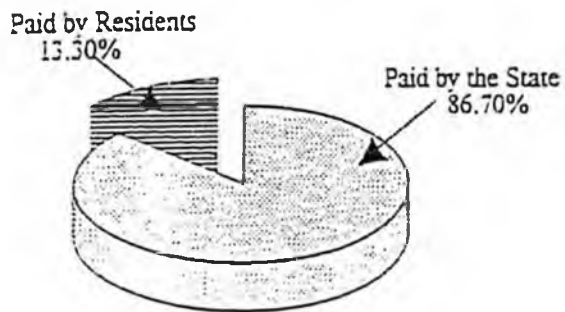


Alaska Pioneers' Homes  
Statistical Summary  
February 1, 1994

Budget Growth



Cost of Care



HISTORY OF PIONEERS' HOMES  
SUMMARY

1913 - Territory of Alaska legislation, Chapter 80. "An act to provide for the acceptance and use of the United States Marine Barracks buildings at Sitka, Alaska, as a home for indigent prospectors and others who have spent their years in Alaska and become dependent, and to create a commission for the government of the same." This was the beginning of the Alaska Pioneers' Home.

- \* required 5 years of residency
- \* no age criteria included
- \* must be indigent and dependent - unable to work

The home was intended to be a residential facility, but instead one of the first men admitted was bedridden. Others were debilitated from accident or disease. An untrained man was hired to look after the men as there was no nurse available.

1914 - Report from Dr. Johnson regarding residents of the home: "Prior to the opening of the home it was not believed that we would be confronted with the care of such a great number of enfeebled men and the arrival here shortly after the institution opened of so many bedridden and crippled inmates, wholly unable to render themselves the slightest personal service, made their care exceedingly difficult for the staff of employees, which were and are entirely inadequate for the purpose."

1915 - Change by the territorial legislature--Chapter 64

\* "Any pioneer of Alaska, regardless of sex, who has attained the age of sixty-five (65) years and shall have resided in Alaska for 10 consecutive years or more since the year 1905, and is entitled to the benefits of the Pioneers' Home at Sitka, Alaska, or of the Home for Indigent Pioneers at Fairbanks or elsewhere in Alaska (should the same be established) may in lieu of an application be received and cared for at such home,....for an allowance to be paid out of the revenues..."

\* Sections 7 & 8 disallows women and Natives to be admitted into the home. Natives taken care of through Dept. of Interior.

\* First old age assistance - could be paid up to \$12.50 per month if eligible but did not enter a home. Average payments were between \$7.50 and \$10.00 per month. Women received this payment, but none were admitted into the home.

- \* Funds were being requested to build a hospital/infirmary,
- \* First trained nurse was hired.

1916 - First request for payment of \$1 per day for care; resident refused but his estate of \$2,137 was taken by the territory.

\* Seven residents were "kicked out" since they were able to work and earn their keep. One evicted for drunken parties.

1917 - New legislation reduced the age to 60 for women to receive the assistance, but still could not enter the home. Assistance raised to not to exceed \$25.00.

- \* Governor Strong was fired for being a citizen of Canada.

1919-1920 - Report asked for appropriations for the cemetery which already has 89 graves. (That problem continued.)

1961 - Residency requirement for admission was reduced to 15 years.

\* Legislature added a provision that those who were not indigent could enter the Pioneers' Home as long as they agree to pay for care-- "...the person's agreement to pay to the state each month an amount the Department of Administration considers sufficient to compensate the state for the cost of care and support of the person at the Home. When this agreement is entered into the Department of Administration may require security for the payments." (Sec 47.55.030)

\* Those who could pay for care must be 65, no age for the indigent who received priority admission.

1966 - Rate change    Residential care    \$180  
                          Nursing care            \$225

1967 - Fairbanks Pioneers' Home opened; Jack Linck was the first manager, but the Sitka Manager had oversight of that facility.

\* Governor Hickel signed into law the provision for an advisory board for Pioneers' Homes. One of the original members, Bob Gore of Ketchikan, still sits on that board. Les Yaw, former superintendent of the home served on the board for many years.

1971 - Palmer Pioneers' Home opened; Emily St Pierre was the first manager. Over all management of the homes moved to Juneau rather than the Sitka Home.

1973 - Bonds approved for building the Kotzebue Pioneers' Home.

1974 - In order for private nursing homes to receive medicare/medicaid funding, it was determined that long term care facilities and the administrators should be licensed. The Pioneers' Home was excluded from the legislation; however, an administrative decision was made to include the Homes. Roberley (Potter) Waldron became the first woman and the first licensed administrator of the Sitka Pioneers' Home.

1976 - Rate increase:    Residential care    \$225  
                          Nursing care            \$275

\* Building completed for the Kotzebue Pioneers' Home. A "lower 48" architect designed the building and was built without adequate regard to arctic conditions. Portions of the building began to sink soon after the heat was turned on. The state attempted to correct the problem, but could not hold the contractors accountable since the Department of Transportation had approved the design and construction. The administration decided not to open the facility as a Pioneers' Home and leased the building for \$1 per year to the Miniilaq Corporation for a senior center and residential care facility. They later added skilled nursing care, however, that ended in 1993.

1977 - The Anchorage Pioneers' Home opened to provide residential care only. B. L. McMurry was the first manager.

1981 - The Ketchikan Pioneers' Home opened with Louis Keller as the first manager.

1982 - The Nursing unit was opened at the Anchorage Pioneers' Home. The Governor's Advisory Board had hoped to have one residential care facility, but the Anchorage Home was soon like the original

## Historical Admissions to Pioneers' Homes

Year	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total	Census
								Population
1993	17	22	15	31	7	23	115	
1992	15	20	20	39	10	17	121	
1991	12	19	17	36	16	5	105	33,702
1990	20	8	11	47	10	12	108	22,459
1989	21	15	15	30	9	8	98	21,885
1988	15	17	18	23	16	31	140	20,397
1987	10	11	15	48	11		95	19,193
1986	21	21	24	56	11		133	18,062
1985	22	17	27	56	8		130	16,953
1984	12	22	28	33	5		100	15,739
1983	29	26	24	94	10		183	14,502
1982	33	27	30	43	38		171	13,543
1981	43	24	28	**14	6		115	12,848
1980	37	23	31	**27			118	11,547
1979	30	21	29	**15			95	
1978	30	18	27	**26			101	
1977	32	25	32	**47			136	
1976	39	30	66				135	
1975	48	57	19				124	10,111
1974	19	44	8				71	
1973	26	14	17				57	
1972	27	12	40				79	
1971	33	9	28				70	
1970	27	10					37	6,887
1969	34	11					45	
1968	26	19					45	
1967	10	53					63	
1966	42						42	
1965	35						35	6,181
1964	49						49	
1963	42						42	
1962	49						49	
1961	53						53	
1960	52						52	5,386
1959	60						60	
1958	63						63	
1957	83						83	
1956	44						44	
1955	52						52	
1954	38						38	
1953	50						50	
1952	56						56	
1951	39						39	
1950	51						51	4,742
1949	48						48	
1948	48						48	
1947	41						41	
1946	35						35	

## Historical Admissions to Pioneers' Homes

Year	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total	Census
								Population
1945	37						37	65+
1944	37						37	
1943	45						45	
1942	38						38	
1941	29						29	
1940	34						34	
1939	56						56	4,332
1938	47						47	
1937	62						62	
1936	73						73	
1935	100						100	
1934	45						45	
1933	61						61	
1932	21						21	
1931	51						51	
1930	40						40	
1929	27						27	3,074
1928	20						20	
1927	43						43	
1926	32						32	
1925	32						32	
1924	38						38	
1923	35						35	
1922	34						34	
1921	32						32	
1920	17						17	
1919	29						29	
1918	18						18	
1917	27						27	
1916	36						36	
1915	25						25	
1914	32						32	
1913	31						31	
	3,002	595	569	665	157	116	5,104	
<b>Average:</b>	37.1	22.0	24.7	39.1	12.1	19.3	154.4	
<b>Average Since 1988:</b>	16.7	16.8	16.0	34.3	11.3	19.3	120.9	

\*\* Data are not complete. Records for the early years have not been located.

