

COMMITTEE REPORT

5/15/75

SENATE

Mr. President:

Date _____

The Committee on FINANCE has had SB 219 relating to old age assistance 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:

Members NOT concurring in the Majority report:

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

_____ Chairmar

COMMITTEE REPORT

Finance

SENATE

3/3/75

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Date Mar 12

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- () recommends it DO PASS
- () recommends it DO NOT PASS
- () recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- () recommends it BE REPLACED WITH CS FOR SB 219 ^{new title} AND THAT CS FOR SB 219 DO PASS

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

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Genie Chanc Trish Collette _____

Adam _____

Brad Bradley _____

Ferguson _____

Members NOT concurring in the Majority report:

- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:
- _____ recommends:

George H. Q. Chairman

SENATE JOURNAL

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. $3150 \text{ recipients} \times \$9 \times 12 \text{ months} = \$340,200$. 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, Vice-Chairman

George Hohman, Chairman

Original sponsor: Bradley, Chance,
Rodey, et al

Offered: 5/15/75
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 219

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
6 Security Act are increased as a result of an increase in the cost of
7 living, the state shall pass along the increase to recipients, and shall
8 increase the amount of the state contribution to recipients by a per-
9 centage of the state contribution equal to the percentage increase in
10 the benefit amounts under Title XVI. [HOWEVER, ASSISTANCE MAY NOT
11 EXCEED \$250 A CALENDAR MONTH.] Direct payments for medical services and
12 remedial care may not be considered in determining the maximum amount
13 payable.

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

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

1 maximum amount payable.

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

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

7 * Sec. 6. This Act takes effect immediately in accordance with AS 01.10.
8 070(c).

219

Introduced: 3/3/75
Referred: Health, Education
and Social Services and
Finance

BY BRADLEY, CHANCE, RODEY,
WILLIS AND CROFT

1 IN THE SENATE

2 SENATE BILL NO. 219

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

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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 of
13 65 years, who has not made a voluntary assignment or transfer of pro-
14 perty to qualify for assistance. Assistance shall be in an amount which
15 will provide the applicant with reasonable subsistence compatible with
16 decency and health in accordance with standards established by the
17 department, but may in no case exceed \$350 [\$250] a calendar month.
18 Direct payments for medical services and remedial care may not be
19 considered in determining the maximum amount payable.

20 * Sec. 2. This Act takes effect July 1, 1975.

ALASKA STATE LEGISLATURE

NINTH... Legislature ... FIRST Session

SENATE BILL NO. 219
By BRADLEY, CHANCE, RODEY, WILKIS AND CROFT

"An Act relating to old age assistance; and providing for an effective date."

old age assistance

Introduced in the Senate 3/3, 1975

HISTORY IN THE SENATE

19 75	3	3	Read first time and referred to Committee on Health, Education and Social Services and Finance. Reported back with recommendation that <i>less replace 405, by 2 fin.</i>												
	5	15	Read second time and												
			Read third time and												
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			Reported correctly engrossed Signed by President Sent to House												

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19		Read first time and referred to Committee on												
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		Reported correctly engrossed Signed by Speaker Returned to Senate												

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19		Received from House
		Reported correctly enrolled
		Sent to Governor
	 By Governor
		Filed with Lt. Governor

Chapter No.

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CS for Senate Bill No. 219

Title: An Act relating to assistance to the aged, blind and disabled; and providing an

Requested by: Senate Health & Social Services Date: May 15, 1975

Return Date Requested:

Agency: Dept. Health & Social Services Program: Social Services
Medical Assistance

II. FISCAL DETAIL

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	80.5	88.3	97.0
200 TRAVEL		8.8	9.7	10.9	12.0	13.5
300 CONTRACTUAL		1,372.5	1,510.0	1,654.2	1,350.6	2,015.7
400 COMMODITIES		67.5	74.2	81.6	89.8	98.8
500 EQUIPMENT		2.9	3.1	5.2	5.8	6.4
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		2,187.5	2,406.5	2,646.9	2,911.6	3,202.8
TOTAL	-0-	3,688.0	4,056.9	4,459.1	4,938.1	5,452.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	3,062.2	3,568.3	3,717.1	4,089.0	4,498.0
FEDERAL FUNDS		625.8	688.6	772.0	849.1	934.0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	3 / 0	3 / 0	4 / 0	4 / 0	4 / 0
MAN MONTHS (P./T.)	/	36 / 0	36 / 0	48 / 0	48 / 0	45 / 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.
- 0% of Line Items 300 & 400 relating to General Relief-Medical costs.

