

Introduced by: Mayor
Date: 11/19/91
Action: Adopted
Vote: Unanimous

**KENAI PENINSULA BOROUGH
RESOLUTION 91-135**

**A RESOLUTION ESTABLISHING AN ADVISORY COUNCIL TO EXAMINE AND
MAKE RECOMMENDATIONS REGARDING THE PROVISION OF
GROUP MEDICAL INSURANCE TO KENAI PENINSULA BOROUGH RESIDENTS**

- WHEREAS**, in response to discussions regarding the possibility of a Borough-wide health insurance program, the Kenai Peninsula Borough Economic Development District undertook the task of performing a basic survey of the options and possibilities for such a program; and
- WHEREAS**, the EDD has completed its preliminary review and has suggested a preliminary work program to be completed by an advisory council who will study the matter in more depth and make recommendations; and
- WHEREAS**, the preliminary study has identified the key issues involved as including identifying eligible persons, the defining of a basic health care coverage a broad-term basis and has recommended that the study include an actuarial analysis of the expense and funding mechanisms for such a program; and
- WHEREAS**, consideration must be given as to whether local tax financing should be recommended for any portion of a Borough-wide health insurance program; and
- WHEREAS**, in order to determine whether a Borough-wide health insurance program is feasible, or practicable, all aspects of the program must be analyzed and a report must be prepared with determinations as to whether or not a Borough-wide self-funded health insurance program would make health insurance available to residents of the Borough at a more reasonable cost and to increase utilization of local services for long-term improvement in health care services; and
- WHEREAS**, the best method to perform this study is to establish an advisory council that will contain participants from all sectors of the economy and health care industries so that the best information can be gathered to determine the feasibility and benefits of a proposed Borough-wide group health insurance plan;

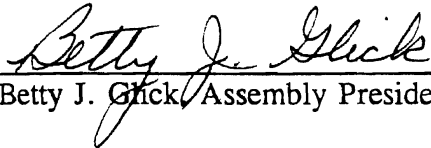
**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI
PENINSULA BOROUGH:**

- Section 1.** That there is established an advisory council to examine the feasibility of a Borough-wide group health insurance plan. The purpose of this council is to

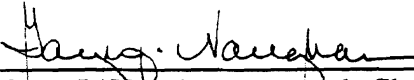
examine the options regarding the establishment of a Borough-wide group health insurance program, including, but not limited to, eligibility for participation, coordination of a basic plan with optional plans or other group plans, the practicalities of consolidating existing group health plans into a Borough-wide program, recommendations as to the possible structure and means of operation of that plan, analyze the cost and benefits of such a plan, and make recommendations as to whether this plan should be considered by the Kenai Peninsula Borough. The council may consider and make recommendations as to whether additional powers should be acquired by the Borough on an areawide basis to establish such a plan.

- Section 2.** That the council shall consist of 30 individuals to be appointed by the Mayor. Membership shall include representatives of the health care providers and facilities within the Kenai Peninsula Borough, large business employers, small business employers, public sector unions, private sector unions, local governments, schools, public health agencies, health insurance professionals, emergency medical services providers, clergy, non-profit agencies, the general public and media.
- Section 3.** That the council will work in conjunction with the Kenai Peninsula Borough Economic Development District staff to organize the council and develop requests for proposals to assist in this task. The council shall prepare requests for grant funding to complete this task to be submitted to the Alaska Community Health Services Development Project or other appropriate agencies.
- Section 4.** That this council shall be authorized to continue for a period until December 1, 1992, unless extended by the Borough Assembly. The council shall provide bi-monthly reports of its activities to the Mayor and the Assembly.
- Section 5.** That no expenditure of Borough funds may be made to carry out the functions of the council without prior authorization of the Borough Assembly.
- Section 6.** That this resolution shall take effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 19TH DAY OF NOVEMBER, 1991.


Betty J. Glick, Assembly President

ATTEST:


Gaye J. Vaughan, Borough Clerk

Introduced by: Mayor @ req. of
Health Care Advisory Council
Date: 08/03/93
Action: Defeated
Vote: 4 yes, 1 no
Reconsideration noticed: 08/03/93
Reconsidered: 08/17/93
Action: Adopted as Amended
Vote: 8 yes, 1 no

**KENAI PENINSULA BOROUGH
RESOLUTION 93-90**

**A RESOLUTION PROVIDING FOR A BALLOT PROPOSITION TO AUTHORIZE
THE ADOPTION OF AN AREA-WIDE POWER TO PROVIDE FOR
HEALTH CARE SERVICES AND PROGRAMS**

WHEREAS, the Health Care Advisory Council was established through adoption of KPB Resolution 91-135 to examine the feasibility of a Borough-wide group health insurance program and to make recommendations for consideration by the Kenai Peninsula Borough Assembly; and

WHEREAS, the Council spent 18 months educating its members on extensive and complex health care issues; studying health care programs from other states and countries; conducting a community survey; holding over 30 public presentations, forums, and workshops in addition to their regularly scheduled meetings; and

WHEREAS, the Council has concluded its feasibility study and has recommended implementing a community-based, managed-care concept to provide or arrange for multiple options of health care programs or insurance from basic health care to comprehensive; and

WHEREAS, the Kenai Peninsula Borough Assembly adopted Resolution 93-78 proposing the acquisition of health care powers, which will include the provision for health care insurance programs, and setting August 3, 1993, as the public hearing date for this proposal;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the following proposition shall be placed before the voters of the Kenai Peninsula Borough at the next regular election on October 5, 1993:

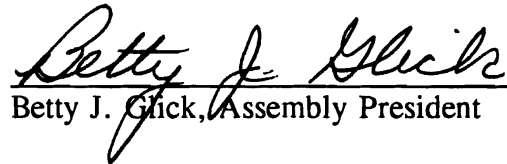
PROPOSITION: Shall the Kenai Peninsula Borough have the area-wide municipal power to provide for health care services and programs which specifically includes the authority to establish and operate, or arrange for, the establishment and operation of health benefit plans for residents of the borough?

___ Yes

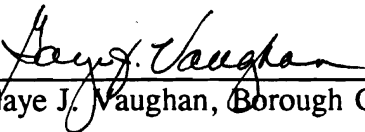
___ No

SECTION 2. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE KENAI PENINSULA BOROUGH ASSEMBLY THIS 17th DAY OF AUGUST, 1993.


Betty J. Glick, Assembly President

ATTEST:


Gaye J. Vaughan, Borough Clerk

Introduced by: Mayor
 (@ request of HCAC)
Date: 08/17/93
Hearing: 09/07/93
Hearing: 09/21/93
Postponed to: 10/12/93
Action: Defeated
Vote: Unanimous

**KENAI PENINSULA BOROUGH
ORDINANCE 93-43**

**CREATING THE KENAI PENINSULA BOROUGH HEALTH CARE CORPORATION
AS A PUBLIC CORPORATION FOR THE PURPOSE OF ESTABLISHING
A HEALTH MAINTENANCE ORGANIZATION AND OPERATING AND
ADMINISTERING HEALTH CARE PAYMENT SYSTEMS**

WHEREAS, the Health Care Advisory Council studied the issue of availability of affordable health insurance for residents of the borough; and

WHEREAS, that study concluded and recommended that a combination of a health care maintenance organization and coordination of case delivery could result in health care coverage for some segments of the population not currently able to attain coverage; and

WHEREAS, the Health Care Advisory Council has recommended the program to be operated under the auspices of the borough; and

WHEREAS, the creation of a public corporation for the purpose of establishing a health maintenance organization and administering payment programs appears to be the most feasible approach for the borough to meet that objective;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Code of Ordinances is hereby amended by adding a new chapter to be numbered 10.20. which shall read as follows:

10.20.010. Establishment of health care corporation.

There is hereby established a public corporation to be known as the Kenai Peninsula Borough Health Care Administration Corporation. The Authority is an instrument of the Borough, but having a legal existence independent of and separate from the Borough. The Corporation shall continue to exist until terminated by ordinance. When the Corporation's existence is terminated, all of its rights, assets and properties shall pass to the borough.

10.20.020. Definitions.

As used in this chapter,

- A. "Assembly" means the assembly of the Kenai Peninsula Borough.
- B. "Board" means the board of directors of the Kenai Peninsula Borough Health Care Corporation.
- C. "Bonds" means bonds, notes and any other debt obligation of the Authority.
- D. "Borough" means the Kenai Peninsula Borough.
- E. "Mayor" means the mayor of the Kenai Peninsula Borough.
- F. "Corporation" means the Kenai Peninsula Borough Health Care Administration Corporation.
- G. "Resident employer" means a business or employer having a business location within the borough with employees designated as being assigned to that location as their place of employment.

10.20.030. Board of directors.

A. The Health Care Administration Corporation shall be governed by a board of directors consisting of nine members. Eight members shall be selected by enrollees in a health maintenance organization to be established by the corporation and one member shall be appointed from the borough executive staff by the mayor and confirmed by the assembly. Until such time as a health maintenance organization has been formed by the corporation all directors shall be appointed by the mayor and confirmed by the assembly. Directors shall serve for a term of three years and shall not receive compensation other than reimbursement for expenses incurred for service as director. No one may serve as a director and simultaneously hold office as a member of the assembly or the mayor.

