

S B

7 3

(7)

HOUSE COMMITTEE REPORT

Date Referred to Committee: April 13, 2000

FURTHER REFERRALS:

Finance

Date of Committee Action: 04/13/00

The HEALTH, EDUCATION AND SOCIAL SERVICES 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 House CS for CSSB 73(HES) [x] 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) _____

[] zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>				<input checked="" type="checkbox"/>
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>			
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE *[Signature]*

4/13/00

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. HCS CS SB 73 (HES)

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						
TOTAL OPERATING	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8

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

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

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

Division: Mental Health & Dev. Disabilities

Phone: 465-4852

Date/Time: 4/13/00 4:34 PM

Approved by Commissioner: Karen Perdue, Commissioner

Agency: Department of Health & Social Services

Date: 4/14/00

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

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
			<i>In thousands</i> \$2,328.8

DAILY RATE, with geographic index applied

	TOTAL		daily
current rate			\$36.52
	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

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO HCS SB73 (HESS)

Revision Date: 4/13/00
 Title: An act related to assisted living homes

Department Affected: Administration
 BRU: Central Administrative Services
 Component: Protection, Community Services, Administration

Sponsor: Sen. Mike Miller
 Requestor: (H) HESS

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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

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 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.
 Agency: Department of Administration

Date: 4/13/00

DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
 For further distribution information, call the Governor's Legislative Office

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							
<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.

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 32,850 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
			<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

BILL NO.HCS SB73 (HESS)

2000 LEGISLATIVE SESSION

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

First Year FY2001 and following years	Place numerical entries in white boxes to the left.	Total
GR Rate with No Geographical		
<input type="text" value="75"/>		3,285,000
Augmentation Rate	Augmentation Cost for 40 clients	
<input type="text" value="22"/>	321,200	321,200
Personal Needs Allowance		
<input 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

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 2
Bill Version: SB 73
(S) Publish Date: 3-30-99

Revision Date: _____
Title: An act related to assisted living homes
Sponsor: Senator Mike Miller
Requestor: (S) HES

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8
MISCELLANEOUS						
TOTAL OPERATING	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8

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

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8

Estimate of any current year (FY 97) 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 to a base rate of \$70 a day. An assisted living home rate schedule is attached which describes the rates which this bill would require the state to be paid in the six regions of the state with a base rate of \$70 a day in Anchorage. The six regions are paid according to geographical cost of living differentials. Taking into account geographical cost differentials and a system with augmented rates for higher needs clients a budget of \$1,926.8 is needed annually to fund this bill.

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.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: _____

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

Date: 3/4/99

DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 73

99 LEGISLATIVE SESSION

#2

ANALYSIS: (continued)

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 20% 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 20% 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.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65%	of 32,850 days =	21,354 days
Palmer/Wasilla	5%	=	1,642
Southeast	5%	=	1,642
Northern	15%	=	4,928
Western	5%	=	1,642
N/Western	5%	=	1,642
			<u>32,850 days</u>

Client Contribution Towards Payment for Assisted Living

\$2 payment standard per mo. x 12 mo. / 365 days = \$28.34 per day
 20% of the days are not contributed towards due to emergency adult protective placements)
 80% of 32,850 days x \$28.34 per day = \$744,755

Cost Calculation for Non-augmented Clients (80%)

Region	Index	Regular Rate	x 80% of days	Cost
Anchorage	1.00	70.00	17,083	\$1,195,810
Palmer/Wasilla	1.04	72.80	1,314	95,659
Southeast	1.00	70.00	1,314	91,980
Northern	1.15	80.50	3,942	317,331
Western	1.33	93.08	1,314	122,307
N.Western	1.38	96.58	1,314	126,906
			<u>26,281</u>	<u>1,949,993</u>

Cost Calculation for Augmented Clients (20%)

Region	Index	Augmented Rate	x 20% of days	Cost
Anchorage	1.00	92.00	4,270	392,840
Palmer/Wasilla	1.04	95.68	328	31,383
Southeast	1.00	92.00	328	30,176
Northern	1.15	105.80	987	104,424
Western	1.33	122.36	328	40,134
N.Western	1.38	126.96	328	41,642
			<u>6568</u>	<u>640,599</u>

Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

The General Relief Assistance payment by the State as required by this bill

\$1,949,993	Non-augmented cost
640,599	Augmented Cost
81,000	Personal Needs Allowance
<u>2,671,592</u>	Sub-Total Cost
(744,755)	Clients Contributions
(400,000)	Current FY 2000 Budget Request
<u>,526,837</u>	Total Cost to State

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. _____
Bill Version: SB 73
(S) Publish Date: 3-30-99

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An act relating to Assisted Living Homes BRU: Community Mental Health Grants
Component: Services for the Chronically Mentally Ill
Sponsor: Miller COMPONENT SERIAL NO. 800
Requestor: Senate (HES) See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
MISCELLANEOUS						
TOTAL OPERATING	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8

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

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

FUND SOURCE

(Thousands of Dollars)

	FY00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
Other (please specify)						
TOTAL	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8

POSITIONS:

	FY00	FY01	FY02	FY03	FY04	FY05
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities serves approximately 138 individuals in Assisted Living Home environments with a FY99 budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care regulations varies each year. 7AAC 47.450-470 governs the fee structure for Adult Residential Care and has not been revised since 1982. Adult Residential Care is now referred to as Assisted Living Home services. The lack of cost of care adjustments to the Adult Residential Care fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support. This fiscal note is based on a zero population growth. It will fix the system as it now exists. Growth in community based services for Mental Health consumers is addressed in the "API Community Implementation Plan" dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note. Growth for the developmentally disabled consumer is provided in the Community Developmental

Prepared by: Leonard Abel, Ph.D. Phone: 465-4827 or 465-3370
 Division: Mental Health and Developmental Disabilities Date: 02/23/99
 Approved by Commissioner: Karen Perdue, Commissioner Date: 2/24/99
 Agency: Department of Health & Social Services

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE
For further distribution information, call the Governor's Legislative Office

ANALYSIS (cont.):

Disabilities Grants Component Budget.

The following rationale was used to develop the needed General Fund increase to implement SB 73 as written and remains the same for the amendment proposed by the Department noted on the bill analysis.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	<u>\$ 775.00</u>	<u>\$25.48/day**</u>
Average paid for total care in an Assisted Living Home currently		\$37.83/day

* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day

** Consumer Entitlements (SSI/SSA/AD) = \$850 per month average minus monthly personal allowance = \$775/month times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:		\$ 12.35 /day
Consumer contributes entitlements at an average monthly rate	\$ 850	
Less increased personal allowance	<u>\$ (100)</u>	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
Needed increased augmentation by DMH&DD to equal \$70/day avg.		<u>\$ 32.99 /day ***</u>
Total to be received by the Assisted Living Home		\$ 70.00 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

It is estimated that 20% or 27 individuals would require augmented rates averaging \$90.00 per day. The average augmentation adjustment is \$20.00/day times 365 days = \$7,300 per year. The overall augmentation cost at \$7,300 per individual per year times 27 individuals = \$197,100.

An additional \$197.1 is required to cover these augmented rates for individuals requiring a higher level of care.

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities will need an increase in general funds of \$1858.8 (\$32.99/day x 365 days = \$12,041.35 x 138 served = \$1,661.7 plus \$197.1 for augmented rates = \$1858.8) for FY2000. These funds will bring the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The average cost of care should remain around \$70/day. Due to individual acuity levels, some individuals will require supports costing less than \$70/day, while others may need additional supports exceeding \$70/day. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

The Alaska Mental Health Trust Authority has shown interest in the idea of a multi-year system change approach to address the funding needed to fix the Assisted Living Home service system. The Trust have indicated interest in receiving a jointly backed proposal from the Departments and planning boards impacted by the need to maintain the existing Assisted Living Home service system.

CALCULATIONS, ALH Fiscal Notes (with geographic index applied)

location	% of service	geographic Index	RATE	
			\$42.25/day	\$51.00/day
Anchorage	77%	1.00	\$1,555,541	\$1,877,695
Palmer/Wasilla	5%	1.04	\$105,050	\$126,805
Southeast	5%	1.00	\$101,009	\$121,928
Northern	7%	1.15	\$162,625	\$196,304
Western	5%	1.33	\$134,342	\$162,165
N/Western	1%	1.38	\$27,879	\$33,652
Cost of Providers' Standard Service:			\$2,086,446	\$2,518,550
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	\$1,242,142
less: proposed pers needs allowance \$100/mo x 12 mo x 131 clients			\$157,200	\$157,200
Portion of Costs Paid by Clients			\$1,084,942	\$1,084,942
Proposed State's Portion of Costs			\$1,001,504	\$1,433,608
current state costs budgeted			\$622,200	\$622,200
Proposed Increase to Current State Costs			\$379,304	\$811,408
AUGMENTATION, \$35/day x 26 clients x 365 days			\$332,150	\$332,150
Proposed Increase Including Augmentation			\$711,454	\$1,143,558
in thousands			\$711.5	\$1,143.6

