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**361**

SENATE STATE AFFAIRS COMMITTEE

BILL NUMBER SB 361

SPONSOR Kerttula

BILL TITLE An Act increasing the amount of longevity  
bonus

DATE REFERRED 1.10.90

HEARING SCHEDULED

FISCAL NOTE PREPARED

SPONSOR CONTACTED

INTERESTED PARTIES CONTACTED

OTHER



# Alaska State Legislature

## SENATE

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: Senator Pourchot, Chairman  
Senate State Affairs Committee

FROM: Senator Kerttula

SUBJ: Senate Bill 361--  
Longevity Bonus Increase

DATE: February 15, 1990

I would appreciate your scheduling Senate Bill 361 at your earliest convenience.

Senate Bill 361 would increase the longevity bonus by \$25, from \$250 per month to \$275 per month. I believe that, pending a major revision in the Longevity Bonus Program, such an increase is necessary for basic equity. As the attached memorandum from the Legislative Research Agency indicates, the cost of living in Alaska has risen approximately 20.78% since the last increase in the longevity bonus payment. It seems that \$275 is the minimum necessary to meet the needs of seniors. As the attached memo notes, if the longevity bonus payment were to be adjusted to offset this cost-of-living increase, it would be \$301.95.

Thank you for your attention to this request.

JK:kh

lsb361

# Alaska State Legislature

Legislative Research Agency



P.O. Box Y  
Juneau, AK 99811-3100  
Phone: (907) 163-3991  
Fax: (907) 163-3351

FEB 05 1990

February 5, 1990

## MEMORANDUM

TO: Senator Jalmar Kerttula

FROM: Linda J. Snow *LJ Snow*  
Legislative Analyst

RE: Cost of Living Increase Since Last Change in Longevity Bonus Payment

You requested a calculation of the increase in the cost of living since the last change in the Alaska longevity bonus payment.

The last increase in the Alaska longevity bonus payment was made effective August 11, 1981 (Cht 13, SLA 1981). The payment was increased from \$200 to \$250 per month for eligible recipients. Using the Anchorage consumer price index (CPI) annual average for all urban consumers provided by the Alaska Department of Labor (DOL) for 1981 through 1988, and DOL's estimate of the same number for 1989, we calculate a 20.78 percent increase in the cost of living since the last payment change. If the longevity bonus payment were to be adjusted to offset this cost of living increase, it would be \$301.95

I hope this answers your question. If you need further assistance, please feel free to contact this agency.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Health and Social Services  
 Title: An Act relating to the Alaska BRU: Assistance Payments BRU  
Longevity Bonus Program Medical Assistance  
 Sponsor: \_\_\_\_\_ Components: OAA-ALB Hold Harmless  
 Requestor: \_\_\_\_\_ ALB Hold Harmless

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	354.9	418.6	493.2	578.2	675.4	788.1
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	354.9	418.6	493.2	578.2	675.4	788.1
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	354.9	418.6	493.2	578.2	675.4	788.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER 1034	0	0	0	0	0	0
TOTAL	354.9	418.6	493.2	578.2	675.4	788.1

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)

No fiscal impact in FY90.

SB 361 increases the monthly Bonus from \$250 to \$275. As ALB payments increase, the amount of ALB Hold Harmless required under AS 47.25.122 to replace federal cash assistance from Supplemental Security Income (SSI) program and Medicaid federal funds also increases. These increases in ALB Hold Harmless are a new cost to the State.

Prepared by: John R. Taber, Director Phone: 465-3347  
 Division: Division of Public Assistance Date: 2/15/90

Approved by Commissioner: Mary M. Munson Date: 2/20/90  
 Agency: Department of Health and Social Services

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

Division of Public Assistance  
Assistance Payments BRU  
Old Age Assistance - Alaska Longevity Bonus Hold Harmless (OAA-ALBHH)

Several years after the Longevity Bonus program was first created, Congress agreed to exempt the Bonus payments from countable income for federal Supplemental Security Income (SSI) purposes. When Alaska changed the Bonus program eligibility Congress refused to extend the same protection to the newer recipients, allowing the exemption only for the pre-1985 "grandfathered" participants. The Legislature decided that older Alaskans who reached eligibility after October 1, 1985 should receive benefits equal to those who qualified for the Longevity Bonus prior to that date. This resulted in the OAA-ALB Hold Harmless program.

