

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

February 25, 2004

1:35 p.m.

TAPE (S) 04-8&9

MEMBERS PRESENT

Senator Fred Dyson, Chair
Senator Lyda Green, Vice Chair
Senator Gary Wilken
Senator Gretchen Guess

MEMBERS ABSENT

Senator Bettye Davis

COMMITTEE CALENDAR

SENATE CONCURRENT RESOLUTION NO. 19

Relating to the support of fisheries education, training, and research and encouraging collaborative efforts between the state, the University of Alaska, and other educational institutions to provide fisheries education programs.

MOVED SCR 19 OUT OF COMMITTEE

SENATE BILL NO. 274

"An Act relating to the housing assistance loan fund in the Alaska Housing Finance Corporation; creating the housing assistance loan program; repealing loans for teacher housing and providing for loans for multi-family housing; making conforming amendments; and providing for an effective date."

MOVED SB 274 OUT OF COMMITTEE

SENATE BILL NO. 239

"An Act relating to the required number of days in a school year."

MOVED CSSB 239(HES) OUT OF COMMITTEE

SENATE BILL NO. 301

"An Act relating to the Alaska Pioneers' Home, and the Alaska Veterans' Home; relating to eligibility for admission to the Alaska Pioneers' Home and Alaska Veterans' Home; relating to state Veterans' Home facilities; making conforming amendments; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SCR 19

SHORT TITLE: SUPPORTING FISHERIES EDUCATION

SPONSOR(s): SENATOR(s) STEVENS G BY REQUEST OF SALMON INDUSTRY
TASK FORCE

01/23/04 (S) READ THE FIRST TIME - REFERRALS
01/23/04 (S) HES
02/25/04 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 274

SHORT TITLE: HOUSING PROGRAMS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/23/04 (S) READ THE FIRST TIME - REFERRALS
01/23/04 (S) HES, FIN
02/20/04 (S) HES AT 1:30 PM BUTROVICH 205
02/20/04 (S) -- Meeting Canceled --
02/25/04 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 239

SHORT TITLE: LENGTH OF SCHOOL TERM

SPONSOR(s): SENATOR(s) DYSON

01/12/04 (S) PREFILE RELEASED 1/2/04
01/12/04 (S) READ THE FIRST TIME - REFERRALS
01/12/04 (S) HES
02/04/04 (S) HES AT 1:30 PM BUTROVICH 205
02/04/04 (S) Heard & Held
02/04/04 (S) MINUTE(HES)
02/20/04 (S) HES AT 1:30 PM BUTROVICH 205
02/20/04 (S) -- Meeting Canceled --
02/23/04 (S) HES AT 2:30 PM BUTROVICH 205
02/23/04 (S) Heard & Held
02/23/04 (S) MINUTE(HES)
02/25/04 (S) HES AT 1:30 PM BUTROVICH 205

BILL: SB 301

SHORT TITLE: PIONEERS' HOMES/VETERANS' HOMES

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

02/06/04 (S) READ THE FIRST TIME - REFERRALS
02/06/04 (S) HES, FIN
02/20/04 (S) HES AT 1:30 PM BUTROVICH 205
02/20/04 (S) -- Meeting Canceled --

02/25/04

(S)

HES AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Cheryl Sutton

Staff to Senator Ben Stevens

Alaska State Capitol

Juneau, AK 99801-1182

POSITION STATEMENT: Introduced SCR 19 for Senator Gary Stevens,
sponsor

Bryan Butcher

Legislative Liaison

Alaska Housing Finance Corporation

4300 Boniface

Anchorage, Alaska

POSITION STATEMENT: Introduced SB 274

Joe Dubler

Director of Finance

Alaska Housing Finance Corporation

4300 Boniface

Anchorage, Alaska

POSITION STATEMENT: Answered questions on SB 274

Denny DeWitt

Special Staff Assistant to Governor Murkowski

Alaska State Capitol

Juneau, AK 99801-1182

POSITION STATEMENT: Introduced SB 301

Gerald J. Dorsher

Veterans of Foreign Wars - Lifetime Member

P.O. Box 240003

Douglas, AK 99824-0003

POSITION STATEMENT: Testified in support of SB 301

John E Wilkins Jr.

