

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Kodiak Area Native Association****Federal Tax ID: 92-0038225****Project Title:****Project Type:** Remodel, Reconstruction and Upgrades

Kodiak Area Native Association - Facility Expansion and Renovation

State Funding Requested: \$800,000**House District: 35 / R**

One-Time Need

Brief Project Description:

Facility acquisition and remodel to integrate behavioral health, primary care, and ancillary services.

Funding Plan:

Total Project Cost:	\$4,400,000
Funding Already Secured:	(\$2,600,000)
FY2015 State Funding Request:	(\$800,000)
Project Deficit:	\$1,000,000

Funding Details:

KANA has allocated \$1,000,000 to date toward this project. KANA has received \$1,600,000 through the State of Alaska CAPSIS process. KANA expects project deficit will be fully funded through other contributions.

Detailed Project Description and Justification:

Upon project completion, KANA estimates \$312,443 to be the annual savings to the state general fund. We believe this annual savings will be a direct result of the KANA facility expansion. We have estimated this level of annual savings could be achieved within the first three years of operations. In subsequent years, annual savings to the state general fund will continue and possibly yield greater savings as patient centered integrated healthcare results in lower rates of healthcare utilization and cost.

This project proposes to address space and programmatic needs affecting our Medical, Dental, and Behavioral Health departments.

The KANA Health Center was constructed in 1996. Since construction, KANA has experienced significant expansion of services. Expanded services include: behavioral health, preventative health, and community based services. As with any expansion, additional staff was added to accommodate department needs. In addition to expanded services and staffing, the KANA Health Department has experienced a 40% increase in patient encounters since 2006. Furthermore, KANA has recently entered into an agreement with the Veteran's Administration to provide local primary care services to the veterans of Kodiak (approximately 10% of Kodiak's entire population).

KANA has completed a Facility Master Plan to guide decisions about expanding or replacing existing facilities. Based upon the recommendations of this plan, KANA has completed the following: space programming, concept design, and construction/design cost estimates for the facility.

**\$350,000
Approved**

This project was originally envisioned as an expansion to an existing facility. However, as we began to receive construction cost estimates based upon space programming and architectural concept designs, we realized that the cost estimates to remodel existing space were substantially less than the cost estimates to construct new space. Rather than build entirely new space, KANA has recognized that an existing 6,700 square foot building located near KANA's health clinic could be purchased and remodeled to accomplish the same goals identified in our original space planning and concept design process. While building an addition to KANA's existing health center would cost an estimated \$7,845,000, KANA could purchase and remodel a nearby facility for an estimated cost of \$4,400,000. KANA has reduced the State CAPSIS request amount significantly to reflect the cost savings realized through our updated project plan. KANA could begin construction immediately and complete in 2015 if the requested FY2015 Request of \$800,000 is awarded. KANA would not request future State funding for this project.

The new program space realized through the purchase and remodel of the nearby facility would satisfy the program space deficiencies identified for correction during our project planning phase and would reduce the project cost by 44%. The additional program space would allow KANA to, as identified in our previous CAPSIS applications, integrate behavioral health space into the clinical setting and add a radiology suite. These improvements will increase cost savings both to KANA and the State of Alaska.

The priority for this project has been reaffirmed by KANA's Board of Directors through the organization's Strategic Plan. As an attachment, please find Letters of Support that were gathered during the early design phase for this project.

Project Timeline:

35% Design Drawings to be completed February 24, 2014. Project construction will be completed March 9, 2015.

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

Kodiak Area Native Association

Grant Recipient Contact Information:

Name: Mike Pfeffer
Title: Chief Financial Officer
Address: 3449 Rezanof Drive East
Kodiak, Alaska 99615
Phone Number: (907)486-9810
Email: mike.pfeffer@kanaweb.org

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

Kodiak Area Native Association Health Center Facility Expansion

Potential Impact (Savings) on Alaska General Fund Medicaid Cost

Medicaid Payment to KANA for 2011 totaled about 1.3 million dollars (*Tribal Medicaid Activity Report for Federal Fiscal Year 2011*, DHSS, 2011) representing only about 20% of the total spend on Alaskan Natives living in the KANA service area in 2011. This compares to statewide totals for Alaska Tribal Health Organizations (THO's) that average about 38% of the total spent by Medicaid on AN/AIs enrolled in their regions. It is in the State's and the THO's joint best interest to maximize the provision of care of AN/AIs in Tribal Health Organizations as the cost of this care is reimbursed at 100% by the federal government (100% Federal Medical Assistance Percentage or FMAP) due to the provisions of the Indian Health Care Improvement Act. This is in contrast to care provided to AN/AIs outside the THO system which is subject to 50% FMAP and 50% paid by the State General Fund.

