

Agency: Commerce, Community and Economic Development

Grants to Named Recipients (AS 37.05.316)

Grant Recipient: Maniilaq Association

Federal Tax ID: 92-0041461

Project Title:

Maniilaq Association - Maniilaq Elder Care Addition

State Funding Requested: \$ 7,000,000
 Future Funding May Be Requested

House District: 40 - T

Brief Project Description:

Construction of 18 bed long term care facility co-located with Maniilaq Health Center

Funding Plan:

Total Cost of Project: \$15,240,000

	<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>
Denali Commission			\$7,000,000	09/10		
Rasmuson Foundation			\$500,000	10		
Local Funds	\$740,000	08/09				
Total	\$740,000		\$7,500,000			

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 (ATHS) 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 \$10 million 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: Maniilaq Association's plans to build a nursing home wing co-located with the hospital in Kotzebue.

Maniilaq has completed several efforts in support of the proposed project including an Elders Needs Assessment, Conceptual Design, Financial Feasibility of MHC Elder Care Addition study, Impact of Greenhouse/Eden alternative model and a design options evaluation. A certificate of need application is currently being completed.

Key findings from those studies are that the current demand for 13 nursing home beds will provide a financial breakeven occupancy level for the facility. That demand is expected to grow to 18 by 2015. Nursing home care will be supported by direct charges for each day of care provided to Medicaid eligible residents. Maniilaq Board of Directors has set aside an operations reserve account of \$1,000,000 to cover operating shortfalls anticipated in the initial two years of operation.

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Total Project Snapshot Report

FY 2009 Capital Budget

TPS Report 50104

Maniilaq is currently in the design phase for a 14,340 sq. ft. facility to be co-located with the Maniilaq Health Center. Advantages of co-locating the facility with the Health Center include sharing the infrastructure such as utilities, heat, hot water, air conditioning, backup power and emergency response systems. Existing facility services such as maintenance, laundry, housekeeping, central supply, and the dietary service also can be expanded to share services. Clinical staff needs (non-nursing) for the nursing facility will be derived from the Health Center staff.

Capital funding needs for this project is estimated at \$14,471,978. Maniilaq Association has contributed \$740,000 to date for project assessment work and design. This project is in final design phase and will be construction ready fall 08.

Project Timeline:

SFY 08 \$740,000 Design
SFY 09 \$14,000,000 Phase I Construction
SFY 10 \$500,000 Phase II Construction

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

Maniilaq Association

Grant Recipient Contact Information:

Contact Name: Paul Hansen, Administrator
Phone Number: (907) 442-7150
Address: P.O.Box 562, Kotzebue, AK
Email: phansen@maniilaq.org 99752

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

(907) 465-3707
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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