

Rec'd 4/29/82  
After bill r.o.

POSITION PAPER

CS FOR HOUSE BILL NO. 357 (RULES) am

"An Act relating to Adult Public Assistance."

PART I: OVERVIEW:

CSHB 357 is a very important piece of legislation to the Department for two primary reasons:

- (1) CSHB 357 makes long overdue technical changes to the Department's Adult Public Assistance Programs, and clarifies the Legislature's intent relative to administration of these programs. Failure to resolve this issue this session will result in a ruling from the courts where the issue currently rests (Moore V. Beirne).
- (2) CSHB 357 also seeks to repeal provisions of AS 47.40 dealing with reimbursement of residential child care providers in Alaska. The Department's anticipated FY83 funding level for this program category cannot sustain the current level of court ordered placements unless the full cost of care provisions in AS 47.40 are repealed.

Each of these two issues are discussed in greater detail in Part II of this position paper. The Department's position on CSHB 357 is presented in Part III of this paper.

PART II: DETAILED DISCUSSION:

A. Adult Public Assistance Issues:

- (1) Before 1974, Alaska's three adult assistance programs (APA) were state administered but funded equally with federal and state funds. In 1974, SSI, a federally funded and federally administered welfare program, established a nationwide payment level to the needy aged, blind and disabled. Because that payment level was well below the amounts provided by Alaska's programs, the Legislature elected to continue Alaska's programs, supplementing the federal payments with a state funded and state administered supplemental program. The Department has continued to operate the APA programs in that manner for the intervening 8 years. In a majority of cases, if an individual is not found eligible by the federal government, they do not receive a supplemental payment from the State. While these individuals are awaiting an eligibility decision from the federal government, they receive only the State supplemental payment. The federal payment is withheld until a final decision is made. The State has been challenged in court on this issue by Alaska Legal Services (ALS). ALS contends the Legislature intended the Department to pay both the federal and state share of benefits pending a federal eligibility decision. If the Department loses this challenge in court due to an absence of Legislative clarification, the end result will likely be that these individuals will receive neither the state nor the federal part of the benefits pending a federal eligibility decision. This end result would occur as APA funding levels are not sufficient to allow us to substitute state for federal funds to these applicants, nor do we believe the Legislature would wish us to make such expenditures.

A. APA Issues Continued:

CSHB 357 changes statutes to better reflect the existence of the SSI program and the supplemental nature of the state program. Secondly, it significantly shortens the existing statutes by repealing all Aid to the Disabled and Aid to the Blind statutes which simply repeat provisions in the Old Age Assistance statutes. It does this by modifying the Old Age Assistance statutes to include the Blind and Disabled subcategories under the program term "Adult Public Assistance". Finally, it corrects an important drafting error in AS 47.25.960 in which a permanently and totally disabled person was only defined as "a needy recipient of the State who is not eligible for assistance from another public agency or department providing similar services in the State".

- (2) A second APA issue concerns contracting administration of certain Departmental programs to other agencies or persons. CSHB 357 originally contained a provision adding a new Section 47.05.015 entitled CONTRACTS which was deleted by House floor amendment. This new section would have made it clear that the Department was authorized to contract for administration of certain programs. Of particular concern to the Department is the desire to contract for federal administration of the three Adult Public Assistance programs in FY83. Whereas the federal government now completely controls the eligibility rules for these programs, it would be more cost-effective for the federal government to issue a single check to these individuals with the state portion included. Significant administrative savings can be achieved and a high potential for erroneous payments reduced due to the single point of payment control.

B. Repeal of Full Cost of Care:

In addition to the changes in the public assistance statutes, Committee Substitute for House Bill No. 357 (Rules) am includes a repealer for AS 47.40 in Section 20 of the Bill. Chapter 40, Purchase of Services, is commonly referred to as the full cost of care statute. The full cost of care statute, enacted in 1970, was designed to establish the method of calculating how the State would purchase services from the residential child care providers and from foster homes. Section 47.40.040 (Determination of Full Cost of Services) outlines the method the Department must utilize to determine the rates for child care facilities. "Full cost of services shall be determined by the per person, per day costs in the preceding fiscal year plus a proportionate share of anticipated cost of living and staff salary increment increases for the fiscal year for which the full cost of services, determined to be necessary by the Department, is being determined."

Each year rates are calculated based on each facility's prior year financial experience. The total allowable cost for operating the facility is divided by the number of days of care provided to children during that year. This figure serves as a base daily rate upon which to increase rates further by an inflation factor. Over the years some major problems have developed with this method of calculating rate structures for the providers. First, when calculating the total cost for the facility in the prior year, no consideration is given to the vacancy rate in the facility.

If the facility is licensed for 10 children, but cares for only 5, the operating cost in the prior year will often include the overhead cost for the entire 10 beds, thereby effectively increasing the rates. In addition, the rate is determined by dividing the overall operating cost by the census and, therefore, a low census will result in a higher rate in the upcoming year.

This vacancy factor also creates problems of cycles of feast and famine for facilities should their occupancy rate rise and fall. In a year where the occupancy is low, the facility may have difficulty managing. However, their rates will increase significantly in the next year. Should their occupancy suddenly increase, the raise in rates will result in the facility receiving more money than is necessary for ongoing operations. Similarly, if occupancy rates were high in the prior year upon which rates for this year were calculated, and the number of children decrease, this year's rate will not adequately cover the operating expenses. In short, the full cost of care system of calculating rates tends to create uncertainty for the facilities and often results in the daily rates the State pays for care not accurately reflecting the cost of actual services provided.

Secondly, because the daily rates the State must pay to facilities this year is based on total expenditures from last year, the facilities have claimed that the State must include in the rate determinations all other income received by the facility, be it private donations, community contributions, and even state and federal sources of funds. This interpretation of the statutes means that the cost to the State can rise dramatically in a cumulative fashion, and that local communities are not encouraged to provide ongoing support for facilities benefiting the community. Donations and community support become not a source of basic continuing resources, but a lever to increase State purchase costs in future years.

The repeal of AS 47.40 would provide the Department with an alternative to the full cost of care method of calculating facility rates. If AS 47.40 is repealed, the Department will utilize the existing State laws and procedures for purchasing these services through contracting. The major benefit for the State would be purchasing services the Department of Health and Social Services needs as outlined in a Request for Proposals as opposed to accepting what is available from child care agencies. The Department would also be able to contract for the number of beds to meet their needs in a given community, thus eliminating the payments for a large number of empty beds.

During the FY83 budget process, the Department's budget has been significantly reduced in the area of residential child care. The House budget reduced this component by 2 million dollars; the Governor's revised budget reduces this component by 1 million dollars; and the Senate version of the FY83 budget also reduces it by 1 million dollars. The Department cannot meet these budget reductions without a significant decrease in placements unless AS 47.40 is repealed or significantly amended. The Department favors the repeal of AS 47.40 enabling the Department to contract with individual providers resulting in a significant cost saving without a reduction in the level of services.

III. DEPARTMENTAL POSITION:

In summary, CSHB 357 has become an extremely critical bill to the Department. The Department strongly supports CSHB 357 but recommends the restoration of the CONTRACTS section, AS 47.05.015 to the bill with the language amendments requested in our April 12, 1982 letter to Representative Adams.

Recommended By: Rod Betit  
Rod Betit, Director  
Division of Public  
Assistance

Date: April 23, 1982

Recommended By: John Pugh  
John Pugh, Director  
Division of Family and  
Youth Services

Date: 4/23/82

Approved By: Helen D. Beirne  
Helen D. Beirne  
Commissioner  
Department of Health and  
Social Services

Date: 4/23/82

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CS for House Bill No. 357 (Rules) am  
Title "An Act relating to Adult Public Assistance."  
Requested by \_\_\_\_\_ Date \_\_\_\_\_

II. FISCAL DETAIL  
Agency Affected Department of Health and Social Services  
Program Category Affected \_\_\_\_\_  
BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_  
(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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-
OTHER (Specify Source)	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-
	-0-	-0-	-0-	-0-	-0-

POSITIONS

FULL TIME	-0-	-0-	-0-	-0-	-0-
PART TIME					
TEMPORARY					

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

CS for House Bill No. 357 (Rules) am would have not fiscal impact on the Department of Health and Social Services.

IV. DATE 4/23/82 PREPARED BY *John R. Pugh* John R. Pugh, Director  
AGENCY Division of Family and Youth Services  
PHONE 465-3170  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

COMMITTEE REPORT

HOUSE

FURTHER:

(11)

3/26/82

Date: 4-7-82

Mr. Speaker:

The Committee on FINANCE has had HB 357

"An Act relating to adult public assistance."

under consideration and ~~(a-majority-of-the-committee)-(the-committee)--~~ reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 357 (FIN)  same title  
 new title  
and recommends do pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ CHAIRMAN

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 357 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public assistance."

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

8 \* Section 1. AS 44.29.020 is amended to read:

9 Sec. 44.29.020. DUTIES OF DEPARTMENT. The Department of Health  
10 and Social Services shall administer the state programs of public health  
11 and social services, including: (1) maternal and child health services;  
12 (2) preventive medical services; (3) public health nursing services; (4)  
13 (repealed) (5) nutrition services; (6) health education; (7) labora-  
14 tories; (8) mental health treatment and diagnosis; (9) management of  
15 state institutions; (10) medical facilities; (11) adult public [OLD AGE]  
16 assistance; (12) aid to dependent children; (13) [AID TO THE BLIND];  
17 (14) child welfare services; (15) general relief; (16) licensing and  
18 supervision of child care facilities; and (17) probation and parole  
19 supervision.

20 \* Sec. 2. AS 47.05.010(1) is amended to read:

21 (1) administer adult public [OLD AGE] assistance, aid to  
22 dependent children, [AID TO THE BLIND,] and all other assistance pro-  
23 grams, and receive and spend funds made available to it;

24 \* Sec. 3. AS 47.05.010(2) is amended to read:

25 (2) adopt regulations necessary for the conduct of its busi-  
26 ness and for carrying out federal and state laws granting adult public  
27 [OLD AGE] assistance, aid to dependent children, [AID TO BLIND PERSONS]  
28 and other assistance;

29 \* Sec. 4. AS 47.05.010(5) is amended to read:

1 (5) cooperate with the federal government in matters of  
2 mutual concern pertaining to adult public [OLD AGE] assistance, aid to  
3 dependent children, [AID TO BLIND PERSONS] and other forms of public  
4 assistance;

5 \* Sec. 5. AS 47.05.050 is amended to read:

6 Sec. 47.05.050. POLICY. It is the public policy of the state to  
7 cooperate and coordinate with the United States government and its  
8 agencies in providing for and administering federal and state laws for  
9 adult public [OLD AGE] assistance and the other assistance which is  
10 provided for or extended to the people of the state.

11 \* Sec. 6. AS 47.05 is amended by adding a new section to read:

12 Sec. 47.05.015. CONTRACTS. (a) Unless otherwise provided by law,  
13 the department may contract with a person or local government for the  
14 delivery of services to be provided by the department under AS 44.29.020  
15 and AS 47.05.010.

16 (b) Services that may be provided by contract under this section  
17 include accepting applications for assistance, conducting interviews,  
18 making eligibility determinations, and issuing benefits, but do not  
19 include adoption of program standards or other matters involving the  
20 exercise of agency discretion.

21 (c) A contract authorized under this section is exempt from the  
22 competitive bid requirements of AS 37.05.230. In awarding a contract  
23 under this section the department shall publish a request for proposals  
24 in accordance with regulations of the department.

25 \* Sec. 7. AS 47.25.430 is repealed and reenacted to read:

26 ARTICLE 4. ADULT PUBLIC [OLD AGE] ASSISTANCE.

27 Sec. 47.25.430. ADULT PUBLIC ASSISTANCE. (a) Financial assis-  
28 tance shall be given under AS 47.25.430 - 47.25.615, so far as practic-  
29 able under appropriations made by law to every aged, blind, or disabled

1 needy resident who has not made a voluntary assignment or transfer of  
2 property to qualify for assistance and who has been determined eligible  
3 under regulations adopted by the department. As used in this subsection,  
4 "resident" means a person who is living in the state voluntarily with  
5 the intention of making the state his home and is not living in the  
6 state for a temporary purpose.