Along with improving patient service and implementing the patient centered home model, KANA has designed the new and expanded services in the proposed facility to lower barriers to access and provide expanded services to the entire KANA service population. This includes the 710 or approximately 27% of KANA patients enrolled in the Alaska Medicaid Program. The development of the new facility will expand primary care and dental services, and pharmacy, and add integrated behavioral health services and radiology services. After this is complete, significant amounts of care that have previously been provided to the Medicaid AN/AI living on Kodiak Island by non-tribal providers will be able to be provided in the expanded KANA facility. Table 1 below is from the *Tribal Medicaid Activity Report for Federal Fiscal Year 2011* (DHSS, 2011). In total this table indicates that significant (almost 60%) of the Medicaid payments for services which are currently provided or planned in the new KANA facility are being made to non tribal providers due to the capacity constraints and lack of equipment and space imposed on KANA by the current facility.

Table 1
Medicaid Payments for Ambulatory Care Services for Kodiak
AN/AI Residents

	<i>KANA</i>	<i>Non- tribal</i>
Physician	\$810,606	\$723,256
Dental	\$162,649	\$38,898
Pharmacy	\$127,421	\$284,661
Outpatient (est. rad.)	\$-	\$261,321
MH Services		\$139,569
FQHC (and misc. OP.)	\$28,385	\$42,986
TOTAL	\$1,129,061	\$1,490,691

Source: Tribal Medicaid Activity Report for Federal Fiscal Year 2011, DHSS, 2011

KANA estimates that the new facility will provide expanded access to primary care and dental care allowing an estimated 25% of the care currently offered by non-tribal providers to AN/AI living on Kodiak Island to be transferred to KANA. In other areas such as Mental Health and Radiology where previously unavailable services are added we expect two thirds of the care currently provided by non-tribal care to be moved into the KANA facility (or to the greater tribal health system due to increased referrals from KANA to ANMC).

In the FY13 Departmental Budget Overview the Department of Health and Social Services (DHSS) reported that one of the Department's refinancing objectives is to *"increase the proportion of Medicaid Health Services eligible for Indian Health Service (IHS) 100% federal reimbursement. For every dollar shifted to the tribal system from regular FMAP, the State saves on average, 40 (now 50) cents in state matching funds. The department continues to work with tribal health providers to maximize the benefits of this refinancing strategy"* (DHSS FY2013 Budget Overview, p. 39). We believe the KANA planned expansion will support and further this objective.

Table 2 below estimates \$312,443 to be the annual savings to the state general fund that we believe will be achieved with the expansion of the KANA facility. We believe these levels of annual savings could be achieved in the first three years of operations. In subsequent years we believe KANA's patient centered integrated approach which emphasizes preventive and primary care will yield even greater savings as KANA Medicaid enrollees experience lower rates of health care utilization and costs.

Table 2
ALASKA GENERAL FUND SAVINGS

	<i>Non- tribal</i>	<i>%</i>	<i>Transferred to KANA</i>
Physician	\$723,256	25%	\$180,814
Dental	\$38,898	25%	\$9,725
Pharmacy	\$284,661	25%	\$71,165
Outpatient Radiology	\$261,321	66%	\$172,472
Outpatient Laboratory	\$133,130	66%	\$87,847
MH Services	\$139,569	66%	\$92,116
FQHC (and misc outpatient)	\$42,986	25%	\$10,747
TOTAL MEDICAID PAYMENT	\$1,623,821		\$624,886
ALASKA GENERAL FUND SAVINGS @ 100% FMAP		50%	\$312,443



Office of the Mayor and Council

710 Mill Bay Road, Room 216, Kodiak, Alaska 99615

January 28, 2013

The Honorable Gary Stevens
Alaska State Legislature
State Capitol Room 429
Juneau AK, 99801

Dear Senator Stevens,

This letter is submitted in support of the Kodiak Area Native Association's (KANA) request for appropriation of capital funding to support the integration of its behavioral health services into the primary care setting and the expansion of services to the underserved Veteran population of Kodiak Island.