## Pioneers' Homes Budget Summary

### Authorized Expenditures

	FY95	FY94	FY93	FY92	FY91	FY90	FY89
<b>Pioneers' Homes</b>							
Sitka	5,156.6	5,111.2	5,185.0	4,978.6	4,661.3	4,468.0	4,442.9
Fairbanks	5,196.4	5,172.4	5,053.3	4,908.1	4,712.3	4,400.5	4,133.9
Palmer	4,941.7	4,917.2	4,818.9	4,713.0	4,599.8	4,230.6	4,076.6
Anchorage	9,365.6	9,315.6	9,411.6	8,631.9	8,631.9	8,153.5	7,894.8
Ketchikan	3,156.1	3,141.8	3,075.7	3,039.0	2,805.3	2,570.0	2,523.5
Juneau	2,835.4	2,819.9	2,906.0	2,747.9	2,585.2	2,502.5	2,039.0
Subtotal	30,651.8	30,478.1	30,450.5	29,018.5	27,995.8	26,325.1	25,115.7
Central Office	923.1	612.7	453.3	357.6	351.0	309.4	287.9
P.H. Advisory Board	12.8	12.8	12.8	12.8	15.0	15.0	10.0
Subtotal	940.9	625.5	466.1	370.4	366.0	322.4	297.9
<b>Pioneers' Homes Total</b>	<b>31,572.7</b>	<b>31,103.6</b>	<b>30,916.6</b>	<b>29,388.9</b>	<b>28,361.8</b>	<b>26,647.5</b>	<b>25,413.6</b>

Note - all figures are net after unallocated reductions are spread to components, and exclude program revisions.

Note - Central Office transferred to Division of Senior Services in FY95.

### Authorized Revenues

	FY95 Req.	FY94	FY93	FY92	FY91	FY90	FY89
<b>GF/Program Receipts (Rents)</b>							
Sitka	622.8	622.8	565.0	513.0	468.1	416.5	447.3
Fairbanks	717.5	717.5	635.6	594.6	632.5	605.0	517.8
Palmer	705.7	705.7	518.5	518.5	518.5	503.9	475.0
Anchorage	1,793.5	1,793.5	1,280.7	1,280.8	1,280.8	1,204.5	1,139.8
Ketchikan	369.2	369.2	295.8	295.8	295.0	287.7	244.7
Juneau	414.8	414.8	329.0	348.0	326.6	305.4	250.0
Subtotal	4,623.5	4,623.5	3,624.6	3,550.7	3,521.5	3,322.8	3,074.6
<b>Mental Health Trust Funds</b>							
Dementia Training	100.0	210.0					
Dementia Staffing	828.1						
Subtotal	928.1	210.0					
<b>General Funds</b>	<b>36,021.1</b>	<b>26,270.1</b>	<b>27,292.0</b>	<b>25,838.2</b>	<b>24,840.3</b>	<b>23,324.7</b>	<b>22,339.0</b>
<b>Pioneers' Homes Total</b>	<b>31,572.7</b>	<b>31,103.6</b>	<b>30,916.6</b>	<b>29,388.9</b>	<b>28,361.8</b>	<b>26,647.5</b>	<b>25,413.6</b>

Note - all figures are net after unallocated reductions are spread to components, and exclude program revisions.

## Pioneers' Homes Budget Summary

### Authorized Positions

Pioneers' Homes		FY95 Req.	FY94	FY93	FY92	FY91	FY90	FY89
Sitka	PFT	90	90	90	90	91	91	91
	PPT	6	6	6	6	4	2	2
Fairbanks	PFT	82	82	78	79	79	74	74
	PPT	8	8	10	9	9	9	9
Palmer	PFT	75	74	74	74	75	75	78
	PPT	20	20	16	16	15	12	10
Anchorage	PFT	157	157	157	158	158	157	157
	PPT	24	24	24	24	24	28	30
Ketchikan	PFT	42	42	42	42	42	40	42
	PPT	14	14	14	13	13	15	11
Juneau	PFT	31	31	31	31	32	32	32
	PPT	9	9	9	9	8	7	7
Subtotal	PFT	477	476	472	474	477	469	474
	PPT	81	81	79	77	75	71	69
Central Office	PFT		6	6	5	5	5	5
	PPT							
Dementia Staffing	PFT	14						
	PPT	7						
Pioneers' Homes Total	PFT	491	482	478	479	482	474	479
	PPT	88	81	79	77	75	71	69

Note - all figures are net after unallocated reductions are spread to components, and exclude program revisions.

Alaska Pioneers' Homes  
Rent Increases  
Effective February 1, 1994

	Percent of the Total Cost of Care	
<b>Nursing</b>		
Residents now pay	11.7%	\$ 360
February, 1994, increase	1.3%	<u>\$ 95</u>
New Rental Rate	13.0%	\$ 975

This represents a 10.3% increase in the monthly charges for skilled nursing care.

<b>Assisted Living</b>		
Residents now pay	23.3%	\$ 700
February, 1994, increase	2.7%	<u>\$ 80</u>
New Rental Rate	26.0%	\$ 780

This represents an 11.4% increase in the monthly charges for Assisted Living care.

<b>Residential</b>		
Residents now pay	31.3%	\$ 600
February, 1994, increase	3.7%	<u>\$ 65</u>
New Rental Rate	35.0%	\$ 665

This represents a 10.3% increase in the monthly charges for Residential care.

### Pioneers' Homes FY93 Cost of Care Analysis

	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Nursing	2,069.8	1,694.7	1,902.8	4,431.8	1,149.9	1,250.6	12,499.7
Asst Living	0.9	288.5	131.4	38.7	2.0		461.6
Residential	0.5				5.7		6.2
Qual Care/Infection Control	73.0	25.7	71.3	160.4	5.1	43.1	378.6
Medical Services	39.8	82.2	79.3	82.1	39.6	48.5	371.5
Rehabilitation	121.8	94.8	73.4	138.6	36.4	41.3	506.3
Social Services	69.6	54.7	61.3	94.9	3.2	59.8	343.6
Medical Svcs Subtotal	304.2	257.4	285.3	475.9	84.3	192.8	1,599.9
Laundry	150.2	6.5	49.2	145.8	91.0	12.4	455.0
Housekeeping	687.9	803.4	508.1	894.8	342.4	53.4	3,290.0
Housekeeping Subtotal	838.0	810.0	557.3	1,040.6	433.4	65.8	3,745.0
Admin	346.1	373.0	355.7	556.6	435.9	290.1	2,357.4
Food Svcs	848.4	942.8	889.2	1,712.8	503.2	503.7	5,400.1
Maintenance	362.3	271.4	287.3	446.7	175.8	250.1	1,793.6
Operations	205.0	232.7	233.6	378.2	135.8	163.4	1,348.7
Recreation	196.6	169.5	161.4	317.2	135.7	129.0	1,109.5
Shared Costs Subtotal	1,958.4	1,989.3	1,927.1	3,411.5	1,386.6	1,336.3	12,009.2
<b>Total</b>	<b>5,171.9</b>	<b>5,040.0</b>	<b>4,803.9</b>	<b>9,398.6</b>	<b>3,061.8</b>	<b>2,845.4</b>	<b>30,321.6</b>

