HB

212

COMMITTEE REPORT

HOUSE

(7)

FURTHER: FINANCE

3/6/85

Date: ____________________

Mr. Speaker:

The Committee on HEALTH, EDUCATION AND SOCIAL SERVICES has had SSHB 212

"An Act relating to the use of longevity bonus payments in determining adult public assistance; and providing for an effective date."

under consideration and reports it back as follows:

☒ do pass ☐ do not pass

☐ do pass with attached amendments(s)

☒ replace with CS for SSHB 212 ☒ same title ☐ new title

and recommends ____________________

☐ AND attaches a "Letter of Intent" ☐ New Fiscal Note

☐ Zero Fiscal Note Attached

☐ reports it back without recommendation

☐ referred to the ____________________ Committee

MEMBERS SIGNING
DO PASS

Niilo Koponen

Max Gruenberg

Katie Hurley

(Vice Chair) [illegible] Taylor

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[illegible] No rec

[illegible] No rec

Niilo Koponen
CHAIRMAN

M. Gruenberg
Co-Chair

H 60

IN YOUR FILE:

- a copy of SSHB 212

- two memos from staff

- position paper from DHSS

- position paper from the Older Alaskans Commission

- position paper form the Department of Administration

- two charts form DHSS showing the effect of the Longevity Bonus on public assistance recipients

- letter from Commissioner Pugh requesting a supplemental appropriation for nursing home clients who have already lost Medicaid benefits

- testimony from Commissioner Pugh before Senate judiciary

- memo from Jon Wolfe explaining the effects of the Bonus on senior employment programs

- excerpt of a letter from the U.S. Department of Labor stating that the Bonus *will* be counted as income in determining eligibility for senior employment programs

- chart showing where senior employment programs are active

- outline of the past two years expenses for the Permanent Fund Dividend hold harmless

- excerpt from the report of the state special committee on Longevity Bonus, dealing with the need for a hold harmless provision

- OMB population projections for Alaskans over 65

- federal law excluding the Bonus payments from income eligiblity calculations *if the recipient is a 25 year resident*

Introduced: 3/6/85
Referred: Health, Education &
Social Services and Finance

BY KOPONEN, CLOCKSIN, DUNCAN,
GRUENBERG, HURLEY, M.M.MILLER,
SUND, TAYLOR, PIGNALBERI,
UEHLING AND GOLL

IN THE HOUSE

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 212

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the use of longevity bonus payments in determining adult public assistance; and providing for an effective date."

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

* Section 1. AS 47.45 is amended by adding new sections to read:

Sec. 47.45.122. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) An individual for whom public assistance is denied or reduced solely because of the receipt of a bonus by the individual or by a member of the individual's household is eligible for assistance under the general relief assistance program under AS 47.25.120 - 47.25.300. Notwithstanding the limit in AS 47.25.130, the individual is entitled to receive the same amount as the individual would have received under other public assistance programs had there been no longevity bonus program.

(b) In this section "public assistance" means

(1) Supplemental Security Income (42 U.S.C. 1381 - 1385);

(2) Medical Assistance (42 U.S.C. 1396 - 1396p);

(3) Adult Public Assistance (AS 47.25.430 - 47.25.615); and

(4) Aid To Families With Dependent Children (AS 47.25.310 - 47.25.420).

Sec. 47.45.124. ELIGIBILITY FOR STATE PROGRAMS. (a) A program administered by the state or any of its instrumentalities or municipalities, the eligibility for which is based on financial need, may not consider a bonus as income or resources unless required to do so by federal law or regulation.

(b) A person who is ineligible for participation in the National Older American Volunteer Programs (42 U.S.C. 5001 - 5023) or the Older American Community Service Employment Program (42 U.S.C. 3056 - 3056f) because a bonus received by the person was considered as income or resources is eligible to participate in similar programs funded by the state.

* Sec 2. This Act takes effect July 1, 1985.

Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCH V
JUNEAU, AK 99811
465-3759

TO: Members of the House HESS Committee

FROM: Deborah Niedermeyer, Committee Aide

DATE: 11 March, 1985

RE: Federal Programs and the Longevity Bonus

SB 212 holds harmless for all federal programs with income eligibility requirements which have already notified the state that the Longevity Bonus will be counted as income. However, there are a myriad of federal assistance programs with income cutoffs. Low income Alaskan seniors risk being eliminated from all these programs due to the Longevity Bonus.

The two programs of most concern are VETERANS RETIREMENT AND DISABILITY BENEFITS and the ENERGY ASSISTANCE PROGRAM. Veterans benefits were cut off to low income veterans who received the FY 83 $1000 permanent fund dividend and they are expected to be cut under the Bonus program. Officials of the federal energy assistance program have begun to indicate that they also will count the Longevity Bonus as income. The FOODSTAMPS program has always counted the Bonus as income.

Although no indications have come from managers of other federal programs, the list below shows programs which do have income guidelines:

HUD Housing
Legal Services
BIA General Assistance
Refugee Assistance
College Student Aid (to seniors)

This list is only partial because even the federal Administration on Aging has no comprehensive list of federal programs which help seniors. The tangle and interplay of federal assistance programs is generally acknowledged to be a nightmare. The federal government did recently pass its own "hold harmless" statute. That law provides that no one will be cut off of one federal program because their benefits were increased by a different federal program. THAT LAW DOES NOT COVER BENEFITS PROVIDED BY THE STATES.

POSITION PAPER

HOUSE BILL No. 212

For "An Act relating to the use of the longevity bonus payments in determining adult public assistance; and providing for an effective date."

I. BACKGROUND

HB 212 would modify the longevity bonus program to provide protection for individuals who would lose Medicaid and/or other state/federal public assistance solely as the result of receipt of the bonus.

The Department estimates that 333 elderly, non-institutionalized Alaskans receiving federally-countable bonus payments are in danger of losing their Medicaid benefits in FY86. The average annual medical expenditure for each of these individuals is $2813 in FY86. Enactment of HB 212 would ensure that these elderly Alaskans would continue to be able to access necessary medical care.

In addition, 33 individuals now in nursing homes will be affected by losing their Medicaid eligibility. These persons are the most grievously affected by counting the bonus as income, since their total available incomes will then fall over $2000 per month short of meeting their nursing home bills, and they have absolutely no alternative way of obtaining this necessary care. While CSSB No. 56, HB 210, and HB 222, solve this problem by prohibiting nursing home residents from receiving the Bonus, the Department cannot assume that a measure containing this exclusion will be enacted prior to July 1, 1985. Therefore, we have shown a cost for them on the attached fiscal note as State-only cases. An examination of these figures make it clear that the least costly remedy would be to exclude nursing home residents from receipt of the Bonus.

The Department also estimates that approximately 750 elderly Alaskans will lose substantial cash income as the federal Supplemental Security Income program begins to count their bonus payments as available income, and as the state Adult Public Assistance program, under AS 47.25.435, is required to follow the federal program rules. As noted above, 333 of these will lose Medicaid eligibility, but all 750 individuals will lose an average of $240 per month, beginning about July 1, 1985. This represents a sudden 30% reduction in spendable income, which will undoubtedly have a major negative impact on most of these 750 elderly Alaskans.

Finally, the addition of language defining the hold harmless provisions of HB 212 to the General Relief Assistance statutes (AS 47.25.120 - AS 47.25.300) would facilitate implementation and administration of this program.

II. RECOMMENDATION

We believe HB No. 212 is clear, easy to administer, and poses no compliance threat to federal matching funds in the programs it addresses. However, the Department strongly recommends that language be added which clearly exempts nursing home residents from receipt of the Bonus, thereby avoiding the necessity of extending the hold harmless provisions to these individuals. The Department believes it is essential for basic humanitarian reasons that provisions be made to continue to protect low-income elderly Alaskans who lose necessary medical assistance solely because of receipt of the longevity bonus. We also support this legislative effort to protect the cash resources of the approximately 750 low-income elderly Alaskans who will lose virtually all benefit of the Longevity Bonus unless a cash hold-harmless program is created.

