

COMMITTEE REPORT
SENATE

FURTHER:

11/1/85

Date 5/7/85

Mr. President

The Committee on without considered 11/1/85

in order to the use of government funds for the purpose of public health and safety.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with ~~or~~ adopt CS for _____
- new title
- same title and recommends DO PASS
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation #1 (413.8) HHS
- recommends referral to _____ Committee #2 (1,712.1) Admin.

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Paul H. ...

...

...

...

Chairman _____

Chairman recommendation _____

Original sponsors: Halford, Rodey,
Kerttula, et al

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 128 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to eligibility for longevity bonus payments and the use of longevity bonus payments in determining program eligibility, extending the longevity bonus program for one year; and providing for an effective date."

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

* Section 1. AS 47.45.070 is amended to read:

Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is one who

(1) does not meet the age or residence requirements as provided for under this chapter;

(2) meets the age and residence requirements of this chapter but either is confined in a state or federal mental health institution or facility and is certified by the state as unable to manage personal affairs, or resides in a nursing home as that term is defined in AS 08.70.180; however, if that person, at the time of commitment or commencement of residence, provided the principal support of a spouse, the commissioner of administration may determine to pay the confined person's bonus to the person's spouse until the spouse is qualified for a bonus;

(3) is otherwise qualified but confined in a penal or correctional institution or facility; upon completion of sentence or upon the conferral of a pardon, parole or probation, the person may make application; confinement outside the state shall be considered as

1 residence in the state if a person was convicted and sentenced from a
2 court in Alaska; revocation of parole or probation shall be cause for
3 immediate disqualification until release from confinement is again
4 effected;

5 (4) voluntarily leaves the state and remains absent from
6 the state for a continuous period of more than 180 days.

7 * Sec. 2. AS 47.45 is amended by adding a new section to read:

8 Sec. 47.45.122. ELIGIBILITY FOR MEDICAID. An individual for
9 whom medicaid (42 U.S.C. 1396 - 1396p) is denied or reduced solely
10 because of the receipt of a bonus by the individual or by a member of
11 the individual's household is eligible for assistance under the gener-
12 al relief assistance program under AS 47.25.120 - 47.25.300. Notwith-
13 standing the limit in AS 47.25.130, the individual is entitled to
14 receive the same amount as the individual would have received through
15 medicaid had there been no longevity bonus program.

16 * Sec. 3. Section 11, ch. 38, SLA 1984 is amended to read:

17 Sec. 11. This Act and AS 47.45 are repealed June 30, 1986
18 [1985].

19 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
20 10.070(c).
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CSSB 128

HOLD HARMLESS-MEDICAID

\$ 880,525	Amount necessary for "Hold Harmless Medicaid" to offset loss of federal funds due to ineligibility
- \$ 465,678	Amount already included in FY 86 Operating Budget for above purpose
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\$ 413,878	Fiscal Note #1
- \$ 1,314,000	Reduction in FY 86 Longevity Bonus budget due to a reduction from disqualification of Nursing Home/Nursing Wing clients Fiscal Note #2
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(\$ 900,122)	TOTAL POTENTIAL REDUCTION

HOLD HARMLESS-PUBLIC ASSISTANCE

\$ 1,400,000	Amount which will be necessary to pay SSI recipients for loss of federal funds. Not funded in FY 86 Operating Budget. Fiscal Note #3
\$ 760,000	Amount which will be necessary to pay OAA recipients for loss of state payments. Not funded in FY 86 Operating Budget. Fiscal Note #3
\$ 413,878	Fiscal Note #1 (Medicaid Costs)
- \$ 1,314,000	Fiscal Note #2 (Longevity Bonus savings)
<hr/> <hr/>	
\$ 1,259,878	TOTAL COSTS

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: ~~##~~

REQUEST

Bill/Resolution No.: CSSB 128
 Title: An Act relating to use of Longevity Bonus in determining APA
 Sponsor: HESS
 Requestor:
 Date of Request:

FISCAL DETAIL

Agency Affected: Health & Social Services
 Program Category Affected: Soc. & Econ.
 Assistance for the general population
 BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
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						
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REVENUE		(413.8)	(471.6)	(537.2)	(611.3)	(697.1)
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND		413.8	471.6	537.2	611.3	697.1
FEDERAL FUNDS		(413.8)	(471.6)	(537.2)	(611.3)	(697.1)
OTHER						
TOTAL		-0-	-0-	-0-	-0-	-0-

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

CSSB 128 provides medical benefits for approximately 333 OAA recipients who because of receipt of ALB/Annuity became ineligible for Medicaid. The attached table projects the number of recipients Line F and the last FFP Line G to hold-harmless these recipients.