Pioneers' Homes FY93 Cost of Care Analysis

Actual Revenues	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Residential	180.0	256.2	136.6	698.7	77.5	113.2	1,462.2
Asst Liv	138.4	118.2	104.8	152.6	57.5	1.4	573.0
Nursing	251.0	263.4	364.0	692.1	203.6	212.4	1,986.5
Total	569.4	637.8	605.5	1,543.4	338.7	327.0	4,021.7

Percent Actually Paid by Residents	Nursing	Assist. Living	Residential	Total
	10.18%	11.60%	24.89%	13.26%

	Nursing	Asst Living	Residential	Total
Direct Care	12,499.7	461.6	6.2	12,967.4
Number of Beds	217	137	255	609
Medical Services	890.8	619.2	89.9	1,599.9
Housekeeping	1,836.6	1,159.5	749.0	3,745.0
Shared Costs	4,279.1	2,701.6	5,028.5	12,009.2
Total Cost	19,506.2	4,941.9	5,873.6	30,321.6

Average Annual Cost/Bed	\$89,890	\$36,072	\$23,034	\$49,789
Average Monthly Cost/Bed	\$7,491	\$3,006	\$1,919	\$4,149
Monthly Rate Paid by Residents	\$880	\$700	\$600	
Monthly Rate as a Percent of Monthly Cost	11.75%	23.29%	31.26%	

### Pioneers' Homes FY93 Cost of Care Analysis

**Available Beds**

	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Nursing	30	32	22	86	17	21	208
Asst Living	20	25	35	25	20	16	141
Residential	53	43	25	110	5	12	248
	103	100	82	221	42	49	597
<b>Total Cost per Bed</b>	\$50,212	\$50,400	\$58,584	\$42,528	\$72,901	\$58,070	\$50,790
Med Svcs	\$2,953	\$2,574	\$3,480	\$2,154	\$2,007	\$1,934	\$2,680
Housekeeping	\$8,136	\$8,100	\$6,796	\$4,709	\$10,318	\$1,343	\$6,273
Shared Costs	\$19,014	\$19,893	\$23,502	\$15,437	\$33,014	\$27,271	\$20,116
Direct Care	\$20,109	\$19,833	\$24,807	\$20,229	\$27,562	\$25,522	\$21,721
<b>Total Revenues per Bed</b>	\$5,528	\$6,378	\$7,384	\$6,984	\$8,064	\$6,673	\$6,736

### Pioneers' Homes FY92 Cost of Care Analysis

	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Nursing	1,885.5	1,798.4	1,840.8	4,290.3	1,129.5	1,218.0	12,162.6
Asst Living	3.1	0.9	86.0	55.1			145.1
Residential	1.1				2.5		3.6
Qual Care/Infection Control	69.7	77.1	64.1	164.2	3.1	40.9	419.0
Medical Services	37.1	75.2	67.3	84.8	39.6	51.4	355.4
Rehabilitation	128.5	99.5	71.5	160.3	58.7	26.7	545.2
Social Services	63.2	63.4	46.9	93.7	45.6	58.9	371.6
Medical Svcs Subtotal	298.4	315.2	249.8	502.9	147.1	177.9	1,691.3
Laundry	148.2	7.9	47.1	166.6	67.7	3.6	441.1
Housekeeping	686.4	795.5	527.0	904.5	338.4	2.9	3,254.6
Housekeeping Subtotal	834.7	803.3	574.0	1,071.1	406.1	6.5	3,695.8
Admin	334.9	406.8	359.6	454.9	393.5	263.1	2,212.9
Food Svcs	835.6	895.1	879.3	1,651.2	493.9	544.7	5,299.7
Maintenance	367.6	234.1	320.0	463.9	184.8	250.1	1,820.5
Operations	191.9	236.2	200.9	395.0	114.0	154.4	1,292.5
Recreation	184.0	164.7	170.0	337.0	127.8	132.1	1,115.5
Shared Costs Subtotal	1,914.0	1,936.9	1,929.9	3,301.9	1,314.0	1,344.4	11,741.1
<b>Total</b>	<b>4,936.8</b>	<b>4,854.7</b>	<b>4,580.5</b>	<b>9,221.4</b>	<b>2,999.2</b>	<b>2,746.8</b>	<b>29,439.4</b>

### Pioneers' Homes FY92 Cost of Care Analysis

	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Actual Revenues							
Residential	168.2	238.8	140.2	684.5	76.9	104.7	1,413.3
Asst Liv	134.4	108.1	105.2	143.4	56.8		547.9
Nursing	234.9	256.3	356.7	674.4	200.2	193.0	1,915.5
Total	537.5	603.2	602.1	1,502.3	334.0	297.7	3,876.7

Percent Actually Paid by Residents	Nursing	Asst Living	Residential	Total
	9.28%	20.70%	22.95%	13.17%

	Nursing	Asst Living	Residential	Total
Direct Care	12,162.6	145.1	3.6	12,311.3
Number of Beds	269	67	280	616
Medical Services	978.3	635.0	78.0	1,691.3
Housekeeping	2,367.1	589.6	739.2	3,695.8
Shared Costs	5,127.2	1,277.0	5,336.8	11,741.1
Total Cost	20,635.1	2,646.7	6,157.6	29,439.4

Average Annual Cost/Bed	\$76,710	\$39,503	\$21,991	\$47,791
Average Monthly Cost/Bed	\$6,393	\$3,292	\$1,833	\$3,983
Monthly Rate Paid by Residents	\$800	\$630	\$525	
Monthly Rate as a Percent of Monthly Cost	12.51%	19.14%	28.65%	

### Pioneers' Homes FY91 Cost of Care Analysis

	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Nursing	1,646.8	1,638.1	1,801.3	3,857.2	1,034.0	1,032.2	11,009.6
Asst Living	5.0		107.0	95.5			207.5
Residential	11.9	0.5			9.0	0.4	21.9
Qual Care	62.4	57.8	59.5	148.9	3.9	26.0	358.6
Medical Services	33.1	71.7	50.8	85.7	44.7	44.5	330.5
Rehabilitation	118.0	95.1	80.6	144.8	45.4	48.1	531.9
Social Services	50.4	59.3	42.3	91.3	50.7	54.9	348.8
Support Svcs Subtotal	263.9	283.9	233.2	470.7	144.7	173.5	1,569.8
Laundry	161.1	23.3	87.7	177.2	84.2	0.7	534.0
Housekeeping	634.1	705.2	476.0	828.8	328.1	3.8	2,976.1
Housekeeping Subtotal	795.2	728.5	563.7	1,006.0	412.3	4.5	3,510.1
Admin	310.0	377.2	332.0	456.8	310.6	289.5	2,076.1
Food Svcs	774.6	957.6	851.1	1,589.2	465.1	541.7	5,179.4
Maintenance	418.1	255.1	299.0	430.4	181.9	231.3	1,815.7
Operations	231.2	245.4	198.0	374.5	123.9	174.6	1,347.6
Recreation	166.3	167.0	154.4	308.4	111.1	115.2	1,022.4
Overhead Subtotal	1,900.3	2,002.3	1,834.6	3,159.3	1,192.5	1,352.2	11,441.2
<b>Total</b>	<b>4,623.1</b>	<b>4,653.3</b>	<b>4,539.8</b>	<b>8,588.8</b>	<b>2,792.5</b>	<b>2,562.8</b>	<b>27,760.2</b>

