

HB

260

<TARGET><BILL>HB 260</BILL><SUBJECT>HB
260</SUBJECT><COMM>HHSS29</COMM></TARGET>

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Governor Bill Walker
STATE OF ALASKA

January 18, 2016

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

Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the recovery of overpayments of day care assistance and child care grants. The bill would add day care assistance and child care grants to the list of public assistance programs whose established overpayments can be recovered by garnishing an individual's permanent fund dividend.

Under existing AS 47.05.080, many of the programs that provide assistance benefits to individuals are provided with the ability to recover benefit overpayments by garnishing the benefit recipient's permanent fund dividend. That section allows established overpayment claims to be filed directly with the Department of Revenue and does not make them subject to the exemptions under AS 43.23.065(a) (permanent fund dividends) or AS 09.38 (Alaska Exemptions Act). Before the Department of Health and Social Services seeks to garnish the permanent fund dividend of a benefit recipient, the overpayment claim must be established either through a hearing or after an individual has had a chance for a hearing, but did not contest the overpayment claim. A separate provision in AS 43.23.068 establishes a procedure for garnishing a permanent fund dividend to recover a benefit overpayment that includes notice to the benefit recipient and an opportunity to request a hearing on whether a mistake was made.

The ability to garnish a benefit recipient's permanent fund dividend to recover overpayments under AS 47.05.080 exists for most public assistance programs including medical assistance, general relief, adult public assistance, food stamps, and Alaska temporary assistance. The bill would add the day care assistance and child care grants programs to the other public assistance programs that already have the ability to use the direct garnishment of a permanent fund dividend to recover benefit overpayments. This would make recovery of these already-established liabilities to the State much easier to recover from recipients who do not enter into voluntary repayment plans. This change also would align the day care assistance and child care grant programs with other public assistance programs.

I urge your prompt and favorable action on this measure.

Sincerely,

Handwritten signature of Bill Walker in black ink.

Bill Walker
Governor

HOUSE BILL NO. 260

House Bill 260 Sectional Analysis

Prepared by the Alaska Department of Health and Social Services

January 20, 2016

HB 260, "An Act relating to the recovery of overpayments of day care assistance and child care grants; and providing for an effective date."

Sectional Analysis:

- Section 1 Enables overpayments to be collected from the participants in the child care assistance program through Permanent Fund Dividend garnishment, as for other public assistance programs under AS 47.05.080.
- Section 2 Provides uncodified applicability language to apply overpayment recovery to day care assistance and child care grants, regardless of whether the overpayments occurred before, on, or after July 1, 2016.
- Section 3 Provides that the Act takes effect on July 1, 2016



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

DIVISION OF PUBLIC ASSISTANCE
Director's Office

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February 1, 2016

The Honorable Paul Seaton
Chair, House Health and Social Services Committee
Room 102
Alaska State Capitol
Juneau, AK 99801

House Health and Social Services Committee,

I appreciated the opportunity to testify to the committee about HB 260 Thursday, January 28, 2016. This letter will respond to the following questions posed by the committee during the hearing:

1. Representative Vasquez wondered why the heating assistance program was is not included in the bill and Representative Seaton asked whether the Department would support an amendment including this program in HB 260.

Response: The Department in proposing this legislation was focused on compliance with our federal requirements related to child care assistance. The Department is not opposed to amending the bill to include the ability to garnish PFD in order to collect overpayments from the Heating Assistance Program and/or the Senior Benefits.

2. Representative Tarr requested a breakdown identifying overpayment for individuals vs providers.

Response: There are 28 overpayment claims for individuals participating in the Child Care Assistance Program. The Child Care Program Office has established 24 claims against providers, 23 of which are from the Child Care Assistance Program and 1 from the Child Care Grant Program. Of these 24, 11 are still in some stage of the collection process. The most common reason for a provider overpayment in the Child Care Assistance Program is when relative providers don't report changes in the children they are caring for and the relationship criteria are not being met.

3. Representative Tarr also requested more information on the 'time schedule' currently used to pay providers, requesting a brief description of how the time blocks are used.

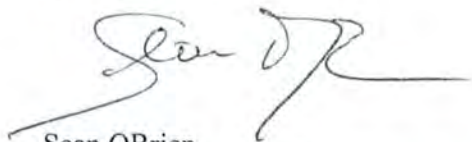
Response: Child care is billed as follows:

- hourly (when only 1 or 2 hours of care are needed in a day);
- part day (up to and including 5 hours in a day);
- full day (5 hours and 1 minute up to and including 10 hours per day) ;
- part month (when 17 or more part days are needed in a month);
- and full month (when 17 or more full days are needed in the month);

Care cannot be authorized if the family's monthly contribution or co-pay (based on the family size and income) is more than the eligible cost of care needed. So if a family only needs a few hours a day, they may not actually qualify for a benefit if their co-pay is more than the cost of the care they need. Finally, Child Care providers establish their own policies for enrolling children into their care so they may or may not accept drop in care for only a few hours a day, or part time children. If a family is using more care than is authorized through the Child Care Assistance Program, the family is responsible to cover those costs. How child care is authorized and paid is something that is being reviewed for Child Care Assistance regulation revisions in response to the Child Care Development Block Grant reauthorization to meet the requirement of ensuring continuity of care for the children and fair payment practices for the child care providers.

Thank you for the opportunity to respond to these questions. If there is additional information we can provide to assist the committee please let me know.

