

LEG. FINANCE - BILLS 1975 - 1976 589

SB 614 cont. thru SB 615 589

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST
 Bill No. SB 614
 Title: Relating to Tax on Developed Land within the Unorganized Borough
 Requested by: 2/24/76 Date: 3/2/76
 Return Date Requested: _____
 Agency: REVENUE Program: ADMINISTRATIVE SERVICES

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES		20.3	7.8	9.0	20.7	23.8
200 TRAVEL						
300 CONTRACTUAL		4.3	4.9	5.6	6.4	7.4
400 COMMODITIES		.5	.6	.7	.8	.9
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	26.6	13.3	15.3	27.9	32.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND		26.6	13.3	15.3	27.9	32.1
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	2 /	1 /	1 /	1 /	1 /
MAN MONTHS (P./T.)	/	12 /	6 /	6 /	12 /	12 /

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)
 A Systems Analyst is assumed to design and program Billing/Receipt System. A 6 month requirement. The State Assessor estimates 17,839 parcels in the initial year. An Accounting Clerk required for 6 months to supervise billings preparation and receipts processing with full year support assumed in FY 80.

Envelopes .2	Systems Analyst - 6 mos.	13.4
Forms 1.1	Act. Clk. II - 6 mos.	6.8
Postage 3.0	Equipment	.5
Commodities .5		

~~IV. ATTACHMENTS~~ - Revenue receives tax roll from Community & Regional Affairs. Prepares tax bills using computer assisted procedures and mails bills. Revenue receives tax remittance, receipts money, posts accounts and transmits money to Treasury.

V. DATE: 3/2/76 PREPARED BY: P. A. Wall

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

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 20, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams
Director
Petroleum Revenue Division

SUBJECT: Senate Bill 614

Senate Bill 614 imposes a 10 mill ad valorem tax on real property in the Unorganized Borough and outside home-rule or first-class cities. It exempts real property taxed, or exempted, by AS 43.56 and AS 43.58. Thus SB 614 would not affect real-property interests of an oil and gas nature.

The assessment would be done by the State Assessor, a position in the Department of Community and Regional Affairs. Similarly, appeals would be made to a Board of Equalization appointed by the Commissioner of Community and Regional Affairs. Department of Revenue's only involvement is in collecting the tax, and that would be the function of the Cashier's Office or Treasury, not the Petroleum Revenue Division. Any extra expense or staff should be estimated by those offices.

Petroleum Revenue Division has no idea of the possible assessable value of real property not associated with oil and gas, which is what SB 614 would tax. Therefore no estimate of receipts by Treasury is offered. The State Assessor in the Department of Community and Regional Affairs should have something meaningful to offer on tax proceeds.

TKW:dh

cc: Frederick P. Boetsch
Deputy Commissioner - Taxation

Introduced: 2/6/76
Referred: Community and
Regional Affairs and
Finance

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BY ORSINI

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11 ARTICLE 2. ASSESSMENT AND TAXATION.

12 Sec. 29.03.100. AD VALOREM TAX ON DEVELOPED LAND WITHIN BOROUGH.

13 (a) An annual tax of 10 mills is levied each tax year, beginning
14 January 1, 1977, on the full and true value of taxable real property
15 located in the unorganized borough and outside home rule or first class
16 cities.

17 (b) The following property is exempt from the tax levied under (a)
18 of this section:

19 (1) unimproved land;

20 (2) real property required to be exempt from local taxation
21 under AS 29.53.020 and exempted by a second class city under AS 29.53.-
22 025(a);

23 (3) real property subject to, or exempt from taxation under
24 AS 43.56 and 43.58.

25 Sec. 29.03.110. CREDIT AGAINST LEVY. (a) The mill levy under
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27 by the number of mills levied on real property by the city and

28 (1) four mills if the city levies a sales tax at a rate
29 greater than one per cent and not over two per cent; or

1 (2) six mills if the city levies a sales tax greater than two
2 per cent and less than three per cent.

3 (b) If the total mill credit under (a) of this section exceeds 10
4 mills or if the sales tax levied by the city is three per cent or
5 greater there is no levy under this chapter.

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7 Laws exempting certain real property from execution under AS 09 do not
8 exempt the property from the tax levied under sec. 100(a) of this chap-
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13 29.53.070 - 29.53.130 for assessment of real property in organized
14 boroughs. The state assessor shall exercise the functions of the local
15 assessor and may require returns as authorized to the assembly in
16 AS 29.53.070(a). Insofar as he determines it practicable in ascertain-
17 ing values for the tax levied under sec. 100(a) of this chapter, the
18 assessor may accept the final assessment figures certified by the local
19 assessor of a city in the unorganized borough on property in the city
20 subject to the tax.

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23 of community and regional affairs shall appoint at least five qualified
24 persons to serve at his pleasure as state assessment review officers.
25 At least one officer shall be appointed from each of the four judicial
26 districts and shall be assigned annually to hear assessment appeals at
27 appropriate locations in a district, in the same manner as provided for
28 board of equalization hearings under AS 29.53.140 and such additional
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3 boards.

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16 the unorganized borough, the liens are prior to all liens and encum-
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21 effect as provided for enforcement of property tax liens under AS 34.-
22 10.070 - 34.10.220.

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24 100 - 200 of this chapter shall be deposited in a special unorganized
25 borough tax account within the general fund. An amount equal to the net
26 amount of revenue derived under secs. 100 - 200 of this chapter in the
27 preceding year is authorized to be appropriated for the benefit of the
28 unorganized borough.

29 Sec. 29.03.180. FALSE STATEMENT. A person who knowingly makes a

1 false statement in a return required under secs. 100 - 200 of this
2 chapter as to the amount, location, kind or value of property subject to
3 taxation with intent to evade the taxation is guilty of a misdemeanor
4 and upon conviction is punishable by a fine of not more than \$500,
5 or by imprisonment for not more than five days, or by both, together
6 with the costs of prosecution.

7 Sec. 29.03.190. REGULATIONS. The Department of Community and
8 Regional Affairs and the Department of Revenue may adopt regulations as
9 appropriate to carry out their respective duties under secs. 100 - 200
10 of this chapter.

11 Sec. 29.03.200. DEFINITIONS. In secs. 100 - 200 of this chapter

12 (1) "real property" means property as defined in AS 29.78.-
13 010(13);

14 (2) "unimproved land" means land with respect to which the
15 state assessor determines that no current physical addition or altera-
16 tion exists which enhances the utility, value, or income-producing
17 potential of the land.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

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18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

Introduced: 2/6/76
Referred: Community and
Regional Affairs and
Finance

1 IN THE SENATE

BY ORSINI

2 SENATE BILL NO. 614

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for assessment, levy and collection
7 of a tax on developed land within the unorganized
8 borough; and providing for an effective date."

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

10 * Section 1. AS 29.03 is amended by adding new sections to read:

11 ARTICLE 2. ASSESSMENT AND TAXATION.

12 Sec. 29.03.100. AD VALOREM TAX ON DEVELOPED LAND WITHIN BOROUGH.

13 (a) An annual tax of 10 mills is levied each tax year, beginning
14 January 1, 1977, on the full and true value of taxable real property
15 located in the unorganized borough and outside home rule or first class
16 cities.

17 (b) The following property is exempt from the tax levied under (a)
18 of this section:

19 (1) unimproved land;

20 (2) real property required to be exempt from local taxation
21 under AS 29.53.020 and exempted by a second class city under AS 29.53.-
22 025(a);

23 (3) real property subject to, or exempt from taxation under
24 AS 43.56 and 43.58.

