

SB

321

Introduced - 1-15-80
Logged 1-15-80
Referred - Finance
Comm Meeting 1-28-80 - held

3321 S. Hes ^{an act authorizing medical}
by Lullu County ^{reimbursement}
request of the ^{for services for persons who}
Legislative Council ^{"the needy"}



58322
58321

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

HEALTH CARE
FINANCING ADMINISTRATION
Medicaid Bureau

Dr. Helen Beirne, Commissioner
Department of Health & Social Services
Pouch H-01
Juneau, Alaska 99811

Dear Dr. Beirne:

This is in response to a January 4, 1980, letter from Ms. Deborah Behr of your staff. Ms. Behr's letter requested our review and comments regarding three proposals scheduled to be presented to the current session of the Alaska legislature. This letter contains our comments regarding two drafts of Senate bills, identified as Work Orders (WO) #7522 and #7531.

WO #7522 proposes a Medicaid funded medically needy program for those who would be cash recipients under the State Supplementary Payments (SSP) program except for the level of their income.

Federal regulations at 42 CFR 435.310(a) require that states which provide medically needy coverage include coverage to families and children.

Therefore, WO #7522 would not comply with requirements of 42 CFR 435.310(a).

In addition, any medically needy program must utilize requirements of 42 CFR, Part 435, Subpart I in determining financial eligibility of medically needy individuals.

WO #7531 proposes a state-only funded medically needy program for those who would be cash recipients under the Alaska SSP program except for the level of their income.

Since no federal funds would be involved in such a program, it is beyond our role to comment on the technical correctness of that

Page 2 - Dr. Reirne

If we can be of further assistance in either of the above discussed areas, please contact Mr. Ken Call at (206) 442-0506.

Sincerely,

A handwritten signature in cursive script, appearing to read "Albert J. Benz".

Albert J. Benz
Regional Medicaid Director

cc: Deborah Behr

TO: (name, organization, address, phone)
Dr. Helen Beirne, Commissioner
Department of Health & Social Services
Pouch H-01
Juneau, Alaska 99811
465-3030

FROM: (name, organization, phone)
Ken Call 2-0506
DREW/HCFA/Medicaid/MS 709

Total Pages:
2

FAX Machine Phone Number:
465-3005/3774

Date:
January 24, 1980

Remarks:

IF RETRANSMISSION IS NECESSARY, CALL: FIS 399-4527

Requestor's Instructions to Data Center: (check one)

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POSITION PAPER
ON
SENATE BILLS 320 AND 321

"An Act authorizing state medical assistance payments under the program of general relief assistance for persons who are 'medically needy'; and providing for an effective date."

"An Act authorizing Medicaid-reimbursable assistance payments for persons who are 'medically needy ; and providing for an effective date."

Senate Bill 320 and Senate Bill 321 would establish a medically needy program for persons who meet all the eligibility requirements for cash assistance to the aged, blind or disabled, except that their countable income exceeds the applicable cash assistance need standard. Medically needy would allow eligible persons to use a portion of their excess income to meet their medical need by spending down to the cash assistance need standard. After they have made payment the medically needy program would provide the remaining coverage necessary.

The Department is awaiting financial data on medically needy programs in other states in an effort to put together a fiscal note for this legislation. While the bills approach the question of medically needy coverage only for aged, blind or disabled persons, the fiscal note will also present information that will include medically needy coverage for persons who meet all AFDC eligibility requirements except income. Half of the required information has arrived and a fiscal note is being prepared. Preliminary analysis has shown that this program will cost in excess of \$1 million.

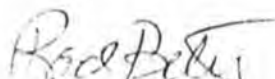
Initial contact with federal staff indicates they will not authorize 50% federal financial participation under Medicaid unless the medically needy program includes coverage of the existing AFDC category as well as the aged, blind, and disabled categories. This federal position appears supported by the federal regulations but not by the federal statutes creating the Medicaid program. If the Department of Health, Education, and Welfare is unwilling to provide financial participation for a medically needy program that does not include AFDC coverage, it may be less costly to the State to include the AFDC category (because of the 50% federal financial participation) than to have a state only medically needy program limited to aged, blind, and disabled persons. Because of the question concerning federal financial participation, both bills would be needed to assure some type of medically needy program may be created.

