

HB

161

HFIN

FILE

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

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March 31, 1999

The Honorable Eldon Mulder
The Honorable Gene Therriault
House Finance Committee, Co-Chair
State Capitol, Room 507 and 511
Juneau, AK 99801-1182

Dear Representatives Mulder and Therriault:

The House Finance Committee will be considering HB161 this afternoon. This bill has the potential to seriously effect the continuity and amount of benefits paid to a large number of people. I am providing you with a summary of its potential impacts and some of the difficulties that the Department will face if it were to become law.

Because the language in HB 161 does not specify which programs and individuals it is intended to effect, we can only assume application of its provisions to all of the benefit programs administered by Health and Social Services with the exception of those which are fully federally funded. Therefore, the following analysis includes the:

- Alaska Temporary Assistance Program (ATAP)
- Adult Public Assistance (APA)
- General Relief Assistance (GRA)
- Medicaid
- Chronic Acute Medical Assistance (CAMA)
- Foster Care—including the Foster Care Base Rate, Foster Care Special Needs, and Foster Care Augmentation components
- Subsidized Adoption and Guardianship.

Alaska Temporary Assistance Program (ATAP)

The Alaska Temporary Assistance Program was established by statute in 1997 (AS 47.27.005). The focus of the Alaska Temporary Assistance Program is to provide temporary financial assistance to poor families and to help those families off assistance, out of poverty and toward self-sufficiency through employment. Assistance payments are intended to help poor families with their basic living expenses (such as rent, and self-sufficiency services) while they take steps to move off assistance.

Maximum payments for recipients are specified in AS.47.27.025(B); for example, the maximum payment for a family of three is \$923 a month, a pregnant woman receives \$514 per month, and a child in relative care receives \$452 per month. A typical Temporary Assistance family consists of a single mother with two children, and little or no other source of monthly income. In the past, we have been advised by the Department of Law that a reduction in these benefits would require a change in the ATAP statute.

In FY 00, we project an average of 9,300 families will need Temporary Assistance each month. Of these, approximately 6,975 will be single parent families, 1,395 will be two parent families, and 930 children in relative care.

Should the Division of Public Assistance be required to prorate Temporary Assistance payments if the program were under funded, the consequences would be as follows:

- When families are unable to meet their basic needs (rent, utilities, transportation), it greatly decreases their chances of succeeding in employment or taking other steps toward self-sufficiency.
- Reducing benefits could reduce the number of hours we can legally assign individuals to community service work activities. This could adversely affect our ability to meet federal work participation rates.
- Our TANF Block Grant requires that we maintain state expenditures at 80% of our 1994 level (MOE). The Governor's FY2000 budget for ATAP includes only the amount of General Funds necessary to meet the MOE requirement. Any reduction to the General Fund amount in this program will result in significant penalties.

Adult Public Assistance (APA)

The Adult Public Assistance Program (APA) was established by statute in 1982 (AS 47.25.30 – 47.25.615) with the purpose of furnishing financial assistance to needy aged, blind and disabled persons to cover basic living expenses such as shelter, clothing and food. People who receive APA financial assistance have severe and long-term physical and mental disabilities that impose limitations on their day-to day functioning.

In FY 00, we project the APA program will serve 13,097 individuals with an average monthly benefit of \$316. This amount along with the monthly Social Security benefit maintains the individual at the poverty level.

Should the Division of Public Assistance be required to prorate APA payments if the program were under funded, the unintended consequences would be as follows:

- About 4,420 elderly, 130 blind, and 8,450 disabled poor - the state's most vulnerable citizens - could suddenly lose a significant portion of income. With few options to improve or even maintain their quality of life, these citizens tend to be heavily dependent upon state assistance to provide basic necessities. Any reduction in the APA benefit takes away from the income around which these Alaskans have structured their lives.
- A reduction in APA benefits could destabilize the living arrangements of a poor disabled or elderly person who is living independently, forcing them into institutional care at greater public expense, or into homelessness.

General Relief Assistance (GRA)

The General Relief Assistance program offers two types of assistance: General Relief cash assistance

(GRA), and General Relief Burials. Both are emergency assistance programs designed to meet the immediate and basic needs of Alaskans experiencing extreme financial problems. These basic needs include shelter, utilities, food, and clothing. In addition, limited funds for cremation or a burial of a needy person may be provided.