Recommended by: ____________________
John R. Taber, Director
Division of Public Assistance

Date: 3-6-85

Recommended by: Rod Betit
Rod Betit, Director
Division of Medical Assistance

Date: 3/6/85

Approved by: ____________________
John R. Pugh, Commissioner
Department of Health & Social
Services

Date: 3/8/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No. HB No. 212
Title: "An Act relating to the use of longevity bonus payments
Sponsor: Koponen, Clocksin, Duncan...
Requestor:
Date of Request: 2/18/85

FISCAL DETAIL
Agency Affected: Health & Social Service
Program Category Affected: Soc. & Econ. assistance for general pop.
BRU, Program or Subprogram(s) Affected:
General Relief Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		2160.0	2361.2	2576.1	2810.4	3005.3
800 MISCELLANEOUS						
TOTAL OPERATING		2160.0	2361.2	2576.1	2810.4	3005.3
CAPITAL		-0-	-0-	-0-	-0-	-0-
REVENUE		-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND		2160.0	2361.2	2576.1	2810.4	3005.3
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

See analysis attached.

Prepared By: John R. Taber, Director
Division: Division of Public Assistance
Phone: 465-3347
Date: March 5, 1985

Approved by Commissioner:
Agency: HEALTH + Soc. SER.
Date: 3/5/85 JCC

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

1. Costs reflect replacing lost Supplemental Security Income monthly payments with General Relief Assistance:

<u>FY Cost</u>

FY86: 750 persons/month = 1,400.0
FY87: 794 persons/month = 1,530.5
FY88: 838 persons/month = 1,669.8
FY89: 884 persons/month = 1,821.6
FY90: 933 persons/month = 1,987.4

2. Costs also reflect replacing lost Old Age Assistance monthly payments with General Relief Assistance:

<u>FY Cost</u>

FY86: 750 persons/month = 760.0
FY87: 794 persons/month = 830.7
FY88: 838 persons/month = 906.3
FY89: 884 persons/month = 988.8
FY90: 933 persons/month = 1,017.9

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

REQUEST
Bill/Resolution No.: HB 212
Title: An Act relating to the use of LB payments to determine APA
Sponsor: Koponen, Clocksin ...
Requestor:
Date of Request:

FISCAL DETAIL
Agency Affected: Health & Social Services
Program Category Affected:
BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						

REVENUE		(934.9)	(1,062.3)	(1,217.2)	(1,386.0)	(1,584.8)

FUNDING: (Thousands of Dollars)

GENERAL FUND		934.9	1,062.3	1,217.2	1,386.0	1,584.8
FEDERAL FUNDS		(934.9)	(1,062.3)	(1,217.2)	(1,386.0)	(1,584.8)
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

HB 212 provides for the replacement of FFP lost in the Medicaid program for those recipients who lose Medicaid eligibility due solely to the receipt of ALB. The attached chart projects the recipients, cost and expenditures for recipients whose receipt of ALB will cause them to exceed the Medicaid income limit.

Prepared By: Rod Betit, Director
Phone: 465-3355
Division: Medical Assistance
Date: 3/6/85

Approved by Commissioner:
Date: 3/8/85 jcc
Agency: H&SS

Distribution (by Agency preparing fiscal note):
- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

Table I

This table shows the State general fund match and federal financial participation in the Medicaid program for those expenditures likely to be affected by changes in the current ALB statute. By simply eliminating Medicaid coverage both state and federal expenditures would be reduced. Any change which established an ALB hold harmless provision would result in the loss of FFP. ALB hold harmless program would be funded by transferring the general fund match in the Medicaid program to the ALB hold harmless and adding to it new State general fund in an amount equal to the lost FFP. Because there are a number of legislative proposals seeking to amend the current ALB statute, the following two tables were developed to use in analyzing the impact of these proposals. The comment section on the fiscal note of each bill states whether Medicaid is being eliminated or hold harmless.

Line G. Distribution: Expenditures for non-nursing home clients who may lose Medicaid eligibility.

	FY86	FY87	FY88	FY89	FY90
FED	413,847	471,609	537,173	611,285	697,133
GF	466,678	531,814	605,748	689,321	786,128
TOTAL	880,525	1,003,423	1,142,921	1,300,606	1,483,261

Line I distribution: Expenditures for nursing home clients who may lose Medicaid eligibility.

FED	521,070	590,716	679,971	774,727	887,715
GF	781,605	886,074	1,019,956	1,162,090	1,331,572
TOTAL	1,302,675	1,476,790	1,699,927	1,936,817	2,219,287

Table II

The attached table was prepared to project the offset of various ALB legislative proposals on the Medicaid program. The table represents: a) the nursing home daily rate; b) the nursing home cost for 365 days of services; c) the average cost per non nursing home recipient; d) the recipient share of nursing home costs; e) the number of monthly OAA eligibles; f) the number of ineligible non nursing home OAA due to receipt of ALB; g) the FFP for non nursing home OAA ineligibles; h) the number of ineligible OAA nursing home clients and; i) the FFP for ineligible nursing home clients.

MEDICAL ASSISTANCE COST ANALYSIS

		FY85	FY86	FY87	FY88	FY89	FY90
a.	NH cost per day (7.5% annual increase)	123.	132.50	142.	153.	164.	177.
b.	NH cost per year ((365 days)(a))	44,895.	48,362.	51,830.	55,845.	59,860.	64,605.
c.	Non-NH medical cost/recip/yr(7.5% annual)	2,617	2,813.	3,024.	3,251.	3,494.	3,756.
d.	NH recipient cost sharing per year	11,304	11,705	12,660	13,152	12,692	14,232
e.	Medicaid eligibles (monthly average)	2,609	2,768	2,937	3,107	3,293	3,491
f.	OAA Med ineligibles due to ALB	314	333	353	374	396	420
g.	OAA ineligibles cost (Federal Share at 47%) [.94(f)(c)]	363,044	413,847	471,609	537,173	611,285	697,133
h.	NH ineligibles	31	33	35	37	39	41
i.	NH ineligibles cost (Federal Replacement at 40%) (hb+hc - hd)	448,979	521,070	590,716	679,971	774,727	887,715

Assumptions:

1. FY84 was used as the base year for calculating recipients and expenditures.

2. In FY84 the average non-nursing home OAA recipient cost was $2,434 per year.

3. The average cost per year was inflated yearly by a 4.5% inflation factor as indicated by the Anchorage Medical Services CPI. and a 3% intensity of service factor. The intensity factor includes such items as increases in technology, construction of new hosptial beds, increases in morbidity and mortality and changes in method of treatment. The division feels the intensity factor is necessary to reflect the high medical risk in the elderly population.

4. The projected number of recipients will increase at 6% per year in line with the general population growth projected in the aged population.

5. In FY86 the number of non-nursing home OAA eligibles who will lose Medicaid coverage will be 333. Of these 94% will utilize medical services.

6. Since Medicaid non-long term care expenditures are composed of 47% federal and 53% state money, the state will need to provide state general funds to replace the 47% federal financial participation. The FFP rate for nursing homes is 40% federal 60% state.

7. The above table represents the cost associated with providing a medical hold harmless program for those OAA recipients who would lose medicaid eligibiliy. Line "i" represents the FFP replacement cost for all nursing home hold harmless recipients. Line G is the FFP replacement for non-nursing home recipients.

Position Paper

Sponsor Substitute House Bill 212

This Act would prevent the receipt of income from the Longevity Bonus to be counted in determining an individual's eligibility for public assistance and for any state programs based on financial need unless required by federal law or regulation. For those who become ineligible for National Older American Volunteer Programs or the Older American Community Service Employment Program by virtue of counting income from the Longevity Bonus, this Act would establish similar programs funded by the State in which they could participate.

The Older Alaskans Commission strongly supports this legislation and urges its passage.