25 Sec. 29.03.110. CREDIT AGAINST LEVY. (a) The mill levy under
26 this chapter is reduced on property located within a second class city
27 by the number of mills levied on real property by the city and

28 (1) four mills if the city levies a sales tax at a rate
29 greater than one per cent and not over two per cent; or

1 (2) six mills if the city levies a sales tax greater than two
2 per cent and less than three per cent.

3 (b) If the total mill credit under (a) of this section exceeds 10
4 mills or if the sales tax levied by the city is three per cent or
5 greater there is no levy under this chapter.

6 Sec. 29.03.120. PROPERTY EXEMPT FROM EXECUTION SUBJECT TO TAX.
7 Laws exempting certain real property from execution under AS 09 do not
8 exempt the property from the tax levied under sec. 100(a) of this chap-
9 ter.

10 Sec. 29.03.130. ASSESSMENT. Property subject to the tax levied
11 under sec. 100(a) of this chapter shall be assessed by the state asses-
12 sor in the manner provided in AS 29.53.030 - 29.53.040, 29.53.060(a) and
13 29.53.070 - 29.53.130 for assessment of real property in organized
14 boroughs. The state assessor shall exercise the functions of the local
15 assessor and may require returns as authorized to the assembly in
16 AS 29.53.070(a). Insofar as he determines it practicable in ascertain-
17 ing values for the tax levied under sec. 100(a) of this chapter, the
18 assessor may accept the final assessment figures certified by the local
19 assessor of a city in the unorganized borough on property in the city
20 subject to the tax.

21 Sec. 29.03.140. EQUALIZATION. (a) To hear appeals from determi-
22 nations of the assessor under sec. 120 of this chapter, the commissioner
23 of community and regional affairs shall appoint at least five qualified
24 persons to serve at his pleasure as state assessment review officers.
25 At least one officer shall be appointed from each of the four judicial
26 districts and shall be assigned annually to hear assessment appeals at
27 appropriate locations in a district, in the same manner as provided for
28 board of equalization hearings under AS 29.53.140 and such additional
29 regulations as the department may prescribe.

1 (b) State assessment review officers receive no compensation but
2 are entitled to per diem and travel expenses authorized by law for
3 boards.

4 Sec. 29.03.150. COLLECTION. The tax levied under sec. 100(a) of
5 this chapter is payable in full to the Department of Revenue on Septem-
6 ber 30 of the tax year. A penalty of ten per cent shall be added to
7 delinquent taxes and interest at the rate of eight per cent a year shall
8 accrue on all unpaid taxes, excluding penalties, from the due date until
9 paid in full.

10 Sec. 29.03.160. TAX LIEN AND ENFORCEMENT. (a) The tax levied
11 under sec. 100(a) of this chapter and interest and penalty set out in
12 sec. 150 of this chapter are liens upon the property assessed and taxed.
13 With respect to property located outside a city of the borough, the
14 liens are prior and paramount to all other liens or encumbrances against
15 the property assessed. With respect to property located in cities of
16 the unorganized borough, the liens are prior to all liens and encum-
17 brances against the property assessed except liens for taxes levied by
18 the city.

19 (b) Enforcement of the lien of the tax levied under sec. 100(a) of
20 this chapter shall be carried out in the same manner and with the same
21 effect as provided for enforcement of property tax liens under AS 34.-
22 10.070 - 34.10.220.

23 Sec. 29.03.170. PROCEEDS OF TAX. Money collected under secs.
24 100 - 200 of this chapter shall be deposited in a special unorganized
25 borough tax account within the general fund. An amount equal to the net
26 amount of revenue derived under secs. 100 - 200 of this chapter in the
27 preceding year is authorized to be appropriated for the benefit of the
28 unorganized borough.

29 Sec. 29.03.180. FALSE STATEMENT. A person who knowingly makes a

1 false statement in a return required under secs. 100 - 200 of this
2 chapter as to the amount, location, kind or value of property subject to
3 taxation with intent to evade the taxation is guilty of a misdemeanor
4 and upon conviction is punishable by a fine of not more than \$500,
5 or by imprisonment for not more than five days, or by both, together
6 with the costs of prosecution.

7 Sec. 29.03.190. REGULATIONS. The Department of Community and
8 Regional Affairs and the Department of Revenue may adopt regulations as
9 appropriate to carry out their respective duties under secs. 100 - 200
10 of this chapter.

11 Sec. 29.03.200. DEFINITIONS. In secs. 100 - 200 of this chapter

12 (1) "real property" means property as defined in AS 29.78.-
13 010(13);

14 (2) "unimproved land" means land with respect to which the
15 state assessor determines that no current physical addition or altera-
16 tion exists which enhances the utility, value, or income-producing
17 potential of the land.

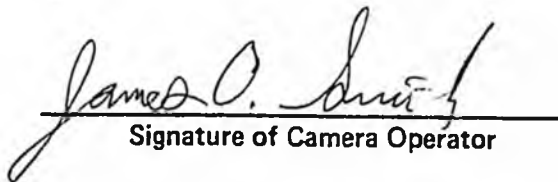
18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).

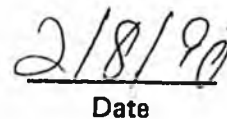


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

"An Act relating to assistance to the aged, blind and disabled; and providing for an effective date."

COMMITTEE REPORT

HOUSE

4/24/76

Mr. Speaker:

Date May 6 1976

The Committee on FINANCE has had CSSB 615

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"

Members signing the Majority report:

<u>H. Malone</u>	<u>E. J. ...</u>	_____
<u>...</u>	<u>...</u>	_____
<u>...</u>	<u>...</u>	_____
<u>...</u>	<u>...</u>	_____

Members NOT concurring in the Majority report:

Haugen recommends: ...

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

H. Malone Chairman

Original sponsors: Bradley, Chance,
Croft, et al

Offered: 3/18/76
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to assistance to the aged, blind and
7 disabled; and providing for an effective date."

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

9 * Section 1. Chapter 172, sec. 4, SLA 1975 is amended to read:

10 Sec. 4. For purposes of determining the state contribution to
11 recipients under AS 47.25.430(a), 47.25.640, and 47.25.810 as of
12 July 1, 1976, the Department of Health and Social Services shall estab-
13 lish levels of need not exceeding \$334 [\$300] a month for an individual
14 recipient.

15 * Sec. 2. This Act takes effect July 1, 1976.

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POSITION PAPER
ON
COMMITTEE SUBSTITUTE
FOR
SENATE BILL #615

"An Act relating to assistance to the aged, blind, and disabled, and providing for an effective date."

This bill is viewed as increasing the maximum level of need from \$300 to \$334 in the Old Age Assistance, Aid to the Blind, and Aid to the Disabled programs, effective July 1, 1976.

We view this bill as having the dual impact of increasing the number of potential eligible persons and of increasing the amounts of payments to eligible persons.

Chapter 172, SLA 1975, currently provides that Social Security payment increases for FY77 will be matched and passed along to recipients of Alaska's Adult Public Assistance programs; currently, The Social Security Administration estimates the coming increase will be 6.7%. Thus the costs associated with Committee Substitute #615 must be recognized as properly reflecting only the difference between this increase and the increase to the \$334 standard.

We estimate the FY77 impact upon cash assistance payments within the Assistance Payments BRU to be \$524,777 (3076 current recipients x \$13.90/month av. payment increase x 12 months, plus 75 new recipients x \$13.00/month av. x 12 months).

The new recipients who would be added by the increase in the need standard would also be eligible for Medicaid coverage; the FY77 anticipated impact upon the Medicaid BRU would be \$159,660 (of the 75 new recipients, approximately 45 would utilize Medicaid benefits: 45 x \$3548/year av. cost). 50%, or \$79,830, of Medicaid funding is Federal, and 50% is State.

