

**SB**

**259**

**SFIN**

**FILE**

SB 259

was referred to the  
Senate Finance  
Committee

Hearing(s) were held

The bill did not move  
from Committee

ADOPTED  
1/21/04

WORK DRAFT

WORK DRAFT

WORK DRAFT

23-GS2123VD  
Mischel  
1/15/04

CS FOR SENATE BILL NO. 259( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the senior care program and relating to that program; and  
2 providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
5 to read:

6 SENIOR CARE PROGRAM. (a) The senior care program is established in the  
7 Department of Health and Social Services. Under the program, the department may provide  
8 cash assistance and prescription drug benefits as specified in this section as far as practicable  
9 under appropriations provided by law.

10 (b) The department shall

11 (1) administer the program; and

12 (2) adopt regulations under AS 44.62 to carry out the purposes of the program.

13 (c) In order to be eligible for the program, an individual shall

14 (1) be 65 years of age or older;

1 (2) be a resident of the state;

2 (3) have household income

3 (A) that does not exceed 135 percent of the federal poverty guideline  
4 as defined by the federal Office of Management and Budget and revised under 42  
5 U.S.C. 9902(2) to be eligible for cash assistance under (d) of this section or  
6 prescription drug benefits under (e) of this section; or

7 (B) that exceeds 135 percent, but not exceeding 150 percent, of the  
8 federal poverty guideline as defined by the federal Office of Management and Budget  
9 and revised under 42 U.S.C. 9902(2) for prescription drug benefits under (f) of this  
10 section;

11 (4) meet other eligibility requirements specified in this section and in  
12 regulations adopted under this section; and

13 (5) apply on a form provided by the department; the department may use an  
14 abbreviated form for individuals who received payments under an assistance program for  
15 seniors paying \$120 a month and administered by the department on or before March 31,  
16 2004.

17 (d) An eligible individual who meets the income standard of (c)(3)(A) of this section  
18 may receive cash assistance of \$120 a month as far as practicable under appropriations  
19 available to the program. The department may prorate the amount of cash assistance paid  
20 under this subsection if the department estimates that appropriations for the program are not  
21 sufficient to meet the demands for the program in a fiscal year.

22 (e) In place of the cash assistance under (d) of this section, an eligible individual may  
23 make an irrevocable election to receive prescription drug benefits annually, provided in the  
24 manner specified by the department in regulation. The total maximum prescription drug  
25 benefits an individual may receive under this subsection in a fiscal year is \$1,600. An  
26 individual who has prescription drug coverage under AS 47.07 is not eligible to receive  
27 prescription drug benefits under this subsection.

28 (f) An eligible individual who meets the income standard of (c)(3)(B) of this section  
29 may receive only prescription drug benefits as provided in this subsection. The provisions of  
30 (e) of this section apply to prescription drug benefits provided under this subsection except  
31 that the total maximum prescription drug benefits that an individual may receive under this

1 subsection in a fiscal year is \$1,000.

2 (g) To receive prescription drug benefits under (e) or (f) of this section, an eligible  
3 individual must assign to the department the individual's rights to payments under any other  
4 prescription drug program for a prescription drug benefit paid under this section. Payment  
5 may not be made under this section for an amount that would otherwise qualify for payment  
6 under another prescription drug benefit plan, except for prescription drug coverage received  
7 from health care facilities that operated under the authority of 25 U.S.C. 450 - 458 bbb-2 (P.L.  
8 93-638).

9 (h) Except as otherwise provided in this subsection, the department may pay under (e)  
10 and (f) of this section only for a prescription drug, insulin, and insulin syringes. The  
11 department may not pay under (e) and (f) of this section for drugs used to treat obesity,  
12 baldness, infertility, or impotence; drugs that are prohibited from receiving funding under the  
13 medical assistance program in AS 47.07; smoking cessation products; drugs used for  
14 symptomatic relief of coughs and colds; oral vitamins; or brand-name multisource drugs if a  
15 therapeutically equivalent generic drug is on the market. However, the department may pay  
16 for brand-name multisource drugs if the prescriber writes on the prescription "The brand-  
17 name drug is medically necessary" and the prescriber states the reason that the brand-name  
18 drug is medically necessary. The department may also restrict coverage of drugs under (e)  
19 and (f) of this section to be consistent with the preferred drug list implemented by the  
20 department for purposes of the medical assistance program under AS 47.07.

