

HB

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HOUSE COMMITTEE REPORT

(7)

Date Referred: January 21, 1991

FURTHER REFERRALS: Health, Education and Social Services
Finance

Date of Committee Action: 4-10-91

The STATE AFFAIRS Committee considered:

HB 11

HOUSE BILL NO. 11

LONGEVITY BONUS; NURSING HOME RESIDENTS

"An Act relating to qualifications for longevity bonus payments; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CSHB 11 (STA) the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact Admin. - Pioneer Benefits

fiscal note(s) _____

zero fiscal note HSS - Assistance Pmts

zero fiscal note(s) _____

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

	Check appropriate column:	Do Not Pass	No Rec	Amend
<i>James A. ...</i>	<i>Gene ...</i>		<input checked="" type="checkbox"/>	
<i>Chris ...</i>	<i>Mike Miller</i>		<input checked="" type="checkbox"/>	
<i>Gene Rubena</i>				

Gene Rubena
Chairman's Signature

FISCAL NOTE

DRAFT

BILL NO. CS HR 11

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date: 3/8/91 Department Affected: Health & Social Services

Title: An Act Relating to Qualifications BRU: Medicaid

for Longevity Bonus Payment Component: Medicaid Facility

Sponsor: Royer Illmer

Requestor: _____ COMPONENT SERIAL NO. 0 2 3 0

Expenditures/Revenues: Thousands of Dollars

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)

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

GENERAL FUND	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
FEDERAL FUNDS	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
OTHER	0	0	0	0	0	0
TOTAL	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis

Prepared By: _____ Phone: 465-3355

Division: Division of Medical Assistance Date: 3-11-91

Approved by Commissioner: _____

Agency: HESS etc Date: _____

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impact Agency(ies).

CS HB 11

Reliable data that would identify the potential Alaska longevity bonus status (federally-exempt or not) of individual private nursing home patients who receive Medicaid benefits does not exist.

However, from the case data we do have, we believe that it is reasonable to assume that an average of only 5 recipients per month will meet all the following criteria:

- 1) Eligible to receive a federally-exempt bonus payment by having an open assistance and bonus recipient status prior to 1985, and
- 2) Physician-certified in a timely fashion as likely to return home within 90 days; and
- 3) Possessing other income high enough so that the total bonus payment will be applied to their cost of care, rather than being available in whole or in part to be used for home maintenance via the federal Medicaid maximum deduction for that purpose.

(It is likely that more recipients than these 5 may receive exempt bonus payments, but we assume for purposes of this cost estimate that all of these additional recipients will have a low total monthly income and a home to return to, so that they will be able to use their bonus payments as part of their maintenance deduction. Therefore, no part of their bonus payments will be applied to their cost of care.)

The bonus payment system recently began applying its retrospective eligibility rules to all its recipients. The effect of this change is that most bonus recipients who enter a nursing home will receive two months of bonus payments after admission. With this change, CS HB 11, will add only one month of new bonus payments to be contributed to the cost of care.

The FY92 cost savings to Medicaid are \$5000: 5 recipients/month x 12 months x \$250/month + 3 = \$5000; \$2,500 federal, \$2,500 state funds. For FY93 and following, we assume that the number of affected recipients will remain constant, and that the amount of the bonus will remain at \$250 per month. Therefore, the savings will remain constant in future years.

[Note: There was a fiscal note, dated 2/25/91, showing that HB 11 had a significant fiscal effect on the Medical Assistance BRU, ALB Hold-Harmless component (0231). The changes made in this CS remove all effects on the ALB Hold Harmless program.]

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB NO. 11

Revision Date: 2-25-91 Department Affected: Health & Social Services
 Title: An Act Relating to qualification for longevity bonus payments; and providing for an effective date BRU: Medical Assistance
 Sponsor: Boyer Component: ALB Hold Harmless
 Requestor: _____ COMPONENT SERIAL NO 0-2-3-1

Expenditures/Revenues: Thousands of Dollars

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	1131.0	1184.2	1239.9	1298.2	1359.2	1423.1
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	1,131.0	1,184.2	1,239.9	1,298.2	1,359.2	1,423.1

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

GENERAL FUND	1131.0	1184.2	1239.9	1298.2	1359.2	1423.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	1,131.0	1,184.2	1,239.9	1,298.2	1,359.2	1,423.1

POSITIONS:	0	0	0	0	0	0
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY						

Estimate of current year impact: 282.7 General Funds

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis and companion fiscal note.

Prepared By: Kimberly B. Busch Phone: 465-3355
 Division: Medical Assistance Date: 2-25-91

Approved by Commissioner: [Signature]
 Agency: Health and Social Services Date: 2/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impact Agency(ies).

HB 11

This fiscal note assumes HB 11 as written, without modification to exactly describe federally-exempt bonus payments. Two separate components of the Medical Assistance BRU are affected: Medicaid Facility (0230) and ALB Hold Harmless (0231).

(1) Cost Savings to Medicaid: Eligible Recipients (0230)

We estimate 97 individuals will qualify for new bonus payments, 75 of which will not lose eligibility for Medicaid. These 75 will, however, be able to contribute \$250 more per month to their cost of care, decreasing Medicaid costs by the same amount.

75 x \$250 x 3 months = \$56.3 FY91 savings
75 x \$250 x 12 months = \$225.0 FY92 savings

For FY93 and following, annual loss of bonus recipients is assumed to be equal to the gain in new bonus recipients entering care. Savings are 50% federal, 50% state funds. No increases will occur in FY93 and future years.

(2) Cost Savings to Medicaid: Ineligible Recipients (0230)

We estimate 22 Medicaid recipients will lose eligibility by receiving bonus payments which are not federally exempt. Recipients' average gross cost of care is \$5555, which is reduced by an average contribution of \$1026 of their income to their cost of care, for a Medicaid cost of \$4529.

22 x \$4529 x 3 months = \$298.9 FY91 savings
22 x \$4529 x 12 months = \$1195.7 FY92 savings

For FY93 and following, the number of recipients is assumed to remain constant, but the cost of care is assumed to rise at a rate 4.7% faster than their rate of income will increase.

(3) New Costs: ALB Hold Harmless (0231)

The 22 individuals losing Medicaid eligibility will move to the ALB Hold Harmless program for coverage for their total net cost of care, which, with the new bonus, will drop to \$4284 per month (\$5555 - (\$1021 + \$250) = \$4284)

22 x \$4284 x 3 months = \$ 282.7 FY91 new costs
22 x \$4284 x 12 months = \$1,131.0 FY92 new costs

For FY93 and following, the assumptions are those of #2 above.

