

**SB**

**73**

**HFIN**

**FILE**

(11)

# HOUSE COMMITTEE REPORT

Date Referred to Committee: April 15, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/24/00

The FINANCE Committee considered:

CSSB 73(FIN)

CS FOR SENATE BILL NO. 73(FIN)

ASSISTED LIVING FACILITIES

"An Act relating to assisted living homes; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 73(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)

2  fiscal note(s) HESS + DOP  fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Tom Therriault</u> THERRIULT	X			
<u>Carl Bunde</u> BUNDE	X			
<u>John Davies</u> DAVIES	X			
<u>Ben Grussendorf</u> GRUSSENDORF			X	
<u>Paul P. Moses</u> MOSES	X			
<u>David Davis</u> DAVIS	X			
<u>W. Williams</u> WILLIAMS	X			
<u>Sai Phillips</u> PHILLIPS	X			
<u>John Foster</u> FOSTER	X			
<u>John Mulder</u> MULDER	X			

CHAIR'S SIGNATURE Tom Therriault John Mulder

**FISCAL NOTE**

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HCS CSSB 73(FIN)

Revision Date: 04/21/00  
Title: An act related to assisted living homes  
Increase Daily Rates to \$50, \$60, and \$70  
Sponsor(s): Senator Miller  
Requestor: (H) FIN

Department Affected: Administration  
BRU: Central Administrative Services  
Component: Protection, Community Services, Administration  
**COMPONENT SERIAL NO. 2083**

**EXPENDITURES/REVENUES: 10 months (Thousands of Dollars)**

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,040.6	1,713.0	2,177.3	2,177.3	2,177.3	2,177.3
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>1,040.6</b>	<b>1,713.0</b>	<b>2,177.3</b>	<b>2,177.3</b>	<b>2,177.3</b>	<b>2,177.3</b>

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	204.0	876.4	1731.7	1731.7	1731.7	1731.7
1005 GF/Program Receipts						
1037 GF/Mental Health	445.6	445.6	445.6	445.6	445.6	445.6
OTHER MHTAAR	391.0	391.0				
<b>TOTAL</b>	<b>1,040.6</b>	<b>1,713.0</b>	<b>2,177.3</b>	<b>2,177.3</b>	<b>2,177.3</b>	<b>2,177.3</b>

Estimate of any current year (FY 2000) cost: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 120 clients to a base rate of \$50 a day the first year for a period of 10 months, \$60 a day the second year, and \$70 a day the following years. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 40 (33%) clients out of the total client population of 120 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state.

Prepared by: Dwight Becker  
Division: Senior Services

Phone: 269-3074  
Date: 04/21/00

Approved by Commissioner: Robert Poe, Jr. [Signature]  
Agency: Department of Administration Date: 4/21/00

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FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HCS CSSB 73(FIN)

ANALYSIS: (continued)

Calculation of General Relief Payment by State  
(including geographical differential)

First Year FY 2001 with geographical differential (10 months 9/1/00 thru 6/30/01)

GR Rate	Anchorage	Matsu	Southcast	Northern	Western	N Western		
with Geographical								
<input type="text" value="50"/>	1,423,500.	113,880	109,500	377,775	145,635	151,110		2,321,400
Augmentation Rate	Augmentation Cost for 40 clients							
<input type="text" value="22"/>			321200					321,200
Personal Needs Allowance								144,000
<input type="text" value="100"/>								144,000
Client's Contributions							minus	1,137,800
Current FY 2001 General Relief Budget Request				400,000			minus	400,000
								<b>Grand Total</b> 1,248,700
								<b>TOTAL (10 MONTHS)</b> 1,040,500

10 months = 83.33% of \$1,248,760

Second Year FY 2002 with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western		
with Geographical								
<input type="text" value="60"/>	1,708,200	136,656	131,400	453,330	174,762	181,332		2,785,600
Augmentation Rate	Augmentation Cost for 40 clients							
<input type="text" value="22"/>			321200					321,200
Personal Needs Allowance								144,000
<input type="text" value="100"/>								144,000
Client's Contributions							minus	1,137,800
Current FY 2000 General Relief Budget Request				400,000			minus	400,000
								<b>Grand Total</b> 1,713,000

FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HCS CSSB 73(FIN)

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Third Year FY 2003 and following years with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western	
with Geographical							
<input type="text" value="70"/>	1,992,900	159,432	153,300	528,885	203,889	211,554	3,249.9
Augmentation Rate	Augmentation Cost for 40 clients						
<input type="text" value="22"/>		321200					321.2
Personal Needs Allowance							
<input type="text" value="100"/>							144.0
Client's Contributions							minus 1,137.8
Current FY 2000 General Relief Budget Request				400,000			minus 400.0
							<b>Grand Total 2,177.3</b>

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FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HCS CSSB 73(FIN)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 391.0 for each year FY2001 and FY2002.