B. The board shall elect from its membership a chairman who shall be the chief executive officer of the corporation unless the board has provided otherwise. The board may prescribe other duties for the office of chairman. The board shall elect a vice chairman and prescribe his duties by rule or bylaw. The board shall elect a secretary whose duties will be as prescribed in this ordinance and as additionally prescribed by the board.

C. Elections for directors by enrollees in a health maintenance organization as provided in KPB 10.20.030(a) shall be conducted by the secretary of the corporation. The election shall be held annually as established by the board through the adoption of bylaws. Elections shall be conducted by ballot of enrollees and shall be tabulated and the results confirmed by the board at the annual meeting.

10.20.040. Powers of the corporation.

Subject to provisions of this ordinance and state laws the corporation shall have the authority to:

A. Establish and operate a health maintenance organization as defined under AS 21.86 and engage in the activities permitted a health maintenance organization under those laws except it may not as a health maintenance organization or otherwise 1) acquire, construct or operate a hospital or other health care facility; 2) make loans to any persons or organization providing health care services to the corporation or its subscribers;

B. Enter agreements for administration of Medicaid, Medicare, CHAMPUS, BIA, and VA programs;

- C. Enter agreements with the state of Alaska for administration of health care services provided by the state and coordination of the public health nurse program;
- D. Sue or be sued in its own name;
- E. Borrow money as provided in this chapter to carry out its corporate purposes;

10.20.060. Programs limited to residents.

Enrollment and/or participation in authorized health care programs and operations of the corporation shall be limited to residents of the Kenai Peninsula Borough. For purposes of this limitation, "resident" shall mean an individual who has resided in the borough for one year and has an intent to remain indefinitely or an individual employed by a resident employer with a business location within the borough that offers participation or enrollment in the programs or plans of the corporation as an employment benefit to its employees.

10.20.070 Meetings of the board.

A. The board shall meet annually and at such other times as may be prescribed through bylaws. The board shall elect a chairman, vice chairman and secretary from among its membership at the annual meeting.

B. Meetings of the board shall be open to the public in accordance with the provisions of the Alaska Open Meetings law.

C. A majority of the members constitute a quorum for organizing the board, conducting its business, and exercising the powers of the corporation.

D. The board shall keep minutes of each meeting and send a copy of all approved minutes to the Mayor.

10.20.080. Administration of affairs.

The board shall manage the assets and business of the corporation and may adopt, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board may appoint officers, hire employees and engage professional and technical advisors as independent contractors. The board shall prescribe duties and compensation of corporate personnel.

10.20.090. Financial procedures and purchasing.

The board shall establish policies for purchasing of goods and services and is not subject to the provisions of the borough Procurement and Purchasing Code KPB 5.28.

10.20.100. Conflicts of interest.

A. Except as provided in this section, a board member, officer, employee or agent of the corporation may not participate in a decision of the corporation in which that person or a member of that person's immediate family has a direct or indirect financial interest unless the financial interest is a remote financial interest and participation is approved under (B) of this section.

B. A board member, officer, employee or agent may participate in a decision if that person or a member of that person's immediate family has only a remote interest, the fact and extent of the interest is disclosed to the board in a public meeting and is noted in the minutes of the board before any participation by the member or in the decision, and thereafter in a public

meeting the board by vote authorizes or approves the participation. If the person whose participation is under consideration is a board member, that person may not vote under this subsection. For purposes of this subsection, "remote interest" means an interest that in good faith is defined as remote by rules adopted by the corporation.

C. A board member, officer, employee or agent is not considered to be financially interested in a decision when the decision could not affect that person in a manner different from its effect on the public.

D. Within 120 days of the first meeting of the board, the board shall adopt and may subsequently amend rules implementing this section, providing additional conflict of interest and ethical rules it considers appropriate.

E. For purposes of this section:

1. "Participate in a decision" includes all discussions, deliberations, preliminary negotiations, and votes;

2. "Immediate family" means

(a) spouse;

(b) dependent, parent, parent-in-law, child son-in-law, daughter-in-law, sibling, uncle, aunt, niece, or nephew.

10.20.120. Assembly approval required.

A. Unless the assembly approves the action by resolution or ordinance if required by law, the corporation may not

1. Exchange, donate, sell or otherwise convey its entire interest in land;

2. Arrange for or issue bonds;

3. Purchase real property with a value in excess of \$100,000;

4. Enter leases, as either lessor or lessee, for real property or interests in real property for a period in excess of five (5) years.

B. Initial health maintenance organization plans or agreements, initial agreements with the state or federal government or their agencies for administration of programs must be approved by the assembly prior to the corporation commencing performance of those agreements. After approval of the initial agreements or plans assembly approval is not required for modifications or changes to the programs, agreements and plans of the corporation except as may be specifically required by this chapter.

10.20.130. Use of corporation assets.

The corporation shall apply all money, property, other assets, and credit of the corporation toward activities authorized by this chapter. The corporation may not make private distributions of assets, make loans to directors, or engage in business for private benefit. The use of money, property, another asset, or credit of the corporation for a purpose not authorized by this ordinance by a person having possession or control of it is prohibited.

10.20.140. Indemnification.

The corporation may defend and indemnify a current or former member of the board, employee, or agent of the corporation against all costs, expenses, judgements and liabilities, including attorney's fees, incurred by or imposed upon that person in connection with a civil or criminal action in which the person is involved by affiliation with the corporation, if the person acted in

good faith on behalf of the corporation and within the scope of official duties and powers.

SECTION 2. That notwithstanding the provisions of section 1 of this ordinance for a three-year term for directors, the initial board of directors shall be appointed for their terms staggered as one-, two- and three-year terms so as to have three terms ending each year.

SECTION 3. That no taxes may be levied to finance the operation of the Kenai Peninsula Borough Health Care Corporation established by this ordinance.

SECTION 4. First HMO or other administrative agreement must be approved by assembly.

SECTION 5. That this ordinance shall take effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS _____ DAY OF _____, 1993.

Betty J. Glick, Assembly President

ATTEST:

Gaye J. Vaughan, Borough Clerk

Introduced by: Glick
 at request of Borough Clerk
 Date: 10/12/93
 Action: Adopted
 Vote: Unanimous

**KENAI PENINSULA BOROUGH
 RESOLUTION 93-112**

**A RESOLUTION CERTIFYING THE RESULTS OF
 THE OCTOBER 5, 1993 REGULAR BOROUGH ELECTION**

WHEREAS, the Canvassing Board of the Kenai Peninsula Borough met on October 11, 1993, and tallied the votes of Questioned and Absentee ballots together with votes counted on election night; and

WHEREAS, the precinct tallies as recorded by the Canvass Board are as follows:

<u>BOROUGH MAYOR</u>		<u>BOARD OF EDUCATION</u>	
(3 Year Term)		(Seat C, 3 Year Term)	
DEKERLEGAND, Gene	485	ARNESS, Joe	4073
GILMAN, Don	5745	EARLEY, Jim	3206
GUENTHER, Gus	451	Write Ins	59
STUARD, Norm	1027		
Write Ins	47		
		<u>ASSEMBLY DISTRICT 2</u>	
		(3 Year Term)	
<u>BOARD OF EDUCATION</u>		McCLOUD, Don	330
(Seat A, 3 Year Term)		NAVARRE, Tim	398
ANDERSON, Duane	1001	Write Ins	9
HARVEY, Richard II	1647		
LEACH, Randy	439		
RODES, Nick	574	<u>ASSEMBLY DISTRICT 5</u>	
THIBODEAU, Emery	2415	(3 Year Term)	
STUARD, Norm	784	LEACH, Randy	167
Write Ins	44	MERKES, Grace	645
		Write Ins	10
<u>BOARD OF EDUCATION</u>		<u>ASSEMBLY DISTRICT 8</u>	
(Seat B, 3 Year Term)		(3 Year Term)	
ANDERSON, John Nels	4103	ANDERSON, Burt	404
DIMMICK, Marilyn	3483	DRATHMAN, Ron	537
Write Ins	30	Write Ins	8

PROPOSITION 1
 Term Limitation - Mayor
 YES 5350
 NO 2622

PROPOSITION 2
 Term Limitation - Borough Assembly
 YES 5778
 NO 2184

PROPOSITION 3
 Term Limitation - School Board
 YES 5701
 NO 2255

PROPOSITION 4
 School Board Composition
 YES 3348
 NO 4298

PROPOSITION 5
 Tustumena School Addition
 YES 4934
 NO 2869

PROPOSITION 6
 Health Care
 YES 3054
 NO 4730

PROPOSITION 7
 Nikiski Senior Service Area
 YES 412
 NO 278

ANCHOR POINT FIRE SERVICE
 (Seat A, 3 Year Term)
 SWISHER, Keith 199
 Write Ins 1
 (Seat E, 3 Year Term)
 Write Ins 24

