

Agency: Commerce, Community and Economic Development

Grants to Named Recipients (AS 37.05.316)

Grant Recipient: Yukon Kuskokwim Health Corporation

Federal Tax ID: 92-0041414

Project Title:

Yukon Kuskokwim Health Corporation - Yukon Kuskokwim Delta Long Term Care Facility

State Funding Requested: \$ 8,000,000

House District: 38 - S

Future Funding May Be Requested

Brief Project Description:

Design and Construction of 18 bed long term care facility for the Yukon-Kuskokwim Delta

Funding Plan:

Total Cost of Project: \$13,910,000

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
State Funds					\$3,910,000	FY 10
Local Funds	\$1,500,000	FY 08				
Other	\$500,000	FY08				
Total	\$2,000,000				\$3,910,000	

Explanation of Other Funds:
 The Yukon Kuskokwim Health Corporation is providing an in-kind match of 2 acres of property with a value of \$500,000 for the site for this new facility.

Detailed Project Description and Justification:

The Pacific Health Policy Group January 2007 report on the Alaska Medicaid Program identified that partnering with the Alaska Tribal Health System (ATHC) could save the state significant general fund dollars due to the fact that tribal providers receive 100% federal Medicaid funding. In FFY 06 the state paid non-tribal nursing home providers approximately \$19 million for services provided to Alaska Native Medicaid clients. The state could save as much as \$10million annually, and much more in the future, if these services were provided by tribal health organizations.

The ATHS has developed Phase I of a statewide tribal long term care facility plan with funding provided by the legislature under SB 61. This plan identifies the statewide need for long term care beds for Alaska Natives, and provides a phased approach to facility development. Current organizational plans are included as Phase I of the implementation plan. These include the Yukon Kuskokwim Health Corporations's (YKHC)plans to build an 18 bed assisted living and skilled nursing home facility in Bethel to serve the Yukon Kuskokwim Delta.

The Yukon Kuskokwim Delta has a critical need for facility-based long term care. It is the only region in the State of Alaska with no facility-based care for elder and adults with disabilities that require a nursing level of care. All individuals requiring this level of care are sent out of region to Anchorage and other areas of the state for services, with documented estimates of 45 to 50 individual from the region at any one time living in a facility in another region. Long term care has been identified

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as a priority during the last 10 of YKHC's Tribal Gatherings. This initiative also has strong community commitment and support of Tribes, resulting in resolutions of support from various Tribes region-wide.

Several years ago, YKHC developed a business plan to construct a traditional assisted living home. However, recent studies indicate that a traditional assisted living home model would not be financially sustainable. YKHC is therefore transitioning plans for a traditional assisted living home to a community-based skilled nursing facility under the Green House model. The Green House model structures care into homes of groups of 6 to 10 elders who require skilled nursing care. They are different from traditional skilled nursing homes and assisted living facilities, altering size, design and organization to create a warm community. The total cost estimates for either model are expected to be relatively the same, and initial estimates will be confirmed with the completion of a new business plan and architectural and engineering drawings.

The Denali Commission has provided funding for this project, and YKHC is contributing the land for the facility site. The AK Department of Health & Social Services estimates the state general fund cost savings a \$1,184,381 per year due to 100% federal funding reimbursement of Medicaid services that would otherwise be reimbursed at only 50% for the same clients who would be served by a non-tribal provider if this facility is not built. A SFY 09 appropriation of \$8,000,000 in capital funding is requested to support design and construction of the 18 bed Bethel long term care facility.

Project Timeline:

FY 08 \$2,000,000 Design and property
 FY 09 \$8,000,000 Design and Construction
 FY 10 \$3,910,000 Complete Construction

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Yukon Kuskokwim Health Corporation

Grant Recipient Contact Information:

Contact Name: Gene Peltola, Executive Director
 Phone Number: (907) 543-6000
 Address: P.O.Box 528, Bethel, AK 99559
 Email: gene_peltola@ykhc.org

Has this project been through a public review process at the local level and is it a community priority? Yes No

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ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON



ALASKA
STATE CAPITOL
ROOM 514
JUNEAU, ALASKA 99801-1182

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March 5, 2008

MEMORANDUM

To: Senator Stedman, Co-chair
Senator Finance Committee

From: Senator Olson

Re: Capital Budget Request for Long Term Care Facilities that affect savings in the State's general fund obligations to the Medicaid program.

An analysis by the Pacific Health Policy Group identified four long term care facilities that would qualify for 100% federal reimbursement of cost of service through the participation of Indian Health Service. Currently, this service requires that the state share 50% of the cost with general fund dollars. Construction of the four facilities then will affect long term savings to the state's general fund obligation to Medicaid. In the first year of the facilities' operation, the savings is estimated to be \$10,000,000 (see attachment). In a ten year period of operation (2011-2021), the accrued savings would amount to \$115,000,000.

The sponsoring organizations, location, and construction costs of the four long term care facilities in FY 09 are as follows:

Maniilaq Nursing Home, Kotzebue	\$7,000,000
YK Heath Corporation Nursing Home, Bethel	8,000,000
Alaska Native Tribal Health Consortium, Nursing Home, Anchorage	7,500,000
Norton Sound Health Corporation, Nursing Home Design, Nome	250,000

I would appreciate your consideration of these projects for inclusion in the FY 09 capital budget for district 99.

Janet Clarke
P.O. Box 32922
Juneau, Alaska 99803

March 5, 2008

Senator Lyman Hoffman
Co-Chairman
Senate Finance Committee
Room 519 State Capitol
Juneau, Alaska 99801

Senator Donald Olson
Senate Finance Committee
Room 514 State Capitol
Juneau, Alaska 99801

Re: REVISED Savings for long-term care projects

Dear Senators Hoffman and Olson:

You have asked me as a follow-up to the Pacific Health Policy Group report to analyze the requests for Long Term Care facilities for the Alaska IHS facilities.

There are four requests for capital funds for facilities in Anchorage, Kotzebue, Bethel and Nome.

My findings are:

1. The savings to the State Medicaid general fund over ten years (from 2011 to 2021) when all projects are built and occupied for all four facilities will be \$115 million (with a modest 3 % inflation). The current capital request to the State of Alaska for all four facilities is \$22.75 million.
2. The Kotzebue facility with a general fund request of \$7.0 million in construction and 18 beds will achieve a pay-back to the general fund or return on investment in 5.14 years (\$1.1 million savings first year).

3. The Bethel facility with a general fund request of \$8.0 million in construction and 18 beds will achieve a pay-back to the general fund or return on investment in 6.09 years (\$1.1 million savings first year).
4. The Anchorage facility with a general fund request of \$7.5 million in construction and 100 beds will achieve a pay-back to the general fund or return on investment in 1.16 years (\$6.3 million savings first year).
5. The Nome facility with a general fund request of \$250 thousand for a feasibility study will achieve a pay-back to the general fund or return on investment in 2 months if this feasibility study is the only portion of the project the state invests in (\$1.5 million savings first year).

These findings are based on the following:

- A. Projected GF savings analysis prepared by DHSS on February 29, 2008, which projected savings for each facility.
- B. Rather than the State Medicaid program having to pay the 50% state share from general funds, these qualified IHS facilities should receive 100% federal, thus saving the entire general fund annual operating cost. The savings to the general fund is based on the minimum regular FMAP for any state of 50%;
- C. Analysis based on 85% annual occupancy, also assumes 95% native occupancy of the beds.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Janet Clarke