

HB

166

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

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March 6, 2003

Honorable Peggy Wilson
Chair
House Health, Education, and Social Services Committee
Alaska State Capitol, Rm. 106
Juneau, AK 99811

Dear Representative Wilson,

The Department of Health and Social Services respectfully requests a hearing in the House Health, Education, and Social Services Committee on House Bill 166 "An Act relating to adoptions that include a subsidy payment by the state; eliminating annual review of the subsidy paid by the state after adoption of a hard-to-place child has occurred; and providing for an effective date."

This bill would repeal AS 25.23.220, which requires the Department of Health and Social Services to conduct an annual evaluation of the need for continued adoption subsidy payments and the amount of those payments. This bill also amends AS 47.07.020(b)(10) and AS 47.07.035(31) to remove reference to AS 25.23.220.

Persons who adopt a hard-to-place child may receive a monthly subsidy payment for the care and support of that child. After the court finalizes an adoption with subsidy, the family is independent of the Department with the exception of a statutorily required annual evaluation of the subsidy.

Adoptive parents and guardians have the right to request a review of their subsidy payments at any time. The repeal of AS 25.23.220 would not affect this right, but would be a cost saving measure for the Department of Health and Social Services. Eliminating this required annual review will provide an estimated cost savings in the amount of \$185,000 to the budget. A fiscal note should be on file with the committee.

Honorable Peggy Wilson
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Your favorable consideration of this request would be appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Elmer A. Lindstrom".

Elmer A. Lindstrom
Special Assistant to the Commissioner

Cc: Mike Tibbles, Legislative Director
Office of the Governor

Tom Cherian, Acting Director
Division of Family & Youth Services

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HB 166
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March 5, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec 18, of the Alaska Constitution, I am transmitting a bill relating to the elimination of annual reviews for adoptive parents or guardians receiving subsidy payments for special needs children.

This bill would repeal AS 25.23.220, which requires the Department of Health and Social Services to conduct an annual evaluation of the need for continued adoption or guardianship subsidy payments and the amount of those payments.

Persons who adopt or become legal guardians for a hard-to-place child may receive a monthly subsidy payment for the care and support of that child. After the court finalizes an adoption or guardianship with subsidy, the family is independent of the Department with the exception of a statutorily required annual evaluation of the subsidy.

Adoptive parents and guardians have the right to request a review of their subsidy payments at any time. The repeal of AS 25.23.220 would not affect this right, but would be a cost saving measure for the Department of Health and Social Services. Eliminating this required annual review will provide an estimated cost savings in the amount of \$185,000 to the budget.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

Adoption Assistance Cost Savings Proposal HB 166/SB 123

Concept

Elimination of the Annual Review (Reevaluation) Process for the Subsidized Adoption and Guardianship Program

Potential Savings \$185,000 annually

Description

By Alaska State Statute, AS 25.23.220 *Annual reevaluation of subsidy*, the Division of Family and Youth Services conducts an annual review (reevaluation) of each active subsidy in the SAG Program. By Statutory language, the annual review is to:

- Assess the need for the continued subsidy, and
- The amount of the subsidy

Federal policy specifically addresses the question of States having adoptive parents complete annual reviews in the Child Welfare Policy Manual; Section 8.2B.8 Title IV-E-Adoption Assistance Program, Eligibility, Medicaid:

There is no Federal statute or provision requiring annual renewals, recertifications or eligibility re-determinations for title IV-E adoption assistance. Parents who receive adoption assistance payments, however, have a responsibility to keep the State or local agency informed of circumstances that would make them ineligible for title IV-E adoption assistance payments, or eligible for assistance payments in a different amount.... Once a child is determined eligible to receive title IV-E adoption assistance he or she remains eligible and the subsidy continues until: (1) the age of 18...; (2) the State determines that the parent is no longer legally responsible for the support of the child, or; (3) the State determines the child is no longer receiving any support from the parents. (Online: http://www.acf.dhhs.gov/programs/cb/laws/cwpm/policy_dsp.jsp?citID=33)

Currently, annual reviews are conducted by DFYS during the fourth quarter of the fiscal year. As of January 31, 2003 there were 1859 children in the subsidy program. The DFYS State Office Adoptions Staff sends out to each guardian and adoptive family a one-page annual review form requesting information for the annual review. Families are requested to return the information in an enclosed, self-addressed stamped envelope by a designated date. The processing of the annual reviews includes the annual redetermination for Medicaid eligibility for adoptive families.

Ease of Implementation

Implementation of this plan would occur with relative ease. The Division of Family and Youth Services would simply stop the annual review process in FY 2004. The cost savings would be seen in the use of staff time on other program and subsidy matters in the SAG Program.

History of Concept

The initial intent of the annual review process was to focus on cost containment within the Subsidized Adoption and Guardianship Program. However, federal policy requirements limit the impact that these efforts have on the program. Federal policy does not allow for the reduction of a subsidy unless the family is in concurrence with the reduction on the subsidy amounts; thus, many of the subsidies remain at existing levels. (See U. S Department of Health and Human Services; Administration on Children, Youth and Families; ACYF-CB-PA-01-01, Section: *Amount of Adoption Assistance Payments*, Dated: January 23, 2001). Additionally, at the time of the annual review, many of the families in the subsidy program request increases in their existing subsidies. While not all of the requests for a subsidy increase are granted, the reality is that subsidy rates will increase at the annual review, rather than decrease.

The elimination of the annual review process creates a cost savings by providing cost containment to existing subsidy amounts, and by eliminating the staff time to process the mail outs, the processing of the annual reviews, and the necessary follow up for subsidy increase requests.

Additional Information

- As of January 31, 2003, there are a total of 1859 guardianship and adoption subsidies.
- Of the 1859 subsidies, there are 1530 adoption subsidies and 329 guardianship subsidies
- Of the 1530 adoption subsidies, there are 1277 Federal adoption subsidies and 253 State adoption subsidies.
- Of the total of 1530 adoption subsidies, there are 77 children who currently receive a zero subsidy, which offers no funds for the subsidy, but does offer Medicaid eligibility for the child to age 18.
- During the month of January, DFYS had:
 - 18 new subsidies
 - 5 adoption/guardianship terminations
 - 7 adoption/guardianship subsidies closed as the child reached age 18