The OAA-ALB Hold Harmless component funding

1. replaces the amount of Federal Social Security Income (SSI) payment lost to a Bonus recipient when SSI counts the Longevity Bonus as available (income) and
2. continues to "disregard" the SSI countable ALB in computing Old Age Assistance (OAA) State Supplemental payments. The amount of OAA cash assistance made because of this disregard is an ALBHH expenditure.

SB 361 increases the monthly bonus by \$25 from \$250 to \$275. The fiscal impact on OAA-ALB Hold Harmless is as follows:

1. The amount of ALB Hold Harmless for SSI replacement increases by the same \$25. The increase in ALBHH for SSI replacement is a net cost increase to the State.
2. The amount of ALB Hold Harmless for OAA replacement also increases by the same \$25. However, the amount of this increase is a dollar-for-dollar off-set from the Adult Public Assistance (APA) component of the OAA-ALB Hold Harmless component, resulting in no net cost increase to the state.
3. The SSI and OAA benefits of individuals whose Bonus payments are exempt from counting under the "grandfathering" provision for pre-October 1985 recipients are not impacted by the change. Similarly, the SSI and OAA benefits of individuals who do not qualify for the Bonus are not impacted.
4. The ALB Hold Harmless benefits of individuals who currently receive "full" ALB Hold Harmless benefits, i.e., who receive only ALB Hold Harmless benefits because the \$250 Bonus payment already renders them ineligible for SSI and OAA benefits, are not impacted by the change; these individuals would continue to receive ALB Hold Harmless benefits at the same level as they received before the change.

Senate Bill No. 361  
 Fiscal Note  
 Page 3

	<u>FY91</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
1. <u>OAA-ALB clients with SSI income</u>	541	614	693	770	843	913
Increase in monthly Bonus (\$250 to \$275)	\$25	\$25	\$25	\$25	\$25	\$25
Average monthly ALBHH for SSI replacement	13.5	15.4	17.3	19.3	21.0	22.8
Fiscal Year ALBHH Cost (Monthly x 12 months)	162.3	184.2	207.9	231.0	252.9	273.9
2. <u>OAA-ALB clients with NO SSI Income</u>	662	752	849	942	1031	1116
Increase in monthly Bonus (\$250 to \$275)	\$25	\$25	\$25	\$25	\$25	\$25
OAA-APA payment decrease (\$25 per OAA client)	(198.6)	(225.6)	(254.7)	(282.6)	(309.3)	(334.8)
OAA-ALBHH payment increase (\$25 per OAA client)	198.6	225.6	254.7	282.6	309.3	334.8
STATE Cost NETS zero	-0-	-0-	-0-	-0-	-0-	-0-

Division of Medical Assistance  
Medical Assistance  
ALB Hold Harmless

Recipients of Old Age Assistance who have sufficient retirement income so that receipt of federally-countable ALB payments places them over the OAA income qualifying standard are ineligible for Medicaid. These individuals (511 in FY89) receive ALB Hold Harmless medical assistance under AS47.45.122. In FY89, 511 recipients lost Medicaid eligibility because they received countable ALB payments and received state-funded medical assistance from the ALB Hold Harmless program.

Currently 64 OAA and Medicaid recipients are within \$25 of the OAA income limit. If the ALB payment were to increase by \$25, each of these 64 would move to Hold-Harmless medical assistance.

In FY89, each Hold-Harmless recipient used an average of \$2031.75 in Medicaid benefits. Annually, Medicaid expenditures are expected to grow by 21.7%, which is a composite of a 7.1% increase in the price of medical services, a 4.2% growth in the numbers of eligible persons, and a 10.4% increase in the use of services by recipients. No data exists to indicate that this rate of increase cannot be reasonably applied to the Hold Harmless program.

FY91: 64 recipients x \$2031.75 x 1.217 (FY89 to FY90) x 1.217 (FY90 to FY91) = 192.6. Funding is 100% State General Funds.

Subsequent years are computed using the same 1.217 multiplier.

	<u>FY91</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
Total	192.6	234.4	285.3	347.2	422.5	514.2
State Funds	192.6	234.4	285.3	347.2	422.5	514.2

BY SEN. KERTTULA, Szymanski

1 IN THE SENATE

2

SENATE BILL NO. 361

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act increasing the amount of a longevity bonus;

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and providing for an effective date."

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

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\* Section 1. AS 47.45.010(a) is amended to read:

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(a) A person who is 65 years of age or over, who resides in the

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state for at least two years immediately preceding application for a

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longevity bonus under this chapter, may apply to the commissioner of

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administration for qualification to receive a monthly bonus of \$275

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[\$250].

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\* Sec. 2. This Act takes effect July 1, 1990.