Prepared By: Rod Betit *R Betit* 3/22/85
 Division: Medical Assistance

Phone: 465-3355
 Date: March 22, 1985

Approved by Commissioner: J. R. O'G
 Agency: Health & Social Services

Date: 3/22/85 JCC

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

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
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/recipient/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 ineligible due to ALB	314	333	353	374	396	420
g. OAA ineligible 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 hospital 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 eligibility. Line "i" represents the FFP replacement cost for all nursing home

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

#12

Revision Date: _____

Page 1 of 2

REQUEST

Bill/Resolution No.: CSSB 128 (HESS)
 Title: Eligibility and Use of Longevity Bonus in Determining Adult Public Assist.
 Sponsor: Halford
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Social and Economic Assistance for the Aged
 BRU, Program or Subprogram(s) Affected: Longevity Bonus and Pioneers' Homes

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)

CAPITAL	0	0	0	0	0	0
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REVENUE	0	(399.0)	(399.0)	(399.0)	(399.0)	(399.0)
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)

POSITIONS:	0	0	0	0	0	0
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)

Prepared By: Joyce Munson, Director
 Division: Pioneers' Benefits

Phone: 465-4400
 Date: March 21, 1985

Approved by Commissioner: Lisa Rudd
 Agency: Department of Administration

Date: 3/27/85

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

CSSB 128 (HESS)
Fiscal Note Analysis
Prepared by the Division of Pioneers' Benefits
Department of Administration
March 21, 1985

This bill would make persons who reside in nursing homes and government operated mental health facilities ineligible for the Longevity Bonus. This would have the effect of holding harmless those who would lose governmental benefits such as SSI, Adult Public Assistance and Medicare by receipt of the Longevity Bonus in other than Pioneers' Homes.

ASSUMPTIONS

1. The number of persons who would be affected in mental health facilities, Pioneers' Homes and nursing homes was approximately 608 as of February 1985. For the purpose of this fiscal note, it is assumed this number would remain unchanged. ($608 \times 12 \times \$250 = \$1,824,000$ saving)
2. There are approximately 133 nursing care residents of the Pioneers' Homes who need the Longevity Bonus in order to pay their monthly charges for care. Loss of the Longevity Bonus to these people would result in loss of revenue as program receipts for the Pioneers' Homes. ($133 \times 12 \times \$250 = \$399,000$ est. loss of program receipts)
3. Of the approximately 133 residents in Pioneers' Homes who would be affected, approximately 93 would have incomes reduced to the point they would become eligible for the monthly stipend payable under AS 47.25.020 (b) and (c). ($93 \times 12 \times \$100 = \$111,600$)

No consideration has been given to persons who may occupy the Juneau Pioneers' Home beginning in FY 88 because information is not available at this time about their incomes or needs.

5/4/35
Halford moved
for 4 30
ADOPTE D
As working
document

Original sponsors: Halford, Rodey,
Kerttula, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 128 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to eligibility for longevity bonus
7 payments and the use of longevity bonus payments in
8 determining program eligibility, extending the lon-
9 gevity bonus program for one year; and providing for
10 an effective date."

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

12 * Section 1. AS 47.45.070 is amended to read:

13 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
14 one who

15 (1) does not meet the age or residence requirements as
16 provided for under this chapter;

17 (2) meets the age and residence requirements of this chap-
18 ter but either is confined in a state or federal mental health insti-
19 tution or facility and is certified by the state as unable to manage
20 personal affairs, or resides in a nursing home as that term is defined
21 in AS 08.70.180; however, if that person, at the time of commitment or
22 commencement of residence, provided the principal support of a spouse,
23 the commissioner of administration may determine to pay the confined
24 person's bonus to the person's spouse until the spouse is qualified
25 for a bonus;

26 (3) is otherwise qualified but confined in a penal or
27 correctional institution or facility; upon completion of sentence or
28 upon the conferral of a pardon, parole or probation, the person may
29 make application; confinement outside the state shall be considered as

1 residence in the state if a person was convicted and sentenced from a
2 court in Alaska; revocation of parole or probation shall be cause for
3 immediate disqualification until release from confinement is again
4 effected;

5 (4) voluntarily leaves the state and remains absent from
6 the state for a continuous period of more than 180 days.

7 * Sec. 2. AS 47.45 is amended by adding new sections to read:

8 Sec. 47.45.122. ELIGIBILITY FOR MEDICAID. An individual for
9 whom medicaid (42 U.S.C. 1396 - 1396p) is denied or reduced solely
10 because of the receipt of a bonus by the individual or by a member of
11 the individual's household is eligible for assistance under the gener-
12 al relief assistance program under AS 47.25.120 - 47.25.300. Notwith-
13 standing the limit in AS 47.25.130, the individual is entitled to
14 receive the same amount as the individual would have received through
15 medicaid had there been no longevity bonus program.

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

21 * Sec. 3. Section 11, ch. 38, SLA 1984 is amended to read:

22 Sec. 11. This Act and AS 47.45 are repealed June 30, 1986
23 [1985].

24 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
25 10.070(c).
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27
28
29

POSITION PAPER
Committee Substitute for Senate Bill No. 128 (Senate Finance)

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

I. Background:

Due to a change in Federal rules made by Congress in 1984, a large number of elderly Alaskans stand to lose millions in state and federal assistance from programs based on need. Congress is requiring the State to count the Bonus for recipients with less than 25 years residence when determining eligibility for Old Age Assistance and Medicaid.