BEAR CREEK FIRE SERVICE
 (Seat E, 3 Year Term)
 Write Ins 43

**JOINT OPERATIONS BOARD FOR THE
 CPEM AND CES SERVICE AREAS**
 (Seat E, 3 Year Term)
 HALL, Martin 559
 HAMILL, Jack 837
 HAWKINS, Patrick 776
 Write Ins 57

NIKISKI FIRE SERVICE AREA
 (Seat D, 3 Year Term)
 WILLIAMS, Preston 589
 Write Ins 32
 (Seat E, 3 Year Term)
 CIALEK, Mark 175
 NEWTON, Fred 419
 Write Ins 16

NIKISKI SENIOR SERVICE AREA
 (Seat A, 1 Year Term)
 Write Ins 94
 (Seat B, 2 Year Term)
 KESTER, Karen 412
 Write Ins 32

(Seat C, 2 Year Term)
 Write Ins 54
 (Seat D, 3 Year Term)
 BROWN, Lourdes Pearl 402
 Write Ins 15

(Seat E, 3 Year Term)
 STROH, Floyd A. 454
 Write Ins 12

**NORTH PENINSULA RECREATION
 SERVICE AREA**
 (Seat E, 3 Year Term)
 O'CONNELL, Annette 335
 JOHNSON, Mark 328
 Write Ins 11

SOUTH PENINSULA HOSPITAL

SERVICE AREA BOARD
 (Seat C, 1 Year Term)
 COUGHENOWER, Linda 524
 Write Ins 18

(Seat E, 3 Year Term)
 GANNAWAY, Leroy 526
 Write Ins 10

(Seat D, 3 Year Term)
 IRVIN, Lois 482
 Write Ins 8

(Seat F, 3 Year Term)
 SAYER, Francine 513
 Write Ins 6

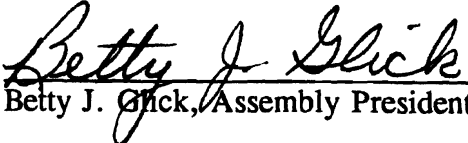
**NOW, THEREFORE, THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH
 DECLARES:**

- SECTION 1.** That in the Borough-wide election for Borough Mayor, Don Gilman was elected having received the highest vote tallies and in excess of the required fifty (50%) percent of the vote.
- SECTION 2.** That in the Borough-wide election for School Board, Seat A, no candidate was elected having not received forty (40%) of the vote; Seat B, John Nels Anderson; and Seat C, Joe Arness were elected having received the highest vote tallies and in excess of the required forty (40%) percent of the vote.
- SECTION 3.** That in Assembly District 2, Tim Navarre was elected having received the highest vote tallies and in excess of the required forty (40%) percent of the vote.
- SECTION 4.** That in Assembly District 5, Grace Merkes was elected having received the highest vote tallies and in excess of the required forty (40%) percent of the vote.
- SECTION 5.** That in Assembly District 8, Ron Drathman was elected having received the highest vote tallies and in excess of the required forty (40%) percent of the vote.
- SECTION 6.** That in the areawide vote, Proposition 1, limitation of terms of the borough mayor, was approved by the voters areawide.
- SECTION 7.** That in the areawide vote, Proposition 2, limitation of terms of the borough assembly, was approved by the voters areawide.
- SECTION 8.** That in the areawide vote, Proposition 3, limitation of terms of the school board, was approved by the voters areawide.
- SECTION 9.** That in the areawide vote, Proposition 4, composition of the school board, was

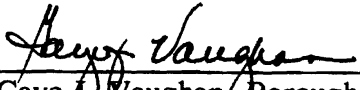
not approved by the voters areawide.

- SECTION 10.** That in the areawide vote, Proposition 5, authorizing \$1,640,000 in bonded indebtedness for additions to Tustumena Elementary School, was approved by the voters areawide.
- SECTION 11.** That in the areawide vote, Proposition 6, authorizing health care powers, was not approved by the voters areawide.
- SECTION 12.** That in the Anchor Point Fire and Emergency Service Area, Seat A, Keith Swisher; and, Seat E, Russell Blaine was elected by write-in votes to a 3 year term.
- SECTION 13.** That in the Bear Creek Fire Service Area, Seat E, Rick Jones was elected by write-in votes to a 3 year term.
- SECTION 14.** That for the Joint Operations Board for the Central Peninsula Emergency Medical Services and the Central Emergency Services Service Areas, Seat E, Jack Hamill was elected to a 3 year term.
- SECTION 15.** That in the Nikiski Fire Service Area, Seat D, Preston Williams was elected to a 3 year term; and, Seat E, Fred Newton was elected to a 3 year term.
- SECTION 16.** That in the Nikiski Senior Service Area, Proposition 7, authorizing the power to provide senior citizen programs, was approved by the voters of the service area.
- SECTION 17.** That in the Nikiski Senior Service Area, Seat A, Loretta Brown was elected by write-in votes to a 1 year term; Seat B, Karen Kester was elected to a 2 year term; Seat C, Rosemary Johnson was elected by write-in votes to a 2 year term; Seat D, Lourdes Brown was elected to a 3 year term; and, Seat E, Floyd Stroh was elected to a 3 year term.
- SECTION 18.** That in the North Peninsula Recreation Service Area, Seat E, Annette O'Connell was elected for a 3 year term.
- SECTION 19.** That in the South Peninsula Hospital Service Area, Seat C, Linda Coughenower was elected to a 1 year term; Seat D, Lois Irvin was elected to a 3 year term; Seat E, Leroy Gannaway was elected to a 3 year term; and, Seat F, Francine Sayer was elected to a 3 year term.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS
12th DAY OF OCTOBER, 1993.


Betty J. Glick, Assembly President

ATTEST:


Gaye D. Vaughan, Borough Clerk

REPORT OF ELECTION CANVAS BOARD

We, the undersigned, duly appointed at the Regular Assembly meeting of September 21, 1993, to serve as Canvas Board judges in the Regular Borough Election of October 5, 1993, do hereby certify that we have examined in detail all absentee and questioned ballots, original and duplicate tally books and questioned registers from each of the 34 precincts of the Kenai Peninsula Borough. Upon completion of the canvas, it is our opinion that the attached summary of election returns, as compiled by the Borough Clerk, accurately reflects the totals shown on the Certificate of Election Returns by the election board of each voting precinct.

Dated this 11th day of October 1993.

Betty M. West

Mia M. Pearson

Donna Black

Linda J. Bruen

Nita J. Douthett

Brenda Cutsforth

Nita J. Ross

Kathleen E. Sexton

REPORT OF CANVAS BOARD

The Borough Canvas Board has canvassed the absentee and questioned ballots of the Regular Borough Election held October 5, 1993. Our findings are as follows:

Report of Absentee and Questioned Ballots

Absentee ballots voted	494
Questioned ballots voted	<u>387</u>
TOTAL	881

Rejected

Not registered	10
Purged from rolls	21
Registered out of KPB	13
Registered too late	3
Form not completed properly	7
Voted twice	1
Mailed - not returned in time	<u>1</u>
Total	56

Counted

Absentee	482
Questioned	<u>343</u>
Total	825

WE HEREBY CERTIFY the above count and the attached computer tabulation and write-in tally.

Neva Black _____

Nita J. Douthett _____

Brenda Cutsforth _____

Nita J. Ross _____



KENAI PENINSULA BOROUGH

**REGULAR ELECTION
OCTOBER 5, 1993**

VOTER INFORMATION ON BALLOT PROPOSITIONS

**Proposition No. 1
Term Limitation - Borough Mayor**

**Proposition No. 2
Term Limitation - Borough Assembly**

**Proposition No. 3
Term Limitation - School Board**

**Proposition No. 4
School Board Composition**

**Proposition No. 5
Approving \$1,640,000 Bonded Indebtedness for Tustumena Elementary School**

**Proposition No. 6
Authorizing Area-Wide Powers to Provide Health Care Services and Programs**

**Proposition No. 7
Establishing a Nikiski Senior Service Area**

General Voter Information



PROPOSITION NO. 1
LIMITATION OF TERMS - BOROUGH MAYOR
TO BE VOTED ON BY ALL BOROUGH VOTERS

Shall Kenai Peninsula Borough Ordinance 93-33, Section 3 be ratified? This ordinance section provides that no person who has served as borough mayor for two full consecutive terms shall be eligible to hold that office again until 180 days has passed.

YES NO

PROPOSITION NO. 2
LIMITATION OF TERMS - BOROUGH ASSEMBLY
TO BE VOTED ON BY ALL BOROUGH VOTERS

Shall Kenai Peninsula Borough Ordinance 93-33, Section 2 be ratified? This ordinance section provides that no person who has served on the borough assembly for two full consecutive terms shall be eligible to hold that office again until 180 days has passed.

YES NO

PROPOSITION NO. 3
LIMITATION OF TERMS - SCHOOL BOARD
TO BE VOTED ON BY ALL BOROUGH VOTERS

Shall Kenai Peninsula Borough Ordinance 93-33, Section 4 be ratified? This ordinance section provides that no person who has served on the school board for two full consecutive terms shall be eligible to hold that office again until 180 days has passed.

