

Leg. Finance - Finance Comte Files (1971-72) 8879

SB 48 cont., 56

12  
FY 73

CAPITAL BUDGET  
PROPOSED PROJECT

AGENCY	CATEGORY	code	Health
Health & Soc. Services	PROGRAM	A	Public Health
DIVISION	SUB-PROGRAM		
Public Health	ELEMENT		
	SUB-ELEMENT		

TITLE Health Center		BUDGET COMPONENT A. I. b.	COST 365.0	PRIORITY 4
LOCATION Cold Bay	AREA SERVED Aleutian Islands	ELECTION DISTRICT 12	STARTING DATE June, 1973	COMPLETION DATE June, 1974
CONSTRUCTION	EQUIPMENT	DESCRIPTION: Health Center will have two clinic rooms, clerical office, nursing office for two staff, waiting room, space for two to three holding beds, storage space, and living quarters (two efficiency or two one-bedroom apartments).		
IMPROVEMENT	LAND			

EXPLANATION: Cold Bay is the travel center for the Aleutian Chain with all flights originating from this point. It appears unlikely there will be any marked change in the pattern of air service within the next ten years. At the present time the public health nurse assigned to cover the entire Aleutian Chain area is headquartered in Anchorage and has to travel some 650 miles before reaching her area. Considerable time, money, and energy is expended in this additional travel. It is recognized the area is too large for one public health nurse to provide adequate coverage. If a health center and living quarters were established at Cold Bay, two public health nurses could be headquartered there with one nurse covering the villages in the upper part of the Chain and the other nurse covering the lower end of the Chain.

Since evacuation of sick patients may be difficult from this area, it is proposed that two to three holding beds be placed in the facility.

Annual Value to the State:

50% saving in travel/per diem	3800		
20% saving in nursing time (more service)	3000		
Less salary increase for Cold Bay (Dist. 12)	(3000)	TOTAL SAVING	3800

	TOTAL	FY 73	FY 74	FY 75	FY 76 AND BEYOND	APPROPRIATION REQUEST	AMOUNT
TOTAL ANNUAL EXPENDITURE	385.0	365.0					
PLANNING AND ENGINEERING	28.8	23.8					
LAND							
CONSTRUCTION	318.2	318.2					365.0
EQUIPMENT	20.0		20.0				
ADMINISTRATION AND OTHER	18.0	18.0					
INCREASE (DECREASE) IN OPERATING EXPENDITURES							
			6.0	6.5	7.0		
Funding Source	OTHER SOURCES						
	GENERAL FUND		6.0	6.5	7.0		
						Bonds	
							00087
						TOTAL	365.0

13  
FY 73

CAPITAL BUDGET  
PROPOSED FIVE-YEAR  
CAPITAL PROGRAM  
FY 73--77

AGENCY	Health & Social Services	CATEGORY	III	Health
DIVISION	Public Health	PROGRAM	A	Public Health
		SUB-PROGRAM		
		ELEMENT		
		SUB-ELEMENT		

PRIORITY	TITLE AND LOCATION		YEAR IN WHICH FUNDING IS REQUESTED				
			FY 73	FY 74	FY 75	FY 76	FY 77
73-1	Southeastern Regional Laboratory (Juneau) (4.a)	TOTAL COST	637.2				
		STATE FUNDS	637.2				
		OTHER SOURCES					
73-2	Caleen	TOTAL COST	265.0				
		STATE FUNDS	265.0				
		OTHER SOURCES					
73-3	Fairbanks Health Center	TOTAL COST	25.0	300.0			
		STATE FUNDS	25.0	150.0			
		OTHER SOURCES		150.0			
73-4	Cold Bay	TOTAL COST	365.0				
		STATE FUNDS	365.0				
		OTHER SOURCES					
73-5	Yakutat	TOTAL COST	200.0				
		STATE FUNDS	200.0				
		OTHER SOURCES					
74-1	Wasilla	TOTAL COST		8.0	125.0		
		STATE FUNDS		8.0	125.0		
		OTHER SOURCES					
74-2	Anchorage	TOTAL COST		185.0			
		STATE FUNDS		185.0			
		OTHER SOURCES					
74-3	Valdez	TOTAL COST		185.0	150.0		
		STATE FUNDS		12.0	150.0		
		OTHER SOURCES		12.0			
74-4	Palmer	TOTAL COST		12.0	150.0		
		STATE FUNDS			75.0		
		OTHER SOURCES			75.0		
74-5	Penai	TOTAL COST		12.0			
		STATE FUNDS		12.0			
		OTHER SOURCES					
74-6	Unalakleet	TOTAL COST		2.4	30.0		
		STATE FUNDS		2.4	30.0		
		OTHER SOURCES					

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13  
FY 73

CAPITAL BUDGET  
PROPOSED FIVE-YEAR  
CAPITAL PROGRAM  
FY 73-77

AGENCY	Health & Social Services	CATEGORY	III	Health
		PROGRAM	A	Public Health
DIVISION	Public Health	SUB-PROGRAM		
		ELEMENT		
		SUB-ELEMENT		

PRIORITY	TITLE AND LOCATION		YEAR IN WHICH FUNDING IS REQUESTED				
			FY 73	FY 74	FY 75	FY 76	FY 77
		TOTAL COST			12.0	175.0	
		STATE FUNDS			12.0	175.0	
		OTHER SOURCES					
73-1	Homer	TOTAL COST				300.0	
		STATE FUNDS				300.0	
		OTHER SOURCES					
76-1	St. Mary's	TOTAL COST					300.0
		STATE FUNDS					
		OTHER SOURCES					
77-1	Fl. Yoken	TOTAL COST					300.0
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# RECORDS CERTIFICATION



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James D. Smith  
Signature of Camera Operator

4/4/89  
Date

STATE  
of ALASKA

## MEMORANDUM

*copy for [unclear] file*TO:  The Honorable George Hohman  
Chairman, House Finance Committee

DATE: June 14, 1972

FROM: Frederick McGinnis, Commissioner  
Dept. of Health & Social Services*F.M.C.G.*SUBJECT: Answer to Question Posed  
on Use of \$4,000,000 for  
Medical Expenditures

During my appearance before your Committee this date you requested an answer to the question, "In the event the Legislature elects to provide medical services to a greater number of citizens through the use of the estimated three to four million in savings of State General Funds to be realized in the proposed Title XIX program, how might this best be accomplished?" (Note: The question as stated is not verbatim but contains what we understood to be the essential considerations.)

In answer to the above, the following option is offered for your consideration.

Increase funding for the current General Relief Medical by the estimated \$3,000,000 to \$4,000,000 savings of State General Funds. It is estimated that an additional 6,500 non-Native persons would qualify for medical assistance by applying a 25% increase to the current standards used to establish eligibility for the categorical programs as shown in the following table:

Total monthly allowances by family size for AFDC Family Budget Units (Statewide).

	Present	Proposed (Present + 25%)
Family of two =	\$300	\$375.00
Family of three =	\$350	\$437.50
Family of four =	\$400	\$500.00
Family of five =	\$450	\$562.50
Family of six =	\$500	\$625.00
Family of seven =	\$550	\$687.50
Family of eight =	\$600	\$750.00

Add \$50 for each additional person over eight in the family budget unit.

These people do not now qualify for payment of medical obligations by the State, although medical expenses can create serious financial problems within the family budget of persons earning a marginal income. This would more than double the number of non-categorically related persons who would be eligible for medical assistance from the State.

The expenditures would be almost entirely State General Funds, with approximately 3.5% of the expenditures qualifying for reimbursement under the Federal Emergency Assistance program.

The Native population is eligible for U. S. Public Health Service medical care; therefore, their medical status would not be altered through this approach.

The above estimate is based on extrapolation of data from: (1) Food Stamp recipient caseload regarding Native vs non-Native percentages; (2) number of families and individuals earning less than \$6,000 per year; (3) total persons in number 2, above; (4) persons now eligible for medical assistance through the State; and (5) the average cost per recipient receiving services. Certain statistical data such as profiles comparing Native vs non-Native income, which would have allowed a more accurate base of comparison for numbers of potentially eligible recipients, is not available to this Department. Therefore, the above estimate potentially contains a sizeable error factor.

The option discussed above should not be construed as Governor's or Department support and concurrence in any proposed statement of legislative intent to broaden the coverage of persons under the current General Relief Assistance program, AS 47.25, Sections 120-130.

/as

## ESTIMATED COSTS FOR MEDICAID SERVICES

The following data pertaining to the projected expenditures for services offered under the proposed Medicaid program is presented for your information.

1. Inpatient Hospital Services	\$2,393,800
2. Outpatient Hospital Services	256,900
3. Other Laboratory and X-Ray Services	293,500
4. Skilled Nursing Home Care	4,188,400
5. Physicians Services	773,300
*6. Home Health Care	8,100
*7. Early Screening and Diagnostic Service for Children Under 21 including Dental Care**	233,700
*8. Transportation	<u>163,800</u>
Total Estimated Cost of Medicaid Services	\$8,311,500

\*The requirement for the state to offer these services is discussed in the attached letter.

\*\*The estimated figure for Early Screening and Diagnostic Services reflects expenditures for children under age 7 only. The requirement to include children 21 and under will not be effective until July 1, 1973. Estimated costs for this additional segment of the recipients will be approximately \$430,100.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
REGION X  
ARCADE PLAZA BUILDING  
1321 SECOND AVENUE  
SEATTLE, WASHINGTON 98101

May 19, 1972

SOCIAL AND REHABILITATION  
SERVICE

*Medicaid*

Mr. Glen Vernon  
Division of Legislative Finance  
Pouch W F  
Juneau, Alaska 99804

Dear Mr. Vernon:

This is to confirm our telephone conversation of May 16 regarding the information given you about Medicaid.

The 1965 amendments to the Social Security Act (P.L. 89-97), which added Title XIX, requires States participating in Medicaid to include the following five basic services in their State Plan:

1. Inpatient hospital services
2. Outpatient hospital services
3. Other laboratory and X-ray services
4. Skilled nursing home services
5. Physicians' services

6. In addition, the State Plan must include provision for the first three pints of whole blood (when it is not available to the patient from other sources). A sixth requirement, home health care services, became effective July 1, 1970, (45 CFR 249.10(a)(3)), for eligible individuals who, under the State Plan, are entitled to skilled nursing home services.