Disabled American Veterans

8531 Steep Place

Juneau, AK 99801

POSITION STATEMENT: Testified in support of SB 301

Merrill J. Hakala

Fairbanks, AK

POSITION STATEMENT: Testified via teleconference in opposition
to SB 301

Mike Race
Pioneers of Alaska
1669 Evergreen
Juneau, AK 99801
POSITION STATEMENT: Commented on SB 301

Chip Wagoner
Pioneers of Alaska
3254 Pioneer Avenue
Juneau, AK 99801
POSITION STATEMENT: Made suggestions on SB 301

Marie Darlin
AARP
Juneau, AK 99801
POSITION STATEMENT: Testified on SB 301

Bill Church
Wasilla, AK 99687
POSITION STATEMENT: Opposed SB 301

George h. Husermann
Anchorage, AK 99513
POSITION STATEMENT: Supported SB 301

Ed Knoebel
P.O. Box 84
Glennallen, AK 99588
POSITION STATEMENT: Provisional support of SB 301

Don Dinkel
HC 31 Box 5193
Mat-Su, AK
POSITION STATEMENT: Expressed concerns about SB 301

W.T. Maner
Soldotna, AK
POSITION STATEMENT: Supported SB 301

Leon Bertram
Anchorage, AK 99513
POSITION STATEMENT: Supported SB 301

HARRY JENKINS
Fairbanks, Alaska 99707
POSITION STATEMENT: Testified on SB 301

Arleen McCarver
Palmer, AK 99645
POSITION STATEMENT: Testified on SB 301

Charlie Huggins
Anchorage, AK 99513
POSITION STATEMENT: Supported SB 301

Jim Van Horn
Ketchikan, AK 99901
POSITION STATEMENT: Supported SB 301

Robert Mielke
Palmer, AK 99645
POSITION STATEMENT: Opposed SB 301

Art Robinson
Palmer, AK 99901
POSITION STATEMENT: Supported SB 301

Dixie Goldsmith
Wasilla, AK 99687
POSITION STATEMENT: Testified on SB 301

Colleen Cottle
Wasilla, AK 99654
POSITION STATEMENT: Testified on SB 301

ACTION NARRATIVE

TAPE 04-8, SIDE A

CHAIR FRED DYSON called the Senate Health, Education and Social Services Standing Committee meeting to order at 1:35 p.m. Present were Senators Guess, Green, Wilken and Chair Dyson. Senator Davis was on extended leave due to the death of her husband.

SCR 19-SUPPORTING FISHERIES EDUCATION

CHAIR DYSON announced the first order of business to be SCR 19.

CHERYL SUTTON, staff to Senator Ben Stevens and the joint legislative Salmon Industry Task Force, explained that Senator Gary Stevens sponsored the resolution in concert with the task force. It emphasizes the importance of fisheries education,

training and research. As a long-term solution to revitalizing the fishing industry, it recommends that educators in the state collaborate to provide fisheries education programs

There were no questions.

CHAIR DYSON asked for the will of the committee.

SENATOR GARY WILKEN motioned to report SCR 19 from committee with individual recommendations. There being no objection, it was so ordered.

SB 274-HOUSING PROGRAMS

CHAIR FRED DYSON announced SB 274 to be up for consideration.

BRYAN BUTCHER, legislative liaison for the Alaska Housing Finance Corporation, introduced himself and Joe Dubler, chief financial officer.

MR. BUTCHER explained that SB 274 would make two changes to the rural loan program. The first change is to shift from a revolving loan fund to a conventional loan program. The revolving loan fund represents about one third of the equity of the corporation and the corporation isn't able to leverage those funds.

CHAIR DYSON asked if leverage means borrow against those funds.

JOE DUBLER, director of finance, Alaska Housing Finance Corporation, elaborated that this change would allow the corporation to sell bonds to leverage the \$550 million in mortgage loans that are currently in the revolving loan program. As previously stated, the revolving fund represents about one-third of the corporation's net income and the corporation pays the State an annual dividend that exceeds its net income. The amount that's in the revolving loan fund may not be accessed for dividend payments and they can foresee that as liquid assets decline, continuing to pay the dividend could become a problem.

CHAIR DYSON advised that the Health Education and Social Services Committee should be concerned as to whether or not the bill would impact the ability of the organization to continue to be of service to Alaskans. The Finance Committee would address the financial implications.

MR. DUBLER replied that the impact to rural housing would be that if the bill doesn't pass the program would shut down until the revolving fund is able to repay about \$65 million to the corporation's general account. "On a month to month basis, we make about \$10 million in loans, but we only receive about \$6 million in collections," he said. The consequence is that when funds become unavailable the program would have to shut down each month until the collection cycle the following month.

CHAIR DYSON asked him to explain the kind of housing this bill addresses.

MR. DUBLER replied this is housing in both rural Alaska, which includes places such as Shaktoolik and less rural locations that are defined as rural because they are a given number of miles from a road system. The latter includes communities on the Kenai Peninsula and some in Southeast Alaska.

CHAIR DYSON asked if the bill applies just to teachers and something about multifamily housing.