21 (i) For a fiscal year in which prescription drug benefits under (e) and (f) of this  
22 section are not available for a full 12 months, the commissioner may prorate the total  
23 maximum amounts available under (e) and (f) of this section according to the number of  
24 months for which those benefits are available.

25 (j) The department may not make payment or authorize a benefit under this section to  
26 or on behalf of an individual residing in a public institution or nursing facility.

27 (k) An eligible individual who leaves the state may not receive cash assistance or  
28 prescription drug benefits under this section during the absence unless the individual  
29 temporarily leaves for one of the following reasons:

30 (1) medical treatment; or

31 (2) a vacation, business trip, or other absence of fewer than 30 consecutive

1 days, unless the individual has applied for and received a time extension from the department  
2 for special circumstances.

3 (l) An individual who receives a determination under this section from the department  
4 that denies, limits, or modifies prescription drug benefits or cash assistance under this section,  
5 other than a determination under (d) or (i) of this section to prorate the amount of benefits or  
6 assistance, may request a hearing before the department. The department shall adopt  
7 regulations for the conduct of hearings under this subsection. The hearing process under this  
8 subsection is not subject to AS 44.62.330 - 44.62.630. The decision of the department after a  
9 hearing under this subsection is a final administrative order subject to appeal to the superior  
10 court.

11 (m) An individual who receives assistance or benefits under this section when not  
12 entitled to them because the information provided by the individual was inaccurate or  
13 incomplete is liable to the department for the value of the assistance or benefits improperly  
14 provided to the individual. In a civil action brought by the state to recover from the individual  
15 the value of assistance or benefits improperly provided under this section, the state may  
16 recover from the individual the costs of investigation and prosecution of the civil action,  
17 including attorney fees as determined under court rules.

18 (n) Cash assistance provided under this section is inalienable by assignment or  
19 transfer and is exempt from garnishment, levy, or execution as provided in AS 09.38.

20 (o) In this section,

21 (1) "commissioner" means the commissioner of health and social services;

22 (2) "department" means the Department of Health and Social Services;

23 (3) "eligible individual" means an individual who meets the requirements of  
24 this section and regulations adopted under this section for eligibility for the program;

25 (4) "program" means the program established in this section;

26 (5) "public institution" means a governmentally owned establishment that  
27 furnishes food, shelter, and some additional treatment or services to 16 or more persons;

28 (6) "resident" has the meaning given in AS 47.25.430(a).

29 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
30 read:

31 TRANSITION: REGULATIONS. To the extent the regulations are not inconsistent

1 with this Act, regulations adopted by the Department of Health and Social Services in 2003 to  
2 provide cash assistance of \$120 a month to seniors that are in effect on March 31, 2004,  
3 remain in effect as valid regulations until the department adopts regulations under this Act  
4 and those regulations take effect under AS 44.62. Upon the filing of regulations adopted  
5 under this Act, the commissioner of health and social services shall post the regulations on the  
6 department's Internet website.

7 \* Sec. 3. (a) This Act is repealed on the date that the Medicare Part D benefit under P.L.  
8 101-173 for prescription drugs for Medicare recipients is operational for recipients in this  
9 state, as communicated to the commissioner of health and social services by the United States  
10 Department of Health and Human Services.

11 (b) The commissioner of health and social services shall notify the revisor of statutes  
12 of the date described in (a) of this section.

13 \* Sec. 4. This Act takes effect April 1, 2004.