KANA's health center was designed in 1995 to meet the then existing health program needs of our Alaska Native community. After eighteen years, however the clinical needs have exceeded the capacity of its existing health center; particularly with the expansion of services to the entire Veteran population of Kodiak.

Many of the residents of Kodiak are eligible to receive health and social services from KANA and they rely upon KANA to provide these necessary services. The integration of behavioral health services into the primary care setting will provide increased access to these services and remove the stigma that is sometimes associated with seeking mental health and substance abuse services. Additionally, many Veterans who have otherwise not had access to services authorized by the VA locally, will now be able to receive high quality medical and behavioral health services at KANA, rather than traveling to Anchorage for health care.

Thank you for your consideration of this community request.

Sincerely,

A handwritten signature in blue ink that reads "Pat Branson". The signature is fluid and cursive, with the first name "Pat" and last name "Branson" clearly distinguishable.

Pat Branson, Mayor
City of Kodiak



Office of the Mayor and Council

710 Mill Bay Road, Room 216, Kodiak, Alaska 99615

January 28, 2013

The Honorable Alan Austerman
Alaska State Legislature
State Capitol Room 505
Juneau AK, 99801

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Thank you for your consideration of this community request.

Sincerely,

Pat Branson, Mayor
City of Kodiak



Kodiak Island Borough

Office of the Borough Mayor

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9310 Fax (907) 486-9391

January 31, 2013

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Juneau AK, 99801

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Sincerely,

KODIAK ISLAND BOROUGH

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Jerome M. Selby



Kodiak Island Borough

Office of the Borough Mayor

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9310 Fax (907) 486-9391

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Jerome M. Selby

Providence Kodiak Island Medical Center
Hospital Administration
1915 East Rezanof Drive
Kodiak, AK 99615
t: 907.486.9595
f: 907.486.2336
www.providence.org



January 30, 2013

The Honorable Gary Stevens
Alaska State Legislature
State Capitol Room 429
Juneau AK, 99801

Dear Senator Stevens,

This letter is submitted in support of the Kodiak Area Native Association's (KANA) request for appropriation of capital funding to support the integration of its behavioral health services into the primary care setting and the expansion of services to the underserved Veteran population of Kodiak Island.

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Thank you for your consideration of this community request.

Sincerely,

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Donald J. Rush, CEO

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State Capitol Room 505
Juneau AK, 99801

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Thank you for your consideration of this community request.

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Donald J. Rush, CEO

Kodiak Island Health Care Foundation

P.O. Box 4385 • Kodiak, Alaska 99615
(907) 486-9557

18 February 2010

The Honorable Lisa Murkowski
United States Senate
709 Hart Senate Office Building
Washington, DC 20510-0202

Subject: Support for KANA Request for Federal Funding

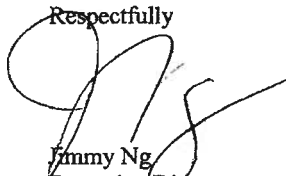
Dear Senator Murkowski:

The Kodiak Island Health Care Foundation (KIHCF) strongly supports the Kodiak Area Native Association (KANA) request for federal funding to support the integration and expansion of its Behavioral Health department into an expanded health facility. The KIHCF operates the Kodiak Community Health Clinic. We can attest from direct knowledge that the case load of both primary care and behavioral health services is significantly increasing in Kodiak. We partner with KANA on several community care delivery initiatives and attest to their need for an updated and expanded health care facility. The KANA's Health Center was designed in 1995 to meet the then existing health program needs of our community. After fifteen years, however, the population and caseload for behavioral health, medical and dental services have exceeded the capacity of KANA's Health Center.

A significant percentage of the residents of Kodiak are eligible to receive health and social services from KANA. Many of them rely solely upon KANA for these necessary services. The integration of KANA's behavioral health services with the medical and dental services provided at its health facility, as well as the expansion of the behavioral health services that this project make possible, would therefore be of great benefit to our communities.

