

AN ACT RELATING
TO ALASKA
PIONEERS HOME
AND ALASKA
VETERANS' HOME
RATES

CSHB 96

Goal of House Bill 96:

- Maintain Pioneer Home commitment for Alaska elders
- Grow revenue and improve financial sustainability of Pioneer Homes

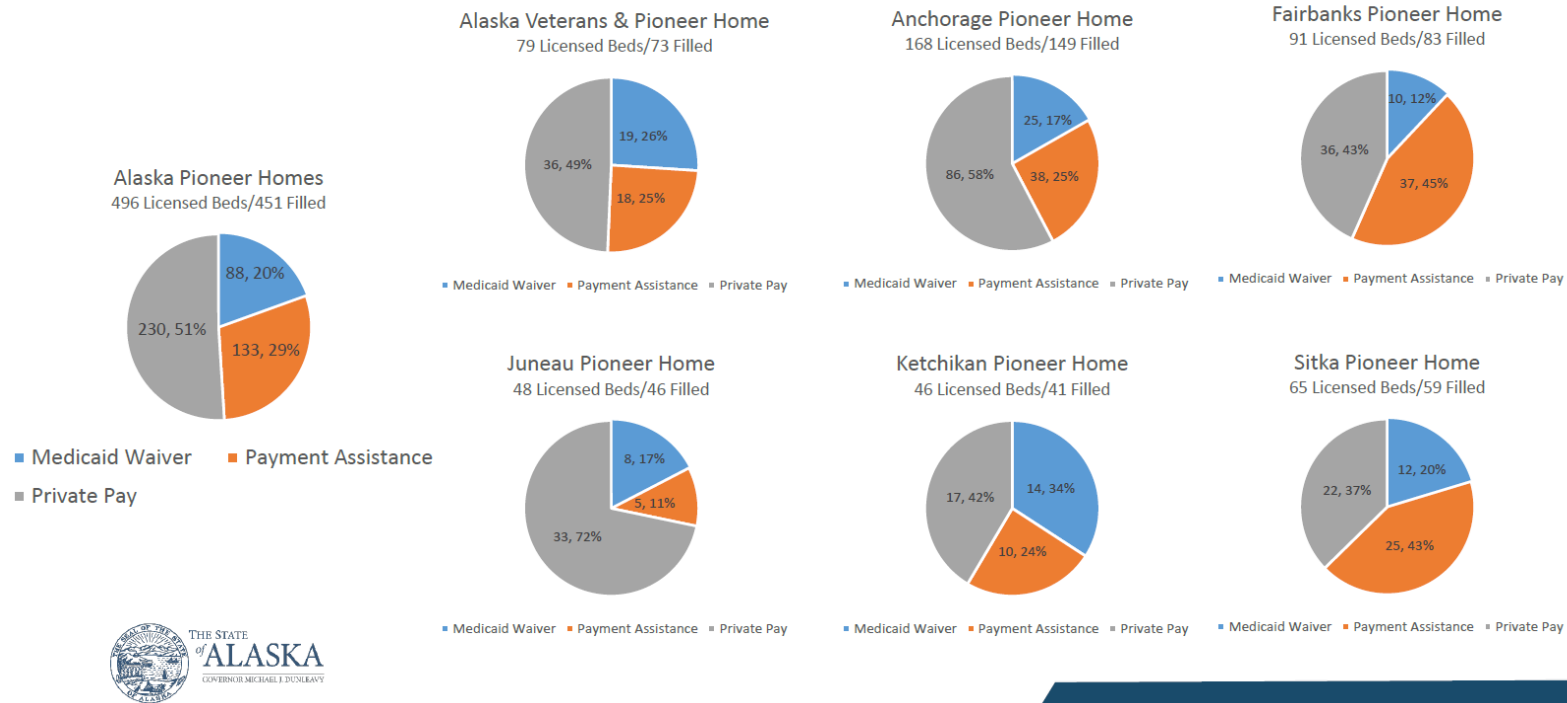


Pioneer Homes: Background

- Established in 1913
- Originally created as home for indigent men as Territory of Alaska grew and aged
- Expanded throughout the 20th Century: there are currently homes in Sitka, Fairbanks, Palmer, Anchorage, Ketchikan and Juneau
- Population in 2018 was 451
- Rates currently adjusted by regulation
- Although inflation has rise 30% since 2004, rates have only risen 15%