Although the Longevity Bonus program itself is not based on need, it was originally designed to help offset the high cost of living in Alaska to that individuals 65 years of age or over would be better able to remain in Alaska during the later years of their lives. As it stands, the program will harm those who need this income most by making them ineligible for programs which offer assistance. For example, receipt of $3,000 from the Longevity Bonus Program will preclude 46% of those 65 and over on the Older Americans Community Service Employment Program from working and earning $7,000 or $8,000.

Jon B Wolfe — Mar 7, 1985

Jon B. Wolfe, Executive Director — Date

Older Alaskans Commission

____________________ — __________

Commissioner Lisa Rudd — Date

Department of Administration

Bill SSHB 212
Fiscal Note Analysis
Prepared by Division of Older Alaskans Commission
Department of Administration
March 5, 1985

Sponsor Substitute for House Bill 212: "An Act relating to the use of longevity bonus payments in determining adult public assistance."

There are two Federal programs that have been identified where low income participants will become ineligible if the Longevity Bonus becomes an annuity or other income program that is countable for eligibility purposes. One is the Senior Employment Program, Title V of the Older Americans Act, and the other is the Foster Grandparents/Senior Companions (FGP/SC) program. Both are Federally funded and have eligibility guidelines of 125% of the poverty level. The Federal government, in both cases, has granted a waiver so that the Longevity Bonus this year through June 30, 1985 would not be considered countable income. However, once the program becomes an annuity or other type income program, this income will have to be counted beginning on July 1, 1985.

In both programs, an actual count was taken of current participants aged 65 or over who would ineligible for participation if the Longevity Bonus is counted and their actual program costs were determined as follows.

The Title V Program has 86 persons who are, or will be at least 65 years of age by July 1, 1985. Of this number 34 have been immediately identified who would become ineligible if the Longevity Bonus becomes countable income. The actual cost of wages and fringe benefits for one year for these 34 persons is $291,414. The Governor's FY'86 budget (including increments) includes state general funds in the amount of $253,900 in the Title V program which can be used for this "hold harmless" provision, thus leaving a balance of $37,514 needed. Those who would be affected by the spouse's or other includable family member's receipt of the Longevity Bonus or receipt of COLAs and the ALB is a total of 30 at an additional cost of $257,130. It is not known at this time how many participants under age 65 would have their eligibility affected by a spouse's or other family member's receipt of the ALB.

The FGP/SC program has identified 29 persons who would become ineligible. The cost of these persons for one year is $89,900 in stipends, meals, transportation, uniforms and insurance. This does not include any allowance for those whose spouses or other family members might receive the Longevity Bonus thus making the participant ineligible.

Although there will be additional staff time involved in operating two programs with different eligiblity under Senior Employment, this will be absorbed by the present staff.

To summarize these figures:

Title V:

34 ineligible persons	$ 291,414	
Less available SGF for transfer	$ 253,900	
Balance needed		$ 37,514
30 other ineligible (spouses ALB)		257,130

Page 2 (cont.)

Title V Total	$294,644
Foster Grandparents/Senior Companions	
29 ineligible persons	$ 89,900
Total (without those under 65 affected by spouse's ALB)...............	$ 384,544

The following years have been increased by 10% per year to cover population increase and inflation. (Note: The number of persons 55 and over in Alaska has increased 28% from 1980 to 1983).

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date:

Page 1 of 2

REQUEST

Bill/Resolution No.: SSHB 212

Title: Act relating to use of longevity bonus payments

Sponsor: N. Koponen

Requestor: N. Koponen

Date of Request: 3/5/85

FISCAL DETAIL

Agency Affected: Administration

Program Category Affected: Social and Economic Assistance for the Aged

BRU, Program or Subprogram(s) Affected: Older Alaskans Commission

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 PERSONAL SERVICES	-0-					
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	-0-	384.5	423.0	465.3	511.8	563.0
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	384.5	423.0	465.3	511.8	563.0
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	384.5	423.0	465.3	511.8	563.0
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

Jon B. Wolfe

Prepared By: Jon B. Wolfe, Executive Director

Phone: 465-3250

Division: Older Alaskans Commission

Date: March 6, 1985

Approved by Commissioner: Lisa Rudd

Date:

Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Rev. 7/1/84

LEGISLATION BILL NUMBER SSHB 212

ROUTE TO DEPUTY COMMISSIONER: ____________ DATE DUE TO COMMITTEE: ____________

____________ X Copy of proper bill version attached (x)

THEN TO REBECCA BURCH X Signed by Division (x) Older Alaskans Commiss
(Name of Division

POSITION PAPER

HB 212

This bill relates to the use of longevity bonus payments in determining adult public assistance, and provides for an effective date.

This bill would hold harmless longevity bonus recipients who would otherwise lose public assistance payments under supplemental security income, medicaid, adult public assistance, or aid to families with dependent children.

This bill would provide for payments in a like amount of any losses suffered from any such lost payments.

A fiscal note is not required by the Department of Administration.

The Department of Administration supports the passage of this bill.

JKH

E. Louis Keller, Director
Division of Pioneers' Benefits

2/21/85
Date

for
Commissioner Lisa Rudd
Department of Administration

2-26-85
Date

R. Betit
10/23/84

	CASE TYPE I				CASE TYPE II				CASE TYPE III				
	Client with exempt ALB and no other income				Client with countable ALB and no other income				Client with countable ALB and $400 other income (INC)				
	SSI +	OAA +	ALB =	TOTAL	SSI +	OAA +	ALB =	TOTAL	SSI +	OAA +	ALB +	INC =	TOTAL
BEFORE LATEST ACTION TAKEN BY CONGRESS	314	252	250	= $816	314	252	-0-	= $566	-0-	186	-0-	400	= $586
1) APPLY RULE PASSED BY CONGRESS (EMER REG)	314	252	250	= $816	84	252	250	= $586	-0-	-0-	250	400	= $650
2) HOLD HARMLESS OAA BENEFITS ONLY	314	252	250	= $816	84	252	250	= $586	-0-	186	250	400	= $836
3) HOLD HARMLESS SSI AND OAA BENEFITS	314	252	250	= $816	84	482	250	= $816	-0-	186	250	400	= $836

O
P
T
I

CONTACT: ROD BETIT 465-3355

DATE: MARCH 6, 1985

SUMMARY OF LONGEVITY BONUS HOLD HARMLESS
DIVISION OF MEDICAL ASSISTANCE

	HOLD HARMLESS COVERAGE				FY86 HOLD HARMLESS COSTS (SAVINGS) IN STATE DOLLARS				
BILL NO.	MEDICAL	NURSING HOME	OAA	SSI	MEDICAL	NURSING HOME	OAA	SSI	TOTAL
CSSB56	YES	YES	NO	NO	$413.8	-0-	-0-	-0-	413.8
CSSB128	YES	YES	YES	YES	413.8	521.1*	760.0	1400.0	3094.9
HB210	NO	YES	NO	NO	(466.7)	-0-	-0-	-0-	(466.7)
HB212	YES	YES	YES	YES	413.8	521.1*	760.0	1400.0	3094.9
HB222	NO	YES	NO	NO	(466.7)	-0-	-0-	-0-	(466.7)**
HB239	NO	NO	NO	NO	(466.7)	(781.6)	-0-	-0-	(1248.3)

* Note: This $521.1 could be avoided if a nursing home exclusion is added to HB212, or the exclusion passes the Legislature in a separate piece of legislation (ie SB56, HB210, HB222)

** Note: In FY87 an additional savings of $496.1 would occur in the Department's Permanent Fund (PFD) Hold Harmless budget. This is due to HB222's mandatory PFD contribution to the annuity which will reduce the Department's PFD Hold Harmless costs for AFDC (240.8), Aid to the Disabled (100.0), and Medicaid (155.3).

