

HB

374

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January 9, 2004

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 107
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill establishing the "SeniorCare" program.

Prescription drug prices have spiraled upwards for years, placing a heavy financial burden on Alaska's seniors. This past year my administration has initiated a number of reforms to our Medicaid program that will help assure that seniors receive the safest and most clinically appropriate prescription drugs they need at a reasonable cost. Among these reforms is the development of a preferred drug list, requiring prior authorization for certain drugs, and expanding case management of high-cost clients; often persons with chronic conditions that require a large number of medications.

This fall, Congress approved a comprehensive package of Medicare prescription drug subsidies. However, these subsidies are not fully effective until 2006. This creates a gap for seniors who need immediate assistance. SeniorCare is an innovative program, which bridges that gap for Alaska's seniors. The Senior Assistance Program, which I established this year to help Alaska's neediest seniors, has been brought under SeniorCare.

The SeniorCare program would provide two levels of subsidies, based on income. An individual who has an annual income of up to 135 percent of the federal poverty level for Alaska, and who is not already receiving a prescription drug benefit through Medicaid, may choose to receive up to \$1,600 a year in prescription drug subsidies or to receive a monthly cash payment of \$120. An individual who has an annual income of more than 135 percent but no more than 150 percent of the federal poverty level for Alaska may receive up to \$1,000 a year in prescription drug subsidies, but

The Honorable Gene Therriault
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would not be eligible for the alternative cash payment. In addition, under federal law separate from this bill, the temporary Medicare prescription drug subsidy would add an extra \$600 per year of prescription drug coverage to the first group.

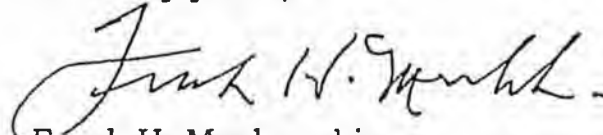
Eligibility for the program would be limited to Alaska's most needy seniors. The program would not pay for prescription drug subsidies for seniors who already receive coverage under Medicaid or certain similar prescription drug subsidy programs. Eligibility for the program would be further defined by regulations developed by the Department of Health and Social Services under authority granted in this bill. Until those regulations are in effect, the eligibility requirements that govern the Alaska Senior Assistance Program (established by regulation in 2003) would govern the SeniorCare program. This would ensure that the SeniorCare program could go into operation without delay.

Prescription drug subsidies under the program would cover almost all prescription drugs, insulin and insulin syringes, and would require that, if available, cheaper and therapeutically equivalent generic drugs must be used unless a medical professional indicates that a brand name is medically necessary. This requirement would ensure that the subsidies would cover the maximum amount possible of each recipient's prescription drug costs.

The SeniorCare program is designed to help Alaska's seniors meet their financial and prescription drug needs. When the new Medicare prescription drug subsidy administered by the federal government begins, SeniorCare would be discontinued.

I urge your prompt and favorable action on this measure.

Sincerely yours,



Frank H. Murkowski
Governor

Enclosure



Fact Sheet

SeniorCare is a proposed array of services for Alaska seniors. SeniorCare bridges a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006, and provides a statewide senior information, resource and referral service for all Alaska seniors.

Seniors who qualify for this year's Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage, will be provided a choice starting in April 2004 pending legislative approval. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$120 a month, which totals \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year.

Other services offered through SeniorCare include a new Senior Information Office through the Division of Senior and Disabilities Services. This office will be a one-stop resource for information seniors need. The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance.

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most efficacious, cost-effective and safe. The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office. The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

Current programs for seniors which will fall under SeniorCare include comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. About 7,000 eligible seniors receive prescription drugs, medical care, hospitalization and other services from the state at a cost of \$119.6 million a year. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

To be eligible for the two levels of SeniorCare benefits, a senior age 65 or older must meet the following eligibility criteria:

First Level: Seniors eligible to receive the \$1,600 Senior Care Prescription Drug Subsidy or \$1,440 Senior Assistance Program cash assistance:

- Individuals may have an annual gross income of up to \$15,134, couples a combined annual gross income of up to \$20,439 (below 135 percent of the federal poverty level). Permanent Fund Dividend income is not counted.
- Participants receiving Medicaid prescription drug coverage are only eligible for cash assistance, and are not eligible for the SeniorCare prescription drug benefit.

Second Level: Seniors eligible to receive the \$1,000 Senior Care Prescription Drug Subsidy only:

- Individuals may have an annual gross income of up to \$16,815, couples a combined annual gross income of up to \$22,710 (between 135 percent and 150 percent of the federal poverty level). Permanent Fund Dividend income is not counted.