Unless a hold-harmless program is created by the Legislature no later than July 1, 1985, the following adverse impacts will occur at that time.

Approximately 750 Old Age Assistance (OAA) recipients will have their \$250 longevity bonus payment offset by a reduction in their Old Age Assistance and/or federal SSI payment. While no Old Age Assistance recipient will end up with less cash overall, they will have lost the intended benefit of the longevity Bonus.

Approximately 333 of the 750 OAA recipients will also lose their Medicaid non-nursing home benefits due to the Bonus placing them over the OAA qualifying limits. These individuals will lose an average of \$2813 in medical benefits in FY86. DHSS records show that 94% of all OAA recipients use their Medicaid benefits each year.

Finally, approximately 33 individuals now in nursing homes will lose their Medicaid nursing home coverage due to their Longevity Bonus. These persons are the most grievously affected by Congress' 1984 rule change. These individuals total incomes will fall \$3000 short of meeting their monthly nursing home bills.

II. CSSB128 Sectional Analysis:

Section i: This section would exclude all nursing home residents from receipt of the longevity Bonus, including pioneer home beds. This would permit the 33 nursing home cases to remain eligible for Medicaid coverage. This section will reduce the Department's fiscal note by \$1/2 million. It will also generate savings of \$1.3 million in Longevity Bonus payments for a total of \$1.8 million state fund savings.

Section II: The first part of this section provides a General Relief-Medical hold harmless for anyone not living in a nursing home who loses Medicaid coverage because the Longevity Bonus is counted as income. The second part prohibits counting the Bonus as income or resources in state needs-based programs, unless federal law or regulation requires counting it.

In our reading of the Adult Public Assistance statutes, particularly AS 47.25.435, this part of Section II clearly signals that, for purposes of determining Old Age Assistance eligibility and payment, the Department must count those Longevity Bonus payments which the federal SSI program counts as income. The effect is that no cash assistance "hold-harmless" coverage is offered the 750 OAA recipients cited above.

However, we have already encountered a divergent view of the extent to which federal SSI laws govern Old Age Assistance/Hold Harmless under AS 47.25.435; given the current wording of the proposed 47.45.124, the Department feels litigation may result over this issue. We therefore prefer that the proposed 47.45.124 be retained, but redesignated as (a), and that a (b) be added as follows:

(b) Notwithstanding (a) of this section, bonus payments considered as income under 42 U.S.C. Sec. 1382a(b), as amended, shall be considered as income and resources for purposes of determining eligibility and payment amounts under AS 47.25.430 - 47.25.615.

III. DHSS Recommendations: We believe CSSB No. 128 (Finance) provides the most essential element of a hold-harmless, in that it guarantees continued Medical coverage for recipients of the Bonus payments which are federally-countable income. However, the Department believes that the absence of cash assistance hold-harmless works a real hardship on the 750 elderly Alaskans affected. The Department strongly recommends expansion of CSSB 128 (Finance) to include a cash hold harmless.

Recommended by: Kimberly B. Busch for
Rod Betit, Director
Division of Medical Assistance

Date: 5-3-85

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

Date: 5-3-85

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

Date: 5-3-85

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/6/85

REQUEST

Bill/Resolution No.: CSSB 128
 Title: An act relating to eliigibility for Longevity Bonus payments
 Sponsor: Finance Committee
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Health & Social Services
 Program Category Affected: Social & Economic Assistance for the General Population
 BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		413.8	471.6	537.2	611.3	697.1
800 MISCELLANEOUS						
TOTAL OPERATING		413.8	471.6	537.2	611.3	697.1

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		413.8	471.6	537.2	611.3	697.1
FEDERAL FUNDS						
OTHER						
TOTAL		413.8	471.6	537.2	611.3	697.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

This Fiscal Note demonstrates the State General Fund impact of the passage of CSSB 128. See the attached sheet for a detailed description.

Prepared By: Rod Betit, Director *Kimberly Busch* Phone: 3355
 Division: Medical Assistance Date: 5/6/85

Approved by Commissioner: *John R. P.* Date: 5/6/85
 Agency: Department of Health & Social Services *JCC*

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

The Longevity Bonus program proposed by CSSB 128 would result in the loss of Medicaid eligibility for 333 non-nursing home clients in FY'86. This represents a loss of 413.8 in federal Medicaid funds for FY'86. CSSB 128 also creates a hold harmless for these clients by replacing the lost Medicaid funds with new state general funds. Upon passage of CSSB 128 the Division would transfer from the Medicaid component the general fund match for the lost federal funds (466.7) to the General Relief Medical Component. These funds would be added to the new state general funds appropriated to replace the lost federal funds of 413.8, thereby creating a 880.5 hold harmless.

	<u>Medicaid</u>		<u>General Relief Medical</u>
		Before	
Federal	413.8		
SGRM	<u>466.7</u>		_____
	880.5		-0-
		After	
Federal	(413.8)		413.8 <u>New SGF</u>
SGRM	<u>(466.7)</u>	—————>	<u>466.7</u>
	(880.5)		880.5 Hold Harmless

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.

