

**SB**

**78**

**SFIN**

**FILE**

SB 78

was referred to the  
Senate Finance  
Committee

No hearing was held  
on this bill

# STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

## DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

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

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

THE  
FOLLOWING  
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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.

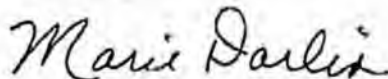
We are well aware that the Legislature faces competing requests for a limited budget. However, we also believe that SeniorCare is successful in its intent and, with the Governor's recommend changes in SB 78, Alaska's SeniorCare will be even more effective in helping older Alaskans deal with the ever-rising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

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**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

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**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

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

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

Ivy Frye

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**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

4/27/2005

Ivy Frye

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**From:** Jan Stotts [jacaak@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

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**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 17 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

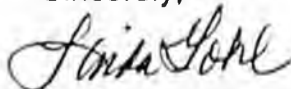
Dear Senator Green:

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(e).

**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

### Qualifications

- ➔ Up to 135% of Poverty Level
- ➔ Annual Income below  
\$15,708 Single  
\$21,084 Couple
- ➔ Liquid Assets below  
\$6,000 Single  
\$9,000 Couple

- ➔ Up to 300% of Poverty Level
- ➔ Annual Income below  
\$34,890 Single  
\$46,830 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 17,000)