7 (b) The department shall determine the amount of assistance with  
8 due regard to the resources and needs of the person and the conditions  
9 existing in each case. Assistance shall be in an amount which will  
10 provide the applicant with reasonable subsistence compatible with  
11 decency and health in accordance with standards established by the  
12 department and with the standards established under Title XVI of the  
13 Social Security Act. When benefit amounts under Title XVI of the Social  
14 Security Act are increased as a result of an increase in the cost of  
15 living, the state shall pass along the increase to recipients, and shall  
16 increase the amount of the state contribution to recipients by a percent-  
17 age of the state contribution equal to the percentage increase in the  
18 benefit amounts under Title XVI. Direct payments for medical services  
19 and remedial care may not be considered in determining the maximum  
20 amount payable.

21 (c) No payment under AS 47.25.430 - 47.25.615 may be made to a  
22 person who is a resident of a public institution (except as a patient in  
23 a public medical institution) or a person who is a patient in a public  
24 or private institution for treatment of a mental disease.

25 (d) A resident of an institution may, upon leaving the institution,  
26 apply for assistance under AS 47.25.430 - 47.25.615 instead of the  
27 support and maintenance provided in the institution.

28 \* Sec. 9. AS 47.25.435 is amended to read:

29 Sec. 47.25.435. EXCLUSION OF INCOME. Notwithstanding the provi-

1 sions of AS 47.25.430 - 47.25.615 [47.25.610], if the applicable provi-  
2 sions of the federal Social Security Act, as amended, permit, in deter-  
3 mining the need of an applicant for, or a recipient of, an [OLD AGE]  
4 assistance grant under AS 47.25.430 - 47.25.615 [47.25.610], the de-  
5 partment shall exclude from the computation of the applicant's or  
6 recipient's income the amounts specified in 42 U.S.C. sec. 1382a(b),  
7 as amended, amounts specified in regulations adopted to implement the  
8 supplemental security income provisions of federal law, and any amounts  
9 specified by the department by regulation so long as exclusion of those  
10 amounts is not in conflict with federal law [A SUM NOT TO EXCEED \$65 A  
11 MONTH PLUS ONE-HALF OF THE BALANCE OF THE INCOME THAT IS EARNED IN ANY  
12 MANNER, UNTIL FINANCIAL INELIGIBILITY IS REACHED. THE DEPARTMENT MAY  
13 PRONULGATE REGULATIONS IT CONSIDERS APPROPRIATE TO CARRY OUT THE PROVI-  
14 SIONS OF THIS SECTION].

15 \* Sec. 9. AS 47.25.450 is amended to read:

16 Sec. 47.25.450. INVESTIGATION OF APPLICANT. Upon application, the  
17 [THE] department shall investigate promptly and record the circumstances  
18 of each applicant [PERSON APPLYING FOR OLD AGE ASSISTANCE] to determine  
19 the facts supporting the application and other information required by  
20 the department.

21 \* Sec. 10. AS 47.25.460 is repealed and reenacted to read:

22 Sec. 47.25.460. AWARD, REDUCTION, TERMINATION, AND APPEAL. (a)  
23 Upon completion of the investigation, the department shall promptly  
24 decide whether the applicant is eligible for and should receive adult  
25 public assistance, the amount of it, the manner of paying it, and the  
26 date on which it starts. The department may make additional investiga-  
27 tion which it considers necessary, and shall make its decision as to the  
28 granting of assistance and the amount and nature of it as in its opinion  
29 is justified and in conformity with AS 47.25.430 - 47.25.615. The

1 department shall notify the applicant of its decision in writing.

2 (b) Assistance under AS 47.25.430 - 47.25.615 is subject to review  
3 every three months and at such other times as circumstances warrant. If  
4 a recipient of adult public assistance or the spouse of a recipient with  
5 whom the recipient is living acquires nonexempt property exceeding  
6 resource limitations, or income sufficient to maintain the recipient  
7 properly, then the assistance granted to the recipient must either be  
8 terminated or reduced to an amount reflecting the reduced need as deter-  
9 mined by the department in accordance with applicable regulations. Upon  
10 review, the department may, after having provided opportunity for a  
11 hearing under (c) of this section, change the assistance granted or  
12 terminate it entirely if it finds that the circumstances are changed  
13 sufficiently to warrant this action.

14 (c) A recipient whose award is proposed to be modified or termi-  
15 nated, or an applicant whose application is denied by the department  
16 shall be granted an opportunity for a hearing before a representative of  
17 the department, appointed for that purpose. The hearing shall be held  
18 promptly after request for it is made. The representative designated to  
19 conduct the hearing shall be governed by the regulations prescribed for  
20 that purpose by the department.

21 (d) Each award shall be paid on a monthly basis. In case it is  
22 impracticable by reason of slow or interrupted means of communication  
23 for a warrant covering a month's assistance to reach the recipient in  
24 due course, the department may transmit warrants covering assistance for  
25 more than one month and may deliver all of them to the recipient at one  
26 time.

27 \* Sec. 11. AS 47.25.470 is amended to read:

28 Sec. 47.25.470. PAYMENT WHEN RECIPIENT INCAPACITATED. If a person  
29 receiving assistance is incapable of taking care of himself or of the

1 funds granted under AS 47.25.430 - 47.25.615 [47.25.610], the department  
2 may direct the payment of the funds to his legally appointed guardian or  
3 to another person as designated by the department for his benefit.

4 \* Sec. 12. AS 47.25.500 is amended to read:

5 Sec. 47.25.500. RECOVERY OF ASSISTANCE [ALLOWANCES] IMPROPERLY  
6 GRANTED. (a) If the department believes that assistance [FINDS THAT AN  
7 OLD AGE ALLOWANCE] was improperly granted, it shall investigate and, if  
8 it appears as a result of the investigation that assistance was improper-  
9 ly granted, it may, after providing an opportunity for a hearing, termi-  
10 nate or reduce assistance [CANCEL THE ALLOWANCE] and notify the recipient  
11 to that effect. The [, AND THE] state [THEN] has a claim against a  
12 [THE] person who received an [THE] improper amount of assistance [ALLOW-  
13 ANCE]. The claim may [SHALL] be enforced by an action instituted in the  
14 name of the state by the attorney general to recover the amount paid to  
15 the person, with interest, together with the necessary costs of the  
16 action.

17 (b) If the department finds that recovery would work a financial  
18 hardship on the recipient to the extent that his health and well-being  
19 would be threatened or that the costs of recovery would exceed the amount  
20 of assistance improperly granted, it may waive recovery or reduce the  
21 amount to be recovered [THE UNITED STATES SHALL, IF IT REQUIRES, BE  
22 REIMBURSED OUT OF THE MONEY ON A PRO RATA BASIS IN PROPORTION TO THE  
23 AMOUNT IT EXPENDED IN THE CASE, AND THE REMAINING AMOUNT SHALL BE PAID  
24 TO THE STATE FOR THE OLD AGE ASSISTANCE FUND].

25 \* Sec. 13. AS 47.25.515 is amended to read:

26 Sec. 47.25.515. CANCELLATION OF WARRANTS. (a) Warrants issued to  
27 a recipient of [AN OLD AGE] assistance under AS 47.25.430 - 47.25.615  
28 [RECIPIENT] after the date of death of the recipient shall be returned  
29 to the Department of Administration and canceled.

1 (b) Assistance [OLD AGE ASSISTANCE] warrants issued before the  
2 death of the recipient but not negotiated at death shall be returned to  
3 the Department of Administration, and shall be canceled, unless claimed  
4 by the authorized representative of the estate of the recipient within  
5 90 days of the date of death.

6 (c) The state is [SHALL] not [BE] liable to the estate, heirs, or  
7 creditors of the deceased [OLD AGE] assistance recipient for payment on  
8 warrants canceled under (a) or [AND] (b) of this section.

9 \* Sec. 14. AS 47.25.520 is amended to read:

10 Sec. 47.25.520. LEAVING THE [REMOVAL FROM] STATE. A person re-  
11 ceiving assistance who leaves [REMOVES FROM] the state may not there-  
12 after receive assistance unless the department otherwise directs.

13 \* Sec. 15. AS 47.25.550 is amended to read:

14 Sec. 47.25.550. ALIENATION AND ATTACHMENT. Assistance granted  
15 under AS 47.25.430 - 47.25.615 [47.25.610] is inalienable by an assign-  
16 ment or transfer and is exempt from garnishment, levy, or execution  
17 under the laws of this state.

18 \* Sec. 16. AS 47.25.580 is amended to read:

19 Sec. 47.25.580. ACTION AGAINST PERSON LIABLE FOR CARE OF RECIP-  
20 IENT. If during the continuance of assistance [AN ALLOWANCE] the depart-  
21 ment finds that a person liable for the support of the recipient of  
22 assistance is able to provide the necessary care and support of the  
23 recipient, and the person liable for the care and support of the reci-  
24 pient fails or refuses to support and care for the recipient then the  
25 state has a cause of action for the assistance against the person liable  
26 for it. The action may [SHALL] be brought in the name of the state by  
27 the attorney general against the person liable for the recovery of the  
28 amount of money, with interest, paid to the recipient, together with the  
29 costs and disbursements of the action. The [UNITED STATES SHALL, IF IT

1 REQUIRES, BE REIMBURSED OUT OF THE MONEY COLLECTED ON A PRO RATA BASIS  
2 IN PROPORTION TO THE AMOUNT IT EXPENDED IN THE CASE, AND THE REMAINING]  
3 amount collected shall be paid to the Department of Revenue [FOR THE OLD  
4 AGE ASSISTANCE FUND].

5 \* Sec. 17. AS 47.25.590 is amended to read:

6 Sec. 47.25.590. POLICY AND PURPOSE. (a) It is the policy of the  
7 state and the purpose of AS 47.25.430 - 47.25.615 [47.25.610] to cooper-  
8 ate and coordinate with the United States government and its agencies in  
9 providing for and administering the laws of the federal and state govern-  
10 ments having for their purpose adult public [OLD AGE] assistance for  
11 residents of this state.

12 (b) The purpose of AS 47.25.430 - 47.25.615 [47.25.610] is to  
13 furnish financial assistance as far as practicable to needy [,] aged,  
14 blind, and disabled persons [INDIVIDUALS], and to help them attain  
15 self-support or self-care.

16 (c) The department may enter into contracts or arrangements with  
17 any federal agency, department, or official under which funds made  
18 available to the federal agency, department, or official may be trans-  
19 ferred to the department and spent in accordance with AS 47.25.430 -  
20 47.25.615.

21 \* Sec. 18. AS 47.25.600 is amended to read:

22 Sec. 47.25.600. OBTAINING ASSISTANCE BY FRAUD. A person is guilty  
23 of a class B misdemeanor [, AND UPON CONVICTION IS PUNISHABLE BY A FINE  
24 OF NOT MORE THAN \$500, OR BY IMPRISONMENT IN A JAIL FOR NOT MORE THAN  
25 SIX MONTHS, OR BY BOTH,] if he (1) by a false statement, representation,  
26 or impersonation, or other fraudulent device, obtains or attempts to  
27 obtain or aids or abets another to obtain (A) assistance to which he is  
28 not entitled, (B) greater assistance than he is entitled to, (C) payment  
29 of a forfeited grant or allowance; or (2) aids and abets in buying or

1 otherwise disposing of the property of the recipient of assistance for  
2 the purpose of avoiding liability for the assistance granted.

3 \* Sec. 19. AS 47.25.610 is amended to read:

4 Sec. 47.25.610. VIOLATIONS. A person who violates a provision of  
5 AS 47.25.430 - 47.25.615 [47.25.610] or a regulation adopted under any  
6 of those sections is guilty of a class B misdemeanor [AND IF NO OTHER  
7 PENALTY IS PROVIDED, THE PERSON, UPON CONVICTION, IS PUNISHABLE BY A  
8 FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT IN A JAIL FOR NOT MORE  
9 THAN SIX MONTHS, OR BY BOTH].