Pioneers' Homes FY91 Cost of Care Analysis

	Sitka	Fairbanks	Palmer	Anchorage	Ketchikan	Juneau	Total
Actual Revenues							
Residential	190.6	264.4	125.3	533.6	111.4	110.3	1,335.7
Asst Liv	126.8	14.2	96.2	139.0			376.3
Nursing	175.6	323.7	314.0	607.1	203.0	237.1	1,860.5
Total	493.1	602.3	535.5	1,279.7	314.4	347.5	3,572.6

	Nursing	Asst Living	Residential	Total
Direct Care	11,009.6	207.5	21.9	11,239.0
Number of Beds	267	66	285	618
Support Services	1,258.7	311.1	0.0	1,569.8
Housekeeping	2,251.5	556.6	702.0	3,510.1
Overhead	4,943.1	1,221.9	5,276.3	11,441.2
Total Cost	19,462.9	2,297.1	6,000.2	27,760.2
Annual Cost/Bed	72.9	34.8	21.1	44.9
Monthly Cost/Bed	6.1	2.9	1.8	3.7
FY93 (10% increase)	6.7	3.2	1.9	4.1
Percent Paid by Residents	9.56%	16.38%	22.26%	12.87%

## Pioneers' Homes Rate History

Effective Date	Nominal Dollars		
	Residential	Assisted Living	Skilled Nursing
1954	\$150		\$195
1966	\$180		\$225
October 1983	\$425		\$525
December 1989	\$525	\$630	\$800
February 1993	\$600	\$700	\$880
February 1994	\$665	\$780	\$975

Nominal dollars are the actual rates charged.

Effective Date	Adjusted Dollars		
	Residential	Assisted Living	Skilled Nursing
October 1983	\$544		\$672
December 1989	\$614	\$736	\$935
February 1993	\$620	\$723	\$909
February 1994	\$665	\$780	\$975

Adjusted dollars are the rates charged in FY94 dollars.

## Pioneers' Homes Rate History

Effective Date	Residential	Assisted Living	Skilled Nursing
1954	\$150		\$195
July 1966	\$180		\$225
July 1976	\$225		\$275
October 1983	\$425		\$525
December 1989	\$525	\$630	\$800
February 1993	\$600	\$700	\$880
February 1994	\$665	\$780	\$975



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Department of Administration  
Division of Senior Services

STUDY OF THE MISSION OF THE  
PIONEERS' HOMES

Final Report  
May 1994

*This report was prepared by*

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**David McCambridge - Client Partner**

David McCambridge, a partner in our Health Care practice is located in our Anchorage office. Mr. McCambridge has worked with a wide variety of Alaska health care providers and other not-for-profit organizations.

**Charles Townsend - Engagement Partner**

Charles Townsend, a partner in our Health Care Consulting practice, acted as the engagement partner. He was responsible for overall timing of the engagement and for coordinating all facets of the engagement. His substantial industry experience has been developed over the past ten years through assisting a wide variety of long-term care and health care providers throughout the Northwest and Midwest.

**Bobbi Hersch - Engagement Manager**

Bobbi Hersch, a senior manager in our Health Care Consulting practice, served as manager for the engagement. She has over ten years of experience in conducting market studies, market research and financial analysis for a variety of long-term care providers.

**Nancy Ulrich - Manager**

Nancy Ulrich, a manager in our Health Care Consulting practice is a registered nurse and has eleven years of experience as a nursing home administrator. She assisted in conducting an analysis of the nurse staffing of the Pioneers' Homes and provided overall technical support.

**Jennifer Rew - Consultant**

Jennifer Rew, a consultant in our Health Care practice has provided financial and market analysis to health care providers, including providers of long-term care. She assisted in conducting the detailed analysis of the target population and the financial analysis of the Pioneers' Homes and other providers.

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- I. Executive Summary
- II. History, Target Market and Mission of the Pioneers' Homes
- III. Governance and Organizational Issues
- IV. Financial Considerations
- V. Recommendations

## I. Executive Summary

### Pioneers' Homes Mission Study

The Pioneers' Homes (the Homes) have been serving older Alaskans (age 65 and older) for over eighty years. Initially intended as a residential facility for indigent older Alaskans, the State of Alaska (the State) has a history of modifying the Homes' services to meet the needs of older Alaskans as those needs have evolved over time. A number of forces are influencing the current and future role of the Pioneers' Homes:

- Dramatically increasing elderly (85 years and older) population;
- Static long-term care delivery system;
- Uncertain management and budgetary environment; and
- Increasingly costly care alternatives.

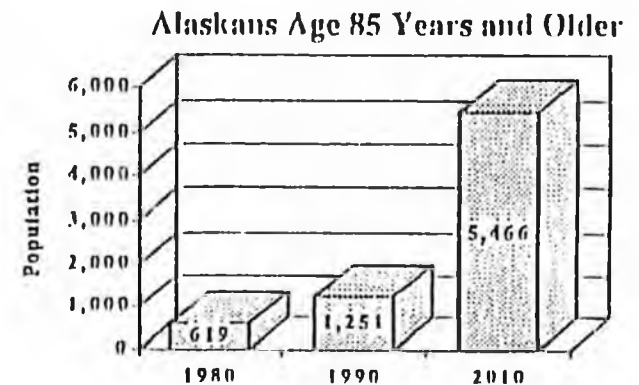
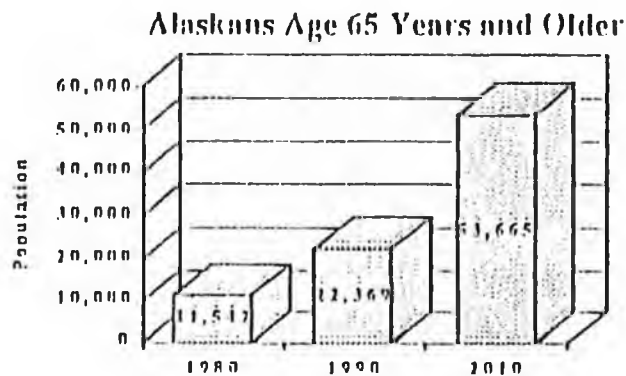
In re-evaluating the future direction of the Pioneers' Homes, and in light of the issues noted above, the Department of Administration engaged KPMG Peat Marwick in accordance with Section 15, Chapter 41, SLA 1993 charging the department to:

*"...study the mission of the Pioneers' Homes and the target population for whom care should be provided by the Pioneers' Homes considering changing residency criteria, financing, and management opportunities, and the role of the Pioneers' Homes in the continuum of care for senior Alaskans."*

The summary of our findings and recommendations are contained in the balance of this report. The report begins with a discussion of the size and health care needs of the growing number of older Alaskans, then focuses on examining the particular role of the Pioneers' Homes in meeting these needs. The next sections discuss governance, financial and operational issues. The final section contains KPMG's recommendations with respect to the mission, target population, and structure of the Pioneers' Homes as the State of Alaska plans a long-term care delivery system for the twenty-first century.

