

HB 20

SENATE FINANCE COMMITTEE REPORT

DATE: 3/2/92

FURTHER:

DATE TURNED INTO OFFICE: 5-6-92

The Finance Committee considered ~~OSISS~~ HB 20 (FINANCE)

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

and recommends:

- [] replace with CS (FINANCE)
or [] adopt previous CS
[] attaches amendment(s)

- [] same title
[] new title
[] technical title change (HB only)

[] adopts Letter of Intent

[] further referral to the

do pass

- [] do not pass
[] no recommendation
[] individual recommendations

NEW FISCAL NOTES: Dept/Date

[] zero fiscal notes

[x] fiscal notes

DOA 197.0 (3-1-92)

[] appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

[x] zero fiscal notes DMSS

[] fiscal notes

DO PASS:

OTHER RECOMMENDATIONS:

Handwritten signatures and initials under DO PASS.

Blank lines for OTHER RECOMMENDATIONS.

1. Co-Chair: Signature/Recommendation

2. Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSSHB 20 (FIN)

Revision Date: _____

Department Affected: Administration

Title: Longevity Bonus for Nursing Home Residents

BRU: Longevity Bonus

Component: Grants

Sponsor: Representative Sharp

Requestor: _____

COMPONENT

0	0	2	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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	87.0	87.0	87.0	87.0	87.0	87.0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	87.0	87.0	87.0	87.0	87.0	87.0

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

GENERAL FUND	87.0	87.0	87.0	87.0	87.0	87.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	87.0	87.0	87.0	87.0	87.0	87.0

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.

Prepared by: Dennis L. DeWitt, Director

Phone: 465 - 4400

Division: Pioneers' Benefits

Date: _____

Approved by Commissioner: Nancy Bear Usera

Agency: Administration

Date: 5/1/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

FISCAL NOTE

CS for Sponsor Substitute House Bill No. 20 (Finance)

February 26, 1992

Page 2 of 2

There are approximately 29 nursing home residents over 65 years of age who are fully private pay. This estimate was arrived from a telephone survey of private long-term care facilities during December 1991.

The above calculation does not include residents of the skilled nursing sections of the Pioneers' Homes or the Sourdough Unit at Harborview, Valdez.

The effect of this bill on Medicaid/hold harmless provisions is not addressed in above calculations.

29 residents at \$3000 a year = \$87,000 for FY 93

Assumes effective date July 1, 1992.

FISCAL NOTE

No. 5

Bill Version: CSSSHB 20 (FIN)

(H) Publish Date: 2/21/92

STATE OF ALASKA

1992 LEGISLATIVE SESSION

Revision Date: 2/20/92

Department Affected: H&SS

Title: An act relating to qualifications for longevity bonus payments; and providing for an effective date

BRU: Medicaid

Component: Medicaid Facilities

Sponsor: Sharp

Requestor:

COMPONENT SERIAL NO.

0	2	3	0
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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	0.0	0.0	0.0

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

GENERAL FUNDS	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0.0	0.0	0.0	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: NONE

ANALYSIS: (Attach a separate page if necessary.)

See attached note

Prepared By: Kimberly B. Busch

Phone: 465-3355

Division: Medical Assistance

Date: 2-20-92

Approved by Commissioner: Brian L. G. H.

Agency: Health and Social Services

Date: 2/21/92

Distribution (by Preparer: Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agencies)

COMMITTEE COPY

FISCAL NOTE ATTACHMENT

5

CSSSHB 20(FIN)

2-21-92

CSSSHB 20 would have no effect on the Medicaid budget, nor would it affect expenditures in the longevity bonus hold-harmless program (0231), as no bonus payment would be made to persons whose cost of care was being paid in whole or in part by Medicaid.

Industry sources estimate that there may be about 31 private pay individuals in private (non-Pioneers' Homes) nursing homes at any given point. From data about Medicaid recipients, we would reason that at least half of these may meet the age and residency requirement of the bonus program. Presumably, monthly bonus income would assist them in meeting the costs of their care or continuing premiums for a private long-term-care insurance policy. However, the costs of nursing home care are so high in comparison to the bonus payment that we do not anticipate that bonus income would reduce Medicaid expenditures by noticeably delaying a private pay patients' empty into the Medicaid program.

COMMITTEE COPY

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 20 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 2/21/92

Referred: Rules

Sponsor(s): REPRESENTATIVES SHARP, Taylor, Gonzales, Gruenberg, Ivan, Martin, M.A.Miller, G.Phillips,
Hudson, Zawacki, Leman

A BILL

FOR AN ACT ENTITLED

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

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

4 * Section 1. AS 47.45.070 is amended by adding a new subsection to read:

5 (c) Notwithstanding (a)(2) of this section, a person who resides in a nursing home who
6 meets the age and residence requirements of this chapter qualifies for the bonus if the costs of
7 care of the person at the nursing home are paid for entirely from private sources.

8 * Sec. 2. This Act takes effect July 1, 1992.

Alaska State Legislature

REPRESENTATIVE
BERT SHARP

DISTRICT 20

MEMBER
FINANCE COMMITTEE

FINANCE SUBCOMMITTEES:
GOVERNOR
FISH AND GAME
LABOR



FAIRBANKS

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FAIRBANKS, ALASKA 99701
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JUNEAU, ALASKA 99801-1182
(907) 465-3004/3018

House of Representatives

SPONSOR STATEMENT
CSSS HB 20
February 21, 1992

This bill will correct the 1985 legislation, which by a broad brush approach, made all nursing home residents ineligible for longevity bonus payments. Care for many nursing home residents is born entirely by the state and federal governments. It makes sense that longevity bonus payments be withheld from individuals receiving subsidized nursing care, thereby avoiding the loss of state and federal medicaid participation. Retaining these funds also helps the state offset its share of this heavy health care burden.