Assets allowed:

- Individuals may have assets up to \$4,000, couples combined assets up to \$6000.
 - Assets not counted include a home, funds set aside for burial, automobiles, real estate and other real property.
 - Only liquid assets are counted such as cash and those assets easily converted to cash (e.g., stocks, bonds, IRAs, etc.).

For individuals, eligibility is based solely on their own income and assets. For married couples that are living together, eligibility is based on their combined income and assets regardless of whether one or both are 65 or older.

Other eligibility criteria:

- The senior must be a US citizen or legal alien, a resident of Alaska, and must intend to remain a resident of Alaska throughout the duration of the program.
- Only those seniors living independently (outside an institution such as a nursing home, Pioneer Home, API) are eligible.

Once they receive the benefit, recipients must report changes in residence, mailing address or the death of a spouse within 10 days.

The Benefit:

Seniors who qualify for this year's Senior Assistance Program, and who are not receiving Medicaid prescription drug coverage, will be provided a choice. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year.

How to Apply

Seniors who meet the eligibility criteria need apply only once by mail. The application asks for information about income and assets, and requires a signature to confirm the truthfulness of the statement given. No additional proof of income or assets is required.

If found eligible, the individual will receive written notice, and begin receiving the benefit following the month of application.

Applications for the current Senior Assistance Program are available at senior centers, libraries, offices of the Division of Public Assistance and at variety of other community agencies and at <http://www.hss.state.ak.us/dpa/>. Application forms for the new prescription drug benefit will be available spring 2004 at the same outlets.

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

Alaska Department of Health & Social Services
Division of Senior and Disabilities Services
SeniorCare Senior Information Office
Statewide: 1-800-478-6065
Anchorage (907) 269-3680
www.seniorcare.alaska.gov



Frequently Asked Questions

Q: What is SeniorCare?

SeniorCare is a proposed array of services for Alaska seniors. SeniorCare bridges a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006, and provides a statewide senior information, resource and referral service available for all Alaska seniors.

In the current Senior Assistance Program, eligible seniors receive a cash benefit of \$120 per month to help with basic needs such as food, housing and medication. Starting in April 2004, a prescription drug subsidy will be available to these same Alaska seniors, if approved by the Alaska Legislature. In the program, certain eligible seniors will have the option of selecting either the prescription drug subsidy or the cash benefit. A prescription drug benefit will also be offered to an additional group of eligible seniors needing assistance.

Seniors who qualify for this year's Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage, will be provided a choice this spring. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple.

Other services offered through SeniorCare include a new Senior Information Office through the Division of Senior and Disabilities Services. This office will be a one-stop resource for information seniors need. The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance for seniors.

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most

efficacious, cost-effective and safe. The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office.

The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

Current programs for seniors which will fall under SeniorCare includes comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

Q: When will the SeniorCare prescription drug benefit be made available?

It is anticipated that the prescription drug subsidy will begin April 1, pending legislative approval, and it will be available until the full Medicare prescription drug benefits begin in January 2006.

Q: Who is eligible for the SeniorCare prescription drug subsidy or cash benefit?

The individual must be age 65, a US citizen or legal alien, a resident of Alaska, and must plan to remain in Alaska for the duration of the program. Those seniors opting for the prescription drug subsidy must also have the Medicare Drug card, once it is available, about May 2004.

Seniors with income below 135 percent of the federal poverty level (annual income less than \$15,134), and liquid assets of no more than \$4,000 will qualify for the program. Couples living together who are married may have an annual income of no more than \$20,439 and assets of no more than \$6,000. Seniors who qualify for the SeniorCare program and who do not receive Medicaid prescription drug coverage, will be able to choose cash assistance or the new SeniorCare prescription drug subsidy of \$1,600 a year (prorated).

Seniors with income between 135 percent and 150 percent of poverty level will also qualify for a prescription drug subsidy. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple. New federal poverty guidelines will be released early in 2004 and income level guidelines may change.

Q: Are all my income and assets counted for purposes of eligibility?

No. Permanent Fund Dividend income is not counted. Also, only liquid assets are counted. Liquid assets are cash or other resources that can easily be converted to cash. Liquid assets include cash, bank accounts, stocks, bonds, individual retirement accounts, money market certificates, cash value of life insurance, etc. A home, automobiles and other real property are not counted for purposes of eligibility.

Q: My spouse is over 65, but I'm not. Do we have to count my income and assets as well?

Yes. Eligibility is based on the combined income and assets of couples who are married and living together regardless of whether one or both is eligible to receive the benefit.

Q: I live in an assisted living home. Am I eligible for the Alaska SeniorCare Program?

Yes. Seniors living independently or in assisted living homes are eligible. You are not eligible if you are living in a nursing home or other institutional setting.

Q: Will SeniorCare prescription drug benefit cover all drugs?