Days of Service provided by General Relief Program

120 clients per month x 365 days = 43,800 days of service per year

Days of Service by Region

Anchorage	65% of 43,800 days =	28,470 days
Palmer/Wasilla	5%	= 2,190
Southeast	5%	= 2,190
Northern	15%	= 6,570
Western	5%	= 2,190
N/Western	5%	= 2,190
		<u>43,800 days</u>

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 120 clients = \$1,137,840

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N. Western	1.38

Personal Needs Allowance for all Clients

\$100 x 120 clients x 12 months = \$144,000

Augmentation Calculation

\$22 a day x 40 clients x 365 day = \$321,200

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HCS CSSB 73 (FIN)

Revision Date/Time (Note if correction): Apr. 20, 2000 2:29pm

Dept. Affected: Health and Social Services

Title: An Act Related to Assisted Living Homes

BRU: Community Mental Health Grants

Component: Gen Community Mental Hlth Grants

Sponsor: Senator Mike Miller

COMPONENT SERIAL NO. 307

Requestor: House (FIN)

See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

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

OPERATING	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	921.7	1,588.0	2,081.8	2,081.8	2,081.8	2,081.8
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>921.7</b>	<b>1,588.0</b>	<b>2,081.8</b>	<b>2,081.8</b>	<b>2,081.8</b>	<b>2,081.8</b>

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	462.7	1,129.0	2,081.8	2,081.8	2,081.8	2,081.8
1092 MHTAAR	459.0	459.0				
<b>TOTAL</b>	<b>921.7</b>	<b>1,588.0</b>	<b>2,081.8</b>	<b>2,081.8</b>	<b>2,081.8</b>	<b>2,081.8</b>

Estimate of any current year (FY2000) cost: \_\_\_\_\_

\$0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:**

(Attach a separate page if necessary)

Assisted Living Homes (formerly known as Adult Residential Care) are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. The FY 2000 budget is \$622.2. 7AAC 47.450-470 governs the fee structure for Assisted Living Homes and has not been revised since 1982. The lack of cost of care adjustments to the ALH's fee structure jeopardizes the health and safety of residents and the future of ALH's options. This bill would require the Department of Health & Social Services, Division of Mental Health & Developmental Disabilities (DMHDD) to increase the rate paid to ALHs under the existing general relief assistance program for 131 consumers to a base rate of \$50/day starting Sept 1, 2000, \$60/day in FY 2002, and finally to \$70/day in FY 2003. The number of individuals receiving support for ALH services varies each year. This fiscal note would include a geographic cost of living differential. An augmented rate of \$35/day would be paid for 26 (20%) of consumers from the total population of 131 consumers. The augmented rate covers care of consumers with increased service needs. A personal needs allowance would be paid at \$100/month for all consumers. Both DMHDD and the Division of Senior Services are requesting this increase in the personal needs allowance from \$75/month.