7. A seventh requirement, early and periodic screening, diagnosis and treatment of individuals under age 21, became effective February 7, 1972. The legal background and authority for this requirement are: Section 1905(a)(4)(B) of the Social Security Act as amended; 45 CFR 249.10(a)(3) and (b)(4)(ii) - 36 F.R. 21409; and SRS Program Regulation 40-11(c-4). Enclosed is a copy of the preprint State Plan amendment for this requirement. As you will note from this enclosure, and as we discussed it, the States do have an option of providing this service to eligible

children under six years of age until July 1, 1973, when all other children under 21 years of age must be included.

One optional service the State may wish to consider is the inclusion of intermediate care facilities (ICF's) in its State Plan. The ICF program was transferred from Title XI to Title XIX by act of Congress effective January 1, 1972. A copy of the preprint State Plan amendment for this optional service is also enclosed together with attached information which may be of interest to you.

8. State Title XIX agencies are responsible for assuring necessary transportation of recipients to and from providers of service (45 CFR 249.10 (a)(5)).

It is not required that the cost of transportation be met under Title XIX, and the requirement does not relate to an item of service. The requirement is to its availability as an administrative aid in carrying out the program. It requires of the State a commitment to assure transportation and describe the methods which will be used. These do not necessarily involve expense to the State agency. This commitment and description of methods belongs in the administrative section of the State Plan, and not in the listing of items describing the scope of the program. Only those elements of the transportation plan to be paid for by the vendor method would be included in the listing of care and services. Generally, States have used a combination of methods, using voluntary and public services and other State programs in addition to those paid for as administrative and assistance costs.

There are four methods that may be used to provide transportation costs for medical care:

- a. As an item of need in the State assistance standard with the cost being included in the money payment made to the individual under Titles I, IV-A, X, XIV, and XVI;
- b. As a medical assistance cost under Title XIX (45 CFR 249.10 (b)(15)(i));
- c. As an administrative cost under Titles I, IV-A, X, XIV, XVI, and XIX.
- d. As a service cost under Titles I, X, and XIV (adult services) 45 CFR 222.44(a) and (b)).

You also inquired whether or not a state could withdraw from Title XIX once the program had been adopted. We are not aware at this time of any legal barrier which would preclude a state from withdrawing entirely

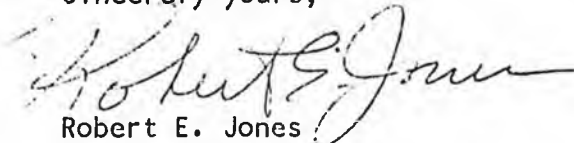
Mr. Glen Vernon - Page 3

its Medicaid program. We discussed the application of Section 1902(d) of Title XIX when a State desires to reduce the scope or extent of care and services provided, but retain the program.

In reference to the above, we also discussed a state's option of using the Federal medical assistance percentage for determining FFP for all maintenance assistance programs (118). This interpretation is discussed in the enclosed State Letter No. 1073, dated January 6, 1970. If a state terminated its Medicaid program, it would lose this option.

It was a pleasure to talk with you, and please do not hesitate to call me whenever I can be of assistance. I am taking the liberty of forwarding a copy of this letter to Dr. McGinnis and Mr. Stanley Harris.

Sincerely yours,



Robert E. Jones  
State Representative  
for Medical Services

cc: Dr. McGinnis/ Mr. Harris ✓

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
SOCIAL AND REHABILITATION SERVICE  
WASHINGTON, D.C. 20201

PROGRAM INSTRUCTION  
MSA-PI-72-3  
November 9, 1971

TO: STATE AGENCIES ADMINISTERING MEDICAL ASSISTANCE PROGRAMS

SUBJECT: State plan amendment - Requirement pertaining to early and periodic screening, diagnosis and treatment of individuals under age 21.

CONTENT: Enclosed is a preprinted statement for use in amending State plans to meet the requirements of SRS Program Regulation 40-11(C-4), November 9, 1971, (45 CFR 249.10(a)(3)), Early and Periodic Screening, Diagnosis and Treatment of Individuals under Age 21. This amendment should be included in Section D-5100-A Amount, Duration and Scope of Assistance.

The statement should be submitted to the SRS Regional Commissioner in the usual manner.

INQUIRIES TO: SRS Regional Commissioners.

*Howard H. ...*  
\_\_\_\_\_  
Commissioner  
Medical Services Administration

SRS ROUTING STAMP

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DRC Secy AD  
GM STAT (FILES)  
DRC #1 AG AP CS MS RS YD TMD RD  
DRC #2 AG AP CS MS RS YD TMD RD

STATE PLAN FOR  
MEDICAL ASSISTANCE UNDER TITLE XIX  
OF THE SOCIAL SECURITY ACT

STATE OF \_\_\_\_\_

Plan Amendment: Early and Periodic Screening, Diagnosis and Treatment of Individuals under Age 21; 45 CFR 249.10(a)(3); SRS Program Regulation 40-11(C-4), November 9, 1971

With respect to the early and periodic screening and diagnosis of eligible individuals under 21 years of age and treatment of conditions found, as specified in 45 CFR 249.10(b)(4)(ii), the State agency will:

1. establish administrative mechanisms to identify available screening and diagnostic facilities, to assure that eligible individuals under 21 years of age may receive the services of such facilities, and to make available such services as may be included under the State plan;
2. identify those eligible individuals in need of medical or remedial care and services furnished through title V grantees, and assure that they are informed of the services and referred to such grantees for care and services, as appropriate;
3. enter into agreements to assure maximum utilization of existing screening, diagnostic and treatment services provided by other appropriate public and voluntary agencies;
4. make available to all eligible individuals under 21 early and periodic screening and diagnosis to ascertain physical and mental defects, and treatment of conditions discovered within the limits of this State plan on amount, duration and scope of care and services; and will make available, in addition, eyeglasses, hearing aids, and other kinds of treatment for visual and hearing defects, and at least such dental care as is necessary for relief of pain and infection and for restoration of teeth and maintenance of dental health, whether or not such additional treatment is included under this plan, subject to any utilization controls imposed by the State agency.

Such screening, diagnosis and additional treatment will be made available to all eligible individuals under 21 years of age by the effective date of 45 CFR 249.10(a)(3): February 7, 1972.

Such screening, diagnosis and additional treatment will be made available to all eligible children under 6 years of age by the effective date of 45 CFR 249.10(a)(3): February 7, 1972 and progressively to all other eligible individuals under 21 years of age by July 1, 1973. Attached is a statement specifying the progressive steps for achieving such coverage.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
SOCIAL AND REHABILITATION SERVICE  
WASHINGTON, D.C. 20201

PROGRAM INSTRUCTION

APA-PI-72-5  
MSA-PI-72-7  
January 10, 1972

TO: STATE AGENCIES ADMINISTERING APPROVED MEDICAL OR PUBLIC ASSISTANCE PROGRAMS

SUBJECT: Intermediate Care Facilities Under P.L. 92-223

CONTENT: This will advise that Public Law 92-223 repeals section 1121 of the Social Security Act relating to "assistance in the Form of Institutional Services in Intermediate Care Facilities," and amends title XIX to provide for inclusion of care in intermediate care facilities under Medicaid, instead of under the cash assistance program.

Within the Social and Rehabilitation Service, Federal responsibility for implementation of the Intermediate Care Facilities program is transferred to the Medical Services Administration from the Assistance Payments Administration.

Revised Federal regulations reflecting the provisions of Public Law 92-223 will be issued by the Social and Rehabilitation Service.

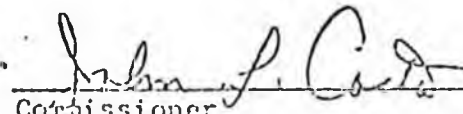
Enclosed are (a) a copy of relevant parts of P.L. 92-223, (b) a description of the new legislation, and instructions to title XIX agencies with respect to claiming Federal financial participation for such services under the State medical assistance plan for an interim period pending the promulgation of the revised regulations, and (c) a preprint statement for use by States that have ICF programs under title I, X, XIV or XVI in amending their title XIX plans to include such services.

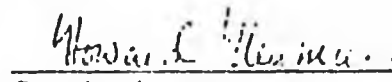
EFFECTIVE DATE: January 1, 1972

INQUIRIES TO: SRS Regional Commissioners

SRS ROUTING STAMP

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Commissioner  
Assistance Payments Administration

  
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Commissioner  
Medical Services Administration

Enclosures

ADVANCE MAILING



*En Act*

To amend title II of the Social Security Act to permit the payment of the lump-sum death payment to pay the burial and memorial services expenses and related expenses for an insured individual whose body is unavailable for burial.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

\* \* \* \* \*

**INCLUSION UNDER MEDICAID OF CARE IN INTERMEDIATE CARE FACILITIES**

Sec. 4. (a) (1) Section 1905(a) of the Social Security Act as amended—

- (A) by striking out "and" at the end of clause (14),
- (B) by striking out the semicolon at the end of clause (15) and inserting in lieu thereof "; and", and
- (C) by inserting after clause (15) the following new clause:

"(16) intermediate care facility services (other than such services in an institution for tuberculosis or mental diseases) for individuals who are determined, in accordance with section 1902(a) (31) (A), to be in need of such care;"

(2) Section 1905 of such Act is amended by adding at the end thereof the following new subsections:

"(c) For purposes of this title the term 'intermediate care facility' means an institution which (1) is licensed under State law to provide, on a regular basis, health-related care and services to individuals who do not require the degree of care and treatment which a hospital or skilled nursing home is designed to provide, but who because of their mental or physical condition require care and services (above the level of room and board) which can be made available to them only through institutional facilities, (2) meets such standards prescribed by the Secretary as he finds appropriate for the proper provision of such care, and (3) meets such standards of safety and sanitation as are established under regulation of the Secretary in addition to those applicable to nursing homes under State law. The term 'intermediate care facility' also includes any skilled nursing home or hospital which meets the requirements of the preceding sentence. The term 'intermediate care facility' also includes a Christian Science sanatorium operated, or listed and certified, by the First Church of Christ, Scientist, Boston, Massachusetts, but only with respect to institutional services deemed appropriate by the State. With respect to services furnished to individuals under age 65, the term 'intermediate care facility' shall not include, except as provided in subsection (d), any public institution or distinct part thereof for mental diseases or mental defects.