YES NO

Information for Proposition Nos. 1, 2 and 3:

Term limits have been extensively discussed by the Kenai Peninsula Borough Assembly, and these three propositions are a result of the 1992 advisory vote on the same question. If ratified by the voters, terms served by the mayor, assembly members and/or school board members would be limited to two full consecutive terms beginning January 1, 1994.

PROPOSITION NO. 4
SCHOOL BOARD COMPOSITION
TO BE VOTED ON ALL BY BOROUGH VOTERS

Should the composition of the KPB School Board be increased from seven to nine members, elected from single-member districts as provided by Ordinance 93-10?
YES [] NO []

Information for Proposition No. 4:

This proposition seeks voter approval for the School Board to be increased from seven to nine members. In addition, this proposition would provide for the election of all nine members from districts similar to those drawn for the purposes of electing assembly members. If approved, all nine school board members would be elected at the 1994 regular election.

PROPOSITION NO. 5
APPROVING \$1,640,000 IN BONDED INDEBTEDNESS FOR
TUSTUMENA ELEMENTARY SCHOOL ADDITION
TO BE VOTED ON BY ALL BOROUGH VOTERS

Shall Ordinance 93-42 be approved to authorize the Kenai Peninsula Borough to incur indebtedness and issue general obligation bonds in an amount not to exceed \$1,640,000 to be used to fund the design, construction, and equipping of the Tustumena Elementary School Addition, with payment of such indebtedness to be made from taxes levied within the Kenai Peninsula Borough and from such other revenues as may be properly pledged for such payment, with the full faith and credit of the Kenai Peninsula Borough pledged for repayment of the indebtedness?

YES [] NO []

Information for Proposition No. 5:

This proposition seeks voter approval for the Borough to issue up to \$1,640,000 in general obligation bonds. The bond funds will pay for the construction of an addition to Tustumena Elementary School, and the bonded indebtedness will be paid from Borough tax revenues. This project qualifies for school construction funding from the State of Alaska at a 70/30% split, with the borough paying 30% of the construction costs. The millage equivalent, or amount the bonded indebtedness will add to the current Borough mill rate, for this bond issuance is approximately 0.0725 mills.

PROPOSITION NO. 6
AUTHORIZING AREA-WIDE POWERS TO PROVIDE HEALTH CARE
SERVICES AND PROGRAMS
TO BE VOTED ON BY ALL BOROUGH VOTERS

Shall the Kenai Peninsula Borough have the area-wide municipal power to provide for health care services and programs which specifically includes the authority to establish and operate, or arrange for the establishment and operation of health benefit plans for residents of the borough?

YES [] NO []

Information for Proposition No. 6:

This proposition seeks voter authorization for the borough to become involved in providing health care services and programs. Although the power would not be limited to specific programs, the primary purpose of this power would be to establish a program where participants would be able to acquire health care coverage for themselves and their families where coverage may not be affordable or available to those persons at present. The program, as proposed, would be available to residents of the borough and establish a system of payment for health care received by subscribers to the program. Participation in the program would be through enrollment and payment of fees or premiums the same as a person makes for a medical insurance policy. Approval would also allow the borough to become involved in administering federal and state programs for payment of health care.

In addition to the activities listed above, the power would authorize the borough to engage in direct provision of care and operation of facilities for health care on an areawide basis. There are no proposals for such expanded activities, but the authority would be present to allow the borough to make changes in the health care delivery programs to meet future health care needs of its residents. Since no proposal has been made for operating hospitals on an areawide basis under this power, plans call for continuation of the hospital service areas as the means for the borough to own or operate hospital facilities.

PROPOSITION NO. 7
ESTABLISHING A NIKISKI SENIOR SERVICE AREA
TO BE VOTED ON BY BOROUGH VOTERS RESIDING WITHIN THE PROPOSED
NIKISKI SENIOR SERVICE AREA ONLY

Do you approve the exercise of powers necessary to provide for and operate programs for senior citizens within the Nikiski Senior Service Area established by Kenai Peninsula Borough Ordinance 93-05 subject to a maximum mil levy of 0.2 mils?

YES [] NO []

Information for Proposition No. 7:

The Nikiski Senior Service Area would provide funding for the Nikiski senior citizens organization and services to senior citizens who reside in the Nikiski area. A five member board (to be elected at this election) would oversee the operation of the service area.

This proposition would authorize the Assembly to tax, up to a maximum of two-tenths of a mill (0.2), to provide funds for operation of the service area. A maximum two-tenths mill (0.2) tax levy would raise approximately \$220,000 for senior citizen services. Passage of this proposition would provide an additional level of funding and operation authority within the service area than that currently provided areawide. This senior citizen tax would only be levied within the boundaries of the Nikiski Senior Service Area.

Senator Judith E. Salo

Alaska State Legislature



September 21, 1993

Mayor Don Gilman and Borough Assembly Members
Kenai Peninsula Borough
147 No. Binkley
Soldotna, Alaska 99669

Dear Mayor Gilman and members of the Assembly:


I would like to commend the Health Care Advisory Council for its hard work in the development of their final report and recommendations. On October 5th I will vote yes on authorizing health service powers for the Borough.

I am excited about the focus on wellness and prevention and the accessibility of health care for everyone. There are other areas of the report and recommendations that make me nervous. And, there is some uncertainty as to how our plans will mesh with those being designed in Washington D.C. However, in balance I believe we should proceed to straighten out the problems we know we have here on the Peninsula with health care. Hopefully, we will take a pragmatic approach and be willing to change some recommendations as we go along.

One of the original premises that must remain in effect is the voluntary participation clause. The new health care program needs to be (or become) attractive enough to sell itself.

Again, thank you to the Council members for their hard work and deliberation. I hope we all have the courage to move ahead on the health care reform that we all agree is needed.

Sincerely,


Senator Judith E. Salo

18-2-1

Healthy Communities.....

A borough-wide health care plan concept.

**Kenai Peninsula Borough
Health Care Advisory Council**

Sponsored by

Kenai Peninsula Borough Economic Development District, Inc.
and
Community Health Service Development Grant
through the University of Alaska, Fairbanks

A Borough-wide Health Care Plan Concept

Final Report

**to
the
Kenai Peninsula Borough
Administration and Assembly**

July, 1993

**KENAI PENINSULA HEALTH CARE ADVISORY COUNCIL
Sponsored by
Kenai Peninsula Borough Economic Development District, Inc.
and
Community Health Service Development Grant
through the University of Alaska, Fairbanks**

Kenai Peninsula Borough • Health Care Advisory Council

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Jeanne Berger	Health Care Provide	Hope
Lotte Bogard	Health Care Provider	Sterling
George Carnahan	Private Sector Union	Kenai
Judy Charpentier	Non-Profit Organization	Kenai
Jim Clark, Phd	Health Care Provider	Kenai
Marcus Deede, MD	Health Care Provider	Soldotna
Margaret French	Health Care Administrator	Homer
Jon J. Godfrey, DC	Health Care Provider	Homer
Bonnie Golden	Local Government	Soldotna
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Ken Hepner	Clergy	Sterling
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Linda Hutchings	Small Business	Soldotna
Ross Kendall	General Public	Nikiski
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James Krasnansky	Local Government	Seward
Mike Lockwood	Health Care Administrator	Soldotna
Lorin McKay	Health Care Administrator	Seward
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Karen Moore	Public Sector Union	Soldotna
Jerry Near	Insurance Industry	Soldotna
Marion Nelson	General Public	Nikiski
Brenda O'Brien	Public Health Agencies	Seward
Ron Pavellas	Health Care Administrator	Homer

Robert Roth	Large Business	Kenai
Stan Steadman	Economic Development	Soldotna
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Richard Underkofler	Local Government	Soldotna
Raymond Zagorski	Schools and Education	Soldotna
James Zirul, DO	Health Care Provider	Soldotna

(Unable to Complete Appointed Term)

Fred Elvsaaas	General Public	Seldovia
Bonnie Heimbuch	General Public	Soldotna
Michael Pate	Insurance	Homer
Paul D. Raymond, MD	Health Care Provider	Homer

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Burt Anderson
George Carnahan
Bonnie Golden
Karen Moore

Stan Steadman, Co-Chairman

Richard Underkofler
Marcus Deede, MD
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Ross Kinney, Kenai Peninsula Borough Finance Office and Borough Attorney Thomas Boedeker deserve special thanks for assisting the council in their search for financial and legal information. Judy Brady, Executive Director, Alaska Municipal Bond Bank provided essential background to the evaluation of revenue bonds for capitalization.

The governing boards and administrative staffs of Central Peninsula Hospital, Seward General Hospital and South Peninsula Hospital receive special recognition and appreciation for hosting meetings and teleconferences for the Council as well as financing the representative sampling survey conducted in October 1992.

Special thanks go to Barbara Russell, Sales Executive, Blue Cross of Washington and Alaska; Martin Howard, Regional Manager and Ed Mailander, Vice President Large Case Operations of Great-West Life for their time, talent and candid feedback about the potential for insurance partnering.