No. The benefit will not cover over-the-counter drugs, vitamins, or any medical supplies currently not covered under Medicaid. This benefit will follow the current Medicaid formulary for seniors, so drugs normally not dispensed to seniors will not be covered under this program.

Q: How will SeniorCare prescription drug benefit work with Medicare and other insurance coverage?

SeniorCare will be the payer of last resort. Medicare and other insurance will be the first payer for prescription drugs, and the SeniorCare benefit will follow after the first benefits have been exhausted.

Q: Will I need to pay to sign up for the SeniorCare prescription drug benefit?

No. SeniorCare does not require an enrollment fee, co-payments for prescriptions or premium payments.

Q: Can I leave the state and still receive the benefit?

It depends. If you are only leaving temporarily and plan to remain an Alaska resident, you will remain eligible, though you may not be able to use your benefit while out of state.

However, if you intend to change your state of residence, the benefit will end. Other states are not offering the SeniorCare program.

Q: I receive Adult Public Assistance. Will I be eligible for the Alaska SeniorCare Program?

You are eligible for the cash assistance benefit, but if you are receiving Medicaid prescription drug coverage, you will not be eligible for the SeniorCare prescription drug subsidy.

Q: How can I apply for SeniorCare prescription drug or cash assistance?

Applications for the cash assistance Senior Assistance Program are currently available at Division of Public Assistance offices, at senior centers around the state, and at a variety of other community service agencies. Seniors who meet the eligibility criteria need apply only once by mail or online. The application asks for information about income and assets, and requires a signature to confirm the truthfulness of the statement given. No additional proof of income or assets will be required.

Application forms for the new prescription drug benefit will be available spring 2004 at the same outlets mentioned above and available on-line through the DHSS Web site.

Q: I am currently receiving the Senior Assistance Program cash benefit. How can I choose to receive the Alaska SeniorCare prescription drug benefit?

You will receive information on the new prescription drug option before the benefit is set to begin in April 2004. You will receive a form asking your preference. You will simply need to indicate your choice to switch to the new option and send it in.

Q: I have not yet applied for the Senior Assistance cash benefit. When I apply, how will I know if I've been found eligible for the program?

You will receive a written "notice of award" informing you that you are eligible, and when your benefit will begin.

Q: Once I begin receiving the Alaska SeniorCare prescription drug or cash benefit, is there anything I must do to maintain my eligibility for the benefit period?

You are required to report changes in mailing or residence address, the death of an individual receiving assistance, or admission or discharge from a nursing home or other institutional setting. We may periodically review eligibility.

Q: How long will SeniorCare benefits be offered?

Anticipated to begin in April 2004 pending approval by the Alaska Legislature, SeniorCare will bridge a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006. The SeniorCare prescription drug and cash benefit will end when the full Medicare prescription drug begins in January 2006.

Q: How many seniors does the state anticipate to participate in the SeniorCare prescription drug benefits?

Of the more than 47,000 seniors in Alaska, about 7,200 seniors are now receiving cash assistance under the Senior Assistance Program. A number of these seniors now receive prescription drugs, medical care, hospitalization and other services from the state. Seniors receiving Medicaid prescription drug coverage would not be able to receive SeniorCare prescription drug coverage, but would continue to qualify for the SeniorCare Senior Assistance Program cash assistance.

About 2,000 seniors who are enrolled in the Senior Assistance Program do not currently qualify for Medicaid services and would be able to choose to switch to the prescription drug benefit from the cash assistance. It is estimated that about 630 eligible seniors will choose to receive the SeniorCare prescription drug benefit.

Additionally, it is estimated that about 2200 seniors would fall within the 135 percent to 150 percent of the federal poverty level to qualify for the SeniorCare \$1,000 prescription drug benefit. It is estimated that all if not most of these eligible seniors will choose to receive the SeniorCare prescription drug benefit.

Q: How do I contact the SeniorCare Senior Information Office?

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

**Alaska Department of Health & Social Services
Division of Senior and Disabilities Services
SeniorCare Senior Information Office
Statewide: 1-800-478-6065
Anchorage (907) 269-3680
www.seniorcare.alaska.gov**

A New Direction



Alaska's Benefits to Seniors Rank Among the Nation's Best

"We know Alaska's richest resource is our people."

- Governor Frank H. Murkowski

Governor Murkowski has charged Alaska's Department of Health and Social Services with setting new and higher standards for meeting the health care and social services needs of Alaskans. In the past year the department has made some of the most sweeping and innovative changes in Alaska's state government. DHSS Commissioner Joel Gilbertson undertook a major reorganization to better serve all Alaskans in need.

