

SB

90

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/21/07

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/7/07

Health, Education and Social Services Committee considered

SENATE BILL NO. 90

SB 90 SENIOR CARE

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

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

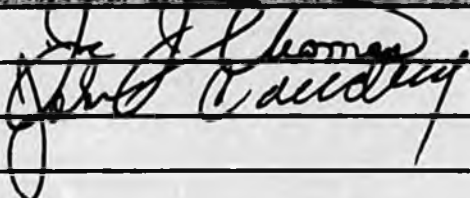
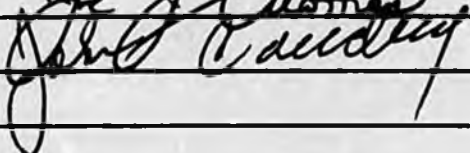
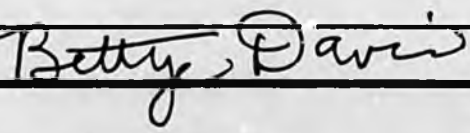
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Index	Zeroed	Other

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Index	Other	FN#
HSS	3/12/07	✓			

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LASTNAME	DO PASS	DO NOT PASS	AMEND
	Thomas	✓		
	Couderc	✓		
CHAIR: 	DAVIS	✓		



SeniorCare Program Proposal Comparison

SeniorCare Proposals	Current SeniorCare Program	SB 90/HB 148 Governor's Proposal	SB 4 Senator Olson
Monthly Payment	Cash - \$120 / month Prescription Drug - \$670 / year	Cash - \$120 / Month	Cash - \$150 / Month
Annual Income Limit	<p>Cash <i>Income Threshold</i></p> <ul style="list-style-type: none"> • \$16,133 for individuals • \$21,641 for couples <p>(135% of 2005 federal poverty guidelines. Income limits frozen at 2005 levels.)</p> <p><i>Asset Limits</i></p> <ul style="list-style-type: none"> • \$6,000 Individual • \$9,000 Couple <p>Prescription Drug</p> <ul style="list-style-type: none"> • \$20,913 for individuals • \$28,053 for couples <p>(175% of 2005 federal poverty guidelines)</p>	<p>Cash <i>Income Threshold</i></p> <ul style="list-style-type: none"> • \$17,240 Individual • \$23,112 Couple <p>(135% of 2007 federal poverty guidelines. Income limits will increase each year to keep pace with annual increases in federal poverty guidelines for Alaska.)</p> <p><i>Asset Limits</i></p> <ul style="list-style-type: none"> • \$6,000 Individual • \$9,000 Couple <p>Prescription Drug Benefit Ended</p>	<p>Cash <i>Income Threshold</i></p> <ul style="list-style-type: none"> • \$16,133 Individual • \$21,641 Couple <p>(135% of 2005 federal poverty guidelines. Income limits frozen at 2005 levels.)</p> <p><i>Asset Limits</i></p> <ul style="list-style-type: none"> • \$6,000 Individual • \$9,000 Couple <p>Prescription Drug Benefit Ended</p>
Dual Eligibility SeniorCare & Longevity Bonus	Yes	No	Is not intended to provide dual eligibility
FY08 Projected Average Monthly Caseload	<p>Cash 7,043</p> <p>Prescription Drug 140</p>	<p>Cash 5,040</p>	<p>Cash 4,835 – if receipt of ALB and SeniorCare is not allowed</p>
Estimated Benefit Payments for FY08	<p>Cash \$10,141.9</p> <p>Prescription Drug \$93.8</p>	<p>Cash \$7,257.6</p>	<p>Cash \$8,703.0 – if receipt of ALB and SeniorCare is not allowed</p>
Sunset Date	June 30, 2007	Extends program 5 years to June 30, 2012	No expiration date

SARAH PALIN
GOVERNOR
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February 20, 2007

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

Dear President Green:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the senior care program.

The bill would extend the sunset date of the existing senior care program from June 30, 2007, to June 30, 2012, to allow continuation of program benefits to needy seniors.