Gary Bernardson, Visual Ventures and Bob Rubadeau, Discovery Underway are to be applauded for production of an excellent video and their major contribution of volunteer time. Thanks also to Tony Lewis for editing work on the plan drafts.

Worthy of special acknowledgement are the out of town advisors who donated a weekend last October to critic the beginning stages of this concept that has since evolved several times more based on their expert feedback. All have agreed to continue as advisors. We especially appreciate Dr. Bruce Amundson and Dave Ford who served as plan facilitators providing guidance through the stages of this extremely complex study.

The many citizens of the Kenai Peninsula Borough who completed surveys, participated in the community forums and responded with written comments have been of invaluable assistance in shaping the conclusions and recommendations of this report.

Special recognition and appreciation is expressed for the intense dedication of project initiator Jerry Near without whom this concept would likely have not been born. And finally, special thanks to the Kenai Peninsula Borough Health Care Advisory Council Steering Committee who gave endlessly of their time, resources and talent to provide oversight and guidance to a most interesting and challenging project.

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Kenai Peninsula Borough HEALTH CARE PLAN CONCEPT

Summary

The Kenai Peninsula Health Care Advisory Council, operating under authority of the Kenai Peninsula Borough¹, is pleased to present this health care reform proposal for consideration. The solutions offered in this regional initiative address primary health care issues facing the entire nation through

- insurance pooling
- community-based, consumer managed health care
- use of a community rating system
- application of a wellness, prevention and early intervention program

This concept provides universal access to health care for all Kenai Peninsula Borough residents who qualify for the Alaska Permanent Fund Dividend. Individuals, small businesses, large group employers and government employee units may join together in a Health Maintenance Organization (HMO) that provides a multi-option environment with choices ranging from lower cost-high deductible to low deductible, comprehensive benefits. All options include the zero cost wellness, prevention and early intervention program.

The response of the public from over twenty-five presentations and five public forums was positive. Key issues which surfaced during public input were interest in a high deductible, no-frills option and concern over the potential of plan failure. The Council responded to both issues by deciding to offer a high deductible option and by agreeing that a plan administration contract with an insurance partner was in order.

Since Alaska Statutes Title 21 already authorizes the formation of a HMO, the Kenai Peninsula Borough Health Care Advisory Council proposes that the Kenai Peninsula Borough implement a successful consumer governed health care cooperative by July 1, 1994.

¹ Kenai Peninsula Borough Resolutions 91-135 and 92-117.

Background

The Kenai Peninsula Borough Health Care Advisory Council is a thirty member cross-community task force appointed by the Kenai Peninsula Borough. The Council's purpose was set out in the enabling resolution to analyze and report findings and recommendations as to whether or not a borough-wide self-funded health insurance program would make health insurance available to residents of the borough at a more reasonable cost and increase utilization of local services.

The Council began its work in January 1992 establishing this purpose in the mission statement:

To make findings and recommendations as to options for the establishment of a Borough-wide insurance program which would make affordable health insurance available to all residents and thereby increase access and utilization of the local health care system.

The Council then conducted a review of national health care systems and reform proposals including the Oregon Plan, the Hawaii Plan, the proposed Vermont Plan and the Canadian Health Care System. Summaries of these plans are located in the appendix of this report. While all the plans have merit, none work efficiently when applied to rural Alaska. All the plans are state-level systems that include major legislated mandates.

The primary factors driving health care costs on the Kenai Peninsula are the same factors driving costs elsewhere. The Kenai Peninsula Health Care Plan addresses specific elements identified as national issues. No other solution being offered attacks reform issues on a local level where real change can be effected. This proposal provides solutions for -

- The lack of organization and coordination in national, state and local health care systems resulting in over-use and inappropriate utilization of health care provider services by offering a community-owned, cooperatively managed system.
- cost accountability through a modified third party payer system but with pro-active consumer participation.
- removing the vulnerability of health service providers to medical malpractice suits by establishing arbitration as the means for dispute resolution.

- small business employers who have previously been unable to supply health care benefits because small group exposure increases the underwriter's risk resulting in higher premiums.
- individuals who are self-employed and have limited options for health care coverage by providing access to a large pool.
- curbing spiraling government and private enterprise labor costs with reduced premiums by applying a community rating system.
- hospital emergency rooms used to deliver clinical health care services at a disproportionate rate for the service needed by charging for inappropriate use.

The advisory council set out to define parameters for a community health care plan based on the premise that **health care reform sought on a community level, empowers all health care system participants to take responsibility for the survival of the local health care system.** Health care consultant Dr. Bruce Amundson guided the Council's formation of study groups for designing of benefits and organizational structuring, delivery of health care services, funding, and implementation/management. The following parameters were established as guides for developing the Kenai Peninsula Borough Health Care Plan:

Principles and Assumptions

- **Participation in this plan by providers and consumers is voluntary.**
- **All licensed Kenai Peninsula Borough health care providers have an opportunity to participate in the plan.**
- **All hospitals are participating providers; each with its scope of services and long range plans; hospitals should not be prohibited from expanding services.**
- **Health care services not offered in the borough may be contracted from outside the borough through a provider's network.**
- **Members of the plan have a choice of "gatekeeper" physician (primary care provider) and can change their primary care provider should they choose.**
- **Administrative costs should not exceed 12 percent of plan premiums.**
- **Excess revenues will be applied to the plan to achieve long and short term cost savings.**

- All qualifying borough residents have equal access to the plan.
- The plan will address the needs of the "gap group".
- It is not the council's intent that financing of the plan will occur through increased or new municipal taxes.

Community-based Managed Health Care Concept

To adequately address Alaska's health care crisis, action must be taken on a local level. The Kenai Peninsula Health Care Plan proposes to delivery health services to Kenai Peninsula Borough residents through a Health Maintenance Organization (HMO) as authorized under Alaska Statutes Title 21. Once health powers are authorized by the Kenai Peninsula Borough voters, a consumer governing board (initially appointed by the Borough Mayor and thereafter elected by members) should initiate the implementation phase through a contracted insurance partner.

Effective health care reform occurs through this concept because costs are controlled at a community level. Community residents and health professional have the ability to identify specific barriers to local health delivery system cost containment. The HMO structure brings together three essential elements to successful local management of the health care system:

Consumers
Providers
Regulators

Unlike older, more traditional HMOs, this structure is designed on a fee-for-service basis, using reasonable and customary charges as the basis for allowable costs.

In this concept, health care providers and consumers take responsibility for governance of a regional health care system through a governing board. In addition to a governing board, standing committees for utilization review, ethical practices and other key elements work in the sensitive information areas already recognized as the appropriate place for identification, education or redirection of program abuses. Like hospital governing boards, the regional health care organization establishes a system benefited by self-governance yet retains the professional standards important to delivery of responsible quality health care and patient privacy.

Managed care systems provide more efficient health care through cooperation between health care providers called "gatekeepers" and a case manager² employed by the health care plan. Under this system, the gatekeeper and case manager will coordinate care, limiting self-referral by patients. The whole system is managed by consumers elected to a governing board and a small administrative staff. Initially, the plan would have an insurance company partner.

²Case management could be contracted with multiple site locations.

Gatekeepers are patient designated primary care family physicians, physician's assistants, general internists, pediatricians and nurse practitioners (and obstetricians and nurse midwives when the enrollee is pregnant) who are designated to provide primary care for a patient. Chiropractors are limited gatekeepers. Specialty care will be provided through a network of providers invited to participate in the plan with Kenai Peninsula health care providers. Contract provisions for the network will specify requirements and qualifications for gatekeeper participation.

Prevention, Early Intervention & Wellness

Including prevention, early intervention and wellness as an essential component to this plan sets it apart from conventional health insurance plans. A program of generally accepted routine preventive and diagnostic procedures and services, like those outlined by Kaiser Permanente in the appendix section of this report, should be provided at no extra cost to the enrollee. Through routine testing and diagnostic procedures, health care providers can detect illness and disease common to specific age groups. Early detection and intervention not only saves lives but saves health care costs. Developing worthwhile incentives for achieving significantly healthier lifestyle habits should be of primary importance in the final benefits design of this plan.

Encouraging and rewarding healthy lifestyles, such as individuals who exercise regularly, stop smoking and lose weight, will benefit the entire community. Healthy communities educate members about healthy life practices.

Organization, Implementation and Management

As stated in the earlier discussion the community health care plan is a HMO that uses reasonable and customary charges for payment of services. The HMO should initially create a contract partnership with an insurance company. Affiliating through a plan administration contract with an insurance partner provides stability and credibility until the plan achieves experience both in administration and ratings. Stop-loss insurance purchased through the insurance partner will reduce the plan's direct liability for claims payment.