Prepared by: \_\_\_\_\_

Anne Henry

Phone: 465-4852

Division: \_\_\_\_\_

Mental Health & Dev. Disabilities

Date/Time: \_\_\_\_\_

4/20/00 2:32 PM

Approved by Commissioner: \_\_\_\_\_

Karen Perdue, Commissioner

Date: \_\_\_\_\_

Agency: \_\_\_\_\_

Department of Health & Social Services

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calculations, ALH fiscal notes (with geographic index applied)				RATE		
location	% of service	geographic index	\$50/day, 10 mo	\$60/day, 12 mo	\$70/day, 12 mo	
Anch	77%	1.00	\$1,528,181	\$2,209,053	\$2,577,223	
Palmor/Wasilla	5%	1.04	\$103,202	\$149,183	\$174,047	
Southeast	5%	1.00	\$99,233	\$143,445	\$167,353	
Western	7%	1.15	\$159,764	\$230,946	\$269,438	
N/Western	5%	1.33	\$131,979	\$190,782	\$222,579	
	1%	1.38	\$27,308	\$39,591	\$46,189	
<b>Costs of Providers' Standard Service</b>			<b>\$2,049,747</b>	<b>\$2,963,000</b>	<b>\$3,456,833</b>	
client contrib of \$662 std rate x 11 mo x 131 clients			\$1,016,298	\$1,242,142	\$1,242,142	
loss: proposed pers needs allowance \$100/mo x 12 mo x 131 clients			\$131,000	\$157,200	\$157,200	
<b>Portion of Costs Paid by Clients</b>			<b>\$885,298</b>	<b>\$1,084,942</b>	<b>\$1,084,942</b>	
<b>Proposed State's Portion of Costs</b>			<b>\$1,164,449</b>	<b>\$1,878,058</b>	<b>\$2,371,891</b>	
current state costs budgeted			\$518,500	\$622,200	\$622,200	
<b>Proposed Increase to Current State Costs</b>			<b>\$645,949</b>	<b>\$1,255,858</b>	<b>\$1,749,691</b>	
<b>AUGMENTATION, \$35/day x 26 clients x 365 days</b>			<b>\$275,730</b>	<b>\$332,150</b>	<b>\$332,150</b>	
<b>Proposed Increase Including Augmentation</b>			<b>\$921,679</b>	<b>\$1,588,008</b>	<b>\$2,081,841</b>	
			<b>\$921.7</b>	<b>\$1,588.0</b>	<b>\$2,081.8</b>	

With Geographic Index Applied:				total	daily
current rate	client portion	[((\$662 std monthly allowance x 11 mo) - (\$75 pers needs x 12 mo)) x 131 c		\$1,124,242	\$23.51
	state portion	budgeted amount		\$622,200	\$13.01
	<b>TOTAL</b>		<b>Total</b>	<b>\$1,746,442</b>	<b>\$36.52</b>
proposed \$50/day	<b>TOTAL</b>	\$50/day x 303 days x 131 clients (w/geogr index and spread)		<b>\$2,049,747</b>	<b>\$51.64</b>
	client portion	[((\$662 std monthly allowance x 9 mo) - (\$100 pers needs x 10 mo)) x 131 c		\$885,298	\$22.30
	state portion	difference		\$1,164,449	\$29.34
proposed \$60/day	<b>TOTAL</b>	\$60/day x 365 days x 131 clients (w/ geogr index and spread)		<b>\$2,963,000</b>	<b>\$61.97</b>
	client portion	[((\$662 std monthly allowance x 11 mo) - (\$100 pers needs x 12 mo)) x 131		\$1,084,942	\$22.69
	state portion	difference		\$1,878,058	\$39.28
proposed \$70/day	<b>TOTAL</b>	\$70/day x 365 days x 131 clients (w/ geogr index and spread)		<b>\$3,456,833</b>	<b>\$72.30</b>
	client portion	[((\$662 std monthly allowance x 11 mo) - (\$100 pers needs x 12 mo)) x 131		\$1,084,942	\$22.69
	state portion	difference		\$2,371,891	\$49.61

1-LS0468\K  
Lauterbach  
4/21/00

*Adopted 4/24/00*

**HOUSE CS FOR CS FOR SENATE BILL NO. 73(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIRST LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATORS MILLER, Ellis, Wilken, Taylor, Mackie, Pete Kelly, Elton  
REPRESENTATIVES Croft, Masek, James**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to assisted living homes; and providing for an effective date."**

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

3 **\* Section 1.** AS 47.07.070 is amended by adding a new subsection to read:

4 (h) This section does not apply to the minimum daily reimbursement rate  
5 specified by law under AS 47.24.017 or AS 47.25.195(f) for assisted living homes.

6 **\* Sec. 2.** AS 47.24.017 is amended by adding a new subsection to read:

7 (d) If the protective services under this section include the placement of a  
8 vulnerable adult in an assisted living home at the state's expense, the minimum daily  
9 reimbursement rate to the assisted living home for the vulnerable adult is \$50. The  
10 department may, under its regulations, provide for a daily rate higher than \$50 if the  
11 additional care provided to the vulnerable adult in the assisted living home justifies the  
12 additional reimbursement. In this subsection, "assisted living home" means an assisted  
13 living home licensed under AS 47.33.