MEMORANDUM State of Alaska

TO: Jay Hogan, Director
Office of Management & Budget

DATE: January 17, 1985

FILE NO:

TELEPHONE NO: 465-3355

FROM: John R. Pugh, Commissioner
Department of Health & Social Services

SUBJECT: FY85 Supplemental /General Relief Medical

The Department of Health and Social Services requests an FY85 Supplemental Appropriation of $417,600 for the Medical Assistance BRU, General Relief Medical component to pay for nursing home coverage of Alaskans whose Longevity Bonus payment caused them to lose Medicaid eligibility.

The problem stems from a recent federal decision requiring all elderly to apply for the Longevity Bonus even if its receipt would endanger their continued eligibility for Medicaid. As you may recall, Governor Sheffield had requested DHHS Secretary Margaret Heckler to permit Alaskans to forgo their Longevity Bonus to protect their Medicaid eligibility.

At the time this federal decision was received, the Administration took the position that these individual's nursing home benefits should continue to be met pending the Legislature considering the problem.

Approximately 19 nursing home residents have lost Medicaid coverage thus far because of their Bonus. At present, the cost of nursing home care in Alaska averages $130 per day or $4000 per month per recipient. Nursing home coverage under Medicaid is normally funded at 60% state and 40% federal funds. This supplemental seeks to replace the lost federal funds only.

In addition to the 19 Alaskans currently being covered as exception, an additional 13 nursing home residents may be transferred from Medicaid to General Relief Medical Exception status in early 1985 due to their Bonus payment. This supplemental would protect all 32 potential exception cases.

Please note that the department is not funded to continue these nursing home exceptions into FY86. This supplemental request will not only fund FY85 costs, but will provide a vehicle to stimulate discussion with the Legislature on a course of action for the FY86 budget year.

Your consideration of this request is appreciated. Please contact Mr. Rod Betit directly if you need any further details. Thank you.

cc: Mr. Rod Betit, Director, Division of Medical Assistance

NOTES FROM SENATE JUDICIARY MTG. 3/5/85 ON LONGEVITY BONUS

John Pugh, Commissioner, HSS:
Availability of longevity bonus impacts eligibility for many federal public assistance programs. The "hold harmless" problem arises from changes in federal statute following the Alaska Supreme Court's decision voiding the longevity bonus law. Feds are only willing to "hold harmless" the original recipients of the longevity bonus, not those made participants by the Vest decision.
As a result, some nursing home recipients have already lost federal benefits, with more losses ahead in other programs by July 1. These losses generally impact people with less than $10,000/yearly income. HSS has introduced a supplemental for this fiscal year to hold harmless the nursing home recipients, and has negotiated with the federal government to keep the losses from being imposed earlier than July 1.
It is hard for individuals to get sufficient information about major program changes. Takes 2 to 3 years for the public to get educated about the impact of legislation on individuals. Takes public information effort.
Hard to guage possible federal reaction to SB56. Any change in the longevity bonus program could cause an adverse federal reaction, and might result in the federal government ceasing to hold harmless those now covered by the feds.
Most public assistance recipients use most of their money for very basic necessities, rent, clothing, food. Need the money for day-to-day necessities. Out of 400,000 Alaskans, 25,000 to 60,000 are on public assistance (number depends on definition of programs included in public assistance, specifically the inclusion of food stamps).
SB 56 (1) covers nursing home eligibility for Medicaid; (2) needs to be accompanied by Senate St. Affairs letter of intent; & (3) needs to be accompanied by the content of SB128.
HSS does mandatory monthly reporting on every individual on public assistance. Would have to review any possible statutory changes in light of each particular case to come up with "impact analysis." Do have hold harmless for permanent fund dividends now, (funded by State?).

Debra Voigt, Asst. AG, Dept. of Law:
Provision of "no vested right" was made for tax purposes. SB56 only has an unsecured promise on the part of the State. Statute itself may obviate the necessity for individual contracts. Doesn't see need for contract; no contract exists for deferred comp.
Survivor benefits would affect payout plan of the individual contributor and could affect allocation of administrative costs. Net income of individual annuity would probably go down, depending upon whom the senior chose as his/her survivor. No particular connection between frontloading and survivor benefits.

Observation: Most of the inflexible/problem provisions of SB56 appear to stem from an attempt to give the program tax exempt/deferral status.

MEMORANDUM State of Alaska

TO: Commissioner Lisa Rudd
Department of Administration

DATE: March 1, 1985

FILE NO:

TELEPHONE NO: 465-3250

FROM: Eileen Rehwald for
Jon B. Wolfe, Executive Director
Older Alaskans Commission
Department of Administration

SUBJECT: Longevity Bonus Impact upon Title V

I note that the Senate State Affairs Committee has indicated their intent to protect needy older persons from the loss of assistance programs as a result of the Longevity Bonus income. As I have previously reported, we are concerned with the impact of the Longevity Bonus upon our senior employment program.

We have determined that 34 currently employed enrollees will have too much income and thus become ineligible for the Title V program next year. There may be additional persons affected whose spouse will receive the Bonus which is countable as family income. The cost of wages and benefits for the 34 enrollees is $291,414. The number affected by spouses earnings cannot be determined but could be as many as 30.

We already find it difficult to recruit seniors due to the Federally established income limits for Title V. This is true in spite of the fact that eligibility is set at 125% of poverty limits. Immediately, 34 enrollees will loose their jobs unless State funds are appropriated to "hold harmless" those affected. We will experience long term recruitment problems which would necessitate continuing state appropriations.

We have identified another program which will also be affected. The Foster Grandparents Senior Companion program is a direct grantee of the Federal ACTION agency. Eligibility for this program is also the 125% poverty income level. The Director of this program can provide additional information her name is Dawnia Clements (907) 276-6472.

The Governor's FY'86 budget (including increments) includes state general funds in the amount of $253,900 in the Title V program which can be used for this hold harmless provision. This leaves a balance of $37,514 needed. This balance does not provide for income COLAs nor does it provide protection for those affected by spouse's receipt of ALB.

JBW/ro

cc: OAC

We do not know how many family members whose income is counted for eligibility purposes may also be 65 so there may be more than the number of persons identified above. E.R.

FROM U.S. DEPT. OF LABOR

On the other hand, host agencies and projects are expected to provide enrollees with 20 hours of paid work a week. Anything less than 20 hours should be done so pursuant to Section 89.25 (b) (3) of the regulations."

A second question concerns the current State of Alaska's $250 monthly longevity bonus that is currently paid to all residents 65 years of age or older. Is this bonus to be considered as one time unearned income and thus excluded from consideration in determining annual family income? Since it is presumed that these payments will be a one time phenomenon and since enrollees with sufficiently low income are already difficult to locate in Alaska, it is our judgement that this bonus should be excluded from consideration as income this program year. However, should this bonus continue as a State payment in FY'85 (i.e., becomes a State of Alaska Social Security System) it would not be considered as one-time unearned income as defined in OW Bulletin 80-19 but would be considered as an inclusion to annual family income.

A third question concerns whether overtime pay should be paid to enrollees who finish their 20 hour or more per week SCSEP assignments and then continue to work additional hours on Saturday and Sunday. The question pertains to the correct wage to be paid for work on Saturday and Sunday. Since the SCSEP is a part-time program (i.e., 1300 hours is the maximum number of hours which may be worked in one program year), no overtime rates ever need to be paid to participants. Therefore, no Saturday/Sunday wage differential needs to be paid.

During his visit Mr. McCallion met and interviewed staff at the central administrative office, reviewed records and also visited with several subgrantees. At these locations he interviewed supervisory staff and enrollees. Both Mr. McCallion and I wish to thank you for the kindness and cooperation shown to him during his visit.

The SCSEP project in Alaska appears to be operating very well. Among the highlights noted by Mr. McCallion during his visit were the smoothness of the grant award and accounting processes. All of the records were precise and current.

It was noted that 50 percent of the subgrants were monitored by State staff last year. Given the number of subgrantees and the difficult geography of the State, this rate is commendable.

