

**SB**

**105**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/8/03

REPORTED OUT  
  
APR 09 2003  
  
SENATE FINANCE  
COMMITTEE

FURTHER:

DATE TURNED  
IN TO OFFICE: 4/09/03

Finance Committee considered

SENATE BILL NO. 105

## SB 105 MEDICAID:CHILDREN/PREGNANT WOMEN/FACILITY

"An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in a medical or intermediate care facility; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS SB 105 (HES)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
HSS	4/8/03	7,151.3		

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEN.)
<i>[Signature]</i>		✓		
<i>[Signature]</i>		✓		
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

ADAPTED

SENATE FINANCE COMMITTEE  
4 / 19 / 2003 COMMITTEE ACTION

<b>Bill Number:</b>	SB 105 (HES)		
<b>Amendment:</b>			
<b>Motion:</b>	Report from Committee		
<b>Motion by:</b>	GREEN		
<b>Objection by:</b>	Hoffman		
<b>Removed:</b>			
<b>Second Objection by:</b>			
<b>Committee Member</b>	<b>Y</b>	<b>Vote</b>	<b>N</b>
Senator Bunde	✓		
Senator Hoffman			✓
Senator Olson			✓
Senator Stevens	✓		
Senator Taylor			
Co-Chair Green	✓		
Co-Chair Wilken	✓		
<b>Tally</b>			
Yea	4		
Nay	2		
Absent	1		
<b>MOTION</b>	<b>PASSED</b>		

Committee

APR 09 2003

SENATE FINANCE  
COMMITTEE  
CS SB105 (HES)

# FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

Fiscal Note Number:  
Bill Version:  
( ) Publish Date:

Revision Date/Time (Note if correction): 04/07/2003  
Title ELIMINATE CERTAIN COST-OF-LIVING  
ADJUSTMENTS IN MEDICAID

Dept. Affected: Health & Social Services

Sponsor HOUSE (RLS) BY REQUEST OF  
THE GOVERNOR

BRU Medical Assistance

Requester \_\_\_\_\_

Component Medicaid Services

Component No. 2077

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	( 7,151.3)	( 11,930.0)	( 14,351.5)	( 16,848.3)	( 19,480.8)	( 22,269.1)
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>( 7,151.3)</b>	<b>( 11,930.0)</b>	<b>( 14,351.5)</b>	<b>( 16,848.3)</b>	<b>( 19,480.8)</b>	<b>( 22,269.1)</b>

<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (0)</b>						

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	( 4,972.6)	( 8,220.5)	( 9,836.6)	( 11,506.6)	( 13,264.5)	( 15,123.3)
1003 GF Match	( 2,178.7)	( 3,709.5)	( 4,514.9)	( 5,341.7)	( 6,216.3)	( 7,145.8)
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>( 7,151.3)</b>	<b>( 11,930.0)</b>	<b>( 14,351.5)</b>	<b>( 16,848.3)</b>	<b>( 19,480.8)</b>	<b>( 22,269.1)</b>

Estimate of any current year (FY2003) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill is intended to reduce Medicaid spending by freezing the income eligibility standard at the 2003 level for nursing home or HCB waiver recipients whose Medicaid eligibility is determined under the 300% Special Income eligibility category and, for the Denali KidCare program for children and pregnant women, by reducing the income eligibility standard from 200% to 175% of the 2003 Federal Poverty Guidelines (FPG) for Alaska and freezing it there. See assumptions on the next page.

The Governor's FY2004 budget includes a decrement of \$223.0 general fund match.

Prepared by: Jon Sherwood  
Division Medical Assistance  
Approved by: Elmer A. Lindstrom, Soecial Assistant to the Commissioner  
Agency Department of Health and Social Services

Phone 465-5820  
Date/Time 04/07/2003  
Date 04/08/2003

FISCAL NOTE  
FN #

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CS SB105 (HES)

ANALYSIS CONTINUATION  
ASSUMPTIONS

The number of individuals potentially eligible in future years will be significantly reduced. Many will remain eligible in the first year, but since much of the nursing home and waiver population relies heavily on Social Security retirement income, Social Security Disability Insurance payments, and pension programs that use an annual COLA increase, more will lose eligibility in future years as their countable income eventually exceeds the frozen 2003 standard.