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: 5/2/75

PREPARED BY: [Signature]

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

CSSB 219
 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 FY 76 COSTS
\$300 maximum benefit level adjusted by pass along of Title XVI cost of living increases; longevity bonus recipients will get \$400 Maximum needs; will bring 795 new recipients into program; will increase costs for cash and medical assistance programs.	\$1,733.2 SEE BELOW	\$454.3 (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 3 positions and necessary support items, e.g., keypunch data processing, equipment, travel, etc.	\$5,688.0 3,062.2 SGF 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	140.7
Bring Maximum Needs Level to \$300	23.12	X	3150	X	12	873.0
New Caseload Resulting from Increased Needs Level	20.00	X	715	X	12	171.6

ATTACHMENT #1
FISCAL NOTE
ON
CSSB 219
CASH ASSISTANCE COSTS

	<u>COMMITTEE SUBSTITUTE FOR SENATE BILL 219</u>				<u>ENACTMENT OF JULY 1974</u>	
	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
						8.12
						<u>26.53</u>
						250.00
						<u>\$276.83</u>
STATE (APL) Average payment level)	\$61.75	+ <u>\$3.00</u> \$9.00	\$64.40	+ <u>\$5.47</u> \$17.88	\$69.87	

	<u>COSTS OF JULY 1974 ENACTMENT DATE OF CSSB 219</u>			Months	SGF Cost
	\$Amount	# Recipients			
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	\$873.9
Longevity Bonus After 12/31/75 ³	\$80.00	x	755	x 6	\$362.4
	\$40.00	x	383	x 6	\$ 91.9
New Caseload Result- ing from Increased Needs Level ⁴	\$20.00	x	715	x 12	<u>\$171.6</u>
					\$2,187.5

¹1945 current recipients do not receive SSI because of excess income. To bring payments to such recipients up to new level created by SSI COLA will cost a maximum of \$12.41 per recipient per month.

²Intent of CSSB 219 is to create maximum needs level of \$300. After 1974 and 1975 Federal and State COLA increases, needs level is \$276.83. Thus, \$23.12 per recipient is needed to reach CSSB 219 intended level of \$300.00.

³Assumes Longevity Bonus (ALB) will not be disregarded as income by SSI after 12/31/75. Thus, state must make up current federal payment of \$80.00 per

month per recipient for 735 recipients whose only income is ALB and \$40.00
per month per recipient for 383 who have LD plus other income.

⁶Based on 1970 Census on economic characteristics by age, estimate 795 new recipients as a result of need level increase to \$300.00. Of 795, 80 will be nursing home patients not affected by need level increase. 715 will be affected and estimate average payment of \$20.00 per month per recipient.

vln May 15, 1975

ANALYSIS FOR FISCAL NOTE
FOR
COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 219
(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	759,035

FY 73	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

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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 OAW eligible for Medicaid to be \$949, per AD eligible for Medicaid to be \$1,252, and per AB eligible for Medicaid to be \$573. 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 GRG)	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 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 SENATE BILL NO. 219
(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 - SENATE BILL NO. 219 - COMMITTEE SUBSTITUTE

SUMMARY OF CURRENT LEVEL OF ACTIVITY

Expenditures: \$920,500/month; approximately 7,000 claims (7,250 in March 1975, and 7,300 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 monies 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	\$17,573/person	=	\$26,360
FY 77	1.5 persons	19,330/person	=	28,995
FY 78	2.5 persons	21,263/persons	=	53,158
FY 79	2.5 persons	25,389/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	3,320
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 NOTE
CSSB 219
ADMINISTRATION COSTS
DIVISION OF FAMILY AND CHILDREN SERVICES

TOTAL COST \$24.5

795 New cases are expected if CSSB 219 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 23 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 \$24,492.

