

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: _____
 () Publish Date: _____
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): _____
 Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Public Assistance
 Component SeniorCare

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 2760

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	301.5	361.8	361.8	361.8	361.8	361.8
Travel	3.5	3.5	3.5	3.5	3.5	3.5
Contractual	114.5	74.8	74.8	74.8	74.8	74.8
Supplies	35.0	10.0	10.0	10.0	10.0	10.0
Equipment						
Land & Structures						
Grants & Claims	8,232.0	16,783.4	17,470.0	18,232.2	19,064.6	19,984.7
Miscellaneous						
TOTAL OPERATING	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8
Other(Specify Type-do not abbreviate)						
TOTAL	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	6	6	6	6	6	6
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program, which provides a cash or drug benefit to eligible seniors age 65 or older. It also changes the drug benefit to a State Pharmaceutical Assistance Program, to cover the premiums and deductibles of the new Medicare Part D prescription drug coverage that begins January 1, 2006. This bill would allow seniors with incomes below 135% of the federal poverty guideline and countable assets below \$6,000 (\$9,000 for couples) to continue to be eligible for the \$120 monthly cash payment. Seniors with incomes below 300% of the federal poverty guideline and countable assets below \$50,000 (\$100,000 for couples) would be eligible to have their premiums and deductibles for Medicare Part D, or other similar prescription drug coverage, paid for by the new SeniorCare drug benefit.

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 Division Public Assistance
 Approved by: Joel S. Gilbertson, Commissioner
 Agency Department of Health and Social Services

Phone 269-7930
 Date/Time 01/14/2005
 Date 01/14/2005

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ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Caseload & Benefit Cost Projections

Assumptions:

This fiscal note assumes the new SeniorCare program begins January 1, 2006 when Medicare Part D drug coverage first becomes available.

- ⊘ In FY 04, an average of 7,000 seniors received the \$120 cash benefit each month. The Department estimates a monthly average of 7,000 seniors will be eligible for and continue to receive the \$120/month cash benefit, when the program is extended on January 1, 2006.
- ⊘ The Department estimates an additional 9,975 seniors will become eligible for the new SeniorCare drug benefit beginning January 1, 2006, at an annual cost per individual of \$640.
- ⊘ The number of seniors receiving the drug benefit and the associated drug benefit premium and deductible costs will increase by 5%/year beginning in FY 07.

Total FY 06 SeniorCare Benefit Costs (6 months): \$8,232.0

Cash benefit @ 135% of FPG: 7,000 x \$720 = \$5,040.0

Drug benefit @ 300% of FPG: 9,975 x \$320 = \$3,192.0

Total FY 07 SeniorCare Benefit Costs: \$16,783.4

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 10,474 x \$640 = \$6,703.4

Total FY 08 SeniorCare Benefit Costs: \$17,470.0

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 10,997 x \$672 = \$7,390.0

Total FY 09 SeniorCare Benefit Costs: \$18,232.2

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 11,547 x \$706 = \$8,152.2

Total FY 10 SeniorCare Benefit Costs: \$19,064.6

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 12,125 x \$741 = \$8,984.6

Total FY 11 SeniorCare Benefit Costs: \$19,984.7

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 12,731 x \$778 = \$9,904.7

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ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Administration

In FY 06, Administration of the new SeniorCare program will transfer from the Alaska Division of Pioneer Homes to the Division of Public Assistance (DPA). Six new positions are needed in DPA to administer the SeniorCare program: 1 Administrative Clerk II; 3 Eligibility Technician I's, 1 Eligibility Technician III Lead Worker; and 1 Program Coordinator. These positions will have statewide responsibility for processing the enrollment applications for the projected 16,975 eligible recipients. This includes the initial and ongoing determining of eligibility, processing claims, and serving as a liaison with the Social Security Administration to ensure recipient enrollment in Medicare Part D.

Assumptions:

- ✦ DPA staff recruitment, hiring, and program eligibility training for new staff will begin in September 2005.
- ✦ In October 2005, DPA will begin processing renewal applications for the 7,000 current SeniorCare cash benefit recipients, and begin accepting new applications for the new drug benefit coverage.
- ✦ Eligibility determinations for the new SeniorCare drug benefit will begin in November 2005, concurrently with the Social Security Administration's enrollment of beneficiaries for Medicare Part D.
- ✦ Starting in January 2006, DPA will have full responsibility for issuing the \$120 SeniorCare cash benefit checks and the new drug benefit identification cards.
- ✦ Modifications to DPA's Eligibility Information System (EIS) will be completed to facilitate the issuance of SeniorCare cash benefits and drug benefit identification cards.

Total FY 06 Administrative Costs: \$454.5

Personal Services (\$30,150/month x 10 months): \$301.5
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$114.5
*Office Space: \$24.0
*Local & Long Distance Telephone Support \$8.5
*Marketing & Outreach: \$30.0
*Regulations Development: \$5.0
*EIS Computer System Programming Modifications: \$25.5
*Other Services (printing/mailling recipient warrants and drug benefit ID cards): \$21.5
Office Supplies: \$10.0 Desktop computers, printers, and work stations: \$25.0

Total FY 07 (Annual) Administrative Costs: \$450.1

Personal Services (\$30,150/month x 12 months): \$361.8
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$74.8
*Office Space: \$24.0
*Local & long distance telephone support: \$8.5
*Other Services (printing/mailling recipient warrants and drug benefit ID cards): \$42.3
Office Supplies: \$10.0