

HOUSE FINANCE COMMITTEE
May 20, 2002
4:45 P.M.

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CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 4:45 P.M.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair
Representative Bill Williams, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative John Davies
Representative Carl Moses

ALSO PRESENT

Representative Ethan Berkowitz; Representative Lisa Murkowski; Representative Beth Kerttula; Representative Jeannette James; Jim Duncan, Commissioner, Department of Administration; Alison Elgee, Deputy Commissioner, Department of Administration; Denny Dewitt, Staff, Representative Eldon Mulder; Pat Carothers, Chair, Alaska Veterans Advisory Council (AVAC), Juneau; Adjutant General BG Phil Oates, Commissioner, Department of Military and Veterans Affairs

PRESENT VIA TELECONFERENCE

Ed Willis, Anchorage; Gordon Severson, Anchorage; Stan Nelson, Anchorage; Montafay Lane, President, Alaska Assisted Living Home Association, North Pole; Leslie Orebaugh, Secretary, Assisted Living Association for Alaska

SUMMARY

SB 2001 An Act changing the name of the Alaska Pioneers' Home to the Alaska Pioneers' and Veterans' Home and of the Alaska Pioneers' Homes Advisory Board to the Alaska Pioneers' and Veterans' Home

Advisory Board; relating to housing and services for veterans; relating to the advisory board for the home; making other amendments to the statutes relating to the home; and providing for an effective date.

HCS CS SB 2001 (FIN) was reported out of Committee with a "do pass" recommendation and with a new zero fiscal note by the House Finance Committee.

SB 2009 An Act establishing the Alaska Veterans Advisory Council; and providing for an effective date.

HCS CS SB 2009 (FIN) was reported out of Committee with a "do pass" recommendation and with new zero fiscal note by the House Finance Committee.

#SB2009
SENATE BILL NO. 2009

An Act establishing the Alaska Veterans Advisory Council; and providing for an effective date.

Co-Chair Mulder stated that SB 2009 would establish an eleven member Veterans Advisory Council within the Department of Military & Veterans Affairs. The Council would make recommendations to the Governor and the Department concerning the needs and concerns of veterans.

The Governor would appoint members of the Council for a three-year term. Appointments would include members of veterans' organization, State programs that serve veterans, and other citizens who are familiar with veterans' issues. The new Council would succeed the Council established in Executive Order No. 164. The old council would terminate on January 1, 2003 at which time the new Council, established by this Legislature, through SB 2009, would become effective.

Co-Chair Williams MOVED to ADOPT the committee substitute work draft, #22-GS2109\C, Lauterbach, 5/20/02, as the version of the legislation before the Committee for consideration. There being NO OBJECTION, it was so adopted.

Representative Croft asked what changes had been made in the draft before the Committee.

Co-Chair Mulder explained the two changes:

- The Board would decrease from twenty members to eleven members; and
- The Council would take effect on January 1, 2003.

Representative Croft asked the reason for the changes made to the composition of the board.

Co-Chair Mulder responded that all members would continue to be appointed by the Governor.

Representative Hudson MOVED to report HCS CS SB 2009 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CS SB 2009 (FIN) was reported out of Committee with a "do pass" recommendation and a new zero note by the House Finance Committee.

#SB2001
SENATE BILL NO. 2001

An Act changing the name of the Alaska Pioneers' Home to the Alaska Pioneers' and Veterans' Home and of the Alaska Pioneers' Homes Advisory Board to the Alaska Pioneers' and Veterans' Home Advisory Board; relating to housing and services for veterans; relating to the advisory board for the home; making other amendments to the statutes relating to the home; and providing for an effective date.

Vice-Chair Bunde MOVED to ADOPT committee substitute, #22-LS1816\J, Lauterbach, 5/20/02, as the version of the bill before the Committee. There being NO OBJECTION, it was adopted.

