

COMMITTEE REPORT

5/14/75

HOUSE

Mr. Speaker:

Date 5 21

The Committee on FINANCE has had HR 393

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH ^{Finance} CS FOR HB 393 AND THAT

^{Finance} CS FOR HB 393 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
_____	_____	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
_____	_____	_____

Members NOT concurring in the Majority report:

[Signature] recommends: [Signature]

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Original sponsor: Anderson, H. Belrue,
Sullivan, et al

Offered: 5/22/76
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 393 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to assistance to the aged, blind,
7 and disabled; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 47.25.430(a) is amended to read:

10 (a) Financial assistance shall be given under secs. 430 - 610 of
11 this chapter, so far as practicable under the conditions in the state,
12 to every aged, needy resident of the state who has attained the age
13 of 65 years, who has not made a voluntary assignment or transfer of
14 property to qualify for assistance. Assistance shall be in an amount
15 which will provide the applicant with reasonable subsistence compatible
16 with decency and health in accordance with standards established by
17 the department and with the standards established under Title XVI of
18 the Social Security Act. When benefit amounts under Title XVI of the
19 Social Security Act are increased as a result of an increase in the cost
20 of living, the state shall pass along the increase to recipients, and
21 shall increase the amount of the state contribution to recipients by a
22 percentage of the state contribution equal to the percentage increase in
23 the benefit amounts under Title XVI [, BUT MAY IN NO CASE EXCEED \$250 A
24 CALENDAR MONTH]. Direct payments for medical services and remedial care
25 may not be considered in determining the maximum amount payable.

26 * Sec. 2. AS 47.25.640 is amended to read:

27 Sec. 47.25.640. AMOUNT OF ASSISTANCE. The department shall deter-
28 mine the amount of assistance granted for a needy blind person with due
29 regard to the resources and needs of the person and the conditions

1 existing in each case. Assistance shall be sufficient to provide the
2 applicant with reasonable subsistence compatible with decency and health,
3 and according to the standards of assistance established by the depart-
4 ment and with the standards established under Title XVI of the Social
5 Security Act. When benefit amounts under Title XVI of the Social Security
6 Act are increased as a result of an increase in the cost of living, the
7 state shall pass along the increase to recipients, and shall increase
8 the amount of the state contribution to recipients by a percentage of
9 the state contribution equal to the percentage increase in the benefit
10 amounts under Title XVI. [HOWEVER, ASSISTANCE MAY NOT EXCEED \$250 A
11 CALENDAR MONTH.] Direct payments for medical services and remedial care
12 may not be considered in determining the maximum amount payable.

13 * Sec. 3. AS 47.25.810 is amended to read:

14 Sec. 47.25.810. AMOUNT OF ASSISTANCE. The amount of assistance
15 for a permanently and totally disabled person shall be determined by the
16 department with regard to the resources and needs of the person and the
17 conditions existing in each case. Where possible, assistance shall be
18 sufficient to provide reasonable subsistence compatible with decency and
19 health and according to the standards of assistance established by the
20 department and with the standards established under Title XVI of the
21 Social Security Act. When benefit amounts under Title XVI of the Social
22 Security Act are increased as a result of an increase in the cost of
23 living, the state shall pass along the increase to recipients, and shall
24 increase the amount of the state contribution to recipients by a per-
25 centage of the state contribution equal to the percentage increase in
26 the benefit amounts under Title XVI. [HOWEVER, THE AMOUNT OF ASSISTANCE
27 MAY NOT EXCEED \$250 A CALENDAR MONTH.] Direct payments for medical
28 services and remedial care may not be considered in determining the
29 maximum amount payable.

1 * Sec. 4 For purposes of determining the state contribution to recipients
2 under AS 47.25.430(a), 47.25.640, and 47.25.810 as of July 1, 1975, the
3 Department of Health and Social Services shall establish levels of need not
4 exceeding \$300 a month for an individual recipient.

5 * Sec. 5. This Act is retroactive to July 1, 1974.

6 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).

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Introduced: 4/8/75
Referred: Health, Education &
Social Services and Finance

BY ANDERSON, BEIRNE, SULLIVAN,
BROWN, COTTEN, DAVIS, DUNCAN,
KELLEY, PARR, SWANSON AND WALLIS

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2 HOUSE BILL NO. 393

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

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17 the department and with the standards established under Title XVI of
18 the Social Security Act. When benefit amounts under Title II or
19 Title XVI of the Social Security Act are increased as a result of an
20 increase in the cost of living, the state shall pass along the increase
21 to recipients, and shall increase the amount of the state contribution
22 to recipients by a percentage of the state contribution equal to the
23 percentage increase in the benefit amounts under Title II or Title
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6 Title XVI of the Social Security Act. When benefit amounts under
7 Title II or Title XVI of the Social Security Act are increased as a
8 result of an increase in the cost of living, the state shall pass along
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23 Social Security Act. When benefit amounts under Title II or Title XVI
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29 THE AMOUNT OF ASSISTANCE MAY NOT EXCEED \$250 A CALENDAR MONTH.]

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* Sec. 4. This Act takes effect July 1, 1975.

#

Walter Jiles

First Session - North Legislature

THE HOUSE FINANCE COMMITTEE

I. REQUEST

Bill No. CS (House Bill No. 393) **REDUCED THIS FISCAL NOTE BY THE COSTS TO COVER THE LONGEVITY BONUS.**
 Title: An Act relating to assistance to the aged, blind and disabled
 Requester's Title: House Finance Date: May 19, 1977
 Return Date Requested: _____
 Agency: Dept. Health & Social Services Program: Social Services
Medical Assistance

II. FISCAL DETAIL

Eligibility Determination, Assistance Payments, Medicaid, General Relief-

Budget Request Unit(s) Affected: Medical, Medical Assistance, Adm. & Support

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES		48.8	53.6	80.5	88.3	97.0
200 TRAVEL		8.8	9.7	10.9	12.0	15.3
300 CONTRACTUAL		1,572.5	1,510.0	1,654.2	1,850.6	2,015.7
400 COMMODITIES		67.5	74.2	81.6	89.5	98.8
500 EQUIPMENT		2.9	3.1	5.2	5.8	6.4
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2,187.5	2,406.3	2,646.9	2,911.6	3,202.8
TOTAL	-0-	3,062.0 3,233.7	4,056.9	4,489.1	4,958.1	5,452.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	3,062.0 2,607.9	3,569.3	3,717.1	4,089.0	4,498.0
FEDERAL FUNDS		625.8	668.6	772.0	819.1	95.0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	5 / 0	5 / 0	4 / 0	3 / 0	4 / 0
MAN MONTHS (P./T.)	/	35 / 0	36 / 0	48 / 0	48 / 0	48 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

FEDERAL FUNDS are calculated:

55% of Line Items 100, 200, 300, 500 relating to Medicaid Adm. & Support

50% of Line Items 200 and 300 relating to Medicaid Medical Payments.

0% of Line Items 700 relating to State Aid Grant Cost.

0% of Line Items 300 & 400 relating to General Relief-Medical costs.

38.5% of line items 100, 200, 400 and 500 for Eligibility determination.

ATTACHED COPY for analysis of impact on Medical Assistance Program and Family and Children Services.

IV. ATTACHMENTS

Letter from Blue Cross of Washington and Alaska, dated October 9, 1971, stating projections of costs for hospitals and nursing homes.

DATE: 5/19/77

PREPARED BY: [Signature]

Committee: Legislative Finance
 Budget and Management
 Prime Sponsor (First Legislator Named)

CSHB 393
 OLD AGE ASSISTANCE, AID TO DISABLED, AID TO BLIND
 \$300 MAXIMUM NEEDS PLUS PASS THROUGH INCREASES IN COST OF LIVING FROM TITLE XVI

OLD AGE ASSISTANCE, AID TO BLIND, AID TO DISABLED	ADDITIONAL COST TO INCREASE CASH BENEFITS	COSTS TO COVER LONGEVITY BONUS AFTER	ADDITIONAL COSTS FOR MEDICAL BENEFITS	ADDITIONAL DEPARTMENT ADMINISTRATIVE COSTS	TOTAL ADDITIONAL IN TO COSTS
\$300 maximum benefit level adjusted by pass along of Title XVI cost of living increases; longevity bonus recipients will get \$100 maximum needs; will bring 795 new recipients into program; will increase costs for cash and medical assistance programs.	\$1,733.2 SEE BELOW	\$451.3 (6 months) 755 longevity bonus recipients X \$80 SSI loss X 6 = \$362.4 + 383 longevity bonus recipients X \$40 SSI loss X 6 = \$91.9.	\$1,442.9 795 new eligibles X \$1,814.97 average annual medical cost = \$1,442.9 for drugs & miscellaneous medical items.	\$57.6 5 positions and necessary support items, e.g., keypunch data processing, equipment, travel, etc.	625.8 Federal

ADDITIONAL COST TO INCREASE CASH BENEFITS

	\$ Amount	X	# Recipients	X	Months	SGF Cost
State & Federal COLA 1974	\$9.00	X	351	X	12	\$340.2
State COLA 1975	5.47	X	3150	X	12	206.8
Federal COLA 1975	12.41	X	9451	X	12	146.7
Bring Maximum Needs Level to \$300	23.12	X	3150	X	12	873.9
New Caseload Resulting from Increased Needs Level	20.00	X	715	X	12	171.6

B. FUNDING (T)
 GENERAL FUNDING
 FEDERAL
 TITLE XVI
 C.
 TITLE XVI
 FEDERAL
 TITLE XVI
 FEDERAL
 TITLE XVI

ATTACHMENT 1
 FINANCIAL COSTS
 OF
 CSHB 393
 CASH ASSISTANCE COSTS

COMMITTEE SUBSTITUTE FOR HOUSE BILL 393

ENACTMENT OF JULY 1977

	June 1974 Payment +	1974 COLA 4.3%	July 1974 Payment +	1975 COLA 8.5%	July 1975 Payment	July 1975 Needs Level
FEDERAL PAYMENT	\$140.00	+ \$6.00	\$146.00	+ \$12.41	\$158.41	\$18.41
						8.12
						<u>26.53</u>
						230.00
						<u>\$256.53</u>
STATE (APL) (Average payment level)	\$61.75	+ \$3.00	\$64.40	+ \$5.47	\$69.87	\$17.89
		<u>\$9.00</u>		<u>\$17.89</u>		

COSTS OF JULY 1974 ENACTMENT DATE OF CSHB 219

	\$Amount	x	Recipients	x	Months	\$GF Cost
State & Federal COLA 1974	\$9.00	x	3150	x	12	\$340.2
State COLA 1975	\$5.47	x	3150	x	12	\$206.8
Federal COLA 1975	\$12.41	x	945 ¹	x	12	\$140.7
Bring Maximum Needs Level to \$300 ²	\$23.12	x	3150	x	12	\$873.0
Longevity Bonus After 12/31/75 ³	\$80.00	x	755	x	6	\$262.4
	\$40.00	x	393	x	6	\$91.8
Net. Cost of Redesign for new Increase! Needs Level ⁴	\$20.80	x	715	x	12	\$171.6
						\$2,177.5

¹ 945 current recipients do not receive SSI because of excess income. To bring recipients to new level created by SSI COLA will cost \$1.41 per recipient per month.

² Cost of CSHB 393 is to create maximum needs level of \$300.00 for 1975 Federal and State COLA increases, needs level is \$276.53. Thus, \$23.12 per recipient is needed to reach CSHB 393 intended level of \$300.00.

³ Assumed Longevity Bonus (ALB) will not be disregarded as income by SSI after 12/31/75.

month per recipient for 755 recipients whose only income is ALB and \$40.00
per month per recipient for 393 who have ALB plus other income.

⁴Based on 1970 Census on economic characteristics by age, estimate 795 new recipients as a result of need level increase to \$200.00. Of 795, 80 will be nursing home patients not affected by needs level increase. 715 will be affected and estimate average payment of \$20.00 per month per recipient.

K/vlh May 15, 1975

ANALYSIS FOR FISCAL NOTE

FOR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 393
(Part 2)

MEDICAL ASSISTANCE

Assumptions and Calculations

This bill would raise the legal standard for old age assistance from \$250 to \$300 monthly and adjusted in accordance with pass through of Social Security increases.

Medicaid Projections

The Division of Family and Children Services in its position paper on this topic estimates its caseload impact as 495 new OAA recipients, 290 new AD recipients and 10 new AB recipients. Since such recipient would be eligible for medical assistance under Medicaid, funded 50% federal moneys and 50% state moneys, the Division of Medical Assistance estimates the bill would effect its budget in the following manner:

TOTAL PROJECTIONS OF IMPACT ON MEDICAID BUDGET

OAA OPTION IMPACT

Fiscal Year	Caseload Increase ^{1,2}	Total Cost ³ Per Eligible	Total Cost for Medicaid For OAA Impact
FY 76	495 eligible	\$1,357/eligible	\$671,715
FY 77	495 eligible	1,495/eligible	739,055

FY 78	495 eligible	1,642/eligible	812,790
FY 79	495 eligible	1,806/eligible	893,970
FY 80	495 eligible	1,987/eligible	983,565

AD OPTION IMPACT

Fiscal Year	Caseload Increase ^{1,2}	Total Cost ³ Per Eligible	Total Cost for Medicaid For New AD Impact
FY 76	290 eligible	\$1,791/eligible	\$519,390
FY 77	290 eligible	1,970/eligible	571,300
FY 78	290 eligible	2,167/eligible	628,430
FY 79	290 eligible	2,384/eligible	691,360
FY 80	290 eligible	2,622/eligible	760,380

AB OPTION IMPACT

Fiscal Year	Caseload Increase ^{1,2}	Total Cost ³ Per Eligible	Total Cost for Medicaid For New AB Impact
FY 76	10 eligible	\$534 /eligible	\$5,340
FY 77	10 eligible	587/eligible	5,870
FY 78	10 eligible	646/eligible	6,460
FY 79	10 eligible	711/eligible	7,110
FY 80	10 eligible	782/eligible	7,820

FOOTNOTES

- 1 Caseload eligible figures are based on Division of Family and Children Services estimates.
- 2 No increases in caseload are included in this category. Small cost of living increases will add and delete recipients of this type. The effect will probably counterbalance each other. Dramatic cost of living increase will add a number of recipients. The exact number is unknown as there is no sound statistical projection on cost of living on which to base caseload figures.
- 3 Cost per eligible for each fiscal year was determined as follows:

Computer runs for required federal report SRS-NCSS 2082 for FY 74 determined the cost per OAA eligible for Medicaid to be \$949, per AD eligible for Medicaid to be \$1,252, and per AB eligible for Medicaid to be \$373. Cost of living increase was added as follows: 30% for FY 75 (see attached letter dated October 9, 1974, from Blue Cross of Washington and Alaska, for increase projected) and 10% for each additional fiscal year above FY 75 levels.

TRAVEL AND CONTRACTUAL SERVICES

The projected costs for travel and contractual services were based on information from SRS-NCSS-2082 for FY 74. Generally, travel items make up 00.7% of total projected budget increases, while the rest is contractual services. The Division projects no impact on equipment expenditures.

GENERAL RELIEF - MEDICAL PROJECTIONS

Certain of these new recipients would be eligible under the General Relief-Medical for services not covered under the State's Medicaid program, if they did not have any prior health resource. Drug, prosthetic devices, dental work, therapy, glasses, and hearing aids would be included in that category. General Relief-Medical funds come entirely from State moneys. The Division of Medical Assistance estimates the bill would affect the General Relief-Medical program in the following ways:

Contractual Services

Prosthetic devices, dental work, therapy, glasses and hearing aids are included in that category. Computer runs for the FY 74 Medicaid Annual Status Report to the legislature show that:

- 1) 43.8% of all OAA eligibles used General Relief-Medical services.
- 2) 36.6% of all AD eligibles used General Relief-Medical Services.
- 3) 38.2% of all AB eligibles used General Relief-Medical Services.
- 4) \$453.00 was the average cost per patient of such individuals for non-covered Medicaid services in contractual services area.

OAA OPTION IMPACT

The Division of Medical Assistance estimates that 217 persons or (43.8% of 495 eligibles as projected by Division of Family and Children Services) will actually use services under the General Relief-Medical Program.

Contractual Services for General Relief-Medical

Fiscal Year	Caseload Increase ^{1,2} (Users of GRM)	Total Cost ³ Per Patient	Total Cost of Contractual Services to New OAA Impact User
FY 76	217/patient	\$548.12/patient	\$118,942
FY 77	217/patient	602.94/patient	130,831
FY 78	217/patient	663.23/patient	143,921
FY 79	217/patient	729.55/patient	158,312
FY 80	217/patient	802.51/patient	174,145

AD OPTION IMPACT

The Division of Medical Assistance estimates that 106 AD persons (or 36.6% of 290 AD eligibles) as projected by Division of Family and Children Services will actually use services under the General Relief-Medical program.

Fiscal Year	Caseload Increase ^{1,2} (Users of GRM)	Total Cost ³ Per Patient	Total Cost of Contractual Services to New AD Impact User
FY 76	106/patient	\$ 548.13/patient	\$58,102
FY 77	106/patient	602.94/patient	63,912
FY 78	106/patient	663.23/patient	70,302
FY 79	106/patient	729.55/patient	77,332
FY 80	106/patient	802.51/patient	85,066

AB OPTION IMPACT

The Division of Medical Assistance estimates that 4 AB persons of 10 AB eligibles (as projected by Division of Family & Children Services) will actually use services under the General Relief-Medical program.

Fiscal Year	Caseload Increase ^{1,2} (Users of GRM)	Total Cost ³ Per Patient	Total Cost of Contractual Services to New AB Impact User
FY 76	4/patient	\$548.13/patient	\$2,193
FY 77	4/patient	602.94/patient	2,412
FY 78	4/patient	663.23/patient	2,653
FY 79	4/patient	729.55/patient	2,918
FY 80	4/patient	802.51/patient	3,210

1 Caseload eligibles figures are based on Division of Family and Children Services' estimates.

- 2 No increases in caseload are included in this category. Small cost of living increases will add and delete recipients of this type. This effect will probably counterbalance each other. Dramatic cost of living increases will add a number of recipients. The exact number is unknown as there is no sound statistical projections on cost of living upon which to base caseload figures.

- 3 Costs per patient were determined as follows: Computer runs for the FY 74 Medicaid Annual Status Report to the Legislature show that \$453 was the average cost for OAA, AD and AB users of General Relief-Medical Contractual Services. Cost of living increases were added. They are: 30% for FY 75 (see attached letter dated October 9, 1974, from Blue Cross of Washington and Alaska for cost projections) and 10% for each additional fiscal year above FY 75 levels.

Commodities

Basically, this consists of drug purchases. For estimates of eligibles and users of services, please see sections on Assumption and Contractual Services for General Relief-Medical programs.

OAA OPTION IMPACT

Fiscal Year	Caseload Increase ^{1,2} (Users of GRM)	Total Cost ³ Per Patient	Total Cost of Commodities Services to New OAA Impact
FY 76	217/patient	\$170.45/patient	\$36,988
FY 77	217/patient	187.50/patient	40,688
FY 78	217/patient	206.25/patient	44,756
FY 79	217/patient	226.88/patient	49,233
FY 80	217/patient	249.57/patient	54,157

AD OPTION IMPACT

Fiscal Year	Caseload Increase ^{1,2} (Users of GRM)	Total Cost ³ Per Patient	Total Cost of Commodities Services to New AD Impact
FY 76	106/patient	\$275.89/patient	\$29,244
FY 77	106/patient	303.48/patient	32,169
FY 78	106/patient	333.83/patient	35,386
FY 79	106/patient	367.21/patient	38,924
FY 80	106/patient	403.93/patient	42,817

AB OPTON IMPACT

Fiscal Year	Caseload Increase ^{1,2} (Users of GRM)	Total Cost ³ Per Patient	Total Cost of Commodities Services to New AB Impact
FY 76	1/patient	\$260.27/patient	\$1,041
FY 77	4/patient	286.30/patient	1,145
FY 78	4/patient	314.93/patient	1,260
FY 79	4/patient	346.42/patient	1,386
FY 80	4/patient	381.06/patient	1,524

1 See Footnote #1 under Contractual Services for General Relief-Medical

2 See footnote #2 under Contractual Services for General Relief-Medical

3 Cost per patient was determined as follows: Computer runs for FY 73 and FY 74 Medicaid Annual Status Report to the Legislature show that \$112.44 was the average cost per OAA user of drug services for FY 73. \$171.71 was the average cost per AB user. \$182.01 was the average cost per AD user. Cost of living increases were added. For FY 74 the average cost was raised only 6%, due to prices held down by federal cost of living controls. 30% for FY 75 was added above FY 74 levels (see attached letter dated October 9, 1974, from Blue Cross of Washington and Alaska for increase projects) and 10% for each additional fiscal year above FY 75 levels.

ANALYSIS FOR FISCAL NOTE

FOR

CS FOR HOUSE BILL NO. 393
(Part 3)

MEDICAL ASSISTANCE - ADMINISTRATION AND SUPPORT

Assumptions and Calculations

OAA, AD AND AB OPTION IMPACT

With an increase of over \$1.4 million in claims to Medical Assistance in FY 76 to over \$2.1 million in FY 80, the Division estimates that it will need additional 1.5 to 2.5 staff members to handle the increased workload.

JUSTIFICATION FOR POSITIONS - HOUSE BILL NO. 393 - COMMITTEE SUBSTITUTE

SUMMARY OF CURRENT LEVEL OF ACTIVITY

Expenditures: \$920,500/month; approximately 7,000 claims (7,250 in March 1975, and 7,500 in April, to date)

Review of approximately 33 nursing home patients per month, (on site) by team of three - physician, medical social worker and nurse.

Review of approximately 175 physician invoices per month, by medical officer (on staff).

Review of approximately 2,400 pharmaceutical invoices per month, by pharmaceutical consultant (on contract).

Costs per staff member have been averaging \$15,975 in FY 75 for person services alone. An additional need of \$2,500 per staff member in contractual moneys for FY 75 is also anticipated. This area includes keypunch and data processing support of claims. Equipment to support such new staff is estimated at \$1,333 per person for FY 75. Average travel costs per staff member are \$250 for FY 75. A ten percent cost of living allowance has been added to each additional year above FY 75 levels.

Personal Services

Fiscal Year	No. of Staff Needed	Cost per Additional Staff Member	=	Cost for Personal Services
FY 76	1.5 persons	\$17,575/person	=	\$26,360
FY 77	1.5 persons	19,350/person	=	28,995
FY 78	2.5 persons	21,263/persons	=	53,158
FY 79	2.5 persons	25,399/persons	=	58,475
FY 80	2.5 persons	25,728/persons	=	64,320

Travel

Fiscal Year	No. of Staff Needed	Cost per Additional Staff Members	=	Cost for Travel
FY 76	1.5 persons	\$275/person	=	\$415
FY 77	1.5 persons	303/person	=	455
FY 78	2.5 persons	335/person	=	835

FY 79	2.5 persons	366/person	915
FY 80	2.5 persons	403/person	1,008

Contractual

Fiscal Year	No. of Staff Needed	Cost per Additional Staff Member	Cost for Contractual Service
FY 76	1.5 persons	\$2,750/person	\$4,125
FY 77	1.5 persons	3,025/person	4,538
FY 78	2.5 persons	3,328/person	8,320
FY 79	2.5 persons	3,661/person	9,153
FY 80	2.5 persons	4,027/person	10,067

Equipment

Fiscal Year	No. of Staff Needed	Cost per Additional Staff Member	Cost for Commodity
FY 76	1.5 persons	\$1,466/person	\$2,199
FY 77	1.5 persons	1,613/person	2,120
FY 78	2.5 persons	1,774/person	4,435
FY 79	2.5 persons	1,951/person	4,878
FY 80	2.5 persons	2,146/person	5,365

Administration and support for Medicaid is funded 45% by State moneys and 55% by federal moneys.

FISCAL NOTE
CSHB 393
ADMINISTRATIVE COSTS
DIVISION OF FAMILY AND CHILDREN SERVICES

TOTAL COST \$24.5

795 New cases are expected if CSHB 393 is passed. Each new case will require an eligibility determination, establishment of a case record, and an authorization for a payment, medical care, and possibly Food Stamps. In addition, each case will have to be maintained as long as it remains in an open status. Case maintenance includes periodic financial and possibly a medical review, address changes, grant changes, etc. Each determination, review, or change of status constitutes an action.

It is estimated that each case will require .54 actions per month. An Eligibility Worker can accomplish about 100 actions per month. Thus, 795 new cases will create about 429 actions per month. Many of these actions will be widely distributed among the Division's 22 eligibility offices around the State and not cause a significant impact in any one office. However, in the two largest offices, Anchorage and Bethel expected actions will exceed 100 and 50 per month respectively. Thus, new workload justifies one new position for Anchorage and one half position for Bethel.

Total FY 76 costs for the new positions and necessary back up items are expected to be \$24,491.

DK/vlh May 19, 1975

Walter Gile

POSITION PAPER
ON
CSHR 393

An act relating to assistance to the Aged, Blind, and Disabled; and providing for an effective date.

This bill will build an automatic cost of living increase into the Old Age, Blind, and Disabled assistance payments. Using the current legal maximum payment amount as a base, this bill would "pass along" to recipients any increase in Federal Supplemental Security Income (SSI) benefits and in addition increase current state payments by the same percentage as the SSI percentage increase. For example, if a current recipient receives \$250 per month in assistance (\$146 SSI and \$104 State) and SSI benefits are increased by eight and one half percent (8.5%), this recipients total monthly income will be increased by \$21.00 (rounded) per month, which is distributed by a source as follows:

<u>SSI</u>	<u>STATE</u>
\$146.00 current payment	\$104.00 current payment
8.5% increase	8.5% increase
<u>\$ 12.41</u> amount of increase	<u>\$ 8.84</u> amount of increase
\$158.00 New SSI Payment	\$113.00 New State Payment

Total Assistance = \$271 per month

This bill has an effective date of July 1, 1974 which means that current recipients will be eligible for both Federal and State retroactive cost of living benefits back to July 1, 1974. The Department estimates that the cost of the retroactive increase will be \$9 per month per eligible recipient - \$6 to "pass along" the July 1974 SSI increase and a \$3 State increase which represents an equivalent percentage increase in State payments as that allowed under the SSI Program. The maximum retroactive increase would be \$108 or \$9 per month x 12 months = \$108. Funds are available in the current year appropriation in the Adult Public Assistance component for the retroactive increase.

With both retroactive increases and the expected July 1, 1975 increases the new maximum assistance standard effective July 1, 1975 would be \$278 as opposed to the current maximum of \$250.

Few new recipients would be added to the assistance rolls as a result of this bill. Very few potentially new welfare recipients have income other than Social Security. Therefore, those who are currently ineligible will continue to be ineligible as Social Security payments increase.

Department's Recommendations

This Department supported Senate Bill 219 which increases the legal maximum payments in Old Age Assistance from \$250 to \$350. The Blind and Disabled recipients may be included in Senate Bill 219 and the costs for this group were included in the Department's position paper on the bill.

The Legislature of the State of Michigan
FISCAL NOTE

First Session - Ninth Legislature.