MR. DUBLER said that's the second aspect of the bill and has to do with the rural multi family loan program. A bill passed two years ago changing the rural multi family loan program to the rural teacher housing loan program. In rural Alaska if you were to purchase a multiple unit dwelling through this program, every unit would have to be occupied by a certified teacher. It's sufficiently difficult to meet that requirement that the program hasn't awarded even one loan since the law passed. Previously, two to three percent of the entire rural program was multi family. The proposed change would make it possible for anybody, including the owner, from any profession to occupy the multi family units.

SENATOR WILKEN noted that the reason the program was tightened up two years ago is that in rural Alaska there were people building large multi family units when the program really wasn't intended for that. Referring to page 5, line 5 he said there didn't appear to be any size limitation so the same problem could occur again.

MR. DUBLER said that SB 181 passed two years ago and it placed a \$250,000 cap on any benefit to the program and anything in excess of that amount would be administered under the normal multi family loan program. That wouldn't change with this bill.

SENATOR WILKEN restated that up to \$25,000 is subsidized and normal lending practices would apply to anything above that.

MR. DUBLER said yes.

There were no further questions or comments.

CHAIR DYSON asked for the will of the committee.

SENATOR LYDA GREEN motioned to report SB 274 and attached fiscal notes from committee with individual recommendations. There being no objection, it was so ordered.

1:49 pm

CHAIR DYSON called a brief at ease at 1:49 pm.

SB 239-LENGTH OF SCHOOL TERM

CHAIR FRED DYSON announced SB 239 was the next order of business and asked whether there was objection to the \ D version committee substitute being the working document. There was no objection.

CHAIR DYSON stated that the \D version was before the committee and asked for the will of the committee.

SENATOR GRETCHEN GUESS motioned to report CSSB 239(HES) from committee with individual recommendations. There being no objection, it was so ordered.

SB 301-PIONEERS' HOMES/VETERANS' HOMES

CHAIR FRED DYSON announced the committee would consider SB 301. He advised that there were two proposed amendments to the bill. He wanted all testifiers to understand the proposed changes so that they could address them. At the end of the public testimony, the amendments would be voted up or down. He would then hold the bill in committee until the next meeting at which time a committee substitute (CS) would be available for consideration.

DENNY DeWITT, special staff assistant to Governor Murkowski, introduced himself and John Vowell, director of the Division of Pioneers' Homes. He noted that creating a Veterans' Home in Alaska is a long-standing issue. SB 301 would allow a Pioneers' Home to be converted to a Veteran's Home. The VA guidelines

provide 79 beds in Alaska and with the proposal to convert the Palmer Pioneers' Home they would extend that to the full 82 beds that are currently in that facility. Converting a Pioneers' Home to a Veteran's Home and the access to the other benefits will assist the long-term viability of the entire system, he said.

He pointed to an aerial photograph of the Palmer Pioneers' Home and explained that it is a licensed assisted living complex that offers services from residential level to fairly intense care just short of a licensed skilled nursing facility.

CHAIR DYSON asked Mr. DeWitt if he had amendments to propose.

MR. DeWITT said they agree with several of the amendments that have been brought forward.

SENATOR LYDA GREEN chimed in to say she had the amendments and would introduce them.

CHAIR DYSON said he would also like to hear her comments on the amendments. He asked whether the amendments were available at the various LIOs.

JASON HOOLEY, staff to Chair Dyson, informed him that the amendments had been distributed.

CHAIR DYSON encouraged everyone to comment on the amendments when they gave testimony and restated that the amendments wouldn't be adopted until after all testimony had been given.

SENATOR GRETCHEN GUESS referred to page 8, Section 16 (b) and expressed a concern that just cash income is discussed. Someone might have a third party payer or have some other type of payment for services received and that isn't addressed.

MR. DeWITT read about conditions of payment from page 10, lines 1-4 and told her he would get back to her about the section that covers general payments prior to qualifying to receive the assistance. With regard to that, two things could happen. If you were paying toward your care, you could receive the money then make payment to the home or you could have payment go directly to the home.

SENATOR GUESS thanked him and said it just wasn't clear when she read the section.

MR. DeWITT questioned whether her concern was that the home not be able to collect from the individual, in total, more than the amount that is billed for monthly charges.

SENATOR GUESS said that's correct. She then asked about page 8, line 3 (e) and questioned whether there was a reason that the activities in the section aren't controlled to be something that works within this facility or a similar facility. "In this section you could put a daycare in the center, which may be a good thing and may be a bad thing. It's open and did you include it open for a reason?" she questioned.

MR. DeWITT informed her there is a daycare in the Juneau Pioneers' Home, but they specifically kept it generic so that they have opportunity to take advantage of various options. The Sitka Pioneers' Home has a dwindling population and waiting list and this would provide the opportunity to talk to other healthcare providers in the area that might be able to make use of floors that they are unable use.

