

SCOMM

105:4

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 464

Revision Date: (Note if correction)

Title: "An Act relating to state veterans' home facilities."

Sponsor: (H) STA

Requestor: (H) MLV

Department Affected: Administration

BRU: Alaska Longevity Programs

Component: AK Longevity Programs Management

COMPONENT SERIAL NO. 2263

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	68.4	68.4	2965.0	2965.0	2965.0	2965.0
TRAVEL			7.3	7.3	7.3	7.3
CONTRACTUAL			540.0	540.0	540.0	540.0
SUPPLIES	.5	.5	101.6	101.6	101.6	101.6
EQUIPMENT	3.0		10.9	10.9	10.9	10.9
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	71.9	68.9	3624.8	3624.8	3624.8	3624.8

CAPITAL EXPENDITURES \$12 to \$16 million (50/50 GF/Fed)

CHANGE IN REVENUES ()

FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts			396.1	396.1	396.1	396.1
1003 GF Match						
1004 GF	71.9	68.9	2590.8	2590.8	2590.8	2590.8
1005 GF/Program Receipts			637.9	637.9	637.9	637.9
1037 GF/Mental Health						
OTHER						
TOTAL	71.9	68.9	3624.8	3624.8	3624.8	3624.8

Estimate of any current year (FY 98) cost: \$ _____

POSITIONS:

FULL-TIME	1	1	70	70	70	70
PART-TIME			10	10	10	10
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.) The changes proposed in this bill do not cause an immediate fiscal impact. The cost reflected in this note reflect what the cost would be to construct and run such a home.

Assumptions: Proposed Veterans Home consists of 60 beds of which half are skilled nursing and half are domiciliary care. Cost of skilled nursing beds based on St. Ann's Center (44 beds) daily medicaid rate of \$261.08. Cost of domiciliary care based on Pioneers' Home coordinated services cost of \$2128 per month. Federal receipts based on 1992 per diem rates: \$25.35 per diem for skilled nursing and \$10.83 per diem for domiciliary care. Program receipts based on an expected co-pay from qualified veterans of \$886 per month. Model assumes all residents are qualified veterans eligible for per diem federal assistance (feds require minimum of 75% of residents be eligible veterans). Model does not factor in the costs of vacancy.

Capital costs: projection based on 1988 construction costs of Juneau Pioneers' Home of \$7.1 million (48 beds). For this 60 bed home which, by federal regulation, must be built to skilled nursing home standards cost would range from \$12 to \$16 million at a minimum. Assume opening July 1, 2000. Costs in the first two years are for a project manager.

Prepared by: James Kohn, Director
Division: Alaska Longevity Programs

Phone: 465-4400
Date: _____

Approved by Commissioner: Mark Boyer
Agency: Department of Administration

Date: 3/18/98

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. HB 464

Revision Date: _____
Title: An Act relating to state veterans' home facilities.
Sponsor: House State Affairs
Requestor: House (MVA)

Dept. Affected: Health and Social Services
BRU: Medical Assistance
Component: Medicaid Facilities
COMPONENT SERIAL NO. 230
See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

Provisions in House Bill 464 require the Department of Administration to require residents of state veterans' homes to pay for the full cost of their care, except for federal and other nonstate assistance that residents may receive.

The Division of Medical Assistance administers two programs which pay for nursing home services: Medicaid and General Relief Medicaid. The Division assumes that Medicaid, for which the state contributes approximately 40 percent of the cost of services, and GRM, for which the state pays 100 percent of the cost of covered services, are not "federal or nonstate assistance." Therefore, the Department of Administration would not be able to accept reimbursement from either of these programs.

Any change, or different interpretation, of this provision could result in the Medicaid or GRM programs incurring substantial cost increases.

3/16/98
Prepared by: Jon Sherwood
Division: Medical Assistance
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-3355
Date: 03/16/98
Date: 3/18/98

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SPONSOR STATEMENT

HOUSE BILL 464,

"An Act relating to state veterans' home facilities"

House Bill 464 amends Chapter 98 SLA 1992. This special law of Alaska authorizes an Alaskan Veterans Home and includes verbiage identifying domiciliary care. However, in order for the state to recuperate approximately 65% of the construction costs of the home from the Veterans Administration, the law must include nursing facilities. Without them, the state will have to shoulder the burden of all construction costs.

Further, Veterans Homes in other states are self sufficient in many cases because they contain nursing facilities. The nursing facility allows the state to collect medical fees from Medicare, Medicaid, and other third party health insurance. This offsets any state operating costs.

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March 9, 1998

Representative Beverly Masek, Chair
Military and Veterans' Affairs Committee

Dear Representative Masek

Please schedule House Bill 464 for hearing in your committee.

A sponsor statement and a copy of the bill are attached.

Thank you,

Jeannette
Representative Jeannette James

Lee