DK/vlh May 15, 1975

Medicare

Blue Cross

General Medicine
Department

15700 Dayton Avenue, N.E.
P.O. Box 647
Seattle, Washington 98111
206/331-3500

October 9, 1974

Mr. Walter Koren
Department of Health and Social Services
State of Alaska
Pouch H
Juneau, Alaska 99801

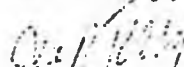
Dear Walt:

This is in reply to your telegram of October 8, 1974.

The estimates we made on increases in cost for fiscal year 1975 of 12-17% were based on projections that were being made at a national level at that time. Subsequent projections of hospital and nursing home costs now indicate an estimated increase of 25-30%.

We hope our estimates have not caused you additional problems.

Sincerely,



Jan R. Terry, Manager
Reimbursement and Facility Audit

JRT:11

Original sponsor: Bradley, Chance,
Kodey, et al

Offered: 5/15/75
Referred: Finance

IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

CS FOR SENATE BILL NO. 219

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

(a) Financial assistance shall be given under secs. 430 - 610 of this chapter, so far as practicable under the conditions in the state, to every aged, needy resident of the state who has attained the age of 55 years, who has not made a voluntary assignment or transfer of property to qualify for assistance. Assistance shall be in an amount which will provide the applicant with reasonable subsistence compatible with decency and health in accordance with standards established by the department and with the standards established under Title XVI of the Social Security Act. When benefit amounts under Title XVI of the Social Security Act are increased as a result of an increase in the cost of living, the state shall pass along the increase to recipients, and shall increase the amount of the state contribution to recipients by a percentage of the state contribution equal to the percentage increase in the benefit amounts under Title XVI [, BUT MAY IN NO CASE EXCEED \$250 A CALENDAR MONTH]. Direct payments for medical services and remedial care may not be considered in determining the maximum amount payable.

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

Sec. 47.25.640. AMOUNT OF ASSISTANCE. The department shall determine the amount of assistance granted for a needy blind person with due regard to the resources and needs of the person and the conditions

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

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

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

1 maximum amount payable.

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

6 * Sec. 5. This Act takes effect July 1, 1975.
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STATE
of ALASKA.

MEMORANDUM

TO: [Larry Sullivan
Director
Division of Public Assistance

DATE : December 12, 1975

FROM: David W. Freer
Special Assistant

SUBJECT: Fiscal notes

Attached is a fiscal note submitted for CSSB 219, which was referred to the Senate Finance Committee during the last legislative session.

Please review this information for accuracy, revise figures to reflect current costs, and add any pertinent data necessary.

I need this information not later than December 22, 1975.

Thanks.

DWF:cs

**Department of Health and Social Services
Intra-Department Route Slip
Juneau Central Office**

OFFICE OF THE COMMISSIONER

- Deputy Commissioner
- Special Assistant
- Information
- Aging
- Alcoholism
- Drug Abuse
- Parole Board
- Planning and Research
- Quality Control/Collections
- Violent Crimes Compensation

DIR, ADMINISTRATIVE SERVICES

- Deputy Director
- Financial Management
- Budget/Expend Control
- Contracts
- Financial Operations
- Federal Reports
- Fiscal Services
- Graphic Arts/Library
- Personnel
- Supply

DIR, MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

- Program Administration
- Developmental Disabilities
- Mental Health Services

DIR, PUBLIC ASSISTANCE

- Assistance Payments
- Field Operations
- Food Stamps
- Management/Systems
- Claims/Payment Unit
- Research/Data Processing
- Medical Assistance

DIR, PUBLIC HEALTH

- Administration
- Bureau of Vital Statistics
- Environmental Health
- Family Health
- Health Education
- Health Fac Cert & Licens
- Health Info System
- Laboratories
- Nursing