FY 2004 savings will be limited by the fact that as we phase in implementation pregnant women who are already eligible continue to be eligible through their pregnancy and post-partum period. Children on DKC will continue to be eligible through their 6 months continuous eligibility period. After June 30, 2003 the number of new eligible children and pregnant women will be reduced because of the reduction to 175% of the FPG. The impact on the nursing home and HCB waiver populations will not take effect until January 2004.

Annually we anticipate both the FPG and the SSI standard to grow at an average of 2.24%. Assuming an equal distribution of income within each eligibility category, we determined the number of individuals whose income would be expected to be above the frozen standard. This results in the number of eligibles who would no longer be eligible for Medicaid or Denali KidCare because of the frozen standard. In addition, the number of new eligible children and pregnant women will be reduced because of the reduction to 175% of the FPG.

The following table shows the total REDUCTION OF ELIGIBLES:

	FY04	FY05	FY06	FY07	FY08	FY09
Pregnant Women	123	140	157	173	189	205
Title XXI Children	1213	1380	1544	1704	1861	2014
Special Income	9	17	26	34	42	50
Total	1345	1537	1727	1911	2092	2269

Final fiscal impact is determined by multiplying the number of eligibles by the following average annual expenditures per individual in that eligibility category. Resulting savings are:

SAVINGS (in thousands):

	FY04	FY05	FY06	FY07	FY08	FY09
PR Woman	\$493.7	\$516.5	\$596.6	\$1,195.8	\$1,422.0	\$1,680.2
Children	\$6,386.4	\$10,051.9	\$11,672.6	\$13,373.0	\$15,141.1	\$16,990.1
NH/HCB	\$271.2	\$1,061.6	\$1,682.3	\$2,279.5	\$2,917.7	\$3,598.8
Total	\$7,151.3	\$11,930.0	\$14,351.5	\$16,848.3	\$19,480.8	\$22,269.1

A federal match rate of 58.39% was used for Pregnant Women and Nursing Home recipients; 70.87% was used for DKC children.

## 2003 Federal Poverty Guidelines for Alaska

Family Size	Annual Poverty Guidelines Effective April 1, 2003			
	100%	150%	185%	200%
1	\$11,210	\$16,815	\$20,739	\$22,420
2	15,140	\$22,710	\$28,009	\$30,280
3	19,070	\$28,605	\$35,280	\$38,140
4	23,000	\$34,500	\$42,550	\$46,000
5	26,930	\$40,395	\$49,821	\$53,860
6	30,860	\$46,290	\$57,091	\$61,720
7	34,790	\$52,185	\$64,362	\$69,580
8	38,720	\$58,080	\$71,632	\$77,440
Addl.	3,930	\$5,895	\$7,271	\$7,860

Family Size							
	100%	120%	133%	135%	150%	155%	160%
1	\$934	\$1,121	\$1,243	\$1,261	\$1,401	\$1,448	\$1,495
2	\$1,262	\$1,514	\$1,679	\$1,704	\$1,893	\$1,956	\$2,019
3	\$1,590	\$1,907	\$2,114	\$2,146	\$2,384	\$2,463	\$2,543
4	\$1,917	\$2,300	\$2,550	\$2,588	\$2,875	\$2,971	\$3,067
5	\$2,245	\$2,693	\$2,985	\$3,030	\$3,367	\$3,479	\$3,591
6	\$2,572	\$3,086	\$3,421	\$3,472	\$3,858	\$3,986	\$4,115
7	\$2,900	\$3,479	\$3,856	\$3,914	\$4,349	\$4,494	\$4,639
8	\$3,227	\$3,872	\$4,292	\$4,356	\$4,840	\$5,001	\$5,163
Addl.	\$328	\$393	\$436	\$443	\$492	\$508	\$524

Family Size							
	165%	170%	175%	180%	182%	184%	185%
1	\$1,541	\$1,588	\$1,635	\$1,682	\$1,700	\$1,719	\$1,728
2	\$2,082	\$2,145	\$2,208	\$2,271	\$2,296	\$2,322	\$2,334
3	\$2,622	\$2,702	\$2,782	\$2,861	\$2,892	\$2,924	\$2,940
4	\$3,163	\$3,258	\$3,355	\$3,450	\$3,488	\$3,527	\$3,546
5	\$3,703	\$3,815	\$3,928	\$4,040	\$4,084	\$4,129	\$4,152
6	\$4,243	\$4,372	\$4,501	\$4,629	\$4,681	\$4,732	\$4,758
7	\$4,784	\$4,929	\$5,074	\$5,219	\$5,277	\$5,335	\$5,364
8	\$5,324	\$5,485	\$5,647	\$5,808	\$5,873	\$5,937	\$5,969
Addl.	\$540	\$557	\$574	\$590	\$596	\$603	\$606