The Governor met with seniors at the State Fair

Self-Sufficiency, Safety Net and Access to Care

The work of the Department of Health and Social Services is guided by three core values: protecting each individual's right to live as self-sufficiently as possible; providing a safety net of services to those in the greatest need; and providing the broadest possible access to care. It is those core values that guide the department's work in serving seniors and in serving all Alaskans.

Division of Senior and Disabilities Services

One of the department's major initiatives in 2003 was to establish a new Division of Senior and Disabilities Services to care for seniors and the disabled in one agency. This division helps provide better access to a wide range of the services that seniors and people with disabilities need and deserve.

Making Hard Choices: Taking Care Of Those In Need

Governor Murkowski has said that one of the hardest decisions he had to make in 2003 was ending the Longevity Bonus program in order to redirect available financial resources to those seniors with the most serious needs. The Governor's commitment was to make sure seniors with the greatest need receive services. More than 1,100 elderly Alaskans who had been excluded from the Longevity Bonus program are among the 7,200 seniors now receiving needed assistance under the new Alaska Senior Assistance Program. The old program provided 18,000 of Alaska's 44,000 citizens over the age of 65 with monthly bonus checks, but deprived the other 26,000 of any such payment at all. And with eligibility for the old program based solely on date of birth – not on actual need – some of Alaska's most wealthy seniors got monthly checks, while others with significant needs got nothing. The new program provides funding for Alaskans in need who were not receiving any bonus payments. Of the 7,211 applicants qualifying for the new program, 6,072 had received the Longevity Bonus and 1,139 had not.

How We Compare To Other States

Alaska ranks near the top of the list of states in terms of services we provide to older residents. Alaska not only offers an array of services through the Department of Health and Social Services, but many other senior benefit programs as well. Property tax exemptions, sales tax exemptions, community service training and employment programs, hunting and fishing license exemptions, discounted ferry and Alaska Railroad

Providing a safety net

Basic human needs should be met through a safety net of services in a safe and healthy community environment

Financial Assistance

Adult Public Assistance: This program can provide Alaskans age 65 and older with Medicaid coverage, and, for those meeting income eligibility guidelines, with monthly cash assistance to supplement SSI. The state pays about \$18.6 million annually for this program.

Food Stamps: This program helps ensure that those Alaskans meeting certain eligibility guidelines receive adequate nutrition. Almost 1,100 Alaska seniors receive \$2.4 million in food stamps each year.

Other financial assistance

Housing Assistance: The Alaska Housing Finance Corporation offers senior housing with rent limits for qualifying seniors.

Heating Assistance Program: This federally funded program helps low-income families, whether home owners or renters, meet the high costs of keeping their homes warm.

Assurance of Safety

IMPROVED! Adult Protective Services: This program provides vulnerable adults with assistance and targets seniors in need. The demand for this service continues to grow, and the department is reviewing ways to have other departments, such as Public Safety, work collaboratively in this effort. Alaska provides this service for about \$2 million a year.

Guardianships and Conservatorships: More than 850 adults take part in this program offered by the Office of Public Advocacy at a cost of \$1.6 million per year to the state.

Long Term Care Ombudsman: This office investigates reports concerning the well being and rights of seniors who live in long-term care facilities. The office also works to resolve concerns that those over age 60 may have with other services. The state spent \$208,000 on this service in the last fiscal year.

Services through Senior Centers

Senior Centers: State and federal grants help support 31 senior centers in Alaska.

Meal Transportation and Support: More than 100 Alaska communities receive help in providing nutritional services to those over age 60 at senior centers or similar centers, and through programs delivering meals to seniors' homes. Nutrition and health education is also provided. Alaska spends about \$5.8 million a year on these programs through the Alaska Commission on Aging.

Photo by Hall Anderson/Ketchikan Daily News



DHSS Commissioner Joel Gilbertson with seniors



FOR INFORMATION CALL: ALASKA SENIOR INFORMATION OFFICE

Statewide: 1-800-478-6065

Anchorage: 907-269-3680

Alaska Department of Health & Social Services Division of Senior and Disabilities Services

fares and driver's license discounts are all among the many ways the state shows respect and gratitude to older Alaskans who have helped make Alaska what it is today.

Introducing "SeniorCare" – A New Program For Alaska Seniors

Governor Murkowski believes that Alaskans should be provided the opportunity to direct and have access to necessary medical care as close to home and community as possible. The governor is committed to protecting access to prescription drugs for seniors, as well as providing better access to senior services. This commitment brought about some new services to help Alaska seniors in a program called "SeniorCare," which will provide help with prescription drugs, access to healthcare, and information about senior benefits, senior resources and referrals.