Two identified gaps exist between the current Medicaid and Catastrophic Illness programs. First the Catastrophic Illness program has a minimum deductible of \$1,000 per illness making it impossible for many people to receive coverage for minor cost illnesses, catastrophic or otherwise, when their income exceeds the existing income limits for Medicaid coverage. Second, the catastrophic illness program has largely excluded

nursing home coverage. Several persons whose income exceeds the income limits for Medicaid coverage are being covered on a special exception basis under general relief-medical (GR-Med) simply because there is no other coverage available to meet their high medical costs. This coverage then depletes the funds available for other persons eligible to receive GR-Med coverage. A medically needy program would provide additional coverage in these two areas.

The Department does not oppose the addition of a medically needy program which covers the aged, blind, and disabled categories, however, we must oppose passage of S.B. 320 and S.B. 321 as implemented would require substantial funding increases to the Governor's Budget and such a change has not been approved by the Governor's Budget and Management Division or the Budget Review Committee.

Recommended by:



Rod Betit, Director
Division of Public Assistance

1/25/80
(DATE)

Approved by:



Helen D. Beirne, Commissioner
Department of Health and Social
Services

1/25/80
(DATE)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bills #320 and #321
 Title "'Medically needy' Under General Relief and Medicaid"
 Requested by Senate HESS Committee Date 1/25/80

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, or Subprogram(s) Affected General Relief-Medical and Medicaid
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES	*	*	*	*	*	*
200 TRAVEL	*	*	*	*	*	*
300 CONTRACTUAL	*	*	*	*	*	*
400 COMMODITIES	*	*	*	*	*	*
500 EQUIPMENT	*	*	*	*	*	*
600 LAND & STRUCTURES	*	*	*	*	*	*
700 GRANTS, CLAIMS, ETC.	*	*	*	*	*	*
TOTAL	*	*	*	*	*	*

FUNDING (Thousands of Dollars)

GENERAL FUND	*	*	*	*	*	*
FEDERAL FUNDS	*	*	*	*	*	*
OTHER (Specify Fund Source)	*	*	*	*	*	*

POSITIONS

FULL TIME	*	*	*	*	*	*
PART TIME	*	*	*	*	*	*
TEMPORARY	*	*	*	*	*	*

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

*Detailed Fiscal Note to be developed. See Position Paper for detailed explanation of delay.

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

Prepared by: Rod Betit Date: 1/25/80
 Division Public Assistance PH: 465-3355
 Department of Health & Social Services

33-001 (Rev. 12/79)
 Modify by DHSS (11-28-79)

Approval DHSS Mgt. & Bgt: Mick Pulone Date: 1/25/80

Under federal laws the Medicaid program has the flexibility to provide medical coverage for individuals whose income exceeds the present limits of the Adult Public Assistance (APA) program. Coverage may be provided by the State of Alaska by amending AS 47.07.020 to allow for payment of medical services on behalf of medically needy aged, blind, and disabled Alaskans. Although the medically needy program also may be used to extend Medicaid coverage under AFDC, it is most urgently needed for persons who are ineligible for APA coverage due to excess income.

If an individual's countable income exceeds the current need standard under the APA program, they are not eligible for Medicaid regardless of the cost of their medical need. Cases are encountered almost daily by the Division of Public Assistance where an applicant has an identifiable medical need but their income exceeds the need standard. Under current program limitations, these persons must be denied and they will have to meet their own medical needs. In some instances they may be eligible for the state funded Catastrophic Illness program. In a few instances, where the individual has been institutionalized, the Commissioner of the Department of Health and Social Services has been forced to waive the income limitations under the state funded General Relief Medical program in order to provide financial assistance for extremely expensive on-going medical needs. In one case alone, the Division has paid almost \$4000 per month using GRM funds for nursing home care provided to a comatose patient for over two years, simply because his income from Social Security exceeds the income limitation by less than \$100 per month! A medically needy program would allow an individual's excess income to be applied to their cost of care with Medicaid covering the balance.