"(d) The term 'intermediate care facility services' may include services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions if—

"(1) the primary purpose of such institution (or distinct part thereof) is to provide health or rehabilitative services for mentally retarded individuals and which meet such standards as may be prescribed by the Secretary;

"(2) the mentally retarded individual with respect to whom a request for payment is made under a plan approved under this title is receiving active treatment under such a program; and

"(3) the State or political subdivision responsible for the operation of such institution has agreed that the non-Federal expenditures with respect to patients in such institution (or distinct part thereof) will not be reduced because of payments made under this title."

(b) Section 1902(a) of such Act is amended—

- (1) by striking out "and" at the end of paragraph (29);
- (2) by striking out the period at the end of paragraph (30) and inserting in lieu thereof "; and"; and

79 Stat. 351,  
42 USC 1396d.

Infra.

"Intermediate  
care facility."

"Intermediate  
care facility  
services."

79 Stat. 344;  
81 Stat. 911.  
42 USC 1396a.

Independent  
professional  
review  
programs.

(3) by inserting after paragraph (30) the following new paragraph:

"(31) provide (A) for a regular program of independent professional review (including medical evaluation of each patient's need for intermediate care) and a written plan of service prior to admission or authorization of benefits in an intermediate care facility which provides more than a minimum level of health care services as determined under regulations of the Secretary; (B) for periodic on-site inspections to be made in all such intermediate care facilities (if the State plan includes care in such institutions) within the State by one or more independent professional review teams (composed of physicians or registered nurses and other appropriate health and social service personnel) of (i) the care being provided in such intermediate care facilities to persons receiving assistance under the State plan, (ii) with respect to each of the patients receiving such care, the adequacy of the services available in particular intermediate care facilities to meet the current health needs and promote the maximum physical well-being of patients receiving care in such facilities, (iii) the necessity and desirability of the continued placement of such patients in such facilities, and (iv) the feasibility of meeting their health care needs through alternative institutional or non-institutional services; and (C) for the making by such team or teams of full and complete reports of the findings resulting from such inspections, together with any recommendations to the State agency administering or supervising the administration of the State plan."

Repeal.  
81 Stat. 920.  
42 USC 1320c.  
Effective date:  
84 Stat. 2039.  
42 USC 415 note.

(c) Section 1121 of such Act is repealed.

(d) The amendments made by this section shall become effective January 1, 1972.

SEC. 5. Section 1007 of the Social Security Amendments of 1969, as amended, is further amended by striking out "1972" where it appears and inserting in lieu thereof "1973".

Approved December 28, 1971.

LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 97-690 (Comm. on Ways and Means) and No. 92-747 (Comm. of Conference).  
SENATE REPORT No. 92-562 (Comm. on Finance).  
CONGRESSIONAL RECORD, Vol. 117 (1971):  
Nov. 17, considered and passed House.  
Dec. 4, considered and passed Senate, amended.  
Dec. 14, Senate and House agreed to conference report.  
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 8, No. 1:  
Dec. 29, Presidential statement.

I. Description of the Statute:

- A. On December 28, 1971, the President signed into law P.L. 92-223. Section 4 of the Act (attachment A) provides for the inclusion as an optional service under the Medicaid program of care provided in intermediate care facilities, effective January 1, 1972. Section 1121 of the Social Security Act, providing for intermediate care under the various cash assistance programs (title I, X, XIV, or XVI), is repealed by the Act.
- B. The Act defines an intermediate care facility as an institution offering health related care and services to individuals who do not require the care and treatment which a hospital or skilled nursing home provides, but who do require institutional care above the level of room and board. To be approved for participation in the Medicaid program, an institution must:
- a) be licensed under applicable State law;
  - b) meet standards of care prescribed by the Secretary of HEW;
  - c) meet standards of safety and sanitation established under regulation of the Secretary in addition to those applicable to nursing homes under State law.
- C. Intermediate care facility services may include services provided in a public institution for the mentally retarded if:
- a) the primary purpose of the institution is to provide health or rehabilitative services;
  - b) the patient is receiving active treatment under such a program;
  - c) the appropriate public agency agrees that non-Federal expenditures for patients in the institution will not be reduced because of the Medicaid payments.
- D. The law requires that the need of individuals for care in intermediate care facilities be determined by independent professional review, including medical evaluation, which must be provided for in the State plan. The State plan provision also requires individual service plans and on-site inspections of ICFs.
- E. In transferring the ICF program from title XI to title XIX of the Social Security Act, the legislation extends eligibility for care in an ICF to include the medically indigent (if the State plan so provides), in addition to cash recipients under public assistance programs.

## II. Applicable Regulations:

- A. Federal regulations covering institutional assistance in intermediate care facilities were published in the Federal Register on June 10, 1970 (45 CFR 234.130) (SRS PR 40-10(C-2)). New regulations, including those relating to the requirements in section 1902(a)(31) of the Act, will be promulgated as rapidly as possible. Until such regulations and supporting standards are issued, the existing ICF programs approved under the various cash assistance programs will be accepted for Federal financial participation under title XIX.
- B. For intermediate care facilities now approved and facilities which apply for certification during the interim period, a determination of provider eligibility made pursuant to existing regulations in 45 CFR 234.130 will be accepted as meeting the requirements set forth in section 4 of P.L. 92-223. Similarly, determination of need of individuals for care in ICFs may be made for the interim period in accordance with 45 CFR 234.130.
- C. Also, during this interim period, States which do not now have approved ICF programs, may apply for approval under the regulations provided in 45 CFR 234.130.

## III. State Plan Amendments:

- A. States which had an approved plan for ICF services under title I, X, XIV or XVI, and wish to continue the program under title XIX, should immediately submit an amendment to the title XIX plan. Attachment B is a preprinted plan amendment which can be used for this purpose.
- B. States which had no approved plan for ICF services under title I, X, XIV or XVI, and which wish to initiate an ICF program under title XIX, should submit their plan amendment material in the usual manner.
- C. Both under A and B above, an approvable title XIX plan amendment must be submitted no later than March 31, 1972 if Federal matching is to be provided for the period January 1 - March 31, 1972.
- D. Upon issuance of revised Federal regulations, all States with ICF programs will have to amend their title XIX plans to remain in compliance.
- E. We regret that it will be necessary for States to amend their title XIX plans twice: (1) by March 31, 1972 to obtain Federal matching for ICF care under title XIX in accordance with the current regulations in 45 CFR 234.130, and the provisions of P.L. 92-223, and (2) subsequently, to comply with revised Federal regulations. However, this two-step procedure is necessary because of the

January 1, 1972 transfer of the ICF program to title XIX, the need to have a currently effective plan amendment under title XIX on an interim basis, and the obligation of HEW and the States to implement the new statutory provisions in all respects as soon as this can be done.

STATE PLAN FOR MEDICAL ASSISTANCE UNDER TITLE XIX  
OF THE SOCIAL SECURITY ACT

STATE OF \_\_\_\_\_

Plan Amendment: Payment for Care in Intermediate Care Facilities;  
P.L. 92-223, December 28, 1971

1. Effective January 1, 1972, the State plan provides for Intermediate Care Facility services in accordance with the provisions relating to such services under the State plans under titles I, X, and XIV, or under title XVI, of the Social Security Act, as in effect on December 31, 1971.
2. The State agency will comply with the provisions of section 4 of P.L. 92-223.
3. Intermediate Care Facility services in institutions for the mentally retarded or persons with related conditions are included under the plan.

Yes

No

4. (Applicable only if the State title XIX plan includes the medically needy)

The State plan includes Intermediate Care Facility services for the medically needy.

Yes

No



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
SOCIAL AND REHABILITATION SERVICE  
WASHINGTON, D.C. 20201

ASSISTANCE PAYMENTS  
ADMINISTRATION

SRS-APA-PS  
January 6, 1970

State Letter No. 1073

TO STATE AGENCIES ADMINISTERING APPROVED PUBLIC ASSISTANCE PLANS

Subject: Interpretation of Section 1110 of the Social Security Act--  
Alternate Method of Computing the Federal Share of Assistance  
Payments

The 1965 amendments to the Social Security Act (Public Law 89-97) which added title XIX (Medicaid) and specified a method (section 1903(c)) for determining the Federal share of medical assistance expenditures under that title, also added section 1110. Section 1110 provides that when a State makes medical assistance payments under an approved plan for title XIX, it has the option of using the Federal medical assistance percentage for determining the Federal share of assistance expenditures under the other public assistance titles (title I, X, XIV, or XVI and IV-A).

Because all federally aided medical assistance payments (except for emergency assistance) must be made under title XIX after December 31, 1969, (section 121 of Public Law 89-97), and because the average payments to recipients have been increasing in all States, more and more States are finding it advantageous to elect the optional method for determining the Federal share of maintenance assistance payments.

Consequently the following interpretation is provided to answer questions as to how States may exercise this option.

1. If the option is elected, it must be applied to all of the maintenance assistance programs, not just the ones where the alternate Federal share is larger.

2. The maintenance assistance expenditures to which the alternate formula is applied will be all maintenance payments computable for Federal funds, except that the alternate method may not be used for emergency assistance, nor for payments made under section 1119 of the Social Security Act for repairs to homes owned by recipients.
3. In applying the alternate formula, the Federal medical assistance percentage will be applied to the total computable payments under each program (with no maximum) including money payments, foster care payments, payments for institutional services in intermediate care facilities, and protective payments. The computable payments may encompass the needs of essential persons, if provided for under the approved State plan.
4. The computable payments must exclude all payments ineligible for Federal financial participation even though they may be proper under the State law. Also excluded are any other payments outside the approved State plan such as local agency supplementary payments to cover needs in excess of the State standards or maximums in the State plan or expenditures for items not provided in the approved State plan.

Also non-computable are protective payments or non-medical vendor payments in excess of the 10 percent limit on such recipients in section 403(a), last paragraph. Although recipient count is not used as a basis for claiming Federal financial participation under section 1118 for assistance expenditures under public assistance titles (title I, X, XIV, or XVI, and IV-A), the State must determine the correct recipient count for title IV-A in order to comply with the 10 percent limitation for protective and non-medical vendor assistance payments subject to Federal financial participation.

