



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services
DIVISION OF PUBLIC ASSISTANCE
Director's Office

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April 6, 2018

The Honorable Scott Kawasaki
Alaska House of Representatives
State Capitol, Room 502

Re: Senior Benefit Program Reauthorization (HB 236)

Dear Representative Kawasaki:

This letter provides the Division of Public Assistance's response to the recommendation presented by the AARP Alaska Advocacy Director during public testimony at the March 20, 2018 Senate Finance Committee hearing.

AARP's recommendation calls for returning the monthly benefit payment for those individuals in the highest income tier to the full benefit amount of \$125 and excluding applicants and recipients who reside in an assisted living home. Statute 47.45.301 requires the division to reduce payments starting at the highest income tier if appropriations are insufficient to meet the demands of the program in a fiscal year. Due to this requirement, the Division has reduced the payment for the highest income tier to \$76 based on insufficient funding.

As of December 2017, there were 4,496 Senior Benefits recipients in the highest income tier. Increasing the benefit to \$125 monthly, without including those we estimate live in an assisted living home, would require an additional \$2,590,728.00 annually.

The Division of Public Assistance is not able to identify the total number of Senior Benefits recipients who live in an assisted living home. We are only able to identify those who are receiving Adult Public Assistance in addition to Senior Benefits because Adult Public Assistance has coding that identifies when the recipient is in an assisted living home. Using that method, we identified 364 recipients of Senior Benefits who also receive Adult Public Assistance (APA) with a living arrangement in an assisted living home. The Division estimates excluding those individuals would lower benefits by \$848,916.00.

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This is a conservative estimate because we know that some seniors living in assisted living homes are eligible for senior benefits but do not receive Adult Public Assistance.

Alternatively, therefore, we estimated the savings that could be achieved by estimating the percentage of the elderly population that live in an assisted living homes and are eligible. The Division of Health Care Services, Assisted Living Program Office reports there are 3,679 residents in assisted living homes (excluding Pioneer Home residents that are already ineligible for Senior Benefits) as of March 5, 2018. The US Census Bureau estimates there were 77,156 Alaskans over the age of 65 as of July 1, 2016. If all of the assisted living home residents are over the age of 65 it would represent 4.7% of Alaska residents over the age of 65, 4.7% of all Senior Benefit recipients would total 532 beneficiaries. If we assumed all were at the \$250 monthly benefit payment it would lower benefits by \$1,596,000 annually. This is a high estimate, as we know not every assisted living home resident is over the age of 65 and not all recipients would be at the \$250 monthly payment amount.

Under either estimate, the cost of returning the monthly benefit payment for those individuals in the highest income tier to the full benefit amount of \$125 would be significantly higher than the savings that would be achieved by excluding assisted living home residents from the senior benefits program. The cost of the recommendation would be approximately \$1 - \$2 million.

AARP's proposal would also likely pose additional costs, as systems changes would be needed to ensure that individuals who are participating in the senior benefits program cease to receive the benefit upon admission to an assisted living home. Training also would be needed to ensure that those already living in assisted living homes cannot apply for senior benefits.

Sincerely,



Monica Windom, Director
Division of Public Assistance

cc: The Honorable Anna MacKinnon, Alaska State Senate, Finance Committee Co-Chair
The Honorable Lyman Hoffman, Alaska State Senate, Finance Committee Co-Chair
Valerie Nurr'araaluk Davidson, Commissioner, Department of Health and Social Services
Darwin Peterson, Legislative Director, Office of Governor Bill Walker
Pat Pitney, Director, Office of Management and Budget