Title V - Senior Employment

Region	Total FY85 Available Funds	
I Southeast	$ 224,446	
II Southwest	66,067	
III Southcentral	297,300	
IV Northwest	52,853	
V Interior	224,626	
VI Anchorage	436,040	
Totals	$1,321,332	for grants

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF MEDICAL ASSISTANCE

BILL SHEFFIELD, GOVERNOR

POUCH H-07
JUNEAU, ALASKA 99811
PHONE: (907)
465-3355

March 8, 1985

The Honorable Niilo Koponen
Pouch V
Juneau, Alaska 99811

Dear Representative Koponen:

The table below summaries the expenditures made against the Permanent Fund Dividend Hold Harmless program for FY83 and FY84.

	FY83	FY84	Total
Medicaid			
Hospitals	564.3	174.2	738.5
Physicians	227.0	68.8	295.8
Other	70.9	21.4	92.3
EPSDT	66.5	21.4	87.9
Nursing Home	609.5	79.8	689.3
Food Stamps	143.6	83.7	227.3
SSI	525.0	616.2	1,141.2
AFDC	1,983.4	1,540.5	3,523.9
Administration	209.2	258.0	467.2
TOTAL	$4,399.4	2,864.0	7,263.4

The disparity between FY83 and FY84 is the result of two significant factors.

1) The FY83 hold harmless was for a permanent fund dividend payment of $1,000.00 which caused significantly more AFDC families to become over income and thereby ineligible for Medicaid than the FY84 payment.

2) FY84 claims for services received during FY84 are still being received and processed.

Should you have any questions, please contact me.

Sincerely,

Rod Betit

Rod Betit
Director

REPORT

TO THE FOURTEENTH LEGISLATURE - FIRST SESSION

AND

TO GOVERNOR BILL SHEFFIELD

FROM

THE STATE SPECIAL COMMITTEE ON THE
ALASKA LONGEVITY BONUS PROGRAM

February 1, 1985

inevitably lead to higher OAA obligations. The committee bill, on the other hand, offers Alaska's future elderly at least the opportunity to ultimately avoid the need for OAA assistance -- an opportunity which at least some Alaskans will accept. In other words, even with modest levels of participation, the result would be better than under "stair-stepping."

11. Impact Upon Eligibility For Old Age Assistance and Medicaid.

If an elderly Alaskan earns $586 or less per month, he or she is eligible to receive federal Supplemental Security Income and/or state Old Age Assistance. There are currently some 2,450 elderly receiving this assistance, and the average benefit is $240 per month.

Elderly who are eligible for OAA are also eligible for Medicaid. Medicaid benefits are accessed by almost half of the OAA recipients, and the average non-nursing home benefit is $2,500 per year.

If an elderly Alaskan earns less than $900 per month, he or she is eligible for nursing home benefits under Medicaid. These benefits are substantial -- averaging $135 per day, or $50,000 per year for each individual.

Until 1984, and by virtue of a specific exclusion in federal law, ALB payments did not count as "income" in determining eligibility for SSI or Medicaid. See 42 U.S.C. §1982a(b)(2)(E). However, when the ALB program was changed in

1984, Congress also amended the exclusion to protect only those who:

1. are 65 years of age on or before September 30, 1985; and

2. have 25 years of continuous residency in Alaska by that date.

This change in federal law has had the following effect on the SSI, OAA and Medicaid eligibility in Alaska:

1. Some 750 current recipients of OAA will experience a loss or reduction in benefits because they are now eligible to receive the ALB, but fall outside the amended federal exclusion. These individuals have not, however, suffered a net loss in cash benefits, since ALB payments have merely replaced previous OAA/SSI payments. While these individuals are the subject of discrimination, since they cannot retain both their ALB and their previous OAA/SSI benefits (as can long-time Alaskans), that discrimination is solely the product of federal law. If the state undertook to cure this discrimination by replacing lost federal SSI benefits, $1.4 million would be required for FY 1986.

2. Some 314 of the 750 affected OAA/SSI recipients will also lose non-nursing home Medicaid coverage -- a benefit which averages $2,500 per year. This is a substantial loss which is not compensated for by the ALB program. The amount of lost federal Medicaid benefits to these 314 individuals is only $413,847 for FY 1986. The state could therefore compensate for these lost federal benefits at relatively small cost.

3. The most substantial impact of the recent federal law change is upon nursing home patients. 36 elderly Alaskans who are currently in nursing homes may lose their Medicaid nursing home coverage as a result of this change. To pay these individuals' nursing home costs entirely through state funds would require a $720,000 additional appropriation in FY 1986.

The committee bill neither alleviates nor aggrevates the problems associated with OAA/SSI benefit reductions, or reductions in non-nursing home Medicaid payments. Unless the legislature were to adopt a needs-based ALB program, virtually any option which the legislature might chose would leave the affected elderly in the same position as under current law. 13/

The committee proposal would, however, probably benefit existing nursing home residents. Under the bill, persons residing in a nursing home are ineligible to receive the ALB. This exclusion, the committee believes, is consistent with and furthers the intent of the ALB program. Its effect is to benefit existing nursing home residents who will lose access to the $250 a month ALB, but at the same time will retain their eligibility for $50,000 per year nursing home payments.

13/ Under current federal law, payments which are predicated on need are not counted as "income" for federal assistance purposes. Thus, the means test proposal discussed earlier may avoid the problems discussed in this section -- assuming that federal officials were willing to treat a $25,000 income limit as truely differentiating the "needy" from the "non-needy."

believe the one year requirement would withstand a challenge. The two year residency requirement for student loans was recently upheld for similar reasons.

D. Conclusion

This proposal is valid because it addresses the federal support of the public assistance question and because it favors those Alaskans who need the bonus the most. As such, it should be the subject of serious legislative consideration, even though some seniors have reservations about it.

VI. STATUS QUO PROPOSAL

A. Summary

This proposal would continue the present program -- $250 monthly bonus to all one year residents at least 65 years old -- indefinitely.

B. The Bonus as a Priority for State Funding

This proposal asserts that the bonus in its present form is a major priority and should be continued for all Alaskans despite the high cost. If our revenues were not dwindling at an everincreasing pace, we would look more favorably on this proposal. We fear, however, that other statewide needs such as roads, water and sewer, education, and health care will suffer if the bonus program continues in its present form. There are simply not enough oil dollars to meet all our needs. Many other State programs reward and assist elder Alaskans. We hope to continue funding these programs as well as a less expensive bonus program.

C. Continuing the Status Quo in FY 86

Although we are uncomfortable with the notion of continuing the program in its present form forever, we feel strongly that if the Legislature and the Governor cannot reach agreement on any other proposals during this session, the current bonus program should be extended for another year. We do not prefer this approach, but we do not want to end the program altogether if 120 days is not enough time to reach consensus on this important issue.

VII. The Immediate Impact on Public Assistance Eligibility

A. How to Protect the Bonus Income of Public Assistance Recipients

Federal and State law treat the longevity bonus payment in a manner that results in a devastating form of "legal" discrimination for many senior citizens on public assistance. These laws require the senior citizen to apply for the longevity bonus. Then, these same laws reduce or eliminate the amount of public assistance payments, dollar for dollar.. The senior citizens on public assistance, unlike the middle and high income seniors who receive the longevity bonus on top of all other income, realize no material gain in their income from receipt of the longevity bonus. Additionally, many of the seniors also lose their entitlement to public assistance medical benefits that the longevity bonus payment does not replace. The poorest of our seniors -- those who need the bonus the most -- are actually <u>harmed</u> by the Alaska longevity bonus.

This "catch 22" affects all seniors who fall into either of two categories:

1. Seniors who reached the age of 65 during 1984 through September 30, 1985, and who did not meet the unconstitutional residency requirements.

2. Seniors who reach the age of 65 after September 30, 1985, irrespective of their residency. This category would include all seniors who would have met the unconstitutional residency requirements.

The effect of this "catch 22" is that the federal government saves federal funds and Alaska's longevity bonus program becomes a cash benefit program for the middle and upper classes of seniors who need the money far less than the poor.