NEW! "SeniorCare"

The Senior Assistance Program has been brought under a new program called "SeniorCare." Eligible seniors will soon be provided an option to receive a prescription drug benefit in lieu of cash assistance as provided under the Senior Assistance Program. A prescription drug benefit will be offered to an additional group of eligible seniors needing assistance. The "SeniorCare" prescription drug benefit is anticipated to be offered April 2004, pending legislative approval.

NEW! "SeniorCare" Prescription Drug Benefit: Anticipated to start in April, this program will provide a bridge for seniors needing assistance until the new federal Medicare prescription drug program goes into effect in 2006. Seniors

who qualify for the Senior Assistance Program (135 percent of the poverty level), and who do not receive Medicaid prescription drug coverage, will be provided a choice between the new "SeniorCare" prescription drug subsidy of \$1,600 a year (prorated) or to continue with cash assistance. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the "SeniorCare" prescription drug benefit will have a combined benefit of \$2200 a year. Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1000 a year.

"SeniorCare" Senior Assistance Program: Currently, Alaskans 65 and older at 135 percent of poverty level can receive cash assistance of \$120 per month. By April, the seniors who qualify for this program will be offered a new option of receiving the "SeniorCare" prescription drug benefit in lieu of the cash benefit, for a total drug subsidy of \$2,200. With a higher income eligibility level than Adult Public Assistance, the Senior Assistance Program now helps over 7,600 seniors – about 15 percent of whom had never received the Longevity Bonus. Alaska will spend more than \$9 million on this program in the current fiscal year.

Total Medicaid Program Assistance: Prescriptions, medical care, hospitalization and other services are provided to more than 7,000 elderly eligible Alaskans at a cost of \$119.6 million a year. Alaska spends almost \$100 million on prescription drugs annually through Medicaid, with 25 percent annual cost increases expected in the future.

NEW! Medicaid Preferred Drug List: The Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The Preferred Drug List will protect Alaska low-income seniors' access to prescription drugs, and will provide a valuable resource for all seniors to compare prescription drug costs. Once approved, the list will be made available through the Alaska Senior Information Office, allowing seniors to work with their physicians to identify cost effective drugs that are right for them.

NEW! Senior Information Office: Find a one-stop resource and referral for benefits and services for seniors in the State of Alaska. Scheduled to be in place by mid-January, the Alaska Senior Information Office will provide a statewide toll-free telephone number for information on services available to seniors,

including: an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including "SeniorCare," prescription drug information and assistance for seniors.

Assistance with Medicare Costs for Low-Income Seniors: Premium, co-pay and deductible coverage is provided to those who qualify.

330 Clinics/Denali Commission: Federally funded clinics are being constructed in rural communities with assistance from the Denali Commission, to provide greater access for Medicaid and Medicare patients.

Other Programs for Alaska's Seniors

Please take a moment to learn about some of the other current programs that support Alaska's seniors.

Promoting self sufficiency and healthy behaviors

People should be provided the opportunity to be as independent and healthy as possible.

Long-Term Care Financial Assistance and Services

Home and Community-Based Programs: Seniors with dementia, those in rural areas, and other seniors in need are eligible for home- and community-based assistance programs. This program totals about \$4.6 million annually in state funding.

IMPROVED! Assisted Living Development Investment: We are working with the Denali Commission to develop community-based assisted living services in rural communities.

Older Alaskans Waiver Services: More than 1,350 seniors who are eligible for nursing home care chose to receive care at home instead. This program provides assistance to seniors who meet income criteria at a cost of about \$25.5 million each year.

Personal Care Attendant Program: People with functional impairments and who meet income eligibility requirements are served by this program, at a cost of \$21.8 million for seniors.

IMPROVED! Alaska Pioneers Homes: Alaska's licensed assisted living facilities in Fairbanks, Palmer, Anchorage, Juneau, Sitka and Ketchikan provide more than 600 beds for Alaska's seniors. A person age 65 with one year Alaska residency can qualify for the Pioneers Homes. Rates are subsidized for low-income seniors. Alaska provides these services at a cost of about \$35.7 million a year. Additionally, the state is proposing to invest more than \$3 million to upgrade the Alaska Pioneers Homes in the next fiscal year.

Assisted Living Licensing: More than 1,700 assisted living beds are available in approximately 150 homes. There is no income criterion for this program.

Nursing Homes: The state of Alaska provides assistance to almost 950 people, largely seniors, in need of nursing home or home- and community-based waiver services. The state spent about \$61.3 million in fiscal year ending June 30, 2003, on Medicaid nursing home services.

Transportation

Transportation services: Seniors and disabled residents get help in getting around town through local transportation services in communities statewide, such as AnchorRide in Anchorage, and Care-A-Van in Juneau. Alaska provides about \$1.3 million annually for this program.