FISCAL NOTE

**STATE OF ALASKA
1991 LEGISLATIVE SESSION**

BILL NO. HB NO. 11

Revision Date: 2/25/91 Department Affected: Health and Social Services
 Title: An Act relating to qualification for longevity bonus payments; and providing for an effective date BRU: Medical Assistance
 Sponsor: Boyer Component: Medicaid facility
 Requestor: _____ COMPONENT SERIAL NO 0-2-3-0

Expenditures/Revenues: Thousands of Dollars

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	(1420.7)	(1477.0)	(1535.8)	(1597.4)	(1661.0)	(1729.4)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(1420.7)	(1477.0)	(1535.8)	(1597.4)	(1661.0)	(1729.4)

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

GENERAL FUND	(710.3)	(738.5)	(767.9)	(798.7)	(830.9)	(864.7)
FEDERAL FUNDS	(710.4)	(738.5)	(767.9)	(831.0)	(831.0)	(864.7)
OTHER	0	0	0	0	0	0
TOTAL	(1,420.7)	(1,477.0)	(1,535.8)	(1,629.7)	(1,661.9)	(1,729.4)

POSITIONS:

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

Estimate of current year impact: (305.2); (152.6) FED. (152.6) General Fund

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis and companion fiscal note.

Prepared By: Kimberly S. Busch Phone: 465-3355
 Division: Medical Assistance Date: 2-25-91

Approved by Commissioner: [Signature]
 Agency: Health and Social Services Date: 2/25/91
 Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impact Agency(ies).

HB 11

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75 x \$250 x 3 months = \$56.3 FY91 savings
75 x \$250 x 12 months = \$225.0 FY92 savings

For FY93 and following, annual loss of bonus recipients is assumed to be equal to the gain in new bonus recipients entering care. Savings are 50% federal, 50% state funds. No increases will occur in FY93 and future years.

(2) Cost Savings to Medicaid: Ineligible Recipients (0230)

We estimate 22 Medicaid recipients will lose eligibility by receiving bonus payments which are not federally exempt. Recipients' average gross cost of care is \$5555, which is reduced by an average contribution of \$1026 of their income to their cost of care, for a Medicaid cost of \$4529.

22 x \$4529 x 3 months = \$298.9 FY91 savings
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For FY93 and following, the number of recipients is assumed to remain constant, but the cost of care is assumed to rise at a rate 4.7% faster than their rate of income w .1 increase.

(3) New Costs: ALB Hold Harmless (0231)

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22 x \$4284 x 3 months = \$ 282.7 FY91 new costs
22 x \$4284 x 12 months = \$1,131.0 FY92 new costs

For FY93 and following, the assumptions are those of #2 above.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB11

Revision Date: February 26, 1991

Title: An Act relating to qualifications for Longevity Bonus payments.

Department Affected: Administration

BRU: Division of Pioneers' Benefits

Component: Longevity Bonus Program

Sponsor: Representative Boyer

Requestor: Representative Boyer

COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	1,614.0	1,611.0	1,575.0	1,530.0	1,485.0	1,440.0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	1,614.0	1,611.0	1,575.0	1,530.0	1,485.0	1,440.0

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

GENERAL FUND	1,614.0	1,611.0	1,575.0	1,530.0	1,485.0	1,440.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	1,614.0	1,611.0	1,575.0	1,530.0	1,485.0	1,440.0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

See attachment

Prepared by: Barbara Bathony
Division: Pioneers' Benefits

Phone: 465-4400
Date: 2/26/91

Approved by Commissioner: Millett Keller
Agency: Administration

Date: 2/26/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Fiscal Note
HB11

Division of Pioneers Benefits
February 15, 1991

This bill proposes payment of the Longevity Bonus to nursing home residents if the resident was on the program prior to October 1, 1985. Adult Public Assistance regulations allow those recipients not to declare the Longevity Bonus as income, they are exempt.

The calculation below is based on payments of \$250 per month

Residents on Medicaid and over 65 years old	262	
Private pay	45	
Total number of residents eligible in private sector at \$3,000 per resident	307	\$ 921,000
Pioneers' Home residents in nursing beds	257	
Total Pioneers' Home nursing residents on ALB as of October 1, 1985 (90%)	231	\$ 693,000
Total net cost for Pioneers Homes		\$ 693,000
TOTAL NET COST		\$ 1,614,000

* The Pioneers' Home would expect to recoupe \$171,000 to be deposited in General Fund as additional revenue from the Pioneers' Home residents.

(In 1,000's)

	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
Private Sector Nursing Home Residents	307	307	300	290	280	270
Total cost for private sector	\$ 921.0	\$ 921.0	\$ 900.0	\$ 870.0	\$ 840.0	\$ 810.0
Pioneers' Home Nursing Residents	231	230	225	220	215	210
Total cost for PH	\$ 693.0	\$ 690.0	\$ 675.0	\$ 660.0	\$ 645.0	\$ 630.0
TOTAL NET COST	\$1,614.0	\$1,611.0	\$1,575.0	\$1,530.0	\$1,485.0	\$1,440.0

Suggested Amendment to House Bill 11

The Division is suggesting limiting the Longevity Bonus to nursing home recipients for the first 3 month of each nursing home placement in the State. This would cover the largest segment of the middle income Alaskan residents which are hurt by the present statute. The following is an estimate based on 40 new admission per month to nursing homes. Of these, 50% are pre 10/1/85. In July, 20 will receive \$250; in August, 40; in September through June 92, 60 people per month will receive \$250. The total cost of suggested amendment is \$165,000 for FY 92, decreasing each year thereafter.

The Division request clarification: Does this act cover persons already in nursing home or only if they enter after July 1, 1991?

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STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB11

Revision Date: _____ Department Affected: Health & Social Services
 Title: "An Act relating to qualification for longevity bonus payments." BRU: Assistance Payments
 Component: Alaska Longevity Bonus - Hold Harmless
 Sponsor: Boyer
 Requestor: _____ COMPONENT SERIAL NO.

0	2	2	2
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

GENERAL FUND	0	0	0	0	0	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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

There will be a small fiscal impact on a few OAA-ALB Hold Harmless cases, but the amount is too small to forecast.

Prepared By: Jan L. Hansen *[Signature]* Phone: 465-3347
 Division: Division of Public Assistance Date: 2/21/91
 Approved by Commissioner: *[Signature]* Commissioner: Theodore A. Mala, MD
 Agency: Department of Health and Social Services Date: 2/25/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

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(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

MEMORANDUM

DATE: March 12, 1991
TO: House State Affairs Committee Members
FROM: Representative Mark Boyer *MB*
RE: CSHB 11 (State Affairs)

Attached is a draft copy of a committee substitute for HB 11, which I hope will become the State Affairs CS. My staff has worked with the Department of Administration, Division of Pioneer Benefits and the Department of Health and Social Services, Divisions of Medical Assistance and Public Assistance, to iron out problems that arose in a drafting error in this legislation.

In qualifying for the longevity bonus payment, senior citizens must have met a number of requirements and criteria, at both the state and federal level. The problem arises for many elderly in meeting the federal determination of income eligibility under the Supplemental Security Income section, which is part of the Federal Social Security Act.