There are only two ways to extend the benefits of the longevity bonus program to our low income senior citizens:

1. create a means test longevity bonus program, or

2. create a "hold-harmless" provision in State public assistance statutes to ensure that the State makes up the difference in federal benefits lost and continues to pay State public assistance to individuals effected by the "catch 22."

The cost to the State would be:

HOLD-HARMLESS COSTS - FY86

	Already Budgeted	Required Fiscal Note
Federal (SSI) Payment	0	1,400,000
State (OAA) Payment	760,000	0
Non-nursing Home Medical	0	413,847
	760,000	1,813,847

If the Nursing Home Exclusion Amendment (see "B", page 13) is not adopted, then the hold-harmless fiscal note should be increased by $514,982 for FY86.

STATUTE CHANGES

One Statute change would be needed to hold recipients harmless under all currently proposed longevity bonus programs:

Amend Article 4, AS 47.25.430f, to provide that

(1) The Department must increase the amount of an individual's Adult Public Assistance payment by the amount of any reduction in assistance provided under Title XVI of the Social Security Act which occurs solely because of considering payments made under AS 47.45 as available income; and

(2) Notwithstanding AS 47.25.435, in determining eligibility for Adult Public Assistance and the amount of Adult Public Assistance payment, the Department will not consider any payment made under AS 47.45 as income available to the applicant or recipient.

Note: Regardless of which longevity bonus proposal is enacted, the hold-harmless provisions above must have an effective date of July 1, 1985. If the means test proposal is enacted, these hold-harmless provisions should sunset on the effective date of the new act to protect funding [illegible] of adult public assistance programs.

B. Exclusion of Individuals in Nursing Homes from Eligibility for the Bonus

The bonus can preclude a poor elder from receiving Medicaid assistance while in a nursing home even though it does not offset the cost of care in the nursing home (approximately $4000/month). Also, the federal government requires that the individual apply for the bonus to get Medicaid. While the State could hold these individuals harmless at a cost of $514,982 (General Fund), the Legislature could make nursing home residents ineligible for a bonus.

It should be emphasized that this suggestion is not intended to harm nursing home residents or to judge their worthiness for receipt of a bonus. Rather, it is intended to protect such elders from the exorbitant cost of nursing home care. Irrespective of personal income before entering a nursing home, 97% of Alaskans in nursing homes in the state eventually turn to Medicaid to pay their bills.

VIII. COST INFORMATION

A. Long Term Costs

The following chart compares the cost of the four proposals in nominal dollars through fiscal year 2034. The chart shows that the general fund costs of both the annuity and stairstepping proposals eventually disappear whereas the means test and status quo proposals continue to need general funds. For the next 50 years, the total costs are as follows:

Annuity proposal	$1.29 billion
Stairstepping proposal	$1.13 billion
Means test proposal	$3.10 billion
Status Quo	$5.42 billion

The present value (the amount of funding necessary to endow the program today) of the cost of these proposals is:

Annuity proposal	$620.02 million
Stairstepping proposal	$496.88 million
Means test proposal	$634.9 million
Status Quo proposal	$879.78 million

B. Population Forecast

The cost chart is based on a forecast of Alaska's elderly population. This forecast may overstate the number of people who will actually participate in any of the proposed programs, at least in the near term. For example, the population forecast predicts 16,744 eligibles for FY 86, yet only 14,547 elders are currently receiving a bonus. Also, after 2010, the forecast assumes that the elder population remains constant, which does not account for death, migration, etc.

If the population projections do turn out to be too high, then the cost estimates are also too high.

	MONTHLY PAYMENTS					POPULATIONS				ANNUAL COSTS (millions)			
	MEANS TEST BILL		ANNUITY BILL										
FISCAL YEAR	MEANS TEST ALB	UNIVERSAL ALB	ALB TO PERSONS 65 BEFORE 1986	MAXIMUM POSSIBLE ANNUITY	RESIDUAL ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	ANNUITY BILL*	STAIRSTEP BILL**	CURRENT LAW	MEANS TEST BILL
1986	$250.00	$100.00	$250.00	$11.92	$238.08	16,744	15,039	1,705	16,744	$75.2	$50.2	$50.2	$50.2
1987	$250.00	$100.00	$257.50	$24.86	$232.64	17,768	14,349	3,419	17,768	$80.4	$53.3	$53.3	$46.7
1988	$250.00	$100.00	$265.23	$39.05	$226.18	18,769	13,660	5,109	18,769	$85.0	$56.3	$56.3	$48.6
1989	$250.00	$100.00	$273.18	$46.94	$226.24	19,828	12,974	6,854	19,828	$61.1	$59.5	$59.5	$50.6
1990	$250.00	$100.00	$281.38	$56.27	$225.11	20,913	12,293	8,620	20,913	$64.0	$62.7	$62.7	$52.4
1991	$250.00	$100.00	$289.82	$67.21	$222.61	21,908	11,616	10,292	21,908	$67.9	$65.7	$65.7	$54.0
1992	$250.00	$100.00	$298.51	$79.93	$218.58	22,849	10,943	11,906	20,839	$70.4	$62.5	$68.5	$55.3
1993	$250.00	$100.00	$307.47	$94.67	$212.80	23,861	10,273	13,588	19,898	$72.6	$59.7	$71.6	$56.6
1994	$250.00	$100.00	$316.69	$111.73	$204.96	24,799	9,606	15,193	18,823	$73.9	$56.5	$74.4	$57.7
1995	$250.00	$100.00	$326.19	$131.53	$194.66	25,891	8,945	16,946	17,940	$74.6	$53.8	$77.7	$59.0
1996	$250.00	$100.00	$335.98	$154.20	$181.78	26,863	8,291	18,572	16,873	$73.9	$50.6	$80.6	$59.9
1997	$250.00	$100.00	$346.06	$180.13	$165.93	27,692	7,644	20,048	15,819	$71.7	$47.5	$83.1	$60.5
1998	$250.00	$100.00	$356.44	$209.76	$146.68	28,657	7,012	21,645	14,934	$68.1	$44.8	$86.0	$61.3
1999	$250.00	$100.00	$367.13	$243.52	$123.61	29,556	6,396	23,160	13,969	$62.5	$41.9	$88.7	$61.8
2000	$250.00	$100.00	$378.15	$281.92	$96.23	30,511	5,799	24,712	13,031	$54.9	$39.1	$91.5	$62.5
2001	$250.00	$100.00	$389.49	$325.34	$64.15	31,459	5,225	26,234	12,098	$44.6	$36.3	$94.4	$63.2
2002	$250.00	$100.00	$401.18	$374.26	$26.92	32,440	4,676	27,764	11,193	$31.5	$33.6	$97.3	$64.0
2003	$250.00	$100.00	$413.21	$429.25	-0-	33,448	4,156		10,306	$20.6	$30.9	$100.3	$64.7
2004	$250.00	$100.00	$425.61	$490.97	-0-	34,483	3,666		9,438	$18.7	$28.3	$103.4	$65.4
2005	$250.00	$100.00	$438.38	$560.18	-0-	35,721	3,210		8,639	$16.9	$25.9	$107.2	$66.7
2006	$250.00	$100.00	$451.53	$637.63	-0-	37,138	2,788		7,850	$15.1	$23.5	$111.4	$68.3
2007	$250.00	$100.00	$465.07	$721.15	-0-	38,409	2,402		7,043	$13.4	$21.1	$115.5	$69.7
2008	$250.00	$100.00	$479.03	$820.68	-0-	40,309	2,050		6,359	$11.0	$19.1	$120.9	$71.9
2009	$250.00	$100.00	$493.40	$928.22	-0-	42,194	1,770		5,640	$10.5	$16.9	$126.6	$74.8
2010	$250.00	$100.00	$508.20	$1,047.88	-0-	44,012	1,449		4,950	$8.0	$14.9	$132.0	$76.1
2011	$250.00	$100.00	$523.44		-0-	45,000	1,213		4,243	$7.6	$12.7	$135.0	$76.7
2012	$250.00	$100.00	$539.15		-0-	45,000	1,003		3,669	$6.5	$11.0	$135.0	$75.6
2013	$250.00	$100.00	$555.32		-0-	45,000	819		3,161	$5.5	$9.5	$135.0	$74.5
2014	$250.00	$100.00	$571.98		-0-	45,000	658		2,698	$4.5	$8.1	$135.0	$73.5
2015	$250.00	$100.00	$589.14		-0-	45,000	521		2,340	$3.7	$7.0	$135.0	$72.4
2016	$250.00	$100.00	$606.82		-0-	45,000	405		1,907	$2.9	$5.7	$135.0	$71.3
2017	$250.00	$100.00	$625.02		-0-	45,000	309		1,596	$[illegible].3	$4.8	$135.0	$71.0
2018	$250.00	$100.00	$643.77		-0-	45,000	231		1,320	$1.8	$4.0	$135.0	$70.7
2019	$250.00	$100.00	$663.08	continues	-0-	45,000	169		1,070	$1.3	$3.2	$135.0	$70.4
2020	$250.00	$100.00	$682.98	to	-0-	45,000	114		866	$.9	$2.6	$135.0	$70.1
2021	$250.00	$100.00	$703.47	increase	-0-	45,000	76		686	$.6	$2.1	$135.0	$69.9
2022	$250.00	$100.00	$724.57		-0-	45,000	48		533	$.4	$1.6	$135.0	$69.6
2023	$250.00	$100.00	$746.31		-0-	45,000	31		407	$.3	$1.2	$135.0	$69.3
2024	$250.00	$100.00	$768.70		-0-	45,000	18		304	$.2	$.9	$135.0	$69.0
2025	$250.00	$100.00	$791.76		-0-	45,000	10		222	$.1	$.7	$135.0	$68.7
2026	$250.00	$100.00	$815.51		-0-	45,000	5		150	$.0	$.4	$135.0	$68.4
2027	$250.00	$100.00	$839.97		-0-	45,000	3		100	$.0	$.3	$135.0	$68.1
2028	$250.00	$100.00	$865.17		-0-	45,000	1		63	$.0	$.2	$135.0	$67.8
2029	$250.00	$100.00			-0-	45,000			41	$.0	$.1	$135.0	$67.5
2030	$250.00	$100.00			-0-	45,000			24	$.0	$.1	$135.0	$67.2
2031	$250.00	$100.00			-0-	45,000			13	$.0	$.0	$135.0	$67.0
2032	$250.00	$100.00			-0-	45,000			7	$.0	$.0	$135.0	$66.7
2033	$250.00	$100.00			-0-	45,000			4	$.0	$.0	$135.0	$66.4
2034	$250.00	$100.00			-0-	45,000			1	$.0	$.0	$135.0	$66.1
TOTAL COSTS, 1986-2034:										$1,287.8	$1,131.0	$5,418.9	$3,199.2
CONSTANT 1985 DOLLARS, 1986-2034:										$764.38	$625.01	$1,391.12	$945.9
PRESENT VALUE, 1986-2034:										$620.02	$496.80	$879.78	$634.9