SENATE FINANCE  
COMMITTEE  
Amendment Number: #1  
Bill Number: SB 259  
Sponsor: Olson Date: 1/21/04  
Logged In By: Mindy

23-GS2123\A.4  
Mischel  
1/19/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR OLSON

TO: SB 259 <sup>CS</sup> ( ) 2123/D

- 1 Page 1, line 4:
- 2 Delete all material and insert:
- 3 **\*\* Section. 1. AS 47.65 is amended by adding a new section"**
- 4
- 5 Page 1, line 6:
- 6 Delete "SENIORCARE PROGRAM."
- 7 Insert
- 8 **"Article 4. Cash and Drug Benefit for Older Alaskans.**
- 9 **Sec. 47.65.300. Senior care program."**
- 10
- 11 Page 5, lines ~~8~~<sup>7</sup> - 12:
- 12 Delete all material.
- 13
- 14 Renumber the following bill section accordingly.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

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Mail Stop 3101


State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

January 15, 2004

**SUBJECT:** Senior Care Program CS SB 259( );  
(Work Order No. 23-GS2123\D)

**TO:** Senator Lyda Green  
Attn: Jacqueline Tupou

**FROM:** Jean M. Mischel  
Legislative Counsel 

Enclosed is a blank committee substitute for SB 259 that makes technical and stylistic changes consistent with the Manual of Legislative Drafting (2003) and clarifies provisions that may be ambiguous or otherwise unclear.

The following is a detailed list of those changes using page and line numbers from the original bill.

Page 1, Title and subsection 1(a):

The term "SeniorCare" was rewritten as "senior care." The department will be free to promote the program as "SeniorCare" in the same way the department promotes Denali Kid Care, but the proper statutory form is "senior care."

Page 1, line 7:

The sentence beginning with "The SeniorCare program is authorized to provide..." was rewritten as "Under the program, the department may provide..." "Program" is defined later in the bill to mean the senior care program.

Page 1, line 11:

Subsection (b)(1) was changed from "administer the SeniorCare program established under (a) of this section" to "administer the program."

Page 1, line 14:

The word "must" was changed to "shall."

Page 2, line 2:

The phrase "State of Alaska" was changed to "state."

Page 2, line 3:

Following "have" the word "household" was inserted to modify "income."

Page 2, line 4:

The phrase "of not more than" was changed to "that does not exceed."

Page 2, lines 4-5 and line 8:

The phrase "poverty level for this state" was changed to "poverty guideline as defined by the federal office of management and budget and revised under 42 U.S.C. 9902 (2)."

Page 2, line 7:

The phrases "of more" and "of more than" were changed to "exceeding" and "that exceeds," respectively.

Page 2, line 17:

The phrase "is authorized" was changed to "may" and "per month" was changed to "a month."

Page 2, line 19:

The phrase "authorized to be" was deleted and the word "section" was changed to "subsection."

Page 2, line 22:

The phrase "authorized in (d)" was changed to "under (d)."

Page 2, line 29:

The phrase "is authorized to" was changed to "may" and the comma following "benefits" was deleted.

Page 3, lines 4, 5 and 21:

The word "any" was changed to "a" or "an", as appropriate.

Page 3, line 6:

The phrase "any other" was changed to "another."

Page 3, line 7:

The citation to 25 U.S.C. 450-458 was changed to 25 U.S.C. 450-458bbb-2 for accuracy.

Page 3, line 9:

The phrase "is authorized" was changed to "may."

Page 3, lines 12-13 and line 20:

The word "Medicaid" was deleted and replaced with "the medical assistance program in."

Senator Lyda Green  
January 15, 2004  
Page 3

Page 3, lines 14-16:

The word "brand name" was rewritten as "brand-name" and "multi-source" as "multisource."

Page 3, line 28:

The comma following "absence" was removed.

Page 3, line 29:

The word "reasons" was added after the word "following."

Page 3, line 31:

An extra space was removed after the word "absence", the word "less" was replaced with "fewer" and the word "consecutive" was inserted between the words "30 days."

Page 4, line 8:

The phrase "after a hearing under this subsection" was added after the word "department."

Page 4, lines 20-21:

The phrase "the Department of Health and Social Services" was changed to "health and social services."

