

Introduced by: Mayor
Date: 01/03/12
Hearing: 02/07/12
Action: Withdrawn at the Request
of the Sponsor
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2011-19-65**

**AN ORDINANCE APPROPRIATING \$200,000 TO HIRE ONE OR MORE
CONSULTANTS TO ASSIST THE BOROUGH IN IDENTIFYING DIRECTIONS THE
HEALTH CARE INDUSTRY IS TAKING, THE EFFECTS THOSE WILL LIKELY
HAVE ON THE BOROUGH, AND TO HELP IDENTIFY COURSES OF ACTION TO
TAKE TO CURTAIL BOROUGH HEALTH CARE COSTS, AND ALSO TO FUND
OTHER EFFORTS THE BOROUGH MAY TAKE TO PROTECT BOROUGH
INTERESTS AS THE OWNER OF TWO HOSPITALS**

- WHEREAS,** the health care industry is undergoing rapid changes and the borough administration has determined it needs outside independent expertise to assist in identifying directions this industry is taking and the effects those changes will likely have on the borough; and
- WHEREAS,** health care costs have risen dramatically within the last decade; reportedly the amount spent by the nation as a whole on healthcare nearly doubled from 1999 to 2009, and 2009 marked the largest one-year jump in health spending as a percentage of the gross domestic product; and
- WHEREAS,** the borough spends in excess of \$18,660 per employee each year and the school district spends approximately \$17,436 per employee per year for health care; and
- WHEREAS,** the rising cost of health care is also driving up the cost of the Public Employees Retirement System (PERS) and the Teachers Retirement System (TRS) which impacts borough finances; and
- WHEREAS,** beginning in June, 2011 the borough administration began meeting with representatives from the school district, the cities, Central Peninsula Hospital and South Peninsula Hospital to identify each entity's current health care costs and explore alternatives that may be available to reduce these costs for the participants and potentially other groups in the Kenai Peninsula; and
- WHEREAS,** one option being explored by this group is forming a health care coalition which the entities may join as members, that would negotiate with providers using the increased numbers of employees as leverage to negotiate better health care rates; and

WHEREAS, outside expertise is needed to gather information regarding the current health care services used by employees, analyze options available for saving money, form agreements and implement a chosen course of action; and

WHEREAS, additionally the borough is the owner of two hospitals and in that capacity has strong interests in ensuring the continued viability of those hospitals in the wake of this rapidly changing industry; and

WHEREAS, outside expertise will also be needed to advise the borough about the direction the health care industry is taking, how that can be expected to affect the borough, and steps the borough should consider to protect its interests;

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

SECTION 1. The sum of \$200,000 is hereby appropriated from the General Fund fund balance to account no. 100.94910.12HCC.43011, contract services, to be used for the purpose of hiring one or more independent consultants to assist the borough in understanding the direction the health care industry is taking and steps that the borough may take to protect its interests, and to assist the working group in evaluating options available for reducing health care costs for these entities and their employees, and potentially assist in implementing one or more of the options subject to assembly approval.

SECTION 2. This appropriation is project length in nature and does not lapse at the end of any fiscal year.

SECTION 3. That this ordinance takes effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF * 2012.

Gary Knopp, Assembly President

ATTEST:

Johni Blankenship, Borough Clerk

Yes:

No:

Absent: