

COMMITTEE REPORT

SENATE

5/28/75

Mr. President:

Date 5/29/75

The Committee on FINANCE has had CSHB 393 (Finance) relating to assistance to the blind, blind, and disabled

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 CS FOR _____ AND THAT
CS FOR _____ DO PASS
- "and" recommends it BE REFERRED TO THE _____
COMMITTEE
- reports it back WITHOUT RECOMMENDATION
- "other"

Members signing the Majority report:

Lee Kay _____
John G. ... _____
Eric ... _____

Members NOT concurring in the Majority report:

_____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:
 _____ recommends:

Lee Kay Chairman

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

Offered: 5/22/75
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. 5. 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

1 IN THE HOUSE

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

2 HOUSE BILL NO. 393

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:

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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 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
24 XVI [, BUT MAY IN NO CASE EXCEED \$250 A CALENDAR MONTH]. Direct pay-
25 ments for medical services and remedial care may not be considered
26 in determining the [MAXIMUM] amount payable.

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

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29 determine the amount of assistance granted for a needy blind person

1 with due regard to the resources and needs of the person and the
2 conditions existing in each case. Assistance shall be sufficient to
3 provide the applicant with reasonable subsistence compatible with
4 decency and health, and according to the standards of assistance
5 established by the department and with the standards established under
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
9 the increase to recipients, and shall increase the amount of the state
10 contribution to recipients by a percentage of the state contribution
11 equal to the percentage increase in the benefit amounts under Title II
12 or Title XVI. [HOWEVER, ASSISTANCE MAY NOT EXCEED \$250 A CALENDAR
13 MONTH.] Direct payments for medical services and remedial care may not
14 be considered in determining the [MAXIMUM] amount payable.

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

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

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Direct payments for medical services and remedial care may not be considered in determining the [MAXIMUM] amount payable.

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

#

Master file

Joint Session - 1974-1975 Legislature

THE HOUSE FINANCE COMMITTEE

REDUCED THIS FISCAL NOTE BY THE COSTS

I. REQUEST
 BILL No. CS House Bill No. 393 TO COVER THE LAURENCEY LEONARD
 Title: An Act relating to a stipend for the Agent, Agent and Agent.
 Requested by: House Finance Date: May 19, 1974
 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, Admin. & 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	59.3	63.3	67.0
200 TRAVEL		8.8	9.7	10.9	12.0	13.3
300 CONTRACTUAL		1,372.5	1,510.0	1,655.2	1,800.8	2,013.7
400 COMMODITIES		67.5	74.2	81.0	89.8	93.3
500 EQUIPMENT		2.9	3.1	3.2	3.8	6.4
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2,187.5	2,466.5	2,646.9	2,911.0	3,282.3
TOTAL	-0-	3,667.0 3,233.7	4,056.9	4,430.1	4,958.1	5,452.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	3,667.0 2,607.9	3,353.5	3,717.1	4,089.0	4,498.0
FEDERAL FUNDS		625.8	698.6	772.0	819.1	954.0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	3 / 0	5 / 0	4 / 0	4 / 0	4 / 0
MAN MONTHS (P./T.)	/	55 / 0	50 / 0	46 / 0	53 / 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 Admin. & Support
 50% of Line Items 200 and 300 relating to Medicaid Medical Payments.
 0% of Line Items 700 relating to State Aid Grant Cost.
 9% of Line Items 300 & 400 relating to General Relief-Medical costs.
 38.5% of line items 100, 500, 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, 1974, stating projections of costs for hospitals and nursing homes.

V. DATE: 5/19/74 PREPARED BY: *[Signature]*

Printed by: Legislative Finance
 Budget and Management
 Price Sponsor (First Legislator Named)

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 COSTS
<p>\$300 maximum benefit level adjusted by pass along of Title XVI cost of living increases; longevity bonus recipients will get \$100 increase needs; will bring 795 new recipients into program; will increase costs for cash and medical assistance programs.</p>	\$1,753.2 SEE BELOW	\$451.3 (6 months) 755 longevity bonus recipients X \$80 SSI loss X 6 = \$362.4 + 385 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.	<p>13,459.7 3,107.8 SSI 620.5 Federal</p>

ADDITIONAL COST TO INCREASE CASH BENEFITS

	\$ Amount	X	# Recipients	X	Months	SGI 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	140.7
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

FUNDING: (5)
 GENERAL FUND
 STATEMENT
 POLICE
 PERMANENT
 FEDERAL
 AFFAIRS
 ILL.

ATTACHED TO
 FINANCIAL STATEMENT
 OF
 CSHB 393
 CASH ASSISTANCE COSTS

COMMITTEE SUBSTITUTE FOR HOUSE BILL 393

ENACTMENT OF JULY 1974

	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	\$10.41 2.12 <u>25.33</u> 259.00 <u>\$275.65</u>
STATE (APL) (Average payment level)	\$61.75 + \$3.00 \$9.00	\$64.40 + \$5.47 \$17.88	\$69.87	

COSTS OF JULY 1974 ENACTMENT DATE OF CSSR 219

	Amount	#	Recipients	Months	SGF Cost
State & Federal COLA 1974	\$9.00	x	3150	x 12	\$340.2
State COLA 1975	\$5.47	x	3150	x 12	\$206.9
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	\$373.0
Longevity Bonus After 12/31/75 ³	\$80.00 \$40.00	x x	755 393	x 6 x 6	\$262.4 \$ 91.9
Res. Granted Result- ing from Increased Needs Level ⁴	\$20.40	x	715	x 12	\$171.6
					\$9,177.5

¹ Data on # of recipients do not receive SSI because of excess income is to bring payments to such recipients up to new level created by SSI COLA bill cost of \$1.41 per recipient per month.

² In lieu of CSHB 393 to create maximum needs level of \$300.00 for 1975 Federal and State COLA increases, needs level is set at \$275.65. \$24.35 per recipient is needed to reach CSHB 393 intended level of \$300.00.

³ Longevity Bonus (ALB) will not be discarded as increased by SSI after

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.

/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 \$500 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 AS 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	\$1,557/eligible	\$671,715
FY 77	495 eligible	1,495/eligible	739,035

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 (45.8% 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	130,838
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 OPTION 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	4/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 75 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 \$1,533 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	19,550/person	=	28,995
FY 78	2.5 persons	21,263/persons	=	53,158
FY 79	2.5 persons	23,399/persons	=	58,473
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		\$413
FY 77	1.5 persons	303/person		455
FY 78	2.5 persons	333/person		833

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	2,420
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 YEAR
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 80 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 \$24,492.

DK/vlh May 19, 1975