14 **\* Sec. 3.** AS 47.24.017(d) is repealed and reenacted to read:

15 (d) If the protective services under this section include the placement of a

1 vulnerable adult in an assisted living home at the state's expense, the minimum daily  
2 reimbursement rate to the assisted living home for the vulnerable adult is \$60. The  
3 department may, under its regulations, provide for a daily rate higher than \$60 if the  
4 additional care provided to the vulnerable adult in the assisted living home justifies the  
5 additional reimbursement. In this subsection, "assisted living home" means an assisted  
6 living home licensed under AS 47.33.

7 \* Sec. 4. AS 47.24.017(d) is repealed and reenacted to read:

8 (d) If the protective services under this section include the placement of a  
9 vulnerable adult in an assisted living home at the state's expense, the minimum daily  
10 reimbursement rate to the assisted living home for the vulnerable adult is \$70. The  
11 department may, under its regulations, provide for a daily rate higher than \$70 if the  
12 additional care provided to the vulnerable adult in the assisted living home justifies the  
13 additional reimbursement. In this subsection, "assisted living home" means an assisted  
14 living home licensed under AS 47.33.

15 \* Sec. 5. AS 47.25.195(b) is amended to read:

16 (b) Except as provided in (f) of this section, a [A] health facility receiving  
17 a payment under this chapter is subject to the requirements of AS 47.07.070 -  
18 47.07.075.

19 \* Sec. 6. AS 47.25.195(c) is amended to read:

20 (c) Except as provided in (f) of this section, if [IF] insufficient money is  
21 appropriated to fund medical assistance under AS 47.25.120 - 47.25.300 when taking  
22 into consideration projected use and the health facility payment rates established in  
23 accordance with (b) of this section, the department may, by regulation, establish at any  
24 time in the fiscal year a prospective pro rata reduction of the facilities' established  
25 payment rates that will be paid by the department for services provided by facilities  
26 under AS 47.25.120 - 47.25.300.

27 \* Sec. 7. AS 47.25.195(d) is amended to read:

28 (d) Notwithstanding (a) - (c) of this section, the department may enter into  
29 agreements with a facility to provide services at a payment rate lower than the rate  
30 established in accordance with (b) of this section, except that the department may  
31 not enter into an agreement with an assisted living home to provide services at a

1 daily reimbursement rate lower than \$50.

2 \* Sec. 8. AS 47.25.195(d) is repealed and reenacted to read:

3 (d) Notwithstanding (a) - (c) of this section, the department may enter into  
4 agreements with a facility to provide services at a payment rate lower than the rate  
5 established in accordance with (b) of this section, except that the department may not  
6 enter into an agreement with an assisted living home to provide services at a daily  
7 reimbursement rate lower than \$60.

8 \* Sec. 9. AS 47.25.195(d) is repealed and reenacted to read:

9 (d) Notwithstanding (a) - (c) of this section, the department may enter into  
10 agreements with a facility to provide services at a payment rate lower than the rate  
11 established in accordance with (b) of this section, except that the department may not  
12 enter into an agreement with an assisted living home to provide services at a daily  
13 reimbursement rate lower than \$70.

14 \* Sec. 10. AS 47.25.195(e) is amended to read:

15 (e) For purposes of this section,

16 (1) "assisted living home" means an assisted living home licensed  
17 under AS 47.33;

18 (2) "health facility" includes a hospital, skilled nursing facility,  
19 intermediate care facility, intermediate care facility for the mentally retarded,  
20 rehabilitation facility, inpatient psychiatric facility, home health agency, rural health  
21 clinic, and outpatient surgical clinic.

22 \* Sec. 11. AS 47.25.195 is amended by adding a new subsection to read:

23 (f) Notwithstanding other provisions of this section and the provisions of  
24 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300  
25 includes the initiation or continuation of placement of the person in an assisted living  
26 home at the state's expense, the department's minimum daily reimbursement rate to the  
27 assisted living home for the person is \$50. This minimum rate is not subject to  
28 reduction under (c) of this section. The department may, under its regulations and  
29 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than  
30 \$50 if the care provided to the needy person in the assisted living home justifies the  
31 higher reimbursement. A daily rate higher than \$50 for assisted living homes may be

1 reduced under (c) of this section, but not below \$50.