I. REQUEST
 Bill No. CSIB 393
 Title: An Act Relating to assistance to the aged, blind, and disabled
 Requested by: Theresa Less Date: _____
 Return Date Requested: 5/16/75
 Agency: Health & Social Services Program: Social Services/Assis Payments

II. FISCAL DETAIL
 Budget Request Unit(s) Affected: Assistance Payments
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		718.4	790.2	869.2	956.1	1,051.7
TOTAL		718.4	790.2	869.2	956.1	1,051.7

B. FUNDING: (Thousands of dollars)

GENERAL FUND		718.4	790.2	869.2	956.1	1,051.7
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	0 / 0	0 / 0	0 / 0	0 / 0	0 /
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 See Attachment #1

IV. ATTACHMENTS

CSIB 393 Cost Areas - Attachment #1

V. DATE: _____ PREPARED BY: _____

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE
CSIB 593
Attachment #1

Three Major Cost Areas:

\$340.2

To continue into FY76 the retroactive adjustments in payment and need levels that were established in FY75. The adjustment would be a \$9 per month per recipient benefit increase retroactive for all non nursing home recipients back to July 1, 1974. The formula for calculating these continuation costs in FY76 is as follows:

$$3150 \text{ recipients} \times \$9 \text{ per month} \times 12 \text{ months} = \$340.2$$

\$237.5

To increase FY76 state payment by the same percentage as the July 1, 1975, SSI increase which is expected to be 8.5%. Formula:

$$\$2,448.3 \text{ FY76 Governors Budget Request} + 340.2 \text{ Continuation of increased FY75 costs} = \$2788.5 \times 8.5\% \text{ SSI percentage increase} = \$237.5.$$

\$140.7

An estimated 945 of current recipients do not receive SSI benefits and will not benefit from the SSI increase. To provide the same increase to non-SSI (state only) recipients will cost:

$$945 \times \$12.41 \times 12 = \$140.7.$$

The \$12.41 represents the expected monthly increase for SSI recipients effective July 1, 1975.

Cost Summary

\$340.2	FY75 Continuation Costs
\$237.5	8.5% State Percentage Increase 7/1/75
\$140.7	8.5% Percentage Increase for State Only Recipients
<u>\$718.4</u>	Total

HESS COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 393

ENACTMENT DATE OF JULY 1974

	June 1974 Payment	+	1974 COLA 4.3%	July 1974 Payment	+	1975 COLA 8.5%	July 1975 Payment	July 1975 Need's Level
FEDERAL PAYMENT	\$140.00	+	\$6.00	\$146.00	+	\$12.41	\$158.41	\$18.41 <u>8.47</u> 26.88 \$ 250.00 <u>\$ 276.88</u>
STATE APL	\$ 61.75	+	<u>\$3.00</u> \$9.00	\$ 64.40	+	<u>\$ 5.47</u> \$17.88	\$ 69.87	

COSTS OF JULY 1974 ENACTMENT DATE OF HESS CSHB 393

		# of Recipients	Months	Cost
State & Federal COLA 1974	\$9.00	x 3150	x 12	= \$340.2
State COLA 1974	\$5.47	x 3150	x 12	= \$206.8
Fed. COLA 1975	\$12.41	x 945*	x 12	= <u>\$140.7</u>
				\$687.7 FY 76

* 945 State only recipients

Master file

May 6, 1975

TO: Honorable Mike Bradner
Speaker of the House of Representatives

FROM: Susan Sullivan, Chairwoman
House HE' Committee *SS*

SUBJECT: CSHB 393

The House Committee on Health, Education, and Social Services has passed out with a unanimous do pass recommendation, Committee Substitute for House Bill 393 which will increase monthly benefits for recipients of Adult Public Assistance.

Committee Substitute for HB 393 provides for a retroactive benefit increase back to July 1, 1974 based on the same formula as is specified in the original and substitute bills for future benefit increases.

Yesterday, the Committee was informed by representatives from the Department of Health and Social Services that the Department would be lapsing an unspecified amount of money in the grants component for Adult Public Assistance recipients. The major reason the funds will be lapsed is the past policy of the State to reduce welfare payments when other benefits, such as Social Security, were increased. The committee was further informed that there would be enough funds in the FY 75 appropriation to cover a \$9.00 per month per recipient retroactive benefit increase to July 1, 1974. Six dollars per month of the retroactive increase would make up for the July 1, 1974 \$6.00 Supplemental Security Income (SSI) increase which was not passed along to recipients. The remaining \$3.00 of the increase represents 4.3% of the average monthly state payments to recipients for FY 75. 4.3% is the percentage amount of the Title XVI July 1974 increase. Committee Substitute for House Bill 393 calls for the state percentage increase to be equivalent to the Title XVI increase.

The total cost to the State to make retroactive payments of \$9.00 per recipient per month will be \$340.2, or 3150 recipients X \$9.00 X 12 = \$340.2. This amount is available in the current FY 75 appropriation for the Adult Public Assistance Programs. The maximum total retroactive payment per recipient will be \$108.

For FY 76, maximum total additional expenditures under CS for HB 393 will be \$718.4 over the current Governor's budget, or: \$340.2 to carry over into FY 76 the retroactive FY 75 benefit increases; plus \$237.5, the amount needed to pass along the expected 3.5% July 1, 1975 Title XVI increase; plus \$140.7 to increase benefits to non-eligible Title XVI recipients who are eligible for state only payments. ($\$340.2 + \$237.5 + \$140.7 = \718.4)

By the beginning of FY 76, the maximum total income available to an Adult Assistance recipient will be \$275 per month as opposed to \$250 per month under the current system.

It is the judgment of this committee that a maximum of \$28 additional per month is a way this legislature can demonstrate to Alaska's needy Aged, Blind, and Disabled people that it recognizes higher living costs while at the same time protecting the availability of current state fin-

HOUSE JOURNAL

ances.

It is the request of the House Health, Education and Social Services Committee to seek your concurrence in establishing this letter as a statement of legislative intent to instruct the Department of Health and Social Services to make retroactive payments in accordance with the provisions of CS for HB 393 back to July 1, 1974.

Susan Sullivan,
Chairwoman

JOURNAL
SUPPLEMENT

May 15, 1975

SENATE

NO. 11

SUPPLEMENTAL JOURNAL REPORT

by

SENATE COMMITTEE ON HEALTH, EDUCATION, AND SOCIAL SERVICES

on

SENATE COMMITTEE SUBSTITUTE TO SENATE BILL NO. 219

MAY 15, 1975

It is the intent of this Report to bring to the attention of the Members of the Alaska State Legislature, the present status of the state's participation in the Supplemental Security Income Program (SSI) and to describe the purposes of CSSB No. 219.