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MEDICAL ASSISTANCE COST ANALYSIS

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
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e. Medicaid eligibles (monthly average)	2,609	2,768	2,937	3,107	3,293	3,491
f. OAA Med ineligible due to ALB	314	333	353	374	396	420
g. OAA ineligible cost (Federal Share at 47%) [.94(f)(c)]	363,044	413,847	471,609	537,173	611,285	697,133
h. NH ineligible	31	33	35	37	39	41
i. NH ineligible 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 hospital 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 5% 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

**STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB No. 128
 Title: "An Act relating to eligibili-
 ty for Longevity Bonus"
 Sponsor: Senate Finance
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Health & Social Services
 Program Category Affected: Soc. & Econ.
 Assistance for general population
 BRU, Program or Subprogram(s) Affected: Adult Public Assistance, Old Age Assist-
 ance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
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						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

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

FY86 Adult Public Assistance formula need is predicated on Longevity Bonus payments being regarded as countable income. CSSB No. 128 (Finance) does not create "hold Harmless" OAA coverage for those who receive countable Bonus Payments. Were a Hold Harmless coverage to be created by an amendment to CSSB No. 128 (Finance) to provide a cash assistance/hold harmless for OAA, we estimate the cost of such a hold harmless to be as follows:

Prepared By: John R. Taber, Director Phone: 465-3347
 Division: PUBLIC ASSISTANCE Date: 5-3-85

Approved by Commissioner: John R. Bay Date: 5-3-85 JCC
 Agency: Health & Social Services

Distribution (by Agency preparing fiscal note):

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

1. Costs reflect replacing lost Supplemental Security Income federal payments with increased Old Age Assistance:

FY Cost

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. Old Age Assistance formula need for the Adult Public Assistance component for FY86 to fund the 760.0 or the estimated FY86 cost of preventing bonus-related Old Age Assistance grant reductions:

FY Cost

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

CSSB No. 128 (Finance)
May 4, 1985

Suggested wording for providing a full bonus cash hold harmless in Old Age Assistance:

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) An individual for whom adult public assistance under AS 47.25.320-47.25.665 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 the adult public assistance program had there been no longevity bonus program.

This wording would provide for replacing the payments reduced or ended by the federal Supplemental Security Income program and for continuing full Old Age Assistance payments as if the bonus were disregarded as income.

Original sponsors: Holford, Rodey,
Kerttula, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 128 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to eligibility for longevity bonus
7 payments and the use of longevity bonus payments in
8 determining program eligibility, extending the lon-
9 gevity bonus program for one year; and providing for
10 an effective date."

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

12 * Section 1. AS 47.45.070 is amended to read:

13 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
14 one who

15 (1) does not meet the age or residence requirements as
16 provided for under this chapter;

17 (2) meets the age and residence requirements of this chap-
18 ter but either is confined in a state or federal mental health insti-
19 tution or facility and is certified by the state as unable to manage
20 personal affairs, or resides in a nursing home as that term is defined
21 in AS 08.70.180; however, if that person, at the time of commitment or
22 commencement of residence, provided the principal support of a spouse,
23 the commissioner of administration may determine to pay the confined
24 person's bonus to the person's spouse until the spouse is qualified
25 for a bonus;

26 (3) is otherwise qualified but confined in a penal or
27 correctional institution or facility; upon completion of sentence or
28 upon the conferral of a pardon, parole or probation, the person may
29 make application; confinement outside the state shall be considered as

SECTIONAL ANALYSIS FOR CS SENATE BILL 128 (Fin)

An Act relating to eligibility for longevity bonus payments and the use of longevity bonus payments in determining program eligibility, extending the longevity bonus program for one year

Section 1

This section amends current law relating to persons that are not qualified to receive a Longevity Bonus payment by adding persons that reside in nursing homes.

Section 2

Otherwise known as "hold-harmless", this section stipulates that a person who is denied or reduced medicaid benefits because of the Longevity Bonus, will receive from the state an amount equal to what they would have received had there been no Longevity Bonus.

In addition, an state or municipal program based upon financial need may not consider the Longevity Bonus as income.

Section 3

This section extends the current Longevity Bonus Program till June 30, 1986. (Only change in Finance CS).

Section 4

Immediate effective date.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

#3

Revision Date: _____

REQUEST

Bill/Resolution No.: CSSB No. 128
 Title: An Act relating to the use of Longevity Bonus payments
 Sponsor: Halford, Rodev, Kerttula, Ray
 Requestor: _____
 Date of Request: 3/15/85

FISCAL DETAIL

Agency Affected: Health & Social Service
 Program Category Affected: Soc. and Econ. assistance for general population
 BRU, Program or Subprogram(s) Affected: Old Age Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND		2160.0	2361.2	2576.1	2810.4	3005.3
FEDERAL FUNDS						
OTHER						
TOTAL		2160.0	2361.2	2576.1	2810.4	3005.3

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
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
 Division: Public Assistance

Phone: 465-3347
 Date: March 20, 1985

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

Date: 3/22/85 JCC

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget

1. Costs reflect replacing lost Supplemental Security Income federal payments with increased Old Age Assistance:

FY Cost

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. Old Age Assistance formula need for the Adult Public Assistance component for FY86 to fund the 760.0 or the estimated FY86 cost of preventing bonus-related Old Age Assistance grant reductions:

FY Cost

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

REVISED
POSITION PAPER
Committee Substitute for Senate Bill No. 128 (HESS)

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

I. Background:

Due to a change in Federal rules made by Congress in 1984, a large number of elderly Alaskans stand to lose millions in state and federal assistance from programs based on need. Congress is requiring the State to count the Bonus for recipients with less than 25 years residence when determining eligibility for Old Age Assistance and Medicaid.