2 \* Sec. 12. AS 47.25.195(f) is repealed and reenacted to read:

3 (f) Notwithstanding other provisions of this section and the provisions of  
4 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300  
5 includes the initiation or continuation of placement of the person in an assisted living  
6 home at the state's expense, the department's minimum daily reimbursement rate to the  
7 assisted living home for the person is \$60. This minimum rate is not subject to  
8 reduction under (c) of this section. The department may, under its regulations and  
9 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than  
10 \$60 if the care provided to the needy person in the assisted living home justifies the  
11 higher reimbursement. A daily rate higher than \$60 for assisted living homes may be  
12 reduced under (c) of this section, but not below \$60.

13 \* Sec. 13. AS 47.25.195(f) is repealed and reenacted to read:

14 (f) Notwithstanding other provisions of this section and the provisions of  
15 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300  
16 includes the initiation or continuation of placement of the person in an assisted living  
17 home at the state's expense, the department's minimum daily reimbursement rate to the  
18 assisted living home for the person is \$70. This minimum rate is not subject to  
19 reduction under (c) of this section. The department may, under its regulations and  
20 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than  
21 \$70 if the care provided to the needy person in the assisted living home justifies the  
22 higher reimbursement. A daily rate higher than \$70 for assisted living homes may be  
23 reduced under (c) of this section, but not below \$70.

24 \* Sec. 14. The uncodified law of the State of Alaska is amended by adding a new section  
25 to read:

26 **APPLICABILITY.** (a) The minimum daily reimbursement rate set under  
27 AS 47.24.017(d), enacted by sec. 2 of this Act, and AS 47.25.195(f), enacted by sec. 11 of  
28 this Act, applies to services provided on or after September 1, 2000, and is not dependent on  
29 the adoption of regulations by the Department of Health and Social Services.

30 (b) The minimum daily reimbursement rate set under AS 47.24.017(d), as amended  
31 by sec. 3 of this Act, and AS 47.25.195(f), as amended by sec. 12 of this Act, applies to

1 services provided on or after July 1, 2001, and is not dependent on the adoption of regulations  
2 by the Department of Health and Social Services.

3 (c) The minimum daily reimbursement rate set under AS 47.24.017(d), as amended  
4 by sec. 4 of this Act, and AS 47.25.195(f), as amended by sec. 13 of this Act, applies to  
5 services provided on or after July 1, 2002, and is not dependent on the adoption of regulations  
6 by the Department of Health and Social Services.

7 \* **Sec. 15.** Except as provided in secs. 16 and 17 of this Act, this Act takes effect  
8 September 1, 2000.

9 \* **Sec. 16.** Sections 3, 8, and 12 of this Act take effect July 1, 2001.

10 \* **Sec. 17.** Sections 4, 9, and 13 of this Act take effect July 1, 2002.

# FISCAL NOTE

No: 5

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

Bill Version: HCS CSSB 73 (HES)

(H) Publish Date: 4/15/00

Revision Date/Time (Note if correction): April 13, 2000 4:30pm Dept. Affected: Health and Social Services  
 Title: An Act Related to Assisted Living Homes BRU: Community Mental Health Grants  
 Component: Gen Community Mental Hlth Grants  
 Sponsor: Senator Miller COMPONENT SERIAL NO. 307  
 Requestor: House (HES) See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:** (Thousands of Dollars)

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

OPERATING	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ( )						
-------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	1,869.8	1,869.8	2,328.8	2,328.8	2,328.8	2,328.8
1092 MHTAAR	459.0	459.0				
<b>TOTAL</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>	<b>2,328.8</b>

Estimate of any current year (FY2000) cost: \$0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Assisted living Homes (formerly known as Adult Residential Care) are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. The FY2000 budget is \$622.2. 7AAC 47.450-470 governs the fee structure for Assisted Living Homes and has not been revised since 1982. The lack of cost of care adjustments to the ALH's fee structure jeopardizes the health and safety of residents and the future of ALH's options. This bill would require the Department of Health & Social Services, Division of Mental Health & Developmental Disabilities (DMHDD) to increase the rate paid to ALHs under the existing general relief assistance program for 131 consumers to a base rate of \$75/day in FY01. The number of individuals receiving support for ALH services varies each year. This fiscal note would include a geographic cost of living differential (an analysis without the geographic differential is also attached). An augmented rate of \$35/day would be paid for 26 (20%) of consumers from the total population of 131 consumers. The augmented rate covers care of consumers with increased service needs. A personal needs allowance would be paid at \$100/month for all consumers. Both DMHDD and the Division of Senior Services are requesting this increase from \$75/month.