This bill also would make two changes to the eligibility requirements for the program. First, the income limitation would be altered. The current income standards are "frozen" by setting eligibility at a specific monetary amount in state law that was equal to 135 percent of the 2005 federal poverty income guidelines. The 2005 limits have caused some seniors to become ineligible for the program because of cost-of-living adjustments that are made to retirement and pension income, such as Social Security benefits, which are not automatically adjusted under the current statutory language. The change made by the bill would result in income standards that are flexible enough to correspond to changing federal poverty guidelines. Second, the bill would provide that an individual who is receiving a longevity bonus payment would not be eligible for benefits under the senior care program. It is my intent to see the longevity bonus program reinstated in the Fiscal Year 2008 budget for those qualifying seniors who were prematurely cut from the program in the Fiscal Year 2004 budget. However, seniors who qualify for the longevity bonus will have to decide whether to obtain assistance from one or the other program.


The Department of Health and Social Services has found that there is only low-level usage of the prescription drug option, despite extensive outreach efforts encouraging seniors to enroll. Additionally, survey information indicates that many

**The Honorable Lyda Green
February 20, 2007
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seniors have other health insurance coverage available. Because of these factors, the bill also would eliminate the prescription drug benefit portion of the program.

The senior care program finances important benefits for needy older Alaskans, to help them meet basic necessities, including food and housing. I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

**Sarah Palin
Governor**

FISCAL NOTE

**STATE OF ALASKA
2007 LEGISLATIVE SESSION**

Fiscal Note Number: 1
 Bill Version: SB 90
 (S) Publish Date: 2/21/07
 Dept. Affected: Health & Social Services
 RDU Public Assistance
 Component SeniorCare

Revision Date/Time (Note if correction):
 Title REAUTHORIZE SENIOR CARE

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 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(5,377.2)	(5,282.2)	(5,187.1)	(5,090.6)	(4,992.7)	(12,634.8)
Miscellaneous						
TOTAL OPERATING	(5,377.2)	(5,282.2)	(5,187.1)	(5,090.6)	(4,992.7)	(12,634.8)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(2,994.4)	(2,899.4)	(2,804.3)	(2,707.8)	(2,609.9)	(10,252.0)
1037 GF/Mental Health						
11189 Senior Care	(2,382.8)	(2,382.8)	(2,382.8)	(2,382.8)	(2,382.8)	(2,382.8)
Other(Specify Type-do not abbreviate)						
TOTAL	(5,377.2)	(5,282.2)	(5,187.1)	(5,090.6)	(4,992.7)	(12,634.8)

Estimate of any current year (FY2007) cost: _____
 Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Senior Care program helps low-income seniors over age 65 remain independent in the community by providing an income supplement to help meet their basic needs, such as food and housing. This bill authorizes the continuation of the Senior Care program for an additional five years from July 1, 2007 through June 30, 2012. It eliminates the program's prescription drug benefit, of which there has been very low use, and changes the program's income eligibility standards. Currently, the amount of annual income seniors can have to qualify for the program is limited to 135 percent of the 2005 federal poverty guidelines for Alaska. This bill increases the income limits each year to keep pace with the annual increases in the federal poverty guidelines for Alaska and the modest cost-of-living adjustments given to senior's income such as Social Security retirement benefits.

Prepared by: Ellie Fitzjarrald, Acting Director Phone 465-5847
 Division Public Assistance Date/Time 02/12/2007
 Approved by: Karleen Jackson, Commissioner Date 02/20/2007
 Agency Department of Health and Social Services

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL NO. SB 90

ANALYSIS CONTINUATION

Assumptions

- * The Alaska Longevity Bonus (ALB) Program will be reopened and funded in FY08. Some seniors who formerly received the ALB will choose to get ALB and not be eligible for Senior Care.
- * The income qualifying standards for the Senior Care program will be tied to 135% of the annual Federal Poverty Guidelines for Alaska, which increase each year.
- * In FY08, an additional 300 seniors will qualify for Senior Care under the higher income limits.
- * 2,303 former ALB recipients will choose to get ALB in FY08, and become ineligible for Senior Care.
- * For FY09 through FY12, the number of seniors receiving help from the Senior Care Program will grow at a rate of 1.3%/year (based on 6-year average rate of growth in the old age component of APA program).