Page 4, line 25:

The word "SeniorCare" was deleted.

Page 4, line 28:

The second use of the word "resident" was deleted.

Page 5, line 2:

The phrase "per month" was changed to "a month" and the phrase "before the effective date of this Act" was changed to "that are in effect on March 31, 2004."

Page 5, line 3:

The phrase "implementing this Act" was deleted.

Page 5, lines 5-6:

The phrase "the Department of Health and Social Services" was changed to "health and social services."

Page 5, line 6:

The phrase "shall notify the revisor of statutes of the effective date of the regulations and" was changed and moved to Section 3 as described below.

Senator Lyda Green  
January 15, 2004  
Page 4

Page 5, lines 8-12, Section 3:

This section was split into subsections (a) and (b), the phrase "the commissioner of the Department of Health and Social Services certifies to the revisor of statutes that the commissioner received notification from the United States Department of Health and Human Services that" was moved to the end of the section and changed to ", as communicated to the commissioner of health and social services by the United States Department of Health and Human Services." The new subsection (b) incorporates language deleted in Section 2 as described above and reads: "(b) The commissioner of health and social services shall notify the revisor of statutes of the date described in (a) of this section." These changes were made in order to clarify the date on which the senior care program will be repealed. This clarification pinpoints the Medicare operational date as the repeal date. The problem with the original bill's language is that the notification by the federal authorities might occur before the starting date of the Medicare program, giving Alaska lead time. The CS version assumes that the legislature wouldn't want the state's program to be repealed until the federal program actually starts, not when the notification was received.

Please let me know if you have any questions or if any of the changes in the CS have substantive effects that are not in accord with your wishes.

JMM:med  
04-037.mcd

Enclosure

State of Alaska  
**Department of Health & Social Services**

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



**Joel Gilbertson**  
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FOR IMMEDIATE RELEASE: Dec. 17, 2003

**Governor announces SeniorCare, 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.

-more-

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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Juneau Office: 907-465-1618  
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Department of Health and Social Services  
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# Comparison of Qualifications and Benefits