Prior to 1984, the longevity bonus was exempt from the determination of income eligibility at the federal level. But the federal law changed in the fall of 1984 to include the bonus as income. This put many seniors in nursing homes over the income limit allowable to qualify for Medicaid. After much discussion and research the Legislature decided that a blanket disqualification of all nursing home residents was needed to comply with this new law.

The Department of Administration has received frequent complaints from seniors about the loss of the bonus upon entering a nursing home. Approximately 600 people are affected by this law. Although, federal law allows those seniors who were on the program prior to 1985 to exclude the bonus from income calculations, when the law changed few apparently realized that this exemption existed. The state failed to acknowledge that seniors who had received a bonus

FAIRBANKS 20B

- Sponsor Statement -

prior to 1985 actually were eligible to continue receiving the payment. The Department of Administration now feels that those seniors should indeed receive the bonus and that the Legislature should consider this change this session.

At the request of Administration, I introduced HB 11 and I have worked with the Division of Pioneer Benefits to clarify the language in the proposed committee substitute. The CS would allow seniors to continue to receive a bonus for up to 3 months (90 days) after entering the nursing home. The majority of elderly entering a nursing home stay for less than 3 months. For example, a 67-year-old man may have broken his hip and been moved from the Pioneer Home side to the nursing home wing. However, this man will only be in the nursing home wing until his leg mends and then he will return to the residential wing of the home. Upon entering the nursing home wing his bonus payments stop.

Recognizing that the average stay in a nursing home was three months, the federal government recently changed the federal law to allow seniors to retain their bonus without being disqualified for other federal programs. The language in the proposed CS would bring our law into conformity with the federal statute.

I've attached copies of the new fiscal notes that would go with this committee substitute. Both the Department of Administration and the Department of Health and Social Services are in agreement that this CS is the best route to take.

Since the inception of the bonus program in 1973 the state has spent approximately \$525 million in unrestricted general fund revenue on the program. In FY90, approximately \$57 million was distributed to more than 19,000 seniors under this program. The projected cost for FY91 is \$62 million.

Income of the elderly in Alaska is substantially lower than any other age group. According to data collected by the Older Alaskans Commission, 51 percent of the elderly population had incomes of less than \$10,000 in 1984. And approximately 90 percent of senior citizens have incomes of less than \$20,000. An annual income of \$3,000 from the longevity program is an important amount to these people.

If you have any questions, please contact me or Alexis Miller of my staff at 465-3467.

Fed. statute allows 90 day grace period

DoA and HSS support CS



House State Affairs Committee

Representative Gene Kubina, Chair

DATE: February 27, 1991

PLACE: Capitol, Room 102

SUBJECT OF MEETING:

- *HB 11 - Relating to Longevity Bonus, Nursing Home Residents
- *HB 20 - Relating to Longevity Bonus, Nursing Home Residents
- *HB 67 - Relating to Impoundment of Mistreated Animals

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Gordon G. Landes	Div. of MEDICAL ASSISTANCE	PO Box H-07 JUNEAU AK	99811		465-3355	(Y) N	HB 11, SSHB 20
Curtis C. Lonas	Div. Pub. Assistance	Box H JUNEAU AK	99811	3347	3347	Y (N)	HB 11; HB 20
JAMES E. STEELE	DIV. PUBLIC AST.	PO BOX H-07 JUNEAU AK	99811		465-3347	Y (N)	HB 11, SSHB 20
THOMAS T. SEARNS	Public Safety	Comm's Office			465-4322	Y N	HB 67
Barbara Bathony	Dir. Pioneers Benef.				465-4400	Y N	HB 11, SSHB 20 if necessary
Margot Knuth	Dept Law	PO Box KC	99811		3428	(Y) N	HB 67
J. RON SUTCLIFFE	Dept. Law	P.O. Box KA JNU	99811		3620	(Y) N	HB 67
						Y N	
						Y N	
						Y N	
						Y N	



House State Affairs Committee

Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE: Feb 27, 1992

PLACE: Capital Room 102

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Rose Palmquist	OPAG.	303 AND ST -	9080	467 3315		<input checked="" type="checkbox"/> Y	11 & 20
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	
						<input type="checkbox"/> Y	

EXPLANATION OF DISQUALIFICATION OF LONGEVITY BONUS RECIPIENTS WHO RESIDE IN NURSING HOMES

The law was amended during the 1985 session of the Alaska Legislature to make the Longevity Bonus unavailable to nursing home residents.

Following is the explanation for the passage of the law as provided in a letter dated June 21, 1985, to all nursing home residents from Joyce Munson, Director of the Division of Pioneers' Benefits:

As you may know, the legislature passed legislation this year that results in the discontinuation of the Alaska Longevity Bonus to residents of nursing homes. This exclusion applies both to residents of private nursing homes and to residents of the nursing home wings of the Pioneers' Homes. Our records show that you are such a resident; as a result, we will be unable to continue sending you bonus payments.

The decision to exclude nursing home residents from receipt of the bonus was a difficult one for the legislature, and we thought we should explain as fully as possible the reasons for this decision. The nursing home exclusion appeared to be the most equitable solution to a very difficult problem--the lesser of a number of potential evils.

Due to a special exemption in federal law, the original longevity bonus was not counted as income when determining eligibility for assistance programs such as Supplemental Social Security (SSI), Old Age Assistance (OAA) and medicaid. As a result, when needy persons received the bonus, they would not lose these other protections. After the original bonus program was found unconstitutional, federal law was changed so that the bonus must now be counted as income for these programs. This change in federal law presented an extremely dangerous problem for certain nursing home residents: If receipt of the bonus made them ineligible for medicaid, they would be unable to remain in nursing homes, but receipt of the bonus would not be nearly enough to pay for the care they needed. To aggravate the problem, the federal government determined that even if an individual eligible for the bonus chose not to apply for it, he or she nonetheless would be deemed to have received it and would therefore be ineligible for medicaid. Thus, the bonus would harm these individuals severely.

The State Special Committee on the Alaska Longevity Bonus and the legislature sought a solution to this difficult problem which would be the least harmful all the way around, but there was no perfect solution. The legislature recognized that by and large residents of nursing homes receive substantial State assistance for their care, either through State participation in medicaid in private nursing homes, or through direct support in the Pioneers' Homes. The cost of care for each recipient in these homes is between \$40,000 and \$50,000 per year. The loss of federal participation for medicaid recipients is an expense greater than the State could afford. While the legislature recognized that some individuals contribute to these

monthly rent), these contributions do not approach the full cost of care. Thus, State support of nursing home residents is high, even without the bonus.

The legislature was also aware that the bonus has historically been unavailable to certain individuals who are not living independently; those in mental institutions, and those who are incarcerated. Part of the reason for these exclusions is that the State is already contributing to the cost of supporting these individuals; another part is that the bonus is intended to assist senior Alaskans in living independently. The nursing home exclusion is an extension of these ideas.