FY	Caseload	1.3% Growth	Revised Caseload	Less ALB	Total	Cost Total x 120 x 12
FY08*	7,343		7,343	(2,303)	5,040	\$7,257.6
FY09	5,040	66	5,106		5,106	\$7,352.6
FY10	5,106	66	5,172		5,172	\$7,447.7
FY11	5,172	67	5,239		5,239	\$7,544.2
FY12	5,239	68	5,307		5,307	\$7,642.1

The FY08 Governor's budget for the Senior Care component grants line is \$12,634.8. The projected cost for FY08 with the proposed changes is \$7,257.6 (see above), for an anticipated savings of \$5,377.2 in FY08. The projected savings in future years is calculated from the FY08 Governor's budget funding level and does not represent additional savings in future years, but rather indicates increasing costs each year due to additional recipients.

Administration

There are no additional administrative costs for operating the Senior Care Program. These costs are included in the Governor's FY08 budget.



FOR IMMEDIATE RELEASE

07-034

Governor Palin Outlines Continued Support for Alaska Seniors

February 21, 2007, Juneau, Alaska — Governor Sarah Palin introduced legislation today to continue support for low-income older Alaskans by extending the Alaska SeniorCare Program. Without passage of this legislation, the program will end June 30, 2007.

"We must support our seniors," Governor Palin said. "I'm pleased to present a plan that continues this important assistance to Alaska seniors, and helps keep pace with cost-of-living changes."

The SeniorCare program was created in 2003 to help low-income Alaska seniors with monthly cash payments of \$120. The program was expanded in 2005 to help cover prescription drug costs. Currently, nearly 7,000 Alaskans are enrolled in the SeniorCare cash assistance program and about 140 receive prescription support.

Governor Palin's legislation will continue the \$120 SeniorCare monthly cash payment to low-income seniors for five years and will tie eligibility to the annual federal poverty income guidelines for Alaska. Currently, the program's eligibility is frozen at 135 percent of the 2005 federal poverty level.

About 2,500 seniors enrolled in SeniorCare previously were enrolled in the Alaska Longevity Bonus Program. If seniors receiving SeniorCare previously received the Alaska Longevity Bonus, they will be given a choice between receiving SeniorCare or the Alaska Longevity Bonus, should both be supported by the Alaska legislature.

The SeniorCare prescription drug payment assistance, which has had very low enrollment, will end. A recent survey by the Department of Health and Social Services found that many seniors have other insurance coverage.

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The Governor's comments regarding SeniorCare can be found on the Governor's feed at 3:30 p.m.

State of Alaska
DEPARTMENT OF HEALTH & SOCIAL SERVICES

Sarah Palin, Governor

Karlson Jackson
Commissioner
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Juneau, Alaska 99811-0601
FACT SHEET



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February 21, 2007

SeniorCare Program

Governor Sarah Palin's 2007 legislation:

- **Extend the SeniorCare program for 5 years:** Governor Palin's legislation will continue the \$120 SeniorCare monthly cash supplement for low-income seniors for five years — through June 30, 2012. This provides continued income support to low income seniors and will allow time to evaluate the fiscal impact of SeniorCare, and potentially the continued phase out of the Alaska Longevity Bonus program.
- **Change the income eligibility:** Governor Palin's legislation ties the eligibility to 135 percent of the annual federal poverty income guidelines for Alaska. This would set the program qualifications in 2007 at an income of \$17,240 for a single senior and \$23,112 for a couple. The asset qualification requirements would remain the same: these seniors can qualify with liquid assets of up to \$6,000 for an individual and \$9,000 for a couple.