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 \$42.25/day	TOTAL	total indexed cost of providers' std svc @ \$42.25 / 365 days / 131 clients	\$43.64
	client portion	[((\$862 std monthly allowance x 11 mo) - (\$100 pers needs x 12 mo)) / 365 days]	\$22.69
	state portion	difference	\$20.95
proposed \$51.00/day	TOTAL	total indexed cost of providers' std svc @ \$51.00 / 365 days / 131 clients	\$52.67
	client portion	[((\$862 std monthly allowance x 11 mo) - (\$100 pers needs x 12 mo)) / 365 days]	\$22.69
	state portion	difference	\$29.98

FISCAL NOTE

553 3/9/00

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CS SB 73 (FIN)

Revision Date/ <u>3/10/00</u>	Dept. Affected <u>Administration</u>
Title <u>An act relating to assisted living homes</u>	BRU <u>Central Administrative Services</u>
Sponsor <u>Senators Miller, Ellis, Wilken</u>	Component <u>Protection, Community Services,</u>
Requester <u>(S) FIN</u>	Administration
	Component No. <u>2083</u>

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	888.9	1,295.2	1,295.2	1,295.2	1,295.2	1,295.2
Miscellaneous						
TOTAL OPERATING	888.9	1,295.2	1,295.2	1,295.2	1,295.2	1,295.2

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

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF	52.3	458.6	849.6	849.6	849.6	849.6
1005 GF/Program Receipts						
1037 GF/Mental Health	445.6	445.6	445.6	445.6	445.6	445.6
Other (Specify Type)	391.0	391.0				
TOTAL	888.9	1,295.2	1,295.2	1,295.2	1,295.2	1,295.2

Estimate of any current year (FY2000) 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 \$42.25 a day the first year, \$51 the second year, and 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: <u>Dwight Becker</u>	Phone <u>269-3674</u>
Division <u>Senior Services</u>	Date/Time <u>3/13/00 11:26 AM</u>
Approved by Commissioner -- <u>Robert Poe, Jr. <i>Alison M. Elger</i></u>	Date <u>3/14/00</u>
Agency <u>Department of Administration</u>	

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

BILL NO. CS SB 73(FIN)

ANALYSIS: (continued)

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

First Year FY 2001 with geographical differential							
GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western	
with Geographical							
42.25	1,202,858	96,228.6	92,527.5	319,219.9	123,061.6	127,688	1,961,583
Augmentation Rate	Augmentation Cost for 40 clients						
22		321200					321200
Personal Needs Allowance							144000
100							144000
Client's Contributions							minus 1137840
Current FY 2001 General Relief Budget Request				400,000			minus 400,000
							Grand Total 888.9
Second Year FY 2002 and following years with geographical differential							
GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western	
with Geographical							
51	1,451,970	116,157.6	111,690	385,330.5	148,547.7	154,132.2	2,367,828
Augmentation Rate	Augmentation Cost for 40 clients						
22		321200					321,200
Personal Needs Allowance							144,000
100							144,000
Client's Contributions							minus 1,137,840
Current FY 2000 General Relief Budget Request				400,000			minus 400,000
							Grand Total 1,295,188

FISCAL NOTE

STATE OF ALASKA

BILL NO. CS SB 73(FIN)

2000 LEGISLATIVE SESSION

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
			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

The TRUST

The Alaska Mental Health Trust Authority

March 1, 2000

Senator Mike Miller
State Capital
Juneau, Alaska 99801

Dear Senator Miller,

This letter is to confirm the Trustees commitment to provide Mental Health Trust Authorized Receipts (MHTTAR) to help the state increase the assisted living rate.

The Trustees have authorized \$391.0 of MHTAAR in the Department of Administration and \$459.0 in the Department of Health and Social Service for a total of \$850.0 for both FY 01 and FY 02. This \$1.700.0 commitment should enable the state to transition to a more appropriate assisted living rate with a minimal impact on the state budget.