All of these new recipients would also be eligible for General Relief-Medical benefits, though not all would participate. Estimated impact upon the General Relief-Medical BRU for FY77 is \$2,023 (34 participants x \$59.51/year av. cost).

We estimate the total cost of the increase of the maximum payment to \$334 to be \$686,460, \$606,630 in state funds and \$79,830 in Federal funds.

Many individuals currently receiving Adult Public Assistance payments under the same monthly maximum income limit as many Aid to Families with Dependent children family units consisting of a mother and one child, and their income will increase in FY77 by 6.7%. It now appears likely that the approximately 2000 APA recipients who also receive Alaska Longevity Bonus payments (which are not considered in determining their assistance payments amounts) will also enjoy an increase of \$25 per month in these payments.

PAGE 2
Position Paper
CS for SB #615

Because of these anticipated increases in benefits, and because of the additional costs involved in any further increases, the Department finds that it cannot support increasing the Governor's budget to find the costs of Committee Substitute 615.

Recommended By: *Lawrence W. ...* 4/7/76
Director, Division of Public Assistance Date

Approved By: *Francis S.L. Williamson* 4/12/76
Francis S.L. Williamson, Commissioner Date

ANALYSIS OF FISCAL NOTE

ON

COMMITTEE SUBSTITUTE

FOR

SENATE BILL # 615

Impact of this bill will be upon three BRU's: The Assistance Payments BRU, which provides cash assistance to Adult Public Assistance (APA) recipients; the Medicaid BRU, which provides medical assistance to APA recipients; and the General Relief-Medical BRU, which provides for certain medical items for APA-Medicaid recipients. Impact by BRU is discussed below:

1) Assistance Payments

	FY77	FY78	FY79	FY80	FY81
a) Additional Cost for Current Recipients	513.1	543.9	576.5	611.1	647.8
b) Cost for New Recipients	11.7	12.4	13.1	13.9	14.7

Assistance Payments

Total (State-only funds) 524.8 556.3 589.6 625.0 662.5

- a) Cost for current recipients: For FY77, payment increase per person is \$13.90 per month [\$334-\$300 current standard-\$20.01 (the 6.7% FY77 cost of living increase for Social Security on \$300) = \$13.90]. The number of FY77, recipients, 3076, is based upon FY76 first and second quarter actuals, unadjusted for any caseload increase. An additional 406 recipients are in nursing homes, receiving only a small monthly personal needs allowance; payments to these 406 would not increase. $3076 \times 13.90/\text{mo.} \times 12 \text{ months} = \$513.1.$

Costs of CS 615 for FY78 and following for current recipients are based upon the assumption that Social Security increases in FY78 and following years will be 6% per year. Since the cost of living increase pass along will resume in FY78, but upon the new \$334 maximum, FY78 cost is estimated at 6% of FY77 additional cost.

- b) Cost for new recipients: the number of new recipients who would apply and be found eligible if the maximum payment were increased to \$334, and who would not be nursing home patients, is estimated at 75, an estimate based upon projections from currently-available census data.

The average payment per month per new recipient is estimated at \$13.00,

which assumes that new recipients will have an average net chargeable income of \$321 (\$334-321 = \$13.00). $75 \times \$13.00/\text{mo.} \times 12 \text{ months} = \11.7 for FY77.

For FY78 and following, estimates are based upon a prediction of 6% Social Security increase each year.

2) Medicaid

	FY77	FY78	FY79	FY80	FY81
Annual Cost for New Recipients	159.7	191.6	229.9	275.9	331.1
Federal Funds (50%)	79.9	95.8	115.0	138.0	165.6
State Funds (50%)	79.8	95.8	114.9	137.9	165.5

Number of new recipients utilizing Medicaid services is estimated at 45 (60% of 75 total); this utilization rate is based upon the utilization pattern of Adult Public Assistance recipients during FY74.

Cost per year per recipient is based upon FY74 actual per-person costs (by program), adjusted by inflation rate of 20% per year.

The FY77 average cost per recipient participating is estimated at \$3,548, times 45 participants = \$159.7. FY78 and following year costs are increased by 20% per year inflation.

3) General Relief-Medical

	FY77	FY78	FY79	FY80	FY81
Annual Cost for New Recipients (State Funds Only)	2.0	2.3	2.6	3.0	3.5

The number of the 75 new recipients who would utilize General Relief-Medical coverage for pharmaceuticals is estimated at 34 (based upon FY74 utilization rates). The FY76 predicted yearly cost for General Relief-Medical pharmaceuticals per Adult Public Assistance participating recipient is \$51.75. Cost of pharmaceuticals increases at the rate of 15% per year; therefore, FY77 estimated cost is $34 \times (51.75 \times 1.15) = 2.0$.

Fy 78 and following figures assume 15% cost increase per year.

4) Summary

	FY77	FY78	FY79	FY80	FY81
Assistance Payments	524.8	556.3	589.6	625.0	662.5
Medicaid	159.7	191.6	229.9	275.9	331.1
General Relief-Medical	2.0	2.3	2.6	3.0	3.5
TOTALS	686.5	750.2	822.1	903.9	997.1

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Committee Substitute for Senate Bill #615
 Title: An Act relating to assistance to the aged, blind, and disabled, etc.
 Requested by Health and Social Services Committee Date: March 31, 1976
 Return Date Requested: _____
 Agency: Health and Social Services Program: Adult Public Assistance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Assistance Payments, Medicaid, General Relief-

A. EXPENDITURES: (Thousands of dollars) Medical

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	686.5	750.2	822.1	903.9	997.1
TOTAL	0	686.5	750.2	822.1	903.9	997.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	606.7	654.4	707.1	765.1	831.5
FEDERAL FUNDS	0	79.8	95.8	115.0	138.0	165.6
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: 4/7/76 PREPARED BY: *Laura Hull*

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

Reviewed by Financial Management: *[Signature]*

Original Copy Best

ANALYSIS OF
COMMITTEE SUBSTITUTE
FOR SB NO. 615:

"AN ACT RELATING TO ASSISTANCE
TO THE AGED, BLIND, AND DISABLED: AND
PROVIDING FOR AN EFFECTIVE DATE."

Prepared by:

Legislative Affairs Agency

Pouch Y

Juneau, Alaska

April 3, 1976

PROJECTED BUDGET FOR ADULT ASSISTANCE
PAYMENTS IF COST OF LIVING ALLOWANCE
WAS RAISED TO KEEP PACE WITH
ALASKAN INFLATION EXPERIENCE

PROJECTED BUDGET FOR ADULT ASSISTANCE PAYMENTS PROGRAM
 BASED ON HISTORICAL UTILIZATION PATTERNS AND \$300
 MAXIMUM PAYMENT ADJUSTED BY SOCIAL SECURITY
 COST OF LIVING AND DIFFERENCE OF ANCHORAGE
 COST OF LIVING INCREASE

The following budget was based on historical utilization trends. Many persons that fall within "gross" income levels do not always qualify for assistance or desire to request aid at this time. Caseload projections were based on percent of use in the past. "Eligibles" were projected from most current available Census data.

It should be emphasized the caseload projections were based on historical utilization patterns. If the pattern established in past changes or some unique economic crisis occurs, the estimation for funds to serve these clients may fall short of actual need. Since Assistance payments and Medicaid Budget Request Units have had in FY 76 legislative intent that all legally obligated payments would be made, clients would have protection that their payments would not be reduced due to insufficient funds for FY 76. It would be advisable to continue such a practice in the future if this budget is accepted in order to protect clients against unforeseeable situations that might mean undue hardship to them, if insufficient monies are available.