Unless a hold-harmless program is created by the Legislature no later than July 1, 1985, the following adverse impacts will occur at that time.

Approximately 750 Old Age Assistance (OAA) recipients will have their \$250 longevity bonus payment offset by a reduction in their Old Age Assistance and/or federal SSI payment. While no Old Age Assistance recipient will end up with less cash overall, they will have lost the intended benefit of the longevity Bonus.

Approximately 333 of the 750 OAA recipients will also lose their Medicaid non-nursing home benefits due to the Bonus placing them over the OAA qualifying limits. These individuals will lose an average of \$2813 in medical benefits in FY86. DHSS records show that 94% of all OAA recipients use their Medicaid benefits each year.

Finally, approximately 33 individuals now in nursing homes will lose their Medicaid nursing home coverage due to their Longevity Bonus. These persons are the most grievously affected by Congress' 1984 rule change. These individuals total incomes will fall \$3000 short of meeting their monthly nursing home bills.

II. CSSB128 Sectional Analysis:

Section I: This section would exclude all nursing home residents from receipt of the longevity Bonus, including pioneer home beds. This would permit the 33 nursing home cases to remain eligible for Medicaid coverage. This section will reduce the Department's fiscal note by \$1/2 million. It will also generate savings of \$1.3 million in Longevity Bonus payments for a total of \$1.8 million state fund savings.

Section II: This section defines the scope of the hold-harmless. The 750 Old Age Assistance recipients would have their lost Federal/state benefits replaced under this section. The 333 non-nursing home Medicaid recipients would also be protected by this section.

Since Section II does not define the term "public assistance", Section II could be interpreted to extend hold-harmless protection to any person who loses federal benefits of any kind if that program is based on need. If that is the intent, this causes the Department considerable concern due to the Department's unfamiliarity with the specific programs at issue, the undetermined numbers affected, and the unknown potential costs of this expansion to the hold-harmless.

The Department recognizes that the need to broaden hold-harmless coverage could prove, upon investigation, to have merit. Substantial research, perhaps by the House Research Agency, would be required to identify all federally-funded programs in Alaska which serve Longevity Bonus recipients and base eligibility in whole or part on income. It would be necessary to identify which currently count or exclude the Bonus, determine how many of those affected would need or choose to apply for General Relief hold-harmless coverage, and determine the amounts they would qualify to receive. If such a study found a need to exist, it might find that General Relief's statutory limitation, to making individual payments to, or on behalf of, eligible persons, is administratively ill-suited to holding harmless some or all of the affected client groups. Such a study might also conclude that this Department was the best location for all hold-harmless activity.

Section III: Makes this Hold-Harmless effective July 1, 1985.

III. DHSS Recommendations: We believe CSSB No. 128 provides the full hold-harmless considered essential by the Department for its programs. The Department strongly supports CSSB No. 128 but the Department recommends that the term "public assistance" on line 8, page 2 be defined to include only Old Age Assistance, Supplemental Security Income, and Medicaid until the need for an expanded hold-harmless is demonstrated and costs are accurately assessed, including the workload impacts on the administering state agency or agencies.

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

Date: 3-22-85

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

Date: 3-22-85

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

Date: 3/22/85

**STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date: 3/5/85

REQUEST

Bill/Resolution No. SB No. 128
 Title: An Act relating to the use
 of Longevity Bonus payments
 Sponsor: Halford, Rodey, Kerttula, Ray
 Requestor:
 Date of Request: 2/5/85

FISCAL DETAIL

Agency Affected: Health & Social Service
 Program Category Affected: Soc. and Econ.
 assistance for general population
 BRU, Program or Subprogram(s) Affected:
 Old Age Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
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						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

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 Phone: 465-3347
 Division: Public Assistance Date: March 5, 1985

Approved by Commissioner: John R. Pugh Date: 3/5/85
 Agency: Health & Social Service *fcc*

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 federal payments with increased Old Age Assistance:

FV Cost

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
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2. Old Age Assistance formula need for the Adult Public Assistance component for FY86 to fund the 760.0 or the estimated FY86 cost of preventing bonus-related Old Age Assistance grant reductions:

FY Cost

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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

REVISED
POSITION PAPER
SENATE BILL NO. 128

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

Prior to the passage of the federal Deficit Reduction Act of 1984 (P.L. 98-369), the federal Supplemental Security Income (SSI) program disregarded all Alaska Longevity Bonus (ALB) payments made to its applicants and recipients. The \$250 Longevity Bonus payments did not count as income in determining SSI eligibility or payment amounts. The Deficit Reduction Act reduced this blanket disregard to apply only to those ALB recipients who have been continuously resident in Alaska for 25 years and may apply for SSI prior to October 1, 1985. For all other Longevity Bonus recipients, SSI now counts the Bonus payment as income, which reduces or terminates monthly assistance.

