

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: CSHB 198(FIN)
 (H) Publish Date: 4/4/07
 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 (FIN)

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	460.2	460.2	460.2	460.2		
Travel	9.7	9.7	9.7	9.7		
Contractual	229.7	169.7	169.7	169.7		
Supplies	53.5	43.5	43.5	43.5		
Equipment						
Land & Structures						
Grants & Claims	19,410.0	19,662.3	19,917.9	20,176.9		
Miscellaneous						
TOTAL OPERATING	20,163.1	20,345.4	20,601.0	20,860.0	0.0	0.0

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	20,163.1	20,345.4	20,601.0	20,860.0		
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	20,163.1	20,345.4	20,601.0	20,860.0	0.0	0.0

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	6	6	6	6		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation repeals the SeniorCare program and adopts in its place, the Alaska Senior Benefits Payment program, which will be in effect until June 30, 2011. It eliminates the SeniorCare prescription drug benefit and repeals the Alaska Longevity Bonus.

CS HB 198 sets the maximum income eligibility level to 175% of the federal poverty guideline for Alaska that is adjusted each year. It also sets the monthly benefit at one of three amounts that depend on the senior's income level.

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

Phone 465-5847
 Date/Time 04/02/2007
 Date 04/03/2007

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ANALYSIS CONTINUATION

The monthly benefit amounts will be:

- * **\$250 if the senior's income is less than 75% of poverty;**
- * **\$175 if the senior's income is between 75% and 100% of poverty; and**
- * **\$125 if the senior's income is between 100% and 175% of poverty.**

Assumptions:

This fiscal note assumes the new Alaska Senior Benefits Payment program begins July 1, 2007, and includes the increase in the maximum income limit to 175% of the federal poverty level for 2007. It also assumes the sponsor's intent that there will not be an asset test to qualify for the program.

BENEFIT COSTS FOR CS HB 198

- * In FY08, the department estimates an average of 7,043 seniors who currently qualify for the Senior Care cash benefit will continue to qualify for the new Alaska Senior Benefits 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 Senior Care program due to the income limits frozen at 2005 levels.
- * The department estimates an additional 300 seniors will qualify for the new program due to the elimination of the asset test. Currently approximately 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.
- * The department estimates an additional 380 seniors will be served annually for every 5% increment increase above 100% of poverty.

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 5,700 will have income between 100% and 175% 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	FY 08 Estimated Caseload	Benefit Amount	FY 08 Estimated Benefit Cost
Up to 75%	400	\$ 250	\$ 1,200.0
75% to 100%	4,600	\$ 175	\$ 9,660.0
100% to 175%	5,700	\$ 125	\$ 8,550.0
Total	10,700		\$ 19,410.0

Fiscal Year	Estimated Caseload	Estimated Annual Benefit Cost
FY08	10,700	\$ 19,410.0
FY09	10,839	\$ 19,662.3
FY10	10,980	\$ 19,917.9
FY11	11,123	\$ 20,176.9

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ANALYSIS CONTINUATION
ADMINISTRATIVE COSTS FOR CS HB 198

Assumptions:

- * The four positions currently administering the Senior Care program will continue to administer the program: 1 Administrative Clerk II (Range 8); 4 Eligibility Technician I's (Range 14), and 1 Eligibility Technician III Lead Worker (Range 15). An additional two positions will be necessary to manage the increased caseload. 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.
- * 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.
- * 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: \$753.1

- * Personal Services (6 positions): \$460.2
- * Travel (to support employee training, marketing, outreach): 9.7
- * Contractual: \$229.7
 - Information technology, telecommunication, postage, printing, & building lease costs): \$129.7
 - Outreach to inform seniors of the program's availability and benefits, and to make referrals to other programs as appropriate: \$40.0
 - EIS Computer Programming Modifications \$60.0 (one time cost for FY08)
- * Supplies: \$53.5
 - Training materials and office supplies: \$43.5
 - Desktop computer, printer and work station for two new positions: \$10.0 (one time cost for FY08)

TOTAL FY08 COSTS

The total FY08 estimated costs for the Alaska Senior Benefits Payment program are \$19,410.0 for benefit payments and \$753.1 in administrative costs, for a total program cost of \$20,163.1.

All costs for the Alaska Senior Benefits Payment program are eliminated in FY 2012 to reflect the sunset of the program June 30, 2011.

Department HB198 Fund Source Summary							
	2007	2008	2009	2010	2011	2012	2013
Children							
Federal funds	\$0	1,442.4	1,528.9	1,652.2	1,794.3	1,948.6	2,116.2
GF Match	\$0	510.2	591.6	650.6	706.6	767.4	833.3
Total Funds	\$0	1,952.6	2,120.5	2,302.9	2,500.9	2,716.0	2,949.6
Pregnant Women							
Federal funds	\$0	447.7	467.6	503.8	547.1	594.2	645.3
GF Match	\$0	253.0	293.3	322.6	350.3	380.4	413.1
Total Funds	\$0	700.7	760.9	826.4	897.4	974.6	1,058.4
Total Bill							
Federal funds	0.0	1,890.1	1,996.5	2,156.0	2,341.5	2,542.8	2,761.5
GF Match	0.0	763.2	884.9	973.2	1,056.9	1,147.8	1,246.5
Total Funds	0.0	2,653.2	2,881.4	3,129.2	3,398.3	3,690.6	4,008.0

Number of additional children expected to enroll in SFY 2008 =1277.

Number of additional pregnant women expected to enroll in SFY 2008 = 218.