DENNY DEWITT, STAFF, REPRESENTATIVE ELDON MULDER, highlighted the changes made to the committee substitute:

- Section 1 would change the composition of the Pioneers Advisory Board by replacing a non-specified appointment by a specified appointment.
- Sub-section 2 would replace a general person with the Chairman of the Alaska Veteran's Advisory Council, created by SB 2009.
- Section 3 would change the duties of the Department of Administration and would require them to work with the federal government for matters pertaining to the welfare of the Alaska pioneers and veterans.
- Sub-section 4 requires that the Pioneer Homes meet the same general standards as the assisted living homes, as listed under AS 47.33.
- Section 5 provides a process for the Pioneer Homes to designate a specified number of beds for the

pilot project. It would limit that no more than 30% of the beds in a single institution could be reserved for veterans.

- A sub-section of Section 5 provides a process, whereby, the Pioneer Homes have the option to consider people that are either veterans or not, depending on the availability of beds. No beds would be closed off.
- Section 6 conforms to litigation from twelve years ago, changing the residency from fifteen years to one year.
- Section 7 consists of a compilation of corrected references to the federal statutes.
- Section 8 addresses trust funds, and allows those funds to be used by the Alaska Pioneer Homes so that there is no loss of use for the funds.
- Section 10 creates a pilot project and allows the Department of Administration to negotiate with the Veterans' Administration. That section requires the Department to report back to the Legislature in 2005, to determine if it would be appropriate to extend the pilot program.
- Section 11 deals with uncodified law, and changes the name of the Pioneer Homes to the Pioneer and Veterans' Homes.
- Section 12 creates contingent effective dates for Sections 1, 5, & 11, dependant upon the pilot program moving forward.
- Sections 14 & 15 establish the effective dates.

Representative Croft referenced Page 3, Section 5, noting that the original bill recommended that 30% of the beds in the same institution could be used or 21% of the beds in the entire system could be occupied. He asked how that corresponded to the current committee substitute.

Mr. DeWitt explained that the decision was to use veterans currently in those homes, to provide the base number.

Representative Croft understood that currently, there are 95 veterans in the homes, pointing out that there are approximately 100 empty beds.

Co-Chair Mulder interjected that the intent was to retain the same percentage that currently exists. He pointed out that the Pioneers of Alaska do oppose the legislation. The concern was to retain the ability to provide for a "dual track access" to the Pioneer Homes.

JIM DUNCAN, COMMISSIONER, DEPARTMENT OF ADMINISTRATION, responded that it is currently 19%.

Co-Chair Mulder stated that the Senate version provided for 21% veteran beds. He thought that the proposed legislation was more acceptable to the pioneers.

Representative Hudson referenced Page 4, Line 15, and the conversion of the 15-year requirement to 1 year. He asked if that had been an arbitrary selection.

Mr. DeWitt replied that number was from the Administration's original draft.

Representative Hudson asked if one year could provide a good policy. He inquired if there were legal rights toward more than one year, noting that one-year would not be long enough.

Mr. DeWitt reiterated, the language came from the original draft. He advised that the State of Alaska lost the residency Court case for legal rights to more than one year. The option to correct the legislation was not taken, so it must be a one-year residency rule.

Representative Croft pointed out that most of the people on the Pioneer Home wait list are long time residents of the State. He added that for any person to qualify, they would have to live in the State for one year before applying.

Commissioner Duncan outlined the important principles:

- A commitment to the veterans of the State of Alaska;
- Thus the name change is critical; and
- There should be a preference on the number of beds for veterans.

Commissioner Duncan noted that there is a difference between the Administration's approach and the legislative approach. The approach proposed on Page 3, does bring the State to 19% of the funded beds, however, that number would float and change. The Administration recommends that there are 21%. The Administration feels strongly that, in addition to making a commitment to change and a preference, more beds should be opened up for the veterans. He recommended that there be a floating percentage and added that if the Legislature provides the Department more money, they could work with the proposed preference.

Commissioner Duncan requested additional funding to better serve the pioneers of the State to be able to add more beds.

