SB

123

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/12/03

REPORTED OUT
MAR 3 1 2003
SENATE FINANCE COMMITTEE

FURTHER:

DATE TURNED IN TO OFFICE: 3/31/03

Finance Committee considered SENATE BILL NO. 123

SB 123 ELIMINATE REVIEW OF ADOPTION SUBSIDIES

"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."

and recommends:

[ ] be **replaced** with _____ **CS** _____ (_____)

[ ] 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	2/27/03	(270.0)		1

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
	✓			
	✓			
	✓			
	✓			
COCHAIR:	✓			
COCHAIR:	✓			

REPORTED OUT

MAR 3 1 2003

SENATE FINANCE COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 123
(S) Publish Date: 3/6/03

Revision Date/Time (Note if correction):

Dept. Affected: Health & Social Services

Title: ELIMINATE ANNUAL ADOPTION SUBSIDY REVIEWS

BRU: Purchased Services

Component: Subsidized Adoptions/Guardians

Sponsor: RULES COMMITTEE

Requester: GOVERNOR

Component No. 1962

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	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)
Miscellaneous						
TOTAL OPERATING	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	(85.0)	(85.0)	(85.0)	(85.0)	(85.0)	(85.0)
1003 GF Match						
1004 GF	(185.0)	(185.0)	(185.0)	(185.0)	(185.0)	(185.0)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
TOTAL	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)	(270.0)

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: X

POSITIONS

Full-time						
Part-time						
Temporary						

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

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. 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 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.

Prepared by: Tom Cherian, Acting Division Director — Phone 465-3191
Division: Division of Family & Youth Services — Date/Time 02/26/2003
Approved by: Joel S. Gilbertson, Commissioner — Date 02/27/2003
Agency: Department of Health and Social Services

(Revised 9/2002 OMB)

COMMITTEE COPY

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. SB 123

ANALYSIS CONTINUATION

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. There were 1,854 children in the subsidy program in December 2002. The Division estimates this bill would generate costs savings of $185,000 general funds and $85,000 federal funds for a total savings of $270,000. This savings is through cost containment to existing subsidy amounts and the processing costs associated with the mail out, review and evaluation of subsidy data and the follow up work necessary to finalize the review process.

The cost savings shown on this fiscal note has already been included in the Governor's amended FY2004 budget.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

March 12, 2003

Honorable Gary Wilken
Co-Chair
Senate Finance Committee
Alaska State Capitol, Rm. 518
Juneau, AK 99811

Dear Senator Wilken,

The Department of Health and Social Services respectfully requests a hearing in the Senate Finance Committee on Senate Bill 123 "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.

printed on recycled paper

Your favorable consideration of this request would be appreciated.

Sincerely,

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

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 IVE-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 of 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.

Provided by the Department of Health + Social Services

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

110
SE:

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US

P.O. BOX 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

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 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,

Frank H. Murkowski
Governor

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 3/6/03

FURTHER: Finance

Date of 5-Day Notice: 3/6/03
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 3.10.03

Health, Education and Social Services Committee considered

SENATE BILL NO. 123

SB 123 ELIMINATE REVIEW OF ADOPTION SUBSIDIES

"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."

and recommends:

[ ] be **replaced** with _____ **CS** _____ (_____)

[ ] 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	2/27	X		1

[ ] **APPROPRIATION - no fiscal note**

	SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Guess	[signature]			✓	
Green	[signature]	✓			
Davis	[signature]			✓	
Dyson	[signature]	✓			
	CHAIR:				

SENATE FINANCE COMMITTEE

SIGN-IN

SB 123-ELIMINATE REVIEW OF ADOPTION SUBSIDIES

NAME: Joanne Gibbons Subject/Bill No: SB 123

Co./Dept./Title: Prog. Administrator DFYS Phone: 465-3023

Address: P. O Box 110630, JNU Zip: 99811

Do you wish to testify? X Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

Co./Dept./Title: _____ Phone: _____

Address: _____ Zip: _____

Do you wish to testify? ___Yes ___No ___Respond To Questions

NAME: _____ Subject/Bill No: _____

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Do you wish to testify? ___Yes ___No ___Respond To Questions