Maximum payment was determined by the following formula:

$$\begin{array}{rcl}
 \$300 + \text{Social Security COLA} + \text{Anchorage Cost} & & \\
 \text{of Living} & & \text{FY 77} \\
 \text{Increases Less} & = & \text{Maximum} \\
 \text{Social Security} & & \text{Payment} \\
 \text{COLA} & & \text{Level}
 \end{array}$$

Presently, Social Security estimates 6.7% cost of living increase starting July 1, 1976. Studies by Department of Labor have shown that Anchorage costs have risen 11.13% from January 1974 to January 1975. Therefore, Social Security COLA applicable to all 50 states has not kept pace with inflation in Alaska. The following budget is based on the assumption that increases beyond Social Security COLA will be passed on to Assistance payments recipients in order that their monthly checks can keep pace with costs of rent, clothes, and other necessities in their area. The Maximum Monthly Payment for FY 77 is:

\$300.00	Base				
→20.10	6.7% Social Security COLA				
<u>13.29</u>	4.43% Difference in Anchorage Inflation				
<u>\$333.39</u>	Maximum Payment				

or

\$334.00

CHART A

Total Projected Costs for FY 77 if Adult Assistance
Payment is Raised to \$300 +--Social Security COLA
+ Anchorage Inflation Difference

Cash Assistance

Current Recipients \$513,076.80

New Recipients 11,700.00

Medicaid

Projected Recipients 159,680.00

General Relief-Medical

Projected Recipients 2,023.34

TOTAL \$686,480.14

* * * * *

Source of Funding

State Funds \$606,640.14

Federal Funds 79,840.00

TOTAL \$686,480.14

CHART B

Projected Costs for FY 77 for Current Recipients if Maximum
Payment Raised to \$300 + COLA + Difference
of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Month ^{1/}	Projected Cost Per Month ^{2/}	Months of Service	Total Annual Cost
Old Age Assistance				
Non-Nursing Home	1,716	\$13.90	12	\$286,228.80
Nursing Home	213	\$ 0.00	12	\$ 0.00
Aid to Blind				
Non-Nursing Home	70	\$13.90	12	\$ 11,676.00
Nursing Home	3	\$ 0.00	12	\$ 0.00
Aid to Disabled				
Non-Nursing Home	1,290	\$13.90	12	\$215,172.00
Nursing Home	190	\$ 0.00	12	\$ 0.00
TOTAL	<u>3,482</u>	<u>\$12.28</u>	<u>12</u>	<u>\$513,076.80</u>

NOTES

^{1/} Caseload estimates are based on average of 1st and 2nd quarters..
FY 76 experience. Assumes no caseload increase for FY 77.

^{2/} Maximum payment level assumed to be:

\$300.00	FY 76 standard	
+20.10	6.7% cost of living allowance for Social Security	11.13% Anchorage COLA Increase
+13.29	4.43% cost of living allowance for difference of Anchorage COLA	
<u>\$333.39</u>	Maximum payment for FY 77	
or		
\$334.00		

CHART C

Projected Costs for FY 77 for New Recipients of Adult Assistance if Maximum Payment Raised to \$300 + COLA + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Month <u>1/</u>	Projected Cost Per Month <u>2/,3/</u>	Months of Service	Total Annual Cost
Old Age Assistance				
Non-Nursing Home	42	\$13.00	12	\$6,552.00
Nursing Home	5	\$ 0.00	12	\$ 0.00
Aid to Blind				
Non-Nursing Home	2	\$13.00	12	\$ 312.00
Nursing Home	0	\$ 0.00	12	\$ 0.00
Aid to Disabled				
Non-Nursing Home	31	\$13.00	12	\$4,836.00
Nursing Home	<u>5</u>	<u>\$ 0.00</u>	<u>12</u>	<u>\$ 0.00</u>
TOTAL	85	\$11.47	12	\$11,700.00

NOTES

- 1/ Recipients were projected based on utilization of eligibles in past. Eligible base was projected from most current available census data.
- 2/ Assumes recipients will have an average of \$321.00 net chargeable income.
- 3/ Maximum payment for FY 77 is assumed to be:

\$300.00	FY 76 standard
20.10	6.7% COLA for Social Security
<u>13.29</u>	4.43% COLA for difference of Anchorage COLA
\$333.39	Maximum Payment for FY 77

or

\$334.00

CHART D

Projected Costs for FY 77 for New Medicaid Recipients
 Added by Raising Maximum Adult Assistance Payments
 to \$300 + COLA + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Year ^{1/}	Projected Cost Per Year ^{2/}	Total Annual Cost
Old Age Assistance			
TOTAL	21	\$3,746	\$ 78,666
Aid to Blind			
TOTAL	1	\$1,894	\$ 1,894
Aid to Disabled			
TOTAL	23	\$3,440	\$ 79,120
	==	=====	=====
TOTAL	45	\$3,548	\$159,680

NOTES

- ^{1/} Medicaid recipients were projected in the following manner:
- (1) APA recipients have free choice of payment for health care. Many APA recipients are eligible for both USPHS and Medicaid.
 - (2) In FY 74, only:
 - 43.8% of OAA recipients used Medicaid.
 - 34% of AB recipients used Medicaid.
 - 62.9% of AD recipients used Medicaid.
 Assumed utilization pattern of Medicaid services remained similar, by program of recipient.

- ^{2/} Costs were projected as follows:
 According to FY 74 Medicaid Status Report, annual cost per recipient by program was:

	FY 74
OAA	\$2,168
AB	\$1,096
AD	\$1,991

To determine costs for FY 77, 20% inflation rate was added per year. (Department is using this inflation % for its FY 77 budget submission.)

	FY 75	FY 76	FY 77
OAA	\$2,602	\$3,122	\$3,746 ---
AB	\$1,315	\$1,578	\$1,894
AD	\$2,389	\$2,867	\$3,440

CHART E

Projected Costs for FY 77 for General Relief-Medical
 Recipients Added by Raising Adult Assistance
 Payments to \$300 + Social Security COLA
 + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Year ^{1/}	Projected Cost Per Year ^{2/}	Total Annual Cost
Old Age Assistance			
TOTAL	16	\$59.51	\$ 952.16
Aid to Blind			
TOTAL	1	\$59.51	\$ 59.51
Aid to Disabled			
TOTAL	17	\$59.51	\$1,011.67
	<u> </u>	<u> </u>	<u> </u>
TOTAL	34	\$59.51	\$2,023.34

NOTES

^{1/} According to FY 74 Medicaid Status Report of Medicaid recipients, approximately 75.5% have no resource for drugs. Drugs would be purchased through General Relief-Medical Program.

^{2/} Costs were projected as follows:

According to department, costs per recipient for drugs was \$45.00. 15% inflation was added for each additional year.

	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
Drugs	\$45.00	\$51.75	\$59.51

ANALYSIS OF
COMMITTEE SUBSTITUTE
FOR SB NO. 615:

"AN ACT RELATING TO ASSISTANCE
TO THE AGED, BLIND, AND DISABLED: AND
PROVIDING FOR AN EFFECTIVE DATE."

Prepared by:
Legislative Affairs Agency
Pouch Y
Juneau, Alaska
April 3, 1976

PROJECTED BUDGET FOR ADULT ASSISTANCE
PAYMENTS IF COST OF LIVING ALLOWANCE
WAS RAISED TO KEEP PACE WITH
ALASKAN INFLATION EXPERIENCE

PROJECTED BUDGET FOR ADULT ASSISTANCE PAYMENTS PROGRAM
 BASED ON HISTORICAL UTILIZATION PATTERNS AND \$300
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 COST OF LIVING INCREASE

The following budget was based on historical utilization trends. Many persons that fall within "gross" income levels do not always qualify for assistance or desire to request aid at this time. Caseload projections were based on percent of use in the past. "Eligibles" were projected from most current available Census data.