Background

Public Law 92-603, Title XVI of the Social Security Act, is a federally administered program which takes over most of the responsibility of the former Federal State programs of Old Age Assistance (AS 47.25.430), Aid to the Blind (AS 47.25.640), and Aid to the Disabled (AS 47.25.790).

The Congress, in developing the supplemental security income program, established a uniform benefit structure which was regarded as the Federal responsibility. It recognized that States, such as Alaska, might wish to add to the amount of the Federal benefit because of living arrangements, high living costs, and other factors peculiar to each state. However, its clear and unequivocal intention was that such payments would be a State responsibility.

The Congress established a uniform benefit structure in 1973 and provided for an automatic cost-of-living increase in this federal benefit structure in 1974. Since the passage of PL 92-603, the federal benefit level for a single person has been raised from \$130 to \$146. On July 1, 1975, another cost-of-living increase will occur which will bring the federal benefit level to an estimated \$158.

In 1970, the State of Alaska amended its existing statutes Old Age Assistance (AS 47.25.430), Aid to the Blind (AS 47.25.640), and Aid to the Disabled (AS 47.25.790) to make the maximum state payment of \$250 per month to recipients. In 1973, the state was spending approximately \$3.2 million dollars in these three categories of need. The average state payment was approximately \$80 per month, although a single individual payment could have been as high as \$210.

It is of extreme importance to note that although the maximum payment level authorized in AS 47.25.430, AS 47.25.640, and AS 47.25.700, is \$250; that neither the average payment level, nor the individual payment level has ever reached this ceiling of \$250. In effect \$250 has become a need level, not a payment level. Through these statutes, the state simply guaranteed to provide whatever funding was necessary to bring the recipient's income up to \$250 a month. Because most, if not all, of the needy have some source of outside income--social security, or some other form of retirement benefits, or a small earned income--the state has never had to appropriate funds that would require a full payment of \$250 to each needy person.

January 1974 - SSI Begins in Alaska

On January 1, 1974, the Supplemental Security Income Program (SSI) began. The SSI federal benefit structure was at that time \$140. This meant that the federal government would pay up to \$140 per month to insure that each recipient in the State of Alaska had a monthly income of \$140. The state, at that time, agreed to supplement the federal benefit structure so that the recipient would have a combined SSI payment that would bring their income up to \$250.00 per month.

The State of Alaska has about 3500 Adult Public Assistance Recipients. Of this 3500, approximately 350 are in nursing homes leaving 3150 recipients living in their own homes. Of the 3150 approximately 2105 receive assistance from both SSI and the State. 945 of these SSI recipients receive only the state benefit; because their monthly income is over the federal benefit structure of \$140, but below the combined benefit structure of \$250.

Because most of these 3150 non-nursing home SSI recipients have some source of outside income, the state does not have to determine its annual budget for these recipients on the difference between \$250 and \$140. Rather, the state looks at the total amount necessary to bring all 3150 recipients up to the \$250 level. This amount (annual budget request) divided by the number of recipients divided by twelve months gives the state a statistical figure called the AVERAGE PAYMENT LEVEL (APL).

The AVERAGE PAYMENT LEVEL (APL) is the key to understanding the SSI program and to determining just how much state money is actually going to the needy of Alaska. While the maximum payment of \$250 tells us that we expect the needy of Alaska to live on a total income of \$250 a month, the average payment level tells us just how much money per recipient the state is having to spend to keep these people at a \$250 standard.

Automatic Cost of Living Increases in SSI

When the SSI Program began in January of 1974, the Federal benefit structure was \$140 and the State of Alaska's AVERAGE PAYMENT LEVEL (APL) was \$61.75. On July 1, 1974, the Federal benefit structure was increased to \$146 because Title XVI (SSI) of the Social Security Act provides for an annual cost-of-living increase. This increase was not passed on to the Alaska recipients. The federal government increased the recipient's check from \$140 to \$146. But the state reduced its check to each

recipient by \$6. The state reduced its AVERAGE PAYMENT LEVEL (APL) from \$61.75 to \$56.70.

The Alaska SSI recipient did not receive the cost-of-living increase which rightfully was theirs; it went into the coffers. The state made a profit of \$156,740.

Committee Substitute for Senate Bill No. 219

The purpose of CSSB 219 is to pass along the federal cost-of-living increase and provide a cost-of-living increase in the state's supplemental benefit (APL).

The cost-of-living increase in the AVERAGE PAYMENT LEVEL (APL) will be the same percentage of cost-of-living which the federal government applies that year to their benefit structure. (i.e., if the federal COLA is 8.5%, then the state would apply a 8.5% COLA to its APL to determine the cost-of-living increase in the state benefit structure.)

The Committee Substitute removes the maximum needs level of \$250 from AS 47.25.430, AS 47.25.640, and AS 47.25.790. Under the provisions of Title XVI, the state cannot reduce its needs level below \$250. Therefore, the Committee Substitute replaces the \$250 with a reference to "standards established under Title XVI of the Social Security Act."

Replacing the maximum \$250 payment level with the standards under Title XVI does not mean in any way that the state's needs level will skyrocket without legislative control. The provisions of the bill only allow the maximum \$250 to increase by the yearly COLA. If the Legislature decided at a later date that the increase in the COLA was not large enough they would simply have to direct the department to increase the AVERAGE PAYMENT LEVEL (APL) by some figure. They would then have to budget the amount of increase in the APL they desired. These provisions do not force the state into spending money it does not have.

CSSB No. 219 provides for an enactment date of July 1, 1974. The purpose of this retroactive date is to allow the pass-through of the federal cost-of-living increase and to adjust the state Average Payment Level by the same cost-of-living increase since July 1, 1974.