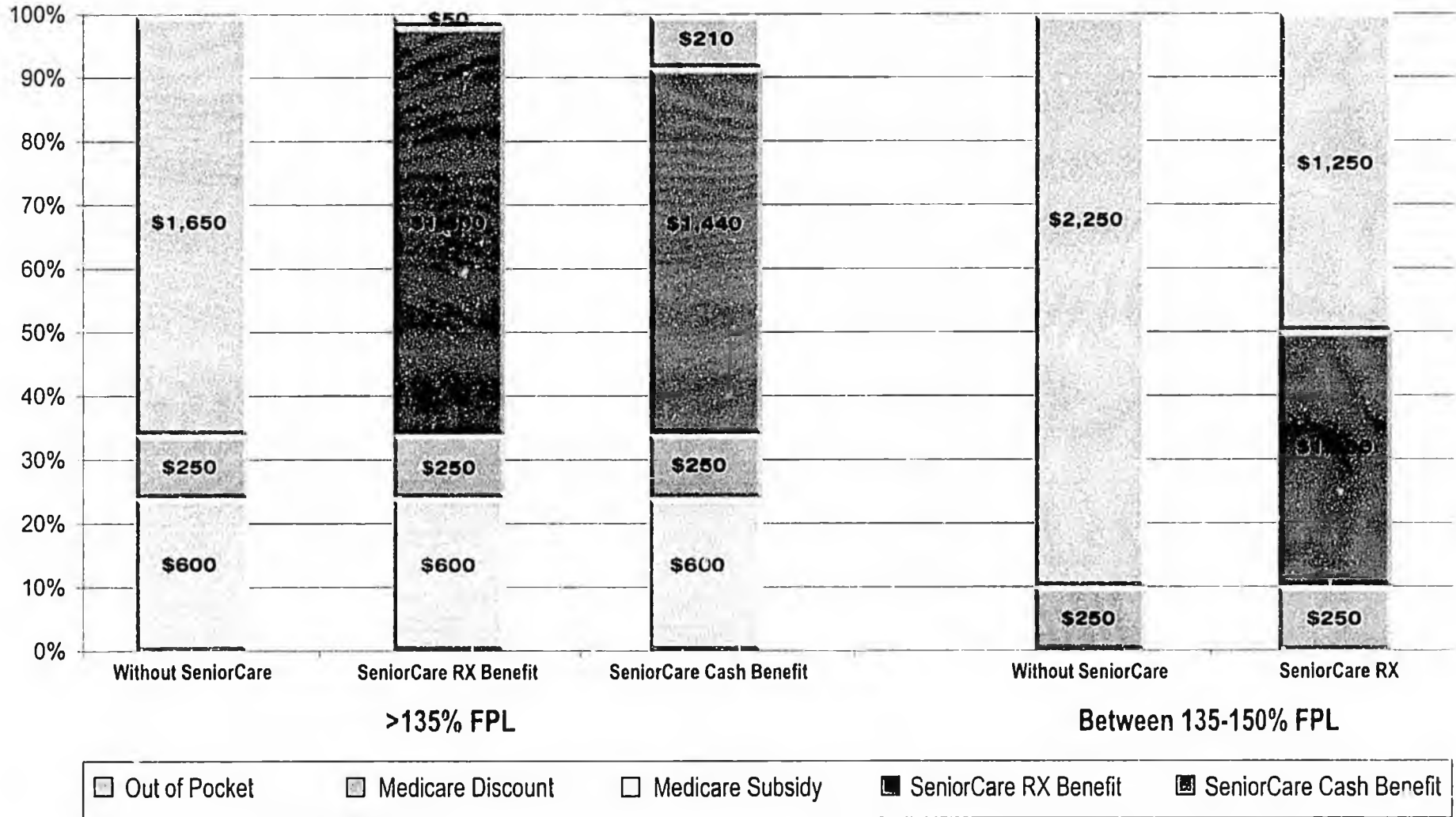
	SeniorCare Prescription Drug Subsidy	SeniorCare Cash Assistance Subsidy	SeniorCare Prescription Drug Subsidy
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>135% of Poverty Level</li> <li>Annual Income below \$15,135 Single \$20,439 Couple</li> <li>Liquid Assets below \$4,000 Single \$6,000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



# Bridging the Gap

## Comparison of Benefits

\$2,500 Annual Rx Cost





## 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](http://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.seniorecare.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.seniorecare.alaska.gov](http://www.seniorecare.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

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.

### *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.

Photo by Hall Anderson/Ketchikan Daily News



DHSS Commissioner Joel Gilbertson with seniors

#### **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.

**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**



## JUNEAU

230 South Franklin #206  
Juneau, AK 99801  
(907) 586-1627  
FAX (907) 586-1066

January 6, 2004

By hand delivery

Senator Lyda Green, co-chair  
Senate Finance Committee  
State Capitol, Room 516  
Juneau, Alaska

Senator Gary Wilken, co-chair  
Senate Finance Committee  
State Capitol, Room 518  
Juneau, Alaska

Re: **SB 259: SeniorCare and Prescription Drug Coverage for Alaska's Medicare population**

Dear Senators Green and Wilken:

We are enthused with the Governor's proposal in SB 259 to provide a "bridge" prescription drug benefit for Alaskans over age 65. Many elder Alaskans have only Medicare as their health insurance, and Medicare currently provides no prescription drug coverage. SB 259 is a very important step in the right direction.

I enclose a summary of the impact of Public Law 101-173, the Medicare Prescription Drug, Improvement and Modernization Act of 2003.<sup>1</sup> Many of the benefits of this federal law do not take effect until 2006. SB 259 promises to provide a "bridge" for Alaska's elderly population until 2006.