As a result of all these considerations, the legislature concluded that the most equitable solution would be to exclude nursing home residents from receipt of the bonus. For equal protection reasons, the legislature concluded that it must deny the bonus to all nursing home residents, whether they received medicaid or not. As a result of the exclusion, the bonus cannot have the effect of disqualifying individuals from critical medical care.

We recognize that loss of the bonus may seem harsh to those of you who have received it in the past, and we regret that we are unable to continue sending it to you. However, the primary motivation of the legislature was to ensure that no one lost medical care that was critical to survival. Exclusion from the bonus program does not alter the State's dedication to ensure that each senior Alaskan is provided with the basic necessities of life. If loss of the bonus means that you are no longer able to pay the monthly rent at a Pioneers' Home, the home manager will adjust the rate with you.

If your bonus is terminated and if you are not a resident of a nursing home, please contact the program immediately.

The members of the staff of the Longevity Bonus Program have enjoyed our association and contact with you in the past. If you have questions regarding your eligibility please feel free to contact our office at 465-4416. Please let us know if your circumstances change in the future, and you again become eligible for the bonus.

Sincerely,

Division of Pioneers' Benefits

H-51A MAR 13 1981
Rm 102
Rep. Kubisa

House Bill No. 11

"An Act relating to qualification for longevity bonus payments; and providing for an effective date."

Current state law prohibits the payment of Longevity Bonus payments to persons who live in nursing homes. This bill allows Longevity Bonus payments to be made to nursing home residents, if they qualified for and received Longevity Bonus payments before October 1, 1985.

There are 614 private sector nursing home residents in Alaska and 267 nursing beds that are available through Pioneers' Homes. Of the 614 nursing home residents, 523 have their cost of care paid through the Medicaid Program. 314 of these Medicaid recipients are age 65 or older. Some, but not all, of these aged Medicaid recipients would be eligible to receive Longevity Bonus payments under the provisions of this bill.

1. Nursing home residents who are Medicaid recipients and certain residents of the nursing wing of Pioneers' Homes receive no benefit from this bill.

Nursing wing residents of Pioneers' Homes who are considered destitute are required to contribute all income they receive towards their cost of care, except for \$100 which they are allowed to keep for their personal needs. There are currently 257 occupied beds in the Nursing wings of the Pioneers' Homes. 86 patients are considered to be destitute.

Nursing home residents who are Medicaid recipients are required by federal regulation to contribute all income they receive towards their cost of care, except for \$75 which they are allowed to keep for their personal needs. They would have to apply their bonus payments to their cost of care.

The 91 nursing home residents who are not Medicaid recipients and the 171 nursing wing residents of Pioneers' Homes who are not considered destitute may keep any Longevity Bonus payments they might receive under the provisions of this bill.

2. Not all the longevity bonus payments allowed under this bill are excluded by federal law in determining eligibility for nursing home Medicaid coverage.

Longevity bonus payments made before October 1, 1985 under the old 25 year residency requirement of the Alaska Longevity Bonus Program are excluded from income by federal law in determining eligibility for the Medicaid Program. However,

because of a lawsuit, the 25 year residency requirement for the longevity bonus program was replaced by a one-year residency requirement on May 1, 1984. Longevity bonus payments received under this one-year residency requirement are not excluded from income by federal law.

As written, HB No. 11 does not specify all the criteria necessary under federal law and regulations in order for Medicaid to disregard bonus payments in determining eligibility. Unless the bill or the Department of Administration state regulations for the bonus are amended to add these criteria, we believe it is very likely some of the residents receiving the proposed Bonus payments would be made ineligible for Medicaid.

The complete criteria are:

Received a bonus payment before June 1, 1984; or, if they became eligible before June 1, 1984 but prior to October 1, 1985, they meet all of the following:

(i) Received a Supplemental Security Income or Adult Public Assistance payment prior to October 1, 1985; and

(ii) Had his or her 65th birthday no later than October 1, 1985; and

(iii) Resided in Alaska on or before January 3, 1959; and

(iv) Resided continuously in Alaska for 25 years prior to October 1, 1985

If bonus payments are made to any Medicaid recipient who does not fit these exacting criteria, and that person has substantial other monthly income, the payment may produce ineligibility. Each such case qualifies for medical coverage under the Alaska Longevity Bonus hold-harmless program, so the individual would not be harmed. However, the effect of this coverage would be to replace the 50% federal Medicaid funds with 100% state general funds. Since the average monthly cost for private nursing home care is \$5,555, each new case entering the hold-harmless program could cost the State \$33,330 or more per year.

3. State expenditures would increase for each new bonus recipient. Each person processed as proposed by HB No. 11 would be required to turn the bonus over to their nursing home to help defray their loss of care. When the new bonus payment comes from state funds, it displaces federal Medicaid matching funds by reducing Medicaid payments. The Department of Administration suffers a \$250 monthly increase in expenditures, and the Department of Health and Social Services saves \$250 in Medicaid expenditures, but loses \$125 in federal

Medicaid dollars. Additionally, both departments suffer administrative costs (in three separate divisions) from issuing a new bonus payment and assuring that it is properly applied to the cost of care.

4. State expenditures would also increase for individuals who become ineligible to receive a \$75 cash payment for personal needs because they receive countable longevity bonus payments.

Certain nursing home residents who receive less than \$75 in countable income are eligible for a cash payment of up to \$30 from the federal SSI program and \$45 from the State APA program, so that they have a total of \$75 for their personal needs. If these individuals become ineligible for this cash payment from SSI and/or the APA program because they receive a countable longevity bonus payment, the State is required by law to replace this cash payment through the Alaska Longevity Bonus hold harmless program. Effectively, this means that individuals who receive a \$30 cash payment from SSI for their personal needs would have this payment replaced by a payment from the Alaska Longevity Bonus hold harmless program. However, costs for this item will be unnoticable, since only 10 people may be affected.

Position

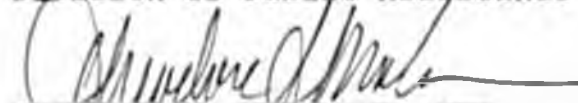
The department believes that, even if it were amended, HB No. 11 would unnecessarily add new costs to state government. Also, we believe it would not remove the strong objections elderly Alaskans have had about the inequities of the current absolute prohibition against payments to nursing home and nursing wing residents. Rather, it would substitute a new, more complex inequity, that those who meet the fine points that define federally-exempt bonuses will receive \$250 a month in payments, while someone who fails to meet them in some minor way will receive nothing. We see no benefit that would result from passage of HB No. 11.