The 1974 COLA was 4.3%. Applying the 74 COLA to the federal structure increases it from \$140 to \$146. Applying the 4.3% COLA to the State Average Payment Level increases it from \$61.75 to \$64.40. The total 1974 COLA would be \$9. Applying the 1975 COLA of 8.5% would increase the federal benefit structure from \$146 to \$158.41. Applying the 8.5% COLA to the State Average Payment Level would increase it from \$64.40 to \$69.67. The total 1975 COLA would be \$17.68.

This would allow a pass-through of federal increases of \$18.41 and an adjustment of the State Average Payment Level by \$8.47. The recipients would receive a \$26.88 increase in their checks. These cost-of-living adjustments increase the state's need level of \$250 to \$276.88. The total costs of these COLA adjustments in FY 76 would be \$487.7.

While the committee felt that the most important feature of the Committee Substitute was to provide for an automatic yearly cost-of-living increase mechanism in the state's needs level, the committee felt that an additional increase in the state's needs level was necessary to meet the dire need of these elderly, blind, and disabled Alaskans.

For this reason, the Committee Substitute includes a provision directing the department to establish the July 1, 1975 needs level at \$300. This would be a total increase in the state's needs level of \$50 (\$300-\$250=\$50). \$26.88 of this amount would be accounted for through the application of the 1974 and 1975 COLA adjustments. The remaining \$23.12 is an arbitrary figure that will adjust the state's needs level to a more reasonable amount. The total cost of this additional adjustment of \$23.12 is \$873,936 in FY 76.

In summary, this Committee Substitute provides for an automatic cost-of-living increase mechanism and establishes a needs level of \$300 in 1975. In 1976 the provisions of the law if this Committee Substitute are enacted will provide for a state needs level of \$300 plus the 1976 COLA.

Reimbursement under CSSB 219

In addition, it is the understanding of the Senate Health, Education, and Social Services Committee that the department expects to lapse approximately \$818,000 in FY 75. Therefore, it is the intent of the Committee that the department make a one-time reimbursement payment to recipients of \$108 prior to June 30, 1975. This \$108 is the 1974 federal COLA that was not passed on to recipients ($6 \times 3150 \times 12$) and the State COLA ($3 \times 3150 \times 12$) which is authorized under CSSB 219. The total cost of this reimbursement will be \$340,200 in FY 75 funds ($3150 \times 9 \times 12 = \$340,200$).

The Committee has issued a letter of intent to accompany CSSB 219 that directs the department to issue the reimbursement check.

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 219

ENACTMENT DATE OF JULY 1974

	June 1974 Payment	+	1974 COLA 4.3%	July 1974 Payment	+	1975 COLA 8.5%	July 1975 Payment	July 1975 Need's Level
FEDERAL PAYMENT	\$140.00		\$6.00	\$146.00		\$12.41	\$158.41	\$18.41 Fed. COLA 8.47 State COLA 26.88 \$ 250.00
STATE APL	\$ 61.75		\$3.00 \$9.00	\$ 64.40		\$ 5.47 \$17.88	\$ 69.87 23.12 Need's \$ 92.99 Adj.	\$ 276.88 23.12 Need's adj. \$ 300.00

COSTS OF JULY 1974 ENACTMENT DATE OF CSSB NO. 219

			<u># of Recipients</u>		<u>Months</u>	<u>Cost</u>	
State & Federal COLA 1974	\$9.10	x	3150	x	12	\$340.2	
State COLA 1974	\$5.17	x	3150	x	12	206.8	
Fed. COLA 1975	\$12.41	x	945*	x	12	140.7	
Adjustment for Need's Level \$300	\$23.12	x	3150	x	12	873.9	
						<u>\$1,561.6</u>	TOTAL COST FY 76

* State only recipients

Master file

SENATE JOURNAL

ALASKA STATE LEGISLATURE
NINTH LEGISLATURE - FIRST SESSION

Juneau, Alaska

Thursday

May 15, 1975

1104

SENATE JOURNAL

May 15, 1975

SB 219 SENATE BILL NO. 219 was referred to the Finance Committee.

The Health, Education and Social Services Committee's letter of intent on SENATE BILL NO. 219 follows:

May 13, 1975

The Honorable Chancy Croft
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

The Senate Committee of Health, Education and Social Services has passed out with a unanimous "Do Pass" recommendation Committee Substitute for Senate Bill No. 219 which will increase the monthly benefits for recipients of adult public assistance. Committee Substitute for Senate Bill No. 219 provides for a cost-of-living increase effective July 1, 1974.

The Department of Health and Social Services will be lapsing an unspecified amount of money in grants components for adult public assistance recipients. The major reason the funds will be lapsed is the past policy of the State to reduce welfare payments when other benefits, such as Social Security, were increased. The Department of Health and Social Services had advised the committee that there will be sufficient funds in the FY 75 appropriation to cover a \$9 per month per recipient retroactive benefit increase back to July 1, 1974; the \$6 federal increase (which was not passed along to recipients), and a \$3 per month increase in the state's average payment level.

The total cost of this to the State to make retroactive payments of \$9 per recipient per month will be \$340,200. 3150 recipients x \$9 x 12 months = \$340,200. This amount is available in the current FY 75 appropriation. The maximum total retroactive payment per recipient will be \$108. It is the intent of this committee that this retroactive payment of \$108 be made to the recipients prior to June 30, 1975 from the FY 75 appropriation.

Respectfully submitted,

Genie Chance
Genie Chance, Vice-Chairman

George Hohman
George Hohman, Chairman

A supplemental report by the Health, Education and Social Services Committee on SENATE BILL NO. 219 appears in Senate Journal Supplement No. 19 to today's journal.