To compute the 10 percent limitation by taking 10 percent of the total recipient count as allowed under (SRS Program Regulation 20-2,) page 2, the State must first exclude from the total recipient count those persons who received both a money and a non-medical vendor payment and those receiving protective payments. The excluded persons would constitute the group to which the 10 percent limitation would be applied.

All assistance expenditures for those recipients in excess of the 10 percent limitation must be excluded from the assistance expenditures claimed for Federal financial participation at the Federal medical assistance percentage.

5. The law provides that if the State chooses to exercise the option of using the alternate method of computing the Federal share of assistance expenditures for any quarter, the alternate formula ~~must~~ must be used for all succeeding quarters of that fiscal year (ending June 30). For the next fiscal quarter, the choice will be made anew in the same way. This means that the State has five options for computing the Federal share for any fiscal year:
- a. Regular formula for all four quarters
  - b. Alternate formula for all four quarters
  - c. Regular formula for first quarter, alternate formula for the last three quarters.
  - d. Regular formula for first two quarters, alternate formula for the last two quarters.
  - e. Regular formula for first three quarters, alternate formula for the last quarter only.
6. It has been pointed out that there are factors that are unknown in advance that may affect the average payments later in the year. Thus, a State may be "penalized" if it makes the choice to use the alternate formula for any quarter and consequently is committed to use it for the rest of the year, if the actual average payment later in the year decreases below the "breaking point." The breaking point is the average payment above which it becomes advantageous to use the alternate method. Therefore, a State will not be required to make the final commitment as to which of the five options above will be elected until the actual expenditures for the entire year are known.

On the basis of this interpretation, if there is any doubt whether the option will be elected, the regular formula should be used for the quarterly estimates and for the expenditure statements for the early quarters. Then when it is definitely established that the alternate formula will be used in computing the Federal share for the last quarter or quarters, the Federal share may be recomputed retroactively for the next preceding quarter or quarters and the Federal share differences should be shown as adjustments in Schedule B (Form FS-142.3) of the last quarterly expenditure statements, and footnoted to indicate the amounts and quarters covered by the alternate method adjustment.

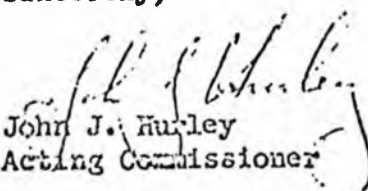
It should be noted that election of the option may show a decrease in the Federal share for some programs and an increase in others even though a total net gain results. Therefore, the retroactive adjustments may be "minus" in some programs and included in item 4

4

of FS-142, the quarterly expenditure statement Summary Sheet and "plus" in others and claimed as an increase in item 11A.

If you have any questions not covered by this interpretation please communicate them to our regional office.

Sincerely,

  
John J. Hurley  
Acting Commissioner

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPT. OF HEALTH AND SOCIAL SERVICES

June 16, 1972

OFFICE OF THE COMMISSIONER

POUCH II — JUNEAU 99801

Members of the Free Conference Committee  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99801

Gentlemen:

Re: Free Conference CS for House  
CS for CS for SB No. 56

You have before you the above cited version of SB 56 as passed by the House, and possibly CS for SB 56 as passed by the Senate.

Enclosed and attached you will find a draft headed "Free Conference CS for House CS for CS for Senate Bill No. 56."

This draft prepared by the Department represents the version strongly recommended by the Department for the reason that it conforms with the basic intents, purposes, and approvals of the following:

1. The Department of Health and Social Services.
2. The Department of Health, Education, and Welfare in Washington, D.C.
3. Region X, Seattle, Department of Health, Education, and Welfare.
4. The essential features of the bill supported by the Governor as transmitted in his letter to Senator John Butrovich.
5. The essential features which the bill carried with it as it ground through substantial hearings before ten hearings before the Senate and House Finance Committees, the Senate and House Health, Welfare and Education Committees, and the House State Affairs Committee.
6. It is more consistent with the version actually passed by the Senate.
7. It conforms with the strong recommendations of the Department's consultant, Touche-Ross organization.
8. It accommodates in part some of the concerns of the hospital provider groups in Alaska.

### HCS FOR CS FOR SB 56:

The version of the bill as passed by the House substitutes in Section 47.07.020 a new and complicated formula to increase the eligible persons and expands

June 16, 1972

thereby the coverage substantially. The Department is not in position to recommend that expansion at this time; however, the Department's draft bill before you does provide in Section 47.07.040:

"In addition, the Department shall provide a report to the Legislature no later than March 15 each year concerning the status of this program and recommendations, with supporting fiscal data, as to any changes in coverage of eligible persons or services to be provided."

This provision would make it possible for the Department to engage in more substantial study between now and March 15 and would then be in position to provide the Legislature with more responsible fiscal data for any expansion of the program.

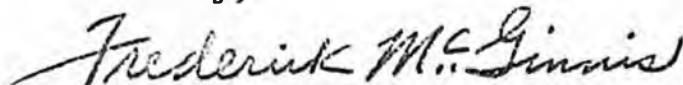
CS FOR SB 56:

Should the Free Conference Committee wish to adopt essentially intact CS for SB 56 we are enclosing two sheets for your consideration:

1. Changes needed if CS for SB 56 is adopted by the Free Conference Committee, and
2. Reasons for the changes suggested.

We trust that this information will be helpful to the Free Conference Committee in its deliberations.

Sincerely,



Frederick McGinnis  
Commissioner

FM:smb

Encs: CS for SB 56  
HCS for CS for SB 56  
Draft copy Free Conference CS for HCS for CS for SB 56  
Changes needed if CS for SB 56  
Reasons for changes suggested

FREE CONFERENCE CS FOR HOUSE CS FOR CS FOR SENATE BILL NO. 56  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTH LEGISLATURE - SECOND SESSION

*Preferred  
Draft*

A BILL

For an Act entitled: "An Act relating to medical assistance for needy persons; and providing for an effective date."

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

\* Section 1. AS 47 is amended by adding a new chapter to read:

CHAPTER 7. MEDICAL ASSISTANCE FOR NEEDY PERSONS.

Sec. 47.07.010. PURPOSE. It is declared as a matter of public concern that the needy persons of this state receive uniform and high quality medical care, regardless of race, age, national origin, or economic standing. Accordingly, this chapter authorizes the Department of Health and Social Services to apply for participation in the national medical assistance program as provided for under Title XIX of the federal Social Security Act.

Sec. 47.07.020 ELIGIBLE PERSONS. A resident of the state who is eligible to receive financial assistance under Titles I (Old Age Assistance [OAA]), IV (Aid to Families with Dependent Children [AFDC]), X (Aid to the Blind [AB]), XIV (Aid to the Permanently and Totally Disabled [APTD]), or XVI (the combined program for Aid to the Aged, Blind and Disabled [AABD]) of the Social Security Act as these programs are administered by the state including persons now in nursing homes who, if they left the nursing home, would be eligible, is also considered eligible to receive medical assistance under Title XIX. Receipt of medical assistance under the chapter is considered to be an additional benefit to these individuals and does not affect other assistance payments, federal or state, for which the

recipient is eligible.

Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services to be offered to eligible persons include inpatient hospital, outpatient hospital, laboratory and X-Ray, skilled nursing home, physicians and home health care services. If required by federal law or valid federal regulation, then the medical services of diagnostic medical screening services to include dental services for children under 21 years of age, and reasonable transportation to and from the point of medical care, shall be provided. No additional services shall be provided unless approved by the legislature.

Sec. 47.07.040. STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE. The department shall prepare a state plan in accordance with the provisions of Title XIX of the federal Social Security Act and submit it for approval to the U. S. Department of Health, Education and Welfare. The plan shall designate that the state Department of Health and Social Services is the single state agency to administer this plan. The department shall act for the state in any negotiations relative to the submission and approval of the plan and may make those arrangements, not inconsistent with law, as may be required by or under federal law to obtain and retain approval of the U.S. Department of Health, Education and Welfare to secure for the state the provisions of Title XIX of the federal Social Security Act. In addition, the Department shall provide a report to the legislature no later than March 15 each year concerning the status of this program and recommendations, with supporting fiscal data, as to any changes in coverage of eligible persons or services to be provided.

Sec. 47.07.050. IMPLEMENTATION OF THE MEDICAL ASSISTANCE PROGRAM. The department shall take such steps necessary to make those regulations, prepare necessary documentation for the state and providers and

undertake such systems design as may be necessary to implement the provisions of this chapter on or before November 1, 1972. Implementation of the medical assistance program shall include appropriate controls and reporting capabilities as required by the U. S. Department of Health, Education and Welfare, and the department shall make those necessary reports as required by that federal agency or as requested by the legislature.

Sec. 47.07.060. RECEIPT OF FEDERAL MONEY. The Department of Administration shall accept and receive any and all grants of money awarded to the state under Title XIX of the federal Social Security Act. All money so received shall be deposited by the Department of Administration in a special account of the state treasurer and shall be used by the state exclusively for medical assistance and the administration of medical assistance under the provisions of this chapter. This money shall be paid from the account on a certified disbursement voucher from the department.

Sec. 47.07.070. REIMBURSEMENT FOR COST SETTLED PROVIDERS. If permitted as allowable costs under Title XIX (Medicaid) provisions in accordance with existing federal law or regulation, reimbursement to "cost settled" providers of services shall be on the basis of fair rates for the reasonable cost of services rendered, to include the provision for

- (1) patient care;
- (2) charity and credit losses in accordance with the federal department of Health, Education and Welfare regulations;
- (3) preservation, improvement and expansion of buildings and equipment;
- (4) debt services for amortization of principal and interest payments.

Sec. 47.07.080. DEFINITIONS. In this chapter:

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

(2) "cost settled" providers are those providers who will be reimbursed on the basis of reasonable cost as set forth in federal law and regulation.

\* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

CHANGES NEEDED IF CS FOR SB 56 IS ADOPTED BY FREE CONFERENCE COMMITTEE

In summary, the proposed language changes to CS SB No. 56. (Reasons for changes attached.)