Currently, the program's eligibility is frozen at 135 percent of the 2005 federal poverty level. The 2005 limits have caused some seniors to become ineligible for the program because of cost of living adjustments that are given to retirement and pension income, such as Social Security benefits.

- **Eligible seniors will be provided a choice between enrolling in SeniorCare or the Alaska Longevity Bonus:** If seniors receiving SeniorCare previously received the Alaska Longevity Bonus, they will have a choice between receiving SeniorCare or the Alaska Longevity Bonus, should the Longevity Bonus be funded by the Alaska legislature.
 - DHSS estimates that if the Alaska Longevity Bonus program is reinstated, that about 5,000 Alaska seniors will continue to receive SeniorCare, the remainder would choose to receive the Longevity Bonus.
- **End the Prescription Drug Benefit.** The SeniorCare prescription drug payment assistance, which has had very small enrollment, will end. A recent survey by the Department of Health and Social Services found that many seniors have other insurance coverage.

In January 2006, the SeniorCare program expanded with the Prescription Drug Payment Assistance component aimed at helping qualified seniors pay insurance premiums and deductibles. The program was expected to serve 4,000 seniors but never topped the 200 mark. In December 2006, DHSS surveyed seniors about SeniorCare. The survey found many seniors have other insurance coverage. DHSS estimates one-third of the prescription drug program beneficiaries are former Alaska Longevity Bonus recipients who would be able to reapply for the Alaska Longevity Bonus if it is reinstated.

SeniorCare History

- In 2003, the SeniorCare program began offering \$120 monthly cash assistance to low-income seniors. Last year the SeniorCare Cash program served about 7,000 out of about 45,000 senior Alaskans.
- The current eligibility level for SeniorCare is frozen at 135 percent of 2005 poverty levels (\$16,133/single, \$17,240/couple). Some seniors have become ineligible for the program as cost-of-living adjustments cause retirement and pension income, such as Social Security benefits, to rise with the federal poverty level.

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 Sarana Schell, (907) 269-8041, Cell (907) 240-7462

- **** -

State of Alaska
DEPARTMENT OF HEALTH & SOCIAL SERVICES

Sarah Palin, Governor

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January 2007

SeniorCare Survey of Alaska's Seniors

Background

In 2003, the state implemented SeniorCare (cash) program that provides \$120 a month to low-income seniors. In January 2006, the program was expanded to include a SeniorCare drug (RX) program to help low income seniors with Medicare Part D premium and deductible payments.

Last year, the SeniorCare cash program was anticipated to serve 7,000 of Alaska's over 40,000 seniors and ultimately served an average of about 7,000 seniors each month. The SeniorCare RX program was anticipated to serve 4,000 seniors but never topped the 200 mark, prompting questions about why the program was not being used. Note that the SeniorCare RX program was launched around the same time as Medicare Part D and the federal ExtraHelp program.