The GRA program is 100 percent state funded, and because funds are limited, the program is to be used as a last resort in providing basic needs to an individual or household. GRA can only be authorized when the household cannot qualify for other assistance programs. Applicants must reapply during each month of urgent need to be considered to receive assistance.

AS 47.25.130 specifies that the amount of GRA payments shall be determined by the department and may not exceed \$120 a person per calendar month. Payments are made to vendors on behalf of needy clients. The average monthly payment made to vendors for GRA related services are approximately \$350.

The General Relief Burial program provides burial assistance for indigent persons. Assistance is granted only if the family has no other resource to pay the burial costs. The maximum payment for burial expenses under GA cannot exceed \$1,250, plus the cost of a burial plot, opening and closing of the grave, or cremation. The average monthly payment for burial services is \$1,500.

Approximately 200 GRA cases are approved each month. Over 75% of these cases receive rental assistance.

The GRA program serves as the last safety net for some of Alaska's most impoverished citizens. GRA benefits already represent the minimum payment for services that most vendors will tolerate. A pro rata reduction in benefits would further discourage participation by vendors and make it difficult, if not impossible for the program to meet the emergent needs of applicants.

Medicaid

The Medicaid Program serves approximately 90,000 low income Alaskans by reimbursing health care providers for the health care services they receive. This entitlement program is a joint federal-state partnership, in that the program is operated by states under federal rules and financed by both. The federal government pays for roughly 60 percent of the cost of the program, which totals about \$400 million in FY 99. Certain groups of people, and certain medical services are required to be covered under federal law in order to participate in the Medicaid Program; other services and groups of people are optional and may be covered at state election.

Children represent over half of all Medicaid recipients, and about 29 percent of expenditures; the elderly represent 6 percent of eligibles and 12 percent of expenditures; the disabled represent 10 percent of the recipient population and 28 percent of the expenditures; home and community based waiver clients represent one percent of recipients and 12 percent of expenditures. Other adults, including parents of children and pregnant women account for the remaining expenditures.

About 6,000 medical providers are enrolled in Medicaid. Payments for services are received in the following proportions: 25 percent by hospitals, 15 percent by physicians, 11 percent by nursing homes.

10 percent by psychiatric hospitals, 9 percent by mental health clinics, 8 percent by pharmacies, and 3 percent by transportation providers. The remainder of expenditures are received by all other provider types including dentists, medical equipment suppliers, personal care attendants, laboratories and drug abuse treatment centers.

Federal rules require reimbursement of providers to be adequate enough to attract sufficient numbers of providers to secure access to health care services for program recipients. State law, regarding facility reimbursement under AS 47.07.070, requires a fair rate of compensation for reasonable costs incurred by a facility. Reimbursement for health care services is complicated, and for facilities, has significant case law history related to legal actions against the department. All reimbursement changes are done by regulation and could not be accomplished quickly without legislative authority to employ emergency regulations. Any reductions intended to be implemented through pro-rata payment reductions would be multiplied in their effect due to the length of the regulatory process; therefore significant decreases in payment has the potential to endanger meeting federal requirements for adequate reimbursement to guarantee access to care.

It is not clear how the Legislature intends HB 161 to apply to the Medicaid Program, as Medicaid is an individual entitlement to health care services; payments are not made to individuals but to health care providers who have rendered services to individuals. The only payments made that directly benefit recipients financially are for Medicare premiums, which payment is required under federal law. The division is currently purchasing premiums for more than 8,000 Alaskans; the cost for FY 99 was over \$6.2 million dollars, and because the senior population is experiencing rapid growth, premium costs are likewise increasing. State law, at AS 47.07.035, already directs the department in how to manage the program should funding be insufficient to cover program costs; this law lists optional services and groups of people to be eliminated from the program in a priority order. How this statute would interrelate to the provisions of HB 161 is ambiguous, as AS 47.07.035 and HB 161 give conflicting direction (eliminating services and eligible groups vs. reducing payments).

