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POSITION PAPER

HOUSE BILL 678

I. PURPOSE OF HB678

HB678 seeks greater Departmental discretion in defining the General Relief Medical services to be offered if adequate funds are not available to continue a comprehensive range of medical services. HB678 also gives the Department authority to establish recipient cost sharing for services received, limits the amount of assistance to a maximum of \$25,000 a year per person, and permits the Department to effect a pro rata reduction of facility payment rates in order to operate within the funds appropriated.

This legislation is necessitated by the proposed reduction in the General Relief Medical program budget from \$11 million to \$5 million in fiscal year 1987. Passage of HB678 is essential to insure that the Department of Health and Social Services has adequate legal authority to effect significant program reductions in FY87.

The Division of Medical Assistance has published a briefing paper dated February 12, 1986, describing the scope of the present General Relief Medical program and the changes proposed for FY87.

II. SECTIONAL ANALYSIS

This sectional analysis is repeated verbatim from Governor Sheffield's transmittal letter for HB678 which appears in the 1986 House Journal on pages 2157 and 2158.

Section 1

Section 1 of the bill proposes that in making general relief assistance eligibility determinations, the Department of Health and Social Services take into account the income and resources of persons who reside with the needy person and who either are related to the needy person or who would benefit directly from assistance given to the needy person. In addition, the maximum amount of assistance that can be received for medical care would be \$25,000 per year per person. The amendments in Section 1 of the bill also require the department to establish, by regulation, categories of medical care services and any applicable conditions, and establish priorities for reducing services if the department anticipates that requests for assistance under the assistance program will exceed the program's appropriations.

Section 2

Section 2 of the bill proposes that the needy person pay for the first \$50 of expenses incurred for each day of a hospital stay, to a maximum of \$200 per hospital admission. The needy person will also be liable for \$20 for each outpatient visit. The needy person's liability will

be deducted from any assistance for medical care that is paid to a medical provider on behalf of a needy person.

Section 3

Section 3 of the bill adds a new subsection to provide that when there is insufficient money for medical assistance, the department may by regulation establish a prospective pro rata reduction of a health facilities' payment rates.

Section 4

Section 4 of the bill amends AS 47.25.250 to provide that temporary general relief assistance for transportation may not exceed \$120 per month. Under the amendment, only medical care temporary assistance may exceed the \$120 limit. Medical care is defined to include medically necessary transportation therefore the \$120 temporary assistance limit would not apply.

Section 5

Section 5 of the bill requires repayment of medical assistance under certain conditions.

Section 6

Section 6 of the bill repeals the department's authority to give discretionary assistance to a needy person not entitled to such assistance under the general relief program.

III. DEPARTMENT POSITION

The Department strongly supports HB678 as its passage provides essential legislative direction supporting the program reductions proposed in FY87. These program reductions are so significant that the Department anticipates a legal challenge will be filed. Passage of HB678 will place the Department in a much stronger position to defend the proposed reductions.

Recommended By:

Rod Betit
Rod Betit, Director
Division of Medical Assistance

Date:

2.25.86

Approved By:

John R. Pugh
John R. Pugh, Commissioner
Department of Health and
Social Services

Date:

2/25/86

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No. : HB678
 Title: An Act relating to General Relief Medical

Sponsor: Governor/Rules
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Health & Social Services
 BRU: Medical Assistance

Components: General Relief Medical

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Please note that the Governor's FY87 General Relief Medical budget of \$5,000.0 presumes passage of this bill.

Prepared by: Rod Betit, Director *[Signature]*
 Division: Medical Assistance

Phone: 465-3355 *[initials]*
 Date: 2/20/86

Approved by Commissioner: Joe R. [Signature]
 Agency: Department of Health & Social Services

Date: 2/25/86

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

BILL SHEFFIELD
GOVERNOR

Bill Sheffield



HB678

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 19, 1986

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to persons in need of financial assistance. This bill proposes the amendment of current statutes governing the general relief assistance program administered by the Department of Health and Social Services.

Section 1 of the bill proposes that in making general relief assistance eligibility determinations the Department of Health and Social Services take into account the income and resources of persons who reside with the needy person and who either are related to the needy person or who would benefit directly from assistance given to the needy person. In addition, the maximum amount of assistance that can be received for medical care would be \$25,000 per year per person. The amendments in sec. 1 of the bill also require the department to establish, by regulation, categories of medical care services and any applicable conditions, and establish priorities for reducing services if the department anticipates that requests for assistance under the assistance program will not exceed the program's appropriations.

Section 2 of the bill proposes that the needy person pay for the first \$50 of expenses incurred for each day of a hospital stay, to a maximum of \$200 per hospital admission. The needy person will also be liable for \$20 for each outpatient visit. The needy person's liability will be deducted from any assistance for medical care that is paid to a medical provider on behalf of a needy person.

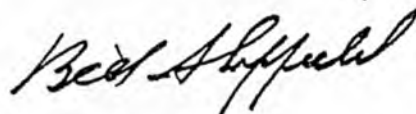
Section 3 of the bill adds a new subsection to provide that when there is insufficient money for medical assistance, the department may by regulation establish a prospective program reduction of health facilities' payment rates.

Section 4 of the bill amends AS 47.25.250 to provide that temporary general relief assistance for transportation may not exceed \$120 per month. Under the amendment, only medical care temporary assistance may exceed the \$120 limit.

Section 5 of the bill requires repayment of medical assistance under certain conditions.

Section 6 of the bill repeals the department's authority to give discretionary assistance to a needy person not entitled to such assistance under the general relief program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

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2/17

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : HB 678
 Title : An act relating to General Relief Medical

 Sponsor : _____
 Requestor : _____
 Date of Request : _____

FISCAL DETAIL

Agency Affected: Health & Social Services
 BRU: Medical Assistance

 Components : General Relief Medical

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
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CAPITAL						
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FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Please note that the Governor's FY87 General Relief Medical budget of \$5,500.0 presumes passage of this bill.

Prepared by: Rod Betit, Director
 Division: Medical Assistance

Phone: 465-3355
 Date: February 14, 1986

Approved by Commissioner: [Signature]
 Agency: Health & Social Services

Date: 2/17/86

Distribution (by Agency preparing fiscal note):

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- Legislative Sponsor
- Requestor
- Office of Management and Budget
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