1. Page 1, Line 20 - add after the numeral XIV -  
", or under XVI and IV ....."
2. Page 1, Line 20 - insert after the term Social Security Act -  
"as these programs are administered by the State . . . ."
3. Page 1, Line 21 - insert after Title XIX -  
", including persons now in nursing homes who if they left the nursing home would be eligible."
4. Page 1, Line 22 - Change the word "incremental" to "additional."
5. Page 1, Line 27 - Add after word laboratory -  
"and X-Ray,"
6. Page 2, Line 1 - Change word "six" to number "21"
7. Page 2, Line 10 - Replace the phrase "supervise the administration of" with "administer."
8. Page 3, Line 7 - insert word "COST SETTLED" between the words "FOR" and "PROVIDERS"
9. Page 3, Lines 7 and 8 - Replace the phrase "Subject to requirement of" with "if permitted as allowable costs under Title XIX (Medicaid) provisions in accordance with existing"
10. Between lines 19 and 20 insert "(2) "cost settled" providers are those providers who will be reimbursed on the basis of reasonable cost as set forth in federal law and regulation".

#### REASONS FOR CHANGES

(These changes to CS SB 56 Requested by the Legal Staff, Region X, Seattle, Washington, HEW)

1. Title XVI is currently in force in this state (Adult Public Assistance).
2. Clarification.
3. This is not a new group of potential recipients but will reduce administrative process during conversion to Title XIX.
4. Clarification of intent.
5. Federal title for these services.
6. Federal regulation. Will not change department's current implementation plan.
7. Clarification only.
8. To define the types of providers to which the statute applies consistent with federal law and regulation.
9. To improve language consistent with the reported preferred language of certain hospital providers.
10. To define the term "cost settled" providers as used in the statute.

Original sponsor: Josephson

Offered: 5/17/72  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 56

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to medical assistance for needy  
7 persons; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 47 is amended by adding a new chapter to read:

10 CHAPTER 7. MEDICAL ASSISTANCE FOR NEEDY PERSONS.

11 Sec. 47.07.010. PURPOSE. It is declared as a matter of public  
12 concern that the needy persons of this state receive uniform and high  
13 quality medical care, regardless of race, age, national origin, or  
14 economic standing. Accordingly, this chapter authorizes the Department  
15 of Health and Social Services to apply for participation in the  
16 national medical assistance program as provided for under Title XIX  
17 of the federal Social Security Act.

18 Sec. 47.07.020. ELIGIBLE PERSONS. A resident of the state who  
19 is eligible to receive financial assistance under Titles I, IV, X, and  
20 XIV of the Social Security Act is to be also considered eligible to  
21 receive medical assistance under Title XIX. Receipt of medical assis-  
22 tance under this chapter is considered to be an incremental benefit  
23 to these individuals and does not affect other assistance payments,  
24 federal or state, for which the recipient is eligible.

25 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services  
26 to be offered to eligible persons include inpatient hospital, outpatient  
27 hospital, laboratory, skilled nursing home, physicians and home health  
28 care services. If required by federal law or valid federal regulation,  
29 then the medical services of diagnostic medical screening services to

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Act. All money so received shall be deposited by the Department of Administration in a special account of the state treasurer and shall be used by the state exclusively for medical assistance and the administration of medical assistance under the provisions of this chapter. This money shall be paid from the account on a certified disbursement voucher from the department.

Sec. 47.07.070. DEFINITIONS. In this chapter "department" means the Department of Health and Social Services.

\* Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

Original sponsor: Josephson

Offered: 5/17/72  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 56

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27 hospital, laboratory, skilled nursing home, physicians and home health  
28 care services. If required by federal law or valid federal regulation,  
29 then the medical services of diagnostic medical screening services to

1 include dental services for children under six years of age, and  
2 reasonable transportation to and from the point of medical care, shall  
3 be provided. No additional services shall be provided unless approved  
4 by the legislature.

5 Sec. 47.07.040. STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE.  
6 The department shall prepare a state plan in accordance with the provi-  
7 sions of Title XIX of the federal Social Security Act and submit it  
8 for approval to the U.S. Department of Health, Education and Welfare.  
9 The plan shall designate that the state Department of Health and  
10 Social Services is the single state agency to supervise the adminis-  
11 tration of this plan. The department shall act for the state in any  
12 negotiations relative to the submission and approval of the plan and  
13 may make those arrangements, not inconsistent with law, as may be  
14 required by or under federal law to obtain and retain approval of the  
15 U.S. Department of Health, Education and Welfare to secure for the  
16 state the provisions of Title XIX of the federal Social Security Act.

17 Sec. 47.07.050. IMPLEMENTATION OF THE MEDICAL ASSISTANCE PROGRAM.  
18 The department shall take such steps necessary to make those regula-  
19 tions, prepare necessary documentation for the state and providers and  
20 undertake such systems design as may be necessary to implement the  
21 provisions of this chapter on or before November 1, 1972. Implementa-  
22 tion of the medical assistance program shall include appropriate  
23 controls and reporting capabilities as required by the U.S. Department  
24 of Health, Education and Welfare, and the department shall make those  
25 necessary reports as required by that federal agency or as requested  
26 by the legislature.

27 Sec. 47.07.060. RECEIPT OF FEDERAL MONEY. The Department of  
28 Administration shall accept and receive any and all grants of money  
29 awarded to the state under Title XIX of the federal Social Security

1 Act. All money so received shall be deposited by the Department of  
2 Administration in a special account of the state treasurer and shall be  
3 used by the state exclusively for medical assistance and the adminis-  
4 tration of medical assistance under the provisions of this chapter.  
5 This money shall be paid from the account on a certified disbursement  
6 voucher from the department.

7 Sec. 47.07.070. DEFINITIONS. In this chapter "department" means  
8 the Department of Health and Social Services.

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10 or on the day it becomes law without approval.

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Original sponsor: Josephson

Offered: 6/16/72  
For Today's Supplemental  
Calendar

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

HOUSE CS FOR CS FOR SENATE BILL NO. 56

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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15 of Health and Social Services to apply for participation in the  
16 national medical assistance program as provided for under Title XIX  
17 of the federal Social Security Act.

18

Sec. 47.07.020. ELIGIBLE PERSONS. (a) A resident of the state  
19 who is eligible to receive financial assistance under Titles I, IV, X  
20 and XIV of the Social Security Act and whose income for the family unit  
21 is within the limits set out in (1) - (9) of this subsection is eligible  
22 to receive medical assistance under Title XIX. Receipt of medical  
23 assistance under this chapter is considered to be an incremental bene-  
24 fit to these individuals and does not affect other assistance payments,  
25 federal or state, for which the recipient is eligible.

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(1) One person \$300

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(2) Family of two 375

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(3) Family of three 437

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(4) Family of four 500

1 (5) Family of five 562  
2 (6) Family of six 625  
3 (7) Family of seven 687  
4 (8) Family of eight 750  
5 (9) Add \$50 for each additional person over eight in the  
6 family budget unit.

7 (b) The department shall determine the eligibility of recipients  
8 monthly and shall establish procedures whereby the recipient can  
9 furnish providers of services proof of current eligibility.

10 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services  
11 to be offered to eligible persons include inpatient hospital, outpatient  
12 hospital, laboratory, skilled nursing home, physicians and home health  
13 care services. If required by federal law or valid federal regulation,  
14 then the medical services of diagnostic medical screening services to  
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25 tion of this plan. The department shall act for the state in any  
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19 This money shall be paid from the account on a certified disbursement  
20 voucher from the department.

21 Sec. 47.07.070. REIMBURSEMENT FOR PROVIDERS. Reimbursement to  
22 providers of services shall be on the basis of fair rates for the  
23 reasonable cost of services rendered, to include the provision for

24 (1) patient care;

25 (2) charity and credit losses in accordance with the federal  
26 Department of Health, Education and Welfare regulations;

27 (3) preservation, improvement and expansion of buildings  
28 and equipment;

29 (4) debt services for amortization of principal and interest

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"An Act relating to medical assistance for needy persons; and providing for an effective date."

### Committee Report

HOUSE OF REPRESENTATIVES

5/25/72

6-16-72 Date

Mr. Speaker

The Committee on FINANCE has had CSSE 56 an  
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for \_\_\_\_\_ and that  
CS for \_\_\_\_\_ do pass
- (and) recommends it be referred to the \_\_\_\_\_  
committee
- reports it back without recommendation
- (other) recommends it be replaced with  
CS 56

MEMBERS SIGNING THE MAJORITY REPORT:

<u>Hobbs</u>	<u>Reynolds</u>	_____
<u>Warrick</u>	_____	_____
_____	_____	_____
<u>Miller</u>	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

<u>Hanson</u>	recommends:	<u>do not pass</u>
<u>Th...</u>	recommends:	<u>do not pass</u>
<u>...</u>	recommends:	<u>do pass</u>
<u>...</u>	recommends:	<u>do pass</u>
_____	recommends:	_____

CHAIRMAN

March 28, 1972

Mr. Bruce D. Brunton  
Special Assistant to the  
Regional Director  
1321 Second Avenue  
Seattle, Washington 98101

Dear Bruce:

I am writing to confirm the information I gave your secretary by telephone a few days ago.

It appears that the "Medicaid" bill is being held in committee and possibly will not reach the floor for a vote unless some unforeseen pressure is brought to bear. Therefore, I do not foresee a possibility of having testimony from your office unless its status should unexpectedly change.

We do have another problem, however, in which you might be able to assist us. The state Department of Health and Social Services is requesting more than a 100% increase in its food stamp program due to "new Federal regulations which impose certain mandatory requirements on the State by July 1, 1972." Evidently these requirements include a quality control program to insure better regulation of Federal laws.

Any information you can offer as to the status of Alaska's food stamp program, and whether or not the state is in fact being threatened with audit exceptions in its food stamp program would be useful to the legislature.

Thank you again for your interest and assistance.

Sincerely,

FINANCE DIVISION

Glen K. Vernon  
Fiscal Analyst

GKV/db

Original sponsor: Josephson

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 56

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to medical assistance for needy  
7 persons; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 47 is amended by adding a new chapter to read:

10 CHAPTER 7. MEDICAL ASSISTANCE FOR NEEDY PERSONS.

11 Sec. 47.07.010. PURPOSE. It is declared as a matter of public  
12 concern that the needy persons of this state receive uniform and high  
13 quality medical care, regardless of race, age, national origin, or  
14 economic standing. Accordingly, this chapter authorizes the Department  
15 of Health and Social Services to apply for participation in the  
16 national medical assistance program as provided for under Title XIX  
17 of the federal Social Security Act.