It should be emphasized the caseload projections were based on historical utilization patterns. If the pattern established in past changes or some unique economic crisis occurs, the estimation for funds to serve these clients may fall short of actual need. Since Assistance payments and Medicaid Budget Request Units have had in FY 76 legislative intent that all legally obligated payments would be made, clients would have protection that their payments would not be reduced due to insufficient funds for FY 76. It would be advisable to continue such a practice in the future if this budget is accepted in order to protect clients against unforeseeable situations that might mean undue hardship to them, if insufficient monies are available.

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 \text{Social Security} & & \text{Maximum} \\
 \text{COLA} & & \text{Payment} \\
 & & \text{Level}
 \end{array}$$

Presently, Social Security estimates 6.7% cost of living increase starting July 1, 1976. Studies by Department of Labor have shown that Anchorage costs have risen 11.13% from January 1974 to January 1975. Therefore, Social Security COLA applicable to all 50 states has not kept pace with inflation in Alaska. The following budget is based on the assumption that increases beyond Social Security COLA will be passed on to Assistance payments recipients in order that their monthly checks can keep pace with costs of rent, clothes, and other necessities in their area. The Maximum Monthly Payment for FY 77 is:

\$300.00	Base	
20.10	6.7% Social Security COLA	
<u>13.29</u>	4.43% Difference in Anchorage Inflation	
\$333.39	Maximum Payment	

or

\$334.00

CHART A

Total Projected Costs for FY 77 if Adult Assistance
Payment is Raised to \$300 + Social Security COLA
+ Anchorage Inflation Difference

Cash Assistance

Current Recipients	\$513,076.80
New Recipients	11,700.00

Medicaid

Projected Recipients	159,680.00
----------------------	------------

General Relief-Medical

Projected Recipients	<u>2,023.34</u>
----------------------	-----------------

TOTAL	\$686,480.14
-------	--------------

* * * * *

Source of Funding

State Funds	\$606,640.14
-------------	--------------

Federal Funds	<u>79,840.00</u>
---------------	------------------

TOTAL	\$686,480.14
-------	--------------

CHART B

Projected Costs for FY 77 for Current Recipients if Maximum Payment Raised to \$300 + COLA + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Month ^{1/}	Projected Cost Per Month ^{2/}	Months of Service	Total Annual Cost
Old Age Assistance				
Non-Nursing Home	1,716	\$13.90	12	\$286,228.80
Nursing Home	213	\$ 0.00	12	\$ 0.00
Aid to Blind				
Non-Nursing Home	70	\$13.90	12	\$ 11,676.00
Nursing Home	3	\$ 0.00	12	\$ 0.00
Aid to Disabled				
Non-Nursing Home	1,290	\$13.90	12	\$215,172.00
Nursing Home	190	\$ 0.00	12	\$ 0.00
TOTAL	<u>3,482</u>	<u>\$12.28</u>	<u>12</u>	<u>\$513,076.80</u>

NOTES

^{1/} Caseload estimates are based on average of 1st and 2nd quarters.. FY 76 experience. Assumes no caseload increase for FY 77.

^{2/} Maximum payment level assumed to be:

\$300.00	FY 76 standard	
+20.10	6.7% cost of living allowance for Social Security	11.13% Anchorage COLA Increase
+13.29	4.43% cost of living allowance for difference of Anchorage COLA	
<u>\$333.39</u>	Maximum payment for FY 77	
or		
\$334.00		

CHART C

Projected Costs for FY 77 for New Recipients of Adult Assistance if Maximum Payment Raised to \$300 + COLA + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Month <u>1/</u>	Projected Cost Per Month <u>2/,3/</u>	Months of Service	Total Annual Cost
Old Age Assistance				
Non-Nursing Home	42	\$13.00	12	\$6,552.00
Nursing Home	5	\$ 0.00	12	\$ 0.00
Aid to Blind				
Non-Nursing Home	2	\$13.00	12	\$ 312.00
Nursing Home	0	\$ 0.00	12	\$ 0.00
Aid to Disable'				
Non-Nursing Home	31	\$13.00	12	\$4,836.00
Nursing Home	<u>5</u>	<u>\$ 0.00</u>	<u>12</u>	<u>\$ 0.00</u>
TOTAL	85	\$11.47	12	\$11,700.00

NOTES

- 1/ Recipients were projected based on utilization of eligibles in past. Eligible base was projected from most current available census data.
- 2/ Assumes recipients will have an average of \$321.00 net chargeable income.
- 3/ Maximum payment for FY 77 is assumed to be:

\$300.00 FY 76 standard
 20.10 6.7% COLA for Social Security
13.29 4.43% COLA for difference of Anchorage COLA

\$333.39 Maximum Payment for FY 77

or

\$334.00

CHART D

Projected Costs for FY 77 for New Medicaid Recipients
 Added by Raising Maximum Adult Assistance Payments
 to \$300 + COLA + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Year ^{1/}	Projected Cost Per Year ^{2/}	Total Annual Cost
Old Age Assistance			
TOTAL	21	\$3,746	\$ 78,666
Aid to Blind			
TOTAL	1	\$1,894	\$ 1,894
Aid to Disabled			
TOTAL	23	\$3,440	\$ 79,120
	<u> </u>	<u> </u>	<u> </u>
TOTAL	45	\$3,548	\$159,680

NOTES

- ^{1/} Medicaid recipients were projected in the following manner:
- (1) APA recipients have free choice of payment for health care. Many APA recipients are eligible for both USPHS and Medicaid.
 - (2) In FY 74, only:
 - 43.8% of OAA recipients used Medicaid.
 - 34% of AB recipients used Medicaid.
 - 62.9% of AD recipients used Medicaid.
 Assumed utilization pattern of Medicaid services remained similar, by program of recipient.

^{2/} Costs were projected as follows:
 According to FY 74 Medicaid Status Report, annual cost per recipient by program was:

	FY 74
OAA	\$2,168
AB	\$1,096
AD	\$1,991

To determine costs for FY 77, 20% inflation rate was added per year. (Department is using this inflation % for its FY 77 budget submission.)

	FY 75	FY 76	FY 77
OAA	\$2,602	\$3,122	\$3,746
AB	\$1,315	\$1,578	\$1,894
AD	\$2,389	\$2,867	\$3,440

CHART E

Projected Costs for FY 77 for General Relief-Medical
 Recipients Added by Raising Adult Assistance
 Payments to \$300 + Social Security COLA
 + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients, Per Year ^{1/}	Projected Cost Per Year ^{2/}	Total Annual Cost
Old Age Assistance			
TOTAL	16	\$59.51	\$ 952.16
Aid to Blind			
TOTAL	1	\$59.51	\$ 59.51
Aid to Disabled			
TOTAL	17	\$59.51	\$1,011.67
	<u> </u>	<u> </u>	<u> </u>
TOTAL	34	\$59.51	\$2,023.34

NOTES

^{1/} According to FY 74 Medicaid Status Report of Medicaid recipients, approximately 75.5% have no resource for drugs. Drugs would be purchased through General Relief-Medical Program.

^{2/} Costs were projected as follows:

According to department, costs per recipient for drugs was \$45.00. 15% inflation was added for each additional year.

	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
Drugs	\$45.00	\$51.75	\$59.51



Introduced: 2/6/76
Referred: Health, Education
and Social Services and
Finance

BY BRADLEY, CHANCE, CROFT, FERGUSON,
RODEY, SACKETT AND WILLIS

1 IN THE SENATE

2 SENATE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to assistance to the aged, blind and
7 disabled; and providing for an effective date."