It is worthwhile in the consideration of SB 259 to remember that a significant portion of Alaska's Medicare-eligible population is *under age 65*, and are essentially **barred from the SB 259 bridge**. Of these, we estimate approximately 225 Alaskans, with an annual estimated drug expense of \$288,900, who could equally benefit from a program like SB 259.<sup>2</sup> We quote from a nationally published report on this subject: "As policymakers consider measures to improve drug coverage for the Medicare population, the unique and substantial needs of non-elderly beneficiaries with disabilities should not be forgotten."<sup>3</sup>

Many of the people barred from the bridge of SB 259 are lifelong Alaskans with significant work histories, who now are totally and permanently disabled. Due to their unique circumstances, some face dauntingly high prescription drug expenses, but their income makes them ineligible for the most common benefit program, Medicaid. We pledge to work with the Administration and the Legislature to seek creative solutions to serve the needs of all Alaskans with disabilities.

Very truly yours,

Robert B. Briggs, staff attorney

CC: (w/ encls.)  
Senate Finance Committee  
Joel Gilbertson, Commissioner, DHSS

MEMBER OF THE  
NATIONAL  
ASSOCIATION OF  
PROTECTION &  
ADVOCACY  
SYSTEMS

<sup>1</sup> Source: Kaiser Family Foundation. Website address: <http://www.kff.org/medicaid/4162.cfm>.

<sup>2</sup> See attached analysis and reports that form the basis of these estimates.

<sup>3</sup> B. Briesacher, et al., *Medicare's Disabled Beneficiaries: The Forgotten Population in the Debate over Drug Benefits* (Sept. 2002). Website address: <http://www.kff.org/medicare/6054.cfm>.

**ALASKA'S DISABLED MEDICARE BENEFICIARIES & THE DEBATE OVER DRUG BENEFITS:  
A FORGOTTEN POPULATION?**

by Robert B. Briggs<sup>1</sup>  
Disability Law Center of Alaska, Inc.  
(January 20, 2004)

➤ 7,648 disabled Alaskans under age 65 receive Medicare

Most recent estimates we could find suggest that approximately 17% (7,648 out of a total 43,815) of Alaska's Medicare beneficiaries are under age 65.<sup>2</sup> By definition, these under-65 individuals are totally and permanently disabled. Most if not all of them receive Medicare as an adjunct to receiving Title II benefits based on a history of contributing 40 or more quarters into the Social Security trust fund. I.e., they have worked and paid Social Security taxes for ten or more years.

➤ 3,812 disabled Alaskans under age 65 receive Medicare who are not eligible for Medicaid

Many Medicare beneficiaries also are eligible for and receive Medicaid. Such so-called "dually eligible" persons already receive prescription drug benefits through Medicaid. The Kaiser Family Foundation reported 9,500 Alaskans<sup>3</sup> are so-called "*dual-eligibles*." Subtracted from the total Medicare population (43,815), we estimate a total population of "*non-dual eligible*" Alaskans totaling 34,315.

How many if these "non-dual eligibles" are under age 65? We could find no state-specific statistics. We did find a recent CMMS report published in June 2002 using 2000 data reporting that nationally 9% of the "non-dual eligible" population is under age 65.<sup>4</sup> If this national percentage also holds in Alaska, then 9% of Alaska's "non-dual-eligible" population are under age 65. I.e., we believe there are at least 3,812 former Alaskan workers with disabilities, under age 65, who are eligible for Medicare, but not Medicaid.

➤ 1,606 disabled Alaskans under age 65 receive Medicare who are not eligible for Medicaid, and have no other prescription drug coverage

Some people on Medicare are quite wealthy, because entitlement to Title II Social Security benefits is established by age or disability, not income or resources. This contrasts with Supplemental Security Income (SSI) benefits, for which an individual must have income less than \$545 per month and resources of under \$2,000, or Alaska's Adult Public Assistant (APA) program, which pays out a cash benefit to bring individual income up roughly to \$1,000 (with the same income and resource limits as SSI). This would be one reason for classifying a

<sup>1</sup> Research assistance by Lynn Armstrong, Disability Law Center of Alaska, Inc., Juneau.

<sup>2</sup> Source: Kaiser Family Foundation, State Health Facts Online: Alaska:Medicare (data as of July 1, 2001). Website address: <http://www.statehealthfacts.org>

<sup>3</sup> Id.

