

HB

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Alaska SeniorCare Program Projections

Maintain SeniorCare Cash Benefit@135% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	<u>FY 06</u>	<u>FY 07</u>
	7,000	7,000
\$	720	\$ 1,440
\$	5,040,000	\$ 10,080,000

Drug Benefit @175% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	3,900	4,095
\$	320	\$ 640
\$	1,248,000	\$ 2,620,800

Summary -- Combined Cash and Drug Assistance

Number of Recipients
 Total Alaska SeniorCare Program Benefits

	<u>FY 06</u>	<u>FY 07</u>
	10,900	11,095
\$	6,288,000	\$ 12,700,800

Administrative Costs

Eligibility (Public Assistance)
 Claims Processing (Health Care Services)
 Information and Referral (Sr & Disabilities Svcs)

\$	326,400	\$ 306,900
\$	163,900	\$ 140,900
\$	59,000	\$ 63,500

Total Administrative Costs

\$	549,300	\$ 511,300
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Combined Program and Administrative Costs

\$	6,837,300	\$ 13,212,100
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Projected Balance in Senior Care Fund 1/1/06

Projected Balance in AK Senior Care Fund for carryforward to FY07

General Fund Need

\$	8,086,800	
		\$ 1,249,500
\$	0	\$ 11,962,600

Population Growth 5%
 Premium/Deductible Inflater 5%

May 5, 2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB106CS(FIN)-DHSS-FMS-05-05-05
() Publish Date. _____

Revision Date/Time (Note if correction): _____

Dept. Affected: Health & Social Services

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Departmental Support Services

Component Commissioner's Office

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		11,962.6				
1037 GF/Mental Health						
1189 Senior Care Fund	8,086.8					
Other(Specify Type-do not abbreviate)						
TOTAL	8,086.8	11,962.6	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizing the continuation of the SeniorCare program through June 30, 2007 includes provision to establish a new Alaska senior care fund as an account in the general fund. Per proposed section 47.45.360 the fund would consist of 1) money in the former senior care fund established in sec. 2, ch. 2, SLA 2004; 2) appropriations to the Alaska senior care fund; and 3) any appropriation of interest earned on money in the Alaska senior care fund.

This fiscal note represents capitalization of the new Alaska senior care fund; expenditures are shown on associated fiscal notes for components that would be operating the program. See attached summary of Alaska SeniorCare projected caseload and costs. (Continued on next page)

Prepared by: Janet Clarke, Assistant Commissioner
Division: Finance and Management Services
Approved by: Joel S. Gilbertson, Commissioner
Agency: Department of Health and Social Services

Phone: 465-1630
Date/Time: 05/05/2005
Date: 05/05/2005

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO HB106CS(FIN)-DHSS-FMS-05-05-05

ANALYSIS CONTINUATION

The Alaska senior care fund would be capitalized with a General Fund deposit as well as deposit of the balance of the former senior care fund. The estimated balance of the former senior care fund will be approximately \$8,086.8 on January 1, 2006. This balance will be subject to actual claims and benefit payments under the existing SeniorCare program through December 31, 2005. This balance will fully fund the Alaska SeniorCare Program for the second half of FY06, as well as allow for carryforward of an estimated \$1,249.5 for partial funding of the program in FY07. The General Fund appropriation for FY07 represents the difference between the balance in the Alaska Senior Care Fund and the projected expenditures for SeniorCare cash and drug benefits and the administrative costs to run the program through FY07.

It is anticipated that the FY07 general fund capitalization deposit to the Alaska senior care fund will be contained in the language section of the operating budget bill. Legislative approval of carryforward of the Alaska senior care fund (general fund sweep reversal) will be necessary to allow continuation of the Fund balance for use to pay benefits in the following year.

Alaska SeniorCare Program Projections

Maintain SeniorCare Cash Benefit@135% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	<u>FY 06</u>	<u>FY 07</u>
	7,000	7,000
	\$ 720	\$ 1,440
	\$ 5,040,000	\$ 10,080,000

Drug Benefit @175% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	3,900	4,095
	\$ 320	\$ 640
	\$ 1,248,000	\$ 2,620,800

Summary -- Combined Cash and Drug Assistance

Number of Recipients
 Total Alaska SeniorCare Program Benefits

	<u>FY 06</u>	<u>FY 07</u>
	10,900	11,095
	\$ 6,288,000	\$ 12,700,800

Administrative Costs

Eligibility (Public Assistance)
 Claims Processing (Health Care Services)
 Information and Referral (Sr & Disabilities Svcs)

	\$ 326,400	\$ 306,900
	\$ 163,900	\$ 140,900
	\$ 59,000	\$ 63,500

Total Administrative Costs

	\$ 549,300	\$ 511,300
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Combined Program and Administrative Costs

	\$ 6,837,300	\$ 13,212,100
--	--------------	---------------

Projected Balance in Senior Care Fund 1/1/06

Projected Balance in AK Senior Care Fund for carryforward to FY07
 General Fund Need

\$ 8,086,800	
	\$ 1,249,500
\$ 0	\$ 11,962,600

Population Growth 5%
 Premium/Deductible Inflator 5%

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Caseload & Benefit Cost Projections

Assumptions:

This fiscal note assumes the new SeniorCare program begins January 1, 2006 when Medicare Part D drug coverage first becomes available.

- e In FY 04, an average of 7,000 seniors received the \$120 cash benefit each month. The Department estimates a monthly average of 7,000 seniors will be eligible for and continue to receive the \$120/month cash benefit, when the program is extended on January 1, 2006.
- e The Department estimates an additional 3,900 seniors will become eligible for the new SeniorCare drug benefit beginning January 1, 2006, at an annual cost per individual of \$640.
- e The number of seniors receiving the drug benefit and the associated drug benefit premium and deductible costs will increase by 5%/year beginning in FY 07.

Total FY 06 SeniorCare Benefit Costs (6 months): \$6,288.0

Cash benefit @ 135% of FPG: 7,000 x \$720 = \$5,040.0

Drug benefit @ 175% of FPG: 3,900 x \$320 = \$1,248.0

Total FY 07 SeniorCare Benefit Costs: \$12,700.8

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 175% of FPG: 4,095 x \$640 = \$2,620.8

Administration

In FY 06, Administration of the new SeniorCare program will transfer from the Alaska Division of Pioneer Homes to the Division of Public Assistance (DPA). Four new positions are needed in DPA to administer the SeniorCare program: 1 Administrative Clerk II; 2 Eligibility Technician I's and 1 Eligibility Technician III Lead Worker. These positions will have statewide responsibility for processing the enrollment applications for the projected 10,900 eligible recipients. This includes the initial and ongoing determining of eligibility, processing claims, and serving as a liaison with the Social Security Administration to ensure recipient enrollment in Medicare Part D.

Continued on next page.

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB106CS(FIN)-DHSS-DPA-05-05-05

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Assumptions:

- DPA staff recruitment, hiring, and program eligibility training for new staff will begin in September 2005.
- In October 2005, DPA will begin processing renewal applications for the 7,000 current SeniorCare cash benefit recipients, and begin accepting new applications for the new drug benefit coverage.
- Eligibility determinations for the new SeniorCare drug benefit will begin in November 2005, concurrently with the Social Security Administration's enrollment of beneficiaries for Medicare Part D.
- Starting in January 2006, DPA will have full responsibility for issuing the \$120 SeniorCare cash benefit checks and the new drug benefit identification cards.
- Modifications to DPA's Eligibility Information System (EIS) will be completed to facilitate the issuance of SeniorCare cash benefits and drug benefit identification cards.

Total FY 06 Administrative Costs: \$326.4

Personal Services (\$18,492/month x 10 months): \$184.9
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$109.0
* Office Space: \$20.0
* Local & Long Distance Telephone Support \$8.5
* Marketing & Outreach: \$30.0
* Regulations Development: \$5.0
* EIS Computer System Programming Modifications: \$25.5
* Other Services (printing/mailing recipient warrants and drug benefit ID cards): \$20.0
Office Supplies: \$9.0 Desktop computers, printers, and work stations: \$20.0

Total FY 07 (Annual) Administrative Costs: \$306.9

Personal Services (\$18,492/month x 12 months): \$221.9
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$72.5
* Office Space: \$24.0
* Local & long distance telephone support: \$8.5
* Other Services (printing mailing recipient warrants and drug benefit ID cards): \$40.0
Office Supplies: \$9.0

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB106CS(FIN)-DHSS-HCS-05-05-05
() Publish Date: _____

Revision Date/Time (Note if correction): _____

Dept. Affected: Health & Social Services

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Health Care Services

Component Medical Assistance Admin.

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 242

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	80.9	80.9				
Travel						
Contractual	83.0	60.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	163.9	140.9	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1195 AK Senior Care Fund	163.9	140.9				
Other(Specify Type-do not abbreviate)						
TOTAL	163.9	140.9	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program through June 30, 2007 and modifies the prescription drug benefit available under the program. Approximately 4,000 seniors will receive assistance paying their premiums and deductibles for prescription drug coverage under Medicare or some comparable insurance.

The Division of Health Care Services will need to contract for changes to its claims payment system (MMIS) to allow for payment of premiums and deductibles, at a one-time cost of \$133.0 (\$50.0 of this total cost is included in the FY06 Governor's Budget and so not reflected above). There will be a continuing cost of \$60.0 contractual for on-going system programming, preparing and distributing tapes of eligible participants monthly to Prescription Drug Plan providers. (Continued on next page)

Prepared by: Dwayne Peoples, Director

Phone: 465-5830

Division: Health Care Services

Date/Time: 05/05/2005

Approved by: Joel S. Gilbertson, Commissioner

Date: 05/05/2005

Agency: Department of Health and Social Services

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB106CS(FIN)-DHSS-HCS-05-05-05

ANALYSIS CONTINUATION

In addition, the division will need to add one, full-time staff member. Initially, this position will perform the development and testing of system changes to MMIS. Once the new prescription drug benefit is effective, the position will be responsible for overseeing the premium buy-in process and coordinating the coverage of deductibles with providers.

Alaska State Legislature
HOUSE FINANCE COMMITTEE
AGENDA

May 6, 2005 - Friday

1:30 pm

SB 142-REGIONAL SCHOOL BD LAND OWNERSHIP
SB 150-ALASKA CHILDREN'S TRUST FUND GRANTS
SB 144-EMISSION CONTROL PROGRAM PERMITS/REGS
HB 208-STATE VETERANS' CEMETERY & FUND
Bills Previously Heard or Scheduled.



Comparison of Qualifications and Benefits

Beginning January 2006 to June 2007

SeniorCare Cash Assistance

SeniorCare Prescription Drug Assistance

Qualifications

- Up to 135% of Poverty Level
- Annual Income below
\$16,133 Single
\$21,641 Couple
- Liquid Assets below
\$6,000 Single
\$9,000 Couple

- Up to 175% of Poverty Level
- Annual Income below
\$20,913 Single
\$28,052 Couple
- Liquid Assets below
\$50,000 Single
\$100,000 Couple

SeniorCare Benefit January 2006

- \$120 a month cash assistance
(up to \$1,440 annual)

- \$670 Annual Medicare/Comparable
Insurance Prescription Drug
Premiums and Deductible

Medicare Benefit January 2006

- Annual Medicare Premiums and
deductible covered
\$670
- Full prescription drug coverage
Medicare Part D

- Standard Medicare Part D,
prescription drug coverage

Seniors Served (Total 11,000)

- 7,000

- 4,100

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services
 RDU Departmental Support Services
 Component Commissioner's Office

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY/2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	8,689.0	17,377.9	18,064.5	18,826.7	19,659.1	20,579.2
1037 GF/Mental Health						
1189 Senior Care Fund	7,762.4					
Other(Specify Type-do not abbreviate)						
TOTAL	16,451.4	17,377.9	18,064.5	18,826.7	19,659.1	20,579.2

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizing the continuation of the SeniorCare program includes provision to establish a new Alaska senior care fund as an account in the general fund. Per proposed section 47.45.360 the fund would consist of 1) money in the former senior care fund established in sec. 2, ch. 2, SLA 2004; 2) appropriations to the Alaska senior care fund; and 3) any appropriation of interest earned on money in the Alaska senior care fund.

This fiscal note represents capitalization of the new Alaska senior care fund; expenditures are shown on associated fiscal notes for components that would be operating the program. See attachment A for summary of Alaska SeniorCare projected caseload and costs. (Continued on next page)

Prepared by: Janet Clarke, Assistant Commissioner
 Division: Finance and Management Services
 Approved by: Jon S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-1630
 Date/Time: 01/10/2004
 Date: 01/14/2005

FISCAL NOTE

FN # 1

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION

The Alaska senior care fund would be capitalized with a General Fund deposit as well as deposit of the balance of the former senior care fund. The estimated balance of the former senior care fund will be approximately \$7,764.2 on January 1, 2006. This balance will be subject to actual claims and benefit payments under the existing SeniorCare program through December 31, 2005. The General Fund appropriation represents half of the FY07 projected expenditures for SeniorCare cash and drug benefits and the administrative costs to run the program.

It is anticipated that there will be an annual general fund capitalization deposit to the Alaska senior care fund that will be contained in the language section of the operating budget bill. Legislative approval of carryforward of the Alaska senior care fund annually (general fund sweep reversal) will be necessary to allow continuation of the Fund balance for use to pay benefits in the following year.

Alaska SeniorCare Projected Caseloads & Costs

	FY 06 -- 3rd & 4th Qtr	FY 07	FY 08
Caseload Projections			
Alaska SeniorCare Below 135% of Poverty-Cash Benefit	7,000	7,000	7,000
Alaska SeniorCare Between 135% and 300% of Poverty-Drug Benefit	9,975	10,474	10,997
Benefit Assumptions			
Alaska SeniorCare Below 135% of Poverty-Cash Benefit	\$ 720	\$ 1,440	\$ 1,440
Alaska SeniorCare Between 135% and 300% of Poverty-Drug Benefit	\$ 320	\$ 640	\$ 672
<hr/>			
	FY 06 -- 3rd & 4th Qtr	FY 07	FY 08
Budget Forecast			
Alaska SeniorCare Below 135% of Poverty-Cash Benefit	\$ 5,040,000	\$ 10,080,000	\$ 10,080,000
Alaska SeniorCare Between 135% and 300% of Poverty-Drug Benefit	\$ 3,192,000	\$ 6,703,360	\$ 7,389,984
Total Program Cost	\$ 8,232,000	\$ 16,783,360	\$ 17,469,984
Administrative Costs			
Eligibility	\$ 454,500	\$ 450,100	\$ 450,100
Claims Processing	\$ 163,900	\$ 80,900	\$ 80,900
Information and Referral	\$ 59,000	\$ 63,500	\$ 63,500
Total Administrative Costs	\$ 677,400	\$ 594,500	\$ 594,500
Combined Program and Administrative Costs	\$ 8,909,400	\$ 17,377,860	\$ 18,064,484

Source: Fiscal notes for LL-90, as of 1/13/05

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Health Care Services

Component Medical Assistance Admin.

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 242

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	80.9	80.9	80.9	80.9	80.9	80.9
Travel						
Contractual	83.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	163.9	80.9	80.9	80.9	80.9	80.9

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	163.9	80.9	80.9	80.9	80.9	80.9
Other(Specify Type-do not abbreviate)						
TOTAL	163.9	80.9	80.9	80.9	80.9	80.9

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program and modifies the prescription drug benefit available under the program. Approximately 10,000 seniors will receive assistance paying their premiums and deductibles for prescription drug coverage under Medicare or some comparable insurance.

The Division of Health Care Services will need to contract for changes to its claims payment system (MMIS) to allow for payment of premiums and deductibles, at a one-time cost of \$133.0 (\$50.0 of this total cost is included in the FY06 Governor's Budget and so not reflected above). In addition, the division will need to add one, full-time staff member. Initially, this position will perform the development and testing of system changes to MMIS. Once the new prescription drug benefit is effective, the position will be responsible for overseeing the premium buy-in process and coordinating the coverage of deductibles with providers.

Prepared by: Jon Sherwood
 Division: Office of Program Review
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-5820
 Date/Time 01/05/2005
 Date 01/14/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Senior and Disabilities Svcs
 Component Senior/Disabilities Svcs Admin

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 2663

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	36.0	48.0	48.0	48.0	48.0	48.0
Travel	0.5	0.5	0.5	0.5	0.5	0.5
Contractual	15.0	15.0	15.0	15.0	15.0	15.0
Supplies	7.5					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	59.0	63.5	63.5	63.5	63.5	63.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fun	59.0	63.5	63.5	63.5	63.5	63.5
Other(Specify Type-do not abbreviate)						
TOTAL	59.0	63.5	63.5	63.5	63.5	63.5

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will make the SeniorCare program permanent. With the permanency, the Division of Senior and Disabilities Services needs to add one Administrative Clerk III to provide the support for the SeniorCare Information office. This position would be responsible for answering phones, making referrals to agencies, mailing out informational packets on the senior benefits, and maintaining files.

The division is requesting support costs for office space, furniture, a computer, telephone and computer lines, mailings, printing and general office supplies.

Prepared by: Sharon K. Lowe
 Division: Senior and Disabilities Services
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 907-465-5810
 Date/Time: _____
 Date: 01/14/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Public Assistance

Component SeniorCare

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 2760

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	301.5	361.8	361.8	361.8	361.8	361.8
Travel	3.5	3.5	3.5	3.5	3.5	3.5
Contractual	114.5	74.8	74.8	74.8	74.8	74.8
Supplies	35.0	10.0	10.0	10.0	10.0	10.0
Equipment						
Land & Structures						
Grants & Claims	8,232.0	16,783.4	17,470.0	18,232.2	19,064.6	19,984.7
Miscellaneous						
TOTAL OPERATING	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8
Other(Specify Type-do not abbreviate)						
TOTAL	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	6	6	6	6	6	6
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program, which provides a cash or drug benefit to eligible seniors age 65 or older. It also changes the drug benefit to a State Pharmaceutical Assistance Program, to cover the premiums and deductibles of the new Medicare Part D prescription drug coverage that begins January 1, 2006. This bill would allow seniors with incomes below 135% of the federal poverty guideline and countable assets below \$6,000 (\$9,000 for couples) to continue to be eligible for the \$120 monthly cash payment. Seniors with incomes below 300% of the federal poverty guideline and countable assets below \$50,000 (\$100,000 for couples) would be eligible to have their premiums and deductibles for Medicare Part D, or other similar prescription drug coverage, paid for by the new SeniorCare drug benefit.

Prepared by: Katherine Farnham
 Division: Public Assistance
 Approved by: Jool S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 269-7930
 Date/Time: 01/14/2005
 Date: 01/14/2005

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Caseload & Benefit Cost Projections

Assumptions:

This fiscal note assumes the new SeniorCare program begins January 1, 2006 when Medicare Part D drug coverage first becomes available.

- In FY 04, an average of 7,000 seniors received the \$120 cash benefit each month. The Department estimates a monthly average of 7,000 seniors will be eligible for and continue to receive the \$120/month cash benefit, when the program is extended on January 1, 2006.
- The Department estimates an additional 9,975 seniors will become eligible for the new SeniorCare drug benefit beginning January 1, 2006, at an annual cost per individual of \$640.
- The number of seniors receiving the drug benefit and the associated drug benefit premium and deductible costs will increase by 5%/year beginning in FY 07.

Total FY 06 SeniorCare Benefit Costs (6 months): \$8,232.0

Cash benefit @ 135% of FPG: 7,000 x \$720 = \$5,040.0
Drug benefit @ 300% of FPG: 9,975 x \$320 = \$3,192.0

Total FY 07 SeniorCare Benefit Costs: \$16,783.4

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0
Drug benefit @ 300% of FPG: 10,474 x \$640 = \$6,703.4

Total FY 08 SeniorCare Benefit Costs: \$17,470.0

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0
Drug benefit @ 300% of FPG: 10,997 x \$672 = \$7,390.0

Total FY 09 SeniorCare Benefit Costs: \$18,232.2

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0
Drug benefit @ 300% of FPG: 11,547 x \$706 = \$8,152.2

Total FY 10 SeniorCare Benefit Costs: \$19,064.6

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0
Drug benefit @ 300% of FPG: 12,125 x \$741 = \$8,984.6

Total FY 11 SeniorCare Benefit Costs: \$19,984.7

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0
Drug benefit @ 300% of FPG: 12,731 x \$778 = \$9,904.7

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Administration

In FY 06, Administration of the new SeniorCare program will transfer from the Alaska Division of Pioneer Homes to the Division of Public Assistance (DPA). Six new positions are needed in DPA to administer the SeniorCare program: 1 Administrative Clerk II; 3 Eligibility Technician I's, 1 Eligibility Technician III Lead Worker; and 1 Program Coordinator. These positions will have statewide responsibility for processing the enrollment applications for the projected 16,975 eligible recipients. This includes the initial and ongoing determining of eligibility, processing claims, and serving as a liaison with the Social Security Administration to ensure recipient enrollment in Medicare Part D.

Assumptions:

- DPA staff recruitment, hiring, and program eligibility training for new staff will begin in September 2005.
- In October 2005, DPA will begin processing renewal applications for the 7,000 current SeniorCare cash benefit recipients, and begin accepting new applications for the new drug benefit coverage.
- Eligibility determinations for the new SeniorCare drug benefit will begin in November 2005, concurrently with the Social Security Administration's enrollment of beneficiaries for Medicare Part D.
- Starting in January 2006, DPA will have full responsibility for issuing the \$120 SeniorCare cash benefit checks and the new drug benefit identification cards.
- Modifications to DPA's Eligibility Information System (EIS) will be completed to facilitate the issuance of SeniorCare cash benefits and drug benefit identification cards.

Total FY 06 Administrative Costs: \$454.5

Personal Services (\$30,150/month x 10 months): \$301.5
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$114.5
*Office Space: \$24.0
*Local & Long Distance Telephone Support \$8.5
*Marketing & Outreach: \$30.0
*Regulations Development: \$5.0
*EIS Computer System Programming Modifications: \$25.5
*Other Services (printing/mailing recipient warrants and drug benefit ID cards): \$21.5
Office Supplies: \$10.0 Desktop computers, printers, and work stations: \$25.0

Total FY 07 (Annual) Administrative Costs: \$450.1

Personal Services (\$30,150/month x 12 months): \$361.8
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$74.8
*Office Space: \$24.0
*Local & long distance telephone support: \$8.5
*Other Services (printing/mailing recipient warrants and drug benefit ID cards): \$42.3
Office Supplies: \$10.0

Adopted #1 N/O.
5/5/05

24G-1
5/5/2005
(10:48 A.M.)

AMENDMENT

OFFERED IN THE HOUSE FINANCE

BY _____

COMMITTEE

TO: CSHB 106(HES)

1 Page 3, line 21:

2 Delete "300"

3 Insert "175"

4

5 Page 8, following line 9:

6 Insert a new bill section to read:

7 "* Sec. 8. (a) Sections 1 - 3 and 5 - 7 of this Act are repealed June 30, 2007.

8 (b) Money in the Alaska senior care fund established in AS 47.45.360, enacted by sec. 2

9 of this Act, reverts to the unreserved general fund on June 30, 2007." *are met.*

10

11 Renumber the following bill sections accordingly.

*after all valid obligations
met by
incurred*

12

13 Page 8, line 11:

14 Delete "8"

15 Insert "9"

HB 104

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



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JUNEAU, ALASKA 99811-0001
(907) 465-3500
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 21, 2005

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

Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to health care benefits available to eligible low-income senior citizens.

In 2004, the SeniorCare program was enacted that provided for needs-based cash assistance and a prescription drug benefit (ch. 3, SLA 2004). Today, approximately 6,800 seniors with incomes below 135 percent of the federal poverty level for Alaska receive \$120 a month in cash assistance through the SeniorCare program. This program has been very successful in reaching senior citizens in Alaska truly in need of cash assistance.

Unfortunately, the SeniorCare program is anticipated to sunset no later than January 1, 2006. Therefore, the legislation I am proposing today will repeal the temporary law created last year and replace it with a permanent law that will strengthen the SeniorCare program and allow it to continue. It is crucial that the State of Alaska continue to provide critical support for Alaska's most needy senior citizens beyond January 1, 2006.

My proposal to improve SeniorCare is through the creation of a supplement to the recently enacted federal Medicare drug benefit for Alaska's seniors. Under the new federal Medicare benefit, many seniors are still required to pay premium and deductible expenses for prescription drugs out of their own pockets. For Alaska seniors with incomes up to 300 percent of the federal poverty level, I propose that SeniorCare pay these premiums and deductibles on our seniors' behalf - a benefit of approximately \$670 per person annually. Seniors with Medigap or other comparable coverage will also be eligible to receive this benefit as long as they meet the basic income and asset standards for SeniorCare.

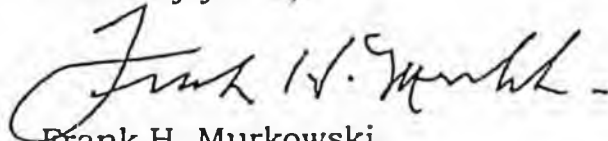
The Honorable John Harris
January 21, 2005
Page 2

I anticipate that over 40 percent of the estimated 41,000 Alaska seniors will be eligible for the SeniorCare benefit. With passage of this legislation, the end result will be that as of January 2006 virtually all seniors in Alaska will be eligible for prescription drug coverage through a combination of federal, state, and employer-sponsored drug plans. This represents an achievement in which we should all be proud.

Over the past several years I have listened to our senior citizens throughout Alaska and there is no doubt in my mind that adequate prescription drug coverage remains a top priority of our seniors. Additional state support for SeniorCare in the years to come will help resolve this longstanding issue. It is a sound investment well worth making.

I urge your prompt and favorable action on this measure.

Sincerely yours,

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

Frank H. Murkowski
Governor

Enclosure

Sectional Analysis of CS HB 106 (HES) -- Senior Care

(Prepared by the Department of Health and Social Services and the Department of Law, February 11, 2005)

CS HB 106 (HES) would establish the senior care program, which provides cash assistance and prescription drug benefits to eligible seniors.

I. Addition of senior care benefits to list of property exempt under AS 09.38.15 (Section 1):

Sec. 1: Section 1 amends the statute regarding property exempt without limitation to add benefits paid or payable as a senior care benefit under this bill.

II. Establishment of the senior care program (Section 2):

Sec. 2: Section 2 establishes and sets out the senior care program in statute by adding new sections to the chapter dealing with older Alaskans, as follows:

- it establishes senior care as a program, provides the Department of Health and Social Services with the authority to administer it, and establishes the order in which senior care benefits are to be reduced if funding is inadequate;
- it provides for a cash assistance benefit of \$120 per month for Alaska residents, age 65 and older, who have income less than or equal to 135 percent of the federal poverty guidelines;
- it provides for a prescription drug benefit for Alaska residents, age 65 and older, who have income less than or equal to 300 percent of the federal poverty guidelines, who do not receive a cash assistance payment under section 1, and who meet other requirements;
- it provides that the prescription drug benefit will pay for premiums and deductibles for prescription drug coverage under Medicare Part D, a group health plan, veteran benefits, Medigap, military coverage, and other plans comparable to Medicare Part D, while limiting the total benefit to the annual cost of Medicare Part D premiums and deductibles;
- it places the following limitations on the prescription drug benefit: an individual is not eligible for the prescription drug benefit if the premium and deductible are covered by another source or if they have a prescription drug benefit authorized under specific sections of the Social Security Act; in addition, residents of public institutions, nursing facilities, Pioneers' Homes, and Veterans' Homes are not eligible, unless they reside in a public institution or nursing facility for less than three months;

- it prevents recipients of either the cash assistance benefit or the prescription drug benefit from receiving benefits if they leave the state, unless it is temporary absence to receive medical treatment, accompany a family member receiving medical treatment, or take a trip of less than 30 consecutive days (or longer if the department grants an exception for special circumstances);
- it provides for an appeal process for people whose benefits are denied, terminated, or reduced;
- it makes an individual liable to the Department of Health and Social Services for benefits improperly paid due to inaccurate or incomplete information, and gives the Department of Health and Social Services the ability to recover those benefits and associated recovery costs through a civil action;
- it establishes the Alaska senior care fund in statute as an account in the general fund; the senior care fund would receive appropriations and unexpended funds in the current senior care fund created by temporary law;
- it provides definitions.

II. Adds the senior care fund to the list of nongeneral fund program receipts (Section 3):

Sec. 3: Section 3 adds the Alaska senior care fund to the list of nongeneral fund program receipts at AS 37.05.1-16(c).

III. Repeal of existing senior care program in session law (Section 4):

Sec. 4: Section 4 repeals ch. 3, SLA 2004, which sets out the existing senior care program.

IV. Transition provisions (Sections 5 - 6):

Sec. 5: Section 5 transfers the assets of the current senior care fund created under ch. 3, SLA 2004 to the senior care fund created under sec. 2.

Sec. 6: Section 6(a) gives the Department of Health and Social Services the authority to use the existing regulations to operate the senior care program until it can adopt regulations under the statutes added by the bill. Section 6(b) gives the Department of Health and Social Services authority to begin the process of adopting new regulations before the new statute takes effect.

V. Effective dates (Sections 7 - 8):

Sec. 7: Section 7 provides for an immediate effective date for sec. 6(b), authorizing the Department of Health and Social Services to begin adopting new regulations.

Sec. 7: Section 8 provides for an effective date, the date Medicare Part D begins, for the remainder of the bill sections.

LEGAL SERVICES

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

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

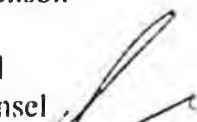
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 3, 2005

SUBJECT: Senior Care (HB 106 (Work Order No. 24-GH 1090\A))

TO: Representative Peggy Wilson
Attn: Kathy Erickson

FROM: Jean M. Mischel
Legislative Counsel 

You have asked for a review and opinion on the drafting and legal issues raised in the above referenced bill. The bill creates an account to transfer funds from the temporary senior care program established under ch. 3 SLA 2004, repeals the temporary program in its entirety, and establishes a senior care program in AS 47.45 for administration by the Department of Health and Social Services. While the bill shares many similarities with the temporary senior care program, it would be inaccurate to characterize this bill as merely codifying the temporary law. Both the benefits and the eligibility criteria have been changed in this bill.

The bill also contains explicit cross-references to the federal act that provides for prescription benefits. As a drafting matter, these cross references should be changed to reflect the title of the federal act, "Medicare Prescription Drug, Improvement and Modernization Act of 2003" and the reference to "Medicare Part D" should be deleted throughout this bill. The cross-reference to "Part D" could easily prove ambiguous or inaccurate, particularly if a future Congress reorganizes the federal act. The bill also contains an error at page 3, line 31 that should be corrected. The cross-reference there should read: "38 U.S.C. 1701-1784", rather than "38 U.S.C. 1701-1774." Other editorial changes should be made in compliance with the legislative drafting manual including a substitution of the word "shall" for "must" wherever "must" appears.

In addition, the exemption of senior care benefits from garnishment, levy or execution at page 2, line 25-26 of the bill requires an amendment to AS 09.38.015(a) to include senior care benefits. If senior care benefits are intended to replace longevity bonus payments then other conforming amendments pertaining to the longevity bonus program should be made. Let me know if you would like to have these conforming amendments drafted.

A potential equal protection issue is raised by the exclusion of residents of certain types of public facilities, who would otherwise qualify, from eligibility for the prescription benefits provided for in this bill (page 4, lines 25-31). Since this an economic benefit, a court would apply the lowest level of scrutiny to the rationale for this provision. The

Representative Peggy Wilson
February 3, 2005
Page 2

state must have a legitimate interest supporting the differential treatment.

The mandatory assignment of rights to similar prescription drug benefits (page 3, lines 16-17) assumes that the benefit is assignable, which may not always be available to a beneficiary.

The appeal procedure provided for at page 5, lines 12-16, may more appropriately be placed within the Department of Administration's Office of Administrative Hearings under AS 44.64.

Finally, the effective date at section 7 may allow for a gap in benefits should the federal Medicare Part D prescription drug benefits not be operational by January 1, 2006. At that point, the temporary senior care program will be repealed and eligible participants who have private or non-Medicare prescription drug benefits will receive a prescription drug benefit unavailable to other eligible recipients, a result that may not be intended.

If I may be of further assistance, please advise.

JMM:jad
05-067.jad

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Alaska Commission on Aging

February 7, 2005

The Honorable Peggy Wilson, Chair
House H.E.S.S. Committee
House of Representatives
State Capitol Room 108
Juneau, AK 99801-1182

Re: HB 106, SeniorCare Program

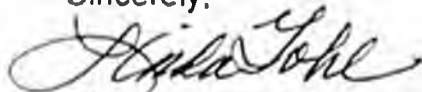
Dear Representative Wilson:

The members of the Alaska Commission on Aging would like to voice their very strong support for passage of the Governor's SeniorCare Bill, HB 106. The Commission is charged with making recommendations to the Governor and the Legislature with respect to legislation, regulations and appropriations for programs and/or services that support the health and well-being of older Alaskans.

Members of the Commission are particularly concerned about the ability of our most needy and vulnerable seniors to afford adequate medical care, including coverage for prescription drugs. We are also concerned about all seniors on fixed incomes who are burdened with skyrocketing costs for medical care, prescription drugs, Medicare and expensive private health insurance premiums. With the establishment of the Medicare Part D prescription drug program, it is vitally important that Alaska seniors are able to cover the cost of participating in this federal program if they are to avail themselves of this federal assistance. We believe the Governor's proposed SeniorCare program will go a long way toward ensuring that our seniors have adequate and affordable prescription drug coverage in Alaska.

The members of the Commission on Aging respectfully ask your consideration and support for passage of HB106 and sufficient funding to ensure this program is successful.

Sincerely,



Linda Gohl, Executive Director
Alaska Commission on Aging

FRANK H. MURKOWSKI
GOVERNOR

P.O. BOX 110693

JUNEAU, ALASKA 99811-0693

PHONE: (907) 465-3250

FAX: (907) 465-1398



February 8, 2005

The Honorable Peggy Wilson, Chair
House Health, Education and Social Services Committee
Alaska State Capitol, Room 108
Juneau, AK 99801-1182

RE: HB 106 (Governor Murkowski)—Support

Dear Chair Wilson:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the House Health, Education and Social Services Committee to support HB 106, introduced by the House Rules Committee at the request of Governor Murkowski.

Last year Governor Murkowski proposed, and the Legislature passed, the Alaska SeniorCare bill. As you know from talking to your own constituents, the cost of prescription medications for older Alaskans is a critical issue for many family budgets. Older persons use more medications than younger people. With more years, we use more medications. Our oldest Alaskans are the ones most likely to use the most prescriptions. They are also statistically likely to have the lowest incomes.

In Alaska, just like every other state, we also have a second group of persons who reach retirement age with serious health problems. Very often they already face significant prescription drug costs when they turn 65 and these costs usually continue to go up as they age.

Prescription medications are not a luxury. They are an essential part of preventive health care today. Without prescriptions, many older Alaskans would face more serious (and more costly) health interventions, including surgery. Providing prescription drug coverage under SeniorCare is smart medicine and we applaud the Governor and the Legislature for passing SeniorCare last year.

HB 106 would allow SeniorCare to continue beyond December 31, 2005. Better yet, HB 106 would compliment the new Medicare Part D program and assist older Alaskans who sign up for the new Medicare benefit with premium and deductible costs up to 300% of the federal poverty level. HB 106 also raises the "assets test" for eligibility in SeniorCare. The original assets test undoubtedly prevented some medically needy older Alaskans from participating. Older persons tend to save for that "rainy day." Even low income older people tend to save for emergencies. They may not be able to save much but what they do save often makes them ineligible for programs like SeniorCare. Raising the assets test to more reasonable limits is certainly good public policy and supports the intent of the Governor and the Legislature.

We are well aware that the Legislature faces competing requests for a limited budget. However, we also believe that SeniorCare is successful in its intent and, with the Governor's recommended changes in HB 106, Alaska's SeniorCare will be even more effective in helping older Alaskans deal with the ever-rising cost of prescription medications.

We urge an "AYE" vote on HB 106.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Paul Seaton
Representative Vic Kohring
Representative Tom Anderson
Representative Lesil McGuire
Representative Berta Gardner
Representative Sharon Cissna
Governor Frank Murkowski
Commissioner Joel Gilbertson