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

9 * Section 1. Chapter 172, sec. 4, SLA 1975 is amended to read:

10 Sec. 4. For purposes of determining the state contribution to
11 recipients under AS 47.25.430(a), 47.25.640, and 47.25.810 as of
12 July 1, 1975, the Department of Health and Social Services shall estab-
13 lish levels of need not exceeding \$350 [\$300] a month for an individual
14 recipient.

15 * Sec. 2. This Act is retroactive to July 1, 1975.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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#

Introduced: 2/6/76
Referred: Health, Education
and Social Services and
Finance

1 IN THE SENATE

BY BRADLEY, CHANCE, CROFT, FERGUSON,
RODEY, SACKETT AND WILLIS

2

SENATE BILL NO. 615

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

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A BILL

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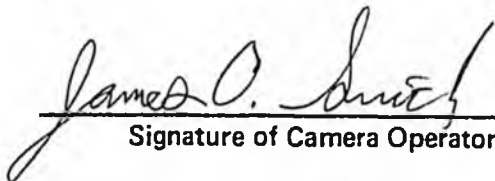
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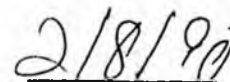


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT

SENATE

3/16/76

Mr. President:

Date

4/13/76

The Committee on Finance has had SB 615 relating to assistance to the aged, blind and disabled 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 ^{HFS} CS FOR SB 615 AND THAT CS FOR SB 615 DO PASS
- () "and" recommends it BE REFERRED TO THE _____ COMMITTEE
- () reports it back WITHOUT RECOMMENDATION
- () "other"

Members signing the Majority report:

<u>Bill Ray</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

Bill Ray Chairman

POSITION PAPER
ON
COMMITTEE SUBSTITUTE
FOR
SENATE BILL #615

"An Act relating to assistance to the aged, blind, and disabled, and providing for an effective date."

This bill is viewed as increasing the maximum level of need from \$300 to \$334 in the Old Age Assistance, Aid to the Blind, and Aid to the Disabled programs, effective July 1, 1976.

We view this bill as having the dual impact of increasing the number of potential eligible persons and of increasing the amounts of payments to eligible persons.

Chapter 172, SLA 1975, currently provides that Social Security payment increases for FY77 will be matched and passed along to recipients of Alaska's Adult Public Assistance programs; currently, The Social Security Administration estimates the coming increase will be 6.7%. Thus the costs associated with Committee Substitute #615 must be recognized as properly reflecting only the difference between this increase and the increase to the \$334 standard.

We estimate the FY77 impact upon cash assistance payments within the Assistance Payments BRU to be \$524,777 (3076 current recipients x \$13.90/month av. payment increase x 12 months, plus 75 new recipients x \$13.00/month av. x 12 months).

The new recipients who would be added by the increase in the need standard would also be eligible for Medicaid coverage; the FY77 anticipated impact upon the Medicaid BRU would be \$159,660 (of the 75 new recipients, approximately 45 would utilize Medicaid benefits: 45 x \$3548/year av. cost). 50%, or \$79,830, of Medicaid funding is Federal, and 50% is State.

All of these new recipients would also be eligible for General Relief-Medical benefits, though not all would participate. Estimated impact upon the General Relief-Medical BRU for FY77 is \$2,023 (34 participants x \$59.51/year av. cost).

We estimate the total cost of the increase of the maximum payment to \$334 to be \$686,460, \$606,630 in state funds and \$79,830 in Federal funds.

Many individuals currently receiving Adult Public Assistance payments under the same monthly maximum income limit as many Aid to Families with Dependent children family units consisting of a mother and one child, and their income will increase in FY77 by 6.7%. It now appears likely that the approximately 2000 APA recipients who also receive Alaska Longevity Bonus payments (which are not considered in determining their assistance payments amounts) will also enjoy an increase of \$25 per month in these payments.

PAGE 2
Position Paper
CS for SB #615

Because of these anticipated increases in benefits, and because of the additional costs involved in any further increases, the Department finds that it cannot support increasing the Governor's budget to find the costs of Committee Substitute 615.

Recommended By: *Lawrence Dale* 4/7/76
Director, Division of Public Assistance Date

Approved By: *Francis S.L. Williamson* 4/12/76
Francis S.L. Williamson, Commissioner Date

ANALYSIS OF FISCAL NOTE

ON

COMMITTEE SUBSTITUTE

FOR

SENATE BILL # 615

Impact of this bill will be upon three BRU's: The Assistance Payments BRU, which provides cash assistance to Adult Public Assistance (APA) recipients; the Medicaid BRU, which provides medical assistance to APA recipients; and the General Relief-Medical BRU, which provides for certain medical items for APA-Medicaid recipients. Impact by BRU is discussed below:

1) Assistance Payments

	FY77	FY78	FY79	FY80	FY81
a) Additional Cost for Current Recipients	513.1	543.9	576.5	611.1	647.8
b) Cost for New Recipients	11.7	12.4	13.1	13.9	14.7
Assistance Payments Total (State-only funds)	524.8	556.3	589.6	625.0	662.5

- a) Cost for current recipients: For FY77, payment increase per person is \$13.90 per month [\$334-\$300 current standard-\$20.01 (the 6.7% FY77 cost of living increase for Social Security on \$300) = \$13.90]. The number of FY77, recipients, 3076, is based upon FY76 first and second quarter actuals, unadjusted for any caseload increase. An additional 406 recipients are in nursing homes, receiving only a small monthly personal needs allowance; payments to these 406 would not increase. 3076 x 13.90/mo. x 12 months = \$513.1.

Costs of CS 615 for FY78 and following for current recipients are based upon the assumption that Social Security increases in FY78 and following years will be 6% per year. Since the cost of living increase pass along will resume in FY78, but upon the new \$334 maximum, FY78 cost is estimated at 6% of FY77 additional cost.

- b) Cost for new recipients: the number of new recipients who would apply and be found eligible if the maximum payment were increased to \$334, and who would not be nursing home patients, is estimated at 75, an estimate based upon projections from currently-available census data.

The average payment per month per new recipient is estimated at \$13.00,

which assumes that new recipients will have an average net chargeable income of \$321 ($\$334 - 321 = \13.00). $75 \times \$13.00/\text{mo.} \times 12 \text{ months} = \11.7 for FY77.

For FY78 and following, estimates are based upon a prediction of 6% Social Security increase each year.

2) Medicaid

	FY77	FY78	FY79	FY80	FY81
Annual Cost for New Recipients	159.7	191.6	229.9	275.9	331.1
Federal Funds (50%)	79.9	95.8	115.0	138.0	165.6
State Funds (50%)	79.8	95.8	114.9	137.9	165.5

Number of new recipients utilizing Medicaid services is estimated at 45 (60% of 75 total); this utilization rate is based upon the utilization pattern of Adult Public Assistance recipients during FY74.

Cost per year per recipient is based upon FY74 actual per-person costs (by program), adjusted by inflation rate of 20% per year.

The FY77 average cost per recipient participating is estimated at \$3,548, times 45 participants = \$159.7. FY78 and following year costs are increased by 20% per year inflation.

3) General Relief-Medical

	FY77	FY78	FY79	FY80	FY81
Annual Cost for New Recipients (State Funds Only)	2.0	2.3	2.6	3.0	3.5

The number of the 75 new recipients who would utilize General Relief-Medical coverage for pharmaceuticals is estimated at 34 (based upon FY74 utilization rates). The FY76 predicted yearly cost for General Relief-Medical pharmaceuticals per Adult Public Assistance participating recipient is \$51.75. Cost of pharmaceuticals increases at the rate of 15% per year; therefore, FY77 estimated cost is $34 \times (51.75 \times 1.15) = 2.0$.