Kimberly B. Busch, Acting Director
Division of Medical Assistance



Jan L. Hansen, Director
Division of Public Assistance



Theodore A. Mala, MD, MPH
Commissioner

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF MEDICAL ASSISTANCE

WALTER J. HICKEL, GOVERNOR

P.O. BOX H-07
JUNEAU, ALASKA 99811-0660
PHONE: (907) 465-3355

March 7, 1991

Representative Mark Boyer
House of Representatives
Capital Building, Room 411
P. O. Box V, H/S 3100
Juneau, Alaska 99811

Dear Mark:

We want to thank you and your staff for including us in the work session Saturday on HB 11. At that session, we promised you our assessment of the Medicaid and Medical ALB-Hold Harmless fiscal effects of the array of changes discussed.

1. If the bill were amended to exactly provide that bonus recipients in nursing homes would receive federally-exempt bonus payments (with something like the wording we suggested Saturday), the savings to Medicaid would shrink from 1,240.7 to 225.0 for FY92, simply because bonus payments that are exempt would no longer create new ineligibles. The fiscal note for the ALB-hold harmless program would therefore disappear.

The total effect from this change would be that each of the 75 private nursing home recipients who would get bonus payments under the expanded bonus program would contribute \$250 more each month to their cost of care, reducing Medicaid FY92 expenditures by a total of 225.0, 112.5 of which is federal funds.

This "savings" is somewhat deceptive, in that the total net cost to the state actually increases by 112.5, since the Department of Administration ALB payments increase by 225.0 for that group, displacing the 112.5 federal contribution to Medicaid.

2. If the bill were modified as we suggested to pay only federally-exempt bonus payments, and it were further modified to make those payments only for the first three months of nursing home residency, we expect that only 5 recipients per month, on average, would receive these payments.

The potential savings to Medicaid would be \$15,000, 5 recipients/mo x 12 months x \$250/month. However, a recent change in the ALB payment system has resulted in most members of the group from which these clients would come actually receiving two bonus checks after admission to a nursing home. The HB 11 proposed change would add

Representative Boyer

March 7, 1991

Page -2-

only one more bonus check per recipient, so the total effect is only one third of \$15,000, or \$5,000. In effect, combining these two changes in a CS HB No 11 would cost the state only \$2,500 in lost federal revenue.

This estimate assumes some abbreviated eligibility test like the federal SSI program employs to continue full payments to some of its recipients who enter a nursing home for only a short time. SSI asks for a doctor's statement that the patient is likely to return home within a 3-month time. However, the SSI program has very onerous limits on when this documentation must be submitted and requires that the patient request continued payment within 10 days of admission.

If you contemplate this option, we'd urge you (or Administration) to restrict the requirements to as simple a level as possible, because we find that the "hassle maze" created by the SSI requirements clearly keeps patients who truly need continued payments to maintain their homes from qualifying.

However, as we think through the steps involved in processing ALB payments under this provision, we believe that even a simple set of requirements would still take perhaps up to 30 days to insure that payments should or should not continue.

If this is true, then this option probably contains two lesser options:

(a) Continue bonus payments for 30 or 60 days to all bonus recipients who enter a nursing home (which would have no fiscal effect on Medicaid, since two bonus checks are currently applied to our cost of care), or

(b) Immediately suspend bonus payments to all who enter nursing homes, reinstating the payment to those who will be determined to be exempt bonus recipients who are also likely to return home within three months.

In terms of keeping the bonus from displacing federal Medicaid funds, option (b) is obviously better.

3. For simplicity of administration, it may make more sense to simply continue the bonus to all exempt recipients for three months. This would probably affect an average of 9 persons per month, at \$250 per person, x 12 months, divided by 3 = \$9000, a loss of only \$4500 in federal funds.

Representative Boyer

March 7, 1991

Page -3-

4. Though it was not discussed in the work session, another option does occur to us now, which is to avoid determining exempt-bonus status altogether, and simply continue the bonus to all persons entering a nursing home, but only for three months. From a Medicaid and Hold Harmless perspective, this is not very appealing, for it would result in adding new costs to the Hold-Harmless program and in displacing more federal dollars.

Approximately 276 bonus-eligible recipients enter private nursing homes each year, approximately 110 of which would be ineligible because of bonus receipt. Medicaid savings = $166 \times \$250$ (one month only) = \$41,500. New Hold-Harmless costs = $110 \text{ recipients} \times \4272 (net cost of care/month) $\times 1 \text{ month}$ = \$469,920. (These figures are very rough and would have to be refined if you chose to pursue this option.)

5. Some discussion surrounded the effect of making at least the nursing home bonus payments needs-based, at some high annual income level, but without any assets test. This is appealing because it insures that those who need the bonus to maintain their homes until their return are, by definition, needy. No matter how high such an income qualifier is set, any needs-based payment will be disregarded in determining Medicaid eligibility, so such a plan would not affect the Hold-Harmless program expenditures.

However, even needs-based payments must, under federal law, be applied to the cost of care, thus again producing a savings in Medicaid. This savings is in net effect a new cost to the state, since the \$250 paid in ALB state funds "drives out" \$125 in Medicaid federal matching funds. The only way to change this impediment would be to get our Congressional delegation to amend the Social Security Act in an Alaska-specific way, which I believe would be difficult at best, and might even put the current bonus exemption at risk.

I hope you find this description of various alternatives helpful. If you have any further questions about this issue, please contact Gordon Landes at 465-3355.

Sincerely,

Kim

Kimberly B. Busch
Acting Director

KSB:GCL:jg

Needs based

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

November 20, 1990

SUBJECT: Longevity bonus payments for nursing home residents (W.O. No. 17LS-0184)

TO: Representative Mark Boyer

FROM: Tamara Brandt Cook *TBC*
Director
Division of Legal Services

You have asked for a draft that would amend AS 47.45.070 to permit a resident of a nursing home to receive longevity bonus payments if the person received bonuses before October 1, 1985.

Nursing home residents were excluded from the longevity bonus because the federal government decided in 1984 that it would count the bonus as income for purposes of medicaid eligibility determinations, at least for those Alaskans who were not 65 before October 1, 1985, and did not have 25 years of state residency by that date, as was required under the original longevity bonus program. (See 42 USC 1382a(b)(2)-(B)) One result of that federal change would have been to make some older Alaskans ineligible for medicaid coverage of their nursing home costs. To protect these people, the legislature imposed a blanket disqualification of all nursing home residents under the longevity bonus program.

From a constitutional standpoint, the disqualification of nursing home residents from receiving longevity bonus payments raises an equal protection question. Looking at the longevity bonus program in isolation, without regard to medicaid eligibility, there appears to be no rational relation between the purposes of the longevity bonus program and one's status as a nursing home resident. So the existing statute may already be unconstitutional.

The next question, the one which your request poses, is whether the legislature can constitutionally carve out an exception so that some nursing home residents again

Representative Mark Boyer

November 20, 1990

Page 2

become eligible for the longevity bonus. Put another way, can the legislature discriminate against certain nursing home residents by continuing to disqualify some for the longevity bonus? That is, can the legislature discriminate against certain nursing home residents under the longevity bonus program in order to benefit them under a different program (medicaid)?

