

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: _____
 (S) Publish Date: _____
 Dept. Affected: Health & Social Services
 RDU Public Assistance
 Component General Relief Assistance

ID(File name) LL057-DHSS-GRA-07-08-08
 Title ALASKA RESOURCE REBATE PROGRAM
 Sponsor RULES BY REQUEST OF THE GOVERNOR
 Requester _____

Component No. 221

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services			546.1					
Travel			10.0					
Contractual			108.0					
Supplies			108.0					
Equipment								
Land & Structures								
Grants & Claims			9,896.2					
Miscellaneous								
TOTAL OPERATING		0.0	10,668.3	0.0	0.0	0.0	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		10,668.3						
1037 GF/Mental Health								
Other(Specify Type-do not abbreviate)								
Other(Specify Type-do not abbreviate)								
TOTAL	0.0	10,668.3	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary		9					

ANALYSIS: (Attach a separate page if necessary)

This legislation establishes the Alaska Resource Rebate Program, which shares the state's resource wealth by providing a special one-time \$1,200 payment to eligible Alaskans.

This legislation prohibits counting the rebate as income or resources for veterans' benefits and public assistance programs, unless required to do so by federal law. Section 1 (l), (m), (n), and (p) require that benefits which would be lost as a result of counting the rebate as income or as an asset be replaced with Hold Harmless (HH) benefits. Replacements of public assistance benefits are limited to four months. Veterans' benefits are not subject to the 4-month limitation.

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 Approved by: William H. Hogan, Acting Commissioner
 Agency Department of Health and Social Services

Phone 465-5847
 Date/Time 07/03/2008
 Date 07/08/2008

ANALYSIS CONTINUATION

In some circumstances, the \$1,200 rebate will count in determining if a person or household qualifies for public assistance, and reduce their benefits. The primary programs affected by this legislation are: Food Stamps; Supplemental Security Income (SSI); income-tested veterans' benefits; and Medicaid.

The department estimates a total increment of \$10,668.7 will be needed in FY 09 to implement the hold harmless provisions in the new Alaska Resource Rebate Program. These costs include: \$9,896.2 to replace the loss of benefits, and \$772.5 in administrative costs, which includes funding for 9 temporary staff needed to manage the additional workload. This funding is included in a separate appropriation bill.

Benefit Cost Assumptions:

Persons who apply for public assistance in the same month they receive the resource rebate, or who do not spend the money right away, could be affected.

For most public assistance programs, the department will not be able to anticipate when ongoing recipients will receive the rebate check, or in time to take action to count it as income. The department also expects most individuals will spend the money immediately on basic needs and continue to have assets below the various program limits.

Food Stamp Program: Federal rules allow the resource rebate to be excluded as income; however, any portion of the payment that is not spent must be counted as an asset. The department estimates 7,000 households (30% of nearly 24,000 households currently eligible for the Food Stamp Program) will need hold harmless benefits to replace federal food stamp benefits for one month. These households will not spend their resource rebate payments right away, causing them to exceed the \$2,000 asset limit set in federal rules. The average allotment is \$400. Estimated food stamp hold harmless cost is \$2,800.0.

SSI: The department expects that the Social Security Administration will count the resource rebate as income, and any money not spent will be counted as an asset, under the federal SSI rules. SSA will likely make this determination after the fact and establish an overpayment retrospectively. About 11,500 individuals receive SSI in Alaska. The average monthly SSI payment is \$400. Estimated SSI hold harmless cost is \$4,600.0.

ANALYSIS CONTINUATION

Veterans Disability and Survivor Benefits: For veterans' benefits that are means tested, the Veterans Administration will treat the resource rebate as income. Benefits will be reduced dollar for dollar and prorated over the calendar year. VA estimates 376 beneficiaries (312 vets and 64 widows and dependents) will be impacted. The department estimates the VA hold harmless cost is \$451.2 (376 x \$1,200).

Medicaid: The rebate can be excluded for most Medicaid coverage groups, including Family Medicaid & Denali KidCare. Federal law, however, requires the state to count the resource rebate as income for seniors and people with disabilities if it brings their total income to more than \$1911/month (300% of the SSI standard).

The department estimates 715 seniors and individuals with disabilities will receive the rebate in the same month they apply for Medicaid and will need hold harmless benefits to help pay for medical care that would otherwise be covered by federal Medicaid funds. The average monthly medical cost for these individuals is \$2,818.00. The department estimates Medicaid hold harmless cost of approximately \$2 million.

Savings to the benefit programs are primarily outside of the DHSS budget (SSI and veterans' benefits), or 100% federally funded (food stamps) and will not result in any GF savings. Medicaid savings would be reflected in the department's budget. However, due to the \$23 million reduction already absorbed by the Medicaid program in FY 2009, and the uncertainty of the new program's impact, the department is not proposing an additional \$2 million reduction in Medicaid.

It is anticipated that all Resource Rebate Hold Harmless payments will be made in FY 09. It may be necessary to make some payments in FY 10; if so, the Department will include the necessary adjustments in its FY 10 budget.