18 Sec. 47.07.020. ELIGIBLE PERSONS. (a) A resident of the state  
19 who is eligible to receive financial assistance under Titles I, IV, X  
20 and XIV of the Social Security Act and whose income for the family unit  
21 is within the limits set out in (1) - (9) of this subsection is eligible  
22 to receive medical assistance under Title XIX. Receipt of medical  
23 assistance under this chapter is considered to be an incremental bene-  
24 fit to these individuals and does not affect other assistance payments,  
25 federal or state, for which the recipient is eligible.

26	(1) One person	\$300
27	(2) Family of two	375
28	(3) Family of three	437
29	(4) Family of four	500

1 (5) Family of five 562  
2 (6) Family of six 625  
3 (7) Family of seven 687  
4 (8) Family of eight 750  
5 (9) Add \$50 for each additional person over eight in the  
6 family budget unit.

7 (b) The department shall determine the eligibility of recipients  
8 monthly and shall establish procedures whereby the recipient can  
9 furnish providers of services proof of current eligibility.

10 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services  
11 to be offered to eligible persons include inpatient hospital, outpatient  
12 hospital, laboratory, skilled nursing home, physicians and home health  
13 care services. If required by federal law or valid federal regulation,  
14 then the medical services of diagnostic medical screening services to  
15 include dental services for children under six years of age, and  
16 reasonable transportation to and from the point of medical care, shall  
17 be provided. No additional services shall be provided unless approved  
18 by the legislature.

19 Sec. 47.07.040. STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE.  
20 The department shall prepare a state plan in accordance with the provi-  
21 sions of Title XIX of the federal Social Security Act and submit it  
22 for approval to the U.S. Department of Health, Education and Welfare.  
23 The plan shall designate that the state Department of Health and  
24 Social Services is the single state agency to supervise the administra-  
25 tion of this plan. The department shall act for the state in any  
26 negotiations relative to the submission and approval of the plan and  
27 may make those arrangements, not inconsistent with law, as may be  
28 required by or under federal law to obtain and retain approval of the  
29 U.S. Department of Health, Education and Welfare to secure for the

1 state the provisions of Title XIX of the federal Social Security Act.

2 Sec. 47.07.050. IMPLEMENTATION OF THE MEDICAL ASSISTANCE PROGRAM.

3 The department shall take such steps necessary to make those regula-  
4 tions, prepare necessary documentation for the state and providers and  
5 undertake such systems design as may be necessary to implement the  
6 provisions of this chapter on or before November 1, 1972. Implementa-  
7 tion of the medical assistance program shall include appropriate  
8 controls and reporting capabilities as required by the U.S. Department  
9 of Health, Education and Welfare, and the department shall make those  
10 necessary reports as required by that federal agency or as requested  
11 by the legislature.

12 Sec. 47.07.060. RECEIPT OF FEDERAL MONEY. The Department of  
13 Administration shall accept and receive any and all grants of money  
14 awarded to the state under Title XIX of the federal Social Security  
15 Act. All money so received shall be deposited by the Department of  
16 Administration in a special account of the state treasurer and shall be  
17 used by the state exclusively for medical assistance and the adminis-  
18 tration of medical assistance under the provisions of this chapter.  
19 This money shall be paid from the account on a certified disbursement  
20 voucher from the department.

21 Sec. 47.07.070. REIMBURSEMENT FOR PROVIDERS. Reimbursement to  
22 providers of services shall be on the basis of fair rates for the  
23 reasonable cost of services rendered, to include the provision for

- 24 (1) patient care;  
25 (2) charity and credit losses in accordance with the federal  
26 Department of Health, Education and Welfare regulations;  
27 (3) preservation, improvement and expansion of buildings  
28 and equipment;  
29 (4) debt services for amortization of principal and interest

1 payments.

2 Sec. 47.07.080. DEFINITIONS. In this chapter "department" means  
3 the Department of Health and Social Services.

4 \* Sec. 2. This Act takes effect on the day after its passage and approval  
5 or on the day it becomes law without approval.  
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ON

## HOUSE COMMITTEE SUBSTITUTE FOR

## COMMITTEE SUBSTITUTE FOR SENATE BILL 56

The House Committee Substitute differs from the bill passed by the Senate in the following respects:

(1) Under ELIGIBLE PERSONS a maximum income limitation is applied as a condition of eligibility. The maximum income table runs from \$300 for a single individual to \$750 for a family of 8 with \$50 additional allowed for every additional person.

(2) The Department of Health and Social Services is clearly established as the agency responsible for determining eligibility. The Department is further required to update eligibility records monthly and affect some type of system that will enable providers to determine that a patient is clearly eligible.

(3) A reference to federal statutory requirements and regulations was deleted.

---

George H. Hohman  
Chairman

# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

WILLIAM A. EGAN, GOVERNOR

POUCH H — JUNEAU 99801

June 16, 1972

RE: CSSB 56 am

TO: Representatives :

Dick McVeigh  
Willard Bowman  
Ed Naughton

George Hohman ✓  
Eugene Miller  
Richard Whittaker

FROM: Frederick McGinnis

It is my understanding that the above measure may not involve much, if any, discussion on the House floor when it is considered.

Some concerns have been expressed by the Alaska Hospital Association and these have been commented upon within the attached brief report.

Only in the event some of these matters may reach the House floor would it seem desirable for a few members to have in hand the Department's responses to the concerns.

These comments are being furnished only to the above listed representatives in the event they may be needed.

6/10/72

DEPARTMENT OF HEALTH AND SOCIAL SERVICES COMMENTS ON  
ARGUMENTS AGAINST MEDICAID BY CERTAIN HOSPITAL ASSN.

Department Responses to Alaska State Hospital Association Statement concerning  
SB 56- MEDICAID

In evaluating the concerns expressed by the Alaska State Hospital Association  
regarding SB-56 the Department has made the following comments:

Associations Statement:

1. LOSS OF REVENUE - The cost reimbursement formula to hospitals will mean  
a significant loss of revenue. This will in most cases require further  
revenue sharing by the State and local governments.

Department Response:

Under Medicaid, inpatients hospital services are to be reimbursed at  
"reasonable cost." Reasonable cost, as defined by Federal Law with respect  
to Medicare and Medicaid states that "...all allowable costs with respect  
to an individual patient are to be borne by the individual or program  
responsible for the payment of his bill, and that no part of the  
individual's allowable cost of care may be attributed to the cost of  
another patient's care or to another program."

Reimbursement on the basis of "reasonable cost" will certainly be inadequate for  
poorly managed institutions. On the other hand, Medicaid reimbursement has  
certainly been adequate in the 48 states that have adopted, and that have  
elected to continue participation with Medicaid.

Associations Statement:

2. LACK OF INPUT - The Department of Health and Social Services has not approached the hospitals regarding this matter that will so definitely affect all community hospitals.

Departments Response:

Medicaid has been discussed for the past several years. Recent activities concerning the bill has included discussions at various legislative committees, and meetings with the Comprehensive Health Planing Board attended by representative's of the Department and the Hospital Association. Subsequent meetings have been held with representative's of both, the Hospital Association and Medical Association.

Associations Statement:

3. PAST HISTORY - All of the 49 states that have implemented MEDICAID have had a constant problem of financing the program.

Departments Response:

This situation is not dissimilar to that of Alaska. Over the past six years medical expenditures for the General Relief Medical program have risen from \$1 million to over \$8 million. These expenditures have been Financed 100% by General Fund monies. Federal Financial participation available under Title XIX will allow the State to continue to offer to eligible residents the same level of services as available in the past.

Also, it should be noted that Legislatures and the people of the 48 states that have adopted Medicaid have had the option at any point, since that adoption, of discontinuing the program. It would appear that if the medical costs have proved unworkable in any of the 48 Medicaid states, that these states would have discontinued participation. Not one single state has discontinued participation since the inception of the program.

Associations Statement:

4. ALASKA NATIVE LOSS - In those states where the Public Health Service was formerly assisting American Indians in their health care, there has been a movement to cover these persons under MEDICAID and to reduce the PHS budget for health care to American Indians. In Alaska, this could seriously curtail the health care of Alaska Natives.

Department Response:

The Department has held extensive discussions with the U.S. Department of Health, Education and Welfare concerning the continuation of providing health services to Indians and Alaska Natives. In all discussions, confirmed by written communication, Health, Education, and Welfare has assured this Department that levels of service currently offer by the U.S. Public Health Service in Alaska will not be reduced.

Emery A. Johnson, M.D., assistant Surgeon General, Director of Indian Health Service of Health, Education, and Welfare states in his letter of April 12, 1972: "The experience of other states that have Title XIX programs also provides predicative evidence. In these states, the Indian Health Service program has continued and expanded and, even through they have free choice

to utilize community health resources, the overwhelming majority of Indian people continue to obtain their health services from IHS facilities. Again, there is no reason to expect the experience in Alaska to vary significantly from that of other states."

Associations Statement:

5. FEDERAL MATCHING PROGRAMS: Most matching programs tend to increase expenditures by constantly adding new requirements that expand beyond the original program. This usually far exceeds any original savings!

Department Response - As pointed out in Statement under past history, the Alaska Legislature may choose to revert to our present General Relief Medical Program at 100% State financing at any time. Again the experience in the 48 States that has medicaid have not chosen to do so.

Association Statements:

6. NATIONAL HEALTH INSURANCE: There are currently three (3) major national health insurance proposals before Congress. Some action is assured after this election year. Why implement a program now that will probably require a whole new program in a year or two?

Department Response - Developments on the possibility of a National Health Care Program are being constantly monitored by this department and will definitely, we are sure, be weighed before the State legislature makes a decision on Medicaid. The timing or content of any National Health Insurance program is very problematical at this time. More importantly, however, the State expects to spend less than \$360,000 per year to administer the Medicaid program. The state will receive in additional Federal funds between \$3 and \$4 million a year.

Association Statement:

7. NO DATA: The program being developed by the State Department of Health and Social Services is as yet uncompleted. Therefore, you have no financial data until the program has been fully developed and analyzed as to how it will affect the persons and institutions that must provide the care.

Department Response - Considerable studies, analysis and data have been prepared by the Department. State plan material cannot be prepared until the legislation passes. Except for detailed procedures basic information applicable to Medicare with which the association is familiar is also applicable to Medicaid.