Approximately 1200 elderly Alaskans receive SSI assistance; almost all of them also receive Old Age Assistance. In addition, Old Age Assistance is provided to another 1250 persons whose countable income is over the SSI limits but under the much higher Old Age Assistance limits. With the granting of Old Age Assistance comes automatic eligibility for Medicaid coverage. Under a current Adult Public Assistance statute, (AS 47.25.435), Old Age Assistance must follow the income rules of the SSI Program, including disregarding or counting the Longevity Bonus payments.

Without the changes proposed by Senate Bill No. 128, approximately 750 Old Age Assistance recipients will experience a \$230 to \$250 reduction in their total spendable monthly income as SSI and/or Old Age Assistance begins counting their non-exempt Longevity Bonus as income. This raises serious questions of equity, since approximately 1700 elderly recipients will retain their Longevity Bonus exemption and will, thereby, have \$230-\$250 per month more spendable income than their less-fortunate peers.

The situation of approximately 333 of these 750 recipients is of even greater concern. These 333 have other income that places them over the SSI income standards, and beginning to count their non-exempt Longevity Bonus payments will place them over the Old Age Assistance limits. By losing Old Age Assistance, they will lose their Medicaid coverage. Since Alaska's medical costs are so high, and the aged frequently need substantial medical services, loss of Medicaid coverage is often of more importance to them than loss of assistance income. The sponsor of SB 128 assumes that this problem will be remedied by provisions of CSSB 56, however, the Department cannot assume that a measure containing this medical hold harmless will be enacted prior to July 1, 1985. Therefore, we have priced the impact of SB 128 as if no medical hold harmless would exist for nursing home and non-nursing home recipients in FY86.

RECOMMENDATIONS

While the Department supports SB 128 as written, there is a "safer" approach that presents no risk to federal funding. We propose that Senate Bill No. 128 be amended to provide for an "Alaska Longevity Bonus Hold-Harmless Program" that would be statutorily and fiscally distinct from the Adult Public Assistance program, and that this new program provide for a full medical hold-harmless that would be distinct from the Medicaid program. We suggest that the Department's General Relief statutes (AS 47.25.120 - AS 47.25.300) be amended to establish this cash assistance hold-harmless under General Relief. We also recommend that the medical assistance hold harmless provisions be added to this bill to insure that medical benefits continue to be available to these persons if CSSB 56 does not pass this session.

Under our existing mandate in AS 47.05.010(7) and (8) to maximize federal matching funds, which could be strengthened by a specific statement of legislative intent, the Department would then be free to take every step possible to requalify hold-harmless recipients for Medicaid federal matching funds, without exposing the Medicaid program to risk of federal fiscal penalties.

Recommended by: John R. Taber
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
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.: SB 128
 Title: "An Act relating to use of Longevity Bonus in determining APA"
 Sponsor: Halford, Rodney, Kerttula
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Health & Social Services
 Program Category Affected: Soc. & Econ. Assistance for General Pop.
 BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		(2,183.2)	(2,480.2)	(2,842.3)	(3,237.4)	(3,702.6)
800 MISCELLANEOUS						
TOTAL OPERATING		(2,183.2)	(2,480.2)	(2,842.8)	(3,237.4)	(3,702.6)
CAPITAL						
REVENUE		(934.9)	(1,062.3)	(1,217.1)	(1,386.0)	(1,584.9)

FUNDING: (Thousands of Dollars)

GENERAL FUND		(1,284.3)	(1,417.9)	91,625.7	(1,851.4)	(2,117.7)
FEDERAL FUNDS		(934.9)	(1,062.3)	(1,217.1)	(1,386.0)	(1,584.9)
OTHER						
TOTAL		(2,183.2)	(2,480.2)	(2,842.8)	(3,237.4)	(3,702.6)

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

SB 128 eliminates Medicaid coverage for OAA recipients who because of receipt of ALB/Annuity become ineligible for Medicaid. The attached table projects the reductions in the number of recipients (line f and h) and FFP (line g and i). Table I shows the State General Fund and FFP reductions.

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

Approved by Commissioner: J. R. P. Date: 3/15/85
 Agency: Health & Social Services *JCC*

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	<u>880,525</u>	<u>1,003,423</u>	<u>1,142,921</u>	<u>1,300,606</u>	<u>1,483,261</u>

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	<u>1,302,675</u>	<u>1,476,790</u>	<u>1,699,927</u>	<u>1,936,817</u>	<u>2,219,287</u>

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

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
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 hospital 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.

