

# **Priority I: Establish Periodic Rate Review in Statute (SB32)**

## **BACKGROUND/URGENCY:**

SB 32 passed the Senate last session and is currently in the House. This bill establishes the framework for periodic rate reviews and adjustments so that Alaska's system of community care can continue to meet the needs of Trust beneficiaries.

Home and community-based services include a wide range of Medicaid and grant-funded supports for Trust beneficiaries and other vulnerable Alaskans. Infant learning, personal care attendant services, assisted living services, senior care, and services for Alaskans with developmental disabilities are all examples of supports provided at home or in our local communities. These services maintain an individuals' quality of life and reduce the need for more costly institutional, emergency and nursing home care. They are, by far, the preferred method of service delivery maintaining independence, dignity, and a defined sense of contribution.

For decades, hospitals and nursing homes have had their rates systematically reviewed and consistently adjusted. This has been accomplished by two distinct processes:

- A review of annual inflation factors, cost of living (CPI, market basket approach).
- A periodic re-basing, or a thorough review of all costs associated with "doing business". This includes workers compensation insurance, liability insurance, increased staffing concerns and many other factors associated with the "business world".

Community programs have had no process to assist with rate review/rate adjustment. What community programs did receive, however, was:

- A four to five year rate freeze, where community programs received no increases despite significant escalation in the cost of living.
- Rate moratoriums when insurance and workers compensation costs, fuel, heating, housing, transportation, and many other budgetary items were increasing at astronomical proportions.

The results of this clear and ominous discrepancy/inequity between community and long-term care institutional are:

- Wage freezes, yielding a highly inadequate and non-competitive salary crisis.
- Reduction in staff benefits such as health insurance programs.
- Excessive use of overtime.
- Significantly higher turnover rates.
- A pattern of defined inability to attract, recruit and retain key staff and personnel.
- Employees on the job when sick, working a second shift or even a second job.
- Increased training and orientation costs.
- Inconsistent ability to provide staffing.
- Reduction in, or closure of, key elements in community service provision.
- Total erosion of the community "Safety Net".

## **ACTION REQUESTED**

**The Key Coalition of Alaska asks the Alaska State Legislature to:**

*Establish in statute for Community Programs,  
a process for periodic rate review and rebasing,  
similar to hospitals and long-term care facilities,  
through the passage of SB32*