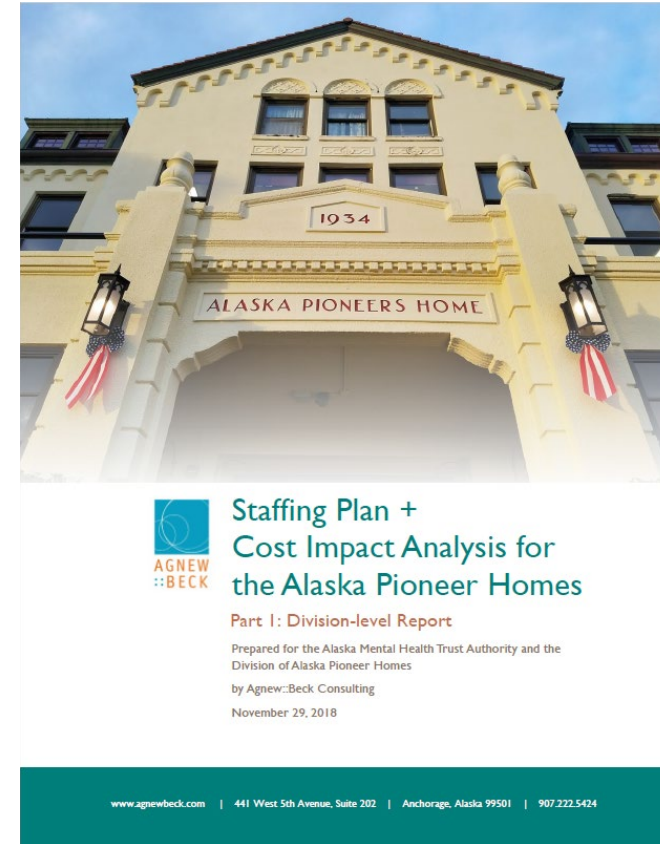
Alaska Pioneer Homes Licensed vs. Filled Beds by Payer Source - February 2019



Resident Population

Committee Substitute for House Bill 96

- Adjusted rates used as baseline in original version
- Added Levels IV and V to allow for more complex care
- Committee Substitute allows for the Pioneer Home Division's suggested index, Social Security Cost of Living Adjustment
- New rates represent compromise with proposed rates from Department
- Follows guidance from Agnew Beck Report to change status quo



CSHB 96

Proposed Levels of Care

Level I: \$3,100/mo

Level II: \$6,090/mo

Level III: \$8,833/mo

Level IV: \$10,000/mo

Level V: Rate to be determined by the Department to reflect the cost of care for services listed and complex behavior management

- Rates serve as base starting point, roughly adjusted for inflation from 2004
- Rate increases may be annual, and will be capped at the most recent Social Security Cost of Living Adjustment
- Allows rates to more accurately reflect the cost of care

Complexity of Care

Current Levels

Level I: Services include housing, meals, emergency assistance, recreation, home activities

Level II: Services include all Level I services plus Medicaid administration, health related services, staff assistance, incl assistance with daily living, supervision, reminders. (Non-night shift)

Level III: Services include all services of Level I and Level II, with 24- hour hands-on assistance provided.

Proposed Levels

Level I: Services include housing, meals, emergency assistance, and recreation

Level II: Services include Level I services and medication administration, health related services, and intermittent assistance with activities of daily living.