### Growing Number of Older Alaskans

The Alaskan population aged 65 years and older grew 94% from 1980 to 1990. This same age group is anticipated to grow another 140% by the year 2010, and is the fastest growing segment of the population in Alaska. And, the very oldest group of Alaskans (85 years and older), which is the highest user of long-term care services, is expected to grow even faster.



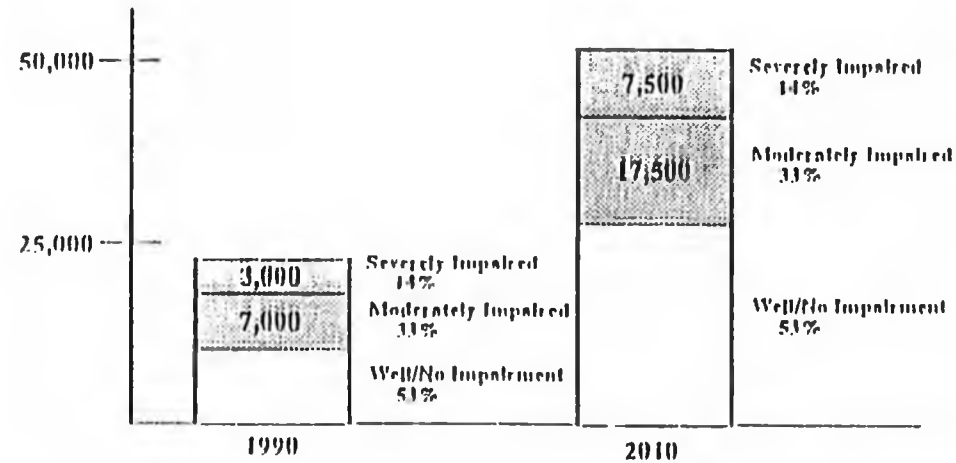
Source: Alaska Department of Labor, Research and Analysis Section

**Key Finding:** The most likely target market for long-term care services (85 years and older) is expected to increase four-fold during the next two decades.

### Impairment of Older Population

A study completed by Savant, Inc. for the Older Alaskans Commission in 1991 estimated the number of Alaskans age 65 and over that have moderate or severe impairments (difficulty in managing daily living activities) to be approximately 10,000 in 1990 and to grow to approximately 25,000 by 2010.

Non-Institutionalized Older Alaskans with Impairments



Source: Older Alaskans Commission

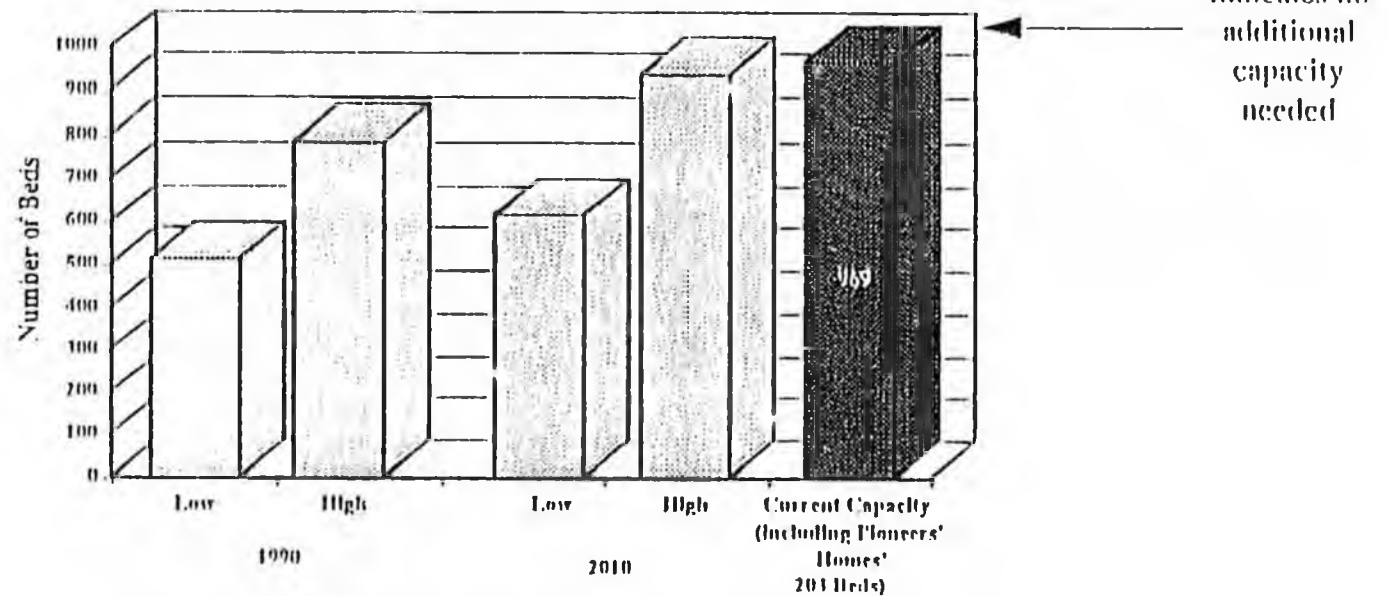
**Key Finding:** The number of moderately and severely impaired older Alaskans is expected to more than double by 2010.

### Estimated Need for Nursing Services

The estimated need for skilled nursing care beds was based on applying a range of historical use rates for nursing home utilization to population estimates. The estimated need for 2010 was further adjusted based on recent State studies indicating that between 63% and 75% of current nursing home residents in these states did not need 24-hour skilled nursing care.

Based on the 1990 census of the 65 years and older population, and the projected older population in 2010, as well as the use rates of various states, the estimated current need for skilled nursing services for elderly Alaskans ranges between 514 and 785 beds. If we assume that half of those currently in nursing beds could potentially be placed in assisted living, the need for skilled beds would be between 600 and 950 beds by 2010.

Current and Projected Need for Skilled Care Nursing Beds



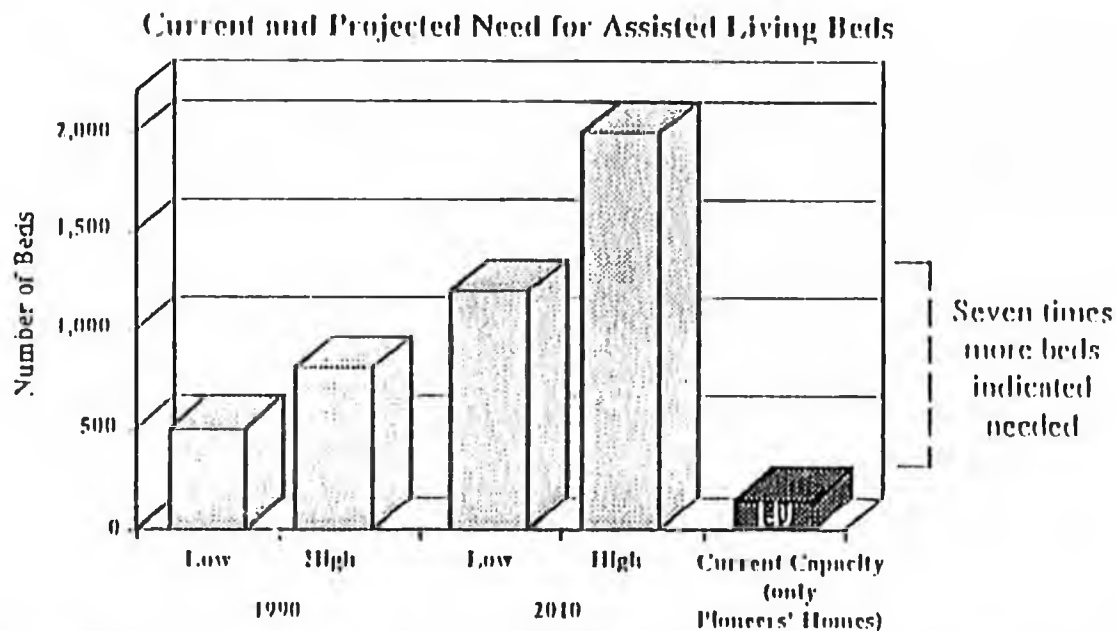
Source: Use rates per Health Care Investment Analysts  
Population per Alaska Department of Labor, Research and Analysis Section