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB No. 128
 Title: An Act relating to the use
of Longevity Bonus payments
 Sponsor: Halford, Rodey, Kerttula, Ray
 Requestor: _____
 Date of Request: 2/5/85

FISCAL DETAIL

Agency Affected: Health & Social Service
 Program Category Affected: Soc and Econ
assistance for general population
 BRU, Program or Subprogram(s) Affected: Old Age Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		1,400.0	1,530.5			
800 MISCELLANEOUS						
TOTAL OPERATING		1,400.0	1,530.5			

CAPITAL						
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REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,400.0	1,530.5			
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Costs reflect only replacing loss of Supplemental Security Income monthly payments to 750 individuals in FY'86 and 794 individuals in FY'87. Current operations of Old Age Assistance already provide for full disregard of ALB payments, so OAA costs are already budgeted. Were SB No. 128 not enacted, and OAA began counting non-exempt ALB payments for all affected recipients effective July 1, 1985, OAA expenditures would be reduced by 760.0 for FY'86 and 830.7 for FY'87. (continued on attachment)

Prepared By: John R. Taber Phone: 465-3347
 Division: Public Assistance Date: Feb. 8, 1985

Approved by Commissioner: John R. Pugh Date: 2/13/85
 Agency: Health & Social Services *JCC*

Distribution (by Agency preparing fiscal note):

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

No costs for related Medicaid hold-harmless are included; see Position Paper. The Medicaid coverage for non-exempt ALB recipients (Approximately 314 in independent living situations and 36 in nursing homes) for FY'86 is already budgeted.

POSITION PAPER
SENATE BILL NO. 128

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

Prior to the passage of the federal Deficit Reduction Act of 1984 (P.L. 98-369), the federal Supplemental Security Income (SSI) Program disregarded all Alaska Longevity Bonus (ALB) payments made to its applicants and recipients. The \$250 Longevity Bonus payments did not count as income in determining SSI eligibility or payment amounts. The Deficit Reduction Act reduced this blanket disregard to apply only to those ALB recipients who have been continuously resident in Alaska for 25 years and, for SSI prior to October 1, 1985. For all other Longevity Bonus recipients, SSI now counts the Bonus payment as income, which reduces or terminates monthly assistance.

Approximately 1200 elderly Alaskans receive SSI assistance; almost all of them also receive Old Age Assistance. In addition, Old Age Assistance is provided to another 1250 persons whose countable income is over the SSI limits but under the much higher Old Age Assistance limits. With the granting of Old Age Assistance comes automatic eligibility for Medicaid coverage. Under the current Adult Public Assistance statute, (AS 47.25.435), Old Age Assistance must follow the income rules of the SSI Program, including disregarding or counting the Longevity Bonus payments.

Without the changes proposed by Senate Bill No. 128, approximately 750 Old Age Assistance recipients will experience a \$230 to \$250 reduction in their total spendable monthly income as SSI and/or Old Age Assistance begins counting their non-exempt Longevity Bonus as income. This raises serious questions of equity, since approximately 1700 elderly recipients will retain their Longevity Bonus exemption and will, thereby, have \$230-\$250 per month more spendable income than their less-fortunate peers.

The situation of approximately 330 of these 750 recipients is of even greater concern. These 330 have other income that places them over the SSI income standards, and beginning to count their non-exempt Longevity Bonus payments will place them over the Old Age Assistance limits. By losing Old Age Assistance, they will lose their Medicaid coverage. Since Alaska's medical costs are so high, and the aged frequently need substantial medical services, loss of Medicaid coverage is often of more importance to them than loss of assistance income.

Senate Bill No. 128 would correct the cash assistance inequities introduced by the Deficit Reduction Act by mandating that all Old Age Assistance recipients have their Longevity Bonus payments disregarded.

Senate Bill No. 128 would also guarantee continued Medicaid coverage to those who would lose coverage if their non-exempt Bonus payments were counted as income.

However, federal Medicaid officials have recently reiterated regulatory objections to disregarding income by source rather than solely by amount. The Department has argued this issue extensively, but Medicaid officials remain adamant. Currently, it appears very likely that they would, at the least, disallow federal Medicaid matching funds to anyone who qualifies for Old Age Assistance only because the Department is disregarding the otherwise countable Bonus payment. In the worst case, the issue could result in a federal finding that the Adult Public Assistance program does not comply with Medicaid requirements, and all federal matching Medicaid funds would be withheld.

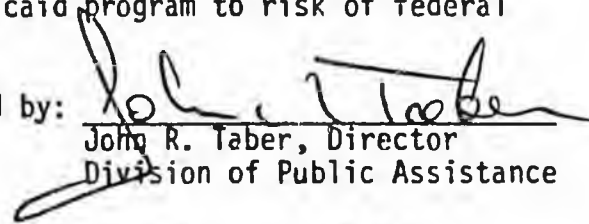
Although these issues might be successfully litigated, the need for stable, continuing medical coverage is too important to elderly recipients to address in the lengthy and uncertain legal arena.