10 \* Sec. 20. AS 47.25 is amended by adding a new section to read:

11 Sec. 47.25.615. DEFINITIONS. In AS 47.25.430 - 47.25.615

12 (1) "aged" means 65 or more years of age;

13 (2) "assistance" means money payments to or medical care on  
14 behalf of, or any type of remedial care recognized by the department on  
15 behalf of needy aged, blind, or disabled persons who are 18 or more  
16 years of age and residents of the state;

17 (3) "blind" means having no vision or having vision that is  
18 so defective as to prevent the performance of ordinary activities for  
19 which eyesight is essential;

20 (4) "department" means the Department of Health and Social  
21 Services;

22 (5) "disabled" means being unable to engage in substantial  
23 gainful activity by reason of a medically determinable physical or  
24 mental impairment that can be expected to result in death or that has  
25 lasted or can be expected to last for a continuous period of not less  
26 than 12 months;

27 (6) "public institution" means a governmentally owned estab-  
28 lishment that furnishes food, shelter, and some additional treatment or  
29 services to 16 or more persons;

1 (7) "public medical institution" means a public hospital or a  
2 public institution providing medical care, except an institution for the  
3 treatment of mental disease.

4 \* Sec. 21. AS 47.25.480, 47.25.510, 47.25.620 - 47.25.710, 47.25.730 -  
5 47.25.880, 47.25.905 - 47.25.970, and AS 47.40 are repealed.

Original sponsor: Rules/Governor

Offered: 3/26/82  
Referred: Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 357 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to adult public assistance."

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11 and social services, including: (1) maternal and child health services;  
12 (2) preventive medical services; (3) public health nursing services; (4)  
13 (repealed) (5) nutrition services; (6) health education; (7) labora-  
14 tories; (8) mental health treatment and diagnosis; (9) management of  
15 state institutions; (10) medical facilities; (11) adult public [OLD AGE]  
16 assistance; (12) aid to dependent children; (13) [AID TO THE BLIND];  
17 (14) child welfare services; (15) general relief; (16) licensing and  
18 supervision of child care facilities; and (17) probation and parole  
19 supervision.

20 \* Sec. 2. AS 47.05.010(1) is amended to read:

21 (1) administer adult public [OLD AGE] assistance, aid to  
22 dependent children, [AID TO THE BLIND,] and all other assistance pro-  
23 grams, and receive and spend funds made available to it;

24 \* Sec. 3. AS 47.05.010(2) is amended to read:

25 (2) adopt regulations necessary for the conduct of its busi-  
26 ness and for carrying out federal and state laws granting adult public  
27 [OLD AGE] assistance, aid to dependent children, [AID TO BLIND PERSONS]  
28 and other assistance;

29 \* Sec. 4. AS 47.05.010(5) is amended to read:

1 (5) cooperate with the federal government in matters of  
2 mutual concern pertaining to adult public [OLD AGE] assistance, aid to  
3 dependent children, [AID TO BLIND PERSONS] and other forms of public  
4 assistance;

5 \* Sec. 5. AS 47.05.050 is amended to read:

6 Sec. 47.05.050. POLICY. It is the public policy of the state to  
7 cooperate and coordinate with the United States government and its  
8 agencies in providing for and administering federal and state laws for  
9 adult public [OLD AGE] assistance and the other assistance which is  
10 provided for or extended to the people of the state.

11 \* Sec. 6. AS 47.25.430 is repealed and reenacted to read:

12 ARTICLE 4. ADULT PUBLIC [OLD AGE] ASSISTANCE.

13 Sec. 47.25.430. ADULT PUBLIC ASSISTANCE. (a) Financial assis-  
14 tance shall be given under AS 47.25.430 - 47.25.615, so far as practic-  
15 able under appropriations made by law to every aged, blind, or disabled  
16 needy resident who has not made a voluntary assignment or transfer of  
17 property to qualify for assistance and who has been determined eligible  
18 under regulations adopted by the department. As used in this subsection,  
19 "resident" means a person who is living in the state voluntarily with  
20 the intention of making the state his home and is not living in the  
21 state for a temporary purpose.

22 (b) The department shall determine the amount of assistance with  
23 due regard to the resources and needs of the person and the conditions  
24 existing in each case. Assistance shall be in an amount which will  
25 provide the applicant with reasonable subsistence compatible with  
26 decency and health in accordance with standards established by the  
27 department and with the standards established under Title XVI of the  
28 Social Security Act. When benefit amounts under Title XVI of the Social  
29 Security Act are increased as a result of an increase in the cost of

1 living, the state shall pass along the increase to recipients, and shall  
2 increase the amount of the state contribution to recipients by a percent-  
3 age of the state contribution equal to the percentage increase in the  
4 benefit amounts under Title XVI. Direct payments for medical services  
5 and remedial care may not be considered in determining the maximum  
6 amount payable.

7 (c) No payment under AS 47.25.430 - 47.25.615 may be made to a  
8 person who is a resident of a public institution (except as a patient in  
9 a public medical institution) or a person who is a patient in a public  
10 or private institution for treatment of a mental disease.

11 (d) A resident of an institution may, upon leaving the institution  
12 apply for assistance under AS 47.25.430 - 47.25.615 instead of the  
13 support and maintenance provided in the institution.

14 \* Sec. 7. AS 47.25.435 is amended to read:

15 Sec. 47.25.435. EXCLUSION OF INCOME. Notwithstanding the provi-  
16 sions of AS 47.25.430 - 47.25.615 [47.25.610], if the applicable provi-  
17 sions of the federal Social Security Act, as amended, permit, in deter-  
18 mining the need of an applicant for, or a recipient of, an [OLD AGE]  
19 assistance grant under AS 47.25.430 - 47.25.615 [47.25.610], the de-  
20 partment shall exclude from the computation of the applicant's or  
21 recipient's income the amounts specified in 42 U.S.C. sec. 1382a(b),  
22 as amended, amounts specified in regulations adopted to implement the  
23 supplemental security income provisions of federal law, and any amounts  
24 specified by the department by regulation so long as exclusion of those  
25 amounts is not in conflict with federal law [A SUM NOT TO EXCEED \$65 A  
26 MONTH PLUS ONE-HALF OF THE BALANCE OF THE INCOME THAT IS EARNED IN ANY  
27 MANNER, UNTIL FINANCIAL INELIGIBILITY IS REACHED. THE DEPARTMENT MAY  
28 PROMULGATE REGULATIONS IT CONSIDERS APPROPRIATE TO CARRY OUT THE PROVI-  
29 SIONS OF THIS SECTION].

1 \* Sec. 8. AS 47.25.450 is amended to read:

2       Sec. 47.25.450. INVESTIGATION OF APPLICANT. Upon application, the  
3 [THE] department shall investigate promptly and record the circumstances  
4 of each applicant [PERSON APPLYING FOR OLD AGE ASSISTANCE] to determine  
5 the facts supporting the application and other information required by  
6 the department.

7 \* Sec. 9. AS 47.25.460 is repealed and reenacted to read:

8       Sec. 47.25.460. AWARD, REDUCTION, TERMINATION, AND APPEAL. (a)  
9 Upon completion of the investigation, the department shall promptly  
10 decide whether the applicant is eligible for and should receive adult  
11 public assistance, the amount of it, the manner of paying it, and the  
12 date on which it starts. The department may make additional investiga-  
13 tion which it considers necessary, and shall make its decision as to the  
14 granting of assistance and the amount and nature of it as in its opinion  
15 is justified and in conformity with AS 47.25.430 - 47.25.615. The  
16 department shall notify the applicant of its decision in writing.

17       (b) Assistance under AS 47.25.430 - 47.25.615 is subject to review  
18 every three months and at such other times as circumstances warrant. If  
19 a recipient of adult public assistance or the spouse of a recipient with  
20 whom the recipient is living acquires nonexempt property exceeding  
21 resource limitations, or income sufficient to maintain the recipient  
22 properly, then the assistance granted to the recipient must either be  
23 terminated or reduced to an amount reflecting the reduced need as deter-  
24 mined by the department in accordance with applicable regulations. Upon  
25 review, the department may, after having provided opportunity for a  
26 hearing under (c) of this section, change the assistance granted or  
27 terminate it entirely if it finds that the circumstances are changed  
28 sufficiently to warrant this action.

29       (c) A recipient whose award is proposed to be modified or termi-

1 nated, or an applicant whose application is denied by the department  
2 shall be granted an opportunity for a hearing before a representative of  
3 the department, appointed for that purpose. The hearing shall be held  
4 promptly after request for it is made. The representative designated to  
5 conduct the hearing shall be governed by the regulations prescribed for  
6 that purpose by the department.

7 (d) Each award shall be paid on a monthly basis. In case it is  
8 impracticable by reason of slow or interrupted means of communication  
9 for a warrant covering a month's assistance to reach the recipient in  
10 due course, the department may transmit warrants covering assistance for  
11 more than one month and may deliver all of them to the recipient at one  
12 time.

13 \* Sec. 10. AS 47.25.470 is amended to read:

14 Sec. 47.25.470. PAYMENT WHEN RECIPIENT INCAPACITATED. If a person  
15 receiving assistance is incapable of taking care of himself or of the  
16 funds granted under AS 47.25.430 - 47.25.615 [47.25.610], the department  
17 may direct the payment of the funds to his legally appointed guardian or  
18 to another person as designated by the department for his benefit.

19 \* Sec. 11. AS 47.25.500 is amended to read:

20 Sec. 47.25.500. RECOVERY OF ASSISTANCE [ALLOWANCES] IMPROPERLY  
21 GRANTED. (a) If the department believes that assistance [FINDS THAT AN  
22 OLD AGE ALLOWANCE] was improperly granted, it shall investigate and, if  
23 it appears as a result of the investigation that assistance was improper-  
24 ly granted, it may, after providing an opportunity for a hearing, termi-  
25 nate or reduce assistance [CANCEL THE ALLOWANCE] and notify the recipient  
26 to that effect. The [, AND THE] state [THEN] has a claim against a  
27 [THE] person who received an [THE] improper amount of assistance [ALLOW-  
28 ANCE]. The claim may [SHALL] be enforced by an action instituted in the  
29 name of the state by the attorney general to recover the amount paid to

1 the person, with interest, together with the necessary costs of the  
2 action.

3 (b) If the department finds that recovery would work a financial  
4 hardship on the recipient to the extent that his health and well-being  
5 would be threatened or that the costs of recovery would exceed the amount  
6 of assistance improperly granted, it may waive recovery or reduce the  
7 amount to be recovered [THE UNITED STATES SHALL, IF IT REQUIRES, BE  
8 REIMBURSED OUT OF THE MONEY ON A PRO RATA BASIS IN PROPORTION TO THE  
9 AMOUNT IT EXPENDED IN THE CASE, AND THE REMAINING AMOUNT SHALL BE PAID  
10 TO THE STATE FOR THE OLD AGE ASSISTANCE FUND].

11 \* Sec. 12. AS 47.25.515 is amended to read:

12 Sec. 47.25.515. CANCELLATION OF WARRANTS. (a) Warrants issued to  
13 a recipient of [AN OLD AGE] assistance under AS 47.25.430 - 47.25.615  
14 [RECIPIENT] after the date of death of the recipient shall be returned  
15 to the Department of Administration and canceled.

16 (b) Assistance [OLD AGE ASSISTANCE] warrants issued before the  
17 death of the recipient but not negotiated at death shall be returned to  
18 the Department of Administration, and shall be canceled, unless claimed  
19 by the authorized representative of the estate of the recipient within  
20 90 days of the date of death.

21 (c) The state is [SHALL] not [BE] liable to the estate, heirs, or  
22 creditors of the deceased [OLD AGE] assistance recipient for payment on  
23 warrants canceled under (a) or [AND] (b) of this section.