The borough's HMO would be empowered to

- offer emergency care, in-patient and out-patient medical care and other health services;
- provide injury loss prevention and safety programs for employers;

- furnish health care services through providers that are under contract with or employed by the HMO;
- contract for services such as marketing, enrollment and administration;
- contract for provision of insurance, indemnity or reimbursement against the cost of health care services;
- contract for the administration of health care services provided by state and federal government agencies;
- organize and contract as a non-profit foundation for research and organization development in areas such as new technology, clinical approach innovation, quality assurance, physician recruitment and residency programs.

The Kenai Peninsula Borough HMO would be governed by an elected board of between five and nine plan enrollees. It is recommended that the board govern by the following guidelines:

- elect board members from borough districts for no more than two consecutive four year terms.
- provide for termination of a fellow board member for good cause by a majority of the board.
- vacate a board member seat when three or more consecutive meetings are missed.
- compensate board members no more than \$50 per month for expenses.
- prohibit board members from receiving benefits packages.
- insure the board against liability to assure quality participation by board members.
- hold all board meetings within the boundaries of the Kenai Peninsula Borough.
- arbitrate grievances.

- provide that establishing policy and giving oversight are the primary duties of the board.
- establish various provider, consumer, quality control and utilization committees.

Plan Benefits and Costs

To test the feasibility of a community-based health care system, the Council first developed a comprehensive benefits plan scenario typical of that offered by most large group employers. The traditional look-a-like plan included the wellness/prevention component and much more.

Comprehensive Plan Benefits Scenario

- hospital in-patient and out-patient care,
- included a comprehensive, non-hospital care package with chemical abuse, mental health, chiropractic and maternity coverage and more,
- payable at usual, prevailing and customary charges,
- \$500 deductible on medical except prevention per individual, or \$1,500 for a family,
- local network providers, reimburse @80% and non-network providers reimbursed @70%,
- dental coverage included a \$50 deductible preventive and diagnostic services reimbursed @ 100% ordinary procedures @80% and major dental services @50%,
- vision benefit without a deductible and @80% except for frames and contacts which are limited to \$45 and \$150 (respectively) annually,
- treatment of chemical abuse, mental disorders, nervousness and psychiatric conditions.

The scenario called for a community rating system with an annual open enrollment period providing access to the system for all eligible borough residents. An actuarial analysis was conducted resulting in estimated rates comparable to those offered by large group employers in the Kenai Peninsula Borough. The actuarial firm used Anchorage pricing which does not account for the nearly 20% cost savings achieved on the Kenai Peninsula³.

The analysis, conducted by Coopers and Lybrand a national firm of actuarial consultants, estimates cost of this scenario based on the experience of other plans. A major difficulty in pricing community-based health care systems is that there is no long term data against which to measure experience or establish rating credits. This estimate was based on 12 percent administrative costs and included a 5 percent actuarial margin. Cost for the comprehensive coverage ranged from \$178 for an individual to \$453 for a family or a composite estimate of \$410 per month.

A series of "Healthy Communities Forums" were conducted to receive feedback on the concept of a community-based managed care system. Overwhelming support was voiced for the community-based health care concept, but the public clearly wants a lower cost alternative for basic coverage.

Our study reveals that Blue Cross of Washington and Alaska offers a *BasicOne* and a *Traditional* benefits program as side-by-side alternatives. The Council concludes that the offering of catastrophic coverage is fundamental to serving the needs of the community.

A closer look at the Blue Cross *Traditional* plan discloses that many of the elements of the Kenai comprehensive plan are not covered. For example, prescriptions, medical equipment, diagnostic X-Ray and Lab, physical exams, maternity benefits, psychiatric care or chemical dependency treatment, chiropractic care, vision or dental are not included, yet the premium is only \$82 less per month than the Kenai plan. Look in the appendix for more details on the Blue Cross *Traditional* plan.

Based on this and other market surveys, the Council believes the health care plan will be less expensive than traditional plans now available. Managing patient care, using lower cost local services and eliminating the profit earned by commercial insurers reduces costs by over 20%.

³ Mike Lockwood, Hospital Administrator, Central Peninsula General Hospital

Eligibility

Individuals, private enterprise (small businesses and large group employers), non-profit employers and government agencies can enroll in the plan provided residency qualifications are met. Kenai Peninsula Borough residents who qualify for the Alaska Permanent Fund Dividend Program are eligible. Proof of residency may be requested. Residency requirements are waived when an applicant submits evidence that he or she has regular employment with a Kenai Peninsula Borough employer.

Funding

The operation of this health care plan is expected to be paid for by the premiums of enrollees. For example, in the scenario of comprehensive benefits, a premium of \$410 per month for 2,000 enrollees will generate \$9,840,000 annually. In a basic plan scenario with a premium of \$125 per month for 1,000 enrollees \$1,500,00 is generated annually. Combined, a total of \$11,340,000 is possible with only 3,000 plan participants.

A State legislative grant for \$150,000 will be used for operating expenses during FY 93-94 as well as providing significant local contribution matching when applying to foundations, federal and state agencies. The total budget estimate for implementation is \$311,059. An application for designation as a national demonstration project is pending with The Robert Wood Johnson Foundation. For details of the FY 93-94 budget please refer to the appendix.

The Uninsured

A representative sampling survey conducted by the Council showed 18 percent of borough residents have no health insurance because they have no access to a plan, the plans offered are not affordable or they simply choose to risk not having insurance. These individuals do not qualify for state and federal government public assisted health care programs and are commonly identified as the "gap group."

The plan addresses this need by making health insurance accessible to everyone with an annual open enrollment period. The inclusion of a catastrophic coverage benefit will now make the plan affordable to most everyone.

Federal government mandates from President Bill Clinton's administration are expected to develop a method through which subsidies will occur to provide health care access for everyone. This community-based health care plan is expected to provide the structure through which the federal mandates will be delivered in rural areas like this borough.

Conclusion

If the Kenai Peninsula Borough Assembly accepts the recommendations of the council, a question will appear on the October, 1993 borough election ballot. Ultimately, the voters will decide the issue:

Proposition No. _____

Shall the Kenai Peninsula Borough have the area-wide municipal power to provide for health care services and programs which specifically includes the authority to establish and operate or arrange for health benefit plans for residents of the borough?

Yes _____

No _____

The Kenai Peninsula Borough Health Care Advisory Council believes that the communities of the Kenai Peninsula Borough possess

- 1) the local leadership and governance ability,
- 2) technical capability,
- 3) level of involvement and
- 4) sense of community,

necessary to manage health care costs effectively and provide universal access to health care for all Kenai Peninsula Borough residents.

Summary of Recommendations

The community-based managed care system should be designed around these key recommendations:

- Requiring Kenai Peninsula Borough residency and other evidence as the basis for eligibility using qualifications for the Alaska Permanent Fund Dividend Program as guidelines.
- Providing a multi-option benefits plan environment ranging from comprehensive coverage with vision and dental to basic coverage for major medical.
- Including variable co-pay provisions dependent on whether services are delivered within or outside the health service provider network.
- Using accepted health monitoring and medical standards criteria for different age groups for preventive care.
- Making prevention and early intervention the abiding principles of this health care plan.
- Using "gatekeepers" and case manager(s) for efficiency in delivery of health care services.
- Providing open utilization patterns with periodic review by panels of volunteers from like disciplines.
- Penalizing inappropriate use of the ER by establishing a higher co-payment requirement for non-emergencies.
- Establishing a network of health care providers.
- Creating a Health Maintenance Organization (HMO) as currently authorized by Alaska Statutes to implement the Kenai Health Care Plan.
- Using "reasonable and customary" charges which prevail on the Kenai Peninsula as the means by which providers will be compensated.
- Organizing the HMO as part of the Kenai Peninsula Borough governing the organization like a cooperative.

- Seeking voter authorization for general health powers at the October, 1993 general election to establish and implement a health care plan.
- Continuing evaluation of grant and foundation opportunities for capitalization of the plan.
- Operating costs for the plan should be funded through the payment of premiums by enrollees.
- Contracting to administer Medicaid, Medicare and other state and federal programs should be considered when the plan has some experience.
- Seeking foundation funds for project development and start-up costs.
- Encouraging participation by all individuals, public and private employer groups in order to achieve a large pool.
- Making the plan's benefits and monthly cost competitive.
- Initiating the plan with a contract insurance partner, but work for "in-house" management in the long term.
- Creating strategy and marketing tools to recruit user groups and borough residents.
- Planning for electronic claims payment.
- Asking the insurance partner for individual and aggregate stop-loss.
- Limiting liability for pre-existing conditions with waiting period.
- Hiring a minimum of two staff for the implementation phase.
- Utilizing an alternative dispute resolution procedure (arbitration) as an essential term of any contract with enrollees and providers.
- Organizing a 501(c) foundation to work with the governing board and capitalizing the foundation with a percentage of premium income to finance research and organizational development pertaining to new technology, clinical approach innovation, quality assurance, physician recruitment and residency programs.
- Considering offering workers compensation insurance or at least integrating the preventive care and wellness programs with employer workers compensation exposures.

Definitions

Actuary Consultant - a professional statistician who estimates insurance risks and probabilities.

Adverse Selection - the tendency of enrollees to pick the plan or utilize services offering benefits that suit individual needs. This selection pattern may increase the cost of certain benefits.

