

# COMMITTEE REPORT

2/12/76

SENATE

Mr. President:

Date 3/24/76

The Committee on FINANCE has had CSSB 542

relating to medical assistance for needy persons 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:

\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends: \_\_\_\_\_  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:  
\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

Original sponsor: Rules Committee by  
request of the Governor

Offered: 2/12/76  
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 542

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to medical assistance for needy  
7 persons; and providing for an effective date."

8

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

9

\* Section 1. AS 47.07.020(b) is amended by adding a new paragraph to read

10

(6) persons in a medical or intermediate care facility whose  
11 income while in the facility does not exceed 300 per cent of the supple-  
12 mental security income benefit rate under title XVI of the Social  
13 Security Act but who would not be eligible for an optional state sup-  
14 plementary payment if they left the hospital or other facility.

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\* Sec. 2. AS 47.07.030 is amended to read:

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Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services  
17 to be offered to eligible persons include inpatient hospital, outpatient  
18 hospital, laboratory and X-ray, inpatient psychiatric hospital for  
19 persons age 65 or older and persons under age 21, skilled and inter-  
20 mediate nursing home, physician, home health care services, early  
21 peridic screening diagnosis and treatment of persons under 21 years  
22 of age, clinic services, and reasonable transportation to and from the  
23 point of medical care. No additional services may be provided unless  
24 approved by the legislature.

25

\* Sec. 3. AS 47.07.080 is amended by adding a new paragraph to read:

26

(3) "clinic services" means services which are restricted  
27 to state-approved outpatient community mental health services which  
28 receive grants under AS 47.30.520 - 47.30.620 and state-operated mental  
29 health clinics.

1 \* Sec. 4. Sec. 1 of this Act takes effect immediately in accordance with  
2 AS 01.10.070(c).

3 \* Sec. 5. Secs. 2 and 3 of this Act take effect July 1, 1976.  
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Introduced: 1/19/76  
Referred: Health, Education  
and Social Services and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 542

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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22 and intermediate nursing home, physician, home health care services,  
23 early periodic screening diagnosis and treatment of persons under 21  
24 years of age, prescribed drugs, clinic services, and reasonable trans-  
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27 \* Sec. 3. AS 47.07.080 is amended by adding a new paragraph to read:

28 (3) "clinic services" means services which are restricted  
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1 patient alcoholism and alcohol abuse services and outpatient drug  
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4 10.070(c).

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1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 542

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

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THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
 Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill No. 542  
 Title: "An Act relating to medical assistance for needy persons; and providing for an  
 effective date: Requested by: the Governor Date: January 30, 1976  
 Return Date Requested: \_\_\_\_\_  
 Agency: Health & Social Services Program: Medicaid

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Medicaid-Contractual; General Relief-Medicaid-Contractual; State-Operated Community Mental Health Services; Community-Operated Mental Health Services

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3
TOTAL	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3
OTHER						

C. POSITIONS:

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

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

This fiscal Note on Senate Bill No. 542 does not include any monies for the drug option. The position paper on this bill requests that the bill be amended to delete the drug option from Medicaid services.

See attachments for analysis of Fiscal Note.

IV. ATTACHMENTS

V. DATE: 30 1976 PREPARED BY: Wally Gostberg

Original: Legislative Finance  
 cc: Budget and Management  
 Print Sponsor (First Legislator Name)

*FY note on 85*

74

Analysis for Fiscal Note  
on  
Senate Bill No. 542

Addition of new group of Medicaid eligibles

Assumptions and Calculations

This bill would make it possible for the State of Alaska to extend Medicaid to aged, blind and disabled persons who are in Long Term Care Facilities.

There are presently 35 cases that would be affected by this bill. Payment for care of these recipients is currently funded by General Relief-Medical, a state funded program. Therefore, if the bill is passed by March 31, 1975 the state could claim 50% of the \$313,390, (cost of care for 35 persons in long term care facilities during last two quarters of FY-76), in federal matching funds. No additional expenditures by the state will be necessary because funds for care of these individuals is budgeted in the General Relief-Medical BRU.

Projected costs were determined using the following formula:

FY-76 35 cases X \$48.40\* per day X 182 days = \$313,390

FY-77 est. increase of 3 new cases

38 cases X \$55.66 (\$48.40 + 15%)\*\* 365 days = \$772,004

FY-78 est. increase of 4 new cases

42 cases X \$64.01 (\$55.66 + 15%) X 365 days = \$981,273

FY-79 est. increase of 3 new cases

45 cases X \$73.70 (\$64.01 + 15%) X 365 days = \$1,210,548

FY-80 maintenance of 45 cases

45 cases X \$84.75 (\$73.70 + 15%) X 365 days = \$1,392,018

FY-81 maintenance of 45 cases

45 cases X \$97.46 (\$84.75 + 15%) X 365 days = \$1,600,780

No new positions will be necessary by passage of this bill.