24 \* Sec. 13. AS 47.25.520 is amended to read:

25 Sec. 47.25.520. LEAVING THE [REMOVAL FROM] STATE. A person re-  
26 ceiving assistance who leaves [REMOVES FROM] the state may not there-  
27 after receive assistance unless the department otherwise directs.

28 \* Sec. 14. AS 47.25.550 is amended to read:

29 Sec. 47.25.550. ALIENATION AND ATTACHMENT. Assistance granted

1 under AS 47.25.430 - 47.25.615 [47.25.610] is inalienable by an assign-  
2 ment or transfer and is exempt from garnishment, levy, or execution  
3 under the laws of this state.

4 \* Sec. 15. AS 47.25.580 is amended to read:

5 Sec. 47.25.580. ACTION AGAINST PERSON LIABLE FOR CARE OF RECIP-  
6 IENT. If during the continuance of assistance [AN ALLOWANCE] the depart-  
7 ment finds that a person liable for the support of the recipient of  
8 assistance is able to provide the necessary care and support of the  
9 recipient, and the person liable for the care and support of the reci-  
10 pient fails or refuses to support and care for the recipient then the  
11 state has a cause of action for the assistance against the person liable  
12 for it. The action may [SHALL] be brought in the name of the state by  
13 the attorney general against the person liable for the recovery of the  
14 amount of money, with interest, paid to the recipient, together with the  
15 costs and disbursements of the action. The [UNITED STATES SHALL, IF IT  
16 REQUIRES, BE REIMBURSED OUT OF THE MONEY COLLECTED ON A PRO RATA BASIS  
17 IN PROPORTION TO THE AMOUNT IT EXPENDED IN THE CASE, AND THE REMAINING]  
18 amount collected shall be paid to the Department of Revenue [FOR THE OLD  
19 AGE ASSISTANCE FUND].

20 \* Sec. 16. AS 47.25.590 is amended to read:

21 Sec. 47.25.590. POLICY AND PURPOSE. (a) It is the policy of the  
22 state and the purpose of AS 47.25.430 - 47.25.615 [47.25.610] to cooper-  
23 ate and coordinate with the United States government and its agencies in  
24 providing for and administering the laws of the federal and state govern-  
25 ments having for their purpose adult public [OLD AGE] assistance for  
26 residents of this state.

27 (b) The purpose of AS 47.25.430 - 47.25.615 [47.25.610] is to  
28 furnish financial assistance as far as practicable to needy [,] aged,  
29 blind, and disabled persons [INDIVIDUALS], and to help them attain

1 self-support or self-care.

2 (c) The department may enter into contracts or arrangements with  
3 any federal agency, department, or official under which funds made  
4 available to the federal agency, department, or official may be trans-  
5 ferred to the department and spent in accordance with AS 47.25.430 -  
6 47.25.615.

7 \* Sec. 17. AS 47.25.600 is amended to read:

8 Sec. 47.25.600. OBTAINING ASSISTANCE BY FRAUD. A person is guilty  
9 of a class B misdemeanor [, AND UPON CONVICTION IS PUNISHABLE BY A FINE  
10 OF NOT MORE THAN \$500, OR BY IMPRISONMENT IN A JAIL FOR NOT MORE THAN  
11 SIX MONTHS, OR BY BOTH,] if he (1) by a false statement, representation,  
12 or impersonation, or other fraudulent device, obtains or attempts to  
13 obtain or aids or abets another to obtain (A) assistance to which he is  
14 not entitled, (B) greater assistance than he is entitled to, (C) payment  
15 of a forfeited grant or allowance; or (2) aids and abets in buying or  
16 otherwise disposing of the property of the recipient of assistance for  
17 the purpose of avoiding liability for the assistance granted.

18 \* Sec. 18. AS 47.25.610 is amended to read:

19 Sec. 47.25.610. VIOLATIONS. A person who violates a provision of  
20 AS 47.25.430 - 47.25.615 [47.25.610] or a regulation adopted under any  
21 of those sections is guilty of a class B misdemeanor [AND IF NO OTHER  
22 PENALTY IS PROVIDED, THE PERSON, UPON CONVICTION, IS PUNISHABLE BY A  
23 FINE OF NOT MORE THAN \$500. OR BY IMPRISONMENT IN A JAIL FOR NOT MORE  
24 THAN SIX MONTHS, OR BY BOTH].

25 \* Sec. 19. AS 47.25 is amended by adding a new section to read:

26 Sec. 47.25.615. DEFINITIONS. In AS 47.25.430 - 47.25.615

27 (1) "aged" means 65 or more years of age;

28 (2) "assistance" means money payments to or medical care on  
29 behalf of, or any type of remedial care recognized by the department on

1       behalf of needy aged, blind, or disabled persons who are 18 or more  
2       years of age and residents of the state;

3               (3) "blind" means having no vision or having vision that is  
4       so defective as to prevent the performance of ordinary activities for  
5       which eyesight is essential;

6               (4) "department" means the Department of Health and Social  
7       Services;

8               (5) "disabled" means being unable to engage in substantial  
9       gainful activity by reason of a medically determinable physical or  
10       mental impairment that can be expected to result in death or that has  
11       lasted or can be expected to last for a continuous period of not less  
12       than 12 months;

13              (6) "public institution" means a governmentally owned estab-  
14       lishment that furnishes food, shelter, and some additional treatment or  
15       services to 16 or more persons;

16              (7) "public medical institution" means a public hospital or a  
17       public institution providing medical care, except an institution for the  
18       treatment of mental disease.

19       \* Sec. 20. AS 47.25.480, 47.25.510, 47.25.620 - 47.25.710, 47.25.730 -  
20       47.25.880, and 47.25.905 - 47.25.970 are repealed.

Introduced: 3/18/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 357

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to adult public assistance."

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

8 \* Section 1. AS 44.29.020 is amended to read:

9 Sec. 44.29.020. DUTIES OF DEPARTMENT. The Department of Health  
10 and Social Services shall administer the state programs of public  
11 health and social services, including: (1) maternal and child health  
12 services; (2) preventive medical services; (3) public health nursing  
13 services; (4) sanitation and engineering services; (5) nutrition  
14 services; (6) health education; (7) laboratories; (8) mental health  
15 treatment and diagnosis; (9) management of state institutions, (10)  
16 medical facilities; (11) adult public [OLD AGE] assistance; (12) aid  
17 to dependent children; (13) [AID TO THE BLIND]; (14) child welfare  
18 services; (15) general relief; (16) licensing and supervision of child  
19 care facilities; and (17) probation and parole supervision.

20 \* Sec. 2. AS 47.05.010(1) is amended to read:

21 (1) administer adult public [OLD AGE] assistance, aid to  
22 dependent children, [AID TO THE BLIND,] and all other assistance  
23 programs, and receive and spend funds made available to it;

24 \* Sec. 3. AS 47.05.010(2) is amended to read:

25 (2) adopt regulations necessary for the conduct of its  
26 business and for carrying out federal and state laws granting adult  
27 public [OLD AGE] assistance, aid to dependent children, [AID TO BLIND  
28 PERSONS] and other assistance;

29 \* Sec. 4. AS 47.05.010(5) is amended to read:

1 (5) cooperate with the federal government in matters of  
2 mutual concern pertaining to adult public [OLD AGE] assistance, aid to  
3 dependent children, [AID TO BLIND PERSONS] and other forms of public  
4 assistance;

5 \* Sec. 5. AS 47.05.050 is amended to read:

6 Sec. 47.05.050. POLICY. It is the public policy of the state to  
7 cooperate and coordinate with the United States government and its  
8 agencies in providing for and administering federal and state laws for  
9 adult public [OLD AGE] assistance and the other assistance which is  
10 provided for or extended to the people of the state.

11 \* Sec. 6. AS 47.25.430 is amended to read:

12 ARTICLE 4. ADULT PUBLIC [OLD AGE] ASSISTANCE.

13 Sec. 47.25.430. ADULT PUBLIC [PERSONS ENTITLED TO OLD AGE] ASSIST-  
14 ANCE. (a) Financial assistance shall be given under AS 47.25.430 --  
15 47.25.615 [47.25.610], so far as practicable ~~under~~ the conditions in  
16 the state, to every aged, blind, or disabled needy resident [OF THE  
17 STATE] who has [ATTAINED THE AGE OF 65 YEARS, WHO HAS] not made a  
18 voluntary assignment or transfer of property to qualify for assistance  
19 and who has been determined eligible under regulations adopted by the  
20 department. As used in this subsection, "resident" means a person who  
21 is living in the state voluntarily with the intention of making the  
22 state his home and is not living in the state for a temporary purpose.

23 (b) The department shall determine the amount of assistance  
24 with due regard to the resources and needs of the person and the  
25 conditions existing in each case. Assistance shall be in an amount  
26 which will provide the applicant with reasonable subsistence compatible  
27 with decency and health in accordance with standards established by the  
28 department and with the standards established under Title XVI of the  
29 Social Security Act. When benefit amounts under Title XVI of the

1 Social Security Act are increased as a result of an increase in the  
2 cost of living, the state shall pass along the increase to recipients,  
3 and shall increase the amount of the state contribution to recipients  
4 by a percentage of the state contribution equal to the percentage  
5 increase in the benefit amounts under Title XVI. Direct payments for  
6 medical services and remedial care may not be considered in determining  
7 the maximum amount payable.

8 (c) [(b)] No payment under AS 47.25.430 -- 47.25.615 [47.25.610]  
9 may be made to a person [AN INDIVIDUAL] who is a resident of a [THE  
10 ALASKA PIONEERS' HOME OR ANOTHER] public institution (except as a  
11 patient in a public medical institution) or a person [AN INDIVIDUAL]  
12 who is (1) a patient in a public or private institution for tuberculo-  
13 sis or mental diseases, or (2) diagnosed as having tuberculosis or  
14 psychosis and is a patient in a medical institution as a result of the  
15 diagnosis.

16 (d) [(c)] A resident of an [THE ALASKA PIONEERS' HOME OR OTHER]  
17 institution may, upon leaving [AT ANY TIME HE WISHES TO LEAVE] the  
18 institution, apply for assistance under AS 47.25.430 -- 47.25.615  
19 [47.25.610] instead of the support and maintenance provided in the  
20 [HOME OR] institution.

21 \* Sec. 7. AS 47.25.435 is amended to read:

22 Sec. 47.25.435. EXCLUSION OF INCOME. Notwithstanding the provi-  
23 sions of AS 47.25.430 -- 47.25.615 [47.25.610], if the applicable provi-  
24 sions of the federal Social Security Act, as amended, permit, in deter-  
25 mining the need of an applicant for, or a recipient of, an [OLD AGE]  
26 assistance grant under AS 47.25.430 -- 47.25.615 [47.25.610], the de-  
27 partment shall exclude from the computation of the applicant's or  
28 recipient's income the amounts specified in 42 U.S.C. sec. 1382a(b),  
29 as amended, amounts specified in regulations adopted to implement

1 the supplemental security income provisions of federal law, and any  
2 amounts specified by the department by regulation so long as exclu-  
3 sion of those amounts is not in conflict with federal law [A SUM NOT  
4 TO EXCEED \$65 A MONTH PLUS ONE-HALF OF THE BALANCE OF THE INCOME THAT  
5 IS EARNED IN ANY MANNER, UNTIL FINANCIAL INELIGIBILITY IS REACHED. THE  
6 DEPARTMENT MAY PROMULGATE REGULATIONS IT CONSIDERS APPROPRIATE TO CARRY  
7 OUT THE PROVISIONS OF THIS SECTION].

8 \* Sec. 8. AS 47.25.450 is amended to read:

9       Sec. 47.25.450. INVESTIGATION OF APPLICANT. Upon application,  
10 the [THE] department shall investigate promptly and record the circum-  
11 stances of each applicant [PERSON APPLYING FOR OLD AGE ASSISTANCE] to  
12 determine the facts supporting the application and other information  
13 required by the department.