Benefits - proceeds or entitlements to individuals enrolled in a specific program.

Coinsurance - a policy provision, frequently found in major medical insurance, where both the covered person and the plan share in a specified ratio (e.g., 80 percent/20 percent) the cost of the hospital and medical expenses resulting from an illness or injury.

Capitalization - the permanent liabilities of the plan.

Co-payment - coinsurance

Community-based Health Care - health care organized into a community system, managed by community/consumer members.

Community Rating System - A method of establishing the level of premium rates based on the potential health risks or claims experience of the entire population in an area.

Cost Containment - efforts aimed at holding down health care costs or reducing its rate of increase.

Cost Sharing - arrangements where consumers (employees or their dependents) pay a portion of the cost of health services, sharing costs with employers. Deductibles, coinsurance and payroll deduction are forms of cost-sharing.

Deductible - that portion of covered hospital and medical charges which an insured person must pay before the policy's benefits begin.

Dual Choice Option - the provision in the federal HMO Act that requires certain employers to give their employees the option to enroll in a local HMO rather than in a conventional employer-sponsored health program.

Dependent - usually the spouse and/or children of a covered individual

Experience Rating - a method of adjusting the insurance premium for a risk based on actual past loss experience.

Fee For Service - method of billing for health services under which a physician or other practitioner charges separately for each patient encounter or service rendered. This system contrasts with salary, per capita, or prepayment systems, where the payment to the physician is not changed with the number of services actually rendered.

Foundation Funds - funds awarded by private, philanthropic organizations, as cash grants usually in response to receiving a solicited or unsolicited proposal.

Health Maintenance Organization (HMO) - an organization that provides a wide range of comprehensive health care services for a specified group at a fixed period payment.

Health Care System - all the services, functions and resources in a geographic area, the primary purpose of which is to improve the state of health of the population.

In-patient - a person who occupies a hospital bed, crib or bassinet and is under observation, care, diagnosis or treatment for at least 24 hours.

Lifestyle Changes - changes in ones living patterns that favor improved health.

Lifetime Maximum Benefits - the most any one enrollee can possibly receive in benefits during the period of time an enrollee is a participant in a plan.

Outpatient - a person who visits a clinic, emergency room, or health facility and receives health care without being admitted as an overnight patient.

Medicaid - a federal assistance program that provides health care to low income women and children.

Medicare - administered by Social Security, a federal government plan for paying certain hospital and medical expenses for those who qualify over age 65.

Municipal Revenue Bonds - bonds sold by municipalities which are repaid by proceeds generated by the cash received from selling the bonds.

Pre-existing Condition - a physical condition of an insured person which existed prior to the date of coverage under a plan.

Premium - the amount of money a policyholder agrees to pay an insurance company for an insurance policy in consideration of which the insurance company guarantees the payment of specified benefits.

Preventive Care - comprehensive care emphasizing prevention, early detection and early treatment of conditions, generally including routine physical examinations, immunization and well-person care.

Primary Care - routine medical care normally provided in a doctor's office - professional and related services administered by an internist, family practitioner, obstetrician (nurse/midwife), with referral to specialists where necessary.

Stop-Loss Insurance - also called "excess loss insurance," this is a form of insurance that is often purchased by a self-insurer to limit claims losses after claims reach a certain dollar amount for the total group or for each individual. Also call re-insurance.

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Summary of Various National Plans and Proposals

Summary of Selected Kenai Peninsula Businesses Health Plan Coverages

Projected Trends For Alaska and Kenai Peninsula Borough Populations (based on information from Alaska Population Projections 1990-2010 and Alaska Population Overview)

Kenai Peninsula Health Services Survey Summary

Kenai Peninsula Health Care Plan Draft #5A.

Coopers and Lybrand Actuarial Revised Pricing Estimates, April 1992

Coopers and Lybrand Defines Administrative Expense, April 1992

Controlling Adverse Selection; Health Cost Management, V2, No.1, Jan-Feb., 1985

Health Maintenance Organization (HMO) Matrix

Preventive Services for Adults as adopted by Kaiser Permanente

Preventive Services for Children as adopted by the Alaska Public Health Service

Alaska Permanent Fund Dividend Program Eligibility Requirements

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Summary of Comments on the Kenai Peninsula Health Care Concept

Blue Cross *BasicOne* and *Traditional* Health Care Plans

Kenai Peninsula Health Care Plan Project Operational Budget FY93-94

Kenai Peninsula Health Care Plan Project Timeline 1993-94

Introduced by: Anderson, Thibodeau
Date: November 17, 1992
Action:
Vote:

KENAI PENINSULA BOROUGH

RESOLUTION 92-117

EXTENDING THE SUNSET DATE OF THE HEALTH CARE ADVISORY COUNCIL

WHEREAS, the Kenai Peninsula Borough Assembly adopted Resolution 91-135 on November 19, 1991, establishing a 30-member Health Care Advisory Council with a sunset date of December 1, 1992, unless extended by the Borough Assembly; and

WHEREAS, the purpose of the Health Care Advisory Council ("HCAC") is work in conjunction with the Economic Development District, Inc., to examine the options regarding the establishment of a Borough-wide group health insurance program and to make recommendations for consideration by the Kenai Peninsula Borough; and

WHEREAS, the HCAC spent several months educating its members on extensive and complex health care issues and topics, and studying health care programs which are being proposed or are in use in other states and countries; and

WHEREAS, the HCAC has been engaged in conducting a community survey and in developing its initial concept of a health care plan in preparation for the workshop conference held October 1992 attended by council members and health care experts; and

WHEREAS, the Economic Development District, Inc. ("EDD"), has received State and national recognition for its work on the health care project through receipt of the 1992 Innovation Award from the National Association of Development Organizations; and

WHEREAS, the HCAC has received financial support from all three Kenai Peninsula hospitals and through a grant from the Alaska Community Health Services Development Project; and

WHEREAS, the HCAC would like to continue its work in progress in accordance with their adopted work program which states that the HCAC's findings and recommendations will be presented to the Borough Assembly in May; and

WHEREAS, in order to complete its work in progress and adhere to their work program, the HCAC will need additional time beyond the current sunset date of December 1, 1992;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Health Care Advisory Council is authorized to continue for a period of time until October 31, 1993.

Section 2. That all other conditions of Resolution 91-135 establishing the Health Care Advisory Council remain in effect.

Section 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 17TH DAY OF NOVEMBER 1992.

Betty J. Glick, Assembly President

ATTEST:

Gaye J. Vaughan, Borough Clerk



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669
PHONE (907) 262-4441

DON GILMAN
MAYOR

MEMORANDUM

AGENDA ITEM J-1

TO: Betty J. Glick, Assembly President
Members of the Kenai Peninsula Borough Assembly

FROM: *bg* Bonnie Golden, Administrative Assistant to Mayor

DATE: November 2, 1992

SUBJECT: Resolution 92-117: Extending the Sunset Date of the Health Care Advisory Council

By way of Resolution 92-117, the Health Care Advisory Council is seeking an extension of the present sunset date (December 31, 1992) to October 31, 1993. The Council is in the midst of analyzing the survey results, seeking actuarial assistance, and developing a health care program. Attached is a copy of the Council's work program dated August 7, 1992, outlining their goals and deadlines. On November 17, a presentation will be made to the Assembly discussing the work program in more detail.

Attachment - Work Program

KENAI PENINSULA BOROUGH
HEALTH CARE ADVISORY COUNCIL
WORK PROGRAM

(For prior track consult revised draft of March 23, 1992)

July - Education Committee and Steering Committee approved survey.

July - Kenai Peninsula Health Care Survey Pilot Testing

July 13 - Full Council Workshop. Dr. Bruce Amundson CHSD Model presentation. Dave Ford, plan organizational alternatives. Council initiates the work of health care plan development. Issues development groups organize around five key areas: Funding, Benefits Design, Implementation and Plan Management, Organizational Structure and Health Services Delivery.

Issues development groups meet to prepare draft issues statements.

August 7 - Full Council Meeting. Standing committees report as well as issues development groups. Decision on alternate date for fall conference which has become more of a fall workshop. The potential still exists for a full conference in the spring.

September 11 - Full Council Meeting. Discuss final drafts of issues statements for inclusion in the workshop packet material. Other operations issues. Approve form of a "Request for Proposal" for a third party consultant to assist with the demographic, coverage, actuarial, financial and management components of the health insurance plan. RFP Selection Committee shall be the Steering Committee.

The scope of the consultant's services should include these tasks:

Design a model "community based" health insurance program based on issues development resolves by the council through their "expert" advisors in the October workshop. Specifics should include but are not limited to:

- Prediction of annual expenses of the program
- Classification of program expenses to be retained or deferred by excess insurance or a reserve fund
- Allocation of expenses between various sources of revenue

October 8 - RFP Selection Committee review proposals and selects. Consultant participates in October 16-17 Conference. Financing for consultant???

October 16-17 - Full Council Workshop with "faculty" experts to refine elements of the proposed health care plan. (See workshop outline for detail.)