SENATOR GUESS asked, "You're not worried that we don't put consistent with the activities of the home in the statute?"

MR. DeWITT said he would think about that.

CHAIR DYSON asked Senator Green to move her amendments.

SENATOR GREEN moved **Amendment 1**:

Page 6, line 28

Delete: "may"

Insert: "shall"

In explanation she read:

This will maintain the requirement that the State operate the Pioneers' Home rather than making it optional. If we were ever to discontinue the Pioneers' Home it should be as a result of legislative policy discussion not simply some future administrative decision.

SENATOR GUESS objected to make it procedurally correct to hold the amendments.

SENATOR GREEN moved **Amendment 2**:

Page6, line 31 following "social services."

Insert: "The only home that may be converted to a Veterans' Home is the Pioneers' Home located in Palmer."

In explanation she said that has been the whole discussion and the current language is vague and led some to question whether this isn't a change of all Pioneers' Homes. "We want people to know this was intended to be a combination Pioneers'/Veterans' Home in Palmer," she said.

SENATOR GUESS said she would maintain her objection until the end of the meeting.

SENATOR GREEN moved **Amendment 3**:

Page 8, line 4

Delete: "or the sale"

SENATOR GREEN moved **Amendment 4**:

Page 12, line 19 & 20

Delete: "with 181 days or more of"

Insert: "from"

CHAIR DYSON asked whether there was objection.

SENATOR GUESS objected until the end of the meeting.

CHAIR DYSON asked Mr. DeWitt to comment.

MR. DeWITT stated: "The administration is prepared to support all the amendments Senator Green offers."

SENATOR GUESS asked for verification that amendment 4 wouldn't impact federal funds.

MR. DeWITT explained that this language came from Alaska statute, but the federal program doesn't require it. The federal program simply requires the person to be a veteran and the common definition for that is someone who has been honorably discharged.

2:04 pm

CHAIR DYSON announced he was opening public testimony.

GERALD J. DORSHER, lifetime member of Veterans of Foreign Wars, gave some background on the issue and spoke in support of SB 301.

CHAIR DYSON asked whether he had any comments on the amendments.

MR. DORSHER replied he didn't have any comments at this point.

JOHN E WILKINS JR., representing the Disabled American Veterans (DAV), testified that the organization is backing the bill as presented. He would have no comment on the amendments until the DAV had the opportunity to review them thoroughly.

MERRILL J. HAKALA testified via teleconference from Fairbanks to say he is 100 percent opposed to converting the Palmer Pioneers' Home to a Veterans' Home. He suggested adding a veterans' wing to the Palmer Pioneers' Home as well as all others. He had no comment on the amendments.

MIKE RACE testified as president of the Pioneers of Alaska. He noted that the issue is divisive, but no one should interpret that to mean that pioneers are against veterans or vice versa. "We are, in fact, the same group," he said.

The Pioneers of Alaska are charged with protecting and preserving history and dropping reference to the various locations of the homes would be contrary to this responsibility. He pointed out that in the 1930s the Territorial Legislature traveled to the Sitka Pioneers' Home to make sure that the people were being cared for properly. In conclusion he said, "I just want to suggest that you keep that spirit - that this aspect of the history and the protection of the people - veterans and seniors in general are in your hands."

CHIP WAGONER introduced himself as a lobbyist for the Pioneers of Alaska. He read the following into the record:

The Pioneers of Alaska was established in 1907 and is an organization of nearly 7,000 Alaskans, each of whom has been a resident of the state for 30 or more years. The organization has both veteran and non-veteran members. The pioneers have been longtime users and supporters of the Alaska Pioneers' Home system.

Plans are underway to convert the Palmer Pioneers' Home to a Pioneers' and Veterans' Home with 75 percent of the 82 beds in the facility being reserved for

veteran pioneers. The above-referenced bills would give the Department of Health and Social Services the statutory authority to operate Veterans' Homes within the Pioneers' Home system thereby allowing the conversion to take place.

The Pioneers of Alaska supports enabling pioneers, both veteran and non-veteran, to remain in their home communities through a comprehensive array of services including the services available at the state's Pioneers' Homes. We would prefer that the state continue its efforts to enable the state to receive per diem reimbursement from the U.S. Veterans Administration for services provided to veterans in all of the Pioneers' Home facilities. Indeed, according to the Alaska State Veterans' Home Feasibility Study prepared for the Legislative Budget and Audit Committee in July 2003 by the McDowell Group "A large majority of Alaska veterans - approximately 80 percent - would be reluctant to leave their home communities to obtain long-term care."

While we believe that the administration should continue efforts to obtain VA per diem to enable veterans to stay in, or closer to, their home communities, we are not advocating a delay of the bill before you today until that battle is resolved.