The issue appears to be a novel one. I was unable to locate any case law relating to the issue of discriminating against a class of persons in order to benefit them. Perhaps the reason there are few cases of this type is that members of such discriminated classes do not feel they are being harmed by the discrimination, and so those matters are rarely litigated. It seems to me that a legal argument can be made to support carving out an exception for the nursing home residents. Arguably, the longevity bonus program should not have to be viewed in isolation; rather, it should be seen in the context of other government programs aimed at reaching the same populations. Why, for example, shouldn't the legislature be permitted, in its wisdom, to tailor the longevity bonus program in a way that maximizes the overall benefits (state and federal) to all nursing home residents in the state? Such "discrimination" is not invidious. It is rational, well-intentioned, and consistent with the state's mandate to provide for the health and welfare of its citizens. Whether this argument would succeed is speculative, however.

The federal government, of course, will spot the subterfuge. They may take the position that the state, in withholding benefits to some nursing home residents, is discriminating unfairly against medicaid recipients, simply because they are medicaid recipients. Or the federal government could use the state's argument to justify its own treatment of Alaska nursing home residents differently from nursing home residents of other states: as soon as they are cut off from federal benefits they qualify for state benefits, so different treatment with respect to federal benefits does not amount to prohibited discrimination. The risk is that either view could provide grounds for cutting off medicaid funding to the state.

Gordon Landes of the division of medical assistance, Department of Health and Social Services, advised Mr. Ed Hein of our office some time ago that the federal government has never said in writing what would happen or how they would respond if the state attempted to discriminate against medicaid recipients in order to avoid the state's having to pick up the tab for their nursing home costs. He thought it might be worth asking them for a written opinion. I believe that it will be necessary to work in cooperation with the federal government on this legislation in order to avoid the possibility that the federal government will reduce benefits to state citizens once a bill is enacted.

MEMORANDUM State of Alaska



TO: Frank S. Baxter
Commissioner
Department of Administration

DATE: August 29, 1990

FILE NO:

THRU: James J. Fox
Deputy Commissioner

TELEPHONE: 465-4400

SUBJECT: Statute Revisions

Barbara Bathony, Director
Division of Pioneers' Benefits

FROM: David Teal *Teal*
Deputy Director
Division of Pioneers' Benefits
Department of Administration

Given the restrictive language and time frame of your memorandum regarding legislative proposals, I hesitate to submit the attached package. In my opinion, there is no "vital need" for change, but that judgment is for you to make. The package is not current and is not ready to submit to the Governor's office, but I will do all I can to meet the standards and the deadline if you believe the proposals merit consideration. I will need several days notice in order to prepare an acceptable package.

There are additional housekeeping changes which would ease the transition to proposed regulations and two additional policy changes that should be incorporated into the February 2 suggestions. The major changes are discussed below.

- 1) AS 47.45.140 states that a person who makes a false statement to receive a bonus shall be disqualified from and make restitution to the Longevity bonus program upon conviction of a misdemeanor. The program routinely disqualifies people and collects from them without prosecution. Approximately 50 recipients could be affected annually, with annual costs--in the form of foregone collections if no change is made--of as much as \$250,000. Proposal: adopt language similar to that governing Permanent Fund Dividend operations, which allows a hearing and appeal to the court, but does not require criminal prosecution.
- 2) Recipients lose the bonus upon entering a nursing home. This situation is a source of frequent complaints from about 600 affected recipients. Federal law allows those who were on the program prior to 1985 to exclude the bonus from income calculations for medical and other social benefits. Proposal: pay the bonus to nursing home residents who were on the program prior to 1985. No cost estimates have been prepared, but much of the cost can be recovered as program receipts to the Pioneers' Homes. The fiscal impact of the entire package should be positive.

Nursing ID

August 30, 1989

The Honorable Dick Eliason
Alaska State Senator
P.O. Box V, MS 3100
Juneau, AK 99811
Attn: Ms. Sandy Perry-Provost

Dear Ms. Perry-Provost:

As you requested, what follows is a written version of my telephone response to your query.

In 1985 the Longevity Bonus legislation was amended to exempt nursing home residents from receiving the Longevity Bonus. The reasons for this action goes back to the fact that the federal government now counts the bonus as available income to all Alaska residents who are at least 65 years of age when determining eligibility for assistance programs. This occurs whether or not the bonus has been applied for and resulted in the loss or reduction of certain federal benefits to some persons in need. Additionally, the "hold harmless" provision in the 1985 amendment meant that the State would pay the difference in lost or reduced Supplemental Social Security benefits, Old Age Assistance and Medicaid to persons not living in nursing homes.

The loss of Medicaid to persons in nursing homes presented a larger problem because the amount of the bonus placed recipients over the income limit for receiving Medicaid, and meant that because of cost, they would be unable to remain in the nursing home and receive the care they required.

The cost of assuming the loss of federal participation for Medicaid recipients in nursing homes was greater than the State could afford. It was therefore necessary to determine a method of precluding the federal government from counting the bonus as available income. For that reason the legislature had to make the bonus unavailable to Medicaid recipients in nursing homes. The constitutional requirement for equal protection made it necessary to exclude all people who reside in nursing homes.

wrong.
only post
8/31

Senator Dick Eliason, August 30, 1989, Page 2

The members of the legislature recognized that this was not the perfect solution to this difficult problem, but also recognized that residents of nursing homes generally receive substantial State assistance for their care, either by State participation in Medicaid in private nursing homes or through direct support in the Pioneers' Homes.

The legislature in the end determined that the removal of the bonus to all nursing home residents was the least harmful and most equitable solution. This decision has been questioned in each session of the legislature since it was enacted, but no other effective solution has yet come forth.

I hope this answers your question. Though it referred specifically to Ms. Thelma Boddy, the answer pertains to Ms. Boddy and all others who are similarly situated.

Contact me if you have further concerns.