\* Average combined ICF and SNF rate for FY-76

\*\* Nursing Home rates increase by Approx. 15% each year

Senate Bill No. 542

Addition of a new group of Medicaid eligibles

	Cost of Option	Transfers	Additional Cost (+) or Savings to State (-)
FY-76 (third & fourth quarters only)	\$ 313,390	\$ 313,390 (GR-M Contra- ctual ser.)	\$ -156,695
FY-77	772,004	772,004	-386,002
FY-78	981,273	981,273	-490,637
FY-79	1,210,548	1,210,548	-605,274
FY-80	1,392,018	1,392,018	-696,009
FY-81	1,600,780	1,600,780	-857,568
Funding			
FY-76	\$156,695 State 156,695 Federal	\$ 313,390 State	
FY-77	386,002 State 386,002 Federal	772,004 State	
FY-78	490,637 State 490,637 Federal	981,273 State	
FY-79	605,274 State 605,274 Federal	1,210,548 State	
FY-80	696,009 State 696,009 Federal	1,392,018 State	
FY-81	857,568 State 857,568 Federal	1,600,780 State	

All transfers are from the General Relief-Medical budget and are found under nursing home services.

Analysis for Fiscal Note:

on

Senate Bill No. 542

Clinical Services Option

	Cost of Option	General Fund Transfers From Mental Health	Federal Medicaid Match
FY 77	461.3	230.65 *	230.65
FY 78	1,066.6	533.3	533.3
FY 79	1,378.1	689.05	689.05
FY 80	1,515.8	757.9	757.9
FY 81	1,667.5	833.75	833.75

Currently the State is paying 100% for a majority of the mental health clinical services rendered to Medicaid eligibles seen at Community Mental Health Centers. By adding a clinical services option and limiting it to State-approved outpatient Mental Health Clinics in receipt of Grant money under AS 47.30.520 - 620 (Community Mental Health Enabling Act), the State can claim 50% Federal match for those services currently rendered to Medicaid eligible clients. State Operated Clinics will also be eligible.

Funding would be based on a cost-related basis with each clinic billing according to their budget. At the end of the fiscal year cost-settling for Medicaid would occur as well as with the State Grant monies. Under AS 47.30.520 - 620 the matching formula for the clinics is based on 75% State funding and 25% local funding with poverty areas as 90% State funding and 10% local funding. Eligible expenses for matching would then be computed by subtracting any federal grants from the actual expenditures allowing a maximum of 25% of the Medicaid receipts collected by the clinic as local match and stipulating that local match remain at least the same dollar amount as when the clinic first adopts the Title XIX clinical service option.

Example: Based on the budget for FY 77 for the Anchorage Mental Health Clinic they will spend \$462,500. According to their statistics the clinic will see about 1,300 clients of which 221 will be eligible for Medicaid. Each client is seen on the average of 5.5 times at a rate of \$47.00 per hourly visit. On the basis of these computations, 17% of the case load is Medicaid eligible accounting for \$78,624 General Fund monies of which 50% or \$39,312 could be federally matched. The following year only \$19,656 of the Medicaid monies received by the clinic can be used for local match. According to their projected budget, they will need \$140,625 local monies.

If outpatient community mental health centers services are Medicaid reimbursable, it is conceivable that the percentage of Medicaid clients served by the clinics would increase the first year as services become available in rural areas and then level off as a greater percentage of the eligible clients are served. As of January 1976, there were 15,604 Medicaid eligibles in the State. (It is expected that 10% or 1560 of them would be in need of mental health services in any one year. That would meet a theoretical maximum of \$403,260 of service which would be 50% federally reimbursable at \$201,630.)

\*In FY 77 approximately 59.8 General Fund monies would be transferred from the State-Operated Mental Health Centers BRU and 170.85 from the Community-Operated Mental Health Centers BRU to the Medicaid BRU.