Thank you for your consideration of this important community request.

Respectfully



Jimmy Ng
Executive Director
Kodiak Island Health Care Foundation

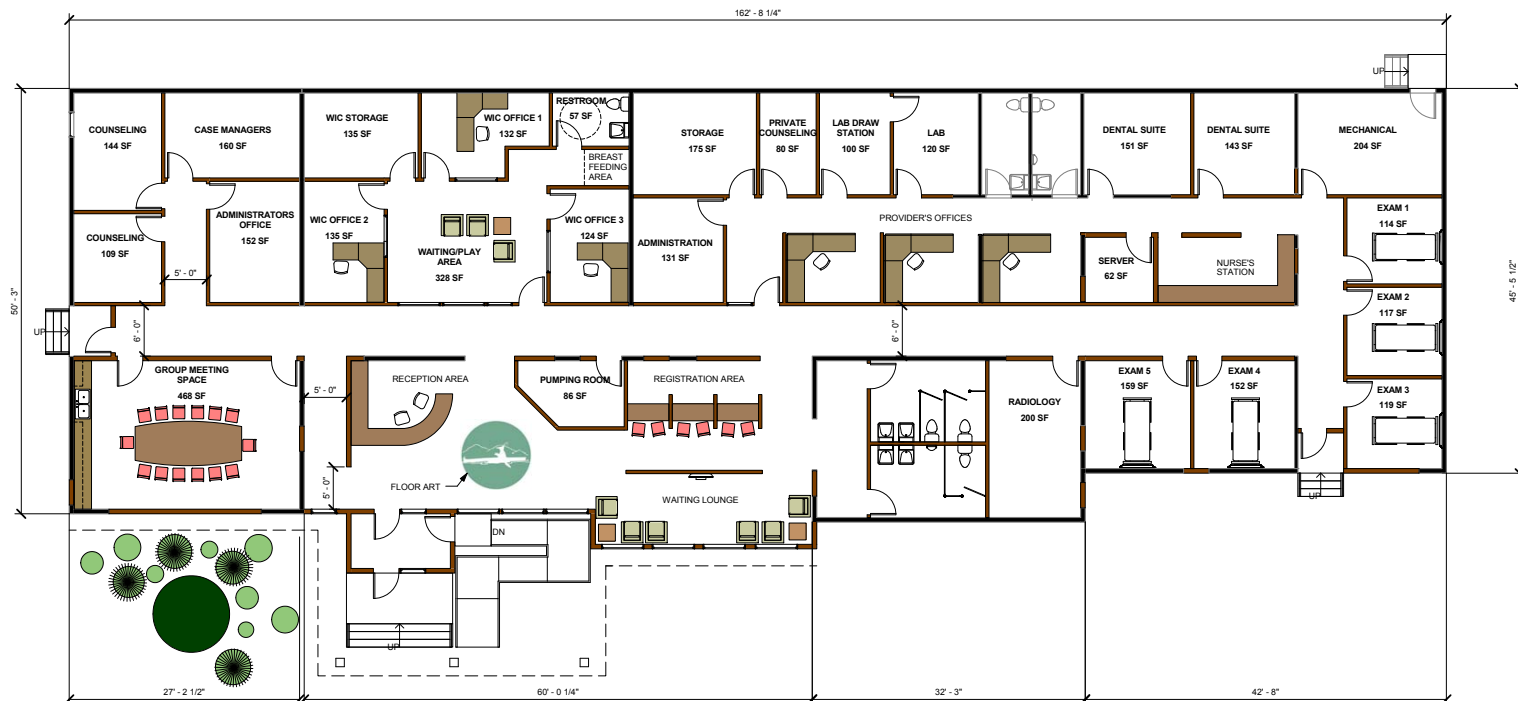
Cc: KANA

Serving the Healthcare Needs of Kodiak

KANA

Health Center Facility

NEW HEALTH CENTER FLOOR PLAN



Total Estimated Construction Cost: \$3,319,018 \$409.76/SF 8,100 SF
Larsen Consulting Group

A facility for integrated care, a cost-saving investment for the State of Alaska

The Kodiak Area Native Association (KANA) formed in 1966 as a 501(c)(3) non-profit corporation to provide health and social services for the Alaska Natives of the Koniag region. KANA currently serves 2,600 people (about 20% of its service region) with integrated health services that identify and treat the root causes of poor health and prevent health problems by promoting healthy lifestyles and behaviors.