Prepared by: Anne Henry Phone: 465-4852  
 Division: Mental Health & Dev. Disabilities Date/Time: 4/13/00 4:34 PM  
 Approved by Commissioner: Karen Perdue, Commissioner Date: 4/14/00  
 Agency: Department of Health & Social Services

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CALCULATIONS, ALH Fiscal Notes (with geographic index applied)			
location	% of service	geographic Index	RATE \$75/day
Anchorage	77%	1.00	\$2,761,316
Palmer/Wasilla	5%	1.04	\$186,479
Southeast	5%	1.00	\$179,306
Northern	7%	1.15	\$288,683
Western	5%	1.33	\$238,477
N/Western	1%	1.38	\$49,489
Cost of Providers' Standard Service:			\$3,703,750
client contrib of \$862 std rate x 11 mo x 131 clients (11 mo adjusts for vacancies, hospitalizations, 1st time eligibility funding lag)			\$1,242,142
less: proposed pers needs allowance \$100/mo x 12 mo x 131 clients			\$157,200
Portion of Costs Paid by Clients			\$1,084,942
Proposed State's Portion of Costs			\$2,618,808
current state costs budgeted			\$622,200
Proposed Increase to Current State Costs			\$1,996,608
AUGMENTATION, \$35/day x 26 clients x 365 days			\$332,150
Proposed Increase Including Augmentation			\$2,328,758
In thousands			\$2,328.8

DAILY RATE, with geographic index applied			
current rate	TOTAL		daily
	client portion	$\{(\$862 \text{ std monthly allowance} \times 11 \text{ mo}) - (\$75 \text{ pers needs} \times 12 \text{ mo})\} / 365 \text{ days}$	\$23.51
	state portion	budgeted \$622,200 / 365 days / 131 clients	\$13.01
proposed \$75/day	TOTAL	total indexed cost of providers' std svc @ \$75 / 365 days / 131 clients	\$77.46
	client portion	$\{(\$862 \text{ std monthly allowance} \times 11 \text{ mo}) - (\$100 \text{ pers needs} \times 12 \text{ mo})\} / 365 \text{ days}$	\$22.69
	state portion	difference	\$54.77

**FISCAL NOTE**

No: 6

**STATE OF ALASKA**  
**2000 LEGISLATIVE SESSION**

Bill Version: HCS CSSB 73 (HES)  
(H) Publish Date: 4/15/00

Revision Date: 4/13/00  
Title: An act related to assisted living homes  
Sponsor: Sen. Mike Miller  
Requestor: (H) HESS

Department Affected: Administration  
BRU: Central Administrative Services  
Component: Protection, Community Services, Administration  
COMPONENT SERIAL NO. 2083

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	2,409.5	2,409.5	2,409.5	2,409.5	2,409.5	2,409.5
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>						

**FUND SOURCE:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,572.9	2,018.5	2,409.5	2,409.5	2,409.5	2,409.5
1005 GF/Program Receipts						
1037 GF/Mental Health	445.6	0	0	0	0	0
OTHER MHTAAR	391.0	391.0	0	0	0	0
<b>TOTAL</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>	<b>2,409.5</b>

Estimate of any current year (FY 2000) cost: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 120 clients to a base rate of \$75 a day beginning July 1, 2000. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 40 (33%) clients out of the total client population of 120 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state. An analysis without the geographical is also included on page 4.