June 13, 1972

PROPOSED LANGUAGE CHANGES FOR SB 56

The following changes to the language of the Medicaid Bill should be considered:

Sec. 47.07.010 Purpose - First sentence changed to read "It is declared as a matter of public concern that the eligible persons of the state receive uniform and adequate medical care."

Sec. 47.07.020 Eligible Persons - Replace this paragraph with "A resident of the state who is eligible to receive financial assistance under Titles I (Old Age Assistance (OAA)), IV (Aid to Families with Dependent Children (AFDC)), X (Aid to the Blind (AB)), XIV (Aid to the Permanently and Totally Disabled (APTD)), or XVI (the combined program for Aid to the Aged, Blind, and Disabled (AABD)) of the Social Security Act as these programs are administered by the state including persons now in nursing homes who, if they left the nursing home, would be eligible, is also considered eligible to receive medical assistance under Title XIX. Receipt of medical assistance under the chapter is considered to be an additional benefit to these individuals and does not affect other assistance payments, federal or state, for which the recipient is eligible.

Page 1, Line 27 - Add after word laboratory "and X-Ray," Federal title for these services.

Page 2, Line 1 - Change word "six" to number "21" to conform to Federal regulation. Will not change Department's current implementation plan.

Page 2, Line 10 - Replace the phrase "supervise the administration of" with "administer." Clarification only.

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Original sponsor: Josephson

Offered: 5/17/72  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 56

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to medical assistance for needy

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

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CHAPTER 7. MEDICAL ASSISTANCE FOR NEEDY PERSONS.

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- |   |       |
|---|-------|
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| (6) Family of six   | \$625 |
| (7) Family of seven   | \$687 |
| (8) Family of eight   | \$750 |
| (9) Add \$50 for each additional person over eight in the family budget unit. |       |

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15 equipment;

16 (4) debt services for amortization of principal and interest  
17 payments.

18 Sec. 47.07.080. DEFINITIONS. In this chapter "department" means  
19 the Department of Health and Social Services.

20 \* Sec. 2. This Act takes effect on the day after its passage and approval  
21 or on the day it becomes law without approval.

TO: [ The Honorable John Butrovich  
Chairman, Senate Finance Committee

*James M. Claw*

DATE: April 21, 1972

FROM: Frederick McGinnis, Commissioner  
Department of Health & Social Services

SUBJECT: Title XIX (Medicaid)

As you know, the Department of Health and Social Services has been involved in a major effort to determine the fiscal and program impact if the State should elect to adopt the Title XIX (Medicaid). Senate Bill 56 which presently is in the Senate Finance Committee would direct the implementation of Title XIX (Medicaid).

On April 20, 1972 at a joint meeting of the Senate and House Health, Welfare, and Education Committees, the Department made a major presentation concerning Medicaid. The presentation included substantial information relative to the budget impact of the proposed program.

Attached for your review is information furnished the committee members at the hearing.

FM:JFM:smb  
Attachment

263564

V. DATE: 4-19-72 PREPARED BY: *[Signature]*

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

- \* Assumption used for all total - 6% cost increase per year + 12% caseload increase per year.
- \*\* These 4000 persons are included in the 18,480 persons served under XIX.

POSITION PAPER RELATIVE TO

SENATE BILL 56

After a comprehensive study and review regarding the feasibility of a Title XIX program the Department has concluded that the State would gain considerably in Federal matching money. The State, on a full fiscal year basis, depending upon the options selected, will gain anywhere from \$3,000,000 to \$4,200,000.

The Department recommends the adoption of Senate Bill 56 with some changes.

V. DATE: 4-19-75

PREPARED BY: J. P. Harvett

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

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Chapter 7. MEDICAL ASSISTANCE FOR THE FINANCIALLY NEEDY

Sec. 47.07.010 PURPOSE.

It is declared as matter of public concern that the financially needy persons of this State receive uniform and high-quality medical care, regardless of race, age, national origin, or economic standing. Accordingly, this chapter authorizes the Department of Health and Social Services to apply for participation in the national medical assistance program as provided for under Title XIX of the Federal Social Security Act. In addition, the Department is directed to take such steps as necessary to promote maximum public awareness of the availability of, and to facilitate application for, the provision of this medical assistance.

Sec. 47.07.020 ELIGIBLE PERSONS.

Any resident of the State of Alaska who is eligible to receive financial assistance under Titles I, IV, X, and XIV of the Social Security Act is to be also considered eligible to receive medical assistance under Title XIX. Receipt of medical assistance is deemed to be an incremental benefit to these individuals and shall not affect any payments for which the recipient is eligible.

Sec. 47.07.030 MEDICAL SERVICES TO BE PROVIDED

Medical services to be offered to eligible persons shall include:

1. Inpatient hospital services.
2. Outpatient hospital services

V. DATE: 4-19-74

PREPARED BY: [Signature]

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

\* Assumption used for all total - 6% cost increase per year + 12% caseload increase per year.

\*\* These 4000 persons are included in the 18,480 persons served under XIX.

- 3 Laboratory services ✓
- 4 Skilled Nursing home services ✓
- 5 Physicians services ✓

*Intermediate  
Nursing Homes.*

6. Home health care services (7-1-70)

7. Diagnostic medical screening services to include dental services for children under six years of age.

*Regulation - 2-7-72 (states have option; 1. under 21)*

8. Reasonable transportation services to and from the point of medical care.

*admin. Requirement - not req. law or 2. children 6 until 7-1-73.*

It is recognized that additional medical services are allowed under Title XIX and may in the future be desirable for the financially needy citizens of Alaska. Accordingly, this section may be changed by action of the Legislature.

Sec. 47.07.040 STATE PLAN FOR PROVISION OF MEDICAL ASSISTANCE UNDER TITLE XIX

The Department shall prepare a State Plan in accordance to the provisions of Title XIX and submit it for approval to the U. S. Department of Health, Education, and Welfare. The plan shall designate that the Alaska Department of Health and Social Services is the single State agency to supervise the administration of this plan. The Department shall act for the State in any negotiations relative to the submission and approval of the plan and may make those arrangements, not inconsistent with law, as may be required by or pursuant to federal law to obtain and retain approval of the U. S. Department of Health, Education, and Welfare to secure for the State the provisions of Title XIX of the Federal

V. DATE: 4-19-75

PREPARED BY: [Signature]

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

\* Assumption used for all total - 6% cost increase per year + 12% caseload increase per year.  
\*\* These 4000 persons are included in the 18,480 persons served under XIX.

Social Security Act.

Sec. 47.07.050 IMPLEMENTATION OF THE MEDICAL ASSISTANCE PROGRAM.

The Department shall take such steps necessary to make those rules and regulations, prepare necessary documentation for the State and providers and undertake such systems design as may be necessary to implement the provisions of this chapter on or before November 1, 1972.

Implementation of the medical assistance program shall include appropriate controls and reporting capabilities as required by the U. S. Department of Health, Education, and Welfare, and shall make those necessary reports as required by that federal agency or requested by the Alaska State Legislature.

Sec. 47.07.060 RECEIPT OF FEDERAL MONIES.

The Department of Administration shall accept and receive any and all grants of money awarded to the State under Title XIX of the Federal Social Security Act. All money so received shall be deposited by the Department of Administration in a special account of the State Treasurer and shall be used by the State exclusively for medical assistance and the administration of medical assistance under the provision of this chapter.

All money shall be paid from the Special account on a certified disbursement voucher from the Department of \_\_\_\_\_.

Sec. 47.07.070 DEFINITIONS.

DEPARTMENT: Department of Health and Social Services.

This act shall take effect on date of passage.

V. DATE: 4-19-74

PREPARED BY: Jim P. Harvett

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

\* Assumption used for all total - 6% cost increase per year + 12% caseload increase per year.

\*\* These 4000 persons are included in the 18,480 persons served under XIX.

FISCAL NOTE  
Second Session - Seventh State Legislature

I. REQUEST

Bill Identification: SB 56  
 Title: XIX (Medicaid)  
 Requested by: \_\_\_\_\_ Date: 4/19/72  
 Return Date Requested: \_\_\_\_\_  
 Agency: \_\_\_\_\_ Program: \_\_\_\_\_

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Aging, Disabled, Family Program  
 A. EXPENDITURE: (Thousands of dollars)

OBJECT	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77
100 PERSONAL SERVICES		384.3	441.9	508.2	584.4	672.1
200 TRAVEL		31.0	38.8	48.5	60.6	75.8
300 CONTRACTUAL		8,616.4	9,908.9	11,394.2	13,102.8	15,068.2
400 COMMODITIES		16.4	20.5	25.6	32.0	40.0
500 EQUIPMENT		36.9	46.1	57.6	72.0	90.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
900 Inter-Agency Charges		143.7	165.3	190.1	218.6	90.0
TOTAL *		9,228.7	10,621.5	12,221.2	14,070.4	16,036.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND	4,588.5	5,310.7	6,110.6	7,035.2	8,018.0
FEDERAL FUNDS	4,640.2	5,310.8	6,110.6	7,035.2	8,018.1
OTHER					

C. POSITIONS:

PERMANENT/TEMPORARY	/	26 /	33 /	41 /	51 /	64 /
MAN MONTHS (P./T.)	/	312 /	396 /	492 /	612 /	768 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

If Title XIX is enacted savings to the State will be as follows:

15% utilization	\$4,270,900
50% utilization	\$3,759,200
100% utilization	\$3,017,900

The above is possible because of a change in Federal matching percentage for assistance grants in OAA, AB, AD and AFDC from 30% to 50% available under Title XIX.

Persons served under Title XIX 18,480 at 100% utilization  
 Categorical persons served current program 4,000\*\*  
 Non-categorical persons served current program 4,000

IV. ATTACHMENTS

V. DATE: 4-19-72 PREPARED BY: [Signature]

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

\* Assumption used for all total - 6% cost increase per year + 12% caseload increase per year.  
 \*\* These 4000 persons are included in the 18,480 persons served under XIX.

