

STATE OF ALASKA
EXECUTIVE ORDER NO. 72

1989



Under the authority of art. III, sec. 23, of the Alaska Constitution, and in accordance with AS 24.08.210, I order the following:

* Section 1. FINDINGS. As governor, I find that it would be in the best interests of efficient administration to transfer the rate-setting and some other related functions of the Medicaid Rate Commission to the Department of Health and Social Services. Those functions of the commission are integrally related to policy-setting and budgeting functions of the department, and the transfer would greatly improve efficient administration, to the benefit of all Alaskans.

* Sec. 2. AS 39.25.110(23) is amended to read:

(23) the executive director of the Medicaid Rate
Advisory Commission;

* Sec. 3. AS 47.07.040 is amended to read:

Sec. 47.07.040. STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE. The department shall prepare a state plan in

accordance with the provisions of 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act, Medical Assistance) and submit it for approval to the United States Department of Health and Human Services. The plan shall designate that the Department of Health and Social Services is the single state agency to administer this plan. The department shall act for the state in any negotiations relative to the submission and approval of the plan. The department [, INCLUDING THE MEDICAID RATE COMMISSION,] may make those arrangements or regulatory changes, not inconsistent with law, as may be required under federal law to obtain and retain approval of the United States Department of Health and Human Services to secure for the state the optimum federal payment under the provisions of 42 U.S.C. 1396 - 1396p (Title XIX, Social Security Act, Medical Assistance). In addition, the department shall provide a report to the legislature no later than March 15 of each year concerning the status of this program and recommendations, with supporting fiscal data, as to any changes in the coverage of eligible persons or services to be provided.

* Sec. 4. AS 47.07.070 is amended to read:

Sec. 47.07.070. PAYMENT TO HEALTH FACILITIES. (a) The commission shall advise the department on the prospective [DETERMINE PROSPECTIVELY THE] rate of payment to a health facility under this chapter and AS 47.25.120 - 47.25.300 based on a fair rate for reasonable costs incurred by the facility. The department shall set the rates of payment to a health facility. The department [COMMISSION] shall by regulation list the factors it considers in making its rate determinations under this section, after consideration of any recommendations made by the commission.

(b) In determining a rate of payment to a health facility under this section, the department [COMMISSION] shall consider the proportionate share of the facility's financial requirements for patient care for

(1) costs of current operations, including salaries and wages, purchased services, supplies, insurance, leases, depreciation, taxes, interest expense, maintenance and other health facility operating expenses; and

(2) education, research, and appropriate capital development.

(c) In determining a rate of payment to a health facility under this section, the department [COMMISSION] may consider whether the rate of utilization of the facility has been reduced because of improvident or careless development of the facility.

(d) In determining a rate of payment to a health facility under this section, the department [COMMISSION] shall consider the appropriation limit set by the legislature for the department's programs under this chapter and under AS 47.25.120 - 47.25.300, and available federal revenue.

* Sec. 5. AS 47.07.071 is amended to read:

Sec. 47.07.071. REPORTS BY HEALTH FACILITIES. Not later than 120 days after the end of each fiscal year of a health facility, the facility shall submit to the department [COMMISSION] a report on the facility's financial performance during the fiscal year.

* Sec. 6. AS 47.07.072 is amended to read:

Sec. 47.07.072. REPORT BY THE DEPARTMENT [COMMISSION]. Not later than September 30 of each year, the department [COMMISSION] shall submit to the governor a report on the

prospective payments made under this chapter during the current fiscal year and an estimate of the prospective payments that will be made during the remainder of the current fiscal year and the next fiscal year. The report shall state the assumptions that are used as a basis for the estimates.

* Sec. 7. AS 47.07.073 is amended to read:

Sec. 47.07.073. UNIFORM ACCOUNTING, BUDGETING, AND FINANCIAL REPORTING. (a) The department [COMMISSION] by regulation shall require a uniform system of accounting, budgeting, and financial reporting for health facilities receiving prospective payments under this chapter. The regulations shall provide for reporting revenues, expenses, assets, liabilities, and units of service. The department [COMMISSION] shall specify the date the system becomes effective for each health facility.