DIR, SOCIAL SERVICES

- Admin Officer
- Family Program Unit
- Title XX
- WIN

DIR, CORRECTIONS

TO: D. Freee

Approval, Signature and Return

Draft Reply By _____

Necessary Action

Reply Direct

w/cc This Office

Per Request

Per Conversation

Comment By _____

Disseminate to All Concerned

Call Me

Information and File

Other _____

COMMENT:

This legislation was passed last session as CSHB393. Thus, this fiscal note is dead as far as any further legislative action is concerned

Office/Section DPA

Date 12/21

By [Signature]

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. CS for Senate Bill No. 219

Title: "An Act relating to assistance to the Aged, blind and disabled; and providing an effective date."

Requested by: Senate Health & Social Services Date: May 15, 1975

Return Date Requested:

Agency: Dept. Health & Social Services Program: Social Services
Medical Assistance

II. FISCAL DETAIL

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	55.6	80.5	88.3	97.0
200 TRAVEL		8.8	9.7	10.9	12.0	13.3
300 CONTRACTUAL		1,372.5	1,510.0	1,664.2	1,830.6	2,015.7
400 COMMODITIES		67.5	74.2	81.6	89.8	98.8
500 EQUIPMENT		2.9	5.1	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-	3,688.0	4,056.9	4,489.1	4,958.1	5,452.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND	-0-	3,062.2	3,368.3	3,717.1	4,089.0	4,498.0
FEDERAL FUNDS		625.8	688.6	772.0	849.1	934.0
OTHER						

C. POSITIONS:

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

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

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: 5/15/75

PREPARED BY: [Signature]

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

CSSB 219
 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 FY 76 COSTS
\$500 maximum benefit level adjusted by pass along of Title XVI cost of living increases; longevity bonus recipients will get \$400 Maximum needs; will bring 795 new recipients into program; will increase costs for cash and medical assistance programs.	\$1,755.2 SEE BELOW	\$454.3 (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 3 positions and necessary support items, e.g., keypunch data processing, equipment, travel, etc.	\$5,688.0 <u>3,062.2</u> SGF 625.8 Federal

ADDITIONAL COST TO INCREASE CASH BENEFITS

	<u>\$ Amount</u>		<u># Recipients</u>		<u>Months</u>	<u>SGF Cost</u>
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

ATTACHMENT #1
FISCAL NOTE
ON
CSSB 219
CASH ASSISTANCE COSTS

	<u>COMMITTEE SUBSTITUTE FOR SENATE BILL 219</u>				<u>ENACTMENT OF JULY 1974</u>	
	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
						8.12
						<u>26.53</u>
						250.00
						<u>\$276.88</u>
STATE (APL) (Average Payment Level)	\$61.75	+ \$3.00 <u>\$9.00</u>	\$64.40	+ \$5.47 <u>\$17.88</u>	\$69.87	

COSTS OF JULY 1974 ENACTMENT DATE OF CSSB 219

	<u>\$Amount</u>	<u># Recipients</u>	<u>Months</u>	<u>SGF Cost</u>
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	\$873.9
Longevity Bonus	\$80.00	x 755	x 6	\$362.4
After 12/31/75 ³	\$40.00	x 383	x 6	\$ 91.9
New Caseload Result- ing from Increased Needs Level ⁴	\$20.00	x 715	x 12	<u>\$171.6</u>
				\$2,197.5

¹945 current recipients do not receive SSI because of excess income. To bring payments to such recipients up to new level created by SSI COLA will cost a maximum of \$12.41 per recipient per month.

²Intent of CSSB 219 is to create maximum needs level of \$300. After 1974 and 1975 Federal and State COLA increases, needs level is \$276.88. Thus, \$23.12 per recipient is needed to reach CSSB 219 intended level of \$300.00.

³Assumes Longevity Bonus (ALB) will not be disregarded as income by SSI after 12/31/75. Thus, state must make up current federal payment of \$80.00 per

month per recipient for 755 recipients whose only income is ALB and \$40.00 per month per recipient for 383 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 \$300.00. 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.