Employment Services

Senior Community Service Training and Employment: This program offers vocational training and job placement services to low-income Alaskans age 55. The state provides \$1.6 million a year to support this effort.



Comparison of Qualifications and Benefits

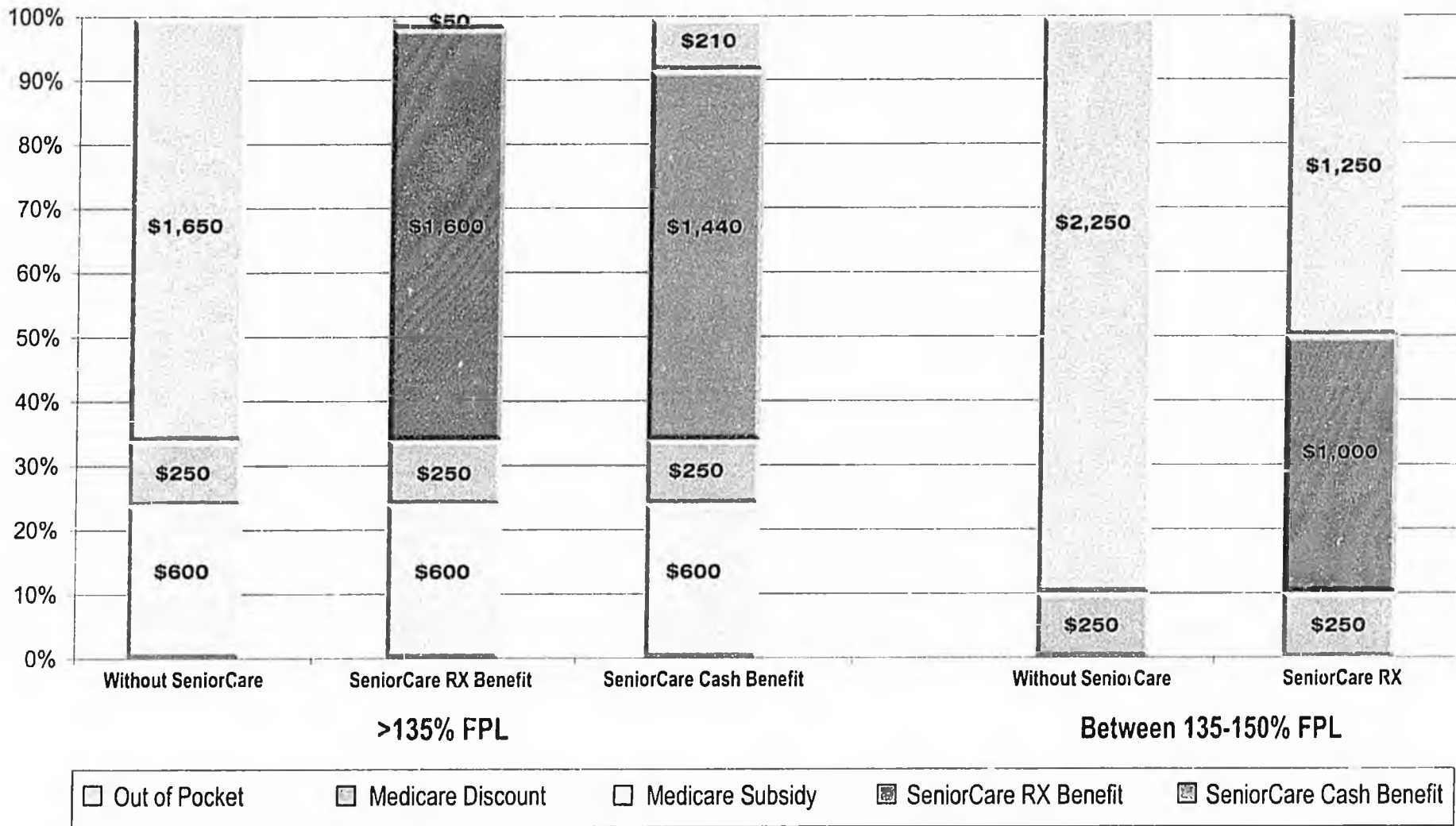
	SeniorCare Prescription Drug Subsidy	SeniorCare Cash Assistance Subsidy	SeniorCare Prescription Drug Subsidy
Qualifications	<ul style="list-style-type: none"> ➤ 135% of Poverty Level ➤ Annual Income below \$15,135 Single \$20,439 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple 	<ul style="list-style-type: none"> ➤ 135% of Poverty Level ➤ Annual Income below \$15,135 Single \$20,439 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple 	<ul style="list-style-type: none"> ➤ 135% to 150% of Poverty Level ➤ Annual Income below \$16,815 Single \$22,710 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple
SeniorCare Benefit April 2004 - December 2005	<ul style="list-style-type: none"> ➤ \$1,600 Annual Prescription Drug Subsidy (prorated) 	<ul style="list-style-type: none"> ➤ \$120 a month cash assistance (up to \$1,440 annual) 	<ul style="list-style-type: none"> ➤ \$1,000 Annual Prescription Drug Subsidy (prorated)
Medicare Benefit May 2004 - December 2005	<ul style="list-style-type: none"> ➤ Annual Medicare Subsidy \$600 ➤ Medicare drug discount 	<ul style="list-style-type: none"> ➤ Annual Medicare Subsidy \$600 ➤ Medicare drug discount 	<ul style="list-style-type: none"> ➤ Medicare drug discount