(b) In adopting regulations under this section, the department [COMMISSION] shall consider

(1) accounting, budgeting, and financial reporting procedures used by health facilities;

(2) variations among health facilities in the types of health care services provided by health facilities;

(3) the size and organizational structure of health facilities;

(4) the methods used by health facilities to obtain payments; [AND]

(5) other factors the department [COMMISSION] considers relevant; and

(6) the recommendations of the commission.

(c) The department [COMMISSION] may waive or modify a requirement for accounting, budgeting, or financial

reporting for a health facility if waiver or modification is
(1) necessary to avoid excessive costs to the
facility; and

(2) consistent with the policies of this chapter.

(d) Notwithstanding other provisions of this section,
the department [COMMISSION] may, by regulation, modify the
system of accounting, budgeting, and financial reporting
required under this section for a health facility having
fewer than 25 acute care beds in order to reduce the operat-
ing costs of that facility.

* Sec. 8. AS 47.07.075 is amended to read:

Sec. 47.07.075. APPLICATION OF ADMINISTRATIVE PROCEDURE ACT. Actions of the department regarding health facility payment rates [COMMISSION] under this chapter [AS 47.07] and AS 47.25.120 - 47.25.300 are subject to the provisions of the Administrative Procedure Act (AS 44.62).

* Sec. 9. AS 47.07.110 is amended to read:

Sec. 47.07.110. MEDICAID RATE ADVISORY COMMISSION ESTABLISHED. The Medicaid Rate Advisory Commission is established in the Department of Health and Social Services.

* Sec. 10. AS 47.07.180 is amended to read:

Sec. 47.07.180. DUTIES. (a) The commission shall review proposed payment rates [AND MAY REVIEW BUDGETS] of health facilities and advise the department on [ESTABLISH] payment rates for health facilities under this chapter and AS 47.25.120 - 47.25.300.

(b) The commission shall advise [CONSULT WITH] the department on the state plan as it relates to health facilities. [THE COMMISSION MAY NOT CHANGE THE UNIT OF PAYMENT WITHOUT THE WRITTEN CONSENT OF THE DEPARTMENT.]

(c) When the department enters into a substantially

revised state plan under AS 47.07.040, and when, as part of the revised state plan, the department [COMMISSION] adopts regulations that [WHICH] substantially change the methods used or the factors considered in determining the prospective payment rates, the commission may, at its discretion, recommend that the department redetermine the prospective payment rates for all facilities from the effective date of the new regulations forward. Each redetermined rate will be effective from the date of the department's [COMMISSION'S] new order as to each facility.

(d) By March 1 of each year, the department [COMMISSION] shall develop for the fiscal year starting the next July 1 an annual estimate of medical assistance program expenditures in health facilities under the jurisdiction of the department under this chapter and AS 47.25.120 - 47.-25.300 [COMMISSION]. The estimate shall consider anticipated utilization and payment rates for each facility. The methodology used by the department [COMMISSION] to develop the estimate shall be consistent with the regulations governing the department's [COMMISSION'S] rate-setting process.

* Sec. 11. AS 47.07.190 is amended to read:

Sec. 47.07.190. EMPLOYMENT OF PERSONNEL. The department [COMMISSION] may employ and determine the salary of an executive director, who shall provide staff assistance to the commission. With the approval of the department [COMMISSION], the executive director may select and employ additional staff. The commission shall be assisted by the officers or personnel of the department as the commissioner of health and social services directs [SHALL DIRECT]. The executive director of the commission is in the exempt service under AS 39.25.

* Sec. 12. AS 47.07.900(4) is amended to read:

(4) "commission" means the Medicaid Rate Advisory
Commission;

* Sec. 13. TRANSITION. Regulations related to rate-setting and procedures adopted by the Medicaid Rate Commission under authority of AS 47.07.040 - 47.07.900 before the effective date of this Order, remain in effect until regulations relating to those functions are adopted by the Department of Health and Social Services under AS 47.07.040 - 47.07.900 (as amended by this Order), and take effect. The Department of Health and Social Services shall administer those Medicaid Rate Commission regulations until its own regulations take effect.

* Sec. 14. COMMISSION MEMBERSHIP. The current membership of the Medicaid Rate Commission is not affected by the transfer of functions under this Order.

* Sec. 15. This Order takes effect March 11, 1989.

DATED: January 9, 1989

/s/ Steve Cowper
Steve Cowper
Governor