

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: CSSB 4(FIN) am
 (S) Publish Date: 4/5/07
 Dept. Affected: Health & Social Services
 RDU: Public Assistance
 Component: SeniorCare

Revision Date/Time (Note if correction):
 Title: RELATING TO SENIOR CARE

Sponsor: OLSON
 Requester: SENATE (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	16,645.8	16,862.2	17,081.4	17,305.5		
Miscellaneous						
TOTAL OPERATING	17,398.9	17,545.3	17,764.5	17,988.6	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	17,398.9	17,545.3	17,764.5	17,988.6		
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	17,398.9	17,545.3	17,764.5	17,988.6	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)

The current Senior Care program helps low-income seniors over age 65 remain independent in the community by providing an income supplement of \$120 per month to help meet their basic needs, such as food and housing. Nearly 7,000 seniors are currently receiving financial help from the Senior Care program and about 140 are receiving help in paying for the premium and deductibles of prescription drug insurance through the prescription drug program.

This amendment:

* Provides for continuation of the SeniorCare cash benefit until June 30, 2011.

Prepared by: Sherry Hill, Special Assistant
 Division: Office of the Commissioner
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-1618
 Date/Time 04/04/2007
 Date 04/04/2007

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ANALYSIS CONTINUATION

(cont. from page 1)

- * Sets the maximum income eligibility level to 150% of the federal poverty guideline for Alaska (adjusted annually).
- * Sets the payment at one of three amounts that depend on the person or couple's income level:
 - * \$175 if household income is less than 100% of poverty
 - * \$150 if household income is between 100% and 135% of poverty, and
 - * \$100 if household income is between 135% and 150% of poverty.

Benefit Costs

Assumptions:

The fiscal note assumes reauthorization of the Senior Care cash benefit and elimination of the drug benefit. It also assumes:

- * The sponsor's intent that there is no asset test.
- * If the ALB funded, seniors will choose either ALB or Senior Care.
- * Seniors who qualify for the ALB will not qualify for Senior Care.
- * We assume that the payment amount will vary depending on the household's income level.
- * 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 Senior Care.
- * The department estimates an additional 300 seniors will qualify with 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.

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ANALYSIS CONTINUATION

(cont. from page 2)

The tables below display the 2007 poverty guidelines for Alaska for a single person or a couple, the projected caseload size at each level of poverty in FY 2008, and the estimated cost of benefits (benefits only) at an estimated annual caseload growth of 1.3%.

Household	2007 AK Guidelines	135%	150%
1	\$12,770	\$17,240	\$19,155
2	\$17,120	\$23,112	\$ 25,680

Poverty Level	FY08 Estimated Caseload	Benefit	FY08 Estimated Benefit Cost
< 100%	5,000	\$175	\$10,500.0
100 - 135%	2,643	\$150	\$4,757.4
135 - 150%	1,157	\$100	\$1,388.4
Total Caseload	8,800	Total Cost	\$16,645.8

Fiscal Year	Total Estimated Caseload	Total Estimated Benefit
FY08	8,800	\$ 16,645.8
FY09	8,914	\$ 16,862.2
FY10	9,030	\$ 17,081.4
FY11	9,148	\$ 17,303.5

Administrative Costs

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.

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ANALYSIS CONTINUATION

(cont. from page 3)

- * 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 (for 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 (training materials and office supplies): \$43.5
- * Additional Equipment/Supply: Desktop computer, printer and station for two new positions: \$10.0 (one time cost for FY08)

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

FISCAL NOTE # 6 ATTACHMENT

CS SB 4 (FIN) am						
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>SENIOR BENEFIT PROGRAM</u>						
Caseload	8,800	8,914	9,030	9,148		
Annual Benefit Cost	\$16,645.8	\$16,862.2	\$17,081.4	\$17,305.5		
Estimated Administration Costs	<u>\$753.1</u>	<u>\$683.1</u>	<u>\$683.1</u>	<u>\$683.1</u>		
Total Cost Senior Benefit Prgm	\$17,398.9	\$17,545.3	\$17,764.5	\$17,988.6	\$0.0	\$0.0
<u>DENALI KID CARE</u>						
Additional Children Served	1277	1302	1328	1355	1382	1410
Additional Pregnant Women Served	<u>218</u>	<u>223</u>	<u>227</u>	<u>232</u>	<u>236</u>	<u>241</u>
	1495	1525	1555	1587	1618	1651
Annual Medicaid program costs	2651.3	2879.3	3126.9	3395.9	3687.9	4005
Annual Administrative Costs	\$40.2	\$76.0	\$76.0	\$76.0	\$76.0	\$76.0
Total Denali Kid Care Costs	\$2,691.5	\$2,955.3	\$3,202.9	\$3,471.9	\$3,763.9	\$4,081.0
Federal Share	\$1,907.4	\$2,030.4	\$2,189.9	\$2,375.2	\$2,576.4	\$2,795.0
General Fund Share	\$783.5	\$923.8	\$1,011.9	\$1,095.6	\$1,186.4	\$1,284.9
Inter/Agency Funds	0.6	1.1	1.1	1.1	1.1	1.1
TOTAL COSTS OF CS SB 4 am	\$20,090.4	\$20,500.6	\$20,967.4	\$21,460.5	\$3,763.9	\$4,081.0
Gen Fund costs of CS SB 4 am	\$18,182.4	\$18,469.1	\$18,776.4	\$19,084.2	\$1,186.4	\$1,284.9