Clinic	XIX Eligibles	FY 77		FY 78		FY 79	
		Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available
Anchorage (2)	17%	462,500	39,312	512,500	47,812	625,000	53,125
Barrow (3)	75%	33,000	12,375	15,000	20,625	82,500	36,937
Bethel (3)	75%	63,256	23,721	121,000	45,375	143,000	53,625
Fairbanks (5)	25%	299,200	37,400	47,500	54,687	500,000	50,000
Ketchikan	20%	266,875	26,687	375,000	37,500	437,500	43,750
Homer (Kenai) (2)	20%	43,125	4,312	12,500	6,250	93,750	9,375
Juneau	18%	247,100	22,239	322,500	28,125	375,000	33,750
Kodiak	13%	135,875	8,831	111,250	11,781	212,500	13,812
Kotzebue (3)	75%	37,950	14,231	7,000	28,675	116,000	41,250
Nome (3)	75%	82,280	30,855	10,000	41,250	143,000	53,625
Seward (2)	20%	43,125	4,312	12,500	6,250	93,750	9,375
Sitka (2)	18%	43,125	4,312	12,500	6,250	93,750	8,437
Skagway-Haines (4)	18%	23,000	2,070	17,500	3,375	62,500	5,625
Palmer (4)	18%			12,500	5,625	125,000	11,250
Tanana Chiefs (4)	75%			115,000	46,875	165,000	61,875
Aniak (4)	75%			19,500	18,562	71,500	26,812
McGrath (4)	75%			19,500	18,562	71,500	26,812
Glenallen (4)	75%			15,000	20,625	68,000	33,000
Dillingham (4)	75%			19,500	18,562	71,500	26,812
Cold Bay (4)	75%			12,500	30,937	110,000	41,250
Valdez (4)	18%			19,500	4,455	81,256	7,312
Cook Inlet	75%			12,500	30,937	110,000	41,250
TOTAL FEDERAL			230,657		533,295		639,059

- 1) Cost of operation is based on 75% State funding and 25% local match - in poverty areas 90% State funding 10% local match as projected in budget.
- 2) Statistics received from these clinics are based on 3 to 4 months of operation.
- 3) Statistics received from these clinics are based on discussions with representatives of these poverty areas - currently the U.S.P.H.S. is providing services free of charge and if clinical services were offered to Medicaid Eligibles, the percentage of those seen at the Mental Health Clinics would probably increase 75% or to 80% because of the availability of services for the Medicaid Eligibles.
- 4) Not in operation so no statistics are available. Using average percentage of XIX Eligibles as 18% non-poverty areas and 75% poverty areas.
- 5) State Operated Clinics.

JAN 16 1976

SB 542

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

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill extending eligibility for medical assistance to certain persons in hospitals and nursing homes who are not now covered. A federal regulation, 45 C.F.R. Section 248.3 (a)(1)(ii)(B), authorizes federal financial participation of 50 percent if a State designates these persons to be eligible.

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Title XVI of the Social Security Act (42 U.S.C. Sections 1381-1383c) assures persons who are at least 65 years of age, or blind, or disabled, that their income will reach a determined level of need, by authorizing federal payments of the difference between their actual monthly income and the federal supplemental security income benefit rate which is now \$157.70 in Alaska. In addition, Alaska may make a State supplementary payment up to 300 percent of this rate, which would be \$473.10. However, Alaska has chosen to pay only the difference between the actual income received from private sources and the federal government, and a ceiling of \$300. Thus, a person in this class whose income is between \$300 and \$473.10 a month is not eligible for medical assistance even while institutionalized. This bill would designate those persons as eligible as long as they are patients in a medical institution.

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There are now estimated to be approximately 35 persons who would be affected by this measure. The State share of medical assistance, at 50 percent, would be close to \$216,000 a year as experience has shown that the average charge per patient is about \$12,000 annually. The Department of Health and Social Services has requested this bill to relieve aged, blind, or disabled persons whose income is perhaps \$350 a month, of the burden of medical facility charges which may amount to three times that figure.

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Sections 2 and 3 of this bill would bring prescribed drugs and clinic services into the medical services authorized to be provided so that their costs may qualify for 50 percent federal matching funds under the Medicaid program.

Clinic services would be defined as outpatient mental health, alcoholism, and drug abuse services. These are now being paid for entirely out of the general fund. The cost of inclusion of these clinic services would be mostly offset by the federal matching money, but an additional \$50,000 from the general fund is estimated to be required in fiscal year 1977. Because of many variable factors it is impossible to estimate the impact of inclusion of prescribed drug costs, but these are expected to be minimal.

Sincerely,

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill No. 542

effective date: Title: "An Act relating to medical assistance for needy persons; and providing for an

Requested by: the Governor Date: January 30, 1976

Return Date Requested:

Agency: Health & Social Services Program: Medicaid

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Medicaid-Contractual; General Relief-Medical-

A. EXPENDITURES: (Thousands of dollars) Contractual; State-Operated Community Mental Health Services; Community-Operated Mental Health Services

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3
TOTAL	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	156.7	616.7	1,023.9	1,294.3	1,453.9	1,691.3
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	01	01	01	01	01	01
MAN MONTHS (P./T.)	01	01	01	01	01	01

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

This fiscal Note on Senate Bill No. 542 does not include any monies for the drug option. The position paper on this bill requests that the bill be amended to delete the drug option from Medicaid services.

See attachments for analysis of Fiscal Note.