14 \* Sec. 9. AS 47.25.460 is amended to read:

15       Sec. 47.25.460. AWARD, REDUCTION, TERMINATION, AND APPEAL. (a)  
16 Upon completion of the investigation, the department shall promptly  
17 decide whether the applicant is eligible for and should receive adult  
18 public [OLD AGE] assistance, the amount of it, the manner of paying it,  
19 and the date on which it starts. The department may make additional  
20 investigation which it considers necessary, and shall make its decision  
21 as to the granting of assistance and the amount and nature of it as in  
22 its opinion is justified and in conformity with AS 47.25.430 --  
23 47.25.615 [47.25.610]. The department shall notify the applicant of  
24 its decision in writing by handing or mailing it to the applicant no  
25 later than the 30th day after the date of application.

26       (b) Assistance under AS 47.25.430 -- 47.25.615 is subject to re-  
27 view every three months and at such other times as circumstances warrant  
28 If a recipient of adult public assistance or the spouse of a recipient  
29 with whom the recipient is living acquires non-exempt property exceeding

1 resource limitations, or income sufficient to maintain the recipient  
2 properly, then the assistance granted to the recipient must either be  
3 terminated or reduced to an amount reflecting the reduced need as  
4 determined by the department in accordance with applicable regulations.  
5 Upon review, the department may, after having provided opportunity for  
6 a hearing under (c) of this section, change the assistance granted or  
7 terminate it entirely if it finds that the circumstances are changed  
8 sufficiently to warrant this action.

9 (c) [(b)] A recipient whose award is proposed to be modified or  
10 terminated, or an [AN] applicant whose application is denied, [DISCON-  
11 TINUED OR MODIFIED] by the department shall be granted an opportunity  
12 for a [FAIR] hearing before a representative [THE DEPARTMENT OR BEFORE  
13 AN AGENT] of the department, appointed for that purpose. The hearing  
14 shall be held promptly [WITHIN A REASONABLE TIME] after request [DEMAND]  
15 for it is made. The representative [IF AN AGENT IS] designated to  
16 conduct the hearing [, THE AGENT] shall be governed by the regulations  
17 prescribed for that purpose by the department.

18 (d) [(c)] Each award [ALLOWANCE] shall be paid on a monthly  
19 basis. In case it is impracticable by reason of slow or interrupted  
20 means of communication for a warrant covering a month's assistance  
21 [BENEFIT] to reach the recipient [BENEFICIARY] in due course, the  
22 department may transmit warrants covering assistance [PAYMENTS] for  
23 more than one month and may deliver all of them to the recipient [BENE-  
24 FICIARY] at one time. [ALL WARRANTS SHALL BE REGISTERED IN A BOOK KEPT  
25 FOR THAT PURPOSE AND WHEN REGISTERED SHALL IN THE ORDER OF THEIR REGIS-  
26 TRATION TAKE PRIORITY OVER ALL OTHER WARRANTS AGAINST THE OLD AGE  
27 ASSISTANCE FUND.]

28 \* Sec. 10. AS 47.25.470 is amended to read:

29 Sec. 47.25.470. PAYMENT WHEN RECIPIENT INCAPACITATED. If a

1 person receiving assistance is incapable of taking care of himself or  
2 of the funds granted under AS 47.25.430 -- 47.25.615 [47.25.610], the  
3 department may direct the payment of the funds to his legally appointed  
4 guardian or to another person as designated by the department for his  
5 benefit.

6 \* Sec. 11. AS 47.25.500 is amended to read:

7 Sec. 47.25.500. RECOVERY OF ASSISTANCE [ALLOWANCES] IMPROPERLY  
8 GRANTED. (a) If the department believes that assistance [FINDS THAT  
9 AN OLD AGE ALLOWANCE] was improperly granted, it shall investigate and,  
10 if it appears as a result of the investigation that assistance was  
11 improperly granted, it may, after providing an opportunity for a  
12 hearing, terminate or reduce assistance [CANCEL THE ALLOWANCE] and  
13 notify the recipient to that effect. The [, AND THE] state [THEN] has  
14 a claim against a [THE] person who received an [THE] improper amount of  
15 assistance [ALLOWANCE]. The claim may [SHALL] be enforced by an action  
16 instituted in the name of the state by the attorney general to recover  
17 the amount paid to the person, with interest, together with the neces-  
18 sary costs of the action.

19 (b) If the department finds that recovery would work a finan-  
20 cial hardship upon the recipient to the extent that his health and  
21 well-being would be threatened or that the costs of recovery would  
22 exceed the amount of assistance improperly granted, it may waive re-  
23 covery or reduce the amount to be recovered [THE UNITED STATES SHALL,  
24 IF IT REQUIRES, BE REIMBURSED OUT OF THE MONEY ON A PRO RATA BASIS IN  
25 PROPORTION TO THE AMOUNT IT EXPENDED IN THE CASE, AND THE REMAINING  
26 AMOUNT SHALL BE PAID TO THE STATE FOR THE OLD AGE ASSISTANCE FUND].

27 \* Sec. 12. AS 47.25.515 is amended to read:

28 Sec. 47.25.515. CANCELLATION OF WARRANTS. (a) Warrants issued  
29 to a recipient of [AN OLD AGE] assistance under AS 47.25.430 -- 47.25.-

1        615 [RECIPIENT] after the date of death of the recipient shall be  
2 returned to the Department of Administration and canceled.

3            (b) Assistance [OLD AGE ASSISTANCE] warrants issued before the  
4 death of the recipient but not negotiated at death shall be returned to  
5 the Department of Administration, and shall be canceled, unless claimed  
6 by the authorized representative of the estate of the recipient within  
7 90 days of the date of death.

8            (c) The state is [SHALL] not [BE] liable to the estate, heirs, or  
9 creditors of the deceased [OLD AGE] assistance recipient for payment on  
10 warrants canceled under (a) or [AND] (b) of this section.

11 \* Sec. 13. AS 47.25.520 is amended to read:

12            Sec. 47.25.520. LEAVING THE [REMOVAL FROM] STATE. A person  
13 receiving assistance who leaves [REMOVES FROM] the state may not there-  
14 after receive assistance unless the department otherwise directs.

15 \* Sec. 14. AS 47.25.550 is amended to read:

16            Sec. 47.25.550. ALIENATION AND ATTACHMENT. Assistance granted  
17 under AS 47.25.430 -- 47.25.615 [47.25.610] is inalienable by an assign-  
18 ment or transfer and is exempt from garnishment, levy, or execution  
19 under the laws of this state.

20 \* Sec. 15. AS 47.25.580 is amended to read:

21            Sec. 47.25.580. ACTION AGAINST PERSON LIABLE FOR CARE OF RECIP-  
22 IENT. If during the continuance of assistance [AN ALLOWANCE] the  
23 department finds that a person liable for the support of the recipient  
24 of assistance is able to provide the necessary care and support of the  
25 recipient, and the person liable for the care and support of the reci-  
26 pient fails or refuses to support and care for the recipient then the  
27 state has a cause of action for the assistance against the person  
28 liable for it. The action may [SHALL] be brought in the name of the  
29 state by the attorney general against the person liable for the recovery

1 of the amount of money, with interest, paid to the recipient, together  
2 with the costs and disbursements of the action. The [UNITED STATES  
3 SHALL, IF IT REQUIRES, BE REIMBURSED OUT OF THE MONEY COLLECTED ON A  
4 PRO RATA BASIS IN PROPORTION TO THE AMOUNT IT EXPENDED IN THE CASE, AND  
5 THE REMAINING] amount collected shall be paid to the Department of  
6 Revenue [FOR THE OLD AGE ASSISTANCE FUND].

7 \* Sec. 16. AS 47.25.590 is amended to read:

8 Sec. 47.25.590. POLICY AND PURPOSE. (a) It is the policy of the  
9 state and the purpose of AS 47.25.430 -- 47.25.615 [47.25.610] to  
10 cooperate and coordinate with the United States government and its  
11 agencies in providing for and administering the laws of the federal and  
12 state governments having for their purpose adult public [OLD AGE]  
13 assistance for residents of this state.

14 (b) The purpose of AS 47.25.430 -- 47.25.615 [47.25.610] is to  
15 furnish financial assistance as far as practicable to needy [,] aged,  
16 blind, and disabled persons [INDIVIDUALS], and to help them attain  
17 self-support or self-care.

18 (c) The department may enter into contracts or arrangements with  
19 any federal agency, department, or official under which funds made  
20 available to the federal agency, department, or official may be trans-  
21 ferred to the department and spent in accordance with AS 47.25.430 --  
22 47.25.615.

23 \* Sec. 17. AS 47.25.600 is amended to read:

24 Sec. 47.25.600. OBTAINING ASSISTANCE BY FRAUD. A person is  
25 guilty of a class B misdemeanor [, AND UPON CONVICTION IS PUNISHABLE BY  
26 A FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT IN A JAIL FOR NOT MORE  
27 THAN SIX MONTHS, OR BY BOTH,] if he (1) by a false statement, represen-  
28 tation, or impersonation, or other fraudulent device, obtains or attempt  
29 to obtain or aids or abets another to obtain (A) assistance to which he

1 is not entitled, (B) greater assistance than he is entitled to, (C)  
2 payment of a forfeited grant or allowance; or (2) aids and abets in  
3 buying or otherwise disposing of the property of the recipient of  
4 assistance for the purpose of avoiding liability for the assistance  
5 granted.

6 \* Sec. 18. AS 47.25.610 is amended to read:

7 Sec. 47.25.610. VIOLATIONS. A person who violates a provision of  
8 AS 47.25.430 -- 47.25.615 [47.25.610] or a regulation adopted under any  
9 of those sections is guilty of a class B misdemeanor [AND IF NO OTHER  
10 PENALTY IS PROVIDED, THE PERSON, UPON CONVICTION, IS PUNISHABLE BY A  
11 FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT IN A JAIL FOR NOT MORE  
12 THAN SIX MONTHS, OR BY BOTH].

13 \* Sec. 19. AS 47.25 is amended by adding a new section to read:

14 Sec. 47.25.615. DEFINITIONS. In AS 47.25.430 -- 47.25.615

15 (1) "aged" means 65 or more years of age;

16 (2) "assistance" means money payments to or medical care on  
17 behalf of, or any type of remedial care recognized by the department on  
18 behalf of needy aged, blind, or disabled persons who are 18 or more  
19 years of age and residents of the state;

20 (3) "blind" means having no vision or having vision which is  
21 so defective as to prevent the performance of ordinary activities for  
22 which eyesight is essential;

23 (4) "department" means the Department of Health and Social  
24 Services;

25 (5) "disabled" means being unable to engage in any substan-  
26 tial gainful activity by reason of any medically determinable physical  
27 or mental impairment which can be expected to result in death or which  
28 has lasted or can be expected to last for a continuous period of not  
29 less than 12 months;

1           (6) "public institution" means a governmentally owned estab-  
2           lishment which furnishes food, shelter, and some additional treatment  
3           or services to 16 or more persons;

4           (7) "public medical institution" means a public hospital or  
5           a public institution providing medical care, except an institution for  
6           the treatment of tuberculosis or mental disease.

7           \* Sec. 20. AS 47.25.480, 47.25.510, 47.25.620 -- 47.25.710, 47.25.730 --  
8           47.25.880, and 47.25.905 -- 47.25.970 are repealed.

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS House Bill No. 357  
 Title An Act Relating to Adult Public Assistance  
 Requested by Rules, by Request Date 4/1/81

II. FISCAL DETAIL  
 Agency Affected Health & Social Services  
 Program Category Affected Social and Economic Assistance for General Population  
 BRU, Program, or Subprogram(s) Affected Aid to Blind, Aid to Disabled  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME		0				
TEMPORARY		0				

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

HB No. 357 will have no fiscal impact in FY82 or following fiscal years.