DK/vlh May 15, 1975

ANALYSIS FOR FISCAL NOTE
FOR
COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 219
(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 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	739,035

FY 73	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	2,584/eligible	691,360
FY 80	290 eligible	2,622/eligible	760,380

AB OPTION IMPACT

Fiscal Year	Caseload Increase ^{1,2}	Total Cost ⁵ 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	130,838
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 ⁵ 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	663.25/patient	70,302
FY 79	106/patient	729.55/patient	77,352
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 ⁵ 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: 50% 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	\$56,988
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	403.95/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	314.95/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. 50% 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 SENATE BILL NO. 219
(Part 5)

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 - SENATE BILL NO. 219 - COMMITTEE SUBSTITUTE

SUMMARY OF CURRENT LEVEL OF ACTIVITY

Expenditures: \$920,500/month; approximately 7,000 claims (7,250 in March 1975, and 7,300 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	19,330/person	=	28,995
FY 78	2.5 persons	21,265/persons	=	53,158
FY 79	2.5 persons	25,389/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	305/person	=	455
FY 78	2.5 persons	335/person	=	835

FY 79	2.5 persons	366/person	915
FY 80	2.5 persons	405/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 NOTE
CSSB 219
ADMINISTRATION COSTS
DIVISION OF FAMILY AND CHILDREN SERVICES

TOTAL COST \$24.5

795 New cases are expected if CSSB 219 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 \$24,492.

DK/vlh May 15, 1975

Medicare

Blue Cross
of Washington and Alaska

Federal Medicare
Intermediary

15700 Dayton Avenue North
P.O. Box 327
Seattle, Washington 98111
206/331 3000

October 9, 1974

Mr. Walter Norem
Department of Health and Social Services
State of Alaska
Pouch H
Juneau, Alaska 99801

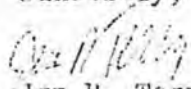
Dear Walt:

This is in reply to your telegram of October 8, 1974.

The estimates we made on increases in cost for fiscal year 1975 of 12-17% were based on projections that were being made at a national level at that time. Subsequent projections of hospital and nursing home costs now indicate an estimated increase of 25-30%.

We hope our estimates have not caused you additional problems.

Sincerely,


Jan R. Terry, Manager
Reimbursement and Facility Audit

JRT:11

Original sponsor: Bradley, Chance,
Rodey, et al

Offered: 5/15/75
Referred: Finance

IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

CS FOR SENATE BILL NO. 219

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

(a) Financial assistance shall be given under secs. 430 - 610 of this chapter, so far as practicable under the conditions in the state, to every aged, needy resident of the state who has attained the age of 55 years, who has not made a voluntary assignment or transfer of property to qualify for assistance. Assistance shall be in an amount which will provide the applicant with reasonable subsistence compatible with decency and health in accordance with standards established by the department and with the standards established under Title XVI of the Social Security Act. When benefit amounts under Title XVI of the Social Security Act are increased as a result of an increase in the cost of living, the state shall pass along the increase to recipients, and shall increase the amount of the state contribution to recipients by a percentage of the state contribution equal to the percentage increase in the benefit amounts under Title XVI [, BUT MAY IN NO CASE EXCEED \$250 A CALENDAR MONTH]. Direct payments for medical services and remedial care may not be considered in determining the maximum amount payable.

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

Sec. 47.25.640. AMOUNT OF ASSISTANCE. The department shall determine the amount of assistance granted for a needy blind person with due regard to the resources and needs of the person and the conditions

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

Sec. 3. AS 47.25.810 is amended to read:

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

1 maximum amount payable.

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

6 * Sec. 5. This Act takes effect July 1, 1975.
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Original sponsor: Bradley, Chance,
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Offered: 5/15/75
Referred: Finance

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Introduced: 3/3/75
Referred: Health, Education
and Social Services and
Finance

BY BRADLEY, CHANCE, RODEY,
WILLIS AND CROFT

1 IN THE SENATE

2 SENATE BILL NO. 219

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Introduced: 3/3/75
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15 will provide the applicant with reasonable subsistence compatible with
16 decency and health in accordance with standards established by the
17 department, but may in no case exceed \$350 [~~\$250~~] a calendar month.
18 Direct payments for medical services and remedial care may not be
19 considered in determining the maximum amount payable.