Commissioner Duncan addressed the sunset provision. He noted that the original bill did not have a sunset provision. Having a sunset causes concern for the

Administration. The Administration requests that the legislation pass without the sunset. He maintained that it is appropriate to make a strong commitment to veterans now and in the future. There is an additional change from the Senate version that authorizes the Department of Administration, in consultation with Department of Military & Veterans Affairs, to conduct an Alaskan veterans needs study. The proposed committee substitute does not contain that authority or the money to fund that study. He requested that action be reconsidered.

ADJUTANT GENERAL BG PHIL OATES, COMMISSIONER, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, agreed with the comments of Commissioner Duncan. He added that the committee substitute does take a small and important step, however, it could take a "bigger step". The legislation would open up the opportunity to change federal laws and procedures to start flowing money and benefits to the veterans. He added that the Pioneers Homes is a high quality system. The intent of the legislation is to recognize veterans and then open up the opportunity to the six regional pioneer homes. Commissioner Oates suggested that the State could take a "larger step" by allowing a percentage to float up as the money increases, so to give more beds into that system. He hoped that the test would be successful and would meet the needs of the veterans in the State of Alaska.

Co-Chair Mulder referenced the "study money", indicating that money currently flows through the Legislative Budget and Audit (LBA) Committee. He said that it was his intent to work with that Committee to get the money for the Department of Administration.

Co-Chair Mulder referenced the handout distributed by the Department: "Veterans Residing in the Alaska Pioneers' Home System". (Copy on File). The column labeled LOC references the level of care. The level of care determines how much each person would need to pay. If the person pays out-of-pocket the full load, the remaining federal money would go into "their pocket". Each of the listed 49 are subsidized by the State at some level.

Commissioner Duncan walked members through the chart containing the name, level of care, monthly rate, monthly subsidy, the amount that the VA reimburses, the balance and the added revenue for the State of Alaska. Commissioner Duncan highlighted various participants listed on the chart. It is anticipated that the State would receive increased revenue through the Pioneer Home receipts, however, that idea is not firm. If the State starts to receive Pioneer Home receipts in FY03, the Department of Administration does not have the authorization to expend them. That authorization was not provided in the budget or in the

legislation. It would be subject to action taken by the Legislative Budget and Audit Committee.

Co-Chair Mulder stated that once the agreement is in place, it is anticipated that the Department will be able to receive authority to access those funds through the fast track supplemental.

Commissioner General Oates advised that veterans feel strongly that they have "earned" these benefits rather than that they are "receiving" the benefits. The veterans are willing to use their benefits for their cost of care. He added that the more veterans that there are in the homes, the greater chance there is to bring income into the State.

Representative Hudson assumed that the added revenue that the veterans receive would go dollar for dollar toward their care. He asked if that language was included.

Commissioner Duncan advised that the amount that an individual pays is recorded in statute and is based upon income. Right now, the veterans who pay full cost of care keep their benefits; however, the individuals not paying for the full cost, their benefits are contributed toward the State's system.

Vice-Chair Bunde pointed out that the sheet indicates a continuum between nearly \$6,000 a month to less than \$500 dollars a month subsidy. He asked how that information tracks with the pioneers currently in the Homes.

Commissioner Duncan replied that it would be similar.

Vice-Chair Bunde asked if the veterans tended to be better off with more subsidies than most of the other pioneers.

General Oates replied that would depend on the veteran's rank.

Commissioner Duncan stated that about 50% of the current pioneer residents are on assistance, similar track to the veterans.

Representative Hudson asked if there was any discrimination against the veterans at present time.

Commissioner Duncan replied there is not to his knowledge.

General Oates pointed out that Alaska is the only State that does not have a veterans home. He believed that was because of the size of this State and because of the existing Pioneer Home infrastructure. To build a single veterans home, would cost \$4 million dollars. The State would have to contribute the land, the federal government would provide

\$8 million dollars to build, and the federal government would require the State to fully operate it. That facility would provide approximately 100 beds, located in one area of the State. It would cost about \$8 million dollars to run the facility. Most veterans would have to live away from their families.