Sincerely,



Sean O'Brien
Director, Division of Public Assistance

Cc: Valerie Davidson, Commissioner, Division of Public Assistance
Darwin Peterson, Legislative Director, Office of the Governor

AMENDMENT

OFFERED IN THE HOUSE
TO: HB 260

BY REPRESENTATIVE VAZQUEZ

1 Page 1, lines 2 - 3:

2 Delete "**daycare assistance and child care grants**"

3 Insert "**benefits for public assistance programs administered by the Department**
4 **of Health and Social Services**"

5

6 Page 1, lines 4 - 11:

7 Delete all material and insert:

8 **"* Section 1.** AS 47.05.080(a) is repealed and reenacted to read:

9 (a) Except for overpayments recovered under AS 47.07 that cover the value of
10 services paid from federal sources, benefit overpayments collected by the department
11 in administering public assistance programs under AS 47.05.010 shall be remitted to
12 the Department of Revenue under AS 37.10.050(a)."

13

14 Page 1, line 14, through page 2, line 2:

15 Delete all material.

16 Insert "APPLICABILITY. This Act applies to the recovery of benefit overpayments
17 for public assistance programs administered by the Department of Health and Social Services
18 under AS 47.05.010, regardless of whether the overpayments occurred before, on, or after
19 July 1, 2016."

Testifiers-2.4.16

Be advised of the following participation in the House Health and Social Services Committee hearing on Thursday, Feb. 4th. Telephonic participants will call in to 1-844-586-9085 but I list their numbers here in case they are cut off and the committee aide needs to call them back.

HB 226 Extend Alaska Commission on Aging

- Duane Mayes, Director, Division of Senior and Disabilities Services, in the room and available for questions;
- Deb Etheridge, Deputy Director, Division of Senior and Disabilities Services, in the room and available for questions;
- Jacquelli Ziegenfuss, (pronounced "zi-gen-FOOS"), Administrative Operations Manager, Division of Senior and Disabilities Services, in the room and available for questions;
- Lisa Morley, Grants Section Chief, Division of Senior and Disabilities Services, in the room and available for questions

HB 260 Day Care Assistance and Child Care Grants

- Sean O'Brien, Director, Division of Public Assistance, in the room and available for questions;
- Janice Braden, Program Coordinator, Public Assistance, on the phone and available for questions (907-269-4508);

HB 262 Senior Benefits Program Eligibility

- Sean O'Brien, Director, Public Assistance, testifying in person;
- Monica Mitchell, Chief of Policy and Program Development, Public Assistance, in the room and available for questions.

SB 23 Immunity for Providing Opioid OD Drug

- Bradly Grigg, Community Mental Health Program Administrator, Division of Behavioral Health, in the room and available for questions;
- Dr. Jay Butler, Chief Medical Officer, on the phone and available for questions (907-744-6422)

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	HB 260
Fiscal Note Number:	2
(H) Publish Date:	1/19/2016

Identifier: DHSS-CCB-1-16-16
 Title: DAY CARE ASSISTANCE & CHILD CARE GRANTS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Health and Social Services
 Appropriation: Public Assistance
 Allocation: Child Care Benefits
 OMB Component Number: 1897

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1002 Fed Rcpts	(500.0)		(500.0)	(500.0)	(500.0)	(500.0)	(500.0)
1005 GF/Prgm	500.0		500.0	500.0	500.0	500.0	500.0
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Initial version

Prepared By:	Sean O'Brien, Director	Phone:	(907)465-5847
Division:	Public Assistance	Date:	01/16/2016 03:30 PM
Approved By:	Sana Efird, Asst. Commissioner, Finance and Management Services	Date:	01/16/16
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION**Analysis**

This legislation provides necessary authority for the Child Care Program Office to recover overpayments or misspent funds through garnishment of Permanent Fund Dividends from participants in the Child Care Assistance and Child Care Grant Programs. This change strengthens the integrity of the Child Care Assistance and Child Care Grant Programs, and aligns Child Care programs' overpayment recovery with that of other public assistance programs.

The fiscal impact of this proposed legislation is neutral. Costs for identifying overpayments and fraudulent activity are incorporated into the division's existing operational budget.

The division identified \$331,578 in calculated overpayments and incorrect payment claims for State Fiscal Year 2015. This legislation adds PFD garnishment as a mechanism for recovering overpayments and fraudulent claims and the division anticipates that this tool will increase the division's ability to identify and capture funding , bringing total annual receipts to an estimated \$500,000.

The division is requesting the general fund program receipt authority to collect Permanent Fund Dividend garnishment revenues associated with the projected amount included in this fiscal note, and can relinquish an equal amount in federal receipts. No increase in administrative costs is anticipated to make this change.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	HB 260
Fiscal Note Number:	1
(H) Publish Date:	1/19/2016

Identifier: DOR-PFD-10-9-16
 Title: DAY CARE ASSISTANCE & CHILD CARE GRANTS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Permanent Fund Dividend Division
 OMB Component Number: 981

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2017 Request	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES	FY 2017	FY 2017					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial Version

Prepared By:	Sara Race, Division Director	Phone:	(907)465-4785
Division:	Permanent Fund Dividend Division	Date:	10/09/2015 12:00 AM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	10/15/15
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

The proposed Health and Social Services garnishment to collect benefit overpayments of day care assistance and child care grants will be filed directly with the Permanent Fund Dividend Division. The drafted legislation meets the existing criteria outlined in AS 43.23.065(b)(6), therefore, no regulation changes are required. Expanding the types of garnishments served by state agencies on PFD applicants will have no budgetary impact on the PFD Division.