The current bill does provide benefits and needed changes to help the Pioneers' Home system continue in these tough fiscal times. These include a 65 percent federal match rate for capital projects at a Pioneers' Home that is certified as a veterans' facility, the ability to Medicaid dollars to help all of the Pioneers' Home facilities.

MR. WAGONER pointed out that a number of the specific concerns they have with the bill were addressed in Senator Green's amendments.

CHAIR DYSON asked whether he agreed with all four amendments that Senator Green proposed.

MR. WAGONER clarified that he couldn't speak to the last amendment that changes the definition of a veteran, but the pioneers do support the other three amendments.

The pioneers understand the need to bring in additional revenue but, he said, "We are concerned that the vacancies in the beds or in the space is the result of true lack of demand as opposed to management decisions that created the vacancies."

He noted that Section 25(a) needed additional attention but it did not need to be eliminated as the administration suggested. They propose removing "for thirty years" from the provision.

CHAIR DYSON asked whether he had draft amendment language for that change.

MR. WAGONER said he did not, but he could do so. He made the point that, "Probably the most controversial part of this entire bill, of course, is that you're taking a Pioneers' Home and you're turning it into a Veterans' Home and the goal was to try to also enable this home to serve those people who are non-veterans...So the people in the Palmer community and Mat-Su community could still have a place to go within the state system."

2:20 pm

They understand that the goal is to designate 75 percent of the beds for veterans and 25 percent to people on the active list. If this is the case, they suggest designating 25 percent of the beds to non-veterans so that spouses could be accommodated. He said, "We are open to suggestions in drafting appropriate language that will enable our state to move forward on the VA certification of this project, but in a manner that addresses this legitimate concern."

Another point of concern related to accommodating home residents who need to move to a higher level of care without moving them to another facility. Nothing in the statute addressed that issue, he said.

TAPE 04-8, SIDE B

SENATOR GREEN asked if there was anything currently in statute that addresses that issue.

MR. WAGONER replied he wasn't aware of anything, but there might be something in regulation.

SENATOR GREEN asked if he'd ever heard of anyone being moved under those circumstances.

MR. WAGONER said he had not.

SENATOR GREEN pressed him for what would lead him to believe that would happen.

MR. WAGONER acknowledged there was no concrete instance that would lead him to believe that would happen, but when evaluating the legislation it was a concern that arose so he wanted to bring it to the committee's attention.

CHAIR DYSON announced that he would address questions to the administration when Mr. Wagoner was finished with his testimony.

MR. WAGONER advised that the last point of concern related to the point that Senator Guess raised earlier. Pioneers must provide income to help pay for the bed if they have income in excess of \$100 per month. There's also a provision in the same AS 47.55.020(b) subsection that provides that, "a resident without any funds, may be provided with \$100 per month by the department." The reason for the provisions is to provide dignity to those without funds of their own. They suggest that the provisions be amended to account for inflation and they believe \$200 to be a more reasonable amount.

SENATOR GREEN asked what he was referring to when he mentioned Medicaid in his testimony.

MR. WAGONER explained, "My understanding is there are two provisions in this bill that would allow them to access Medicaid dollars that they can not right now. The first one is the provision where there is a current prohibition of the department seeking public assistance funds because it was considered a public institution."

SENATOR GREEN asked whether that was Section 13.

MR. WAGONER replied that was part of it and the rest was in Section 12. Referencing Section 16 he said: "There is a related section that can require residents of the home to have to apply for public assistance in order to reach some of these Medicaid dollars...." Together he understands those to enable the state to obtain Medicaid and other sources of revenue that would help pay for the homes.

CHAIR DYSON asked Mr. DeWitt if he had any comments.

MR. DeWITT elaborated on the issues that were raised that cause the administration concern:

First, the section that we were suggesting to eliminate that allows waivers for individuals who were here for thirty years and left the state: The thirty years does give us a constitutional problem as we all know. And there is the other technical change relative to whether it is sited in the Department of Administration or [Department of] Health and Social Services. This becomes a very difficult public policy. The one side of it is that side presented by Mr. Wagoner, which is just to resolve the constitutional concern and then provide the opportunity for those who have been residents of Alaska for a number of years.

The other side of that change, however, creates a situation where someone can come to Alaska for one year, go outside and then has every right to be reconsidered on the list - so long as they had spent that one year here and put their name on the list. So initially it seemed appealing, I'm concerned that it opens a gate that we really don't want open - and frankly we don't have a good answer. It may well be that the most judicious thing to do is rather than doing unintended good, is to take the repeal of that section out of the statute and wait until the courts direct us specifically to do something with it.