Commissioner General Oates commented that there are no other states where the military has had be bigger impact. The State of Alaska has the second largest per capita number of veterans. He emphasized the need for full funding.

Co-Chair Mulder questioned where the reference for \$40 dollars a day came from.

Commissioner Duncan affirmed the number was reasonable. He observed that there are rates for aspects but not the entire match of services. The Pioneer Homes would be providing a different level of care than in veterans' homes in other areas. There would be no skilled nursing. The goal is to have a pilot program and negotiate a rate. The lower end rate is \$24 dollars a day and the higher end rate is \$53 dollars a day. He claimed that the assisted living rate would fall somewhere in the middle of that, thus the \$40 dollar figure.

Co-Chair Mulder questioned if the statutes would need to be changed.

Commissioner Duncan acknowledged that it would be important to change State regulations if the Veterans' Administration was going to move in. The federal level needs to know that the State of Alaska is supportive and committed to the goal for the veterans.

In response to a question by Co-Chair Mulder, Commissioner Duncan explained that the Department's plan is for a demonstration project. He clarified that the intent was not to include a sunset to the program.

Co-Chair Mulder acknowledged that there have been questions regarding the need for statutory change.

Commissioner Duncan replied that the Department has been negotiating with the Veterans' Administration to determine what is essential.

Commissioner General Oates reassured the Committee that there is a federal commitment to solve the situation in Alaska.

Representative Croft observed that the sunset provision of the bill would make it more difficult to negotiate with the federal government with regard to Alaska's effort.

Commissioner Duncan noted that the bill would sunset in three years. He added that the name change and the preference are the tools that the State needs to negotiate with the Veterans' Administration (VA). He urged that the sunset be withdrawn.

Representative Croft asked the criteria used regarding how veteran's homes work in other states.

Commissioner General Oates explained that each would be a "state" veteran's home and that the full responsibility of operating the home would rest on that state.

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Commissioner General Oates continued, the intent is to use existing resources to meet the needs of the veterans that are pioneer eligible. Additionally, it is intended to conduct the study to determine needs, then using a bond process meet those needs. Other states have a single veterans' facility, which meet all the needs.

Representative Hudson pointed out that in the other states, most of the federal up-front costs go into the construction of the homes.

General Oates stressed that the only way to begin a solution, would be to make use of the existing resources.

Representative Croft questioned if there would exist a supplanting problem. He pointed out that in other federal programs it would be considered a "supplanting" problem. The State is requesting federal funds without promising to add any veterans.

General Oates acknowledged that concern and pointed out that the Veterans Administration is looking for new solutions to solve veteran's care concerns. The proposed bill is a step forward in that process.

Co-Chair Mulder believed that the proposal could be an augmentation rather than a supplantation.

Representative Croft pointed out that the committee substitute did not raise the number of beds.

Commissioner Duncan explained that [pioneers] have understood that they would be supplanting some general funds. He questioned if the Department would have the authority to add more beds. Language on Page 3, does not provide the Department the ability to add more beds. He

recommended a "friendly amendment" to Line 29, inserting "funded". That would allow the State to receive more money and have more beds funded.

Co-Chair Mulder noted that he had anticipated that concern. The legal drafters recommend inserting "occupied" beds to address the concern.

Commissioner General Oates understood that the percentage would be what it was at that point in time and not the projected filled spaces.

Co-Chair Mulder questioned why Medicaid funding was not being utilized.

Commissioner Duncan noted that it would require major changes in the Pioneer Home statutes. It would require doing away with the residency requirement and the 65-year-old age requirement.

ED WILLIS, (TESTIFIED VIA TELECONFERENCE), ANCHORAGE, stressed the importance of the legislation to the veterans of the State. He expressed a preference for the Senate version and asked that the committee substitute be amended to fund the beds and remove the sunset provision. He noted the number of veterans that live in the Eagle River area.