Fy 78 and following figures assume 15% cost increase per year.

4) Summary

	FY77	FY78	FY79	FY80	FY81
Assistance Payments	524.8	556.3	589.6	625.0	662.5
Medicaid	159.7	191.6	229.9	275.9	331.1
General Relief-Medical	2.0	2.3	2.6	3.0	3.5
TOTALS	686.5	750.2	822.1	903.9	997.1

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. Committee Substitute for Senate Bill #615
 Title: An Act relating to assistance to the aged, blind, and disabled, etc.
 Requested by Health and Social Services Committee Date: March 31, 1976
 Return Date Requested: _____
 Agency: Health and Social Services Program: Adult Public Assistance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Assistance Payments, Medicaid, General Relief.
 A. EXPENDITURES: (Thousands of dollars) Medica

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0	686.5	750.2	822.1	903.9	997.1
TOTAL	0	686.5	750.2	822.1	903.9	997.1

B. FUNDING: (Thousands of dollars)

GENERAL FUND	0	606.7	654.4	707.1	765.1	831.5
FEDERAL FUNDS	0	79.8	95.8	115.0	138.0	165.6
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: 4/7/76 PREPARED BY: *Laura Hull*

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

Reviewed by Financial Management:

E. A. Smith
 EUGENE A. SMITH, HSS FINANCE OFFICER

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill 615

Title: An Act Relating to assistance to the Aged, Blind, & Disabled etc.

Requested by: Bradley, Chance, Croft, Ferguson et al Date: February 17, 1976

Return Date Requested:

Agency: Health & Social Services

Program: Adult Public Assistance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Assistance Payments, Medicaid, General Relief-

A. EXPENDITURES: (Thousands of dollars)

Medical

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	1789.8	3176.8	3499.0	3870.1	4315.3	4851.3
TOTAL	1789.8	3176.8	3499.0	3870.1	4315.3	4851.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND	1789.8	2662.2	2862.9	3083.9	3343.6	3650.3
FEDERAL FUNDS	0	514.6	636.1	786.2	971.7	1201.0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: Amended 2/17/76 PREPARED BY: Gordon G. Landes

Gordon G. Landes

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Reviewed by Financial Management

H/S 50

Herman F. Trivette
Herman F. Trivette

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
Second Session - Ninth Legislature

I. REQUEST
 Bill No. Senate Bill 615
 Title: An Act Relating to assistance to the Aged, Blind, & Disabled etc
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 Agency: Health & Social Services Program: Adult Public Assistance

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 A. EXPENDITURES: (Thousands of dollars) Medical

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
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OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: Amended 2/17/76 PREPARED BY: Gordon G. Landes

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

Reviewed by Financial Management

H/S 50

Herman F. Trivette
 Herman F. Trivette

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

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 Bill No. Senate Bill 615
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 Requested by: Bradley, Chance, Croft, Ferguson et al Date: February 17, 1976
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OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
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TOTAL	1789.8	3176.8	3499.0	3870.1	4315.3	4851.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND	1789.8	2662.2	2862.9	3083.9	3343.6	3650.3
FEDERAL FUNDS	0	514.6	636.1	786.2	971.7	1201.0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: Amended 2/17/76 PREPARED BY: *Gordon G. Landes*
 Gordon G. Landes

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

Reviewed by Financial Management

Herman F. Trivette

Herman F. Trivette

Original sponsors: Bradley, Chance,
Croft, et al

Offered: 3/18/76
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

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12 July 1, 1976, the Department of Health and Social Services shall estab-
13 lish levels of need not exceeding \$334 [\$300] a month for an individual
14 recipient.

15 * Sec. 2. This Act takes effect July 1, 1976.

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Original sponsors: Bradley, Chance,
Croft, et al

Offered: 3/18/76
Referred: Finance

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Introduced: 2/6/76
Referred: Health, Education
and Social Services and
Finance

BY BRADLEY, CHANCE, CROFT, FERGUSON,
RODEY, SACKETT AND WILLIS

1 IN THE SENATE

2 SENATE BILL NO. 615

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to assistance to the aged, blind and
7 disabled; and providing for an effective date."

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

9 * Section 1. Chapter 172, sec. 4, SLA 1975 is amended to read:

10 Sec. 4. For purposes of determining the state contribution to
11 recipients under AS 47.25.430(a), 47.25.640, and 47.25.810 as of
12 July 1, 1975, the Department of Health and Social Services shall estab-
13 lish levels of need not exceeding \$350 [\$300] a month for an individual
14 recipient.

15 * Sec. 2. This Act is retroactive to July 1, 1975.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

Introduced: 2/6/76
Referred: Health, Education
and Social Services and
Finance

BY BRADLEY, CHANCE, CROFT, FERGUSON,
RODEY, SACKETT AND WILLIS

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Amended 2/17/76

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST
 Bill No. Senate Bill 615
 Title: An Act Relating to assistance to the Aged, Blind, & Disabled etc.
 Requested by: Bradley, Chance, Croft, Ferguson et al Date: February 17, 1976
 Return Date Requested: _____
 Agency: Health & Social Services Program: Adult Public Assistance

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Assistance Payments, Medicaid, General Relief-

A. EXPENDITURES: (Thousands of dollars) Medical

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	1789.8	3176.8	3499.0	3870.1	4315.3	4851.3
TOTAL	1789.8	3176.8	3499.0	3870.1	4315.3	4851.3

B. FUNDING: (Thousands of dollars)

GENERAL FUND	1789.8	2662.2	2862.9	3083.9	3343.6	3650.3
FEDERAL FUNDS	0	514.6	636.1	786.2	971.7	1201.0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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

IV. ATTACHMENTS

V. DATE: Amended 2/17/76 PREPARED BY: Gordon G. Landes
 Gordon G. Landes

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

Reviewed by Financial Management

Herman F. Trivette

Herman F. Trivette

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

AMENDED 2/17/76

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GENERAL FUND	1789.8	2662.2	2862.9	3083.9	3343.6	3651.3
FEDERAL FUNDS	0	514.6	636.1	786.2	971.7	1201.0
OTHER						

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PERMANENT/TEMPORARY	/	/	/	/	/	/
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H/S 50

Herman F. Trivette
 Herman F. Trivette

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

AMENDED 2/17/76

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B. FUNDING: (Thousands of dollars)

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FEDERAL FUNDS	0	514.6	636.1	786.2	971.7	1201.0
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

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Gordon G. Landes

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

Reviewed by Financial Management

H/S 50

Herman F. Trivette
Herman F. Trivette

ANALYSIS OF
COMMITTEE SUBSTITUTE
FOR SB NO. 615:

"AN ACT RELATING TO ASSISTANCE
TO THE AGED, BLIND, AND DISABLED: AND
PROVIDING FOR AN EFFECTIVE DATE."

Prepared by:
Legislative Affairs Agency
Pouch Y
Juneau, Alaska
April 3, 1976

PROJECTED BUDGET FOR ADULT ASSISTANCE
PAYMENTS IF COST OF LIVING ALLOWANCE
WAS RAISED TO KEEP PACE WITH
ALASKAN INFLATION EXPERIENCE

PROJECTED BUDGET FOR ADULT ASSISTANCE PAYMENTS PROGRAM
 BASED ON HISTORICAL UTILIZATION PATTERNS AND \$300
 MAXIMUM PAYMENT ADJUSTED BY SOCIAL SECURITY
 COST OF LIVING AND DIFFERENCE OF ANCHORAGE
 COST OF LIVING INCREASE

The following budget was based on historical utilization trends. Many persons that fall within "gross" income levels do not always qualify for assistance or desire to request aid at this time. Caseload projections were based on percent of use in the past. "Eligibles" were projected from most current available Census data.

