

SB

253

~~MITO WIFE~~
FUNDING

TO DO

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-Lauterbach
3/31/98

- 1) EFFECTIVE DATE LL
- 2) OTHER CONCERNS LG
- 3) MIDWIFE ?? GW

CS FOR SENATE BILL NO. 253(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

tighter title

FOR AN ACT ENTITLED

1 "An Act establishing new eligibility for medical assistance for certain disabled
 2 persons and giving their eligibility for services the highest priority among optional
 3 services and groups under the medical assistance program; amending the definition
 4 of 'personal care services in a recipient's home' as used in the medical
 5 assistance program; moving midwife services from being the first to being the
 6 15th service eliminated under the medical assistance program when there is
 7 insufficient funding; and adjusting the priority of optional services and optional
 8 eligible groups under the medical assistance program in order to reflect the new
 9 priorities given to the newly-eligible disabled persons and to midwife services but
 10 without otherwise changing the relative order of the other optional services and
 11 optional groups."

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

DEFINE

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* Section 1. AS 47.07.020(b) is amended by adding a new paragraph to read:

(12) disabled persons, as described in 42 U.S.C. 1396a(a)(10)(A)(ii)(XIII) who are in families whose income is less than 250 percent of the official poverty line applicable to a family of that size according to the federal Office of Management and Budget, and who, but for earnings in excess of the limit established under 42 U.S.C. 1396d(q)(2)(B), would be considered to be individuals with respect to whom a supplemental security income is being paid under 42 U.S.C. 1381 - 1383c; a person eligible for assistance under this paragraph who is not eligible under another provision of this section shall pay a premium or other cost-sharing charges according to a sliding fee scale that is based on income as established by the department in regulations.

* Sec. 2. AS 47.07.035 is amended to read:

Sec. 47.07.035. Priority of medical assistance. If the department finds that the cost of medical assistance for all persons eligible under this chapter will exceed the amount allocated in the state budget for that assistance for the fiscal year, the department shall eliminate coverage for optional medical services and optionally eligible groups of individuals in the following order:

- (1) [MIDWIFE SERVICES;
- (2) clinical social workers' services;
- (2) [(3)] psychologists' services;
- (3) [(4)] chiropractic services;
- (4) [(5)] advanced nurse practitioner services;
- (5) [(6)] adult dental services;
- (6) [(7)] emergency hospital services;
- (7) [(8)] treatment of speech, hearing, and language disorders;
- (8) [(9)] optometrists' services and eyeglasses;
- (9) [(10)] occupational therapy;
- (10) [(11)] mammography screening;
- (11) [(12)] prosthetic devices;
- (12) [(13)] medical supplies and equipment;
- (13) [(14)] targeted case management services;

?? HOUSE FINANCE

1 (14) [(15)] rehabilitative services for substance abusers and emotionally
2 disturbed or chronically mentally ill adults;

3 (15) midwife services;

4 (16) clinic services;

5 (17) physical therapy;

6 (18) personal care services in a recipient's home;

7 (19) prescribed drugs;

8 (20) hospice care;

9 (21) long-term care noninstitutional services;

10 (22) inpatient psychiatric facility services;

11 (23) intermediate care facility services for the mentally retarded;

12 (24) intermediate care facility services;

13 (25) individuals described in AS 47.07.020(b)(11);

14 (26) individuals under age 21 who are not eligible for benefits under
15 the federal program designated as the successor to the aid to families with dependent
16 children program because they are not deprived of one or more of their natural or
17 adoptive parents;

18 (27) skilled nursing facility services for persons under age 21;

19 (28) aged, blind, and disabled individuals who, because they do not
20 meet the income requirements, do not receive supplemental security income under Title
21 XVI of the Social Security Act, but who are eligible, or would be eligible if they were
22 not in a skilled nursing facility or intermediate care facility, to receive an optional state
23 supplementary payment;

24 (29) individuals in a hospital, skilled nursing facility, or intermediate
25 care facility whose income while in the facility does not exceed 300 percent of the
26 supplemental security income benefit rate under Title XVI of the Social Security Act,
27 but who, because of income, are not eligible for the optional state supplementary
28 payment;

29 (30) individuals under age 21 under supervision of the department for
30 whom maintenance is being paid in whole or in part from public money and who are
31 in foster homes or private child-care institutions;

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(31) individuals under age 21 who the department has determined cannot be placed for adoption without medical assistance because of a special need for medical or rehabilitative care and who the department has determined are hard-to-place children eligible for subsidy under AS 25.23.190 - 25.23.220;

(32) individuals who are eligible under AS 47.07.020(b)(12).