November 6 - full Council or Steering Committee consider and approve interim report of Health Care Advisory Council at November 17 KPBA Assembly meeting. Request extension of time for life of Health Care Advisory Council.

Secure remainder of funding needed for the project (if necessary). Potential sources of additional funding may be: the Borough hospitals, a grant from the American Hospital Association, a grant from the Kellogg foundation, another state grant, etc.

Authorize consultant to proceed.

1993

February 4 - Due date for the first draft of the consultant's report.

Revisit the assumptions. Adjust demographics, coverage, services and/or allocation of program expenses between the various sources of operating revenue (as appropriate) to make the cost consistent with what residents should be willing to pay for the health insurance program.

Introduction of state and local legislation necessary to amend existing laws to give KPB explicit authority (or exemption from existing law) to implement a community based health insurance program subject to the approval of a majority of the borough's voters.

April 1 - Due date for second draft of consultant's report. Give policy guides as appropriate for final revisions to the report.

May 6 - Submit final report to the Borough Assembly making finds and recommendations for the establishment of a Borough-wide insurance program which would make affordable health insurance available to all residents and thereby increase access to and utilization of the local health care system.

June 1 - Assembly introduces an ordinance which would provide the Borough with authority to implement the program subject to approval of the voters at the October regular election.

October 7 - Voters decide whether to approve or reject a proposition to enable implementation of the program.



KENAI PENINSULA BOROUGH

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DON GILMAN
MAYOR

MAYOR'S REPORT

TO: Betty J. Glick, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Don Gilman, Borough Mayor

DATE: June 2, 1992

Appointments to Health Care Advisory Committee. I have made the following appointments to the HCAC to replace individuals who have resigned for various reasons:

<u>Name</u>	<u>Representing</u>
Jeanne Berger, M.A., PHN Manager, Kenai Health Center	Health care providers
Bonnie Heimbuch	General public
Robert Roth Safety Supervisor at UNOCAL	Large business



KENAI PENINSULA BOROUGH

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DON GILMAN
MAYOR

MEMORANDUM

TO: Don Gilman, Borough Mayor

FROM: *by* Bonnie Golden, Administrative Assistant to Mayor

DATE: January 24, 1992

SUBJECT: Update - Health Care Advisory Council

An organizational meeting of the Steering Committee for the Health Care Advisory Council was held January 15, 1992, at 10 a.m., in the Borough Building. The members of the Steering Committee are: Burt Anderson, George Carnahan, James Krasnansky, Michael Lockwood, Karen Moore, Jerry Near, Richard Underkofler, Dr. James Zirul, and two ex-officio members, Stan Steadman and myself.

The Committee briefly reviewed KPB Resolution 91-135 establishing the Health Care Advisory Council ("HCAC") and the composition of its membership. The HCAC is to work in conjunction with the Kenai Peninsula Borough Economic Development District ("EDD") staff to examine the options regarding the establishment of a Borough-wide group health insurance program. The Council is authorized to continue until December 1, 1992, unless extended by the Borough Assembly.

Stan Steadman reported that EDD has applied for and received a \$47,000 grant through the Community Health Services Development Project. He distributed copies of the proposed line item budget which was included in the grant application package. The proposed budget totaled \$75,000 - the \$50,000 grant, \$24,350 from in-kind matches, and \$650 from matching funds.

The Committee decided not to elect a chairman at this time, giving the members time to consider whether or not they would be interested in serving in this capacity. Richard Underkofler volunteered to act as interim chairman until the election of a permanent one.

MAYOR'S REPORT

MAYOR'S REPORT

After thorough discussion, the Committee settled on three committees for the HCAC: the Steering Committee would continue as an active committee, an Education Committee, and a Planning and Development Committee. Their functions would be as follows:

Steering Committee

- Coordinate public hearings
- Oversight on activities of council
- Monitor the budget and seek other funding sources
- Integrate data provided by other committees
- Develop mission statement
- Bi-monthly reports to the Borough Assembly

Education and Communications Committee

- Educate the council, define existing situation
- Gather and organize information from consumers on wants and desires
- Public relations on status of council

Planning and Development Committee

- Analyze information gathered by Education and Communications Committee and other sources
- Evaluate other plans and models; review options
- Coordinate actuarial and planning
- Develop and evaluate RFP for consultant; design consultant work plan
- Funding options for program

Other committees may be added at the Council's first meeting which has been set for February 13, 1992. It will be held either at the Borough Building or the Central Peninsula General Hospital at 7:30 p.m.

The next meeting of the Steering Committee was scheduled for January 31, 1992, 10:00 a.m., at Soldotna City Hall.

/bg



KENAI PENINSULA BOROUGH

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PHONE (907) 262-4441

DON GILMAN
MAYOR

MEMORANDUM

TO: Betty J. Glick, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Don Gilman, Borough Mayor

DATE: December 27, 1991

SUBJECT: Health Care Advisory Council Appointments

Attached for your information is the list of appointments I have made to the Health Care Advisory Council. Stan Steadman from EDD and Bonnie Golden from my office will be ex officio members. A Steering Committee has also been formed to guide the Council through its various tasks. That committee is composed of Burt Anderson, Mike Lockwood, Karen Moore, Jerry Near, Richard Underkofler, Dr. Jim Zirul, the Labor Union representative, and the Seward City Council representative. They will be meeting sometime in mid-January to plan the Council's organizational meeting to be held shortly thereafter.

As you may or may not know, EDD recently applied for and received a \$47,000 grant from the Rural Alaska Health Professions Foundation. These funds may be used to gather information on health care needs, develop possible solutions to meet those needs, and hire a coordinator and/or consultant.

HEALTH CARE ADVISORY COUNCIL

Health Care Providers

Mike Lockwood, Administrator 262-8108
Central Peninsula General Hospital
250 Hospital Place
Soldotna, AK 99669

Lottie Bogard 262-4985
HC1, Box 228
Sterling, AK 99672

Dr. James Zirul 262-5500
245 N. Binkley
Soldotna, Ak 99669

Dr. John Kobylarz 262-6393
254 N. Binkley
Soldotna, AK 99669

Dr. Jon Godfrey 235-7221
3858 Lake St., Suite 8
Homer, Ak 99603

Dr. Paul Raymond 235-7000
4285 Hohe
Homer, AK 99603

Dr. Vickey Hodnik 235-8909
4252 Hohe
Homer, AK 99603

Margaret French 235-8101
South Peninsula Hospital
4300 Bartlett Street
Homer, AK 99603

Large Business Employers

Shawn Brown, Personnel Director 776-8191
Tesoro Alaska Petroleum Company
P.O. Box 3691
Kenai, AK 99611

Small Business Employers

Lori Draper, Branch Manager 224-5283
National Bank of Alaska
P.O. Box 517
Seward, AK 99664

Linda Hutchings
P.O. Box 895
Soldotna, AK 99669

262-5891

Emery Thibodeau
P.O. Box 2026
Kenai, AK 99611

283-3515

Public Sector Unions

Karen Moore
144 N. Binkley
Soldotna, AK 99669

262-4441, Ext. 216

Seat will be assigned by School District union

Private Section Union

Seat will be assigned by local labor union

Local Government

Rich Underkofler, Manager
City of Soldotna
177 N. Birch
Soldotna, AK 99669

262-9107

Burt Anderson
P.O. Box 2797
Homer, AK 99603

235-7835

Bev Dunham (or other Seward City Council Member)
P.O. Box 167
Seward, AK 99664

224-5623

Schools and Education

Ray Zagorski
P.O. Box 3474
Soldotna, AK 99669

262-5801

Dick Swarner, Finance Director
KPB School District
148 N. Binkley
Soldotna, AK 99669

262-5846

Public Health Agencies

Brenda O'Brien 224-5257
Seward Life Action Council
504 Adams
Seward, AK 99664

Health Insurance Professionals

Jerry Near 262-4461
312 Tyee Street
Soldotna, AK 99669

Mike Pate 235-8105
355 W. Pioneer
Homer, AK 99603

Clergy

Ken Hepner 262-8510
Box 1105
Sterling, AK 99672

Non-Profit Agencies

Judy Charpentier 283-9479
Womens Resource & Crisis Center
325 S. Spruce St.
Kenai, Ak 99611

Media

Jim Heim, News Director 283-5811
KSRM
HC2, Box 852
Soldotna, AK 99669

General Public

Ross Kendall 776-8556
P.O. Box 7325 776-8671 message
Nikiski, AK 99635

Marion Nelson
P.O. Box 8063
Nikiski, AK 99635

Dave Horne 262-4551
HC2, Box 543
Kasilof, AK 99610

Fred Elvsaas
Seldovia Native Association
P.O. Box L
Seldovia, AK 99663

234-7625

Ex Officio Members

Stan Steadman, Executive Director
Economic Development District, Inc.
110 South Willow, Suite
Kenai, AK 99611

283-3335
283-3913 FAX

Bonnie Golden, Administrative Assistant
Mayor's Office
Kenai Peninsula Borough
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262-4441, Ext. 203
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