

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

No. 1  
Bill Version: SB 73  
(S) Publish Date: 3-30-99

Revision Date: \_\_\_\_\_  
Title: An act relating to Assisted Living Homes  
Sponsor: Miller  
Requestor: Senate (HES)

Dept. Affected: Health and Social Services  
BRU: Community Mental Health Grants  
Component: Services for the Chronically Mentally Ill  
COMPONENT SERIAL NO. 800  
See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ( )						
-------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
Other (please specify)						
<b>TOTAL</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>	<b>1,858.8</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

**ANALYSIS:** (Attach a separate page if necessary)

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities serves approximately 138 individuals in Assisted Living Home environments with a FY99 budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care regulations varies each year. 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. Adult Residential Care is now referred to as Assisted Living Home services. The lack of cost of care adjustments to the Adult Residential Care fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care... Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support. This fiscal note is based on a zero population growth. It will fix the system as it now exists. Growth in community based services for Mental Health consumers is addressed in the "API Community Implementation Plan" dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note. Growth for the developmentally disabled consumer is provided in the Community Developmental

Prepared by: Leonard Abel, Ph.D.  
Division: Mental Health and Developmental Disabilities  
Approved by Commissioner: Karen Perdue, Commissioner  
Agency: Department of Health & Social Services

Phone: 465-4827 or 465-3370  
Date: 02/23/99  
Date: 2/24/99

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
For further distribution information, call the Governor's Legislative Office

#1

**ANALYSIS (cont.):**

**Disabilities Grants Component Budget.**

The following rationale was used to develop the needed General Fund increase to implement SB 73 as written and remains the same for the amendment proposed by the Department noted on the bill analysis.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	\$ 775.00	\$25.48/day**
Average paid for total care in an Assisted Living Home currently		\$37.83/day

\* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day  
 \*\* Consumer Entitlements (SSI/SSA/AD) = \$850 per month average minus monthly personal allowance = \$775/month times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:		\$ 12.35 /day
Consumer contributes entitlements at an average monthly rate	\$ 850	
Less increased personal allowance	\$ (100)	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
Needed increased augmentation by DMH&DD to equal \$70/day avg.		\$ 32.99 /day ***
Total to be received by the Assisted Living Home		\$ 70.00 /day

\*\*\* Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

It is estimated that 20% or 27 individuals would require augmented rates averaging \$90.00 per day. The average augmentation adjustment is \$20.00/day times 365 days = \$7,300 per year. The overall augmentation cost at \$7,300 per individual per year times 27 individuals = \$197,100. An additional \$197.1 is required to cover these augmented rates for individuals requiring a higher level of care.

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities will need an increase in general funds of \$1858.8 (\$32.99/day x 365 days = \$12,041.35 x 138 served = \$1,661.7 plus \$197.1 for augmented rates = \$1858.8) for FY2000. These funds will bring the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The average cost of care should remain around \$70/day. Due to individual acuity levels, some individuals will require supports costing less than \$70/day, while others may need additional supports exceeding \$70/day. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

The Alaska Mental Health Trust Authority has shown interest in the idea of a multi-year system change approach to address the funding needed to fix the Assisted Living Home service system. The Trust have indicated interest in receiving a jointly backed proposal from the Departments and planning boards impacted by the need to maintain the existing Assisted Living Home service system.