Chronic Acute Medical Assistance (CAMA)

The CAMA program covers between 800 and 900 extremely poor and sick Alaskans each year; in order to qualify for coverage, a person must have income under \$300 per month, resources of less than \$500, and experience a significant chronic or acute illness such as cancer, a seizure disorder, diabetes, or other terminal condition. Recipients must apply monthly for eligibility, and the covered services are extremely limited. CAMA reimbursement generally follows Medicaid provider reimbursement rules, except that hospitals are already reimbursed at 28 percent of the Medicaid rate due to limited funding. Even though the CAMA program is totally general fund dollars, savings would be limited by any payment reductions due to the small size of the budget. Payment reductions for CAMA providers could effect the availability of care for program recipients, as it could for Medicaid.

Foster Care

As of this month, the children in foster care—for whom this care is required—number nearly 1,200 full time equivalents. The Department is required by statute to take care of these children in its custody:

AS 47.14.100. Powers and duties of department over care of a child. (a) Subject to (c), (f), (I), and (j) of this section, the department shall arrange for the care of every child committed to

its custody by placing the child in a foster home or in the care of an agency or institution providing care for children inside or outside the state.

When a child who has been physically abused, neglected, or sexual abused cannot be maintained safely in the child's own home and must be placed in out-of-home care, placement in a foster home is always the first preference. The foster care base rate component provides payments to foster parents on behalf of these children. The rate paid is established by the regulations necessary for the implementation of state law. Consistency in the amount paid for the care of a child is an essential factor in ensuring the availability of foster homes, particularly at a time when the number of children in state custody is growing. In order to maintain a consistent level of support for foster children, the standard daily rate is specified in 7 AAC 53.030. HB 161 would, if passed into law, supercede this regulation and undoubtedly result in rate reductions. (A provision of the regulation already allows for this given a funding shortage, but it does not require it.)

The ultimate result of a rate reduction in foster care payments would be counter to that intended by HB161. Because fewer foster homes would be available for the children who will still be taken into state custody, more children will be placed in much more expensive institutional care. Therefore, state expenditures would actually rise. The only alternative would be for the Department to leave children in unsafe situations—a predicament that no one desires, and one we have been working very hard to avoid.

Subsidized Adoption and Guardianship

The adoption and guardianship program serves children in the custody of the Department who cannot return to their biological parents by providing permanent parents through adoption or guardianship. Adoptions and legal guardianships can be subsidized for special needs children who could not be adopted without assistance to meet the child's special needs.

The increase of children entering the child protection system has a direct impact on the number of children ultimately requiring alternate permanent homes because they are not able to return to their families. Not only are the number of children in need of adoption increasing, but the number of children with emotional disorders and the severity of the disorders is also increasing, resulting in an increase in the need to provide adoption or guardianship subsidies. Families are not able to assume the responsibility of providing complete and permanent care for these disturbed children without financial support. The number of children receiving adoption subsidies is projected to be 1,252 by June of this year.

Our adoption subsidy program has federal requirements that 1) there won't be a means test, 2) that subsidy amounts will be determined on both child's and family's needs, and 3) that no change in subsidy may occur without concurrence of the adoptive parent with whom the agreement has been negotiated. In order to receive federal funds under Parts IV-B and IV-E of the Social Security Act (currently in excess of \$12 M), the department must meet the requirements of those sections of that Act:

- 42 USCS 671 Requisite features of State plan. (a) In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which----
- (1) provides for foster care maintenance payments in accordance with 42 USCS 672 and for adoption assistance in accordance with 42 USCS 673.

42 USCS 673. Adoption assistance program (a)(1)(A) Each State having a plan approved under this part shall enter into adoption assistance agreements with the adoptive parents of children with special needs.

(B) Under any adoption assistance agreement entered into by a State with parents who adopt a child with special needs, the state—

(1) shall make payments of nonrecurring adoption expenses incurred by or on behalf of such parents in connection with the adoption of such child.....

(3) The amount of the payments to be made in any case.....shall be determined through the agreement between the adoptive parents and the State or local agency administering the program under this section, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents, depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment.....exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.