IV. ATTACHMENTS

V. DATE: Jan. 30, 1976 PREPARED BY: *Wally Kachig* District Director

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

*FY note on CS*

Analysis for Fiscal Note

on  
Senate Bill No. 542

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Addition of new group of Medicaid eligibles

Assumptions and Calculations

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There are presently 35 cases that would be affected by this bill. Payment for care of these recipients is currently funded by General Relief-Medical, a state funded program. Therefore, if the bill is passed by March 31, 1975 the state could claim 50% of the \$313,390, (cost of care for 35 persons in long term care facilities during last two quarters of FY-76), in federal matching funds. No additional expenditures by the state will be necessary because funds for care of these individuals is budgeted in the General Relief-Medical BRU.

Projected costs were determined using the following formula:

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\*\* Nursing Home rates increase by Approx. 15% each year

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Analysis for Fiscal Note

on

Senate Bill No. 542

Clinical Services Option

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Example: Based on the budget for FY 77 for the Anchorage Mental Health Clinic they will spend \$462,500. According to their statistics the clinic will see about 1,300 clients of which 221 will be eligible for Medicaid. Each client is seen on the average of 5.5 times at a rate of \$47.00 per hourly visit. On the basis of these computations, 17% of the case load is Medicaid eligible accounting for \$78,624 General Fund monies of which 50% or \$39,312 could be federally matched. The following year only \$19,656 of the Medicaid monies received by the clinic can be used for local match. According to their projected budget, they will need \$140,625 local monies.

If outpatient community mental health centers services are Medicaid reimbursable, it is conceivable that the percentage of Medicaid clients served by the clinics would increase the first year as services become available in rural areas and then level off as a greater percentage of the eligible clients are served. As of January 1976, there were 15,604 Medicaid eligibles in the State. (It is expected that 10% or 1560 of them would be in need of mental health services in any one year. That would meet a theoretical maximum of \$403,260 of service which would be 50% Federally reimbursable at \$201,630.)

\*In FY 77 approximately 59.8 General Fund monies would be transferred from the State-Operated Mental Health Centers BRU and 170.85 from the Community-Operated Mental Health Centers BRU to the Medicaid BRU.

Clinic	XIX Eligibles	FY 77		FY 78		FY 79	
		Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available
Anchorage (2)	17%	462,500	39,312	512,500	47,812	625,000	53,125
Barrow (3)	75%	33,000	12,375	35,000	20,625	82,500	36,937
Bethel (3)	75%	63,256	23,721	121,000	45,375	143,000	53,625
Fairbanks (5)	25%	299,200	37,400	47,500	54,687	500,000	50,000
Ketchikan	20%	266,875	26,687	375,000	37,500	437,500	43,750
Homer (Kenai) (2)	20%	43,125	4,312	62,500	6,250	93,750	9,375
Juneau	18%	247,100	22,239	322,500	28,125	375,000	33,750
Kodiak	13%	135,875	8,831	141,250	11,701	212,500	13,812
Kotzebue (3)	75%	37,950	14,231	7,000	28,875	116,000	41,250
Niobe (3)	75%	82,200	30,855	110,000	41,250	143,000	53,625
Sevard (2)	20%	43,125	4,312	62,500	6,250	93,750	9,375
Sitka (2)	18%	43,125	4,312	62,500	6,250	93,750	8,437
Skagway-Haines (4)	18%	23,000	2,070	37,500	3,375	62,500	5,625
Palmer (4)	18%			62,500	5,625	125,000	11,250
Tonana Chiefs (4)	75%			125,000	46,875	165,000	61,875
Aniak (4)	75%			19,500	18,562	71,500	26,812
McGrath (4)	75%			19,500	18,562	71,500	26,812
Glennallen (4)	75%			15,000	20,625	88,000	33,000
Dillingham (4)	75%			49,500	18,562	71,500	26,812
Cold Bay (4)	75%			12,500	30,937	110,000	41,250
Valdez (4)	18%			49,500	4,455	81,256	7,312
Cook Inlet	75%			32,500	30,937	110,000	51,250
TOTAL FEDERAL			230,657		533,295		689,059

- 1) Cost of operation is based on 75% State funding and 25% local match - in poverty areas 90% State funding 10% local match as projected in budget.
- 2) Statistics received from these clinics are based on 3 to 4 months of operation.
- 3) Statistics received from these clinics are based on discussions with representatives of these poverty areas - currently the U.S.P.H.S. is providing services free of charge and if clinical services were offered to Medicaid Eligibles, the percentage of those seen at the Mental Health Clinics would probably increase 75% or to 80% because of the availability of services for the Medicaid Eligibles.
- 4) Not in operation so no statistics are available. Using average percentage of XIX Eligibles as 18% non-poverty areas and 75% poverty areas.
- 5) State Operated Clinics.