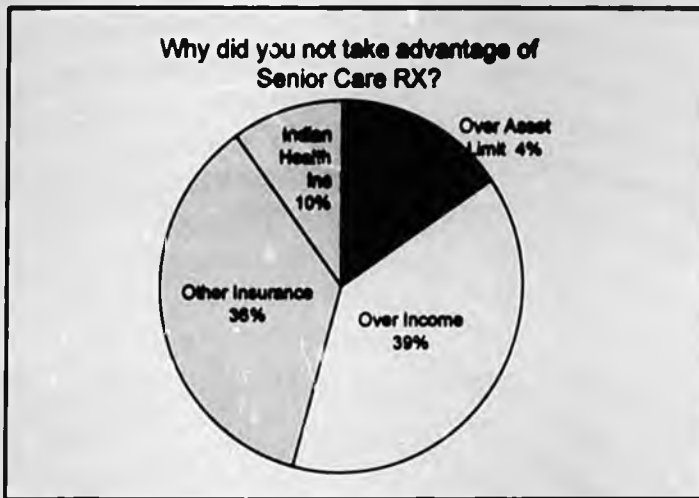
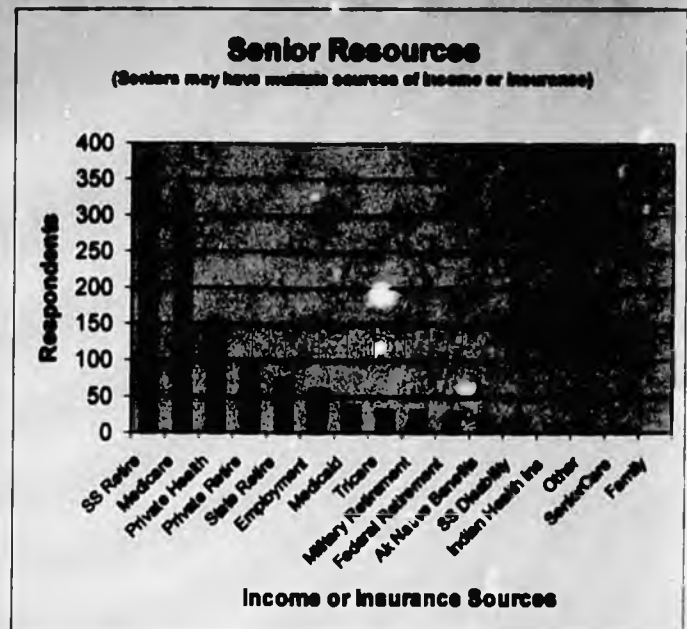
To promote the SeniorCare drug program, DHSS launched two advertising campaigns (Nov. 2005 – Jan. 2006 and Nov. 2006 – Jan. 2007) coupled with extensive outreach programs by SeniorCare office information staff who offered numerous presentations around the state. It is likely that many of the survey respondents were not aware of the program because they also did not participate in Medicare Part D, and therefore did not pay attention to the outreach efforts.

In December 2006 DHSS launched a survey of seniors to glean advice and input on the SeniorCare program, particularly the SeniorCare drug program, which had been underutilized based on DHSS estimates. The Department's contractor surveyed 386 Alaskan Seniors, a randomly selected, statistically valid percentage of Alaska's senior population in communities across the state from Kwethluk to Hoonah to the Mat-Su. The survey intentionally excluded those on multiple assistance programs as these seniors.

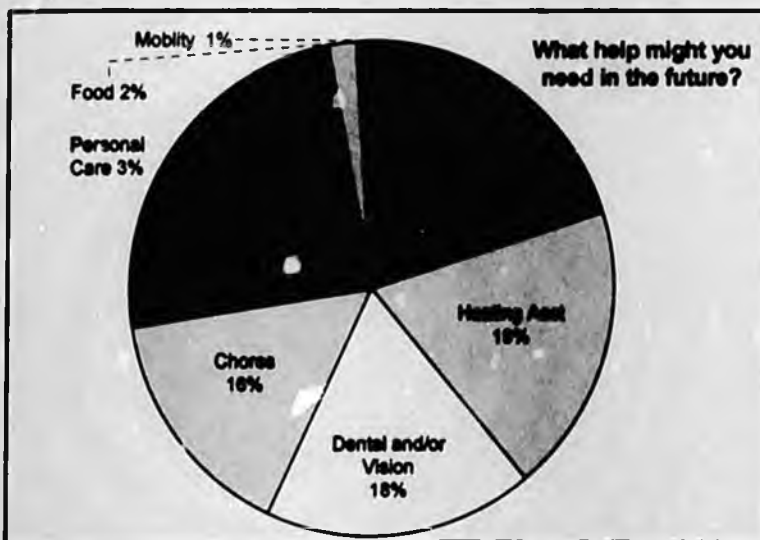
SeniorCare Survey Outcomes:

- Surveyors commented that seniors frequently expressed their delight at being asked their opinions and appreciation that the administration valued their input.
- Despite a lengthy and comprehensive SeniorCare marketing campaign in 2005 and 2006, only one third of survey participants had heard of the program.