Sincerely,

James H. Chase
Administrator
Longevity Bonus Program

*per Debra Vogt, they
never thought of the
loophole.*

ALASKA NURSING HOMES CENSUS

RECEIVED
JAN 11 1991
MEDICAL RATE
VACANT BEDS
ALASKA DEPARTMENT OF COMMUNITY DEVELOPMENT

FACILITY	MEDICAID PER DIEM RATE	CERTIFIED CAPACITY		MEDICAID/GRM PLACEMENTS		NON-DMA PLACEMENTS		MEDICAID RATE	VACANT BEDS	OCCUPANCY OF TOTAL BEDS	
		SNF/ICF	SWING BEDS	ICF	SNF	MEDI-CARE	OTHER			OVERALL	MEDICAID
CORDOVA HOSPITAL LTC	\$282.90	10	4	12	0	n/a	0	12		86%	86%
DENALI CENTER (Fairbanks)	200.34	101	0	38	8	7	8	61	40	60%	46%
HERITAGE PLACE (Soldotna)	207.30	45	0	21	2	4	5	32	13	71%	51%
ISLAND VIEW MANOR (Ketchikan)	237.70	46	0	18	3	2	5	28	18	61%	46%
KOTZEDUE SENIOR CITIZEN CARE CTR.	189.27	9	0	5	2	0	0	8	1	89%	89%
KODIAK ISLAND HOSPITAL LTC	217.34	19*	4	14	n/a	0	3	17	6	74%	61%
MARY KONRAD CENTER (Anchorage)	290.37	73*	0	70	n/a	n/a	2	72	1	90%	96%
OUR LADY OF COMPASSION (Anchorage)	176.59	224	0	139	46	8	27	220	4	98%	83%
PETERSBURG HOSPITAL LTC	251.18	14	4	10	0	0	2	12	6	67%	56%
QUYAANA CARE CENTER (Homer)	235.36	15*	0	15	n/a	n/a	0	15	0	100%	100%
SOURDUGH PLACE (Valdez)	207.06	16*	0	10	n/a	n/a	3	13	3	81%	63%
SOUTH PENINSULA HOSP. LTC (Homer)	234.32	18	4	14	1	n/a	2	17	5	77%	68%
ST. ANN'S NURSING HOME (Juneau)	210.62	45	0	35	7	0	1	43	2	96%	93%
WESLEYAN NURSING HOME (Seward)	164.52	65	0	40	0	n/a	6	46	20	70%	61%
WRANGELL GENERAL HOSPITAL LTC	284.80	14	4	9	1	0	2	12	6	67%	56%
SWING BEDS (Acute to LTC):											
CENTRAL PEN. HOSPITAL (Soldotna)	181.75	0	4	0	0	1	0	1	3	25%	0%
SEWARD GENERAL HOSPITAL	177.51	0	2	0	0	0	0	0	2	0%	0%
SITKA COMMUNITY HOSPITAL	181.75	0	2	0	0	2	0	2	0	100%	0%
VALDEZ COMMUNITY HOSPITAL	181.75	0	4	2	0	0	0	2	2	50%	50%
VALLEY HOSPITAL (Palmer)	181.75	0	4	0	0	0	1	1	3	25%	0%
TOTAL:			751	453	70	24	67	614	137	82%	70%

* - beds certified ICF only.
** - includes VA, private pay, insurance, and other.

523

NOTE: Retro rate for Heritage Place effective 7/1/90.

Karen Martz
KAREN MARTZ
DIVISION OF MEDICAL ASSISTANCE (907) 561-2171
DATE 1/9/91

3-26-91

LEGISLATOR:

Post-It™ brand fax transmittal memo 7871		# of pages: 2
To: H. St. Haines	From: LIO	
Co:	Co. Wasilla	
Dept. //	Phone: 376-8404	

We think continuing the Longevity Bonus for citizens over age 65 is helping the economy of the State to a much greater degree than most people think. When a person worked in the State and then retires and stays here, consider what he continues to buy: housing, food, clothing utilities, insurance, medical, entertainment, and transportation. They may not need the bonus, but I bet it goes back in the economy for goods and services. It really helps those over 65 that have just a small Social Security income, and makes them more independent.

The state should encourage other migrant retirees to move to the State and also put their retirement income to working in our State. Do you realize the amount these retirees are spending in the State and they are not taking any one's jobs--they leave the jobs to the young. Another saving to the State is the fact that retirees don't need new schools which is one of the biggest costs in the State and community.

Enclosed is a copy an of article from "Retirement Life" Jan. 1990, the magazine of retired Federal Employees. This shows the loss to Alaska and other States because the workers retire out of the State. It also shows the big gainers and that some are going out of there way to gain recent retirees as they help the economy of these States.

We think the State should look at the whole picture of the Longevity Bonus, not just what the State spends but also what it receives in, the boost in the economy from the retirees income, which in turn helps all citizens of the State of Alaska.

Sincerely,

V. Clifford Darnell
V. Clifford Darnell

Bonnie Jo Darnell
Bonnie Jo Darnell

PH: 373-3110

P.O. Box 870166; Wasilla, Ak. 99687

Retirement Life

NARFE FOR FEDERAL RETIREES & EMPLOYEES

JANUARY 1990

Retirees Are Migrating South . . . and West At a Cost to Older Population Centers

An independent study shows that migrating retirees have a greater economic impact than originally thought.

Charles Longino, Jr. of the University of Miami and William Crown of Brandeis University report that between 1985 and 1990 the south and west will benefit markedly from an increase in retiree population. Their findings, published in the October issue of *American Demographic Magazine*, conclude, "Because of this good news, many states are gearing up to compete for out-of-state retirees."

The study shows that retirees stimulate local economy, and that this stimulation more than offsets the cost of any additional social services. "For most of the communities that receive them, retired migrants are pure gold," the researchers state.

They estimate that in 1990, the average retirement household will spend

\$20,000, with housing—including heat, air conditioning and furniture—as the largest expense. Transportation, food, personal care, health care and insurance are included in this figure.

Not surprising is the fact that Florida stands to gain the most from the retiree influx. An estimated \$5 billion increase is projected for the five-year study period. Arizona is a distant second, with an estimated increase of \$1 billion. Texas (+\$570 million), North Carolina (+\$250 million) and Arkansas (+\$247 million) round out the top five.

New York will suffer the greatest loss, with a decrease of \$2.8 billion. Retiree migration will also negatively impact Illinois (-\$1.2 billion), Ohio (-\$735 million), Michigan (-\$692 million) and Pennsylvania (-\$569 million).

These figures are derived from

computations based on the 1980 Census. Longino and Crown considered the incomes of all those age 60 and over who relocated between 1975 and 1980, and, projecting the same rate of migration, adjusted the income rate to reflect that of 1985 through 1990.

The researchers predict a more competitive environment among states eager to increase retiree population. Quality of life—especially cost of living, climate, crime rate and social activities—are the main thrust of most campaigns.

Jane Burbour, spokeswoman for the North Carolina Division of Aging, comments in the *Charlotte Observer*, "Years ago, the state did not make any overt effort to attract retirees. Actually, we welcome them now because they add significant income to the state."

As Retirees Migrate, Which States Gain, Which Lose?