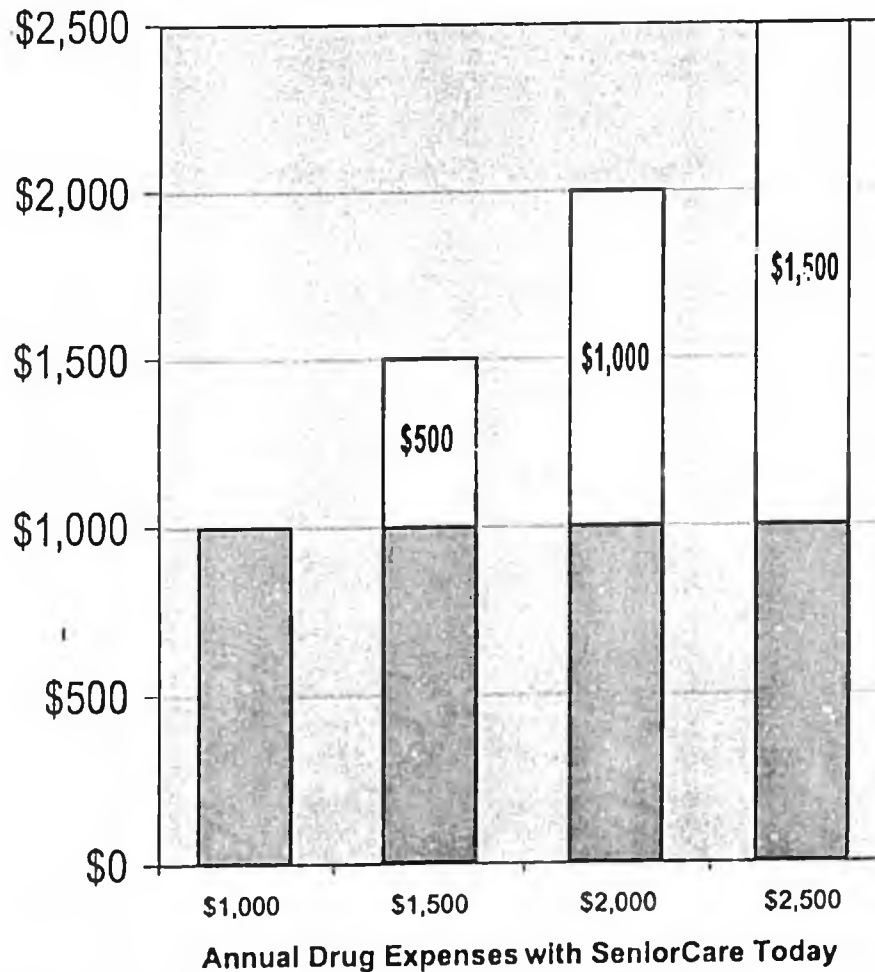
- ➔ 7,000

- ➔ 10,000

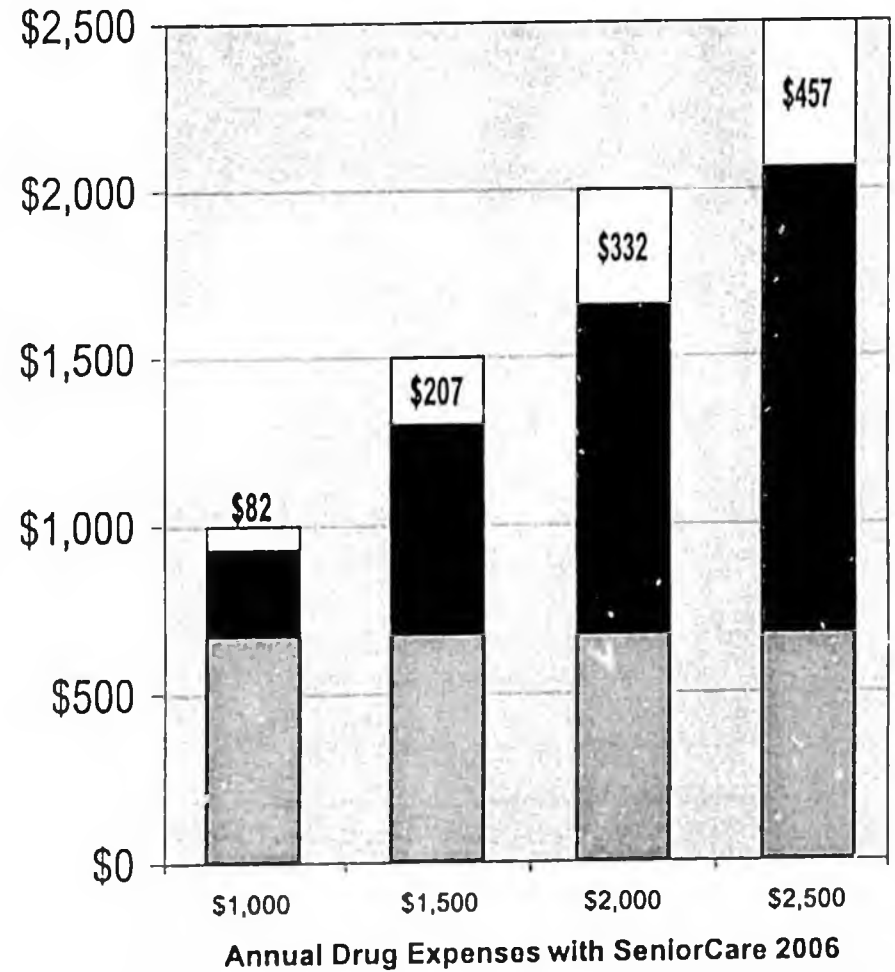
# Senior CARE

## Strengthening and Improving Drug Coverage for Alaska Seniors

Old SeniorCare Prescription Drug Benefit



New SeniorCare Prescription Drug Benefit



■ SeniorCare Benefit

■ Medicare Drug Benefit

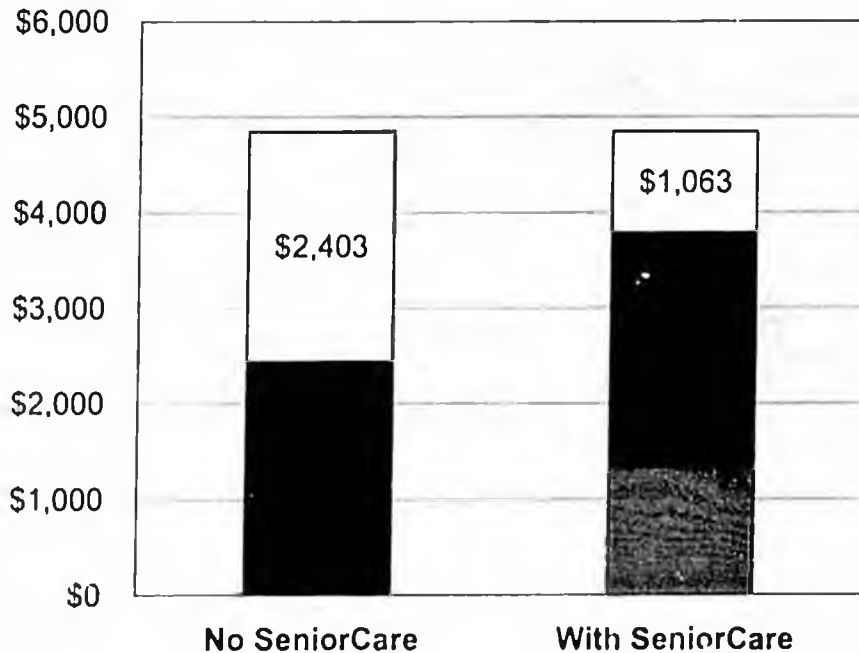
□ Individual Out-of-Pocket

# Senior CARE

## Examples of Savings with SeniorCare

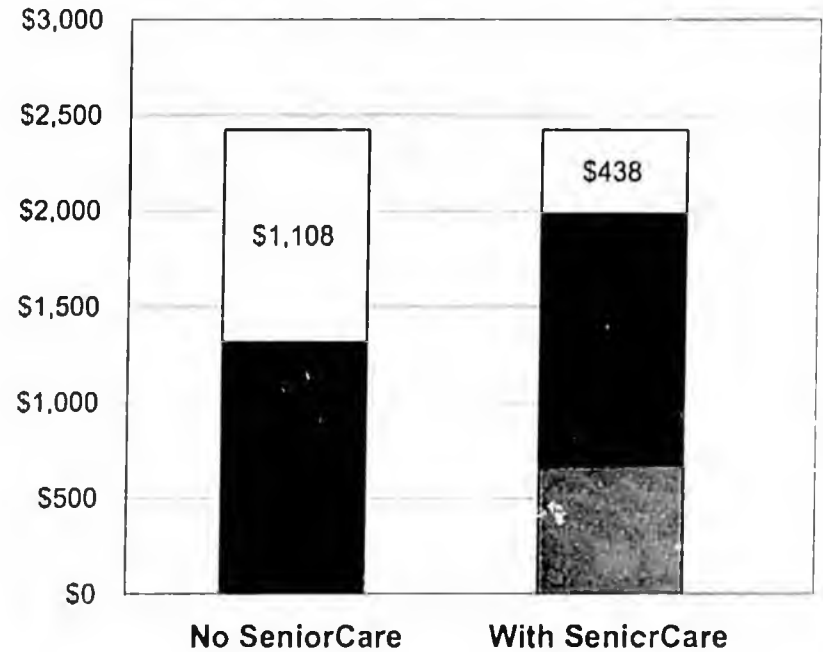
### Bill, age 70 and Janet, age 68 With and without SeniorCare

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

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 1/24/05

FURTHER: Finance

Date of 5-Day Notice: 2/10/05  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 2.24.05

Health, Education and Social Services Committee considered

SENATE BILL NO. 78

**SB 78 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 \_\_\_\_\_ CS SB 78 (HES)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

<b>Senate Bill:</b>	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<b>House Bill:</b>	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	1/14	X			1
HSS	1/14	X			2
HSS	1/14	X			3
HSS	1/14	X			4

APPROPRIATION - no fiscal note

*Sitting*

SIGNATURES AND RECOMMENDATIONS:		DO PASS	DO NOT PASS	NO REC	AMEND
Green	<i>Lynne Green</i>				<input checked="" type="checkbox"/>
Wilken	<i>Erin Wilken</i>			<input checked="" type="checkbox"/>	
Elm	<i>K.L. Elm</i>	<input checked="" type="checkbox"/>			
Dyson	CHAIR: <i>Paul Dyson</i>				<input checked="" type="checkbox"/>

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



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SB78

January 21, 2005

The Honorable Ben Stevens  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Stevens:

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.

**COMMITTEE COPY**

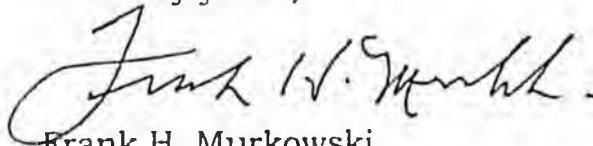
The Honorable Ben Stevens  
January 21, 2005  
Page 2

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, reading "Frank H. Murkowski".

Frank H. Murkowski  
Governor

Enclosure