- Of the two thirds that had not heard of the program, a surprisingly high 74 percent were employed and/or enjoyed multiple sources of retirement income (Social Security and State, Federal, Military and private retirement).



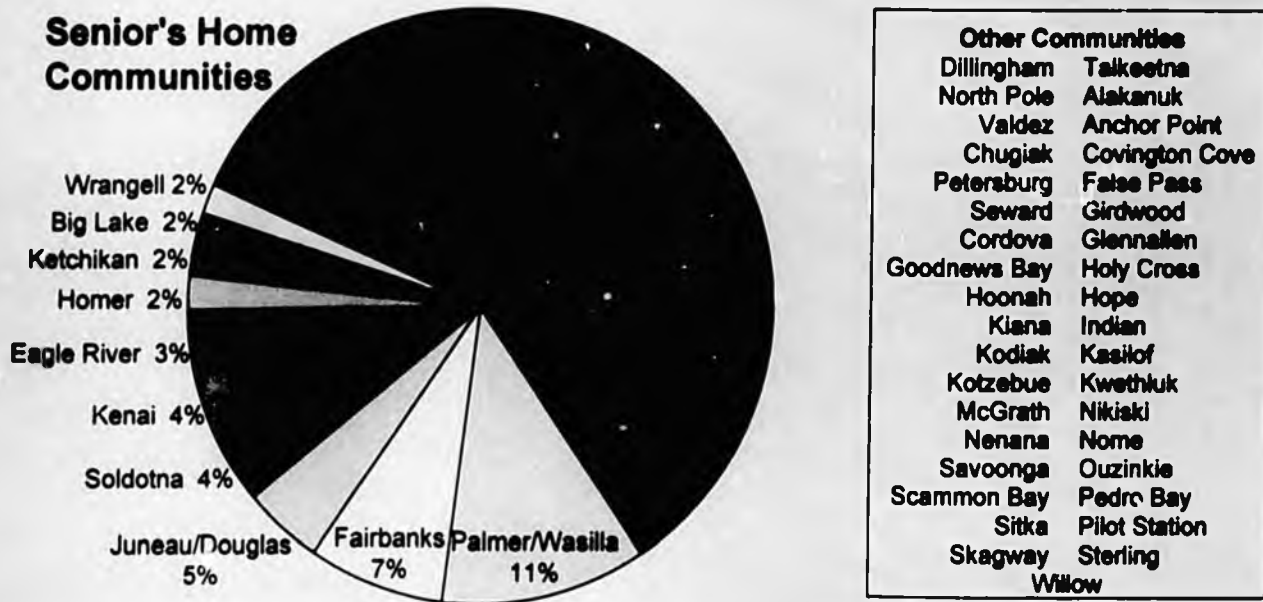
- While 99 percent of those surveyed had enrolled in the Senior Care drug program, those that responded to this question reported that they were over the income threshold for the program (39 percent), had other drug insurance coverage (36 percent), had Indian Health Service coverage (10 percent), had already qualified for SeniorCare cash (11 percent) or were over the asset limit (4 percent).



- When asked if seniors had inquired about receiving any services in the last two years, a surprising 87 percent said they'd not sought assistance and 87 percent also indicated that they lived near family or friends who could help if needed. 20 percent of respondents indicated a need for transportation assistance, 19 percent were concerned with heating assistance, 18 percent suggested dental and/or vision coverage and 16 percent would like assistance with chores.

- The survey indicates that Alaska's seniors continue to strive to remain independent and would like more services oriented toward continued independence.

- Additionally, the SeniorCare drug program may have served too narrow of a population to be as useful as originally intended and may have been confusing with the concurrent start up of the Medicare Part D program.
- Lastly, the SeniorCare cash program appears to be very accessible to low income seniors who most need it.
- The following information graphically represents the array of communities represented by Senior citizens that responded to the survey. The chart lists those communities included in the "other" category.



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