NOTES:

* Persons 65 before 1986 grandfathered (i.e., stairstepping starts in 1986). Annual costs include three years of "front loading" ($25.2 in '86, $26.5 in '87, and $27.7 in '88).

** Persons 65 before 1992 grandfathered (i.e., stairstepping starts in FY 1992).

Prepared by the Division of Strategic Planning, OMB: 1/23/85

Although we think it is important to point out this data limitation to policy makers, we do not suggest that another set of data be used. Rather, we wish to only point out the conservative nature of the projections.

C. Cost of the Annuity Proposal

This particular chart shows the cost of the annuity program if an average participation rate of 30% is achieved, if 100% of each PFD check is deferred if the Legislature chooses to subsidize the program for the first three years, and if the annuity investment achieves a 3% real rate of return. The actual cost of the annuity program depends on several variables not easily predicted, in addition to population. The value of the dividend each year, the amount of subsidy provided each year, the cost of administering the program, and the real rate of return on the money invested all affect the overall cost of the program.

For example, if front-loading is provided every year and all other assumptions remain the same, the additional 50 year cost would be $1.95 billion. Every time a variable is changed, the cost estimate also changes.

D. Cost of the Stairstepping Proposal

The stairstepping cost is based on the Adams proposal. If stairstepping began immediately, but the age of eligibility was only increased every other year, the cost of the program would be $1,641.6 billion.

E. Cost of the Means Test Proposal

It is important to point out that under this proposal, more elders get the higher bonus until FY 2000. At that time, the percentage switches, since the value of money erodes over time.

F. Cost of the Status Quo Proposal

The cost of extending the current program for one year only would be $50.2 million.