Ultimately, the passage of HB161 into law would place us in the position of incurring additional expenditures for the care of foster children, greater difficulty in recruiting adoptive parents, degradation in the quality of care provided to children in state custody because of disruptions, and a potential loss of \$12,000.0 in federal revenue.

In summary, we oppose this bill for many reasons. It could have very real and devastating impact on Alaskans who depend on these payments. Its passage would result in a complicated process of changing regulations for all of the major programs that we administer—perhaps several times during a year—a costly and disruptive situation for all concerned. It would place us in the position of losing substantial federal revenue because of our inability to meet federal requirements. The irregularity of payments throughout the year and among individuals with like eligibility and like needs would result in legal challenges on behalf of those individuals and a variety of groups.

Thank you for your attention.

Sincerely,



Karen Perdue
Commissioner

cc: Representative Con Bunde, Capitol Building, Room 501
Representative Gary Davis, Capitol Building, Room 513
Representative Alan Austerman, Capitol Building, Room 434
Representative Richard Foster, Capitol Building, Room 410
Representative Ben Grussendorf, Capitol Building, Room 415

Representative Vic Kohring, Capitol Building, Room 421
Representative Bill Williams, Capitol Building, Room 502
Representative John Davies, Capitol Building, Room 422
Representative Carl Moses, Capitol Building, Room 500
Bryan Butcher, Staff, Representative Therriault, Capitol Building, Room 511
Elmer Lindstrom, Special Assistant
Janet Clarke, Director, Administrative Services
Lisa Emerson, Budget Analyst, Administrative Services

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 25, 1999

FURTHER REFERRALS:

Date of Committee Action: 4/12/99

The FINANCE Committee considered:

HB 161

HOUSE BILL NO. 161

REDUCTIONS IN BENEFIT PROGRAMS

"An Act relating to reduction in payments to individuals under certain benefit programs; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 161 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) of of gov. zero fiscal note(s) of of gov.

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault			X	
<i>Gene Mulder</i>	Mulder	/			
<i>Norm Bunde</i>	Bunde				
<i>Wm Kohring</i>	Kohring	X			
<i>Alvin Lustig</i>	Austerman			X	
<i>Col. G. J. Jones</i>	J. DAVIS				X
<i>Ben Grossendorf</i>	Grossendorf			X	
<i>Clayton Moses</i>	Moses			X	
<i>John G. Davis</i>	G. Davis			X	
<i>William Williams</i>	Williams			X	
<i>Tom Form</i>	Form			X	

10 CHAIR'S SIGNATURE

Gene Therriault
Therriault
Gene Mulder
Mulder

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 161

Revision Date/Time (Note if correction) _____ Dept. Affected All state agencies
 Title An Act relating to payments to individuals BRU _____
 Component _____
 Sponsor House Finance Committee
 Requester House Finance Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
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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CHANGE 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 (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would require state agencies to prorate payments to individuals receiving state benefits if an appropriation is not sufficient to fully fund the program.

The fiscal impact is shown as zero because the bill would not change state agency costs, but instead would impact Alaska residents if the appropriation level fell short of the amount needed to fully fund the benefit.

For most individual benefits, such as the Longevity Bonus, program costs are based on projections updated in the spring before the beginning of the fiscal year. It is not possible to know with certainty at that time whether appropriated funds are sufficient to fully fund the program. Significant reductions may have to be made in the final months of the fiscal year to remain within the appropriation amount.

Prepared by Annalee McConnell, Director *Annalee McConnell* Phone 465-4660
 Division Office of Management and Budget *D. Ramseur* Date/Time 3/29/99 12:00 AM
 Approved by Commissioner David Ramseur, Deputy Chief of Staff Date _____
 Agency Office of the Governor

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March 30, 1999

By hand delivery

Hon. Eldon Mulder
Co-chair, Finance Committee
Alaska Legislature
Capitol Room 507
Juneau, Alaska

Gene Therriault
Co-chair, Finance Committee
Alaska Legislature
Capitol Room 511
Juneau, Alaska

JUNEAU

230 South Franklin
Suite 209
Juneau, AK 99801
(907) 586-1627
FAX (907) 586-1066

Re: **HB 161: Limitations on benefits due to shortfall in appropriations**

Dear Reps. Mulder and Therriault:

Please accept these comments on HB 161, which is a preliminary legal analysis of some implications of the bill.