20 * Sec. 2. This Act takes effect July 1, 1975.

Introduced: 3/3/75
Referred: Health, Education
and Social Services and
Finance

BY BRADLEY, CHANCE, RODEY,
WILLIS AND CROFT

1 IN THE SENATE

2 SENATE BILL NO. 219

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 old age assistance; and providing
7 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 of
13 65 years, who has not made a voluntary assignment or transfer of pro-
14 perty to qualify for assistance. Assistance shall be in an amount which
15 will provide the applicant with reasonable subsistence compatible with
16 decency and health in accordance with standards established by the
17 department, but may in no case exceed \$350 [~~\$250~~] a calendar month.
18 Direct payments for medical services and remedial care may not be
19 considered in determining the maximum amount payable.

20 * Sec. 2. This Act takes effect July 1, 1975.

W. E. "Brad" Bradley

SENATE

HOME ADDRESS

P.O. DRAWER 8670
ANCHORAGE, ALASKA 99508
PHONE (907) 337-1080

LEGISLATURE ADDRESS

POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE 586-2660, EXT. 503

TO: *Senator Ray*
FROM: *Senator Bradley*
SUBJECT: *SB 196*

May 23, 1975

I have sent this Letter to the Editor to every newspaper in the State of Alaska, and I am not half through. Rose Palmquist's name is used in most places in the State for misrepresenting the facts. I waited on sending this letter to the local paper, but did today -- May 23, 1975. Bill, I hope you can get SB 219 out and wait on SB 196. Brad

Alaska State Legislature

SENATOR
W. E. "BRAD" BRADLEY
P.O. DRAWER 8479
ANCHORAGE ALASKA 99503



LEGISLATURE ADDRESS
FOUCH V - STATE CAPITOL
JUNEAU, ALASKA 99811

Senate

May 5, 1975

Dear Editor:

This letter is written to clarify a misunderstanding resulting from a vendetta against Senate Bill 196, which was instigated by Robert R. Gore of Ketchikan and Ross Palmquist of Juneau and Palmer. Letters, telegrams, and phone calls to numerous individuals throughout Alaska by these two individuals have unjustifiably propagandized many of our Pioneers and other Senior Citizens against this important and much needed Bill which was introduced in the Senate for their benefit. Mr. Gore and Mrs. Palmquist began criticizing the bill even before it was discussed in the appropriate Senate Committees, which is the proper time to testify and voice opinions on bills. They were not even fair-minded enough to let any of the sponsors explain the Bill to them in detail before starting their vendetta against it. It is quite obvious to all who have read the final version of the Bill that these two individuals acted without sufficient comprehension of the facts. Their conduct has definitely retarded the progress of this proposed legislation and that of many other bills urgently needed to assist our Senior Citizens living on fixed and limited incomes. Rapidly-increasing inflation is like an ever-growing cancer on their already too-small incomes.

Senate Bill 196 was initially written to be somewhat general to allow some flexibility, and was commented on verbally or in writing by most of the sponsors and approved by all, most of which are very experienced, highly-respected, veteran Senators. The Bill will statutorially establish within the Office of the Governor both the Commission on Aging (formerly the Office of Aging) and the Governor's Advisory Committee on Aging (which already existed but not by law or any written authority). By being located within the Office of the Governor, our Alaska Senior Citizen programs will receive even more emphasis, personal attention, centralized direction, and over-all importance.