IV. DATE April 5, 1982 PREPARED BY [Signature]  
 AGENCY DISS PPA  
 PHONE 465-3347  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) M&B Approval [Signature] Date \_\_\_\_\_

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS House Bill No. 357

Title An Act Relating to Adult Public Assistance

Requested by Rules, by Request

Date 4/1/81

II. FISCAL DETAIL

Agency Affected Health & Social Services

Program Category Affected Social and Economic Assistance for the Elderly

BRU, Program, or Subprogram(s) Affected Old Age Assistance

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
TOTAL		0				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME		0				
TEMPORARY		0				

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

HB No. 357 will have no fiscal impact in FY82 or following fiscal years.

IV. DATE April 5, 1982

PREPARED BY [Signature]

AGENCY DISS. SPA

PHONE 465-3347

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) M&B Approval [Signature]

Date \_\_\_\_\_

010606

MB 357

March 18, 1981

The Honorable Jim Duncan  
Speaker of the House  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would revise and consolidate existing statutes dealing with adult public assistance. The primary purpose of this bill is to recognize the existence of supplemental security income (SSI) and the elimination of separate aged, blind, and disabled programs on the federal level. (See 42 U.S.C. 1381 et seq.; and P.L. 92-603, sec. 303(a) and (b), which repealed 42 U.S.C. 301 et seq. [old age], 1201 et seq. [blind], and 1351 et seq. [disabled].)

This bill would eliminate duplication and make incidental corrections and other technical improvements. This should increase clarity, efficiency of administration, and the ease of future amendments. Substantive changes are minimal. This bill would not alter the amounts to be paid recipients of adult public assistance.

A section-by-section description is attached for your convenience.

Sincerely,

*S/SSH*

Jay S. Hammond  
Governor

SECTION-BY-SECTION DESCRIPTION

Sec. 1. This section amends AS 44.29.020, which prescribes various duties of the Department of Health and Social Services, to refer to administration of "adult public assistance" rather than to administration of separate programs for "old age assistance" and "aid to the blind".

Secs. 2, 3, and 4. These sections accomplish the same thing with respect to AS 47.05.010(1), (2), and (5), respectively.

Sec. 5. This section accomplishes the same thing in AS 47.05.050, without having to eliminate reference to "aid to the blind" because that section currently does not refer to that program.

Sec. 6. This section changes the title of art. 4 of AS 47.25 and amends AS 47.25.430 to address all three components of adult public assistance.

AS 47.25.430, as amended in this section, collects significant provisions of former AS 47.25.430 (aged), AS 47.25.620 (blind), and AS 47.25.790 (disabled). The reference to "65 years" is deleted from AS 47.25.430 and put in the definitions section -- AS 47.25.615. A definition of "resident" which parallels language of the Social Security Act is added in place of AS 47.25.780(4). Specific reference to the Alaska Pioneers' Home is deleted. A definition of "public institution," broad enough to include it, is added to AS 47.25.615. Citations are appropriately changed and several phrases are modified in the interest of style.

Sec. 7. The language of AS 47.25.435 is amended to include all income exclusions specified in federal law. The SSI exclusions are included to assure that recipients of Adult Public Assistance will be eligible for Medicaid.

Reference to regulatory authority is deleted because it is addressed in AS 47.05.010. This section also includes a citation change necessitated by the consolidation of provisions.

- Sec. 8. This section simply clarifies AS 47.25.450.
- Sec. 9. This section amends AS 47.25.460. Subsection (b), as amended, consolidates the language of former AS 47.25.480 and AS 47.25.510 with this section. Other provisions are clarified. The deleted sentence in (d) (formerly (c)) relates to a procedure which the modern level of mail service renders unnecessary.
- Sec. 10. This section makes a citation change in AS 47.-25.470.
- Sec. 11. This section amends AS 47.25.500. Subsection (a) is amended to add clarity and to make it clear that there will be no prehearing termination of benefits, in accordance with United States Supreme Court decisions on this subject. Also, in the sentence on enforcement actions, the term "shall" is changed to "may" to conform to corresponding provisions in former AS 47.25.740 (blind) and AS 47.25.920 (disabled); this will assure continued prosecutorial discretion in the attorney general. Subsection (b) is amended to allow the department, within certain guidelines, to waive or reduce the amount to be recovered. The former language of this subsection is deleted to reflect the fact that the federal government awards SSI benefits independently.
- Sec. 12. This section makes minor, technical amendments to AS 47.25.515.
- Sec. 13. This section amends AS 47.25.520 to eliminate archaic language.
- Sec. 14. This section makes a citation change in AS 47.-25.550.

- Sec. 15. This section makes technical amendments to AS 47.25.580, including one related to the deletion of the former language of AS 47.25.500(b).
- Sec. 16. This section makes citation and name changes in AS 47.25.590. It also adds language relating to relations with the federal government which derives from former AS 47.25.930.
- Sec. 17. This section amends AS 47.25.600 to reflect the terminology of the new criminal code. A class B misdemeanor is punishable by up to 90 days in jail, a \$1000 fine, or both.
- Sec. 18. This section amends AS 47.25.610 to proscribe violation of both statutes and regulations. Confusing language concerning "no other penalty" is deleted. Reference is also made to a class B misdemeanor.
- Sec. 19. This section, which derives from AS 47.25.780 and AS 47.25.960, includes the definitions mentioned above.
- Sec. 20. This section repeals statutes which are unnecessary or which concern matters that are readily addressed by regulation.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 357

Title An Act relating to adult public assistance

Requested by Rules, by request

Date March 12, 1981

II. FISCAL DETAIL

Agency Affected Health & Social Services

Program Category Affected Social & Economic Assistance Programs Aged/General Population

BRU, Program, or Subprogram(s) Affected (OAA, Aid to Blind, Aid to Disabled)

(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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0	0	0	0	0
200 TRAVEL		0	0	0	0	0
300 CONTRACTUAL		0	0	0	0	0
400 COMMODITIES		0	0	0	0	0
500 EQUIPMENT		0	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		0	0	0	0	0
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0	0	0	0	0
PART TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

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

This Bill is a "housekeeping" measure; it proposes revising Adult Public Assistance programs to better reflect current program policies and operations. It will have no measureable effect on the numbers of persons receiving assistance nor upon the amount of assistance they receive.

IV. DATE

3/12/81

PREPARED BY

*John H. Ambler*

AGENCY

DISE, OPA

PHONE

3147

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

*Mr. Hubbard 3/12/81*

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. House Bill No. 357  
 Title An Act Relating to Adult Public Assistance  
 Requested by Rules, by Request Date 4/1/81

II. FISCAL DETAIL  
 Agency Affected Health & Social Services  
 Program Category Affected Social and Economic Assistance for the Elderly  
 BRU, Program, or Subprogram(s) Affected Old Age Assistance  
 (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 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 COMMODITIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS, ETC.		0				
<b>TOTAL</b>		<b>0</b>				

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME		0				
TEMPORARY		0				

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

HB No. 357 will have no fiscal impact in FY82 or following fiscal years.

IV. DATE 3/31/81 PREPARED BY [Signature]  
 AGENCY DHSC DPA  
 PHONE 465-3347

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) M&B Approval [Signature] Date 4/16/81

# Alaska State Legislature

HB 357

PAT CARNEY  
DISTRICT 6  
WASILLA, ALASKA 99687  

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POUCH V  
JUNEAU, ALASKA 99811



COMMITTEES  

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FINANCE  
RESOURCES

## House of Representatives

March 17, 1982

TO: Representative Al Adams  
Chairman, House Finance

FROM: Representative Pat Carney *PC*  
Chairman, H & SS Subcommittee

SUBJECT: Cost of Care Statute

It is the recommendation of the Health and Social Services Subcommittee that the full cost of care statute be repealed/amended.

I would appreciate it if you would see if it is possible for us to use a bill which is currently in House Finance as a vehicle for implementing this.

The subcommittee dealt with the budget and made cuts accordingly, based on the repeal/amendment of this statute during this session.

Thank you for your prompt consideration of this matter.

Review of Full Cost of Care  
Method for Financing Institutional Child Care

The total cost for institutional care of juveniles in Alaska has risen dramatically in recent years. The reasons for the cost rise are due, first, to an increase in the number of children in the institutions and, second, to an increase in the rates to keep a child in an institution. The purpose of this short paper is to examine the costs of the daily rate to keep a child in an institution and the effect of the full cost of care method of calculating rates in raising costs.

The State of Alaska does not run institutions for children - it pays local non-profit corporations to provide the services. The full cost of care statute, enacted in 1970 and appearing in AS 47.40.040, was designed to establish the method of calculating how the State would pay for services. The full cost of care method has created serious financial problems. The method makes accurate budgeting virtually impossible - the history of the institutional care program has been riddled with budget amendments and supplementals. Briefly, the following is how the method works.

Hearings are conducted by the Department of Health and Social Services in February of each year to receive information from institutions on the daily rates the State should pay and the levels of service to be provided. This information is submitted to the Legislature accompanied by the Department recommendations. The daily rates the State will pay per child in each institution is calculated based on last year's financial experience. For the prior year the total allowable expenditures (non-allowable expenses are listed in the statute) for operating the institution is ~~then~~ divided by the number of

days of care provided by the institution. The figure serves as a base daily rate upon which to increase rates further by an inflation factor. The full cost of care statute requires the Department of Health and Social Services to approve salary levels for all institution staff and to approve establishment of individual positions associated with new programming. This requires in-depth involvement of the Department in institution affairs, creating difficulties for both institutions and the Department.

Several features of the full cost of care system need to be highlighted. First, when calculating the total cost for the institution in the prior year, no consideration is given to the vacancy rate in the institution. If the institution is licensed for 10 children, but cares for only 5, the overhead costs must be paid for by 5 rather than 10 individuals thereby effectively increasing rates. Because the State must pay at the higher rates if the institution is only half full, the institutions are not encouraged to maintain occupancy at the most cost effective levels. In FY 81, for example, the average occupancy rate over all institutions was only 70%, yet the State was paying overhead costs (included in the daily rate calculation) as if institutions were 100% filled.

In addition, the vacancy rate problem is made even worse by the fact that the State has no control over the total number of institutional child care beds licensed. Under current regulations the State must license institutions if they meet basic criteria - there is no provision for denying an institution licensed beds because the total number of beds in the State is greater than is currently needed. To raise the total average rate of occupancy by limiting the number of beds available would allow for more efficient utilization of the facilities

remaining. This would have a long range effect of reducing daily cost of caring for children.

The full cost of care method of calculating rates for this year based on last year's experiences also can create problems of cycles of feast and famine for institutions should their occupancy rate rise and fall. If occupancy last year was, say, 50%, the overhead costs built into the daily rate is relatively high. Should the addition of children raise the rate of occupancy in the current year, then the institution will receive more money than the daily rates intended. Similarly, if occupancy rates were high in the prior year upon which rates for this year were calculated, and the number of children decreased, this year's rates would not adequately cover overhead expenses. In short, the full cost of care system of calculating costs (and therefore revenues to the institutions) tend to create greater uncertainty for institutions and often results in the daily rates the State pays for care not accurately reflecting the cost of actual services provided.

Secondly, because the daily rates the State must pay to institutions this year is based on total expenditures from last year, the State picks up the tab in future years for any other income (non-State income) received by the institution, be it private donation, community contributions, and even federal sources of funds. This means that the cost to the State can rise dramatically in a cumulative fashion, and local communities are not encouraged to provide on-going support for institutions benefiting the community. Donations and community support becomes not a source of basic continuing resources but a lever to increase State contributions in future years. Figures presented below indicate increases in rates the State must pay for picking up the obligation

this year to pay institutions whatever other revenues they received last year.

In short, the full cost of care method of calculating how much the State will pay to local institutions to meet the cost of caring for children has the following undesirable effects. First, there is very little State control over either the costs of caring for children or the quality of care given to children. Second, this lack of control has contributed to dramatic increase in costs per child over the years without necessarily an increase in quality of care. Third, there is no incentive in the payment system for institutions to operate efficiently or effectively.