* Sec. 3. AS 47.07.900(15) is amended to read:

(15) "personal care services in a recipient's home" means services authorized under a service plan [PRESCRIBED BY A PHYSICIAN] in accordance with applicable federal and state law [THE RECIPIENT'S PLAN OF TREATMENT AND PROVIDED BY AN INDIVIDUAL WHO IS

(A) QUALIFIED TO PROVIDE THE SERVICES;

(B) SUPERVISED BY A REGISTERED NURSE; AND

(C) NOT A MEMBER OF THE RECIPIENT'S FAMILY];

* Sec. 4. TRANSITIONAL PROVISION. Notwithstanding AS 47.07.020(b)(12), added by sec. 1 of this Act, an individual described in that provision is eligible for medical assistance under AS 47.07 without the payment of a premium or other cost-sharing charges until the effective date of regulations adopted by the Department of Health and Social Services that set the premium or other cost-sharing charges.

* Sec. 5. REGULATIONS. The Department of Health and Social Services shall adopt regulations establishing the sliding fee scale for premiums or other cost-sharing charges described in this Act by July 1, 1999.

SA Lema

TONY KNOWLES
GOVERNOR



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 22, 1998

#253

The Honorable Mike Miller
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Miller:

It is imperative the State of Alaska offers strong incentives for people to choose employment over welfare. The bill I am transmitting today is another effort in my continued campaign to affect positive change in our public assistance system. It will prevent disabled Alaskans from having to choose between a job and health care by allowing them to buy into Medicaid coverage they may otherwise lose because of income ineligibility.

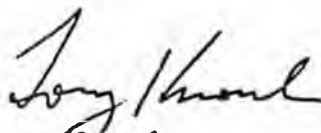
The federal Balanced Budget Act of 1997 included a new state option permitting disabled persons to buy into Medicaid coverage if their family income is less than 250 percent of the official poverty line and they would, but for personal earned income, be eligible for supplemental security income. The provision also authorizes the state to require these Medicaid recipients to share the cost of coverage through premiums or other charges, on a sliding scale based on income. The premiums collected from the disabled are not expected to cover all costs associated with the additional Medicaid coverage. However, the benefits of encouraging employment, increasing productivity, and maintaining care for the disabled should outweigh cost increases to the Medicaid program.

The bill also amends the definition of one of the optional medical services available to recipients of state medical assistance. The amendment, to the definition of "personal care services in a recipient's home," would allow the Department of Health and Social Services more flexibility in implementing the program and would result in a more appropriate delivery of services in this state.

The Honorable Mike Miller
January 22, 1998
Page 2

Before the recent change in federal law regarding Medicaid, a disabled person with a family income above the eligibility line had few, if any options for coverage of medical care. This situation provided a strong disincentive to continued employment because medical costs for the disabled often exceeded the income that disqualified them from Medicaid coverage. This bill is an opportunity to encourage disabled Alaskans to return to work without the threat of losing vital medical coverage.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tony Knowles".

Tony Knowles
Governor

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 1
Bill Version: SB253
(S) Publish Date: 1/23/98

Revision Date: _____
Title: Medicaid for Disabled
Sponsor: Rules Committee
Requestor: Governor

Dept. Affected: Health and Social Services
BRU: Medical Assistance
Component: Medicaid Facilities
COMPONENT SERIAL NO. 230
See also (SN#): 229, 243

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	43.4	147.3	126.0	125.6	125.1	124.4
MISCELLANEOUS						
TOTAL OPERATING	43.4	147.3	126.0	125.6	125.1	124.4

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	26.0	88.1	75.3	75.1	74.8	74.4
1003 GF Match	15.8	54.0	46.3	46.3	46.2	46.1
1004 GF						
1005 GF/Program Receipts	1.6	5.2	4.4	4.2	4.1	3.9
1037 GF/Mental Health						
Other (please specify)						
TOTAL	43.4	147.3	126.0	125.6	125.1	124.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

The Federal Balanced Budget Act of 1997 (P.L. 105-33) established a new optional Medicaid eligibility category for disabled persons who would be eligible for SSI and Medicaid, except that their earned income exceeds the limits for SSI and their family's earned income is below 250% of the federal poverty level for Alaska. These disabled workers may be obligated to pay a "buy-in" charge. This bill would elect this optional eligibility category for Alaska.

We believe that the only individuals who will take advantage of this new eligibility category will be existing SSI or APA applicants who would otherwise lose Medicaid because of their own increased earnings. We do not anticipate individuals using this new eligibility category to access Medicaid for the first time. Consequently, this option will not result in an increase in new Medicaid cases, but will only have the effect of extending the Medicaid eligibility of existing recipients for about one year.

11/10/97
Prepared by: Kevin Henderson
Division: Medical Assistance
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-3355
Date: 11/10/97
Date: 11/13/97

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ANALYSIS (cont.):

This new eligibility category will benefit current SSI and APA recipients who are ready to go to work or increase their hours of work. Once in the work force for one year, we estimate that all of these individuals will be able to take advantage of employer based health insurance or will have earnings that make them ineligible for this eligibility group. Based upon analysis by the Division of Vocational Rehabilitation, we estimate that only 33 of the current SSI/APA and Medicaid recipients would taken advantage of this category if it were available for the entire FY 99. However, since EIS and MMIS system changes will delay implementation, only about half of those (17) would be able to participate in FY 99. In subsequent years we would expect to see a general APA case load growth of 6.5% per year, but this would be offset by a reduction (about 3 per year) in the number of disabled individuals able to work. In addition, we expect about 25% of those who do go to work to acquire employer based health insurance immediately. The Medicaid buy-in for this group would begin January 1, 1999, meaning only one-half of the annual expenditures and program receipts would be realized in FY 99.

A nominal buy-in charge, determined using a sliding scale based on income, will be collected annually. We estimate the average buy-in charge to be equivalent to \$360 per year (\$12/month).

Both expenditures and program receipts are allocated 48% to the Medicaid Non-Facilities component and 52% to the Medicaid Facilities component.

We anticipate the current federal financial participation rate to continue beyond FY 04. Currently the match rate is 59.8% federal and 40.2% state general funds.

We estimate an inflation factor of about 3% per year on the annual cost of providing medical care.

		FY99	FY00	FY01	FY02	FY03	FY04
Avg. Med. Cost Per Disable Worker		\$9,825	\$10,120	\$10,423	\$10,736	\$11,058	\$11,390
SSI/APA Recipients To work		17	32	31	30	29	28
Recipients into Health Insurance		0	4	8	8	7	7
Recipients with extended Medicaid		17	28	23	23	22	21
Additional Medicaid Expenditures		\$83,513	\$283,354	\$242,344	\$241,562	\$240,516	\$239,188
Non-Facilities	48%	\$40,086	\$136,010	\$116,325	\$115,500	\$115,448	\$114,810
Facilities	52%	\$43,427	\$147,344	\$126,019	\$125,062	\$125,068	\$124,378
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Avg. Annual Buy-in Fee =	\$360						
PROGRAM RECEIPTS		\$3,060	\$10,080	\$8,370	\$8,100	\$7,830	\$7,560
Non-Facilities	48%	\$1,469	\$4,838	\$4,018	\$3,888	\$3,758	\$3,629
Facilities	52%	\$1,591	\$5,242	\$4,352	\$4,212	\$4,072	\$3,931

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 2
Bill Version: SB253
(S) Publish Date: 1/23/98

Revision Date: _____
Title: Medicaid for Disabled
Sponsor: Rules Committee
Requestor: Governor

Dept. Affected: Health and Social Services
BRU: Medical Assistance
Component: Medicaid Non-Facility
COMPONENT SERIAL NO. 229
See also (SN#): 230, 243

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	40.1	136.0	116.3	116.0	115.4	114.8
MISCELLANEOUS						
TOTAL OPERATING	40.1	136.0	116.3	116.0	115.4	114.8

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	24.0	81.3	69.5	69.4	69.0	68.7
1003 GF Match	14.6	49.9	42.8	42.7	42.6	42.5
1004 GF						
1005 GF/Program Receipts	1.5	4.8	4.0	3.9	3.8	3.6
1037 GF/Mental Health						
Other (please specify)						
TOTAL	40.1	136.0	116.3	116.0	115.4	114.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) cost: SU.0

ANALYSIS: (Attach a separate page if necessary)

The Federal Balanced Budget Act of 1997 (P.L. 105-33) established a new optional Medicaid eligibility category for disabled persons who would be eligible for SSI and Medicaid, except that their earned income exceeds the limits for SSI and their family's earned income is below 250% of the federal poverty level for Alaska. These disabled workers may be obligated to pay a "buy-in" charge. This bill would elect this optional eligibility category for Alaska.