It should be emphasized the caseload projections were based on historical utilization patterns. If the pattern established in past changes or some unique economic crisis occurs, the estimation for funds to serve these clients may fall short of actual need. Since Assistance payments and Medicaid Budget Request Units have had in FY 76 legislative intent that all legally obligated payments would be made, clients would have protection that their payments would not be reduced due to insufficient funds for FY 76. It would be advisable to continue such a practice in the future if this budget is accepted in order to protect clients against unforeseeable situations that might mean undue hardship to them, if insufficient monies are available.

Maximum payment was determined by the following formula:

$$\begin{array}{rcl}
 \$300 + \text{Social Security COLA} + \text{Anchorage Cost} & & \\
 \text{of Living} & & \text{FY 77} \\
 \text{Increases Less} & = & \text{Maximum} \\
 \text{Social Security} & & \text{Payment} \\
 \text{COLA} & & \text{Level}
 \end{array}$$

Presently, Social Security estimates 6.7% cost of living increase starting July 1, 1976. Studies by Department of Labor have shown that Anchorage costs have risen 11.13% from January 1974 to January 1975. Therefore, Social Security COLA applicable to all 50 states has not kept pace with inflation in Alaska. The following budget is based on the assumption that increases beyond Social Security COLA will be passed on to Assistance payments recipients in order that their monthly checks can keep pace with costs of rent, clothes, and other necessities in their area. The Maximum Monthly Payment for FY 77 is:

\$300.00	Base	
20.10	6.7% Social Security COLA	
<u>13.29</u>	4.43% Difference in Anchorage Inflation	
\$333.39	Maximum Payment	

or

\$334.00

CHART A

Total Projected Costs for FY 77 if Adult Assistance
Payment is Raised to \$300 + Social Security COLA
+ Anchorage Inflation Difference

Cash Assistance

Current Recipients	\$513,076.80
New Recipients	11,700.00

Medicaid

Projected Recipients	159,680.00
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General Relief-Medical

Projected Recipients	<u>2,023.34</u>
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TOTAL	\$686,480.14
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* * * * *

Source of Funding

State Funds	\$606,640.14
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Federal Funds	<u>79,840.00</u>
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TOTAL	\$686,480.14
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CHART B

Projected Costs for FY 77 for Current Recipients if Maximum
Payment Raised to \$300 + COLA + Difference
of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Month ^{1/}	Projected Cost Per Month ^{2/}	Months of Service	Total Annual Cost
Old Age Assistance				
Non-Nursing Home	1,716	\$13.90	12	\$286,228.80
Nursing Home	213	\$ 0.00	12	\$ 0.00
Aid to Blind				
Non-Nursing Home	70	\$13.90	12	\$ 11,676.00
Nursing Home	3	\$ 0.00	12	\$ 0.00
Aid to Disabled				
Non-Nursing Home	1,290	\$13.90	12	\$215,172.00
Nursing Home	190	\$ 0.00	12	\$ 0.00
TOTAL	<u>3,482</u>	<u>\$12.28</u>	<u>12</u>	<u>\$513,076.80</u>

NOTES

^{1/} Caseload estimates are based on average of 1st and 2nd quarters..
FY 76 experience. Assumes no caseload increase for FY 77.

^{2/} Maximum payment level assumed to be:

\$300.00	FY 76 standard	
+20.10	6.7% cost of living allowance for Social Security	11.13% Anchorage COLA Increase
+13.29	4.43% cost of living allowance for difference of Anchorage COLA	
<u>\$333.39</u>	Maximum payment for FY 77	
or		
\$334.00		

CHART C

Projected Costs for FY 77 for New Recipients of Adult Assistance if Maximum Payment Raised to \$300 + COLA + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Month <u>1/</u>	Projected Cost Per Month <u>2/,3/</u>	Months of Service	Total Annual Cost
Old Age Assistance				
Non-Nursing Home	42	\$13.00	12	\$6,552.00
Nursing Home	5	\$ 0.00	12	\$ 0.00
Aid to Blind				
Non-Nursing Home	2	\$13.00	12	\$ 312.00
Nursing Home	0	\$ 0.00	12	\$ 0.00
Aid to Disable				
Non-Nursing Home	31	\$13.00	12	\$4,836.00
Nursing Home	<u>5</u>	<u>\$ 0.00</u>	<u>12</u>	<u>\$ 0.00</u>
TOTAL	85	\$11.47	12	\$11,700.00

NOTES

- 1/ Recipients were projected based on utilization of eligibles in past. Eligible base was projected from most current available census data.
- 2/ Assumes recipients will have an average of \$321.00 net chargeable income.
- 3/ Maximum payment for FY 77 is assumed to be:

\$300.00	FY 76 standard
20.10	6.7% COLA for Social Security
<u>13.29</u>	4.43% COLA for difference of Anchorage COLA
\$333.39	Maximum Payment for FY 77

or

\$334.00

CHART D

Projected Costs for FY 77 for New Medicaid Recipients
 Added by Raising Maximum Adult Assistance Payments
 to \$300 + COLA + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Year ^{1/}	Projected Cost Per Year ^{2/}	Total Annual Cost
Old Age Assistance			
TOTAL	21	\$3,746	\$ 78,666
Aid to Blind			
TOTAL	1	\$1,894	\$ 1,894
Aid to Disabled			
TOTAL	23	\$3,440	\$ 79,120
	<u> </u>	<u> </u>	<u> </u>
TOTAL	45	\$3,548	\$159,680

NOTES

- ^{1/} Medicaid recipients were projected in the following manner:
- (1) APA recipients have free choice of payment for health care. Many APA recipients are eligible for both USPHS and Medicaid.
 - (2) In FY 74, only:
 - 43.8% of OAA recipients used Medicaid.
 - 34% of AB recipients used Medicaid.
 - 62.9% of AD recipients used Medicaid.
 Assumed utilization pattern of Medicaid services remained similar, by program of recipient.

^{2/} Costs were projected as follows:
 According to FY 74 Medicaid Status Report, annual cost per recipient by program was:

	<u>FY 74</u>
OAA	\$2,168
AB	\$1,096
AD	\$1,991

To determine costs for FY 77, 20% inflation rate was added per year. (Department is using this inflation % for its FY 77 budget submission.)

	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
OAA	\$2,602	\$3,122	\$3,746
AB	\$1,315	\$1,578	\$1,894
AD	\$2,389	\$2,867	\$3,440

CHART E

Projected Costs for FY 77 for General Relief-Medical
 Recipients Added by Raising Adult Assistance
 Payments to \$300 + Social Security COLA
 + Difference of Anchorage COLA

Category of Recipients by Program	Number of Projected Recipients Per Year ^{1/}	Projected Cost Per Year ^{2/}	Total Annual Cost
Old Age Assistance			
TOTAL	16	\$59.51	\$ 952.16
Aid to Blind			
TOTAL	1	\$59.51	\$ 59.51
Aid to Disabled			
TOTAL	17	\$59.51	\$1,011.67
	<u> </u>	<u> </u>	<u> </u>
TOTAL	34	\$59.51	\$2,023.34

NOTES

^{1/} According to FY 74 Medicaid Status Report of Medicaid recipients, approximately 75.5% have no resource for drugs. Drugs would be purchased through General Relief-Medical Program.

^{2/} Costs were projected as follows:

According to department, costs per recipient for drugs was \$45.00. 15% inflation was added for each additional year.

	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>
Drugs	\$45.00	\$51.75	\$59.51