Briefing Materials

on

ELDERLY POPULATION PROJECTIONS

prepared for

THE HOUSE STATE AFFAIRS COMMITTEE

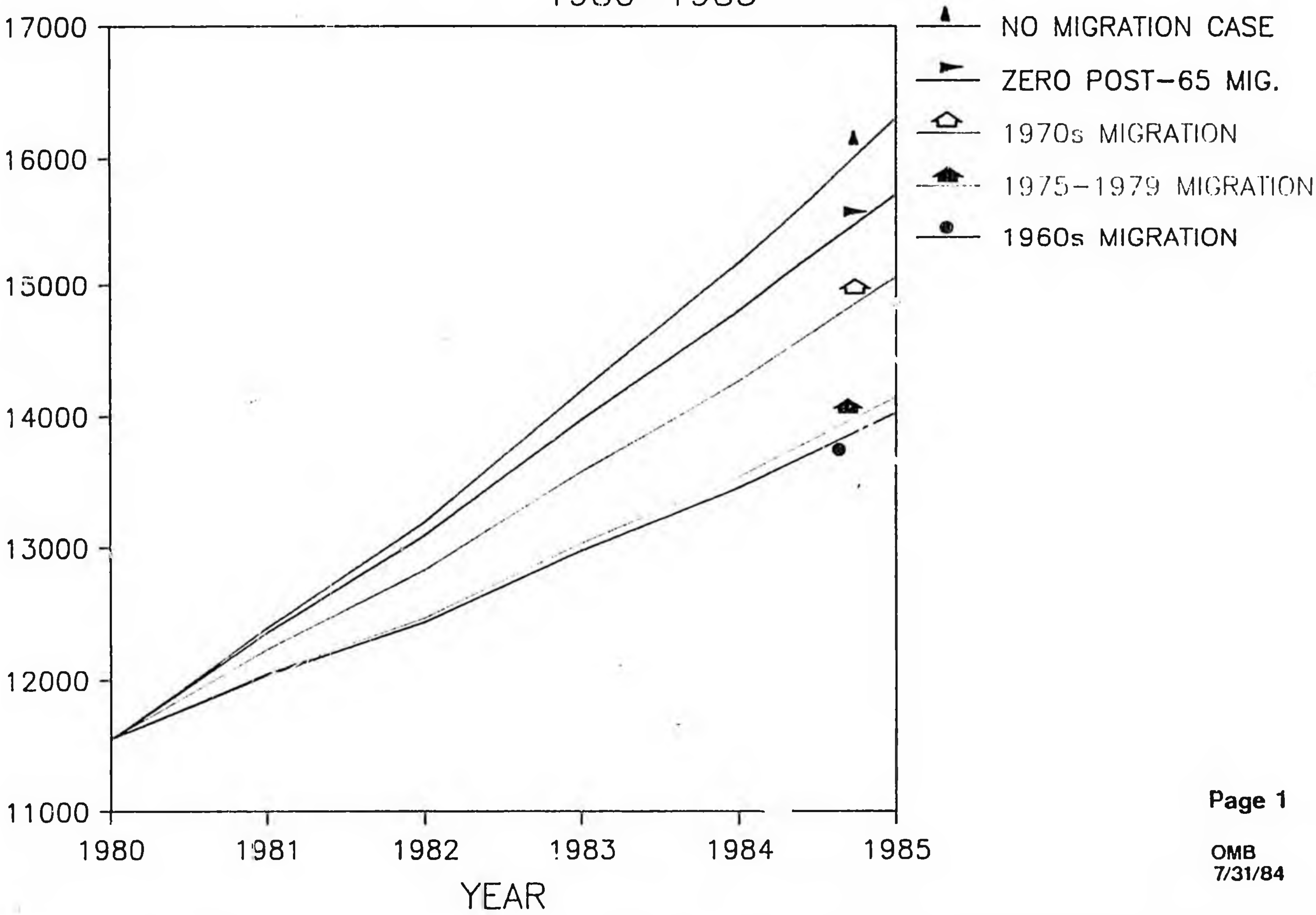
by

Division of Strategic Planning
Office of Management and Budget

6 March 1985

ALASKA OVER-65 POPULATION PROJECTIONS

1980-1985



OMB
7/31/84

GROWTH OF INTERIM ALB PROGRAM

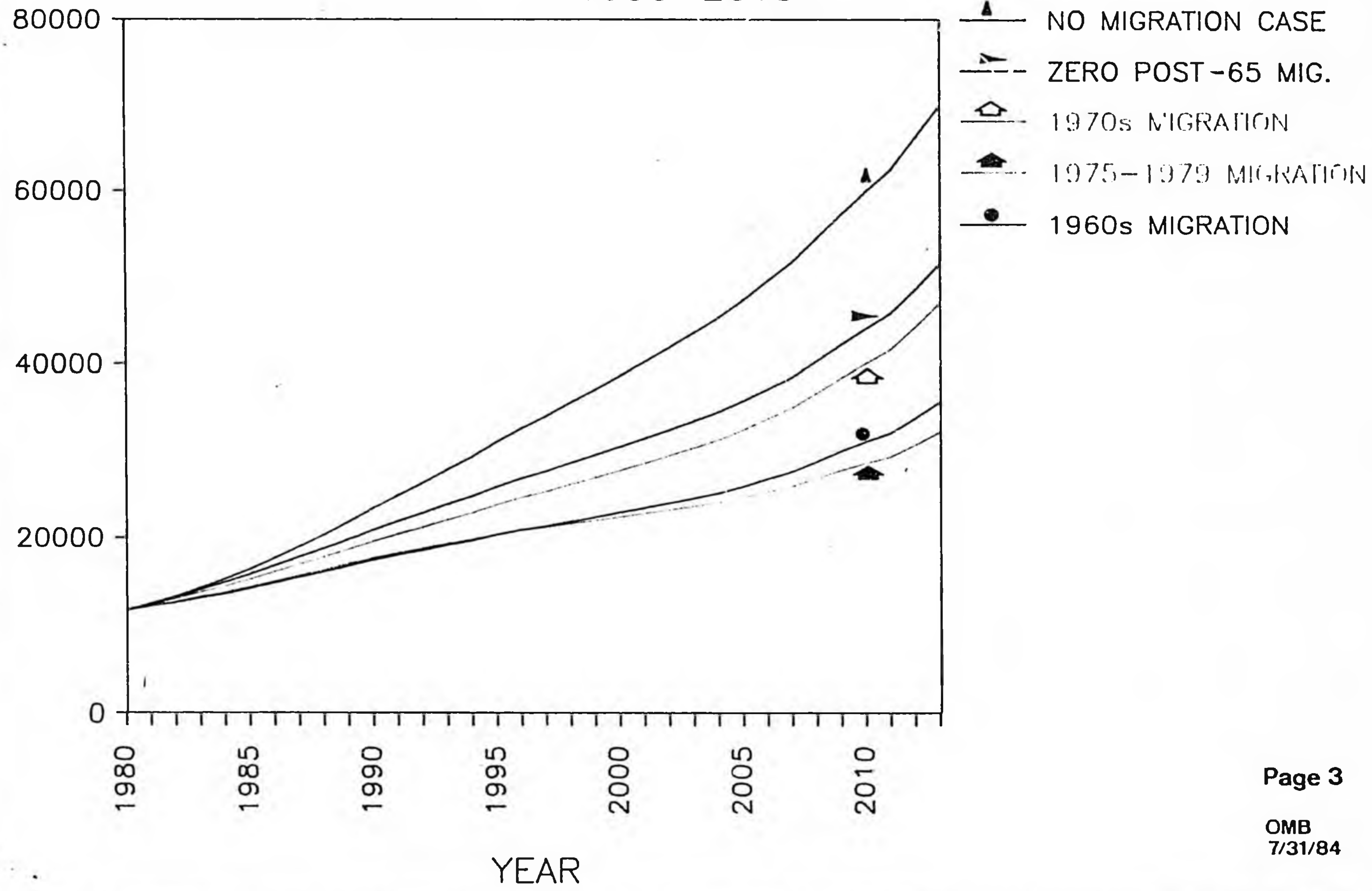
MONTH	QUALIFIED ALB RECIPIENTS	MONTHLY GROWTH (EXPRESSED AS AN ANNUAL RATE)
May 1984	10,018	
June	10,769	86.7%
July	11,960	125.9%
Aug.	13,099	109.2%
Sept.	13,627	47.4%
Oct.	13,990	31.5%
Nov.	14,222	19.7%
Dec.	14,361	11.7%
Jan. 1985	14,438	6.4%
Feb.	14,563	10.3%
Mar.	14,651	7.2%

DATA SOURCE: Division of Pioneer Benefits.

PREPARED BY: Division of Strategic Planning, OMB, 3/ 6/85

ALASKA OVER-65 POPULATION PROJECTIONS

1980-2013



OMB
7/31/84

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so much of the supplemental security income benefits, whether or not paid retroactively, as would not have been paid or would not be paid with respect to such individual or spouse if he had received such benefits under title II in the month or months in which they were regularly due.

"(b) For purposes of this section, the term 'supplemental security income benefits' means benefits paid or payable by the Secretary under title XVI, including State supplementary payments under an agreement pursuant to section 1616(a) or an administration agreement under section 212(b) of Public Law 93-66.

"(c) From the amount of the reduction made under subsection (a), the Secretary shall reimburse the State on behalf of which supplementary payments were made for the amount (if any) by which such State's expenditures on account of such supplementary payments for the month or months involved exceeded the expenditures which the State would have made (for such month or months) if the individual had received the benefits under title II at the times they were regularly due. An amount equal to the portion of such reduction remaining after reimbursement of the State under the preceding sentence shall be covered into the general fund of the Treasury.".

(b) The amendment made by this section shall apply for purposes of reducing retroactive benefits under title II of the Social Security Act or retroactive supplemental security income benefits payable beginning with the seventh month following the month in which this Act is enacted; except that in the case of retroactive title II benefits other than those which result from a determination of entitlement following an application for benefits under title II or from a reinstatement of benefits under title II following a period of suspension or termination of such benefits, it shall apply when the Secretary of Health and Human Services determines that it is administratively feasible.

EXCLUSION FROM INCOME OF CERTAIN ALASKA BONUS PAYMENTS

SEC. 2616. (a) Section 1612(b)(2)(B) of the Social Security Act is amended to read as follows:

> "(B) monthly (or other periodic) payments received by any individual, under a program established prior to July 1, 1973 (or any program established prior to such date but subsequently amended so as to conform to State or Federal constitutional standards), if (i) such payments are made by the State of which the individual receiving such payments is a resident, (ii) eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 or any other age set by the State and residency in such State by such individual, and (iii) on or before September 30, 1985, such individual (I) first becomes an eligible individual or an eligible spouse under this title, and (II) satisfies the twenty-five-year residency requirement of such program as such program was in effect prior to January 1, 1983.".

(b) The amendment made by subsection (a) shall become effective on the date of the enactment of this Act.