We believe that the only individuals who will take advantage of this new eligibility category will be existing SSI or APA applicants who would otherwise lose Medicaid because of their own increased earnings. We do not anticipate individuals using this new eligibility category to access Medicaid for the first time. Consequently, this option will not result in an increase in new Medicaid cases, but will only have the effect of extending the Medicaid eligibility of existing recipients for about one year.

10/1/97
Prepared by: Kevin Henderson
Division: Medical Assistance
Approved by Commissioner: Karen Perdue
Agency: Department of Health & Social Services

Phone: 465-3355
Date: 11/10/97
Date: 11/13/97

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ANALYSIS (cont.):

This new eligibility category will benefit current SSI and APA recipients who are ready to go to work or increase their hours of work. Once in the work force for one year, we estimate that all of these individuals will be able to take advantage of employer based health insurance or will have earnings that make them ineligible for this eligibility group. Based upon analysis by the Division of Vocational Rehabilitation, we estimate that only 33 of the current SSI/APA and Medicaid recipients would taken advantage of this category if it were available for the entire FY 99. However, since EIS and MMIS system changes will delay implementation, only about half of those (17) would be able to participate in FY 99. In subsequent years, we would expect to see a general APA case load growth of 6.5% per year, but this would be offset by a reduction (about 3 per year) in the number of disabled individuals able to work. In addition, we expect about 25% of those who do go to work to acquire employer based health insurance immediately. The Medicaid buy-in for this group would begin January 1, 1999, meaning only one-half of the annual expenditures and program receipts would be realized in FY 99.

A nominal buy-in charge, determined using a sliding scale based on income, will be collected annually. We estimate the average buy-in charge to be equivalent to \$360 per year (\$12/month).

Both expenditures and program receipts are allocated 48% to the Medicaid Non-Facilities component and 52% to the Medicaid Facilities component.

We anticipate the current federal financial participation rate to continue beyond FY 04. Currently the match rate is 59.8% federal and 40.2% state general funds.

We estimate an inflation factor of about 3% per year on the annual cost of providing medical care.

		FY99	FY00	FY01	FY02	FY03	FY04
Avg. Med. Cost Per Disable Worker		\$9,825	\$10,120	\$10,423	\$10,736	\$11,058	\$11,390
SSI/APA Recipients To work		17	32	31	30	29	28
Recipients into Health Insurance		0	4	8	8	7	7
Recipients with extended Medicaid		17	28	23	23	22	21
Additional Medicaid Expenditures		\$83,513	\$283,354	\$242,344	\$241,562	\$240,516	\$239,188
Non-Facilities	48%	\$40,086	\$136,010	\$116,325	\$115,950	\$115,448	\$114,810
Facilities	52%	\$43,427	\$147,344	\$126,019	\$125,612	\$125,068	\$124,378
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Avg. Annual Buy-in Fee =	\$360						
PROGRAM RECEIPTS		\$3,060	\$10,030	\$8,370	\$8,100	\$7,830	\$7,560
Non-Facilities	48%	\$1,469	\$4,838	\$4,018	\$3,888	\$3,758	\$3,629
Facilities	52%	\$1,591	\$5,242	\$4,352	\$4,212	\$4,072	\$3,931

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 3
Bill Version: SB253
(S) Publish Date: 1/23/98

Revision Date: _____
Title: Medicaid for Disabled
Sponsor: Rules Committee
Requestor: Governor

Dept. Affected: Health and Social Services
BRU: Medical Assistance Admin
Component: Health Purchasing Group
COMPONENT SERIAL NO. 243
See also (SN#): 229, 230

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY99	FY00	FY01	FY02	FY03	FY04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	4.0					
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	4.0	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)

	FY99	FY00	FY01	FY02	FY03	FY04
1002 Federal Receipts	2.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	2.0	0.0	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	4.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

	FY99	FY00	FY01	FY02	FY03	FY04
FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

The Federal Balanced Budget Act of 1997 (P.L. 105-33) established a new optional Medicaid eligibility category for disabled persons who would be eligible for SSI and Medicaid, except that their earned income exceeds the limits for SSI and their family's earned income is below 250% of the federal poverty level for Alaska. These disabled workers may be obligated to pay a "buy-in" charge. This bill would elect this optional eligibility category for Alaska.

We believe that the only individuals who will take advantage of this new eligibility category will be existing SSI or APA applicants who would otherwise lose Medicaid because of their own increased earnings. We do not anticipate individuals using this new eligibility category to access Medicaid for the first time. Consequently, this option will not result in an increase in new Medicaid cases, but will only have the effect of extending the Medicaid eligibility of existing recipients for about one year.

Establishing of this new eligibility group will require the addition of a new Medicaid subtype code to the Medicaid Management Information System (MMIS). A one time expenditure for MMIS programming is shown for FY 99.

11/13/97
Jony
Prepared by: Kevin Henderson
Division: Medical Assistance
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-3355
Date: 11/10/97
Date: 11/13/97

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FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 4
Bill Version: SB253
(S) Publish Date: 1/23/98

Revision Date: _____
Title: Medicaid for Disabled
Sponsor: Rules Committee
Requestor: Governor

Dept. Affected: Health and Social Services
BRU: Public Assistance
Component: Adult Public Assistance
COMPONENT SERIAL NO. 222
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	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
MISCELLANEOUS						
TOTAL OPERATING	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)

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	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
TOTAL	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) cost: 40.0

ANALYSIS: (Attach a separate page if necessary)

The federal Balanced Budget Act of 1997 (P.L. 105-33) established a new optional Medicaid eligibility category for disabled persons who would be eligible for SSI and Medicaid, except that their earned income exceeds the limits for SSI and their family's earned income is below 250 percent of the federal poverty level for Alaska. These disabled workers may be obligated to pay a "buy-in" charge. This bill would elect this optional eligibility category for Alaska.

We believe that some Adult Public Assistance (APA) recipients who do not pursue working because of the fear of losing their Medicaid coverage will either begin working or will work longer hours and become ineligible for APA. Based on an analysis by the Division of Vocational Rehabilitation, we estimate that 33 APA recipients could potentially lose eligibility because of increased earnings in FY99. We expect this number to decrease over time.

11/10/97
Prepared by: [Signature]
Division: Public Assistance
Approved by Commissioner: [Signature]
Agency: Department of Health & Social Services

Phone: 465-3347
Date: 11/10/97
Date: 11/13/97

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ANALYSIS (cont.):**Assumptions:**

Of the 33 persons potentially ineligible under this legislation, we expect that one-half will increase their earnings and become ineligible for APA in FY99.

In the start-up year of FY99, savings are calculated using 6 months.

The savings assume that persons who become ineligible for assistance because of this legislation will remain ineligible.

Calculations:

	FY99	FY00	FY01	FY02	FY03	FY04
APA recipients affected each year	17	32	31	30	29	28
Cumulative # of APA recipients	17	49	80	110	139	167
Average monthly APA benefit	\$324	\$324	\$324	\$324	\$324	\$324
APA Program Savings	(\$33.0)	(\$190.5)	(\$311.0)	(\$427.7)	(\$540.4)	(\$649.3)

Medicaid for the Disabled

The Federal Balanced Budget Act of 1997 (P.L. 105-33) established a new optional Medicaid eligibility category for disabled persons who would be eligible for SSI and Medicaid, except that their earned income exceeds the limits for SSI and their family's earned income is below 250% of the federal poverty level for Alaska. These disabled workers may be obligated to pay a "buy-in" charge. This bill would elect this optional eligibility category for Alaska.

We believe that the only individuals who will take advantage of this new eligibility category will be existing SSI or APA applicants who would otherwise lose Medicaid because of their own increased earnings. We do not anticipate individuals using this new eligibility category to access Medicaid for the first time. Consequently, this option will not result in an increase in new Medicaid cases, but will only have the effect of extending the Medicaid eligibility of existing recipients for about one year.

Some who return to work will be able to access employer-based private health insurance.

The cost of providing additional Medicaid expenditures under this bill is more than offset by the savings incurred when individuals who return to work or extend their hours will not longer need (or qualify for) Adult Public Assistance cash payments.

See fiscal notes for more explanation.

