

HB

258

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CS HB 258 (HES)

Revision Date/Time (Note if correction): Jan. 31, 2000, 2:51pm 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: Representatives J. James & J. Coghill, Jr. 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						
TOTAL OPERATING	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8

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	1,869.8	1,869.8	2,328.8	2,328.8	2,328.8	2,328.8
1092 MHTAAR	459.0	459.0				
TOTAL	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8

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: 1/31/00 3:03 PM

Approved by Commissioner:  Date: 1/31/00
 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

	TOTAL		daily
current rate	client portion	[(862 std monthly allowance x 11 mo) - (\$75 pers needs x 12 mo)] / 365 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 std monthly allowance x 11 mo) - (\$100 pers needs x 12 mo)] / 365 days	\$22.69
	state portion	difference	\$54.77

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Prime Sponsor Statement HB 258 - Assisted Living Homes

Did you know that Alaska has the fastest growing elderly population in the country? Over the next 20 years, according to the Labor Department, the number and percentage of older Alaskans in the state will increase dramatically. In 2018, the population of age 65 and older is expected to triple to 92,356, up from 32,729 in 1998. Older Alaskans will comprise almost 12 percent of the total population in 2018, up from 5.3% in 1998. All this considered, you may be interested to know Alaska is also the least prepared of all the states to meet the needs of our aging population.

The Labor Department projects that the Municipality of Anchorage should see the largest increase in older Alaskans (+23,412), then Matanuska-Susitna Borough (+7,498), the Fairbanks North Star Borough (+6,246); Kenai Peninsula Borough (+6,089); Juneau Borough (+3,319); Ketchikan Borough (+2,077); Valdez-Cordova census area (+1,143); and finally, the Kodiak Island Borough (+1,006). These combined areas should account for 85 percent of the growth in the senior population in the next 20 years.

Clearly, the State of Alaska needs to prepare for this increase and ensure that our senior programs are adequate to meet the needs of our elderly. With our aging population there is an increased demand for assisted living facilities and many of our elderly prefer to live in the family environment rather than being in nursing homes or other institutions.

Today we have approximately 278 frail elders in Alaska on general relief that live in assisted living homes. If it were not for assisted living homes these elders would have to be placed in the facilities such as Denali Center, or the Pioneers' Home. In the Pioneers' Home the daily rate is \$280 per person with an annual cost of \$90,520.00. At Denali Center the daily rate per person is \$345.00 with the annual cost amount to \$124,925.00. Compare these figures with the \$35.00 per elder per day that the State of Alaska currently pays caregivers in private assisted living homes. This is \$12,756.75 per elder annually. HB 258 would provide a long overdue raise for Assisted Living Providers to the amount to \$50.00 in July 1, 2000; to \$75.00 in the year 2001, and \$100.00 in the year 2002. These amounts are still considerably less than the State expense per elder in other state facilities.

Our hope is that the passage of HB 258 will lead to the expansion of assisted living facilities for elderly individuals on general relief, as well as a reduction of general relief costs for frail elders in Alaska.

1-LS1076D ✓
Lauterbach
1/29/00

CS FOR HOUSE BILL NO. 258()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES JAMES AND COGHILL

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 \$75. The
10 department may, under its regulations, provide for a daily rate higher than \$75 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 47.25.195(b) is amended to read:

15 (b) Except as provided in (f) of this section, a [A] health facility receiving

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1 a payment under this chapter is subject to the requirements of AS 47.07.070 -
2 47.07.075.

3 * Sec. 4. AS 47.25.195(c) is amended to read:

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

11 * Sec. 5. AS 47.25.195(d) is amended to read:

12 (d) Notwithstanding (a) - (c) of this section, the department may enter into
13 agreements with a facility to provide services at a payment rate lower than the rate
14 established in accordance with (b) of this section, except that the department may
15 not enter into an agreement with an assisted living home to provide services at a
16 daily reimbursement rate lower than \$75.

17 * Sec. 6. AS 47.25.195(e) is amended to read:

18 (e) For purposes of this section,

19 (1) "assisted living home" means an assisted living home licensed
20 under AS 47.33;

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

25 * Sec. 7. AS 47.25.195 is amended by adding a new subsection to read:

26 (f) Notwithstanding other provisions of this section and the provisions of
27 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300
28 includes the initiation or continuation of placement of the person in an assisted living
29 home at the state's expense, the department's minimum daily reimbursement rate to
30 the assisted living home for the person is \$75. This minimum rate is not subject to
31 reduction under (c) of this section. The department may, under its regulations and

1 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than
2 \$75 if the care provided to the needy person in the assisted living home justifies the
3 higher reimbursement. A daily rate higher than \$75 for assisted living homes may be
4 reduced under (c) of this section, but not below \$75.

5 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 APPLICABILITY. The minimum daily reimbursement rate set under AS 47.24.017(d),
8 enacted by sec. 2 of this Act, and AS 47.25.195(f), enacted by sec. 7 of this Act, applies to
9 services provided on or after July 1, 2000, and is not dependent on the adoption of regulations
10 by the Department of Health and Social Services.

11 * Sec. 9. This Act takes effect July 1, 2000.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HB 258

Revision Date: _____
 Title: An act related to assisted living homes
 Sponsor: Rep. James, Rep. Coqhill
 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						
TOTAL OPERATING	2,409.5	2,409.5	2,409.5	2,409.5	2,409.5	2,409.5

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	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
TOTAL	2,409.5	2,409.5	2,409.5	2,409.5	2,409.5	2,409.5

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 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. An analysis without the geographical is also included on page 4.

Prepared by: Dwight Becker
 Division: Senior Services

Phone: 269-3674
 Date: 1/31/00

Approved by Commissioner: Robert Poe, Jr.
 Agency: Department of Administration

Date: 2/1/00

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FISCAL NOTE

STATE OF ALASKA

BILL NO. HB 258

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"/>							144,000
Client's Contributions							Less (1,137,840)
Current FY 2000 General Relief Budget Request			400,000				Less (400,000)
							Grand Total \$2,409,460

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.

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STATE OF ALASKA

BILL NO. HB 258

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 32,850 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. 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

<u>Region</u>	<u>Index</u>
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. HB 258

2000 LEGISLATIVE SESSION

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

First Year FY2001 and following years GR Rate with No Geographical	Place numerical entries in white boxes to the left.	Total
<input style="width: 50px; height: 15px;" type="text" value="75"/>		3,285,000
Augmentation Rate	Augmentation Cost for 40 clients	
<input style="width: 50px; height: 15px;" type="text" value="22"/>	321,200	321,200
Personal Needs Allowance		
<input style="width: 50px; height: 15px;" type="text" value="100"/>		144,000
Client's Contributions	853,380	Less (1,137,840)
Current FY 2000 General Relief Budget Request	400,000	less (400,000)
		Grand Total 2,212,360