Of immediate concern are questions of validity under the Alaska Constitution or federal law. I will leave to others, most importantly the Department of Law, to analyze any constitutional questions. Because our state is in partnership with the federal government in administration of several benefit programs, federal legal questions are immediately raised by this bill and should be answered to your satisfaction before you act to adopt this measure.¹

One program that is of great importance to many people with disabilities is Medicaid. Under this program, Alaska contributes 40% and the federal government contributes 60% of the cost of medical care for needy individuals. The value of this program to people with disabilities cannot be overstated. Medicaid provides the medications, services and devices that for many Alaskans is essential to their survival and well-being.

¹ It would lessen the legal questions regarding the bill if a definition of "benefit program" were included.

MEMBER OF THE
NATIONAL
ASSOCIATION OF
PROTECTION &
ADVOCACY
SYSTEMS

Hon. Eldon Mulder and Hon. Gene Therriault, co-chairs, House Finance Committee, Alaska
Legislature

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As the Alaska Supreme Court has noted, however, when Alaska chooses to participate in the Medicaid program, it must comply with federal statutory and regulatory requirements.² My concern is that HB 161, to the extent it is intended to require reductions in non-cash benefit programs, may unintentionally cause violations of federal law. With respect to Medicaid law, in my opinion the bill in its present form does raise potential violations of two principles of Medicaid law.

Obligation to provide coverage sufficient to achieve medical purpose

A state choosing to provide Medicaid must provide coverage to a group of beneficiaries described as the "mandatory categorically needy."³ Also, there is a list of mandatory medical services which must be covered.⁴ The state must provide enough funds from state sources to provide coverage that is "sufficient in amount, duration, and scope to reasonably achieve [the] purpose [of the medical service]."⁵

HB 161, if intended to compel curtailment of Medicaid coverage, appears to violate the requirement that Medicaid coverage be sufficient to accomplish the purpose of mandatory services, by limiting coverage based on a shortage of state funds, rather than based on medical necessity.

A case that is an example of the violation of the sufficiency principle was presented in Illinois in the mid-1980s, when Illinois was under a similar fiscal crisis. The Illinois Department of Public Aid, faced with a budget appropriation from the Illinois legislature that was inadequate to fund the state's plan, proposed a regulation that would have not paid hospitals that treated Medicaid-eligible patients when an appropriation was insufficient to cover actual hospital expenses. It was demonstrated that this regulation would have caused the closure of hospitals or otherwise severely curtailed medical services to the Medicaid-eligible population. In finding that this regulation violated Medicaid law, an Illinois federal court noted that:

² *State, Dep't of Health & Soc. Serv. v. Hope Cottages, Inc.*, 863 P.2d 246, 248 (Alaska 1993).

³ 42 U.S.C. § 1396a(a)(10)(A); *see also* A.S. 47.07.020(a).

⁴ 42 U.S.C. §§ 1396a(a)(10)(A); 1396d(a).

⁵ 42 C.F.R. § 440.230(b).

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“ ‘If a state could evade the requirements of the [Medicaid] Act simply by failing to appropriate sufficient funds to meet them, it could rewrite congressionally imposed standards at will.’ * * * [I]n the face of inadequate Medicaid appropriations a state has only two options: ‘cancel the plan . . . or provide the money to carry out the plan.’ ”⁶

It is difficult, in the short term, for Alaska to withdraw from the Medicaid program, i.e., to “cancel” the Medicaid plan. For example, Medicaid is the primary third-party payer of long-term care services in Alaska.⁷ The budgets and design of many Alaska health care programs and facilities are based on projections of Medicaid funding that cannot be eliminated or significantly reduced without drastic community impact – and without exposure to a claim that the state has violated the federal mandate to provide sufficiency of Medicaid coverage.