COST/SAVINGS SUMMARY	FY99	FY00	FY01	FY02	FY03	FY04
Continued Medicaid	83.5	283.4	242.3	241.6	240.5	239.2
Computer Programming	4.0	0.0	0.0	0.0	0.0	0.0
Savings from APA reductions	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
Net Program Expenditures	54.5	92.9	(68.7)	(186.1)	(299.9)	(410.1)
Less Revenue from Buy-in Charge	(3.1)	(10.1)	(8.4)	(8.1)	(7.9)	(7.5)
NET COST/SAVINGS	51.4	82.8	(77.1)	(154.2)	(307.8)	(417.6)

FUNDING SOURCES	FY99	FY00	FY01	FY02	FY03	FY04
Federal Receipts	52.0	169.4	144.8	144.5	143.8	143.1
GF Match	32.4	103.9	89.1	89.0	88.8	88.6
GF	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
GF/Program Receipts	3.1	10.1	8.4	8.1	7.9	7.5
TOTAL	54.5	92.9	(68.7)	(186.1)	(299.9)	(410.1)



March 31, 1998

By hand delivery



Hon. Gary Wilken
Chair, Health, Education and Social Services Committee
Alaska State Senate
State Capitol, Room 510
Juneau, AK 99801

JUNEAU

230 South Franklin
Suite 209
Juneau, AK 99801
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Re: Medicaid Buy-in for Disabled Workers

Dear Senator Wilken:

Thank you for the invitation of your staff Sheila Peterson to testify regarding SB 253 tomorrow. I enclosed some information on a related bill, CSHB 459 (FIN), which just passed the House Finance Committee. We are awaiting its referral for a floor vote, and hopefully favorable consideration by the House of Representatives. The fiscal impact of this bill, like SB 253, is quite favorable, as shown in the attached spreadsheet which is a summary of the four fiscal notes prepared for this bill. I look forward to the hearing tomorrow on this bill and remain available to assist your staff in resolving questions with regard to the problem the bill addresses.

Very truly yours,

Robert B. Briggs
Staff attorney

Encls.
cc: (w/ encls.)

Hon. Loren Leman
Hon. Lyda Green
Hon. Jerry Ward
Hon. Johnny Ellis

Jim Parker, DLC - Anchorage
Dawn Pederson

MEMBER OF THE
NATIONAL
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SYSTEMS





March 11, 1998

MEDICAID BUY-IN TO HELP DISABLED WORKERS GET BACK TO WORK

PROBLEM:

- *A significant hurdle to re-employment of the disabled: obtaining adequate health insurance coverage*
- *Forced into a cycle of dependency: Many disabled have high monthly medical expenses, such as organ transplant recipients who take immunosuppressant medications. Under current law, working usually results in a disabled person losing Medicaid or Medicare, and usually a disabled person cannot replace this loss with private health insurance. A disabled person frequently is better off receiving a disability check and not working rather than working with inadequate health insurance*
- *In 1997 Congress passed a law to help disabled persons get back to work: Section 4733 of the Balanced Budget Act of 1997 provides a state option to permit workers with disabilities to buy into Medicaid. Alaska can now choose an option for Medicaid on a sliding fee scale for disabled workers – its up to the Legislature to exercise the option*

SOLUTION:

- *Alaska should exercise the Medicaid Buy-In Option: a disabled worker pays part of the Medicaid cost on a sliding fee scale with eligibility limited to 250% of the federal poverty thresholds*
- *HB 459 implements the state's option: HB 459 introduced and recently passed by the House HESS Committee will make Alaska one of the first states to exercise this option and send a strong signal of support for employment of disabled workers. Fiscal notes for the bill project a net savings in four years based on reduced Adult Public Assistance payments for the disabled re-entering the work force¹*
- *Personal care services more flexible: HB 459 also revises the definition of personal services delivered under Medicaid, providing more flexibility in how the severely disabled may receive these services. This will expand the range of activities of the disabled, helping integration into the community, including encouragement of employment.*

¹ Source: Fiscal Notes for Medicaid Facilities, Medicaid Non-Facilities, Adult Public Assistance, and Health Purchasing Group components, Medical Assistance BRU, Dept. of Health and Social Services (dated March 9, 1998), for HB 459.