<sup>4</sup> CMMS, *Program Information on Medicare, Medicaid, SCHIP and other programs of the Centers for Medicare & Medicaid Services* (June 2002), at page 3. Website address: <http://www.cms.hhs.gov/charts/series/sec3-b3.pdf>

Medicare recipient as a “non-dual-eligible” – the individual’s income or resources are too high to be eligible for the very low eligibility limits of Medicaid or APA.

Some people have access to private health care through spouses, former employment, or can afford private health insurance. So not all the “non-dual eligibles” can be said to actually “need” a State general-fund funded prescription drug benefit. SB 259 wisely recognizes this by establishing income thresholds of eligibility of 135 and 150% of the federal poverty line.

How many “non-dual-eligible” Alaskans under age 65 need prescription drug benefits? While we have found no exact numerical estimates, a national report found that *21% of all Medicare beneficiaries under age 65 with disabilities had no prescription drug coverage, including Medicaid.*<sup>5</sup> If this percentage holds in Alaska, then 21% of Alaska’s 7,648 under-65 Medicare beneficiaries – **1,606 individuals** – have no prescription drug benefits of any kind. The actual number may be higher, since the national report on the prescription drug coverage needs of the 2002 Medicare Disabled Beneficiaries report (Briesacher, et al.) included some health insurance options which may not be available in Alaska.

- 707 disabled Alaskans under age 65 receive Medicare who are not eligible for Medicaid, have no other prescription drug coverage, and are “medically indigent”

In one very real way, “gross income” is not an accurate measure of “need” in this context, because prescription drug costs can be so high. Briesacher et al. reported that the average annual drug spending for under-65 Medicare beneficiaries was nearly twice as high as for the elderly.<sup>6</sup> This is not because the population is profligate, but instead because the under-65 Medicare population is, on average, *more medically fragile* than the elder population. As such their medication needs are higher than average, and the costs of those medications is greater. Briesacher, et al., at 17.

How many of Alaska’s under-65, Medicare-only recipients are “medically indigent?” Briesacher et al. report (at page 6 and page 7, Fig. 3) that 19% of those with full-year prescription drug coverage spend more than 5% of their income on drug expenditures alone; 36% of those with part-year drug coverage spend more than 5% of their income on drugs; and *44% of Medicare beneficiaries under age 65 who lack drug coverage spend more than 5% of their income on prescription medications, drug expenditures alone.* So at the very least, there are approximately 707 Alaskan Medicare beneficiaries who have no source of prescription drug coverage, and who spend more than 5% of their income on medications. That is 707 individuals made “medically indigent” by drug costs alone.

- Roughly \$726,400 to solve the problem for Alaskans “medically indigent” under-age-65 Medicare-only beneficiaries

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<sup>5</sup> This compares with 24% of Medicare beneficiaries age 65 and older. B. Briesacher, et al., *Medicare’s Disabled Beneficiaries: The Forgotten Population in the Debate over Drug Benefits* (Sept. 2002). Website address: <http://www.kff.org/medicare/6054.cfm>.

<sup>6</sup> Id. at page 5.

Using 1998 figures, Briesacher et al. (at page 6) documented that Medicare beneficiaries under age 65 have higher average medication costs (\$1,284 versus \$841 per year for those over 65). With a standard Medicare-like co-pay of 20%, this would result in a total estimated cost of \$726,400 per year to provide coverage to this medically indigent population ( $\$1,284 \times 707 \times 0.80$ ). This figure, however, is likely low, since these "medically indigent" Medicare beneficiaries by definition have prescription medication expenses that are even higher than the average Medicare beneficiary's expenses.