The second issue that was raised by Mr. Wagoner - the pioneers - that troubles us is the notion that 25 percent of the beds should be reserved for someone who is not a veteran. The Veterans Administration has indicated to us that that would probably cause us problems in terms of securing veterans' benefits. Particularly in the context that they would be providing funds to upgrade the home. They would be in a very difficult position to provide funds to upgrade beds, which were precluded from use by veterans.

...So while I understand the concern, the administration would have great problems - great discomfort - with a policy that were someone otherwise eligible for a benefit, the fact that they were a veteran would deny that benefit to them. In terms of addressing that issue, however, because we would be filling the greater portion of the facility with

veterans and we'll be using the same list for Pioneers' Home entrance for those 20 beds as we're using now, it is incredibly likely that those people that would be on the list to enter the Palmer Home as a pioneer would not be a veteran - that the veterans would already have been addressed and that non-veterans would up the list. So I think it is probably implicit in the process that that will happen, but any way you draft language ends up in a position of creating a public policy, which we would have great trouble with.

The third issue was giving folks, internally, first option. We have practiced, since 1913, a policy - and we have internal policies in our policy and procedure manual - that says that once a person enters the Pioneers' Home, they can stay there until they die or until they get to a point where we don't have a capacity to provide care for them - and we can provide care for fairly intensive needs, particularly in the area of dementia. We always work within the system first. Folks that are in the Ketchikan home, for example, who have preference to be in the Juneau home have an opportunity to move to the Juneau home before someone is invited in off the waiting list. We would imagine - we intend that that be the same process within the Veterans' Home. ... We don't think that would be a particularly good thing to have in statute.

In terms of the increase in the \$100 allotment that's provided for those who are indigent, I'd like to put that into just a little bit of context for you. We are currently providing a service at the very lowest level - \$4,634 a month to those individuals plus the \$100. At the higher comprehensive care level we are providing \$11,988 a month worth of state benefits to that individual. So the notion that the value to the individual has stayed static since the 1980s I think is not particularly consistent and I think you have to look at it in the context of the full benefit that we are providing.

SENATOR GUESS asked if it was correct that changes can't be made to reflect the intent of providing some beds for pioneers and absolute numbers can't be placed in the bill because that would jeopardize federal funds.

MR. DeWITT said you could put those in the bill, but the Veterans Administration contract requires that 75 percent of the beds be designated for veterans and the other 25 percent may be designated for others. "There is legislation and there are regulations discussing that issue which may change those," he said, but there are no commitments. "The part that would concern us is if the statute, somehow, precluded veterans from being in those beds. At that point in time, yes, we would be jeopardized."

2:35 pm

SENATOR GUESS needed further clarification and asked: "The intent is 75 percent have to go to veterans right now - 25 percent does not necessarily have to go to veterans so we have some room so we can accommodate pioneers and veterans."

MR. DeWITT agreed.

SENATOR GUESS asked if it was correct that the administration doesn't want to put that in statute because there might be a change at the federal level.

MR. DeWITT said that's correct, "We will have policies in place that will articulate the federal regulations. If the federal regulations change to increase it from, let's say, 75 percent to 80 percent, which I'm suggesting that is not the way it might go - we I think would have some discussion about whether we might continue our participation. On the other hand, if it were to go from 75 percent to 65 percent, that might be something we would want to take advantage of off into the future."

SENATOR GUESS then asked how the federal government determines how many beds they would pay for.

MR. DeWITT said there is a formula that the Veterans Administration uses based on the number of veterans in the state. It comes out to 79 beds, he said, but the VA is prepared to give a waiver from 79 to the 82 beds currently at the Palmer facility.

SENATOR GUESS remarked that if the number of veterans in the state were to increase, then the allocation would go up. In that case, by the 2010 transition it's quite possible that all residents of the Palmer home would have to be veterans and there would be no space for pioneers.

MR. DeWITT said that's not how it would work. According to the current calculations, 79 veterans home beds would be available. The 75/25 ratio works off that number. As stated, the VA waived the number to 82, which means that 62 beds must be for veterans. "So, if we filled all of those with veterans, unless the population changed and the formula changed, we'd still be at the 82 number," he said.

SENATOR GUESS stressed, "That 82 will increase and so then the 75 will increase."

MR. DeWITT said yes. He then said he wanted to make it very clear that: "It is our intent to use the Pioneers' Home list to fill the 20 beds that would not be reserved for veterans."

There were no further questions for Mr. DeWitt.

MARIE DARLIN stated that she didn't need to testify because all her concerns were addressed in the amendments.

2:42 pm

CHAIR DYSON said he sensed support for the bill in the committee so it was likely that it would pass. He advised bill supporters that he wanted to hear from them, but to keep in mind that lengthy testimony would slow progress. He continued to say that anyone that had a suggestion or specific objection should certainly make his or her thoughts known so the bill could be improved as much as possible.