**Key Finding:** Based on this analysis, there is no indicated additional need for skilled nursing beds in Alaska, assuming other alternative levels of care are developed.

### Estimated Need for Assisted Living

According to a study completed for the Older Alaskans Commission in 1991, approximately 14% of the 65 and older non-institutionalized Alaskan population have severe impairments and require assistance with at least three activities of daily living.

It was assumed that only those individuals with severe impairments who live alone constitute the most likely candidates for assisted living residences. According to the Older Alaskans Commission the number of individuals with severe impairments was approximately 3,000 in 1990. Based on studies of the personal care needs of the elderly completed by the National Center for Health Statistics, the current estimate of those requiring supportive residential services ranges between approximately 2,000 and 2,500. Furthermore, approximately 26% of those age 65 and older in Alaska live alone. Therefore, the estimated need for assisted living residential services for those with severe impairments who live alone is approximately 500 to 800 beds. Using the same methodology, the projected need for assisted living beds in Alaska by 2010 is approximately 1,200 to 2,000.



Source: Older Alaskans Commission and Alaska Department of Labor, Research and Analysis Section

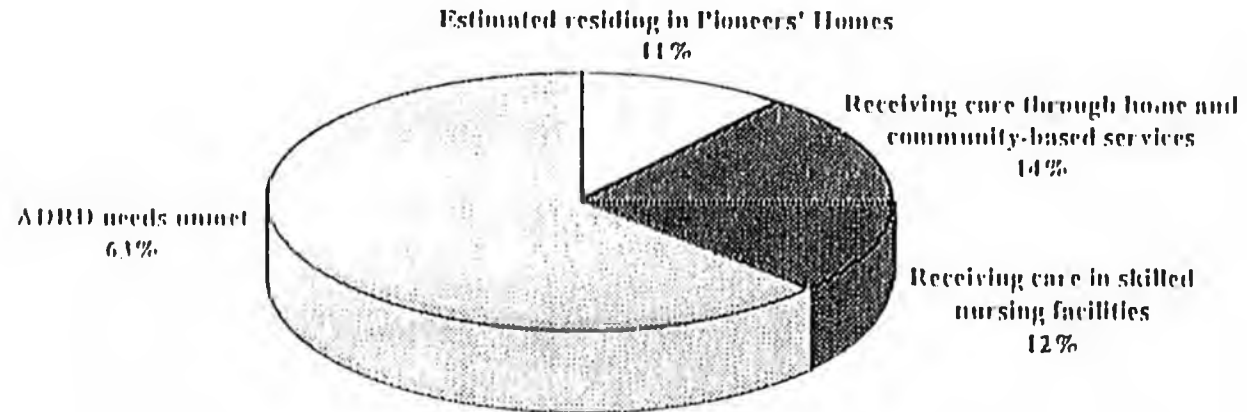
**Key Finding:** Based on this analysis, there is an indicated need for 1,200 assisted living beds.

### Estimated need for Alzheimer's Disease and Related Disorders (ADRD) Services for Older Alaskans

The prevalence of Alzheimer's Disease and Related Disorders (ADRD) among older adults has been sharply increasing throughout Alaska and the United States. The Alzheimer's Association Alaska Chapter estimates that over 4,000 cases of mild and severe dementia currently exist in Alaska's population aged 60 and older. Currently, individuals with ADRD are served in a variety of settings from community-based services to skilled nursing facilities.

Of the estimated 4,000 older Alaskans with ADRD, 556 adults received care in the form of adult respite care, adult day care, and/or care coordination during fiscal year 1993, while as many as 900 older Alaskans with ADRD were residing in the Pioneers' Homes and other Alaska nursing facilities.

Service Utilization by Older Alaskans With ADRD



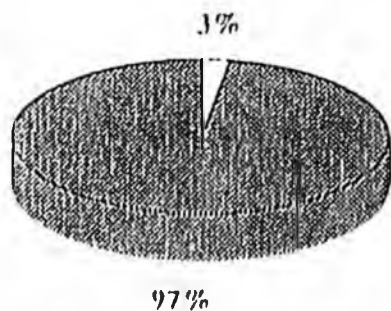
Source: Older Alaskans Commission and interview of nursing facilities

**Key Finding:** The supportive care needs of over 63% of Alaska's older population with ADRD are currently unmet.

### Role of the Pioneers' Homes

The Pioneers' Homes currently serve about 3% of the Alaskan population age 65 and over, 6% of the older impaired population and 11% of the older Alaskans with ADRD. In total, over \$26.5 million dollars of State funds are being spent on the care of these 570 citizens.

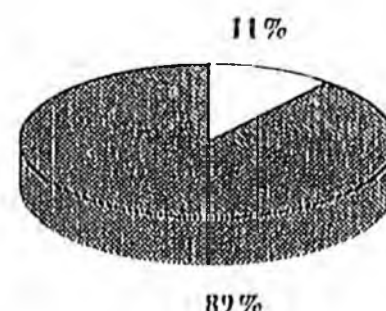
Percent of Total Older Alaskan Population Served by Pioneers' Homes



Percent of Moderately or Severely Impaired Older Alaskans Served by Pioneers' Homes



Percent of Older Alaskans with ADRD Served by Pioneers' Homes



Sources: Older Alaskans Commission and Alzheimer's Association of Alaska

**Key Findings:** The Pioneers' Homes provide one of the only residential options for seniors who may not qualify for Medicaid assistance, yet cannot afford or prefer not to pay the rates at other private nursing facilities.

Because the State's Medicaid system does not recognize Alzheimer's Disease and Related Disorders as qualifying diagnoses for placement in a nursing home, the Pioneers' Homes remain one of the only options for seniors afflicted with ADRD, regardless of their financial resources.

## Governance and Organizational Issues

The Pioneers' Homes are owned, governed and managed by the State of Alaska through the Department of Administration's Division of Senior Services. However, many other groups provide both formal and informal oversight to the Homes, including:

Formal	Informal
<ul style="list-style-type: none"><li>■ Department of Administration and Division of Senior Services</li><li>■ State legislature</li><li>■ Alaska Pioneers' Homes Advisory Board</li></ul>	<ul style="list-style-type: none"><li>■ Pioneers of Alaska</li><li>■ Pioneers' Homes residents</li><li>■ Pioneers' Homes employees</li><li>■ Governor's Task Force on the Homes (1)</li></ul>

(1) This task force will complete its work as of July 1, 1994.