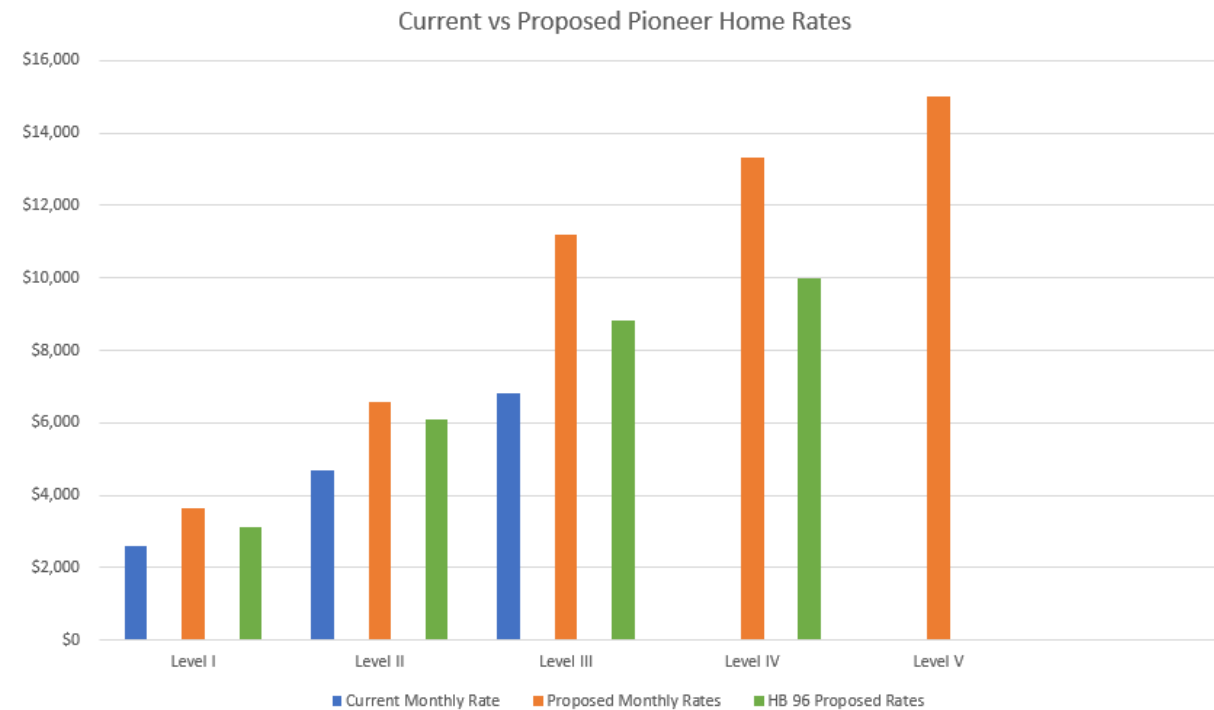
Level III: Services include Level I and Level II services as well as extensive assistance with activities of daily living.

Level IV: Services include Level I, II, and III, as well nursing services for 24 hours a day, and intermittent behavior management.

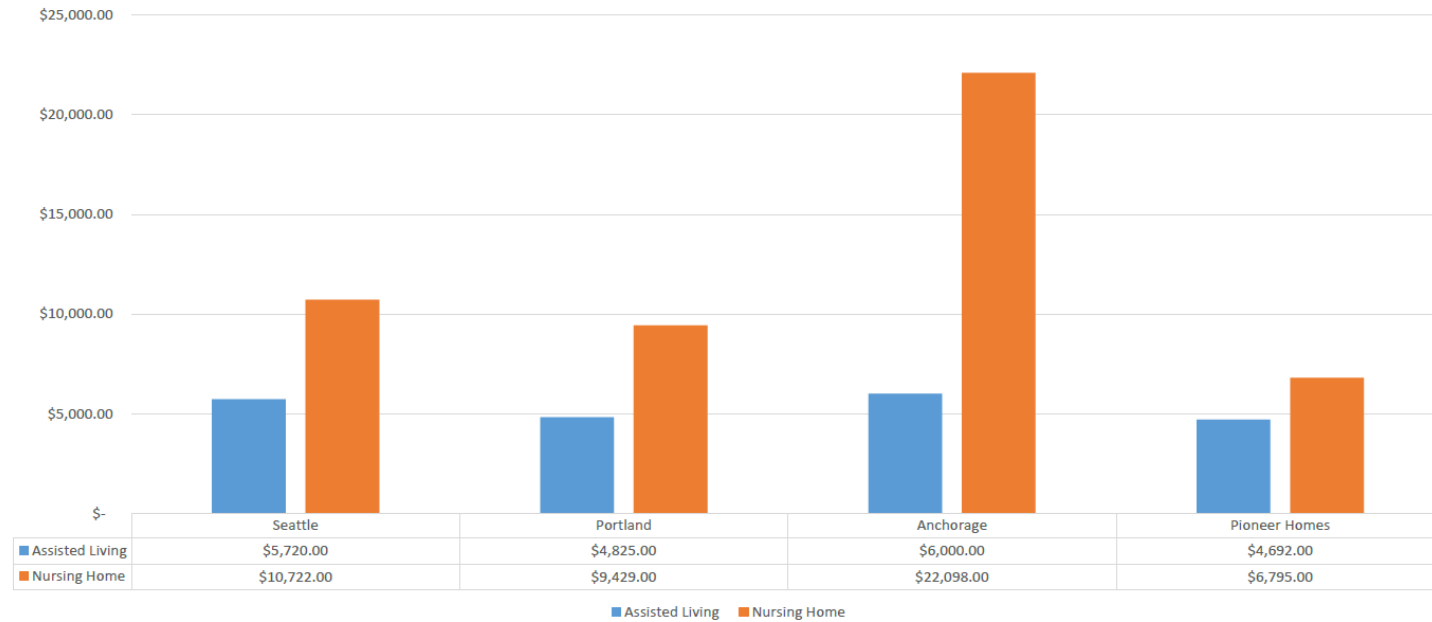
Level V: Services include all those included in Levels I-IV, as well as extensive behavior management