Prepared by: Dwight Becker  
Division: Senior Services

Phone: 269-3674  
Date: 4/13/00

Approved by Commissioner: Robert Poe, Jr. *[Signature]*  
Agency: Department of Administration

Date: 4/13/00

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FISCAL NOTE

STATE OF ALASKA

BILL NO.HCS SB73 (HESS)

2000 LEGISLATIVE SESSION

ANALYSIS: (continued)

Calculation of General Relief Payment by State  
(including geo differential)

First Year FY 2001 and following years with geographical differential							
GR Rate	Anchorage	Mat-su	Southeast	Northern	Western	N Western	
with Geographical							
<input type="text" value="75"/>	2,135,250	170,820	164,250	566,662.50	218,452.50	226,665	3,482,100
Augmentation Rate	Augmentation Cost for 40 clients						
<input type="text" value="22"/>	321,200						321,200
Personal Needs Allowance							144,000
<input type="text" value="100"/>							
Client's Contributions							Less (1,137,840)
Current FY 2000 General Relief Budget Request					400,000		Less (400,000)
						<b>Grand Total</b>	<b>\$2,409,460</b>

The Mental Health Trust Authority has agreed to provide funding in the amount of 391.0 for each of two years, FY 2001 and FY 2002.

In addition the Mental Health Trust Authority has approved 445.6 in GF Mental Health funds.

The current FY 2001 Division of Senior Services GR budget is 400.0.

FISCAL NOTE

STATE OF ALASKA

BILL NO.HCS SB73 (HESS)

2000 LEGISLATIVE SESSION

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22.00 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862.00 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,250 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is \$400.0. The MHTA has committed 391.0 of MHTAAR funds for FY2001 and FY2002.

Days of Service provided by General Relief Program

120 clients per month x 365 days = 43,800 days of service per year

Days of Service by Region

Anchorage	65%	of 43,800 days =	28,470 days
Palmer/Wasilla	5%	=	2,190
Southeast	5%	=	2,190
Northern	15%	=	6,570
Western	5%	=	2,190
N/Western	5%	=	2,190
			43,800 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 120 clients = \$1,137,840

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N.Western	1.38

Personal Needs Allowance for all Clients

\$100 x 120 clients x 12 months = \$144,000

Augmentation Calculation

\$22 a day x 40 clients x 365 day = \$321,200

FISCAL NOTE

STATE OF ALASKA

BILL NO.HCS SB73 (HESS)

2000 LEGISLATIVE SESSION

Calculation of General Relief Payment by State  
(including no geo differential)

		Place numerical entries in white boxes to the left.	Total
First Year FY2001 and following years GR Rate with No Geographical		75	3,285,000
Augmentation Rate	Augmentation Cost for 40 clients	22	321,200
Personal Needs Allowance		100	144,000
Client's Contributions	853,380		Less (1,137,800)
Current FY 2000 General Relief Budget Request	400,000		less (400,000)
			<b>Grand Total 2,212,300</b>

# Alaska State Legislature

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Senate District C

MIKE MILLER

## SB 73

### Assisted Living Homes

Assisted living homes, formerly called adult foster care homes, are facilities that provide a home-like environment for seniors and people who have a disability and need assistance with everyday living activities. The program is under the Department of Administration and Division of Senior Services.

The program is regulated by the old general assistance regulations that need to be revisited and updated to be in line with the standard of care that is practiced by the other Assisted Living Programs. The cost of care is grossly outdated and has not had an increase since 1983.

The **purpose** of this legislation is to **increase the daily rate** paid to the (15 bed or less)"**Mom and Pop**" facilities by the state for vulnerable adults that are unable to provide safely for their own medical, emotional and personal care needs. A rate increase is long overdue! This bill would increase the current rate from the present **\$34.50** per day to a base rate of **\$70.00** per day based on individual care needs.

**SB 73** would also establish an "equitable and reliable rate structure to ensure the success and growth of assisted living as a viable business" increasing rates to an adequate amount based on the Alaska Rate Study Report completed **December 1998**.

I respectfully request your consideration in passing SB 73

The rate for the typical general relief client in Alaska was established in 1983 at approximately \$35.00 per day. The rate is still \$35.00 per day today! In December of 1998 the Division of Senior Services (DSS) and Division of Mental Health and Developmental Disabilities (DMHDD) of the State of Alaska, commissioned the Assisted Living Training Institute (ALTI) to develop an Assisted Living Rate Study. In 1998 dollars, (using the lowest Social Security Index that same \$35.00 is equal to \$68.30. The rate study concludes that the general relief rate be increased by \$38.31.