There is a small percentage of nursing home residents who pay their total nursing home charges, ranging from \$5,000 to \$9,000 a month, entirely from private resources, until their savings are exhausted. This legislation is designed to correct a discriminatory disenfranchisement action. If any elder citizens deserve the longevity bonus, it's this small group of self-sustaining seniors.

Under this proposed legislation, a person residing in a nursing home would be eligible to continue receiving a longevity bonus payment, if the costs of care of the person residing in the nursing home are paid entirely from private sources.

It is also a fair assumption that the majority of the longevity bonus funds received by these nursing home residents would eventually be used to continue the self-pay option for a few more months, thereby providing an offset to future state medicaid costs.



REPRESENTING
GOLDEN HEART
OF ALASKA

PRIVATE PAY/INSURANCE RESIDENTS IN NURSING HOMES
FY 91

Facility	Number of Private/Insurance Pay Residents
Island View Manor	5
Kodiak Island Nursing Home	3
Petersburg Hospital	5
South Peninsula Hospital	1
St. Ann's Nursing Home	3
Wesleyan Nursing Home	8
Denali Center	7
Our Lady of Compassion Care Center	4
Nome	0
Kotzebue	0
TOTAL	36

Telephone survey conducted by the Division of Pioneers' Benefits on February 13-14, 1991.

This survey was telephonically REDONSE
in December AND RESULTED IN a COUNT
of 29 -

PRIVATE PAY nursing home
residents in 1990-91.

d\wp\misc\shb20fn

private pay nursing home residents

Box 71932
Fairbanks, 99707

Representative Bert Sharp
Alaska State Legislature
Box V, Juneau 99811

February 7, 1991

Dear Bert:

Thanks for sending me a copy of HB 20 last week. I really appreciate your work in attempting to correct an injustice affecting those oldtimers who are paying their own way.

In case it will help to support your work, I'll recap my experience with this quirk in the longevity program -- I don't expect that you can remember the details of our conversation some months ago. Basically, I was shocked when Mom said Dad's monthly bonus was cut off automatically when he entered Denali Center in March of 1989. Frankly, I couldn't and didn't believe it, since they were paying their own way, and not getting federal or state assistance. (My understanding was that Denali Center told Mom the bonus would be terminated, and that she didn't get an official letter from the State, but I might be wrong.)

At that time the family was in a turmoil, facing the crisis of making a major change and hardly in a position to combat a bureaucratic nightmare on top of everything else. Dad's health -- the onset of Alzheimer's -- had been deteriorating for four, six, or more years. What had appeared to be normal forgetfulness at age 90 slowly changed into something more serious, until the Alzheimer's was finally diagnosed in '88 or so. Mom did well caring for him for several years, but his increasing incapacity to assist eventually brought her to the point of admitting he needed to move to a home where he could get more assistance. (I would note that the home health care and other assistance were a great help, and prolonged the move to a full-time care facility.)

Even though he'd been a resident of Alaska for over 60 years (and served Governor Hickel as the first manager of the Fairbanks Pioneer Home, c. 1967 - 1971) he was unable to get into the local Home, or others throughout the State. Although she considered placing him in a nursing home Outside, in large due to costs, Mom felt it best to try to keep him here among friends and family. Hence the move to Denali Center.

The cost there was \$175.00 per day, and he was ineligible for Medicare or Medicaid (whichever) because Alzheimer's isn't a "covered" illness. Looking back, the next eight months were pretty much a nightmare as the illness progressed. I did make some local inquiries as to why the longevity had been cut off, but remained unsatisfied with the answers. Had the State, or even the federal government, been assisting the folks financially, it would not have seemed so unreasonable for them to have lost the \$250 per month. Throughout those months until he

MISC CORRESP

died in November, 1989, the folks paid all the bills -- totaling around \$40,000 or more.

By early 1990 I had read the law and so on, but still couldn't understand why entry into any nursing home, even without any governmental assistance, meant the loss of the longevity bonus. I finally called Juneau and spoke with Mr. David Teal, who convincingly confirmed that the Legislature had in fact amended the program in that way several years ago. He also suggested that a simple change in the wording would restore the benefits, at least in some cases. That led to our conversation, when you advised you were already aware of the situation and hoped to be able to correct it.

In many respects this is a matter of principle. When you're looking at a daily cost of \$175 or monthly expense of \$5,250, the \$250 longevity bonus seems almost insignificant. But that's \$3000 per year, and better than nothing. Mainly, there's a psychological blow in losing the bonus, at a time when the individuals involved are suffering enough.

From what I recall of the conversation with Mr. Teal, the correcting language would only restore the bonus to a limited group of people. Otherwise, the intricacies of Medicaid/Medicare would serve to defeat the purpose of the financial increase. The fact that only a few people would be helped can be viewed positively; as the correction would thus not impose a major burden on the State treasury.

In closing, I strongly believe that people who are in nursing homes (especially privately operated homes) paying their own way and not eligible for other federal or State subsidy, should be entitled to the longevity bonus. Thanks again for your efforts on behalf of those oldtimers who may benefit from a technical change in the law.

Sincerely,

Jim Moody