The creation of the Commission on Aging will not entail any additional personnel, costs, or duplication of effort by the State, but will give it two duties in addition to those currently assigned it as the Office of Aging in the Department of Health and Social Services. The Commission will be required to report directly to the Governor important information concerning our Senior Citizens except that pertaining solely to the Pioneer homes and longevity bonus programs. These programs will not be effected by SB 196 in any way whatsoever. They will continue as they have in the Department of Administration. Additionally, the Commission

will become a point of contact for all Senior Citizen business from individuals or their organizations located outside the Juneau area, and will accomplish all necessary local coordination for those in outlying areas. There are approximately nine different offices, branches, sections, or divisions in four different departments that have to be contacted at some time concerning Senior Citizen matters. This business can be accomplished much faster, more efficiently, and less expensively if done locally rather than by long distance telephone or, as is sometimes necessary by travel to and from Juneau. Those who know the facts will verify that telephone communications to Juneau from elsewhere can be quite a difficult and time-consuming problem.

The fact that I have introduced nine bills to assist our Pioneers and other Senior Citizens should attest to my sincerity and willingness to help in every way I can and not to hinder in any way our elderly citizens. Consequently, I, as do the other sponsors of SB 196, strongly resent the accusations of Mr. Gore and Mrs. Palmquist. Senate Bill 196, as amended, specifically states that -- "The Commission has no powers or duties with respect to the Pioneer Homes and Longevity programs." They will continue as they have in the past. All Senior Citizen legislation I have introduced has residency requirements so that those from other states will not be encouraged to come to Alaska, because most Alaskans feel that we have no obligation to provide assistance for Senior Citizens who have lived most of their adult life contributing to another state. In regard to my bills for State assistance to the aged, generally, the greater the benefit, the longer the Alaska residency requirements. However, this does not and cannot exist where Federal assistance is involved, because Federal funds must be applied to all United States citizens with no special privileges as to residency in Alaska.

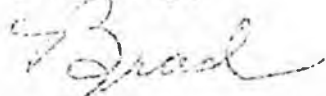
During the course of two Senate Health and Social Services Committee hearings on SB 196, neither Mr. Gore nor Mrs. Palmquist or anyone else could prove to any extent whatsoever that the Bill would adversely affect the Pioneer Homes and Longevity Bonus programs. Anyone who knows the facts will assure you it will not do any harm to the Pioneer programs, as they have falsely claimed, but will help the Pioneers in many ways. Although the original bill would not have had any unfavorable affect on the Pioneer programs, the Committee made all changes to the original Bill requested by Mrs. Palmquist. Mr. Gore made no constructive remarks concerning the Bill. As a result, the final Bill was passed through the Health and Social Services Committee with a unanimous DO PASS RECOMMENDATION. Most of the members of this Committee truly understand and are very much concerned about the needs of our Pioneers and other Senior Citizens.

There are many Alaska Pioneers and other Senior Citizens who strongly support and continually ask why I have not already had SB 196 passed by the Legislature. I repeatedly tell them that I have also been urged by many of the sponsors to get it on the Calendar. However, first, I want to be sure that I have answered all letters of those who have been misinformed. Next, I want to make absolutely clear and well-known as possible that the Senators who co-sponsored SB 196 would not dare do anything that would be detrimental to their Pioneer and other Senior Citizen constituents.

I believe Mr. Gore's and Mrs. Palmquist's biggest problem is -- they are now reluctant to admit they were wrong since they so widely publicized their misinterpretation of the facts before they discovered what the real facts were. If they were honest with themselves and everyone else they would have admitted they were wrong long ago.

If there are any interested persons who have not read Senate Bill 196, please let me know, and I will send them a copy of the Bill by return mail. I will also gladly answer any questions they may have concerning this Bill or any other Senior Citizen bills I have sponsored.

Sincerely,



M.E. "Brad" Bradley
State Senator
Pouch V - State Capital
Juneau, AK 99811

dsf

Original sponsor: Snowdon, Miller,
Greene, et al

Offered: 4/25/75
Referred: 5/1/75

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 BE FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 196

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 FOR AN ACT ENTITLED: "AN ACT AMENDING THE COMMISSION ON AGING TO REPLACE THE
7 OFFICE ON AGING; AND ESTABLISHING THE GOVERNOR'S
8 ADVISORY COMMITTEE ON AGING."