There is an alternative to the full cost of care method of calculating and paying for care of children in institutions: that is, simply contracting with institutions (based on a Request for Proposal selection process) for a certain number of beds for a given fiscal year. The major benefits for the State would be purchasing services the Department of Health and Social Services desires and describes in a contract document as opposed to accepting what is available from child-care agencies. (This would result in some agencies revising and adjusting programs now being offered). The Department would also be able to contract for the number of beds to meet their needs thus eliminating the payments for a large number of empty beds. Also, the Request for Proposal selection method will encourage institutions to focus on what they do best and lower costs through the competitive process.

In short, contracting for services, as a substitute for the full cost of care method paying for services, has major advantages which will lead to lower costs to the State and to better control over the quality of care for children. But

contracting directly for services is not possible without the repeal of the full cost of care statute.

Gentry  
3-1-82

DRAFT

ATTACHMENT 1

FY 79 Actual Average  
Daily Rate = \$61.95

28.2% Increase Over FY 78  
COLA Appropriated by Legislature;  
5% Salary Increases, 6% All Other  
5.4% Increases = 5.4%  
22.8% Increase for Allowable Expenditures  
for FY 78

FY 80 Actual Average  
Daily Rate = \$74.52

20.3% Increase Over FY 79  
COLA Appropriated by Legislature;  
7% Salary Increases, 10% All Other  
8.5% Increases = 8.5%  
11.8% Increase for Allowable Expenditures  
for FY 79

FY 81 Actual Average  
Daily Rate = \$84.84

13.8% Increase Over FY 80  
12.0% COLA Appropriated by Legislature  
1.8% Increase for Allowable Expenditures  
for FY 80

FY 82 Actual 6 Mo. Average  
Daily Rate = \$109.96

29.6% Increase over FY 81  
14.0% COLA Appropriated by Legislature  
15.6% Increase for Allowable Expenditures  
in FY 81

FY 83 Estimated Average  
Daily Rate - \$142.89

13.0% COLA and Salary Benefit Increases  
15.0% Increase for Allowable Expenditures  
28.0%

ATTACHMENT 2

IN-STATE INSTITUTIONAL CARE RATES  
AS OF JANUARY 1, 1982

<u>PROVIDER NO.</u>	<u>NAME</u>	<u>PROVISIONAL FY 82 RATE</u>
232007	ACS #41 Receiving Home	\$149.85
232004	ACS #45 Receiving Home	149.85
005074	ACS #43 Receiving Hme	149.85
001455	ACS Aquarius House	107.60
002122	ACS Colletti House	117.51
001394	ACS Jesse Lee	165.46
001398	ACS Mary Johnson/Rabbit Creek	166.40
001098	ACS North Star	103.55
004996	Ak. Baptist Family Services Center	117.02
003339	Booth Memorial Home	146.90
004287	Hilltop Home	85.53
004404	Kenai Community Care Center	91.74
005060	Kodiak Baptist Mission	61.61
001843	Kodiak Baptist Mission	61.61
001037	Kodiak Baptist Mission	61.61
001918	Turning Point Boys' Ranch	105.37
001004	North Star Children's Home	62.25
004247	Presbyterian Hospitality House	111.98
232005	"R" House	111.98
235001	Alaska Youth Village	77.40
001409	Juneau Receiving Home	106.17
005398	St. Jude Center, Inc.	72.33
005412	Nome Receiving Home	116.97
233001	North Slope Borough Receiving Home	168.35
004594	Ketchikan Teen Home I	74.26
236001	Ketchikan Teen Home II	81.61
005556	Sitka Receiving Home	40.66
231001	Bethel Receiving Home	75.52
004227	Bethel Group Home	59.06
001404	Covenant High School	43.26
001414	St. Mary's Mission	8.33
236007	Ketchikan Intensive Care Unit	152.56

# MEMORANDUM

# State of Alaska

TO: John Pugh  
Director

HRU: Mary Eldemar  
Accountant III

FROM: Pete Carlson  
Accountant

DATE: February 5, 1982

FY82 NO

TELEPHONE NO

SUBJECT: FY82 Institutional Care Projection  
FY82 Institutional Care Occupancy

Through December 31, 1981, Institutional Care expenditures total \$5,238,765.00 for care and \$180,971.00 for other expenses. Projected expenditures for the remainder of FY82 are \$5,416,347 for care and \$253,357.00 for other expenses.

The total projected expenditure for Institutional Care for FY82 would then be \$11,089,440.00 for a deficit of (\$102,140.00). Appropriation is \$10,987,300.00.

Occupancy factors by In-State institution are as follows:

Facility	FTE's	Capacity	% Occupancy
North Star Childrens Home	11.53	12	96%
Kodiak Baptist Mission	12.32	20	62%
Kodiak Baptist Mission	4.45	10	45%
ACS North Star Home	4.28	5	86%
ACS Jesse Lee	33.04	45	74%
ACS Rabbit Creek	8.06	10	81%
ACS Aquarius	4.98	5	99%
ACS Colletti	4.56	5	92%
ACS Receiving Homes	12.80	30 <sup>20</sup>	<del>43%</del> 64%
Juneau Receiving Home	11.31	12	95%
St. Judes Center	.23	5	5%
Turning Point Boys Ranch	36.29	40	91%
North Slope Borough Receiving Home	6.20	10	62%
Booth Memorial Home	12.74	18	71%
Bethel Group Home	3.74	8	47%
Bethel Receiving Home	3.22	16	21%
Presbyterian Hospitality House	7.43	9	83%
"R" House	12.51	18	70%
Hilltop Home	16.08	17	95%
Kenai Community Care Center	6.59	10	66%
Ketchikan Teen Home I	8.28	10	83%
Ketchikan Teen Home II	6.48	8	81%
Alaska Baptist Service Center	7.60	12	64%
Nome Receiving Home	3.14	5	63%
Sitka Receiving Home	4.63	6	78%
	242.49	347	<del>70%</del> 72%

*State placement only*

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
 Bill/Resolution No. CS for House Bill No. 357 (Working Draft - Finance)  
 Title "An Act Relating to Public Assistance"  
 Requested by Finance Date 4/5/82

II. FISCAL DETAIL  
 Agency Affected Dept. of Health & Social Services - Div. of Fam. & Youth Svcs.  
 Program Category Affected Social Services  
 BRU, Program, Or Subprogram(s) Affected Juvenile Custody, Institutional Care  
 (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 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(1000.0)	(1090.0)	(1188.1)	(1295.0)	(1411.6)
TOTAL		(1000.0)	(1090.0)	(1188.1)	(1295.0)	(1411.6)

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		(1000.0)	(1090.0)	(1188.1)	(1295.0)	(1411.6)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

This Fiscal Note only addresses the impact of this draft legislation relating to Sec. 21, repeal of AS 47.40 and relates to the Governor's originally submitted budget for Juvenile Custody, Institutional Care of \$11,939.7. It is consistent with the current Senate recommended amount of \$10,939.7 but not the House approved amount of \$9,939.7. It is assumed that an effective date of July 1, 1982 will be used. For each year following FY 83, a minimum 9% additional savings is assumed.

IV. DATE 4/6/82 PREPARED BY John Pugh  
 AGENCY Health & Social Services, F & Y  
 Original: Legislative Finance PHONE 465-3170  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

Sofa ✓  
4/5/82

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 357 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public assistance."

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

8 \* Section 1. AS 44.29.020 is amended to read:

9 Sec. 44.29.020. DUTIES OF DEPARTMENT. The Department of Health  
10 and Social Services shall administer the state programs of public health  
11 and social services, including: (1) maternal and child health services;  
12 (2) preventive medical services; (3) public health nursing services; (4)  
13 (repealed) (5) nutrition services; (6) health education; (7) labora-  
14 tories; (8) mental health treatment and diagnosis; (9) management of  
15 state institutions; (10) medical facilities; (11) adult public [OLD AGE]  
16 assistance; (12) aid to dependent children; (13) [AID TO THE BLIND];  
17 (14) child welfare services; (15) general relief; (16) licensing and  
18 supervision of child care facilities; and (17) probation and parole  
19 supervision.

20 \* Sec. 2. AS 47.05.010(1) is amended to read:

21 (1) administer adult public [OLD AGE] assistance, aid to  
22 dependent children, [AID TO THE BLIND,] and all other assistance pro-  
23 grams, and receive and spend funds made available to it;

24 \* Sec. 3. AS 47.05.010(2) is amended to read:

25 (2) adopt regulations necessary for the conduct of its busi-  
26 ness and for carrying out federal and state laws granting adult public  
27 [OLD AGE] assistance, aid to dependent children, [AID TO BLIND PERSONS]  
28 and other assistance;

29 \* Sec. 4. AS 47.05.010(5) is amended to read:

1 (5) cooperate with the federal government in matters of  
2 mutual concern pertaining to adult public [OLD AGE] assistance, aid to  
3 dependent children, [AID TO BLIND PERSONS] and other forms of public  
4 assistance;

5 \* Sec. 5. AS 47.05.050 is amended to read:

6 Sec. 47.05.050. POLICY. It is the public policy of the state to  
7 cooperate and coordinate with the United States government and its  
8 agencies in providing for and administering federal and state laws for  
9 adult public [OLD AGE] assistance and the other assistance which is  
10 provided for or extended to the people of the state.

11 \* Sec. 6. AS 47.05 is amended by adding a new section to read:

12 Sec. 47.05.015. CONTRACTS. (a) Unless otherwise provided by law,  
13 the department may contract with a person or local government for the  
14 delivery of services to be provided by the department under AS 44.29.020  
15 and AS 47.05.010.

16 (b) Services that may be provided by contract under this section  
17 include accepting applications for assistance, conducting interviews,  
18 making eligibility determinations, and issuing benefits, but do not  
19 include adoption of program standards or other matters involving the  
20 exercise of agency discretion.

21 (c) A contract authorized under this section is exempt from the  
22 competitive bid requirements of AS 37.05.230. In awarding a contract  
23 under this section the department shall publish a request for proposals  
24 in accordance with regulations of the department.

25 \* Sec. 7. AS 47.25.430 is repealed and reenacted to read:

26 ARTICLE 4. ADULT PUBLIC [OLD AGE] ASSISTANCE.

27 Sec. 47.25.430. ADULT PUBLIC ASSISTANCE. (a) Financial assis-  
28 tance shall be given under AS 47.25.430 - 47.25.615, so far as practi-  
29 ble under appropriations made by law to every aged, blind, or disab.

1 needy resident who has not made a voluntary assignment or transfer of  
2 property to qualify for assistance and who has been determined eligible  
3 under regulations adopted by the department. As used in this subsection,  
4 "resident" means a person who is living in the state voluntarily with  
5 the intention of making the state his home and is not living in the  
6 state for a temporary purpose.

7 (b) The department shall determine the amount of assistance with  
8 due regard to the resources and needs of the person and the conditions  
9 existing in each case. Assistance shall be in an amount which will  
10 provide the applicant with reasonable subsistence compatible with  
11 decency and health in accordance with standards established by the  
12 department and with the standards established under Title XVI of the  
13 Social Security Act. When benefit amounts under Title XVI of the Social  
14 Security Act are increased as a result of an increase in the cost of  
15 living, the state shall pass along the increase to recipients, and shall  
16 increase the amount of the state contribution to recipients by a percent-  
17 age of the state contribution equal to the percentage increase in the  
18 benefit amounts under Title XVI. Direct payments for medical services  
19 and remedial care may not be considered in determining the maximum  
20 amount payable.

21 (c) No payment under AS 47.25.430 - 47.25.615 may be made to a  
22 person who is a resident of a public institution (except as a patient in  
23 a public medical institution) or a person who is a patient in a public  
24 or private institution for treatment of a mental disease.

25 (d) A resident of an institution may, upon leaving the institution  
26 apply for assistance under AS 47.25.430 - 47.25.615 instead of the  
27 support and maintenance provided in the institution.