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HCCSSB 542 reflecting Rep. Cooper's Amendment  
 Title: An Act Relating to medical assistance for needy persons and providing for  
 Requested by: the Governor Date: May 17, 1976  
 Return Date Requested: \_\_\_\_\_  
 Agency: Health & Social Services Program: Medicaid

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Medicaid Contractual

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	39.5	45.4	52.2	60.1	69.1
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	39.5	45.4	52.2	60.1	69.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	19.75	22.7	26.1	30.05	34.6
FEDERAL FUNDS	0	19.75	22.7	26.1	30.05	34.5
OTHER	0	0	0	0	0	0

C. POSITIONS:

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

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

*All Attachment*

IV. ATTACHMENTS

V. DATE: May 17 1976 PREPARED BY: [Signature]

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

Reviewed by Financial Management: [Signature]

EUGENE A. SMITH, Deputy Director

Explanation of attached Fiscal Note on HCCSSB 542

Under Medicaid, diagnostic, screening, preventative and corrective services for individuals with speech, hearing and language disorders can be provided if the patient is referred for such services by a physician. The speech pathologist or audiologist must hold a Certificate of Clinical Competence in the American Speech and Hearing Association or have completed the equivalent educational requirement and work experience necessary for such a certificate or have completed the educational requirements and in the process of accumulating the necessary work experience to qualify for such a certificate.

Estimating that a maximum of 50 persons eligible for Medicaid would be referred by their physician for such services, the following costs are projected:

FY-77

50 persons initial diagnostic exam and testing, average of \$90 =	4,500
Each persons improvement plan is 15 - 25 sessions, average of \$35.00 =	<u>\$35,000</u>
Total of	\$39,500

FY-78 through FY-81 increase of 15% each year

THE LEGISLATURE OF THE STATE OF ALASKA  
FISCAL NOTE  
Second Session - Ninth Legislature

I. REQUEST

Bill No. CSSB 542  
 Title: An Act relating to medical assistance for needy persons and providing for an  
 effective date Requested by: the Governor Date: February 18, 1976  
 Return Date Requested: February 23, 1976  
 Agency: Health & Social Services Program: Medicaid

II. FISCAL DETAIL

Medicaid Contractual; General Relief-Medical  
Contractual; State-Operated Community Mental

Budget Request Unit(s) Affected: Health Services; Community Mental Health Services

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	234.4	517.34	689.05	757.9	833.75
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>234.4</b>	<b>517.34</b>	<b>689.05</b>	<b>757.9</b>	<b>833.75</b>

B. FUNDING: (Thousands of dollars)

GENERAL FUND	(156.7)	(386.0)	(490.6)	(605.27)	(696.0)	(857.57)
FEDERAL FUNDS	156.7	620.4	1,007.6	1,294.3	1,453.9	1,691.3
OTHER	0	0	0	0	0	0

C. POSITIONS:

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

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

SEE ATTACHMENTS FOR ANALYSIS OF FISCAL NOTE.

FY-76 - 156.70 General Funds monies to be transferred from the General Relief-Medical BRU to the Medicaid BRU.

FY-77 - 386.00 GF monies to be transferred from GR-Med BRU to the Medicaid BRU.  
 59.64 GF monies to be transferred from the State-Operated community mental health services BRU to the Medicaid BRU.  
 174.76 GF monies to be transferred from the Community-Operated mental health services BRU to the Medicaid BRU.

FY76-81 - GF monies will continue to be transferred from SOCMHS and COMHS

IV. ATTACHMENTS BRU's to the Medicaid BRU.

V. DATE: February 18, 1976 PREPARED BY: Walter N. Moore

Original: Legislative Finance  
 cc: Budget and Management DATE February 19, 1976 APPROVED BY Walter N. Moore  
 Prime Sponsor (First Legislator Named)

Analysis for Fiscal Note

on

Senate Bill No. 542

Addition of new group of Medicaid eligibles

Assumptions and Calculations

This bill would make it possible for the State of Alaska to extend Medicaid to aged, blind and disabled persons who are in Long Term Care Facilities.

There are presently 35 cases that would be affected by this bill. Payment for care of these recipients is currently funded by General Relief-Medical, a state funded program. Therefore, if the bill is passed by March 31, 1975, the state could claim 50% of the \$313,390, (cost of care for 35 persons in long term care facilities during last two quarters of FY-76), in federal matching funds. No additional expenditures by the state will be necessary because funds for care of these individuals is budgeted in the General Relief-Medical BRU.

Projected costs were determined using the following formula:

FY-76 35 cases X \$48.40\* per day X 182 days = \$313,390  
FY-77 est. increase of 3 new cases  
38 cases X \$55.66 (\$48.40 + 15%)\*\* 365 days = \$772,004  
FY-78 est. increase of 4 new cases  
42 cases X \$64.01 (\$55.66 + 15%) X 365 days = \$981,273  
FY-79 est. increase of 3 new cases  
45 cases X \$73.70 (\$64.01 + 15%) X 365 days = \$1,210,548  
FY-80 maintenance of 45 cases  
45 cases X \$84.75 (\$73.70 + 15%) X 365 days = \$1,392,018  
FY-81 maintenance of 45 cases  
45 cases X \$97.46 (\$84.75 + 15%) X 365 days = \$1,600,780

No new positions will be necessary by passage of this bill.

\* Average combined ICF and SNF rate for FY-76

\*\* Nursing Home rates increase by Approx. 15% each year

Senate Bill No. 542

Addition of a new group of Medicaid eligibles

	Cost of Option	Transfers	Additional Cost (+) or Savings to State (-)
FY-76 (third & fourth quarters only)	\$ 313,390	\$ 313,390 (GR-M Contra- actual ser.)	\$ -156,695
FY-77	772,004	772,004	-386,002
FY-78	981,273	981,273	-490,637
FY-79	1,210,548	1,210,548	-605,274
FY-80	1,392,018	1,392,018	-596,009
( FY-81	1,600,780	1,600,780	-857,568
Funding			
FY-76	\$156,695 State 156,695 Federal	\$ 313,390 State	
FY-77	386,002 State 386,002 Federal	772,004 State	
FY-78	490,637 State 490,637 Federal	981,273 State	
FY-79	605,274 State 605,274 Federal	1,210,548 State	
FY-80	696,009 State 696,009 Federal	1,392,018 State	
FY-81	857,568 State 857,568 Federal	1,600,780 State	

All transfers are from the General Relief-Medical budget and are found under nursing home services.

Analysis for Fiscal Note  
on  
Senate Bill No. 542

Clinical Services Option

	Cost of Option	General Fund Transfers From Mental Health	Federal Medicaid Match
FY 77	468.8	234.4*	234.4
FY 78	1,034.68	517.34	517.34
FY 79	1,378.1	689.05	689.05
FY 80	1,515.8	757.9	757.9
FY 81	1,667.5	833.75	833.75

Currently the State is paying 100% for a majority of the mental health clinical services rendered to Medicaid eligibles seen at Community Mental Health Centers. By adding a clinical services option and limiting it to State-approved outpatient Mental Health Clinics in receipt of Grant money under AS 47.30.520 - 620 (Community Mental Health Enabling Act) and State Operated Clinics, the State can claim 50% Federal match for those services currently rendered to Medicaid eligible clients.

Funding would be based on a cost-related basis with each clinic billing according to their budget. At the end of the fiscal year cost-settling for Medicaid would occur as well as with the State Grant monies. Under AS 47.30.520 - 620 the matching formula for the clinics is based on 75% State funding and 25% local funding with poverty areas as 90% State funding and 10% local funding. Eligible expenses for matching would then be computed by subtracting any federal grants from the actual expenditures allowing a maximum of 25% of the Medicaid receipts collected by the clinic as local match and stipulating that local match remain at least the same dollar amount as when the clinic first adopts the Title XIX clinical service option.

Example: Based on the budget for FY 77 for the Anchorage Mental Health Clinic they will spend \$559,750. According to their statistics the clinic will see about 1,300 clients of which 221 will be eligible for Medicaid. (Each client is seen on the average of 5.5 times at a rate of \$47.00 per hourly visit.) On the basis of these computations, 17% of the case load is Medicaid eligible accounting for \$95,156-General Fund monies of which 50% or \$47,578 could be federally matched. The following year only \$23,789 of the Medicaid monies received by the clinic can be used for local match. According to their projected budget, they will need \$140,625 local monies.

If outpatient community mental health centers services are Medicaid reimbursable, it is conceivable that the percentage of Medicaid clients served by the clinics would increase the first year as services become available in rural areas and then level off as a greater percentage of the eligible clients are served. As of January 1976, there were 15,604 Medicaid eligibles in the State. (It is expected that 10% or 1,560 of them would be in need of mental health services in any one year. That would meet a theoretical maximum of \$468,000 of service which would be 50% Federally reimbursable at \$234,000.)

\*In FY 77 approximately 59.64 General Fund monies would be transferred from the State-Operated Mental Health Centers BRU and 174.76 from the Community-Operated Mental Health Centers BRU to the Medicaid BRU.