Bridging the Gap

Comparison of Benefits

\$2,500 Annual Rx Cost



Out of Pocket
 Medicare Discount
 Medicare Subsidy
 SeniorCare RX Benefit
 SeniorCare Cash Benefit

State of Alaska
Department of Health & Social Services

Frank H. Murkowski
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE



Joel Gilbertson
Commissioner
907-465-3030
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FOR IMMEDIATE RELEASE: Dec. 17, 2003

**Governor announces Senior Care, a new array
of services for Alaska seniors**

*Prescription drug benefit, new services, better access to health care, information &
resources to be offered*

Juneau, Alaska – Governor Frank H. Murkowski today announced SeniorCare, a new proposed program to make prescription drugs more affordable for Alaska seniors. “SeniorCare will provide qualified seniors with a prescription drug benefit to assist in the purchase of needed medications,” Governor Murkowski said. SeniorCare will also include a new Senior Information Office and a Preferred Drug List to make prescription drugs more affordable. Seniors receiving the Alaska Senior Assistance Program can choose to continue receiving the cash assistance of \$120 a month instead of the drug coverage.

“SeniorCare will provide a bridge for those seniors most in need of assistance until the full Medicare prescription drug benefit begins in January 2006,” Governor Murkowski noted. “I will ask legislators to pass this legislation in January so that this benefit can begin in April 2004.” The Senior Assistance Program cash benefit was only budgeted in the current fiscal year and would end June 30 if the legislature takes no action, but will continue as an option until January 2006 if passed.

“SeniorCare will help low income seniors who do not otherwise qualify for public assistance – the people with greatest needs,” said Department of Health and Social Services Commissioner Joel Gilbertson. “However, we will provide a broader program that will help all seniors,” Gilbertson said. The new SeniorCare program will provide a one-stop senior resource and referral service, help with prescription drugs and access to healthcare, and work to lower the cost of prescription drugs.

Seniors who qualify for the Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage will be provided a choice – between the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined drug subsidy of \$2,200 a year.

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Currently those seniors who qualify for the Senior Assistance Program earn less than \$15,134 annually, or if living with a spouse, earn less than \$20,439. To qualify, some assets are considered in the overall needs test.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple. New federal poverty guidelines will be released early in 2004 and income level guidelines may change.

Other new offerings under the SeniorCare program include completion of a Preferred Drug List and opening a Senior Information Office.

"My commitment to Alaska seniors is to protect their access to prescription drugs, and to provide them better access to senior services," Governor Murkowski said. "Alaska seniors want to get necessary medical care as close to home and community as possible, and they want the opportunity to direct that care to the maximum extent. These are important because they promote independent living at the highest level possible, and that's what SeniorCare is all about."

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most efficacious, cost-effective and safe. "The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them," Gilbertson said. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office.

"By mid January, our new Senior Information Office is going to be the single stop Alaska seniors will have to make for all resources and referrals they need," Governor Murkowski said. "This is an essential thing we can do to give Alaska seniors better customer service." The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance for seniors. The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

Current programs for seniors which will fall under SeniorCare include comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. About 7,000 eligible seniors receive prescription drugs, medical care, hospitalization and other services from the state at a cost of \$119.6 million a year. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

For more information, please contact

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JAN 12 2004

January 12, 2004

The Honorable Peggy Wilson, Chair
House Committee on Health, Education and Social Services
Alaska State Capitol, Room 104
Juneau, Alaska 99801-1182

Dear Chair Wilson:

RE: SeniorCare (Governor Murkowski) - Support

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House Committee on Health, Education, and Social Services to support Governor Murkowski's SeniorCare proposal.

As you know, many older Alaskans faced very difficult financial situations with the loss of the Longevity Bonus. I am sure you heard from your constituents, as we did from our members, that their retirement budgets were significantly impacted by this loss after they had already been retired.

The Senior Assistance Program does not replace the Longevity Bonus, but helps over 7,000 older Alaskans cope financially in their later years. This program was projected to end June 30, 2004.