28 \* Sec. 8. AS 47.25.435 is amended to read:

29 Sec. 47.25.435. EXCLUSION OF INCOME. Notwithstanding the provi-  
-3- CSHB 357(Fin)

1 sions of AS 47.25.430 - 47.25.615 [47.25.610], if the applicable provi-  
2 sions of the federal Social Security Act, as amended, permit, in deter-  
3 mining the need of an applicant for, or a recipient of, an [OLD AGE]  
4 assistance grant under AS 47.25.430 - 47.25.615 [47.25.610], the de-  
5 partment shall exclude from the computation of the applicant's or  
6 recipient's income the amounts specified in 42 U.S.C. sec. 1382a(b),  
7 as amended, amounts specified in regulations adopted to implement the  
8 supplemental security income provisions of federal law, and any amounts  
9 specified by the department by regulation so long as exclusion of those  
10 amounts is not in conflict with federal law [A SUM NOT TO EXCEED \$65 A  
11 MONTH PLUS ONE-HALF OF THE BALANCE OF THE INCOME THAT IS EARNED IN ANY  
12 MANNER, UNTIL FINANCIAL INELIGIBILITY IS REACHED. THE DEPARTMENT MAY  
13 PROMULGATE REGULATIONS IT CONSIDERS APPROPRIATE TO CARRY OUT THE PROVI-  
14 SIONS OF THIS SECTION].

15 \* Sec. 9. AS 47.25.450 is amended to read:

16 Sec. 47.25.450. INVESTIGATION OF APPLICANT. Upon application, the  
17 [THE] department shall investigate promptly and record the circumstances  
18 of each applicant [PERSON APPLYING FOR OLD AGE ASSISTANCE] to determine  
19 the facts supporting the application and other information required by  
20 the department.

21 \* Sec. 10. AS 47.25.460 is repealed and reenacted to read:

22 Sec. 47.25.460. AWARD, REDUCTION, TERMINATION, AND APPEAL. (a)  
23 Upon completion of the investigation, the department shall promptly  
24 decide whether the applicant is eligible for and should receive adult  
25 public assistance, the amount of it, the manner of paying it, and the  
26 date on which it starts. The department may make additional investiga-  
27 tion which it considers necessary, and shall make its decision as to the  
28 granting of assistance and the amount and nature of it as in its opinion  
29 is justified and in conformity with AS 47.25.430 - 47.25.615. The

1 department shall notify the applicant of its decision in writing.

2 (b) Assistance under AS 47.25.430 - 47.25.615 is subject to review  
3 every three months and at such other times as circumstances warrant. If  
4 a recipient of adult public assistance or the spouse of a recipient with  
5 whom the recipient is living acquires nonexempt property exceeding  
6 resource limitations, or income sufficient to maintain the recipient  
7 properly, then the assistance granted to the recipient must either be  
8 terminated or reduced to an amount reflecting the reduced need as deter-  
9 mined by the department in accordance with applicable regulations. Upon  
10 review, the department may, after having provided opportunity for a  
11 hearing under (c) of this section, change the assistance granted or  
12 terminate it entirely if it finds that the circumstances are changed  
13 sufficiently to warrant this action.

14 (c) A recipient whose award is proposed to be modified or termi-  
15 nated, or an applicant whose application is denied by the department  
16 shall be granted an opportunity for a hearing before a representative of  
17 the department, appointed for that purpose. The hearing shall be held  
18 promptly after request for it is made. The representative designated to  
19 conduct the hearing shall be governed by the regulations prescribed for  
20 that purpose by the department.

21 (d) Each award shall be paid on a monthly basis. In case it is  
22 impracticable by reason of slow or interrupted means of communication  
23 for a warrant covering a month's assistance to reach the recipient in  
24 due course, the department may transmit warrants covering assistance for  
25 more than one month and may deliver all of them to the recipient at one  
26 time.

27 \* Sec. 11. AS 47.25.470 is amended to read:

28 Sec. 47.25.470. PAYMENT WHEN RECIPIENT INCAPACITATED. If a person  
29 receiving assistance is incapable of taking care of himself or of the

1 funds granted under AS 47.25.430 - 47.25.615 [47.25.610], the department  
2 may direct the payment of the funds to his legally appointed guardian or  
3 to another person as designated by the department for his benefit.

4 \* Sec. 12. AS 47.25.500 is amended to read:

5 Sec. 47.25.500. RECOVERY OF ASSISTANCE [ALLOWANCES] IMPROPERLY  
6 GRANTED. (a) If the department believes that assistance [FINDS THAT AN  
7 OLD AGE ALLOWANCE] was improperly granted, it shall investigate and, if  
8 it appears as a result of the investigation that assistance was improper-  
9 ly granted, it may, after providing an opportunity for a hearing, termi-  
10 nate or reduce assistance [CANCEL THE ALLOWANCE] and notify the recipient  
11 to that effect. The [, AND THE] state [THEN] has a claim against a  
12 [THE] person who received an [THE] improper amount of assistance [ALLOW-  
13 ANCE]. The claim may [SHALL] be enforced by an action instituted in the  
14 name of the state by the attorney general to recover the amount paid to  
15 the person, with interest, together with the necessary costs of the  
16 action.

17 (b) If the department finds that recovery would work a financial  
18 hardship on the recipient to the extent that his health and well-being  
19 would be threatened or that the costs of recovery would exceed the amount  
20 of assistance improperly granted, it may waive recovery or reduce the  
21 amount to be recovered [THE UNITED STATES SHALL, IF IT REQUIRES, BE  
22 REIMBURSED OUT OF THE MONEY ON A PRO RATA BASIS IN PROPORTION TO THE  
23 AMOUNT IT EXPENDED IN THE CASE, AND THE REMAINING AMOUNT SHALL BE PAID  
24 TO THE STATE FOR THE OLD AGE ASSISTANCE FUND].

25 \* Sec. 13. AS 47.25.515 is amended to read:

26 Sec. 47.25.515. CANCELLATION OF WARRANTS. (a) Warrants issued to  
27 a recipient of [AN OLD AGE] assistance under AS 47.25.430 - 47.25.615  
28 [RECIPIENT] after the date of death of the recipient shall be returned  
29 to the Department of Administration and canceled.

1 (b) Assistance [OLD AGE ASSISTANCE] warrants issued before the  
2 death of the recipient but not negotiated at death shall be returned to  
3 the Department of Administration, and shall be canceled, unless claimed  
4 by the authorized representative of the estate of the recipient within  
5 90 days of the date of death.

6 (c) The state is [SHALL] not [BE] liable to the estate, heirs, or  
7 creditors of the deceased [OLD AGE] assistance recipient for payment on  
8 warrants canceled under (a) or [AND] (b) of this section.

9 \* Sec. 14. AS 47.25.520 is amended to read:

10 Sec. 47.25.520. LEAVING THE [REMOVAL FROM] STATE. A person re-  
11 ceiving assistance who leaves [REMOVES FROM] the state may not there-  
12 after receive assistance unless the department otherwise directs.

13 \* Sec. 15. AS 47.25.550 is amended to read:

14 Sec. 47.25.550. ALIENATION AND ATTACHMENT. Assistance granted  
15 under AS 47.25.430 - 47.25.615 [47.25.610] is inalienable by an assign-  
16 ment or transfer and is exempt from garnishment, levy, or execution  
17 under the laws of this state.

18 \* Sec. 16. AS 47.25.580 is amended to read:

19 Sec. 47.25.580. ACTION AGAINST PERSON LIABLE FOR CARE OF RECIP-  
20 IENT. If during the continuance of assistance [AN ALLOWANCE] the depart-  
21 ment finds that a person liable for the support of the recipient of  
22 assistance is able to provide the necessary care and support of the  
23 recipient, and the person liable for the care and support of the reci-  
24 pient fails or refuses to support and care for the recipient then the  
25 state has a cause of action for the assistance against the person liable  
26 for it. The action may [SHALL] be brought in the name of the state by  
27 the attorney general against the person liable for the recovery of the  
28 amount of money, with interest, paid to the recipient, together with the  
29 costs and disbursements of the action. The [UNITED STATES SHALL, IF IT

1 REQUIRES, BE REIMBURSED OUT OF THE MONEY COLLECTED ON A PRO RATA BASIS  
2 IN PROPORTION TO THE AMOUNT IT EXPENDED IN THE CASE, AND THE REMAINING]  
3 amount collected shall be paid to the Department of Revenue [FOR THE OLD  
4 AGE ASSISTANCE FUND].

5 \* Sec. 17. AS 47.25.590 is amended to read:

6 Sec. 47.25.590. POLICY AND PURPOSE. (a) It is the policy of the  
7 state and the purpose of AS 47.25.430 - 47.25.615 [47.25.610] to cooper-  
8 ate and coordinate with the United States government and its agencies in  
9 providing for and administering the laws of the federal and state govern-  
10 ments having for their purpose adult public [OLD AGE] assistance for  
11 residents of this state.

12 (b) The purpose of AS 47.25.430 - 47.25.615 [47.25.610] is to  
13 furnish financial assistance as far as practicable to needy [,] aged,  
14 blind, and disabled persons [INDIVIDUALS], and to help them attain  
15 self-support or self-care.

16 (c) The department may enter into contracts or arrangements with  
17 any federal agency, department, or official under which funds made  
18 available to the federal agency, department, or official may be trans-  
19 ferred to the department and spent in accordance with AS 47.25.430 -  
20 47.25.615.

21 \* Sec. 18. AS 47.25.600 is amended to read:

22 Sec. 47.25.600. OBTAINING ASSISTANCE BY FRAUD. A person is guilty  
23 of a class B misdemeanor [, AND UPON CONVICTION IS PUNISHABLE BY A FINE  
24 OF NOT MORE THAN \$500, OR BY IMPRISONMENT IN A JAIL FOR NOT MORE THAN  
25 SIX MONTHS, OR BY BOTH,] if he (1) by a false statement, representation,  
26 or impersonation, or other fraudulent device, obtains or attempts to  
27 obtain or aids or abets another to obtain (A) assistance to which he is  
28 not entitled, (B) greater assistance than he is entitled to, (C) payment  
29 of a forfeited grant or allowance; or (2) aids and abets in buying or

1 otherwise disposing of the property of the recipient of assistance for  
2 the purpose of avoiding liability for the assistance granted.

3 \* Sec. 19. AS 47.25.610 is amended to read:

4 Sec. 47.25.610. VIOLATIONS. A person who violates a provision of  
5 AS 47.25.430 - 47.25.615 [47.25.610] or a regulation adopted under any  
6 of those sections is guilty of a class B misdemeanor [AND IF NO OTHER  
7 PENALTY IS PROVIDED, THE PERSON, UPON CONVICTION, IS PUNISHABLE BY A  
8 FINE OF NOT MORE THAN \$500, OR BY IMPRISONMENT IN A JAIL FOR NOT MORE  
9 THAN SIX MONTHS, OR BY BOTH].

10 \* Sec. 20. AS 47.25 is amended by adding a new section to read:

11 Sec. 47.25.615. DEFINITIONS. In AS 47.25.430 - 47.25.615

12 (1) "aged" means 65 or more years of age;

13 (2) "assistance" means money payments to or medical care on  
14 behalf of, or any type of remedial care recognized by the department on  
15 behalf of needy aged, blind, or disabled persons who are 18 or more  
16 years of age and residents of the state;

17 (3) "blind" means having no vision or having vision that is  
18 so defective as to prevent the performance of ordinary activities for  
19 which eyesight is essential;

20 (4) "department" means the Department of Health and Social  
21 Services;

22 (5) "disabled" means being unable to engage in substantial  
23 gainful activity by reason of a medically determinable physical or  
24 mental impairment that can be expected to result in death or that has  
25 lasted or can be expected to last for a continuous period of not less  
26 than 12 months;

27 (6) "public institution" means a governmentally owned estab-  
28 lishment that furnishes food, shelter, and some additional treatment or  
29 services to 16 or more persons;

1           (7) "public medical institution" means a public hospital or a  
2 public institution providing medical care, except an institution for the  
3 treatment of mental disease.

4 \* Sec. 21. AS 47.25.480, 47.25.510, 47.25.620 - 47.25.710, 47.25.730 -  
5 47.25.880, 47.25.905 - 47.25.970, and AS 47.40 are repealed.

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