

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: 2  
 Bill Version: HB 198  
 ( H ) Publish Date: 3/26/07  
 Dept. Affected: Health & Social Services  
 RDU Public Assistance  
 Component SeniorCare

Revision Date/Time (Note if correction):  
 Title SENIOR ASSISTANCE PAYMENT PROGRAM

Sponsor HAWKER  
 Requester HOUSE (HES)

Component No. 2760

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	308.7	308.7	308.7	308.7		
Travel	6.5	6.5	6.5	6.5		
Contractual	186.5	126.5	126.5	126.5		
Supplies	29.0	29.0	29.0	29.0		
Equipment						
Land & Structures						
Grants & Claims	14,824.5	15,017.2	15,212.4	15,410.2		
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>15,355.2</b>	<b>15,487.9</b>	<b>15,683.1</b>	<b>15,880.9</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	15,355.2	15,487.9	15,683.1	15,880.9		
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>15,355.2</b>	<b>15,487.9</b>	<b>15,683.1</b>	<b>15,880.9</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time	4	4	4	4		
Part-time						
Temporary						

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

This legislation repeals the SeniorCare program and adopts in its place, the Alaska Senior Assistance Payment program, which will be in effect until June 30, 2011. It eliminates the SeniorCare prescription drug benefit and repeals the Alaska Longevity Bonus. It sets the maximum income eligibility level for seniors age 65 and older to 135% of the federal poverty guideline that is adjusted each year.

The bill sets the monthly benefit at one of three amounts that depend on the household's income level. The monthly benefit amounts will be \$250 if household income is less than 75% of (continued next page)

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 Division Division of Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-2680  
 Date/Time 03/19/2007  
 Date 03/21/2007

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**ANALYSIS CONTINUATION**

poverty, \$175 if household income is between 75% and 100% of poverty, and \$125 if household income is between 100% and 135% of federal poverty guideline.

**Benefit Costs**

Assumptions:

This fiscal note assumes the new Alaska Senior Assistance Payment program begins July 1, 2007, and includes the increase in the maximum income limit to 135% of the federal poverty level for 2007. It also assumes there will not be an asset test to qualify for the program.

\* In FY 08, the department estimates an average of 7,043 seniors who currently qualify for the SeniorCare cash benefit will continue to qualify for the new Alaska Senior Assistance Payment program.

\* The department estimates an additional 300 seniors will qualify for the new program under the higher income limits. This represents the number of seniors who became ineligible for the SeniorCare program due to the income limits being frozen at the 2005 levels.

\* The department estimates an additional 300 seniors will qualify for the new program due to the elimination of the SeniorCare asset test. Currently, appx. 4% of SeniorCare applicants are denied due to assets. Note: Information about senior assets is not available to the department. Costs associated with this provision will need to be reevaluated as we gain experience with the new program.

We estimate 400 individuals will have household income at less than 75% of poverty, 4,600 individuals will have income between 75% and 100% of poverty and 2,643 will have income between 100% and 135% of poverty. The tables below display the projected caseload size at each level of poverty in FY 2008, and the estimated cost of benefits at an estimated annual caseload growth of 1.3%.

Percent of Poverty Guidelines	Estimated Number of Recipients	Payment Amount per Month	Estimated Annual Cost
75%	400	\$250	\$1,200.0
75% to 100%	4,600	\$175	\$9,660.0
100% to 135%	2,643	\$125	\$3,964.5
Total	7,643		\$14,824.5

FY	Estimated Caseload	Estimated Total Cost
FY08	7643	\$14,824.5
FY09	7742	\$15,017.2
FY10	7843	\$15,212.4
FY11	7945	\$15,410.2

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**ANALYSIS CONTINUATION**  
**Administrative Costs**

Assumptions:

- 1) Four DPA staff currently administering the SeniorCare program will continue to administer the Alaska Senior Assistance Payment program. This includes one (1) Administrative Clerk II (Range 8); two (2) Eligibility Technician I's (Range 14), and one (1) Eligibility Technician III Lead Worker (Range 15). These positions are responsible for the initial and ongoing determination of eligibility, processing claims, and serving as a liaison with the Social Security Administration to facilitate recipient enrollment in Medicare Part D.
- 2) In May 2007, DPA will begin notifying seniors about the new program. Current SeniorCare recipients will be mailed an abbreviated form for completion and informed of the need to apply for the new program. DPA will begin accepting applications in May; however, higher payment levels may be delayed until system modifications are completed, which may be October 2007.
- 3) Modifications to DPA's Eligibility Information System (EIS) are necessary to facilitate the issuance of three different payments depending on household income. These changes are estimated to take three months of programming and testing.

Total FY08 Administrative Costs: \$530.7

Personal Services (4 positions): \$308.7

Travel (to support employee training, marketing, outreach): \$6.5

Contractual: \$186.5

\*Information technology, telecommunication, postage, printing, and building lease costs: \$86.5

\*Outreach to inform seniors of the program's availability and benefits, and to make referrals to other programs as appropriate: \$40.0.

\*EIS Computer System Programming Modifications: \$60.0 (one-time cost in FY08)

Supplies (training materials and office supplies): \$29.0

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**ANALYSIS CONTINUATION**

Total Administrative Costs (Annual): \$470.7

Personal Services (4 positions): \$308.7

Travel (to support employee training, marketing, outreach): \$6.5

Contractual: \$126.5

\*Information technology, telecommunication, postage, printing, and building lease costs: \$86.5

\*Outreach to inform seniors of the program's availability and benefits, and to make referrals to other programs as appropriate: \$40.0.

Supplies (training materials and office supplies): \$29.0

All costs are eliminated in FY2012 to reflect the sunset of the program.