The SeniorCare program will extend the Senior Assistance Program, for those who qualify and choose to participate, until January 1, 2006. On that date the new federal Medicare prescription drug benefits will begin. During the debate about the Governor's proposal to eliminate the Longevity Bonus, we indicated in our testimony that many older Alaskans told us that they used the Bonus to purchase prescription drugs that, as you know, have had disproportionately high increases every year. The Senior Assistance Program checks have helped to cover at least some of those same costs.

The SeniorCare program offers older Alaskans a choice: to continue to receive the monthly Senior Assistance checks or to receive assistance with their out-of-pocket prescription drug costs until January 1, 2006, when the Medicare prescription drug benefit begins. Any assistance that will help eligible older Alaskans cope with the increasing costs of prescription medications will be welcome. As a nurse, you know better than most how important it is to be able to afford prescription drugs. It's just smart medicine and certainly older Alaskans will appreciate the financial support.

In addition, the SeniorCare program will have a new class of an estimated 2,200 older Alaskan beneficiaries who will be eligible for state prescription drug assistance of \$1,000 annually. These citizens have incomes between 135% and 150% of the federal poverty level. They do not qualify for the Senior Assistance program and this is a group that also faced difficulties when the Longevity Bonus was eliminated. The SeniorCare program will help them with prescription drug costs until the Medicare program begins in two years.

The SeniorCare proposal also provides two additional staff for a Senior Information Office. In all our AARP surveys, access to helpful information is always cited as a critical need by older persons as well as younger family members who may be caring for older relatives. We anticipate that these new staff positions will help answer those questions for an ever-growing senior population and provide local contacts and guidance.

AARP particularly applauds the last part of the SeniorCare program: the Medicaid preferred drug list (PDL).

All of us, legislators and citizens alike, are frustrated by the rising costs of prescription drugs in the Medicaid program. "Whatever the market will bear" increases in prescription drug costs cannot continue without devastating our state budget. Many states have already established preferred drug lists as a tactic to rein in prescription spending while still providing the most effective therapy available. States that have implemented Medicaid PDL's have generally saved at least 10% on prescription costs. It is just good common sense. Why should Alaska pay for a more expensive medication when a less expensive one is available, especially when it has been found scientifically to be equivalent or even more effective? AARP supports PDL's - with appropriate consumer protections - to avoid cuts in Medicaid eligibility or benefits and to expand access to affordable drugs. The Alaska preferred drug list that is currently being developed provides those consumer protections that AARP considers important.

PDL's also take advantage of pharmaceutical manufacturers' desires for market share. Anyone who watches 30 minutes of television understands how serious pharmacy companies are about direct-to-consumer marketing. With the companies spending more money on marketing than research, PDL's offer them an opportunity to expand the market share they obviously desire.

The Alaska program is being developed at a fortunate time. Federal funding for state efforts has resulted in unbiased information for therapeutic effectiveness comparisons

between drugs in the same class and making prudent purchasing decisions based on scientific evidence, not marketing claims.

In the past, we have not had a "Consumer Reports" for prescription drugs. All we had were the claims of the manufacturer or the television image of how much better life would be if we only took that particular brand name medicine. Now, however, PDL's are being developed using scientific evidence on effectiveness as well as cost.

Think about this. When a drug company seeks approval for a new drug from the FDA, they are only required to prove that their medication is more effective than a sugar pill. They are not required to prove that their product is more effective than drugs that are already on the market to treat a particular condition.

The Alaska Preferred Drug List will be our "Consumer Reports" for prescription drugs. It will be based on clinical evidence and standards of practice. Costs will be considered but only after safety and therapeutic efficacy.

When a physician determines it is medically necessary, he/she can prescribe a drug that is not on the PDL.

The comparative information on the PDL will be good consumer information for all of us, whether we are Medicaid beneficiaries or not. AARP believes the Alaska PDL will help us to be more prudent prescription drug consumers with information on costs as well as effectiveness. We applaud the steps already taken by Commissioner Gilbertson and the Alaska health professionals who are developing the PDL.

Although we have not seen any necessary or specific legislative language, "we like what we hear." We will be glad to comment further when the legislation and regulations are available.

When we survey our members about their prescription problems, their concerns generally come down to access and affordability. AARP anticipates the proposed SeniorCare program will help older Alaskans and all Medicaid beneficiaries with both these issues.

We encourage you and your Committee colleagues to support the SeniorCare program.

Should you have any questions about our position, please feel free to contact Marie Darlin, Coordinator of the AARP Capital City Task Force (907-586-3637); Patrick Luby, AARP Legislative Representative (907-762-3314); or me (907-245-5259).

Thank you for your consideration.

Sincerely,

Marguerite Stetson

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