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

10 * Section 1. AS 47 is amended by adding a new chapter to read:

11 CHAPTER 65. COMMISSION ON AGING.

12 Sec. 47.65.010. COMMISSION ON AGING. There is created within
13 the Office of the Governor the Commission on Aging, which shall replace
14 the Office on Aging, Department of Health and Social Services.

15 Sec. 47.65.020. DIRECTOR AND STAFF OF THE COMMISSION. (a) The
16 principal executive officer of the commission is the director of the
17 Commission on Aging. The director is appointed by the governor as a
18 partially exempt employee and serves at the pleasure and direction of
19 the governor, and with the advice of the Governor's Advisory Committee
20 on Aging, for the implementation of programs for the benefit of aging
21 persons in the state.

22 (b) The director shall employ, within the funds appropriated to
23 the commission, staff necessary to assist him in the performance of his
24 duties.

25 Sec. 47.65.030. POWERS AND DUTIES OF THE COMMISSION. (a) The
26 commission shall

27 (1) coordinate and evaluate state programs concerned with the
28 problems and the needs of the aging, including, but not limited to those
29 dealing with education, employment, health, welfare, and recreation;

(2) administer federal programs relating to the aging re-
quiring state action which are not specifically intrusted to another
state agency;

(3) implement new programs and changes in existing programs
for the benefit of the aging in the state;

(4) assist private organizations serving the aging;

(5) conduct hearings and studies for public input on the
problems facing the aging and the means to best serve their needs;

(6) conduct training seminars for persons working with the
aging;

(7) help aging Alaskans lead dignified, independent, and
useful lives, particularly aging persons with low incomes, members of
minority groups, and those who are physically or mentally handicapped;

(8) provide administrative support as needed by the Governor's
Advisory Committee on Aging.

(b) The commission may aid cities and boroughs by assisting in
establishing local commissions to deal with the problems of the aging;
however, the respective cities and boroughs must contribute the funds
for establishment of local commissions.

(c) The commission has no powers or duties with respect to the
Pioneer Homes and the longevity bonus programs.

Sec. 47.63.040. GOVERNOR'S ADVISORY COMMITTEE ON AGING. (a)
There is established the Governor's Advisory Committee on Aging, con-
sisting of 11 members.

(b) Nine members are appointed by the governor and serve at the
pleasure of the governor. They shall bring to the committee diverse and
wide-ranging backgrounds and approaches to the problems of aging persons
in Alaska. At least six shall be actual consumers of services provided
under this chapter, including low-income and minority persons at least

in proportion to the number of low-income and elderly older persons in the state. The remaining three shall be broadly representative of the major public and private agencies and organizations in the state who are experienced in or have demonstrated particular interest in the special needs of the aged. These members serve staggered terms of three years or until their successors are appointed, except that a member appointed to an unexpired term shall complete the duration of that term. On the first committee three members serve one-year terms, three members serve two-year terms, and three members serve three-year terms.

(5) The two remaining members are the chairpersons of the senate and house committees on health, education and social services, who serve as long as they are chairpersons of these committees.

(6) A chairperson and vice-chairperson of the committee shall be elected from the members; to serve terms of one year. The vice-chairperson serves as chairperson in the absence of the chairperson.

Sec. 47.65.050. COMMITTEE MEETINGS; QUORUM. The committee meets at least four times a year; the chairperson of the committee working in conjunction with the director shall schedule the meetings and may call additional meetings when necessary. Six voting members constitute a quorum. The director of the Commission on Aging shall attend committee meetings, but may not vote.

Sec. 47.65.060. COMPENSATION OF COMMITTEE MEMBERS. (a) Committee members receive no compensation for service on the committee; however, members are entitled to travel expenses and per diem authorized by law.

Sec. 47.65.070. DUTIES OF COMMITTEE. The committee shall serve in an advisory capacity for the Commission on Aging.

Sec. 47.65.080. DEFINITIONS. In this chapter, unless the context indicates otherwise,

(1) "Commission" means the Commission on Aging;

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2 (2) "Committee" means the Governor's Advisory Committee on
3 Aging; and

4 (3) "Director" means the Director of the Commission on Aging.
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