- Roughly \$288,900 to help Alaska's under-age-65 Medicare-only beneficiaries with incomes under 200% of the federal poverty line

While we have not found exact figures, it is possible to project the number of Alaskans under age 65 who receive only Medicare and no other drug benefits, whose income is under 200% of the federal poverty line (FPL). The Kaiser Family Foundation, using CMMS statistics, estimates 7,680 of Alaska's Medicare beneficiaries have incomes between 100 and 199% of the FPL.<sup>7</sup> Applying the same percentages as above, then 14% (1,075 individuals) of this subpopulation is likely under age 65. As discussed above, if the national percentages reported in Briesacher, et al. are applicable to Alaska, 21% of this sub-subpopulation may be estimated to have no prescription drug coverage of any kind. Thus, if a benefit program were designed to serve Alaska's under-age-65, Medicare-only beneficiaries who receive no other prescription drug benefits, we estimate approximately **225 individuals** would be served. Using average statistics for drug expenditures from Briesacher, total cost per annum would be **\$288,900** without any co-pay. This figure is probably low, due to old drug expenditure data, and more current data may yield a different estimated per capita drug expenditure.

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<sup>7</sup> Source: Kaiser Family Foundation, State Health Facts Online: Alaska:Medicare (data as of July 1, 2001). Website address: <http://www.statehealthfacts.kff.org>.

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January 20, 2004

The Honorable Lyda Green, Co-Chair  
Senate Finance Committee  
Alaska State Capitol, Room 516  
Juneau, Alaska 99801-1182

The Honorable Gary Wilken, Co-Chair  
Senate Finance Committee  
Alaska State Capitol, Room 518  
Juneau, Alaska 99801-1182

Dear Co-Chairs Green and Wilken: RE: SB 259 (Governor Murkowski) - Support

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House Finance Committee to support Governor Murkowski's SeniorCare proposal, SB 259.

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 increasing 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. We all know 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 to access needed medications.

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). Although this is being implemented currently, SB 259 will allow older Alaskans who receive prescription assistance under SeniorCare to reap the same benefits afforded Medicaid beneficiaries through the PDL.

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, Alaska will have a PDL using scientific evidence on effectiveness as well as cost.

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

AARP recommends an "AYE" vote on SB 259.

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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cc: Vice-Chair Con Bunde  
Senator Fred Dyson  
Senator Ben Stevens  
Senator Lyman Hoffman  
Senator Donald Olson  
Governor Frank Murkowski  
Commissioner Joel Gilbertson  
Marie Darlin  
Patrick Luby

CB259



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STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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  
January 9, 2004  
Page 2

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.

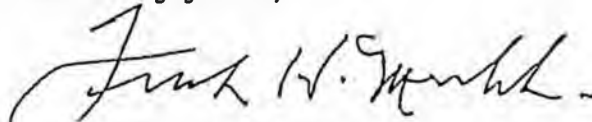
Eligibility for the program would be limited to Alaska's most needy seniors. The program would not pay for prescription drug subsidies for seniors who already receive coverage under Medicaid or certain similar prescription drug subsidy programs. Eligibility for the program would be further defined by 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

# SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/12/04

FURTHER: Finance

Date of 5-Day Notice: 1/8/04  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: 1.14.04

Health, Education and Social Services Committee considered

SENATE BILL NO. 259

## SB 259 SENIORCARE

"An Act establishing the SeniorCare program and relating to that program; 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 Change
- New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	1/12/04	x			1
HSS	1/12/04	x			2
HSS	1/12/04	x			3
HSS	1/12/04	x			4
HSS	1/12/04	x			5

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Guess	<i>[Signature]</i>			<input checked="" type="checkbox"/>	
Green	<i>Linda Green</i>	<input checked="" type="checkbox"/>			
Davis	<i>Betty Davis</i>	<input checked="" type="checkbox"/>			
Wilken	<i>Gary Wilken</i>	<input checked="" type="checkbox"/>			
Dyson	CHAIR: <i>[Signature]</i>	<input checked="" type="checkbox"/>			

SENATE FINANCE COMMITTEE

SIGN-IN

SB 259-SENIORCARE

NAME: Marie Darlin Subject/Bill No: 259  
Co./Dept./Title: AARP Phone: 586-3637  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: Bob Briggs Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: DISABILITY JUDGE 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: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions