

**HB**

**106**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAY 7 2005

SENATE FINANCE  
COMMITTEE

DATE: 5/7/05

FURTHER:

DATE TURNED  
IN TO OFFICE: 7 May 2005

Finance Committee considered CS FOR HOUSE BILL NO. 106(FIN)

## HB 106 SENIOR CARE PROGRAM

"An Act establishing the senior care program and relating to that program; creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date."

and recommends:

- be replaced with S CS CS HB 106 (FIN)
- adopt previous \_\_\_\_\_ CS CS forthcoming
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**CS Senate Bill:**  
 Same Title  
 New Title

**SCS House Bill:**  
 Same Title  
 Technical Title Change  
 New Title w/ SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Ind.	Zero	FN#
DHSS Health Care Svc	5/5/05	163.9			#5
DHSS Senior/Disab Svc	5/5/05	59.0			#6
DHSS Public Asst.	5/5/05	6,614.4			#7
DHSS Dept Support	5/5/05			✓	#8

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>Gary Wilson</i>	✓			
COCHAIR: <i>Lynne Breen</i>	✓			

MAY 7 2005

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 5  
 Bill Version: CSHB 106(FIN)  
 ( H ) Publish Date: 5/5/05  
 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 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						
<b>TOTAL OPERATING</b>	<b>163.9</b>	<b>140.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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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	140.9				
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>163.9</b>	<b>140.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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 # 5

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. CSHB 106(FIN)

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.

MAY 7 2005

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 6  
 Bill Version: CSHB 106(FIN) SENATE FINANCE  
 ( H ) Publish Date: 5/5/05 COMMITTEE

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

Dept. Affected: Health & Social Services

RDU Senior and Disabilities Svcs

Component Senior/Disabilities Svcs Admin

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

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				
Travel	0.5	0.5				
Contractual	15.0	15.0				
Supplies	7.5					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>59.0</b>	<b>63.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1189 Senior Care Fund	59.0	63.5				
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>59.0</b>	<b>63.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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 will continue the SeniorCare program through June 30, 2007. 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: Rod Moline  
 Division: Senior and Disabilities Services  
 Approved by: Jool S. Gilbertson, Commissioner  
 Agency: Department of Health and Social Services

Phone 465-1605  
 Date/Time 05/05/2005  
 Date 05/05/2005

MAY 7 2005

SENATE FINANCE  
COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 7  
 Bill Version: CSHB 106(FIN)  
 ( H ) Publish Date: 5/5/05  
 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 HOUSE (FIN) 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	184.9	221.9				
Travel	3.5	3.5				
Contractual	109.0	72.5				
Supplies	29.0	9.0				
Equipment						
Land & Structures						
Grants & Claims	6,288.0	12,700.8				
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>6,614.4</b>	<b>13,007.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	6,614.4	13,007.7				
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>6,614.4</b>	<b>13,007.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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	4	4				
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 175% 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.

This fiscal note is based on a proposed sunset of this program on June 30, 2007.

Prepared by: Katherine Farnham Phone 269-7930  
 Division Public Assistance Date/Time 05/05/2005  
 Approved by: Joel S. Gilbertson, Commissioner Date 05/05/2005  
 Agency Department of Health and Social Services

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO CSHB 106(FIN)

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 3,900 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): \$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 # 7

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO. CSHB 106(FIN)

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

May 7 2005

SENATE FINANCE COMMITTEE

# FISCAL NOTE

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

Fiscal Note Number: 8  
Bill Version: CSHB 106(FIN)  
( H ) Publish Date: 5/5/05

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						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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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)						
<b>TOTAL</b>	<b>8,086.8</b>	<b>11,962.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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 Phone 465-1630  
 Division: Finance and Management 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 # 8

STATE OF ALASKA  
2005 LEGISLATIVE SESSION

BILL NO CSHB 106(FIN)

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 ProjectionsMaintain 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
	<u>\$ 5,040,000</u>	<u>\$ 10,030,000</u>

Drug Benefit @175% FPG

Number of Recipients  
Annual Cost Per Client  
Total Cost

	3,900	4,095
	\$ 320	\$ 640
	<u>\$ 1,248,000</u>	<u>\$ 2,620,800</u>

## 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
	<u>\$ 6,288,000</u>	<u>\$ 12,700,800</u>

## 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

	<u>\$ 549,300</u>	<u>\$ 511,300</u>
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## Combined Program and Administrative Costs

	<u>\$ 6,837,300</u>	<u>\$ 13,212,100</u>
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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	
\$ 0	\$ 1,249,500
	<u>\$ 11,962,600</u>

Population Growth

5%

Premium/Deductible Inflation

5%



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### FAX COVER SHEET

DATE: 7 May 2005 TIME: 6:10 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND  
SENATE FINANCE COMMITTEE SECRETARY  
PHONE: 465-4935  
FAX: 465-2187

NOTES: Final Please  
SCS CS HB 106 (FIN) 24-GH1090\I  
Mischel 5/4/05  
no changes  
Thanks  
Mindy

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

24-GH1090M  
Mischel  
5/6/05

**SENATE CS FOR CS FOR HOUSE BILL NO. 106(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

Offered:  
Referred:

**Sponsor(s): HOUSE 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; creating a  
2 fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and  
3 providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* Section 1. AS 09.38.015 is amended to read:

6 **Sec. 09.38.015. Property exempt without limitation.** (a) An individual is  
7 entitled to exemption of the following property:

8 (1) a burial plot for the individual and the individual's family;

9 (2) health aids reasonably necessary to enable the individual or a  
10 dependent to work or to sustain health;

11 (3) benefits paid or payable for medical, surgical, or hospital care to  
12 the extent they are or will be used to pay for the care;

13 (4) an award under AS 18.67 (Violent Crimes Compensation Board) or  
14 a crime victim's reparations act of another jurisdiction;

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- (5) benefits paid or payable as a longevity bonus under AS 47.45;
- (6) compensation or benefits paid or payable and exempt under federal law;
- (7) liquor licenses granted under AS 04;
- (8) tuition credit or savings accounts under a higher education savings account established under AS 14.40.802 or an advance college tuition savings contract authorized under AS 14.40.809(a);
- (9) a permanent fund dividend to the extent allowed under AS 43.23.065;
- (10) benefits paid or payable as a senior care benefit under AS 47.45.300 - 47.45.390.

\* Sec. 2. AS 47.45 is amended by adding new sections to read:

**Article 3. Senior Care Program.**

**Sec. 47.45.300. Senior care program.** (a) The senior care program is established in the Department of Health and Social Services to provide cash assistance benefits and prescription drug benefits as far as practicable under appropriations provided by law.

(b) The department shall

- (1) administer the program; and
- (2) adopt regulations under AS 44.62 to carry out the purposes of the program.

(c) If the department estimates that appropriations for the program are insufficient to meet the demands of the program in a fiscal year, the department may reduce or eliminate the benefits available to recipients. Benefits shall be reduced or eliminated in the following order:

- (1) deductible coverage under AS 47.45.320(c);
- (2) premium coverage under AS 47.45.320(c);
- (3) cash assistance under AS 47.45.310(b).

**Sec. 47.45.310. Cash assistance benefit.** (a) To be eligible for a cash assistance benefit under the program, an individual shall

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

- 1 (2) be a resident of the state;
- 2 (3) have household income that does not exceed
- 3 (A) \$16,133 a year if the household consists of one person; or
- 4 (B) \$21,641 a year if the household consists of two people;
- 5 (4) meet other eligibility requirements specified in this subsection and
- 6 in regulations adopted under this subsection; and
- 7 (5) apply on a form provided by the department; the department may
- 8 use an abbreviated form for an individual who received a payment under an assistance
- 9 program for seniors that paid \$120 a month and was administered by the department
- 10 on or before the effective date of this section.

11 (b) An eligible individual who meets the income standard of (a)(3) of this

12 section shall receive cash assistance of \$120 a month as far as practicable under

13 appropriations available to the program.

14 (c) Cash assistance provided under this section is inalienable by assignment or

15 transfer and is exempt from garnishment, levy, or execution as provided in

16 AS 09.38.015.

17 **Sec. 47.45.320. Prescription drug benefit.** (a) To be eligible for a

18 prescription drug benefit under the program, an individual

- 19 (1) shall be 65 years of age or older;
- 20 (2) shall be a resident of the state;
- 21 (3) shall have household income that does not exceed
- 22 (A) \$20,913 a year if the household consists of one person; or
- 23 (B) \$28,053 a year if the household consists of two people;
- 24 (4) may not be receiving a cash assistance payment under
- 25 AS 47.45.310;
- 26 (5) shall be enrolled in at least one of the prescription drug programs
- 27 described in (c) of this section;
- 28 (6) shall meet other eligibility requirements specified in this subsection
- 29 and in regulations adopted under this subsection; and
- 30 (7) shall apply on a form provided by the department; the department
- 31 may use an abbreviated form for individuals who received a payment under an

1 assistance program for seniors that paid \$120 a month and was administered by the  
2 department on or before the effective date of this section.

3 (b) To receive a prescription drug benefit under this section, an individual

4 (1) may not also receive a similar prescription drug benefit, except for  
5 a prescription drug program offered by a facility that operates under the authority of  
6 25 U.S.C. 450 - 458bbb-2; and

7 (2) if eligible for a similar prescription drug benefit, shall assign to the  
8 department the individual's right to payment of the other prescription drug benefit.

9 (c) The department may pay an eligible individual's premium and deductible  
10 for a prescription drug benefit authorized under

11 (1) 42 U.S.C. 1395w-101 - 1395w-152 (Medicare Prescription Drug,  
12 Improvement and Modernization Act of 2003), as amended, including

13 (A) a prescription drug plan funded under 42 U.S.C. 1395w-  
14 101 - 1395w-152 (Medicare Prescription Drug, Improvement and  
15 Modernization Act of 2003), as amended; and

16 (B) a Medicare Advantage plan that provides prescription drug  
17 coverage qualified under 42 U.S.C. 1395w-101 - 1395w-152 (Medicare  
18 Prescription Drug, Improvement and Modernization Act of 2003), as amended;

19 (2) a group health plan, including the federal employees health benefits  
20 program and qualified retiree prescription drug plan as defined in 42 U.S.C. 1395w-  
21 132 (sec. 1860D-22(a)(2) of the Social Security Act), as amended;

22 (3) coverage of prescription drugs for veterans, survivors, and  
23 dependents under 38 U.S.C. 1701 - 1784, as amended;

24 (4) coverage under a Medicare supplemental policy, such as medigap  
25 under 42 U.S.C. 1395ss (sec. 1882 of the Social Security Act), as amended, and as  
26 specified in 42 C.F.R. 403.205, that provides a prescription drug benefit regardless of  
27 whether the coverage was issued in accordance with the standardization requirement  
28 under 42 U.S.C. 1395ss(p)(1) (sec. 1882(p)(1) of the Social Security Act), as  
29 amended;

30 (5) military coverage under 10 U.S.C. 1071 - 1110, as amended; or

31 (6) any other private plan that is identified by the department as

1 providing coverage actuarially equivalent to 42 U.S.C. 1395w-101 - 1395w-152  
2 (Medicare Prescription Drug, Improvement and Modernization Act of 2003), as  
3 amended.

4 (d) If an eligible individual has a prescription drug benefit that is specified in  
5 (c) of this section, but that benefit does not require the individual to pay either a  
6 premium or a deductible, the department may not pay a prescription drug benefit to the  
7 individual under this section.

8 (e) The total prescription drug benefit that an eligible individual may receive  
9 under this section in a fiscal year may not exceed the annual premium cost of a plan  
10 identified in (c) of this section and any deductible required under 42 U.S.C. 1395w-  
11 101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act  
12 of 2003), as amended.

13 (f) The department may not pay a prescription drug benefit under this section  
14 to an individual who has a prescription drug benefit authorized under

15 (1) Medicaid under 42 U.S.C. 1396 - 1396v (Title XIX of the Social  
16 Security Act), as amended; or

17 (2) a waiver under 42 U.S.C. 1315 (sec. 1115 of the Social Security  
18 Act), as amended.

19 (g) An individual residing in a public institution, a nursing facility, the Alaska  
20 Pioneers' Home, or the Alaska Veterans' Home is not eligible for a prescription drug  
21 benefit under this section. For purposes of this subsection, an individual is not  
22 considered to be residing in a public institution or nursing facility if the individual is  
23 institutionalized for medical services for a period of less than three months and  
24 continues to maintain and provide for the expenses of the individual's home or living  
25 arrangement to which that individual may return upon discharge from the institution or  
26 facility.

27 **Sec. 47.45.330. Continuation of benefits.** An eligible individual who leaves  
28 the state may not receive a cash assistance benefit under AS 47.45.310 or prescription  
29 drug benefit under AS 47.45.320 during the absence unless the individual's absence is  
30 temporary and is for one of the following reasons:

31 (1) to receive medical treatment for the individual;

1 (2) to accompany the individual's family member who is receiving  
2 medical treatment outside the state; or

3 (3) for a vacation, business trip, or other absence of less than 30  
4 consecutive days, unless the individual has applied for and received a time extension  
5 from the department for special circumstances.

6 **Sec. 47.45.340. Appeal rights.** An individual who receives a determination  
7 from the department that denies, limits, or modifies a cash assistance benefit or  
8 prescription drug benefit under AS 47.45.300 - 47.45.390, other than a determination  
9 under AS 47.45.300(c) to reduce or eliminate benefits, may request a hearing before  
10 the department under regulations adopted by the department.

11 **Sec. 47.45.350. Ability to recover or recoup improper assistance benefits.**  
12 An individual is liable to the department for the value of assistance or benefits  
13 improperly paid to the person under AS 47.45.310 or 47.45.320 if the improper  
14 payment was based on inaccurate or incomplete information provided by the  
15 individual. In a civil action brought by the state to recover from the individual the  
16 value of assistance or benefits improperly paid under AS 47.45.310 or 47.45.320, the  
17 state may recover from the individual the costs of investigation and prosecution of the  
18 civil action, including attorney fees as determined under court rules.

19 **Sec. 47.45.360. Alaska senior care fund.** The Alaska senior care fund is  
20 established as an account in the general fund. The fund shall be used by the  
21 commissioner of health and social services to pay for costs incurred in the provision of  
22 senior services under AS 47.45.300 - 47.45.390. The fund consists of

23 (1) money in the former senior care fund established in sec. 2, ch. 3,  
24 SLA 2004;

25 (2) appropriations to the Alaska senior care fund; and

26 (3) any appropriation of interest earned on money in the Alaska senior  
27 care fund.

28 **Sec. 47.45.390. Definitions.** In AS 47.45.300 - 47.45.390,

29 (1) "department" means the Department of Health and Social Services;

30 (2) "eligible individual" means an individual who meets the  
31 requirements of AS 47.45.310 or 47.45.320 and regulations adopted under those

1 statutes for eligibility for the program;

2 (3) "family member" means a person who is

3 (A) legally related to an eligible individual through marriage or  
4 guardianship; or

5 (B) an eligible individual's sibling, parent, grandparent, son,  
6 daughter, grandson, granddaughter, uncle, aunt, niece, nephew, or first cousin;

7 (4) "program" means the senior care program established in  
8 AS 47.45.300 - 47.45.390;

9 (5) "public institution" means a governmentally owned establishment  
10 that furnishes food, shelter, and some additional treatment or services to 16 or more  
11 persons; "public institution" does not include the Alaska Pioneers' Home or Alaska  
12 Veterans' Home;

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

14 \* Sec. 3. AS 37.05.146(c) is amended by adding a new paragraph to read:

15 (78) the Alaska senior care fund (AS 47.45.360).

16 \* Sec. 4. AS 09.38.015(a)(10); AS 37.05.146(c)(78); AS 47.45.300, 47.45.310, 47.45.320,  
17 47.45.330, 47.45.340, 47.45.350, 47.45.360, 47.45.390; and secs. 5 - 7 of this Act are repealed  
18 on the later of June 30, 2007, or the effective date under sec. 11 of this Act.

19 \* Sec. 5. Chapter 3, SLA 2004, is repealed.

20 \* Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to  
21 read:

22 TRANSITION: TRANSFER OF ASSETS TO THE ALASKA SENIOR CARE  
23 FUND. Subject to appropriation, the assets of the senior care fund created by sec. 2, ch. 3,  
24 SLA 2004, are transferred to the Alaska senior care fund (AS 47.45.360) established by sec. 2  
25 of this Act.

26 \* Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to  
27 read:

28 TRANSITION: REGULATIONS. (a) To the extent the regulations are not  
29 inconsistent with this Act, regulations adopted by the Department of Health and Social  
30 Services in 2003 to provide cash assistance of \$120 a month to seniors that were in effect on  
31 June 29, 2004, remain applicable and in effect as valid regulations until the Department of

1 Health and Social Services adopts regulations under this Act and those regulations take effect  
2 under AS 44.62.

3 (b) The Department of Health and Social Services may proceed to adopt regulations  
4 to implement the changes made by this Act. The regulations take effect under AS 44.62  
5 (Administrative Procedure Act), but not before the effective date of the statutory changes.

6 \* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to  
7 read:

8 DUTY OF COMMISSIONER TO NOTIFY REVISOR OF STATUTES. The  
9 commissioner of health and social services shall notify the revisor of statutes when 42 U.S.C.  
10 1395w-101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act  
11 of 2003) is operational for recipients in this state, as communicated to the commissioner of  
12 health and social services by the United States Department of Health and Human Services.

13 \* Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 FUND REVERSION. The unobligated, unencumbered, and unappropriated balance  
16 of the Alaska senior care fund established in AS 47.45.360, added by sec. 2 of this Act,  
17 reverts to the unreserved general fund on June 30, 2007.

18 \* Sec. 10. Sections 7(b) and 8 of this Act take effect immediately under AS 01.10.070(c).

19 \* Sec. 11. Except as provided in sec. 10 of this Act, this Act takes effect on the date that the  
20 commissioner of health and social services notifies the revisor of statutes that 42 U.S.C.  
21 1395w-101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act  
22 of 2003) is operational for recipients in this state, as communicated to the commissioner of  
23 health and social services by the United States Department of Health and Human Services.

# STATE OF ALASKA

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

HB 106

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110601  
JUNEAU, ALASKA 99811-0601  
PHONE: (907) 465-3030  
FAX: (907) 465-3066

February 25, 2005

Honorable Lyda Green, Co-Chair  
Senate Finance Committee  
Alaska State Capitol, Rm. 516  
Juneau, AK 99801

Dear Senator Green,

The Department of Health and Social Services respectfully requests a hearing in the Senate Finance Committee on Senate Bill 78 "An Act establishing the senior care program and relating to that program: creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date."

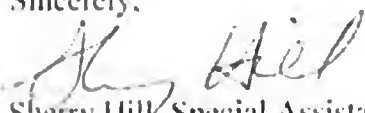
The proposed legislation will repeal the existing SeniorCare program established in temporary law last year and replace it with a permanent law that will strengthen the SeniorCare program in future years.

The Senate Health, Education and Social Services Committee heard the bill and recommends it be replaced with a Senate (HES) Committee Substitute. The department supports the Senate (HES) amendments.

A copy of Governor Murkowski's transmittal letter providing additional information on the bill, a sectional analysis, and the associated fiscal notes should be on file with the committee.

Your favorable consideration of this request will be appreciated.

Sincerely,

  
Sherry Hill, Special Assistant  
Office of the Commissioner

cc: Kevin Jardell, Legislative Director  
Office of the Governor  
Ms. Katherine Farnham, Director  
Division of Public Assistance

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April 26, 2005

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

RE: SB 78 (Governor Murkowski)--Support

Dear Co-Chairs Green and Wilken:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Finance Committee to schedule a hearing and support SB 78, introduced by the Senate 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.

SB 78 would allow SeniorCare to continue beyond December 31, 2005. Better yet, SB 78 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. SB 78 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.

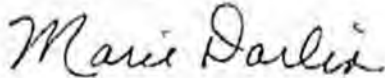
We are well aware that the Legislature faces competing requests for a limited budget. However, we also believe that SeniorCare is successful in its intent and, with the Governor's recommend changes in SB 78, Alaska's SeniorCare will be even more effective in helping older Alaskans deal with the ever-rising cost of prescription medications.

We urge you to schedule an early hearing and to vote "AYE" on SB 78.

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

CC: Vice-Chair Con Bunde  
Senator Fred Dyson  
Senator Bert Stedman  
Senator Lyman Hoffman  
Senator Donald Olson  
Governor Frank Murkowski  
Commissioner Joel Gilbertson

Ivy Frye

---

**From:** Shirley Nunley [shirley@pobox.mtaonline.net]  
**Sent:** Tuesday, April 26, 2005 10:08 PM  
**To:** Sen. Lyda Green  
**Subject:** SB 78

Please schedule SB 78 for a hearing and vote to support it.

SB 78 which would extend the Alaska SeniorCare program beyond 2005 as well as provide an extension of benefits to older Alaskans who meet income and asset guidelines to have the state pay the costs of the premium and deductibles for Medicare Part D which starts January 1, 2006.

Thank you,  
Shirley Nunley  
HC 31 Box 5260  
Wasilla, Alaska 99654  
shirley@pobox.mtaonline.net

Ivy Frye

---

**From:** Dan Tucker [tucker@mtaonline.net]  
**Sent:** Tuesday, April 26, 2005 9:24 PM  
**To:** Sen. Lyda Green  
**Subject:** SB 78 - please help it to pass

Lyda,

It's been a while since I saw you last, or we spoke. You tend to be a very busy woman.

I've been an AARP member for nearly five years now and will hit 55 next month - and just hitting my stride.

While SB 78 probably won't affect me since I've got my pension and after-career work but I know others who would benefit - no, they're really in need of it.

Not much else for now. We're hoping for a good, clean finish to the session.

Dan Tucker

--

Dan & Connie Tucker  
4330 Wickersham Way  
Wasilla, AK 99654  
(907) 376-2630  
(907) 863-1313 Dan cell  
(907) 373-5630 fax

[www.babysnartstart.com](http://www.babysnartstart.com)  
[www.riverover.com](http://www.riverover.com)  
[www.alpineexcavating.biz](http://www.alpineexcavating.biz)

Ivy Frye

---

**From:** Shirley [theowl@gci.net]  
**Sent:** Tuesday, April 26, 2005 9:16 PM  
**To:** Sen. Lyda Green  
**Subject:** support for senate bill 78

I support the senate bill 78. Please consider scheduling a hearing to pass this bill.  
Thank you.  
Alaskan resident  
Shirley Belden  
Wasilla, Alaska

Ivy Frye

---

**From:** Jan Stotts [iacaak@gci.net]  
**Sent:** Tuesday, April 26, 2005 6:27 PM  
**To:** Sen. Lyda Green  
**Subject:** SB 78

Dear Senator Green,

I'm writing you to request that you schedule SB 78 for a hearing, and for your vote to support it.

I feel it's important to extend the Alaska SeniorCare program beyond 2005 as well as provide an extension of benefits to older Alaskans who meet income and asset guidelines to have the state pay the costs of the premium and deductibles for Medicare Part D which starts January 1, 2006.

Low income older citizens who need medications are the ones who can least afford them. We need to take responsibility for these Alaskans who will lose their pharmaceutical benefit or their \$120 monthly cash assistance program to help them pay for prescription drugs.

Thank you for your consideration in this matter.

Respectfully,

Janice K. Stotts  
PO Box 877285  
Wasilla, AK 99687  
(907)357-7469

Ivy Frye

---

**From:** Gabriel D. Layman [srsvc@mtaonline.net]  
**Sent:** Tuesday, April 26, 2005 2:15 PM  
**To:** Sen. Lyda Green  
**Subject:** SB 78 - Extension of Alaska SeniorCare

Dear Senator Green:

I write on behalf of the Palmer Senior Citizens Center (PSCC) to voice our strong support for Senate Bill 78, which concerns the extension of the Alaska SeniorCare program. As you are aware, SB 78 would extend the Alaska SeniorCare program beyond 2005 and provide an extension of benefits to older Alaskans who meet certain income and asset guidelines.

Without SB 78, approximately 7,000 lower-income Alaskan seniors will lose their pharmaceutical benefit or their \$120 monthly cash assistance, which provides financial support for many older Alaskans who require costly prescription medications. Day in and day out, PSCC bears witness to the tremendous importance of the SeniorCare program to Mat-Su seniors, especially in light of the recent termination of the Longevity Bonus. We observe on a first-hand basis the significant positive impact that the SeniorCare program clearly has upon the quality of life of many Alaskan seniors, and we truly believe that a failure on the part of the Legislature to extend the SeniorCare program would deal a crushing blow to many older Alaskans.

Senator Green, PSCC strongly urges you to schedule SB 78 for a hearing before Senate Finance and to vote in support of this crucial piece of legislation.

Most respectfully,

Gabriel Layman

Gabriel D. Layman, J.D.  
Senior Services Advocate  
Palmer Senior Citizens Center, Inc.  
831 South Chugach Street  
Palmer, AK 99645  
(907) 745-5434 - Direct  
(907) 745-5439 - Fax  
srsvc@mtaonline.net

# STATE OF ALASKA

## DEPARTMENT OF HEALTH AND SOCIAL SERVICES

### *Alaska Commission on Aging*

FRANK H. MURKOWSKI  
GOVERNOR

P.O. BOX 110693

JUNEAU, ALASKA 99811-0693  
PHONE: (907) 465-3250  
FAX: (907) 465-1398

SB 78 file

RECEIVED

MAR 11 2005

March 2, 2005

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

Re: SB 78, SeniorCare Program

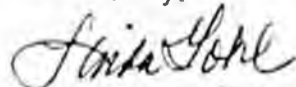
Dear Senator Green:

The members of the Alaska Commission on Aging would like to voice their very strong support for passage of the Governor's SeniorCare Bill, SB 78. 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 elders and 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 SB78 and sufficient funding to ensure this program is successful.

Sincerely,



Linda Gohl, Executive Director  
Alaska Commission on Aging

## Sectional Analysis of CS SB 78 (HES) -- Senior Care

*(Prepared by the Department of Health and Social Services and the Department of Law, February 25, 2005)*

CS SB 78 (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 their 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 for a reason specified as an allowable absence under the permanent fund dividend chapter, or to 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 37.05.146(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.



# Comparison of Qualifications and Benefits

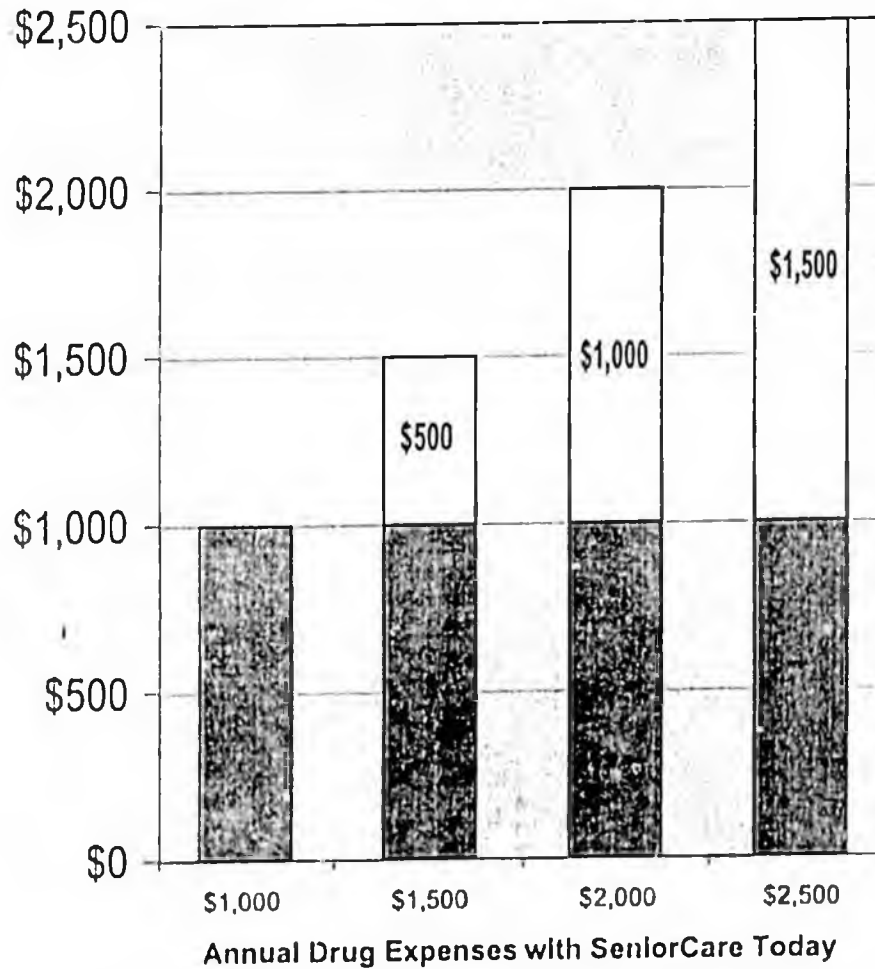
Beginning January 2006

	SeniorCare Cash Assistance	SeniorCare Prescription Drug Assistance
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>➔ Up to 135% of Poverty Level</li> <li>➔ Annual Income below \$15,708 Single \$21,084 Couple</li> <li>➔ Liquid Assets below \$6,000 Single \$9,000 Couple</li> </ul>	<ul style="list-style-type: none"> <li>➔ Up to 300% of Poverty Level</li> <li>➔ Annual Income below \$34,890 Single \$46,830 Couple</li> <li>➔ Liquid Assets below \$50,000 Single \$100,000 Couple</li> </ul>
<b>SeniorCare Benefit January 2006</b>	➔ \$120 a month cash assistance (up to \$1,440 annual)	➔ \$670 Annual Medicare/Comparable Insurance Prescription Drug Premiums and Deductible
<b>Medicare Benefit January 2006</b>	<ul style="list-style-type: none"> <li>➔ Annual Medicare Premiums and deductible covered \$670</li> <li>➔ Full prescription drug coverage Medicare Part D</li> </ul>	➔ Standard Medicare Part D, prescription drug coverage
<b>Seniors Served (Total 17,000)</b>	➔ 7,000	➔ 10,000

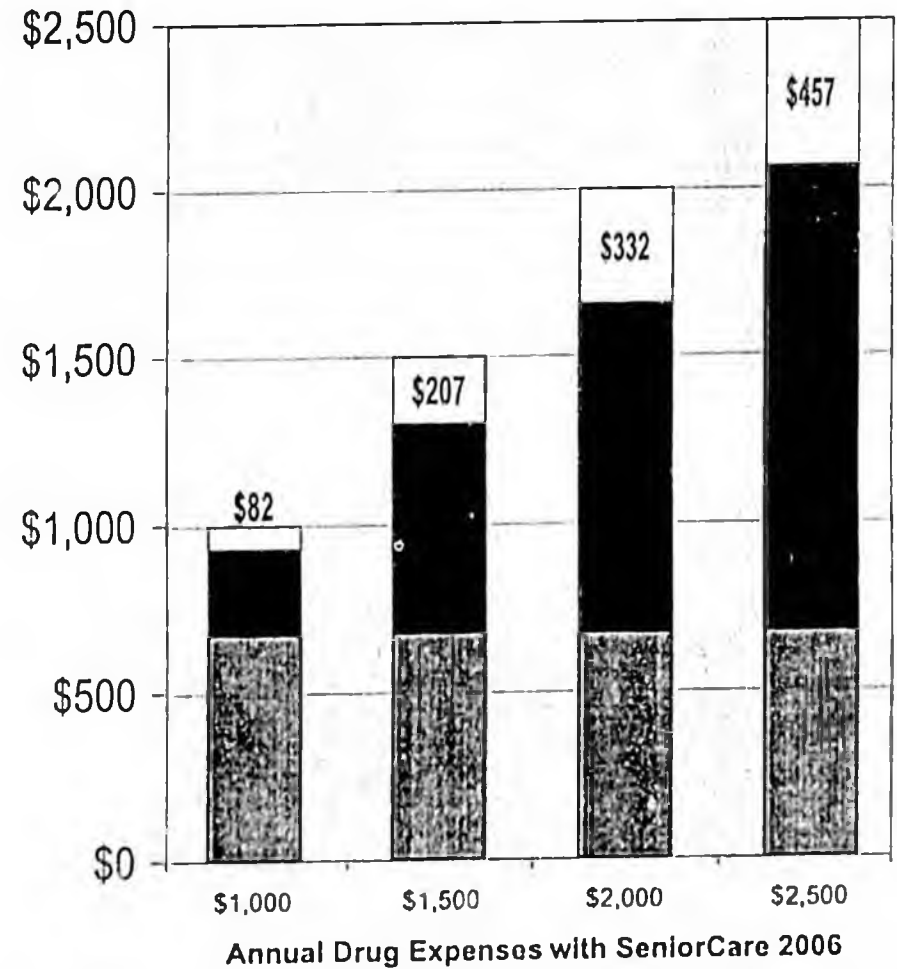


# Strengthening and Improving Drug Coverage for Alaska Seniors

Old SeniorCare Prescription Drug Benefit



New SeniorCare Prescription Drug Benefit



■ SeniorCare Benefit

■ Medicare Drug Benefit

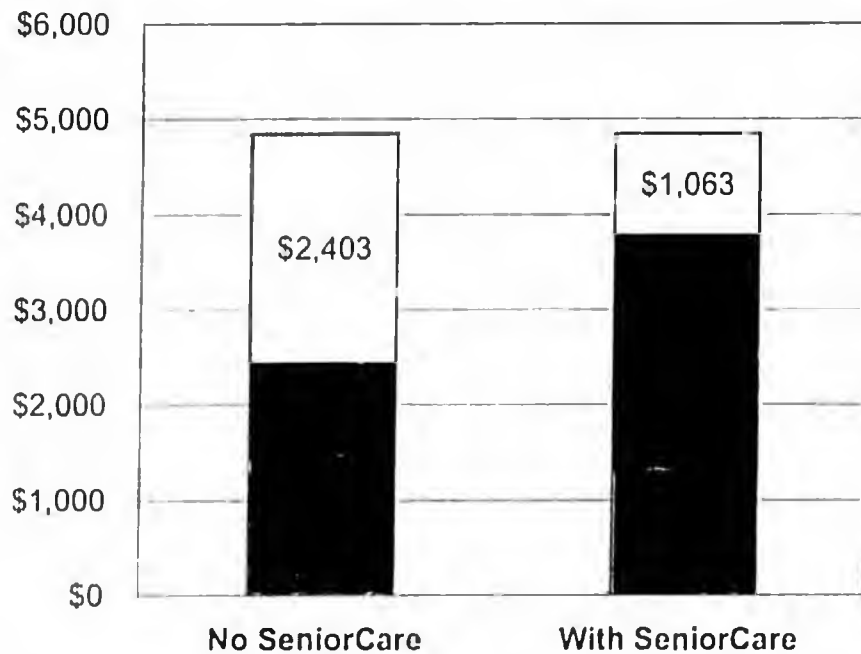
□ Individual Out-of-Pocket

# Senior CARE

## Examples of Savings with SeniorCare

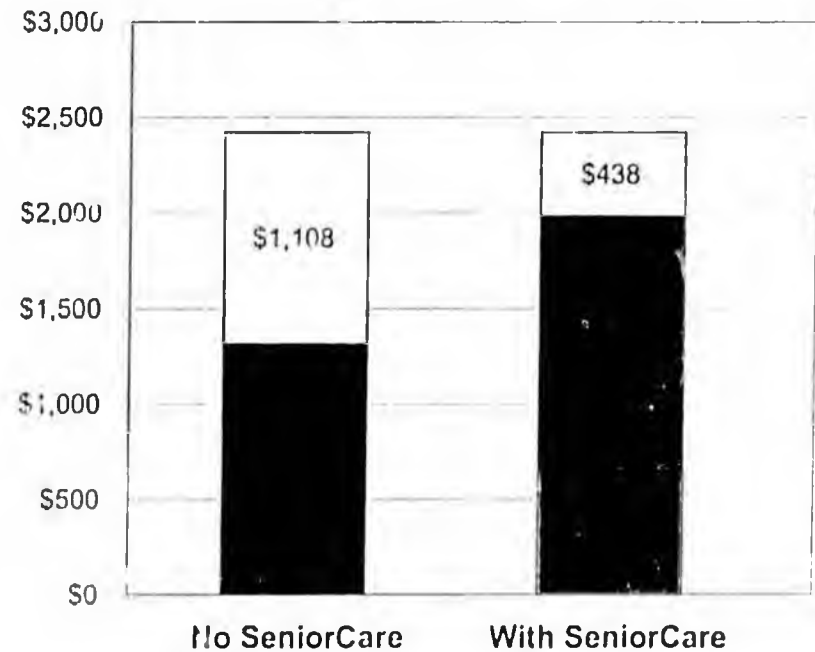
### Bill, age 70 and Janet, age 68 With and without SeniorCare

Bill and Janet are married, and have an annual income of \$42,000 with \$70,000 of savings in an IRA retirement account. Bill spends \$2,500 annually for prescription drugs, Janet spends \$1,500. *Bill and Janet will save \$1340 annually under SeniorCare.*



### Mary, age 85 With and without SeniorCare

Mary lives alone, has \$30,000 annual income and \$45,000 in the bank. She spends \$2,000 for prescription drugs each year. *Mary will save \$670 annually under SeniorCare.*



■ SeniorCare Benefit

■ Medicare Drug Benefit

□ Individual Out-of-Pocket

**-Sectional Analysis of CS HB 106 (FIN) -- Senior Care**

*(Prepared by the Department of Health and Social Services and the Department of Law, May 6, 2005)*

CS HB 106 (FIN) 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 175 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 their 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 37.05.146(c).

**III. Sunset provision (Section 4):**

Section 4 makes all sections except the repealer in sec. 5 sunset on June 30, 2007.

**IV. Repeal of existing senior care program in session law (Section 5):**

**Sec. 5:** Section 5 repeals ch. 3, SLA 2004, which sets out the existing senior care program.

**V. Transition provisions (Sections 6 - 7):**

**Sec. 6:** Section 6 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. 7:** Section 7(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 7(b) gives the Department of Health and Social Services authority to begin the process of adopting new regulations before the new statute takes effect.

**VI. Revisor of Statutes (Section 8):**

Section 8 requires the commissioner of the Department of Health and Social Services to notify the revisor of statutes when Medicare Part D becomes operational for recipients in Alaska.

**VII. Reversion of fund (Section 9):**

Section 9 requires that money left in the senior care fund after obligations have been paid and after June 30, 2007, to revert to the general fund.

**VIII. Effective dates (Sections 10 - 11):**

**Sec. 10:** Section 10 provides for an immediate effective date for sec. 7(b), authorizing the Department of Health and Social Services to begin adopting new regulations.

**Sec. 11:** Section 11 provides for an effective date, the date Medicare Part D begins, for the remainder of the bill sections.

## CHANGES TO HB 106

### Changes made by CSHB 106 (HES)

1. Added a provision to AS 09.38.015 making benefits paid or payable under the senior care program exempt from execution.
2. Added a provision requiring the commissioner of the Department of Health and Social Services to notify the revisor of statutes when Medicare Part D is operational for recipients in Alaska.
3. Changes the effective date of the substantive part of the bill to the date Medicare part D is operational for recipients in Alaska.

### Changes made by CSHB 106 (FIN)

1. Lowers the maximum household income an individual may receive to qualify for the prescription drug benefit from 300% of the federal poverty line to 175%.
2. Makes the bill sunset on June 30, 2007.
3. Requires that money left in the senior care fund after June 30, 2007, and after satisfying valid obligations, be returned to the general fund.

SeniorCare Program Projections

Maintain SeniorCare Cash Benefit@135% FPG

	<u>FY 06</u>	<u>FY 07</u>
Number of Recipients	7,000	7,000
Annual Cost Per Client	\$ 720	\$ 1,440
Total Cost	\$ 5,040,000	\$ 10,080,000

Drug Benefit @175% FPG

Number of Recipients	3,900	4,095
Annual Cost Per Client	\$ 320	\$ 640
Total Cost	\$ 1,248,000	\$ 2,620,800

Summary -- Combined Cash and Drug Assistance

	<u>FY 06</u>	<u>FY 07</u>
Number of Recipients	10,900	11,095
Total SeniorCare Program Benefits	\$ 6,288,000	\$ 12,700,800

Administrative Costs

Eligibility (Public Assistance)	\$ 326,400	\$ 306,900
Claims Processing (Health Care Services)	\$ 163,900	\$ 140,900
Information and Referral (Sr & Disabilities Svcs)	\$ 59,000	\$ 63,500
Total Administrative Costs	\$ 549,300	\$ 511,300

Combined Program and Administrative Costs

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

Balance in AK Senior Care Fund for carryforward to FY07	\$ 8,086,800	\$ 1,249,500
General Fund Need	\$ 0	\$ 11,962,600

Population Growth	5%
Premium/Deductible Inflatior	5%



# Comparison of Qualifications and Benefits

Beginning January 2006 to June 2007

	<b>SeniorCare Cash Assistance</b>	<b>SeniorCare Prescription Drug Assistance</b>
<b>Qualifications</b>	<ul style="list-style-type: none"><li>→ Up to 135% of Poverty Level</li><li>→ Annual Income below \$16,133 Single \$21,641 Couple</li><li>→ Liquid Assets below \$6,000 Single \$9,000 Couple</li></ul>	<ul style="list-style-type: none"><li>→ Up to 175% of Poverty Level</li><li>→ Annual Income below \$20,913 Single \$28,052 Couple</li><li>→ Liquid Assets below \$50,000 Single \$100,000 Couple</li></ul>
<b>SeniorCare Benefit January 2006</b>	→ \$120 a month cash assistance (up to \$1,440 annual)	→ \$670 Annual Medicare/Comparable Insurance Prescription Drug Premiums and Deductible
<b>Medicare Benefit January 2006</b>	<ul style="list-style-type: none"><li>→ Annual Medicare Premiums and deductible covered \$670</li><li>→ Full prescription drug coverage Medicare Part D</li></ul>	→ Standard Medicare Part D, prescription drug coverage
<b>Seniors Served (Total 11,000)</b>	→ 7,000	→ 4,100

HB 106



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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 premiums 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.

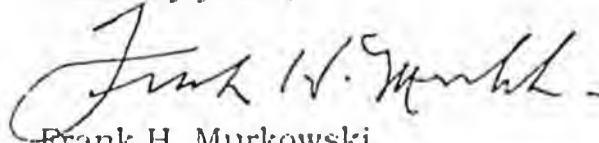
The Honorable John Harris  
January 21, 2005  
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I anticipate that over 40 percent of the estimated 41,000 Alaska seniors will be eligible for the SeniorCare benefit. With passage of this legislation, the end result will be that as of January 2006 virtually 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