Equality in amount, duration and scope of services

In addition to the mandatory categorically needy, a state may elect to provide Medicaid coverage to individuals referred to as the “optional categorically needy.”⁸ Alaska has opted to provide Medicaid coverage to some of the optional categorically needy through AS 47.07.020(b). Once a state has elected to provide Medicaid to one or more categories of the optional categorically needy, the Medicaid provided to the *mandatory* groups must be at least equal to the Medicaid provided to the *optional* groups.⁹ In addition, the Medicaid provided to eligible people *within the respective categories* must be equal.¹⁰

The bill appears to violate the principle of equality of service within eligibility categories by suggesting that services will not be covered at times late in the fiscal year, when budget appropriations may fall short of actual expenditures. The bill seems to compel the agency administering Medicaid to offer lesser benefits to an individual applying later in the fiscal year if an appropriation falls short of actual expenditures.

⁶ *Illinois Hosp. Ass'n v. Illinois Dep't of Public Aid*, 576 F.Supp. 360, 368 (N.D.Ill. 1983)(citations omitted).

⁷ Alaska Legislature, LONG-TERM CARE TASK FORCE: FINAL REPORT at 42 (Jan. 1999).

⁸ 42 U.S.C. § 1396a(a)(10)(A)(ii).

⁹ 42 U.S.C. § 1396a(a)(10)(B)(ii); 42 C.F.R. § 440.240(a).

¹⁰ 42 U.S.C. § 1396a(a)(10)(B)(i); 42 C.F.R. § 440.240(b).

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Conclusion

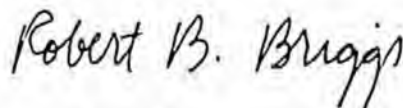
There may be other ways that the bill may raise potential conflict with Medicaid statutes and regulations, as well as other federal laws, that I have not analyzed in the brief time since the bill's introduction. I will continue to study the bill and provide other input to your staffs and any future hearings that may be scheduled.

To the extent the bill is intended to limit only cash benefit programs, I trust that you will have heard from others the importance of certain cash benefit programs to persons with disabilities. I believe it is largely your prerogative¹¹ as policy makers for Alaska to decide whether to reduce or eliminate cash benefit programs.

However, from my personal experience representing people with disabilities, I believe that elimination or significantly reduced funding of a cash benefit program such as the Adult Public Assistance will have an immediate effect on our communities, with an attendant strain on local and non-governmental resources, as well as large human costs borne significantly by persons with disabilities.

For these reasons, I suggest that you not adopt HB 161, and that you consider other approaches to balancing the state's income and expenditures.

Very truly yours,



Robert B. Briggs
Staff attorney

¹¹ There are some federal limits that govern the reduction of state supplemental benefit programs, but I am not sure at this writing whether and to what extent they are implicated by HB 161.

**Hon. Eldon Mulder and Hon. Gene Therriault, co-chairs, House Finance Committee, Alaska
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cc:

Members of the House Finance Committee

Karen Perdue, Commissioner, DHSS

Robert Labbe, director, DHSS, Div. of Medical Assistance

James Nordlund, director, DHSS, Div. of Public Assistance

Bruce Botelho, Attorney General

David Maltman, Governor's Council on Disabilities and Special Education

Walter Majoros, Alaska Mental Health Board

Anne Schultz, Governor's Advisory Board on Alcoholism and Drug Abuse

Patrick Reinhart, State Independent Living Council

Pat Clasby, Alaska State Hospital and Nursing Home Association

Rick Tessandore, exec. dir., Disability Law Center of Alaska, Inc.

FAX 456-3346



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance Com.

Committee on House Bill 161

Committee Name

Dated 3-31-99

Bill / Subject

I am Cheryl Wheat, a mental health consumer from Fbks, Ak. I am currently receiving social security and adult public asst. along w/ medicaid. As I understand this bill, you want to cut benefits on a month to month basis when your coffers don't have enough dollars to fund things. All disabled people need one thing - STABILITY. If you take a big bite of my benefits & I can't see my doctor as often as necessary or get necessary meds to keep me functioning, I will have to go to an institution. As it stands, I have a delicate hold on my mental health. This bill would make my life like a crap shoot. Month to month I would not know what to expect. Have you thought of having the disabled pay \$5.00 per prescription instead of \$10.00? What about \$10 per doctor visit? I could manage to pay that. I realize Ak. state does not have the funds to pay everything 100%. I DO NOT advocate tapping the permanent fund. However, if it was voted by you to make me live on my PFD for three months w/ \$10 dollars from public asst for that time, I would do that. I don't like it but it's a viable alternative. Please give great consideration before you vote on this bill. You too, could be disabled one day & have to try to live on a below poverty level income. Thanks for your time!