GORDON SEVERSON, (TESTIFIED VIA TELECONFERENCE), ANCHORAGE, endorsed the comments made by Mr. Willis in support of funding for additional beds. He thought that the proposed committee substitute would maintain the status quo. He spoke against the sunset provision. He thought that the VA would be influenced to do more if the State of Alaska indicated that more beds would be opened for veterans and pioneers. Mr. Severson emphasized that additional beds would help both groups.

STAN NELSON, (TESTIFIED VIA TELECONFERENCE), ANCHORAGE, agreed with testimony given by the previous speakers. He spoke against the sunset provision and pointed out that it would take at least a year to gather statistics. He did not think that the three-year sunset was sufficient.

MONTAFAY LANE, (TESTIFIED VIA TELECONFERENCE), PRESIDENT, ALASKA ASSISTED LIVING HOME ASSOCIATION, NORTH POLE, asked if disabled veterans could live in the Pioneer Home. She questioned the definition of the "quality of care" and "comprehensive care".

ALISON ELGEE, DEPUTY COMMISSIONER, DEPARTMENT OF ADMINISTRATION, observed that skilled nursing is not provided at the Pioneer Homes. If the veteran does not need invasive procedures such as feeding tubes, they could be

cared for in assisted living, which is available at the Pioneer Homes. The level of care would have to be assessed.

Ms. Lane asked if that would fall under the comprehensive or enhanced care classification.

Ms. Elgee replied that determination would be made once there was a full assessment of each individual.

Co-Chair Mulder asked if Ms. Lane had any recommendations for the legislation before the Committee.

Ms. Lane asked to see that the definition for the Pioneer Home is the same definition of care given for an assisted living home. She urged that everyone be on the "same sheet of paper".

Co-Chair Mulder advised that in Section 4, an amendment had been made which provides that the level of care be the same.

Ms. Lane pointed out that under SB 73, assisted living homes received a rate increase of \$70 dollars a day for GR indigent care. She asked if that amount were cut by 60%, would the Pioneer Homes also receive the cut.

Representative Hudson recommended that Ms. Lane outline her concerns and submit them to the Committee.

Ms. Lane offered to provide that information.

PAT CAROTHERS, CHAIR, ALASKA VETERANS ADVISORY COUNCIL (AVAC), JUNEAU, agreed with the reduction of personnel on the Council and agreed with the change of membership.

Co-Chair Mulder asked if there was a qualitative difference between 11 or 13 members.

Mr. Carothers replied that many of the private sector members are out fishing at the time the meetings happen so the reduced number would be more workable.

Co-Chair Mulder MOVED to ADOPT Amendment 1, Page 3, Line 29, insert "occupied" before "beds". There being NO OBJECTION, it was adopted.

Representative Croft MOVED to ADOPT a conceptual Amendment 2, which would delete the sunset date. He spoke in support of the amendment.

Co-Chair Mulder OBJECTED. He thought that the three-year window would be sufficient and would allow the program to go away if the federal support was not forthcoming.

A roll call vote was taken on the motion.

IN FAVOR: Croft, Foster
OPPOSED: Lancaster, Whitaker, Bunde, Harris, Hudson,
Williams, Mulder

Representative J. Davies and Representative Moses were not present for the vote.

The MOTION FAILED (2-7).

LESLIE OREBAUGH, (TESTIFIED VIA TELECONFERENCE), SECRETARY, ASSISTED LIVING ASSOCIATION FOR ALASKA, questioned if the name change should be made permanent while the program is a pilot program. Ms. Orebaugh agreed that the legislation should contain a sunset provision.

Representative Hudson MOVED to report HCS CS SB 2001 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HCS CS SB 2001 (FIN) was reported out of Committee with a "do pass" recommendation and a new zero note by the House Finance Committee.

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ADJOURNMENT

The meeting was adjourned at 6:07 P.M.