By establishing a medically needy program under Medicaid for aged, blind, and disabled Alaskans, the State would accomplish three purposes:

1. Individuals with on-going medical needs would not have to choose between necessary health care and heating their homes or buying groceries.
2. Individuals with severe health care problems requiring home care, extended hospitalization, or nursing home care would not have to sell their homes in order to pay their medical expenses.
3. Individuals requiring long term care at home or in a nursing home would not have to choose between staying in Alaska or going outside just because the cost of care in Alaska is higher than in other states.

The creation of a medically needy program would take some pressure off of GRM and Catastrophic Illness, two programs that are already facing potential revenue shortages in attempting to meet the cost of medical care for needy Alaskans. Any funding for a medically needy program for the aged, blind, or disabled would be in addition to those already available. The major difference between a medically needy program under Medicaid and any similar proposal is that 50% federal funding is available to provide for the coverage and to meet the costs of administering the program.

CARE

P.O. Box 3-488
2200 E. 42ND AVE. • ANCHORAGE, ALASKA 99501

January 28, 1980

The Senator Glen Hackney
Chairman- Health, Education, and
Social Services Committee
Alaska State Legislature
Pouch U
Juneau, Alaska 99811

Re: Testimony for Committee Hearings
January 28, 1980
Senate Bills 320, 321, & 322

Dear Senator Hackney:

SB 320 and SB 321

The "medically needy" of the State of Alaska are in great need of the relief that these two bills would provide by broadening income standards. We see, on a frequent basis, dignity being destroyed and families broken as individuals slightly over-income attempt to cope with the increasing costs of catastrophic illness. Legislation providing for the financial gaps in health care has long been needed. We commend the Interim Committee on Services on the Elderly for identifying this as a priority need.

SB 322

We wish to express our strong support for the concept of payment to certain institutions and agencies for Medicaid-eligible persons on the basis of prospectively determined rates. We believe that a "prospective rate" system in the State of Alaska would greatly enhance the quality of care available for a cost-effective dollar. The consequences of this bill are far reaching and of a major importance to the future of health care in this state. Detailed comments on this proposed legislation will be provided to you in the near future. I regret that this is not available to you at this time, but we do want to provide you with accurate and careful consideration on the details of this bill, while at this time expressing our firm conviction that "prospective rates" can be an appropriate solution to a crucial problem.

Respectfully yours,

HEALTH CARE SERVICES - ALASKA, INC.

Donna M. Stephens
Donna M. Stephens, Administrator
Careage House & Nakoyia Health Care Centers

Dick Wilson
Dick Wilson, Administrator
Careage North Health Care Center

DMS:DW:mlc



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

58321

HEALTH CARE
FINANCING ADMINISTRATION
Medicaid Bureau

Dr. Helen Beirne, Commissioner
Department of Health & Social Services
Pouch H-01
Juneau, Alaska 99811

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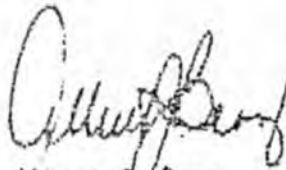
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Page 2 - Dr. Beirne

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Sincerely,

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Albert J. Benz
Regional Medicaid Director

cc: Deborah Behr

TO: (name, organization, address, phone)
Dr. Helen Beirne, Commissioner
Department of Health & Social Services
Pouch H-01
Juneau, Alaska 99811
465-3030

FROM: (name, organization, phone)
Ken Call 2-0506
DHEW/HCFA/Medicaid/MS 709

Total Pages:
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FAX Machine Phone Number:
465-3005/3774

Date:
January 24, 1980

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SB. 321

4-30-80

Junia Love,
P.O. 5243

Ketchikan,
ak.

Ph: 225-2791

wants priority & notification
of hearing.