Clinic	XIX Eligibles	FY 77		FY 78		FY 79	
		Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available	Cost of Operation	Federal Money Available
Anchorage (2)	17%	559,750	47,578	62,500	47,812	625,000	53,125
Barrow (3)	75%	25,740	9,652	55,000	20,625	82,500	36,937
Bethel (3)	75%	64,460	24,172	121,000	45,375	143,000	53,625
Fairbanks (5)	25%	299,200	37,400	50,000	43,750	400,000	50,000
Ketchikan	20%	243,000	24,300	75,000	37,500	437,500	43,750
Homer (Kenai) (2)	20%	44,000	4,400	62,500	6,250	93,750	9,375
Juneau	18%	247,100	22,239	112,500	28,125	375,000	33,750
Kodiak	13%	132,000	8,580	181,250	11,781	212,500	13,812
Kotzebue (3)	75%	38,720	14,520	77,000	28,875	116,000	41,250
Noze (3)	75%	83,820	31,432	110,000	41,250	143,000	53,625
Seward (2)	20%	44,000	4,400	62,500	6,250	93,750	9,375
Sitka (2)	18%	44,000	3,960	62,500	6,250	93,750	8,437
Skagway-Haines (4)	18%	19,625	1,766	37,500	3,375	62,500	5,625
Palmer (4)	18%			62,500	5,625	125,000	11,250
Tanana Chiefs (4)	75%			110,000	41,250	165,000	61,875
Atiak (4)	75%			49,500	18,562	71,500	26,812
McGrath (4)	75%			49,500	18,562	71,500	26,812
Glennallen (4)	75%			55,000	20,625	88,000	33,000
Dillingham (4)	75%			49,500	18,562	71,500	26,812
Cold Bay (4)	75%			82,500	30,937	110,000	41,250
Valdez (4)	18%			56,250	5,062	81,250	7,312
Cock Inlet	75%			82,500	30,937	110,000	41,250
TOTAL FEDERAL			234,399		517,340		689,059

- 1) Cost of operation is based on 75% State funding and 25% local match - in poverty areas 90% State funding 10% local match as projected in budget.
- 2) Statistics received from these clinics are based on 3 to 4 months of operation.
- 3) Statistics received from these clinics are based on discussions with representatives of these poverty areas - currently the U.S.P.H.S. is providing services free of charge and if clinical services were offered to Medicaid Eligibles, the percentage of those seen at the Mental Health Clinics would probably increase 75% or to 80% because of the availability of services for the Medicaid Eligibles.
- 4) Not in operation so no statistics are available. Using average percentage of XIX Eligibles as 18% non-poverty areas and 75% poverty areas.
- 5) State Operated Clinics.

①

# COMMITTEE REPORT

5/6/76

HOUSE

Mr. Speaker:

Date May 15, 1976

The Committee on FINANCE has had CSSB 542

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 <sup>House</sup> CS FOR CSSB 542 AND THAT

CSSB 542 CS FOR CSSB 542 DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

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

Members NOT concurring in the Majority report:

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

\_\_\_\_\_ Chairman

Original sponsor: Rules Committee by  
request of the Governor

Offered: 2/12/76  
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 542

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to medical assistance for needy  
7 persons; and providing for an effective date."

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

9 \* Section 1. AS 47.07.020(b) is amended by adding a new paragraph to read:

10 (6) persons in a medical or intermediate care facility whose  
11 income while in the facility does not exceed 300 per cent of the supple-  
12 mental security income benefit rate under title XVI of the Social  
13 Security Act but who would not be eligible for an optional state sup-  
14 plementary payment if they left the hospital or other facility.

15 \* Sec. 2. AS 47.07.030 is amended to read:

16 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services  
17 to be offered to eligible persons include inpatient hospital, outpatient  
18 hospital, laboratory and X-ray, inpatient psychiatric hospital for  
19 persons age 65 or older and persons under age 21, skilled and inter-  
20 mediate nursing home, physician, home health care services, early  
21 periodic screening diagnosis and treatment of persons under 21 years  
22 of age, clinic services, and reasonable transportation to and from the  
23 point of medical care. No additional services may be provided unless  
24 approved by the legislature.

25 \* Sec. 3. AS 47.07.080 is amended by adding a new paragraph to read:

26 (3) "clinic services" means services which are restricted  
27 to state-approved outpatient community mental health services which  
28 receive grants under AS 47.30.520 - 47.30.620 and state-operated mental  
29 health clinics.

1 \* Sec. 4. Sec. 1 of this Act takes effect immediately in accordance with  
2 AS 01.10.070(c).

3 \* Sec. 5. Secs. 2 and 3 of this Act take effect July 1, 1976.  
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Introduced: 1/19/76  
Referred: Health, Education  
and Social Services and  
Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 542

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to medical assistance for needy  
7 persons; and providing for an effective date."

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

9 \* Section 1. AS 47.07.020(b) is amended by adding a new paragraph to  
10 read:

11 (6) persons in a general hospital, skilled nursing facility  
12 or intermediate care facility whose income while in the facility does  
13 not exceed 300 per cent of the supplemental security income benefit  
14 rate under title XVI of the Social Security Act but who would not be  
15 eligible for an optional state supplementary payment if they left the  
16 hospital or other facility.