BILL CHUCH testified via teleconference to say he is a veteran and he can see both sides of the issue. Veterans deserve a safe place to live when they can't take care of themselves, but that is already available to them in the form of the Pioneers' Home system. He referred to the feasibility study conducted by the McDowell Group in 2003 for the Legislative Budget and Audit Committee to point out why the Palmer Pioneers' Home shouldn't be changed to become a Veterans' Home. He suggested the state investigate purchase of the hospital in Palmer to convert to a Veterans' Home.

CHAIR DYSON asked that remarks be kept to two minutes.

GEORGE H. HUSERMANN testified via teleconference from Anchorage as a senior services officer with the Disabled American Veterans. Veterans deserve a Veterans' Home, he said, and Palmer is the only viable way to go.

ED KNOEBEL testified via teleconference from Glennallen as a veteran and a senior. Converting the Palmer Pioneers' Home to a Veterans' Home is a starter, but he had some questions. His questions related to the 65-year age limit, how Social Security medical benefit recipients would be affected, and "whether a raid from the VA would make a difference."

CHAIR DYSON said they would answer the questions if they got the chance.

DON DINKEL testified via teleconference from Mat-Su as a pioneer and a veteran to express concern about converting the Palmer Pioneers' Home to a Veterans' Home because it could ultimately become just a Veterans' Home. He urged the state to negotiate with the VA to allow veterans to go into all Pioneers' Home.

JIM OEHRING testified via teleconference from Fairbanks. He made the point that most men in the Pioneers' Homes were veterans, but most of the women were not and he couldn't see that this change would actually benefit veterans. He had several questions about the cost and about the definition of veteran.

W.T. MANER testified via teleconference from Kenai as a veteran. He preferred adding a veterans' wing to each of the Pioneers' Homes, but he wasn't sure that would be feasible at this time. It's time to get our foot in the door somewhere in Alaska, he said, "so I'm in agreement with this bill."

LEON BERTRAM testified via teleconference from Anchorage as a services officer with the American Legion. The organization is pleased that the bill is moving forward and they support the amendments.

Page 9, line 18 relates to benefits paid under 38 U.S.C. 1110 and it would represent a lost opportunity for collection. Veteran benefits should be available for collection by the state Veterans' Home, he said.

HARRY JENKINS testified via teleconference from Fairbanks to say that the only thing that bothers him is that legislators wait too long before asking for public opinion and they do what they want to do anyway.

ARLEEN McCARVER testified via teleconference from Mat-Su. She seconded the suggestion to use the Valley Hospital in Palmer

instead. Veterans gave their lives for us so we should consider them, she said.

BOB HUFMAN testified via teleconference from Anchorage and said he was satisfied with the amendments.

RUBY CHURCH testified via teleconference from Mat-Su to say that criminals are treated better than some old people. "I wish you'd consider this and vote no," she concluded.

CHARLIE HUGGINS testified via teleconference from Anchorage to say that some of the things he heard during the walk-through of the Valley Hospital made him question whether the VA believes that facility could be converted. He saluted Senator Green for her efforts to defend the pioneers and to make sure there were modifications to accommodate both veterans and pioneers in the conversion. This is the right thing to do and the timing is right.

SENATOR GREEN wanted to make sure everyone in the room understood that he was talking about the walk through of the Valley Hospital when he said the VA found the facility unusable. She asked him to repeat that portion of his testimony.

MR. HUGGINS said he listened to a Veterans Administration representative who walked through the Valley Hospital and he said that the old Valley Hospital site was "not convertible, not cost effective for a Veterans' Home in the valley."

JIM VAN HORN, state commander for the American Legion, testified via teleconference from Ketchikan. He reported that he toured the Palmer facility and supported converting it to a Pioneers'/Veterans' Home. He noted that this has been an outstanding issue for 20 years. Alaska has 71,000 veterans in the state, which is more per capita than any other state, yet it is the only state that does not have a Veterans' Home. He urged the committee to pass the bill.

ROBERT MIELKE testified via teleconference from Mat-Su as a veteran with a medical discharge. He emphatically stated that he would not like to see the VA take over administration of any Pioneers' Home. He suggested that a separate facility for veterans would be a better alternative than taking the Pioneers' Homes away from Alaskans.

ART ROBINSON testified via teleconference from Anchorage as a veteran that supported the conversion.

DIXIE GOLDSMITH testified via teleconference from Mat-Su. Her father is a disabled veteran and she has worked at the Palmer Pioneers' Home so she can see both sides of the issue. She opined that veterans should be included in all Pioneers' Homes.