SIGNED:

Cheryl Wheat
Testifier

NAMI Fbks & myself as a mental health consumer
Representing

PO Bx 81009 Fbks 99708
Address / Phone Number

(457-7703)



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
 Committee on HB 161 Dated 3-31-99
 Bill / Subject Committee Name

Have you considered the consequences of this bill? It is one of the worst pieces of legislation I've seen in a long time. People with disabilities already live on a below poverty income and need it all for essentials such as food, rent and medical bills. There is no room for cutting their personal budgets. People with mental illness rely on their meds to maintain their stability, remain out of the hospital & successfully live in the community. Without medical care in the community, more expensive hospitalization will be required. Alaska is one of the richest states in the union. Why do we need to balance our budget on the backs of our elderly and disabled citizens? Let us look at alternatives that won't harm our poorest citizens. I would rather see Alaska cap our permanent fund checks & begin to use P.F. income to ~~the~~ maintain state government. P.F. income should not be used to increase state infrastructure ultimately requiring even more money.

SIGNED:

Testifier

Jeanette Grasto

Representing

NAMI of Fairbanks & NAMI Alaska

Address / Phone Number

1369 Ballaine Rd. Fhks, AK 99709 455-6263



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the HOUSE FINANCE
 Committee on H.B. #161/BENEFIT REDUCTIONS Committee Name
Bill / Subject Dated 3/31/99

CUTTING BENEFITS TO PEOPLE WHO ARE
 BARELY MAINTAINING UNDER PRESENT
 PROGRAMS CAN TURN THEM INTO
 CRISIS & EMERGENCY CASES THAT
 ARE MUCH COSTLIER BOTH IN TERMS
 OF RESOURCES & LIVES

SIGNED: AL AARON
 Testifier
NAMI OF FAIRBANKS
 Representing
P.O. BOX 74132 FAIRBANKS 99707
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Finance
 Committee on House Bill #161 Committee Name Finance
 Dated 3-31-99
 Bill / Subject

Please be advised that I feel House Bill #161
 is an ^(immoral) immoral bill because it reduces the
 already impoverished resources of the very needy,
 disabled, old & poor. There must be other resources to
 draw from than such a proposal as this. As a
 member of NAMH of Fairbanks, I am deeply concerned
 with advocating for those who have no voice otherwise.
 Please re-think and ^(re-work) discard the wrong foundation
 of this Bill #161.

SIGNED: Katherine A. Cross-Das (Katherine A. Cross-Das)
 Testifier office of NAMH of Fairbanks
NAMH of Fairbanks
 Representing
456-4704 fax # 456-3593
 Address / Phone Number



Alaska State Legislature

Please enter into the record my testimony to the Finance
 committee name
 committee on HB 40, dated 3-31-99
 bill/subject

For three years running, the idea of merging Departments or eliminating Departments has come up. In that time, nothing has changed to make it a good idea. The current plan of merging CRA with Commerce is seriously flawed -- again because part of the plan speaks of moving Child Care Programs to HESS and Head Start to Education.

Start up costs at \$700,000 seem excessive when the word is that "no programs will be sacrificed." Change for the sake of change should never happen!

CRA has been doing child care programs for 24 years. CRA coordinates well with other agencies. Clients get better service from CRA as a smaller agency. An audit conducted in November, 1994 addressing the issue of combining Child Care Assistance with DPA showed that due to the delivery system set up at CRA (Local Administrators and Grantees), it would be much better for CRA to continue its administration of Child Care programs.

Not only should CRA continue administering with child care programs, it should also be administering the child care assistance program at DPA called PASS 1. The agency with the most experience and best "track record" should be doing the job.

Signed: *Joan Straatmeyer*
 Testifier

Representing (Optional)
HCOL Box 6446, Palmer, AK 99645
 Address
373-1456
 Phone No.