RECOMMENDATIONS

While the Department supports Senate Bill No. 128 as written, there is an alternative approach that presents no risk to federal funding. We propose that Senate Bill No. 128 be amended to provide for an "Alaska Longevity Bonus Hold-Harmless Program" that would be statutorily and fiscally distinct from the Adult Public Assistance program, and that this new program provide for a full medical hold-harmless that would be distinct from the Medicaid program. We suggest that the Department's General Relief statutes be amended (perhaps by adding a subsection to AS 47.23.250) to establish this cash and medical hold-harmless with General Relief and General Relief Medical funding sources.

Under our existing mandate in AS 47.05.010(7) and (8) to maximize federal matching funds, which could be strengthened by a specific statement of legislative intent, the Department would then be free to take every step possible to requalify hold-harmless recipients for Medicaid federal matching funds, without exposing the Medicaid program to risk of federal fiscal penalties.

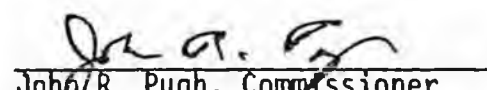
Recommended by:


John R. Taber, Director
Division of Public Assistance

Date:

2-12-85

Approved by:


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

Date:

2/13/85

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

2/20/85

Date

3-14-85

Mr. President

The Committee on HESS considered SB 128

relating to the use of longevity bonus payments in determining adult public assistance; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for SB 128 (HESS)
- ~~new title~~
- same title and recommends may do pass
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

1 Edm De Vries

Andis Sturgis

MEMBERS HAVING
OTHER RECOMMENDATIONS

2 Paul Gish - No fee

Bette Schreiner
Chairman

DO PASS
Chairman recommendation

Offered: 3/15/85
Referred: Finance

Original sponsors: Halford, Rodey,
Kerttula, et al

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2

CS FOR SENATE BILL NO. 128 (HESS)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

11 * Section 1. AS 47.45.070 is amended to read:

12 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is
13 one who

14 (1) does not meet the age or residence requirements as
15 provided for under this chapter;

16 (2) meets the age and residence requirements of this
17 chapter but either is confined in a state or federal mental health
18 institution or facility and is certified by the state as unable to
19 manage personal affairs, or resides in a nursing home as that term is
20 defined in AS 08.70.180; however, if that person, at the time of
21 commitment or commencement of residence, provided the principal
22 support of a spouse, the commissioner of administration may determine
23 to pay the confined person's bonus to the person's spouse until the
24 spouse is qualified for a bonus;

25 (3) is otherwise qualified but confined in a penal or
26 correctional institution or facility; upon completion of sentence or
27 upon the conferral of a pardon, parole or probation, the person may
28 make application; confinement outside the state shall be considered as
29 residence in the state if a person was convicted and sentenced from a

1 court in Alaska; revocation of parole or probation shall be cause for
2 immediate disqualification until release from confinement is again
3 effected;

4 (4) voluntarily leaves the state and remains absent from
5 the state for a continuous period of more than 180 days.

6 * Sec. 2. AS 47.45 is amended by adding new sections to read:

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

15 Sec. 47.45.124. ELIGIBILITY FOR STATE PROGRAMS. A program
16 administered by the state or any of its instrumentalities or munici-
17 palities, the eligibility for which is based on financial need, may
18 not consider a bonus as income or resources unless required to do so
19 by federal law or regulation.

20 * Sec. 3. This Act takes effect July 1, 1985.

C O R R E C T I O N

Discard SB 128

and retain this corrected version.

Introduced: 2/5/85
Referred: State Affairs, Health
Education and Social
Services and Finance

BY HALFORD, RODEY
KERTTULA AND RAY

1 IN THE SENATE

2 SENATE BILL NO. 128

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the use of longevity bonus pay-
7 ments in determining adult public assistance; and
8 providing for an effective date."

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

10 * Section 1. AS 47.25.430 is amended by adding a new subsection to
11 read:

12 (a) If the amount of an individual's benefit under 42 U.S.C.
13 1381 - 1385 (Title XVI, Social Security Act, Supplemental Security
14 Income Program) is reduced because of longevity bonus payments under
15 AS 47.45, the department shall increase the individual's assistance
16 under AS 47.25.430 - 47.25.615 by the amount of the federal reduction.

17 * Sec. 2. AS 47.25.435 is amended to read:

18 Sec. 47.25.435. EXCLUSION OF INCOME. Notwithstanding the pro-
19 visions of AS 47.25.430 - 47.25.615, if the applicable provisions of
20 42 U.S.C. 301 - 1397f (Social Security Act), as amended, permit, in
21 determining the need of an applicant for, or a recipient of, an assis-
22 tance grant under AS 47.25.430 - 47.25.615, the department shall
23 exclude from the computation of the applicant's or recipient's income
24 the amounts specified in 42 U.S.C. [SEC.] 1382a(b) as amended, amounts
25 specified in regulations adopted to implement the supplemental securi-
26 ty income provisions of federal law, longevity bonus payments received
27 under AS 47.45, and any amounts specified by the department by regula-
28 tion so long as exclusion of those amounts is not in conflict with
29 federal law.

1 * Sec. 3. This Act takes effect July 1, 1985.