Would you buy a \$37 hamburger?

- DHSS's proposed regulations would increase rates as much as 140%
- If enacted, proposed rates would vastly exceed average regional costs of assisted living care (\$5,000-\$6,000/month in Pacific Northwest)
- Key concept: "Elasticity of demand"
- Pricing out self-pay residents would put state on hook for more GF spending
- Sustainable revenue increases are preferable to sky-high prices that nobody will actually pay.



Long Term Care Cost Comparison (2018 Genworth)



*Pioneer Rates are current FY19 rates

Cost of Long Term Care in Pacific Northwest

Social Security Cost of Living Adjustment

- CSHB 96 would link rate increases to the SS COLA
- Preferred metric for Pioneer Homes, as majority of residents primary source of income is Social Security
- Would create stable, predictable rate increases
- Would allow rates to rise following cost of care

The 1975-82 COLAs were effective with Social Security benefits payable for June (received by beneficiaries in July) in each of those years. After 1982, COLAs have been effective with benefits payable for December (received by beneficiaries in January).

Automatic Cost-Of-Living Adjustments received since 1975

July 1975 -- 8.0%	January 1998 -- 2.1%
July 1976 -- 6.4%	January 1999 -- 1.3%
July 1977 -- 5.9%	January 2000 -- 2.5% ⁽¹⁾
July 1978 -- 6.5%	January 2001 -- 3.5%
July 1979 -- 9.9%	January 2002 -- 2.6%
July 1980 -- 14.3%	January 2003 -- 1.4%
July 1981 -- 11.2%	January 2004 -- 2.1%
July 1982 -- 7.4%	January 2005 -- 2.7%
January 1984 -- 3.5%	January 2006 -- 4.1%
January 1985 -- 3.5%	January 2007 -- 3.3%
January 1986 -- 3.1%	January 2008 -- 2.3%
January 1987 -- 1.3%	January 2009 -- 5.8%
January 1988 -- 4.2%	January 2010 -- 0.0%
January 1989 -- 4.0%	January 2011 -- 0.0%
January 1990 -- 4.7%	January 2012 -- 3.6%
January 1991 -- 5.4%	January 2013 -- 1.7%
January 1992 -- 3.7%	January 2014 -- 1.5%
January 1993 -- 3.0%	January 2015 -- 1.7%
January 1994 -- 2.6%	January 2016 -- 0.0%
January 1995 -- 2.8%	January 2017 -- 0.3%
January 1996 -- 2.6%	January 2018 -- 2.0%
January 1997 -- 2.9%	January 2019 -- 2.8%

⁽¹⁾ The COLA for December 1999 was originally determined as 2.4 percent based on CPIs published by the Bureau of Labor Statistics. Pursuant to Public Law 106-554, however, this COLA is effectively now 2.5 percent.

Thank you

QUESTIONS, COMMENTS