TAPE 04-9, SIDE A
3:05 pm

COLLEEN COTTLE testified via teleconference from Mat-Su to say she is a third generation Alaskan and three of her family members have resided at the Palmer Pioneers' Home. She said, "I think turning the Palmer Pioneers' Home into strictly a Veterans' Home is not a good thing. It is better to have veterans in all the homes so they will be close to their family. And I still think the old Valley Hospital would be a good Veterans' Home."

There was no further testimony.

CHAIR DYSON called an at-ease from 3:12 pm to 3:13 pm.

CHAIR DYSON recognized Senator Guess.

SENATOR GUESS thanked the Chair for being clear in his intent but she didn't understand why that intent couldn't be included in the bill.

MR. DeWITT expressed confusion.

SENATOR GUESS clarified that she was referring to occupancy and percentages.

MR. DeWITT replied, "I think we could probably craft some intent language and I'd be happy to work with you on that. ... I think an intent section, non-codified, might get us there, but I'd have to work on that a little bit."

SENATOR GUESS thought it would smooth some rough edges. She then referred to language on page 6, line 30 and asked whether the bill excludes building wings on current facilities or building a separate building. Her reading is that this does not exclude that option if it were to become financially feasible at some point in the future.

MR. DeWITT agreed with that interpretation, but warned that the difficulty isn't with the construction, although that is an

economic consideration; rather it's a managerial issue. A separate wing would have to be operated very much like a mini home and the beds, rooms and areas would be specifically designated as veteran or non-veteran. The areas would remain geographically constant so moving residents from one area to another wouldn't be possible. "We looked at that issue as did the report given to the LB&A committee and the VA looked at it and everyone has come to the conclusion that it's a managerial issue and an operational issue that functions extremely poorly and that's been the reason that we have not wanted to go there," he concluded.

SENATOR GUESS said she appreciated the clarification. If policy changed at the VA or if there was an identified need to have a separate veterans' facility in the state in the future would this preclude that from happening, she questioned.

MR. DeWITT said it would not; it's a matter of appropriation at some point in time.

SENATOR GUESS asked about disabled veterans that are under 65 and whether they would be excluded.

MR. DeWITT said it's handled differently in different states, but the administration choose age 65 because "they intend to operate the Veterans' Home and the Palmer Home, which will be a combination of veterans' and traditional pioneers on the model of pioneers. The services that we offer are geared towards a geriatric population. They simply are not appropriate for a younger population. This is not the whole answer that will solve all veterans' concerns. It is a significant step forward and it's one that is, in fact, doable in a reasonable timeframe. The other issues we're going to have to continue to deal with. "

SENATOR GUESS asked for clarification of the \$26.95.

MR. DeWITT noted that the \$26.95 amounts to about \$800 a month and would be an offset against the individual's charge for care. He emphasized that the charge for care does not reflect the cost for care.

SENATOR GUESS asked for the average charge for care.

MR. DeWITT said he could give the rates for the five levels [of care]. The coordinated services rate is \$2,135 per month, basic assisted living is \$3,865 per month, enhanced assisted living is \$5,080 per month, Alzheimer and dementia related disorders is

\$5,270 per month and comprehensive care is \$6,450 per month. Those are the current charges, but they are working on restructuring them.

SENATOR GUESS added that the difference would come from various means that are laid out in the bill, but if there are no other means then the state picks up the difference.

MR. DeWITT agreed.

SENATOR GUESS noted that she saw decrements in the GF, but she didn't see that reflected in the fiscal note, which made it confusing as to how the payment plan would work.

MR. DeWITT said he would explain the extremes. For coordinated services, someone is paying \$2,135 out of their own pocket. If he or she were a veteran living in a Veteran's Home, then that payment would be \$800 less than \$2,135. At the other extreme, the individual is fully subsidized by the state so the \$2,135 would come from the general fund and the \$800 would off set the general funds.

SENATOR GUESS asked if the \$800 is reflected in the negative GF in the fiscal note.

MR. DeWITT said, "It's our belief that that's the savings that would occur." But it's just for the people that are being assisted. The people who pay their own way would be paying that much less out of their own pockets."

SENATOR GUESS asked him to comment on a general discharge as compared to the honorable discharge and to explain how other states deal with this issue.

MR. DeWITT called it a semantic issue rather than a substantive issue, which he believes is okay. He thought the language, "other than dishonorably discharged" would be acceptable, but they were ready to accommodate.

SENATOR GUESS suggested asking the veterans in the room for their views.

CHAIR DYSON announced the committee would take up the bill again on Monday.

SENATOR GREEN asked Mr. DeWitt whether he heard anything from the teleconferenced testimony that he would like to correct for

the record at the next meeting. She suggested that corrections might include, "comments that people made that someone else may have heard that they actually believe that we're closing down Pioneers' Homes and there are not going to be any pioneers in there any more in the future."

CHAIR DYSON held SB 301 in committee and adjourned the meeting at 3:25 pm.