A state-by-state rundown of the net gain and loss, measured in millions of dollars, expected from the movement of older migrants from 1985 to 1990:

GAINERS		LOSERS	
State	Amount	State	Amount
Florida	\$5,095	Virginia	-\$4
Arizona	\$1,016	Kentucky	-\$23
Texas	\$570	South Dakota	-\$26
North Carolina	\$250	North Dakota	-\$28
Arkansas	\$247	Wyoming	-\$28
Oregon	\$188	Nebraska	-\$31
South Carolina	\$172	Rhode Island	-\$34
Nevada	\$170	Louisiana	-\$35
Georgia	\$168	Alaska	-\$41
Washington	\$166	Montana	-\$46
New Mexico	\$137	West Virginia	-\$58
California	\$132	Kansas	-\$87
Tennessee	\$65	Missouri	-\$88
Alabama	\$57	Minnesota	-\$115
Mississippi	\$44	Wisconsin	-\$102
Hawaii	\$45	Iowa	-\$134
New Hampshire	\$38	District of Columbia	-\$135
Maine	\$33	Connecticut	-\$220
Utah	\$28	Maryland	-\$235
Oklahoma	\$18	Indiana	-\$236
Colorado	\$16	Massachusetts	-\$334
Idaho	\$9	New Jersey	-\$517
Delaware	\$5	Pennsylvania	-\$569
Vermont	\$4	Michigan	-\$692
		Ohio	-\$735
		Illinois	-\$1,232
		New York	-\$2,873

(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;

(2)(A) the first \$240 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual, and

(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

P.L. 81-171, "Housing Act of 1949", §521(a)(1)(B), (C), and (E), Vol. II, p. 325; and P.L. 89-117, "Housing and Urban Development Act of 1965", §101, Vol. II, p. 546.

See P.L. 95-433, [Yakima Indian Nation or Apache Tribe of the Mescalero Reservation], §2, with respect to exclusion from income and resources of certain judgment funds; Vol. II, p. 694.

See P.L. 95-498, [Pueblo of Santa Ana Indians, New Mexico], §6, with respect to an income and resources exclusion applicable to the Pueblo of Santa Ana Indians, New Mexico; Vol. II, p. 695.

See P.L. 95-499, [Pueblo of Zia, New Mexico Indians], §6, with respect to an income and resources exclusion applicable to the Pueblo of Zia Indians, New Mexico; Vol. II, p. 696.

See P.L. 95-557, "Housing and Community Development Amendments of 1978", §410(b), Vol. II, p. 696, with respect to exclusion from income of services (but not of wages) provided to a public housing resident or to a resident of a housing project assisted under the "Housing Act of 1959" (P.L. 86-372, §202; Vol. II, p. 473).

See P.L. 97-35, Title XXVI, "Low-Income Home Energy Assistance Act of 1981", §2605(f), with respect to exclusion from income and resources of home energy assistance payments or allowances; Vol. II, p. 730.

See P.L. 98-432, "Shoalwater Bay Indian Tribe—Dexter-by-the-Sea Claim Settlement Act", §5(e), with respect to exclusion from income and resources of certain judgment funds; Vol. II, p. 783.

See P.L. 98-500, "Old Age Assistance Claims Settlement Act", §8, with respect to exclusion from income and resources of certain judgment funds; Vol. II, p. 784.

See P.L. 98-602, Title I, [Wyandotte Tribe of Oklahoma], §106(d), with respect to exclusion from income and resources of certain funds distributed per capita; Vol. II, p. 785.

See P.L. 99-130, [Mdewakanton and Wahpekute Eastern or Mississippi Sioux], §8, with respect to exclusion from income and resources of certain funds; Vol. II, p. 786.

See P.L. 99-146, [Chippewas of Lake Superior], §6(b), with respect to exclusion from income and resources of certain funds; Vol. II, p. 786.

See P.L. 99-264, "White Earth Reservation Land Settlement Act of 1985", §16, with respect to exclusion from income and resources of certain judgment funds; Vol. II, p. 793.

See P.L. 99-346, "Saginaw Chippewa Indian Tribe of Michigan Distribution of Judgment Funds Act", §6(b), with respect to exclusion from income and resources of certain judgment funds; Vol. II, p. 813.

See P.L. 99-377, [Chippewas of the Mississippi], §4(b), with respect to exclusion from income and resources of certain judgment funds; Vol. II, p. 814.

See P.L. 100-139, "Cow Creek Band of Umpqua Tribe of Indian Distribution of Judgment Funds Act of 1987", §4(h)(6), with respect to exclusion of benefits as basis for denial of eligibility; Vol. II, p. 842.

See P.L. 100-383, [An Act to implement recommendations of the Commission on Wartime Relocation and Internment of Civilians], §§105(f)(2) and 206(d)(2), with respect to exclusion from income and resources of certain payments to certain individuals; Vol. II, p. 901.

See 31 U.S.C. 3803(c)(2)(C), with respect to benefits not affected by P.L. 100-383; Vol. II, p. 167.

See P.L. 100-407, "Technology-Related Assistance for Individuals with Disabilities Act of 1988", §103, with respect to the effect of financial assistance under that Act; Vol. II, p. 902.

See P.L. 100-409, "Federal Land Exchange Facilitation Act of 1988", §5, with respect to the effect of this Act on P.L. 92-203 or P.L. 96-487; Vol. II, p. 904.

See P.L. 100-411, [Land Claims of Coushatta Tribe of Louisiana], §2(d)(3)(B), with respect to the effect of per capita payments; Vol. II, p. 904.

See P.L. 100-581, [Indian Reorganization Act Amendments], §§501, 502(b)(1), and 503, with respect to exclusion from income and resources of certain judgment funds; Vol. II, p. 918.

the State and residency in such State by such individual, and (iii) on or before September 30, 1985, such individual (D 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;

(3XA) the total unearned income of such individual (and such spouse, if any) in a month which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed \$20 in such month, and (B) the total earned income of such individual (and such spouse, if any) in a month which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed \$10 in such month;

(4XA) if such individual (or such spouse) is blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1002 or 1602) for the month before the month in which he attained age 65), (i) the first \$780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, plus one-half of the remainder thereof, (ii) an amount equal to any expenses reasonably attributable to the earning of any income, and (iii) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan,

(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this title (or aid under a State plan approved under section 1402 or 1602) for the month before the month in which he attained age 65), (i) the first \$780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, (ii) such additional amounts of earned income of such individual (for purposes of determining the amount of his or her benefits under this title and of determining his or her eligibility for such benefits for consecutive months of eligibility after the initial month of such eligibility), if such individual's disability is sufficiently severe to result in a functional limitation requiring assistance in order for him to work, as may be necessary to pay the costs (to such individual) of attendant care services, medical devices, equipment, prostheses, and similar items and services (not including routine drugs or routine medical services unless such drugs or services are necessary for the control of the disabling condition) which are necessary (as determined by the Secretary in regulations) for that purpose, whether or not such assistance is also needed to enable him to carry out his normal daily functions, except that the amounts to be excluded shall be subject to such reasonable limits as the Secretary may prescribe, (iii) one-half of the amount of earned income not excluded after the application of the preceding provisions of this subparagraph, and (iv) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or

(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

(1) subject to limitations (as to amount or otherwise) prescribed by the Secretary, if such individual is a child who is, as determined by the Secretary, a student regularly attending a school, college, or university, or a course of vocational or technical training designed to prepare him for gainful employment, the earned income of such individual;

(2)(A) the first \$240 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual, and

(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

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See P.L. 100-411, [Land Claims of Coushatta Tribe of Louisiana], §2(d)(3)(B), with respect to the effect of per capita payments; Vol. II, p. 904.

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