The KANA Health Center was constructed in 1996. Programs offered by KANA have since expanded. Behavioral health, preventive health and community based services have been added, and existing programs have expanded. Patient encounters at the KANA Health Center have increased 40% since 2006, from 17,586 patient encounters in 2006 to over 25,000 encounters in 2012. KANA has recently entered into

an agreement with the Veteran's Administration to expand its services to veterans. There are 1,300 veterans on Kodiak Island, representing 10% of the entire population.

To address space and programmatic needs created by increased services and an increased service population, KANA completed a Facility Master Plan to guide decisions about expanding or replacing existing facilities. Based on that plan's recommendations, KANA completed space programming, concept design, and a cost estimate for the construction of an expanded facility. Cost estimates for the project suggested that renovating existing space would cost approximately 50% less than new construction.

To support the savings identified in the project cost estimate, KANA purchased a 6,700 square foot facility located less than one mile from KANA's Alutiiq Enwia Health Center to remodel for use as a health clinic, with radiology suite, laboratory, dietician services and Veterans Administration clinic space. The radiology suite and moderate-complexity lab will decrease outsourcing, increasing cost savings to both KANA and the State of Alaska.

Alaska General Fund Savings

	Non-tribal	%	Transferred to KANA
Physician	\$723,256	25%	\$180,814
Dental	\$38,898	25%	\$9,725
Pharmacy	\$284,661	25%	\$71,165
Outpatient Radiology	\$261,321	66%	\$172,472
Outpatient Laboratory	\$133,130	66%	\$87,847
MH Services	\$139,569	66%	\$92,116
FQHC (and misc outpatient)	\$42,986	25%	\$10,747
Total Medicaid Payment	\$1,623,821		\$624,886
Alaska General Fund Savings @ 100% FMAP		50%	\$312,443

The new facility will also house the Kodiak WIC (Women, Infants, and Children) program, which has been managed by KANA since 1988, providing services for all eligible residents of the Kodiak Archipelago. The new facility will capitalize on existing traffic patterns to increase utilization at the WIC clinic and increase access to Kodiak's largest WIC vendor, Safeway grocery store, located across the street from the new facility. The new space will be a one-stop shop providing comprehensive health care services. Locating the WIC clinic within the same facility as an ambulatory care clinic will offer immediate referral ability to medical providers, dental providers and registered dietitian services.

As a Tribal Health Organization providing care to Alaska Natives and American Indians, KANA has access to a 100% Federal Medical Assistance Percentage (FMAP) reimbursement for Medicaid Health Services to eligible clients, granted under the Indian Health Care Improvement Act. The Alaska

KANA estimates that the facility expansion will generate \$312,443 in annual savings to the state general fund.

Department of Health and Social Services estimates that for every dollar shifted to the tribal system from regular FMAP, the State saves on average, 40 (now 50) cents in state matching funds (DHSS FY2013 Budget Overview, p. 39).

KANA estimates that this project will generate \$312,443 in annual savings to the State of Alaska general fund. We believe this level of annual savings could be achieved in the first three years

of operations by shifting care from non-Tribal providers to KANA. In subsequent years we believe KANA's patient-centered integrated approach, with its emphasis on preventive and primary care, will yield even greater savings as KANA Medicaid enrollees experience lower rates of health care utilization and costs.

Not only will this facility help KANA meet increasing demand for its wide array of health care services, the design will further KANA's high-performance integrated service delivery model. KANA has met or exceeded the goals set by the Indian Health Service for all key preventative health measures described in the Government Performance Results Act (GPRA). KANA's ability to coordinate and provide comprehensive health services improves the quality of life for beneficiaries, saves lives, and reduces expenditures on healthcare interventions and treatment.

For more information, contact:

Mike Pfeffer
Chief Financial Officer
3449 Rezanof Drive East
Kodiak, AK 99615
907-486-9810
Mike.Pfeffer@kanaweb.org



Kodiak Area Native Association

Our mission is to elevate the quality of life of the people we serve.



wellness • health • safety • quality • customer service • stewardship