T E L E G R A M

RE: Medicaid, Title XIX

Sec. 47.07.070  
Amendment: CSSB 56

FROM BOB JONES, REGION X, MAY 23, 1972

The entire section is misleading in using the preface, "Subject to requirements of federal law and regulations" followed by certain provisions which are clearly in conflict with existing law and regulations. Since no regulatory change is contemplated in the near future, such language may invite confusion and misinterpretation. Therefore, we recommend elimination of the section and resting on present federal statute and regulation. However, if the proposed section must be included, the term "providers of service" should be clarified by specifying reimbursement for e.g. in-patient hospital services, out-patient services, and/or whatever is desired. Comments on specific provisions follow:

1. The reference "patient care" is acceptable provided it is restricted to care rendered patients in the Title XIX program.
2. Medicaid will recognize the cost of bad debts of its program recipients. It will not recognize charity and credit losses.
3. "Preservation, improvement, and expansion . . ." This, too, is clearly not permitted as an allowable cost under the current regulations.
4. The Medicaid program recognizes as part of cost the appropriate portion of interest and depreciation.

Bob Jones, Region X, Seattle  
State Representative for Medical Services  
Department of Health, Education and Welfare

ment of the State's program and the availability of medical care and services in the State.

Noninstitutional care should include medical services in amounts which will promote health and provide treatment to persons in lieu of more expensive inpatient care.

Limitations may not be set by eliminating certain groups of patients or certain diagnoses from coverage (except patients under 65 years of age in institutions for tuberculosis or mental diseases and patients under 21 in nursing homes). Neither may limitations be set by making eligibility for one kind of medical care dependent on the receipt of another kind. For example, noninstitutional care may not be limited to persons discharged from institutional care.

It may also be noted that prior to a 1969 amendment the States were to be required to furnish comprehensive care and services to substantially all persons meeting the eligibility standards for both the needy and the medically needy set forth in the individual State plans by July 1, 1975, and to be currently working toward this goal; however, the deadline date has been postponed and operation of the provision is currently suspended: see ¶ 14,905.

In the following paragraphs, each of the services the State may provide in its medical plan is discussed and defined. First, however, are set out the definitions of three terms frequently used in the descriptions of the services:

"Patient" is defined as an individual who is in need of and receiving professional services directed by a licensed practitioner of the healing arts toward maintenance, improvement, or protection of health or alleviation of disability or pain.

"Inpatient" is a patient who has been admitted to a hospital, nursing home, or other medical institution on recommendation of a physician or dentist and is receiving room, board and professional services in the institution on a continuous 24-hour-a-day basis.

"Outpatient" is a patient who is receiving his professional services at an organized medical facility, or distinct part of such facility, which is not providing him with room and board and professional services on a continuous 24-hour-a-day basis.

.01 Sources.—Soc. Sec. Act §§ 1902(a), (c), (d), § 21,610. *Handbook of Public Assistance Administration*, Supplement D, 17,291, 17,299, 17,335. Reg. §§ 249.10(a), § D-5140.

#### [¶ 14,515] Equality of Medical Care

A basic concept of title XIX is that of equality of medical and remedial care and services. Its purpose is to erase the differences in the various categories in regard to care and services. What this means in actual operation is that AFDC children are treated the same as all other recipients. In medical assistance, the categorically needy are considered one indivisible group, and the same services, in the same amount and quality, and of the same duration, must be made available to all within the group. Exceptions to the rule are:

(1) Medical care services provided through "buying-in" under Medicare Part B (see ¶ 14,945) for people aged 65 or older do not have to be provided to other recipients.

(2) Skilled nursing home care may be limited to people aged 21 or over, but there is Federal matching for those under 21.

### Title 19 Timetable: July 1, 1968 to July 1, 1977

The following is an outline of dates on which various major provisions of Title 19 become effective after July 1, 1968.

June 30, 1969—This date ends the period during which States' medical care expenditures may be matched under the special 105 percent provision (§ 14,905).

July 1, 1969—Commencing at this time, recipients must be given free choice of doctors, institutions, pharmacies, agencies and prepayment organizations qualified to perform the service or services required (§ 14,525).

July 1, 1969—Non-Federal share of expenditures must either be financed entirely from State money or alternatively, if local funds are also used, the State must provide for distributing Federal and State funds on an equalization or other basis which assures that shortage of local resources will not force curtailment of the scope or quality of care (§ 14,907).

January 1, 1970—States must initiate a Medicaid plan or forego all Federal assistance for any medical vendor payments as part of their categorical assistance programs for the needy (§ 14,775).

January 1, 1970—This date also marks the deadline for States to "buy-in" to Part B of Medicare (§ 14,945).

July 1, 1977—By this time States must furnish comprehensive care and services to substantially all persons meeting the eligibility standards for needy and medically needy set forth in individual State plans (but see § 14,905).

At any given time, Congress is likely to be considering various pieces of legislation connected with title XIX. For a brief discussion of current major proposals relating to title XIX, see the Pending Legislation section of this Reporter at § 13,620.

.01 Sources.—*Handbook of Public Assistance Administration*, Supplement D, § D-1000. | *Assistance*, U. S. Dept. of HEW, June, 1968. | *Medicaid, Fiscal Year 1968*, NCSS Report Questions and Answers on Title XIX, Medical | B-5, U. S. Dept. of HEW.

### [§ 14,020] The History of Medical Assistance, 1933 to the Present

The following paragraphs, excerpted from a report of the Advisory Commission on Intergovernmental Relations entitled "Intergovernmental Problems in Medicaid," (September, 1968) present a brief history of medical assistance from early "new deal" times to the present:

From 1933 to 1935 the Federal Government through the Federal Emergency Relief Administration for the first time made available to the States funds to pay the medical expenses of the needy unemployed. The program observed the traditional patient-physician relationship by giving patients free choice of physician. Payments were made according to State fee schedules negotiated with the medical, dental, and nursing professions. Services were limited to physician's care, emergency dental care, bedside nursing service, drugs and emergency appliances. Hospitalization was not included, and the amount of care available was sharply restricted.

The Social Security Act of 1935, besides providing a system of social insurance for the aged, set up the "categorical" public assistance system in which the Federal Government shared with the States the cost of providing maintenance to the needy aged, blind, families with dependent children, and, subsequently, the permanently and totally disabled. The Act made no special provision for medical assistance, but included the cost of medical care in the monthly assistance payment for which Federal financial participation was



D-5144

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
REGION X  
ARCADE PLAZA BUILDING  
1321 SECOND AVENUE  
SEATTLE, WASHINGTON 98101

May 19, 1972

SOCIAL AND REHABILITATION  
SERVICE

Mr. Glen Vernon  
Division of Legislative Finance  
Pouch W F  
Juneau, Alaska 99804

Dear Mr. Vernon:

This is to confirm our telephone conversation of May 16 regarding the information given you about Medicaid.

The 1965 amendments to the Social Security Act (P.L. 89-97), which added Title XIX, requires States participating in Medicaid to include the following five basic services in their State Plan:

1. Inpatient hospital services
2. Outpatient hospital services
3. Other laboratory and X-ray services
4. Skilled nursing home services
5. Physicians' services

In addition, the State Plan must include provision for the first three pints of whole blood (when it is not available to the patient from other sources). A sixth requirement, home health care services, became effective July 1, 1970, (45 CFR 249.10(a)(3)), for eligible individuals who, under the State Plan, are entitled to skilled nursing home services.

A seventh requirement, early and periodic screening, diagnosis and treatment of individuals under age 21, became effective February 7, 1972. The legal background and authority for this requirement are: Section 1905(a)(4)(B) of the Social Security Act as amended; 45 CFR 249.10(a)(3) and (b)(4)(ii) - 36 F.R. 21409; and SRS Program Regulation 40-11(c-4). Enclosed is a copy of the preprint State Plan amendment for this requirement. As you will note from this enclosure, and as we discussed it, the States do have an option of providing this service to eligible

Mr. Glen Vernon - Page 2

children under six years of age until July 1, 1973, when all other children under 21 years of age must be included.

One optional service the State may wish to consider is the inclusion of intermediate care facilities (ICF's) in its State Plan. The ICF program was transferred from Title XI to Title XIX by act of Congress effective January 1, 1972. A copy of the preprint State Plan amendment for this optional service is also enclosed together with attached information which may be of interest to you.

State Title XIX agencies are responsible for assuring necessary transportation of recipients to and from providers of service (45 CFR 249.10 (a)(5)).

It is not required that the cost of transportation be met under Title XIX, and the requirement does not relate to an item of service. The requirement is to its availability as an administrative aid in carrying out the program. It requires of the State a commitment to assure transportation and describe the methods which will be used. These do not necessarily involve expense to the State agency. This commitment and description of methods belongs in the administrative section of the State Plan, and not in the listing of items describing the scope of the program. Only those elements of the transportation plan to be paid for by the vendor method would be included in the listing of care and services. Generally, States have used a combination of methods, using voluntary and public services and other State programs in addition to those paid for as administrative and assistance costs.

There are four methods that may be used to provide transportation costs for medical care:

- a. As an item of need in the State assistance standard with the cost being included in the money payment made to the individual under Titles I, IV-A, X, XIV, and XVI;
- b. As a medical assistance cost under Title XIX (45 CFR 249.10 (b)(15)(i));
- c. As an administrative cost under Titles I, IV-A, X, XIV, XVI, and XIX.
- d. As a service cost under Titles I, X, and XIV (adult services) 45 CFR 222.44(a) and (b)).

You also inquired whether or not a state could withdraw from Title XIX once the program had been adopted. We are not aware at this time of any legal barrier which would preclude a state from withdrawing entirely

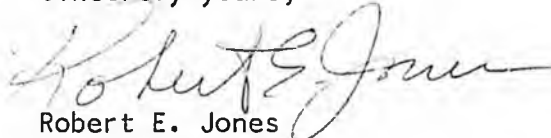
Mr. Glen Vernon - Page 3

its Medicaid program. We discussed the application of Section 1902(d) of Title XIX when a State desires to reduce the scope or extent of care and services provided, but retain the program.

In reference to the above, we also discussed a state's option of using the Federal medical assistance percentage for determining FFP for all maintenance assistance programs (118). This interpretation is discussed in the enclosed State Letter No. 1073, dated January 6, 1970. If a state terminated its Medicaid program, it would lose this option.

It was a pleasure to talk with you, and please do not hesitate to call me whenever I can be of assistance. I am taking the liberty of forwarding a copy of this letter to Dr. McGinnis and Mr. Stanley Harris.

Sincerely yours,



Robert E. Jones  
State Representative  
for Medical Services

cc: Dr. McGinnis/ Mr. Harris