17 \* Sec. 2. AS 47.07.030 is amended to read:

18 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical ser-  
19 vices to be offered to eligible persons include inpatient hospital,  
20 outpatient hospital, laboratory and X-ray, inpatient psychiatric  
21 hospital for persons age 65 or older and persons under age 21, skilled  
22 and intermediate nursing home, physician, home health care services,  
23 early periodic screening diagnosis and treatment of persons under 21  
24 years of age, prescribed drugs, clinic services, and reasonable trans-  
25 portation to and from the point of medical care. No additional ser-  
26 vices may be provided unless approved by the legislature.

27 \* Sec. 3. AS 47.07.080 is amended by adding a new paragraph to read:

28 (3) "clinic services" means services which are restricted  
29 to state-approved outpatient community mental health services, out-

1 patient alcoholism and alcohol abuse services and outpatient drug  
2 abuse services.

3 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.-  
4 10.070(c).

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JAN 16 1976

SB 542

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

Dear Mr. President:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill extending eligibility for medical assistance to certain persons in hospitals and nursing homes who are not now covered. A federal regulation, 45 C.F.R. Section 248.3 (a)(1)(ii)(B), authorizes federal financial participation of 50 percent if a State designates these persons to be eligible.

Title XVI of the Social Security Act (42 U.S.C. Sections 1381-1383c) assures persons who are at least 65 years of age, or blind, or disabled, that their income will reach a determined level of need, by authorizing federal payments of the difference between their actual monthly income and the federal supplemental security income benefit rate which is now \$157.70 in Alaska. In addition, Alaska may make a State supplementary payment up to 300 percent of this rate, which would be \$473.10. However, Alaska has chosen to pay only the difference between the actual income received from private sources and the federal government, and a ceiling of \$300. Thus, a person in this class whose income is between \$300 and \$473.10 a month is not eligible for medical assistance even while institutionalized. This bill would designate those persons as eligible as long as they are patients in a medical institution.

There are now estimated to be approximately 35 persons who would be affected by this measure. The State share of medical assistance, at 50 percent, would be close to \$216,000 a year as experience has shown that the average charge per patient is about \$12,000 annually. The Department of Health and Social Services has requested this bill to relieve aged, blind, or disabled persons whose income is perhaps \$350 a month, of the burden of medical facility charges which may amount to three times that figure.

Sections 2 and 3 of this bill would bring prescribed drugs and clinic services into the medical services authorized to be provided so that their costs may qualify for 50 percent federal matching funds under the Medicaid program.

Clinic services would be defined as outpatient mental health, alcoholism, and drug abuse services. These are now being paid for entirely out of the general fund. The cost of inclusion of these clinic services would be mostly offset by the federal matching money, but an additional \$50,000 from the general fund is estimated to be required in fiscal year 1977. Because of many variable factors it is impossible to estimate the impact of inclusion of prescribed drug costs, but these are expected to be minimal.

Sincerely,

Jay S. Hammond  
Governor



# NEA - ALASKA

(ALASKA EDUCATION ASSOCIATION)  
AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

207 SEWARD BUILDING • JUNEAU, ALASKA 99801 • PHONE 586-3090

April 12, 1976

## Senate Bill 48 Amended

No retiree may receive an annual post retirement pension increase more than 20 per cent greater than the increase applied to the average base benefit. The "average base benefit" shall be determined in March of each year for the following fiscal year by dividing the total base benefits paid in that month by the total number of beneficiaries receiving them.

The proposed amendment to limit benefits under the post retirement pension increase has the following factors:

- A. Optional COLA benefits to retirees under age 60 at the discretion of the administrator
- B. Mandatory COLA benefits to retirees over age 60 in keeping with the cost of living increases
- C. COLA benefits to those over age 60 would have a ceiling limitation so that no retiree would have an increase greater than 25% - 20% - 15% above the average base benefit.

Fiscal Note: The 25% figure would cost 1.91% or \$3,522,810; the 20% figure would cost 1.87% or \$3,449,034; the 15% figure would cost 1.83% or \$3,375,250. A difference of \$74,000 in each category. These figures were obtained from Bob Gates.

Robert Van Houte  
Executive Secretary  
NEA-Alaska

ROBERT VAN HOUTE  
EXECUTIVE SECRETARY

ROBERT C. COOKSEY  
DEPUTY EXECUTIVE SECRETARY  
JUNEAU OFFICE

CHARLES L. O'CONNELL  
DEPUTY EXECUTIVE SECRETARY  
1515 E. TUDOR RD. IPHONE 279-8544  
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