

Senate Finance Committee – Testimony for SB 238
March 15, 2010

- Good Morning. My name is Denise Daniello, executive director for the Alaska Commission on Aging.
- We are pleased to offer our strong support for SB 238.
- This is an important piece of legislation for older Alaskans who receive small cost-of-living increases to their Social Security and other benefit amounts. The impact from this freeze has been that from 2003 forward, a small cost-of-living adjustment to Social Security can put a senior over the \$1,656 limit and in effect disqualifies them from receiving Medicaid long-term support services. These vulnerable individuals are at-risk both financially and with regards to their health.
- Our office became alerted to this issue around Christmastime in 2008 when many individuals on Social Security receiving waiver services were issued notice from the State that they would no longer be eligible for these services after the 2009 Social Security COLA went into effect. They were given the choice of either paying out-of-pocket for these services or establishing a Medicaid qualifying income trust, also known as a Miller Trust, to preserve their income eligibility. They were very distraught and called our office for help. Some called their legislators.
- (As has already been explained...) the Miller Trust reduces one's countable income below the income standard, which is now set at \$1,656, so that a person can continue to qualify for Medicaid.
- The Miller Trust is a useful tool for maintaining income eligibility but has some drawbacks:
 - First, it requires an individual to seek legal assistance from an attorney to establish the Trust and then to find a person they trust to manage their account. Some elderly Medicaid recipients have no friends or family they know who can serve as reliable trustees. They must either trust a stranger to manage their money or forego benefits. Some recipients risk their money by having less-than-trustworthy relatives serve as a trustee. Recently, we learned of a case involving an elder whose granddaughter left the state with the individual's trust account funds.
 - Secondly, trustees have a lot of legal responsibilities that include registering the trust with the court system, arranging for an identification number from the IRS, setting up a special account with the bank, arranging for direct deposits to that account through Social Security, and securing approval from the Division of Public Assistance for the Trust. Trustees are also responsible for properly managing the Trust that includes distributing the correct monthly allowance to the Medicaid recipient, making allowable expenses with Trust funds that are not clearly defined by law (which creates confusion for Trustees), tracking and documenting receipts, and passing an annual audit with Public Assistance.

- Thirdly, it costs money to establish the Trust – \$800 to \$1,200, according to estimates from Alaska Legal Services. This fee is paid for by the senior who is living on a fixed income.
 - Fourth, a Miller Trust is irrevocable. In the rare event that a person's health turns around and they are no longer medically eligible for long-term services, they will not have access to the trust funds for their daily expenses.
 - Finally, managing one's own expenses is a matter of personal dignity for many older Alaskans. Being forced to give up this right can be stressful and humiliating, as well as financially risky.
- The Alaska Commission on Aging supports SB 238. We believe that this legislation is good public policy that promotes more efficient use of public funds since fewer individuals will have the need to establish Miller Trusts in order to maintain their income eligibility for Medicaid services when they receive COLA adjustments to their Social Security and other public benefits.
- Passage of this legislation will also ensure that eligible Alaskans can continue to receive nursing home care and in-home services, which are critical to an elderly person's health and well-being.
- Thank you.