If we can be of any further assistance, please do not hesitate to call.

Sincerely,



Jeff Jessee
Executive Director

Cc: Board of Trustees
Commissioner Poe
Commissioner Perdue

**ANALYSIS OF DIFFERENCES BETWEEN FY 99 AND FY 00 FISCAL NOTES
CSSB 73 (FIN)**

The Fiscal Note for FY 99 is: \$1,024.4
The Fiscal Note for FY 00 is: 1,094.2

The change is the result of several factors, including refined methods of calculation, which more accurately reflect the real needs of the population, and other changes outlined below.

Last year, MHTAAR made a commitment of \$900.0 or \$300.0 annually for three years. This year, the trust has committed for a total of \$918.0 or \$459.0 for two years. Resulting in a \$159.0 decrease in FY 01 and FY 02 General Fund Mental Health monies required.

The next three factors are all interrelated, and decrease the bottom line on the Fiscal Note. 1) The consumer contribution has gone from \$850, to \$862 per month, per consumer. 2) The number of consumers currently receiving services is 131. The FY 99 Fiscal Note reflected 138 consumers. The number of consumers varies from year to year. 3) An adjustment in the geographic differential from 25% in FY 99 to 13% in FY 00 more accurately reflects the locations of consumers.

By history, the average consumer contributes to their Assisted Living Homes a total of 11 months per year. The state must absorb the extra month. There are many reasons that consumers lose funding. An example is a short hospitalization, which causes a consumer to be temporarily ineligible for Medicaid. Using historical numbers, this creates an increase of \$165.5.

In past years, the augmentation for the most exceptional of consumers, Level 2, was \$22.00 per day. In an effort to reduce this expense, and to improve the lives of consumers, DMHDD has initiated a training program which is expected to help move people to Level 1 services, which do not require such one on one services. This \$35 per day augmentation results in an increase of \$128.0.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION DIVISION OF SENIOR SERVICES

Assisted Living Licensing
Alaska Commission on Aging
• Nutrition & Transportation
• Senior Residential Services
• Senior Employment Services
• Long Term Care Ombudsman
• Home & Community Grants

Personal Care Attendant Program
Care Plan Counseling
Older Alaskan's Waiver
Adults with Physical Disabilities Waiver
Adult Protective Services
Information & Referral
Citizen's Foster Care Review

TONY KNOWLES, GOVERNOR



JUNEAU OFFICE
PO BOX 110209
JUNEAU, ALASKA 99811-0209
PHONE: (907) 465-3250
FAX: (907) 465-4716
TTY: (907) 465-2205



ANCHORAGE OFFICE
FRONTIER BUILDING
3601 C STREET, SUITE 310
ANCHORAGE, ALASKA 99503-5984
PHONE: (907) 269-3666
FAX: (907) 269-3689/269-3688
TTY: (907) 269-3891

March 1, 2000

MEMO

To: Sharon Clark
Senator Miller's Office Faxed to 465-3883

From: Dwight Becker, Program Coordinator

Re: ~~CE SR 73~~ (FIN) Fiscal Note



Hello Sharon,

I received your call about the fiscal note wanting to know why there was increase over last years fiscal note. There was an increase last year in the number of general relief assisted living clients. When I did the fiscal not last year, we were averaging more than 90 clients on GR each month. I used 90 at that time. Since that time we have been averaging 120 clients each month on GR. Therefore I revised the fiscal note to reflect this increase.

I used the exact same method for calculating the fiscal note this year as I did last year. I simply substituted 120 clients for 90 clients. The number of clients being augmented stayed at 33%, so that number also increased from 33% of 90 to 33% of 120.

The GR client caseload has been steadily increasing over the years. I expect that the need will continue to increase this year.

I hope this answers your questions.

Sincerely,

Dwight Becker

1-LS0468V
Lauterbach
4/13/00

HOUSE CS FOR CS FOR SENATE BILL NO. 73(HES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATORS MILLER, Ellis, Wilken, Taylor, Mackie, Pete Kelly, Elton

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

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.

Alaska State Legislature

Mailing Address:
P.O. Box 55094
North Pole, Alaska 99705
Ph: (907) 488-0862
Fax: (907) 488-4271



While in Juneau
State Capitol
Juneau, Alaska
99801-1182
Ph: (907) 465-4976
Fax: (907) 465-3883

Senate District Q

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