### Intent of SB 73

The purpose and intent of this legislation was to increase the daily rate paid to the "Mom and Pop" facilities by the state for the vulnerable adults that are unable to provide safely for their own medical, emotional and personal care needs. Originally I wanted to increase the base rate from \$34.50 per day to \$70.00 per day based on individual care needs. Where this monetary increase is not possible at this time I would concur with the present Finance recommendation of a base rate of 42.25 a day the first year, \$51.00 the second and following years, this would include a geographical cost of living differential.

SB would also establish an "equitable and reliable rate structure to ensure the success the growth of assisted living homes as a viable business."

Presently, there is no quick fix to solve the total fiscal increase to caregivers in Assisted Living homes. But given the dual role as major payer and principal regulator, we as state legislatures can play a significant part in changing the system!

*Due to  
fiscal  
constraints*

## SB 73 Assisted Living

### Talking Points

#### The Crisis ahead:

Just under half of the 13.5 million Americans who need long-term care are under the age of 65 years and are expected to live longer than their counterparts did a generation ago. People 85 and older- half of whom need help with basic daily living tasks like dressing and bathing-now number about 4 million and represent the fastest growing segment of the population.

As noted in a report published in the Alaska Seniors' "Living Longer, Growing Strong" February 1998 (from the Alaska Commission on Aging)...

"Alaska is second in the nation in a proportional growth of our senior population-with a 42% increase in people age 65+ in only 6 years (1990-1996... Equally impressive is the anticipated long-term growth of Alaska Senior population. In 1980, there were 11, 547 people over the age of 65. Using moderated growth projections, population experts agree this number may reach 80,927 by the year 2015. This is a cost of 600% increase in only 35 years.

#### The Challenge:

The State of Alaska with its scattered population represents a unique challenge to provide services to residents who need assisted living supports. How to provide and afford good health care for long term care residents in assisted living homes is the intent of this bill.

While the term Assisted Living in Alaska includes smaller and larger facilities, the primary focus here is on smaller facilities (15 beds or less.)

#### The Need:

Assisted living homes (formerly known as Adult Residential Care) are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities.

The program is regulated by the old general assistance regulations that need to be revisited and updated to be in line with the standard of care that is practiced by other Assisted Living Programs.

# Alaska State Legislature

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Senate District C

MIKE MILLER

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I respectfully request your consideration in passing SB 73

# Bill History/Action Display



BILL: SB 73                      SHORT TITLE: ASSISTED LIVING FACILITIES  
 BILL VERSION:  
 SPONSOR(S): SENATOR(S) MILLER, Ellis, Wilken

CURRENT STATUS: (S) CALENDAR 4/12                      STATUS DATE: 4/11/00

TITLE: "An Act relating to assisted living homes; and providing for an effective date."

- Full Text
- Fiscal Notes
- Fiscal Note Info

## Committee Action With Bill History

Jrn-Date	Jrn-Page	Action
2/12/99	<u>240</u>	(S) READ THE FIRST TIME - REFERRAL(S)
2/12/99	<u>241</u>	(S) HES
2/16/99	<u>258</u>	(S) COSPONSOR(S): ELLIS, WILKEN
3/30/99	<u>734</u>	(S) HES RPT CS 3DP 2NR                      SAME TITLE
3/30/99	<u>734</u>	(S) DP: MILLER, WILKEN, PETE KELLY
3/30/99	<u>734</u>	(S) NR: PEARCE, ELTON
3/30/99	<u>735</u>	(S) FISCAL NOTES (DHSS, ADM)
3/30/99	<u>735</u>	(S) FIN REFERRAL ADDED AFTER HES
3/15/00	<u>2613</u>	(S) FIN RPT CS 6DP 2NR                      SAME TITLE
3/15/00	<u>2613</u>	(S) DP: TORGERSON, PARNELL, PETE KELLY
3/15/00	<u>2613</u>	(S) WILKEN, LEMAN, ADAMS; NR: GREEN, DONLEY
3/15/00	<u>2613</u>	(S) FISCAL NOTES (DHSS, ADM)
3/15/00	<u>2613</u>	(S) REFERRED TO RULES
4/11/00		(S) RLS TO CALENDAR AND 1 OR 04/12/00

Similar Subject Match or Exact Subject Match

- DISABILITIES
- HEALTH & SOCIAL SERVICES
- REGULATIONS
- RESIDENTIAL CARE
- SENIOR CITIZENS

Bill Root:            

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