The Commissioner of the Department of Administration, as well as the Deputy Commissioner, the Director of Senior Services, the Deputy Director of the Division of Senior Services who is in charge of the Pioneers' Homes and the individual Homes' administrators are all positions appointed by the Governor. During the past fifteen years, the average tenure for individuals in these positions has been two to three years, which is unusually high turnover for top management in the long-term care industry, and creates an environment in which it is difficult to implement long-range plans.

**Key Finding:** The complex array of stakeholders, overseers, and advisors that participate formally or informally in the governance of the Homes is unusual within the long-term care industry, and contributes to the difficulty of implementing long-range plans necessary for successful adaptation to a changing market.

## Recommendations

Based upon the analysis presented herein, and within the guidelines of the strategic alternatives evaluated during this process, KPMG presents the following recommendations with regard to the future direction of the Pioneers' Homes. Please refer to the body of the report for a further description of these recommendations.

### Recommendation: Mission

We recommend that the Pioneers' Homes concentrate efforts on serving the population that is most in need of care, both medically and financially. From analysis of the current unmet needs of elderly Alaskans, it appears that the greatest need exists for individuals with AD/RI, and assisted living personal services. We recommend that the Pioneers' Homes focus on providing these two forms of care, in particular, while continuing to provide skilled nursing care services, as needed. Furthermore, we recommend that residential services be de-emphasized to enable the Homes to concentrate on serving those with the greatest needs.

In accordance with the above, we recommend that the Pioneers' Homes refine their mission statement to read as follows (emphasis added):

*The Pioneers' Homes seek to provide specialized services in a residential setting for elderly Alaskans who are most in need of long-term care services, with preference given to those who have the least amount of financial resources. These services are designed to maximize independence and quality of life by addressing the physical, psychosocial, and spiritual needs of older Alaskans, through assisted living, and skilled nursing care services, with a particular emphasis in assisted living and dementia care.*

#### **Recommendation: Organizational Structure**

The citizens of Alaska have historically felt a strong sense of ownership with regard to the Pioneers' Homes. Many options for management and operations for the Homes have been evaluated by the State, including privatization and contract management of certain services. In the interest of preserving the traditional feeling of ownership within the population, we do not recommend that the Homes be privatized at this time.

However, it is desirable to find an organizational structure that will allow for reliable levels of annual funding, enable management to effectively implement long-range plans, and provide for more definitive and focused levels of oversight. We recommend consideration of the alternatives below as effective means to accomplish these objectives. Each alternative is based upon the premise of establishing an intermediary between the Governor and State legislature, and the Pioneers' Homes.

- **Option One: (Limited change from current) Classify certain Pioneers' Homes administrative positions.** To allow for continuity in delivery of services, and to provide the opportunity to implement programs and changes when necessary, the positions of the Deputy Director of the Division of Senior Services who is in charge of the Pioneers' Homes, as well as the individual Homes' administrators would become classified, rather than appointed, positions.
- **Option Two: (Moderate change) Quasi-governmental control similar to a Board of Regents.** Under this alternative, the Pioneers' Homes would be privately incorporated, with governance vesting in a Board of Directors that acts as an intermediary between the Homes, and the State legislature and Governor.
- **Option Three: (Comprehensive change) Shift control of each Home to the citizens of each respective community.** A local Board of Directors could be formed in each of the six towns where the Pioneers' Homes are located. Various community leaders and citizens at-large with health care or related qualifications would be represented on the Board.

### **Recommendation: Actions for Revenue Enhancement and Cost Savings**

Throughout our process of analysis of the Pioneers' Homes, several operational issues came to our attention. The issues raised, and our subsequent recommendations, are listed below.

- **Issue: Should the Pioneers' Homes become Medicaid certified?** Under the current Medicaid regulations in Alaska, AD/DRD are not qualifying diagnoses for Medicaid-eligible admission into a nursing home. Management believes that the income levels of many of the Homes' residents would also disqualify them from Medicaid eligibility. While we do not recommend that the Homes' pursue Medicaid certification at this time, we do recommend that Management of the Homes' gathers the necessary information from residents to conduct an annual review of the costs and benefits with respect to participation in the Medicaid program. Also, if Alzheimer's Disease becomes a qualifying diagnosis for nursing home Medicaid eligibility, the Homes should reconsider their participation.
  
- **Issue: Could the Pioneers' Homes utilize management contracts to provide any of the services that are currently provided by employees of the State?** While Management of the Pioneers' Homes has conducted some analysis as to whether the management contracts currently in place at the Homes effectively minimize costs, we recommend further detailed financial analysis be performed to ascertain the feasibility of implementing management contracts wherever possible. See page 42 for further analysis of this issue.

In addition, from discussions with Management, it appears that the union contracts currently in place at the Homes may have to be renegotiated to allow further contracting out to take place.

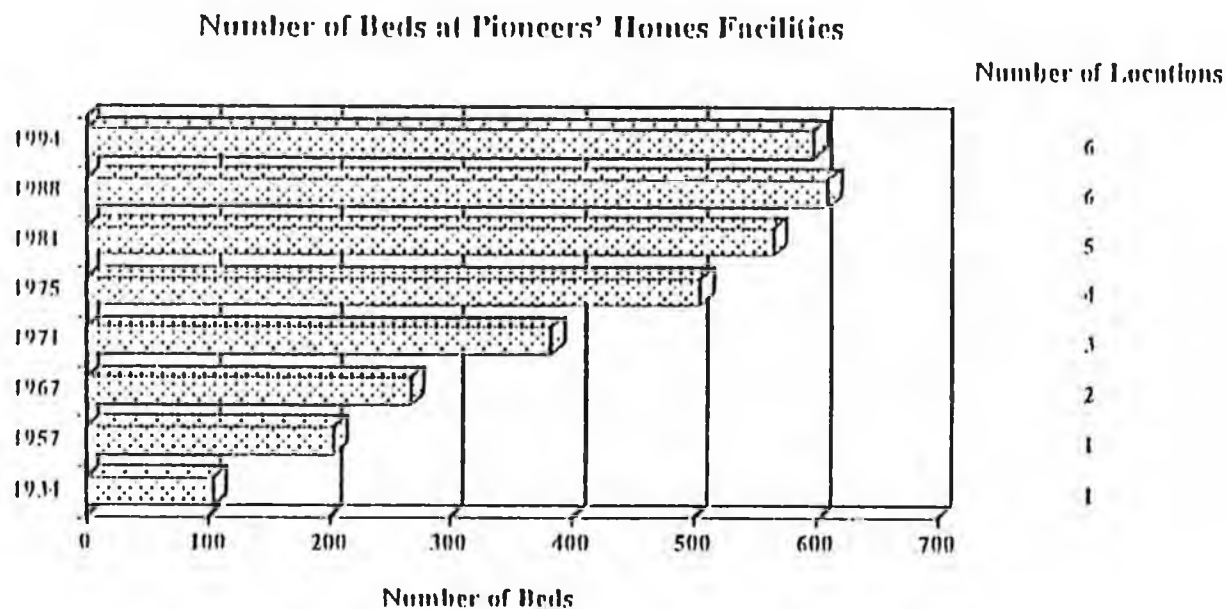
- **Issue: Should the Pioneers' Homes increase the monthly rate charged to residents to more fully cover the cost of care?** Yes. With limited state funds available, large unmet needs, and available fee-for-service options, justification for continuing to subsidize care for 3% of the population is not apparent. Currently, residents pay only 13% of the total cost of care. If rates are increased, the Homes would still expect residents to pay only that which they can afford. No individual would be turned away or discharged from a Home due to a lack of ability to pay.