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Summary of Fiscal Impact of CSHB 459 (FIN) (Medicaid Buy-In Option)

- General Funds Only -

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Medicaid Facilities	\$ 17.4	\$ 59.2	\$ 50.7	\$ 50.5	\$ 50.3	\$ 50.0
Medicaid Non-Facilities	16.1	54.7	46.8	46.6	46.4	46.1
Health Purchasing Group	2.0	0	0	0	0	0
<u>Subtotal</u>	<u>\$ 35.5</u>	<u>\$ 113.9</u>	<u>\$ 97.5</u>	<u>\$ 97.1</u>	<u>\$ 96.7</u>	<u>\$ 96.1</u>
Adult Public Assistance	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
<u>Total</u>	<u>\$ 2.5</u>	<u>(\$ 76.6)</u>	<u>(\$ 213.5)</u>	<u>(\$ 330.6)</u>	<u>(\$ 444.4)</u>	<u>(\$ 553.2)</u>

Source: Dept. of Health and Social Services, Divisions of Public Assistance and Medical Assistance, Fiscal Notes dated March 2, 1998.

Summary of Fiscal Impact of CSHB 459 (FIN)(Medicaid Buy-In Option)

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>
Medicaid Facilities	\$ 43.4	\$ 147.3	\$ 126.0	\$ 126.0	\$ 125.6	\$ 124.4
Medicaid Non-Facilities	40.1	136.0	116.3	116.0	115.4	114.8
Health Purchasing Group	4.0	0	0	0	0	0
<u>Subtotal</u>	<u>\$ 87.5</u>	<u>\$ 283.3</u>	<u>\$ 242.3</u>	<u>\$ 242.0</u>	<u>\$ 241.0</u>	<u>\$ 239.2</u>
Adult Public Assistance	(33.0)	(190.5)	(311.0)	(427.7)	(540.4)	(649.3)
<u>Total</u>	<u>\$ 54.5</u>	<u>\$ 92.8</u>	<u>(\$ 68.7)</u>	<u>(\$ 185.7)</u>	<u>(\$ 299.4)</u>	<u>(\$ 410.1)</u>

Source: Dept. of Health and Social Services, Divisions of Public Assistance and Medical Assistance, Fiscal Notes dated March 2, 1998.

Medicaid for the Working Disabled

The Balanced Budget Act of 1997 gave states the option of letting the working disabled buy into Medicaid. Governor Knowles will submit legislation this session to add this option to Alaska's Medicaid program.

Under the legislation, Medicaid can disregard earned income when determining Medicaid eligibility for people with disabilities, as long as their total family income is less than 250 percent of the federal poverty level. (For a family of three, 250% of poverty in Alaska is \$3475/month or \$41,700/year.) The state can charge fees on a sliding scale, based on income, to individuals who qualify for this option.

Currently, some people with disabilities are prevented from returning to work because their earning would make them ineligible for Medicaid. They cannot afford to lose Medicaid coverage because they have high ongoing medical needs or a significant risk of catastrophic medical expenses. For example, some transplant recipients may have prescription drug costs alone in excess of \$1,000 per month.

Under this new option, people can return to work without risking their health coverage. As people go back to work, it will end, or at least reduce, their dependence on cash assistance for support. In fact, because most of people affected would stay on Medicaid without this option, the long term cost to Medicaid will be offset by the saving to Adult Public Assistance when people go back to work. We estimate about 30 people a year will be able to go back to work because of this option.

Change to Personal Care

The legislation also amends the Medicaid statute regarding personal care, a service that is often critical to people with disabilities. Currently, the definition of Medicaid personal care services in Alaska mirrors an obsolete, restrictive federal definition. The Governor's bill brings Alaska's definition back in sync with the current federal definition. By removing the statutory requirements for a physician's prescription and supervision by a registered nurse, the state will gain the flexibility to use other means to verify client need and ensure service quality.

* * *

Contact Jon Sherwood or Kevin Henderson at the Division of Medical Assistance (465-3355) for more information about these Medicaid options.

Senator Gary Wilken
Alaska Legislator

Subject; Senate Bill 253

Senator Wilken my son Sean who is Developmentally Disabled has been working in school for most of his education in vocational training so when he graduates he can work and be productive. But he faces many medical problems and must receive Medicaid support to pay the tremendous expense.

He now wants to work but the current Medicaid law will not allow him to work earn a pay check and still be able to keep the health care to live from day to day.

It is my understanding if SB 253 was to become law my son would be able to work help pay part of his medical needs. This is a good thing and much more productive then sitting at home because he cannot work now without losing his medical coverage.

Please schedule this bill for hearing and I urge you to pass this good law so my son and other Developmentally Disabled Adults will be able to work.

Let me know if you support this legislation.

Ernest H. Dummann

Ernest Dummann
Father of a disabled Son

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