My name is Margo Waring. I am staff to the Alaska Mental Health Board and representing the Board's concerns at this hearing.

The Alaska Mental Health Board is very concerned about the implications of HB 161 for people with mental illnesses. Reduction in funding levels for supports for people with mental illnesses jeopardizes their well being in several ways. ~~First~~, and most importantly, is that many people with severe and chronic mental illnesses rely on Medicaid to purchase their very costly psychotropic medications. These new generation medications make it possible for people with severe psychiatric disabilities to live and work in their communities. Loss of support for this program could well mean a return to increases, and more expensive reliance, on psychiatric hospitals for medical care.

by threat already low income levels.

~~Secondly~~, Alaska has been reducing the capacity of Alaska Psychiatric Institute, the state psychiatric hospital, for several years, in favor of community based care, as stated in Alaska Statutes. Community care requires that people have the basic income supports to live in community rather than in institutions. Food, clothing and shelter require consistent income supports. Reduction in those supports is a burden for people who live close to the margin and have no discretionary income.

6000 low income disabled Alaskans use APA. Many are chronically & severely ill.
On a practical level, formula basing for programs, which this bill seeks to eliminate, assures that enrollment increases and decreases do not jeopardize those already enrolled without relying on the inexact science of prediction of numbers of people to be served.

The Alaska Mental Health Board supports the continuation of benefit programs that assure predictable and consistent and sufficient ~~benefits~~ *benefits supports* program supports for people with disabilities.

Thank you.

~~NOT Medicaid~~

The level of support for disabled people is minimal - poverty level. There are no discret. income.

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Alaska Commission on Aging

Resolution 99-8

***In opposition to HB161/SB 126:
An act relating to reductions in benefit programs***

Whereas Alaskans of all ages affected by disabilities and long-term illnesses rely upon Medicaid for their survival which is dependent upon their receiving essential long-term care (medications, services and devices); and

Whereas Alaska's Temporary Assistance Program provides the financial foundation upon which thousands of Alaskans and their families rely for assistance as they move from welfare to self-sufficiency, and in so doing over time reduce Alaska's expenditures for welfare; and

Whereas the Adult Public Assistance and Chronic Acute Medical Assistance programs now provide limited assistance to the most vulnerable Alaskans who struggle to survive financially and/or medically, and

Whereas those Alaskans of all ages who must rely on such programs would lose any ability to predict their ability to survive under the provisions of HB161/SB 126;

Now therefore the Alaska Commission on Aging expresses its strong opposition to HB161/SB 126.

Adopted this 7th day of April, 1999.

A handwritten signature in cursive script that reads "Alaire E. Stanton".

Alaire Stanton
Chair

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Alaska State Legislature
House Finance Committee



State Capitol, Juneau, Alaska 99801-1182

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HOUSE BILL 161

Sponsor Statement

House Bill 161 allows program administrators to reduce payments in benefit programs to match the appropriated level of funding. It allows the legislature and administration to deal with reductions in revenue and increases in recipients in a simple and practical manner.

The current circumstance requires that payments be made at a prescribed level without reference to appropriation. If the enrollment exceeds affordable levels, managers would be allowed to manage within the appropriated resources. The only current option is to request a supplemental appropriation or shut a program down in the later months of the fiscal year.

HB 161 provides a reasonable budgetary tool to the administration and legislature. It will help deal with our fiscal realities.

1-LS0687AG
Cook
4/7/99

CS FOR HOUSE BILL NO. 161(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to reduction in payments to individuals under certain benefit**
2 **programs; and providing for an effective date."**

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

4 *** Section 1. AS 37.07 080(d) is amended to read:**

5 (d) A state agency

6 (1) shall, if an appropriation made for a benefit program is not
7 sufficient to fully fund all payments to individuals under that program, reduce the
8 amount of payments to eligible individuals on a pro rata basis; this paragraph
9 does not apply to loan programs, state employee retirement benefit programs, or
10 programs for which other provisions of law address underfunding; and

11 (2) may not increase the salaries of its employees, employ additional
12 employees, or expend money or incur obligations except in accordance with law and
13 properly approved operations plan.

14 *** Sec. 2. This Act takes effect July 1, 1999.**