## II. History, Target Market and Mission of the Pioneers' Homes

### History of the Pioneers' Homes

The tradition of the Pioneers' Homes (the Homes) began in 1913 in the city of Sitka as a means of "providing a home for indigent old men." In its first year of operation, the Home served 31 residents. Beginning in 1967, the Home expanded to five other cities--Ketchikan, Fairbanks, Anchorage, Palmer, and Juneau--and currently have the capacity to provide residential, assisted living and skilled nursing care to approximately 600 elderly Alaskans. During the past 25 years, the Homes have increased their capacity by sixty percent.



Source: Management

Over the past 80 years, the population served by the Pioneers' Homes has aged and become more frail and has more financial resources, including access to other government funds not available to the original population.

*Original residents of the Homes* had the following characteristics:

- Had few financial resources
- All were men
- Had lived in Alaska for at least five years
- Unable to work
- Had no family or care providers

Originally

- Indigent**
- Men**
- Long-time resident**
- Frail**
- Single or alone**

Today, the Homes are open to every person residing in Alaska who is 65 years or older, and is in need of residence at the home because of physical disability or other reason. A further clause requiring 15 years of continuous residency in Alaska immediately prior to admission into the Home was recently amended by emergency regulation to require only one year of residency prior to admission.

*Today's residents* have the following characteristics:

- Both men and women, average age 82
- Must have lived in Alaska for at least one year; however, the overwhelming majority have been state residents for at least 15 years
- Have a physical or other need for residence

Today

- Elderly men and women**
- Mostly long-term residents (although not required to be)**
- Frail, unable to care for themselves, or have no other housing option**

The mission of the Homes currently reads as follows (emphasis added):

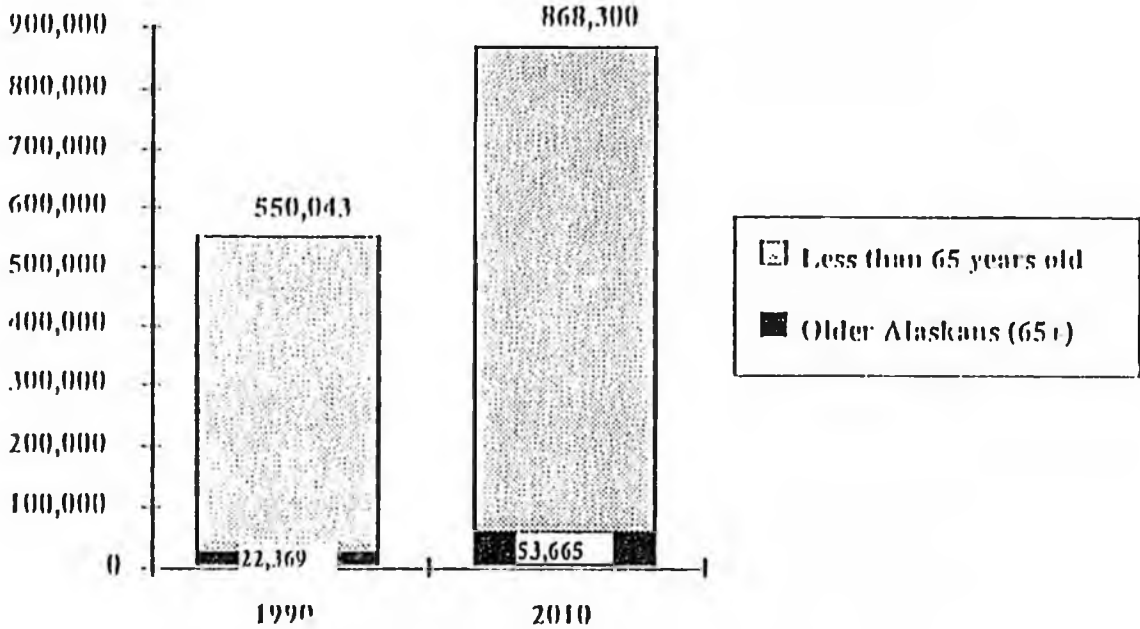
*The Pioneers' Homes provide specialized residential services for the elderly in Sitka, Fairbanks, Anchorage, Ketchikan and Juneau. Services provided are designed to maximize independence and quality of life by addressing the physical, psychosocial, and spiritual needs of our seniors in a continuum of care, ranging from assisted living to skilled nursing care, with special capacities for Alzheimer's disease and related dementias. Services are provided through the efforts of a caring, experienced, and qualified staff who recognize strong community support and interaction are vital to our mission.*

Population

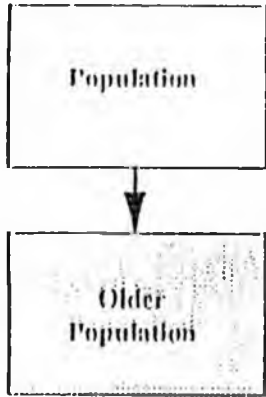
Population

Older Alaskans are the fastest growing segment of the population. In 1990, older Alaskans (65 years and older) accounted for approximately 4.1% of the total population and are expected to account for 6.2% of the total by 2010.

Growth in the Population of Alaska



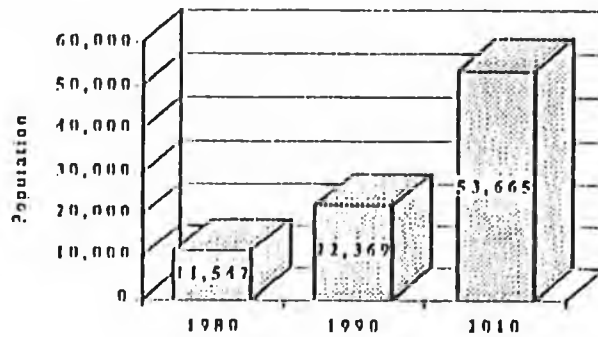
Source: Alaska Department of Labor, Research and Analysis Section



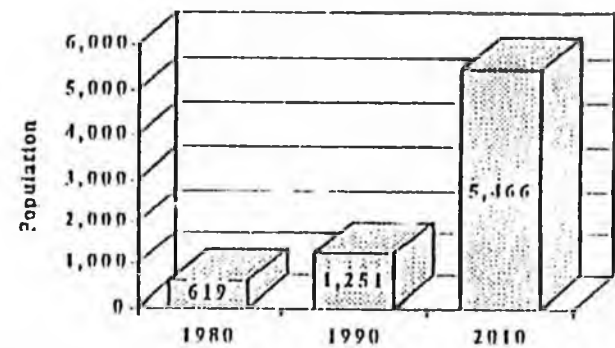
### Older Population

Statewide, the population aged 65 years and older grew 94% from 1980 to 1990. This same age group is anticipated to grow another 140% by the year 2010, and is the fastest growing segment of the population in Alaska. And the very oldest group of Alaskans (85 years and older), which is the highest user of long-term care services, is expected to grow even faster.

Alaskans Age 65 Years and Older



Alaskans Age 85 Years and Older



Source: Alaska Department of Labor, Research and Analysis Section