Family Size								
	186%	188%	190%	192%	194%	196%	198%	200%
1	\$1,738	\$1,756	\$1,775	\$1,794	\$1,812	\$1,831	\$1,850	\$1,868
2	\$2,347	\$2,372	\$2,397	\$2,422	\$2,448	\$2,473	\$2,498	\$2,523
3	\$2,956	\$2,988	\$3,020	\$3,051	\$3,083	\$3,115	\$3,147	\$3,178
4	\$3,565	\$3,604	\$3,642	\$3,680	\$3,718	\$3,757	\$3,795	\$3,833
5	\$4,175	\$4,220	\$4,264	\$4,309	\$4,354	\$4,399	\$4,444	\$4,488
6	\$4,784	\$4,835	\$4,886	\$4,938	\$4,989	\$5,041	\$5,092	\$5,143
7	\$5,393	\$5,451	\$5,509	\$5,566	\$5,624	\$5,682	\$5,740	\$5,798
8	\$6,002	\$6,067	\$6,131	\$6,195	\$6,260	\$6,324	\$6,389	\$6,453
Addl.	\$610	\$616	\$622	\$629	\$635	\$642	\$649	\$655

FRANK H. MURKOWSKI  
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March 5, 2003

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 to "freeze" income levels for eligibility for Denali Kid Care and for Medicaid under the special income limit for nursing homes and home and community based waiver services.

Under current law, income standards for these eligibility categories increase every year by the amount of cost-of-living adjustments to the Supplemental Security Income (SSI) program or the federal poverty guidelines. This bill will eliminate these annual cost-of-living adjustments and put in statute fixed dollar income levels for these programs based on the SSI standard that became effective on January 1, 2003 or the federal poverty guideline for Alaska that became effective on April 1, 2002.

The next cost-of-living adjustment for Denali KidCare is scheduled to become effective on April 1, 2003. Therefore upon the July 1, 2003 effective date of this bill eligibility levels will be rolled-back by the 1.4% cost-of-living allowance implemented on April 1, 2003. For example, income eligibility for a family of three with children on Denali Kid Care will decrease from \$3,179 per month to \$3,130 per month on July 1, 2003.

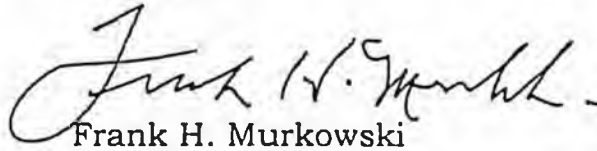
The number of persons who lose eligibility on July 1, 2003 by virtue of this provision cannot be estimated with precision; but should be very small. For example pregnant women who establish eligibility between April 1, 2003 and June 30, 2003 will remain eligible for nine months notwithstanding the passage of this legislation.

The Honorable Gene Merriault  
March 5, 2003  
Page 2

While the cost savings associated with this bill are modest in the short-term; this measure will significantly reduce future year costs. In this time of fiscal austerity, I believe this proposal strikes the appropriate balance between maintaining health care coverage for lower income Alaskans while also addressing our need for fiscal restraint.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski  
Governor

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/6/03

FURTHER: Finance

Date of 5-Day Notice: 3/20/03  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 4.08.03

Health, Education and Social Services Committee considered

SENATE BILL NO. 105

### SB 105 MEDICAID:CHILDREN/PREGNANT WOMEN/FACILITY

"An Act relating to eligibility requirements for medical assistance for certain children, pregnant women, and persons in a medical or intermediate care facility; and providing for an effective date."

and recommends:

be replaced with \_\_\_\_\_ CS SB 105 (HES)

adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)

attached amendment(s)

adopt Letter of Intent by \_\_\_\_\_ Committee

further referral to \_\_\_\_\_ Committee

**Senate Bill:**

same title

new title

**House Bill:**

same title

technical title

new: SCR # \_\_\_\_\_


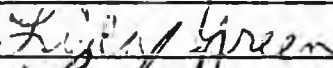
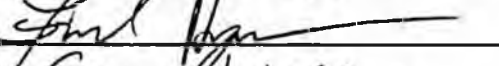


**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
HSS	3/05	✓		1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
 Guess		✓		
 Green	✓			
 *Dyson	✓			
 Wilken				
 Davis				
<b>CHAIR:</b>				