

LEG. FINANCE - BILLS 1981 - 1982 1723

SB 813 cont. - SB 817

1723



THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. 813  
Title Past Retirement pension  
Requested by \_\_\_\_\_ Date 2/18

II. FISCAL DETAIL

Agency Affected Administration - Division of Retirement & Benefits  
Program Category Affected Centralized Administrative Services  
BRU, Program, or Subprogram(s) Affected Retirement & Benefits

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
100 RETIREMENT BENEFITS		(228.0)	(506.5)	(838.3)	(1,231.4)	(1,694.7)
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		(228.0)	(506.5)	(838.3)	(1,231.4)	(1,694.7)

FUNDING (Thousands of Dollars)

GENERAL FUND	(186.7)	(414.8)	(686.6)	(1,008.5)	(1,388.0)
FEDERAL FUNDS	(10.5)	(23.3)	(38.6)	(56.6)	(78.0)
VETERAN'S FUND	(.5)	(1.0)	(1.7)	(2.5)	(3.4)
FISH & GAME FUND	(1.4)	(3.0)	(5.0)	(7.4)	(10.1)
HIGHWAY FUND	(3.0)	(6.6)	(10.9)	(16.0)	(22.0)
AIRPORT FUND	(6.6)	(14.7)	(24.3)	(35.7)	(49.1)
CAPITAL FUND	(19.3)	(43.1)	(71.2)	(104.7)	(144.1)
PERS					

POSITIONS NONE

FULL TIME					
PART TIME					
TEMPORARY					

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

1. Provision to provide PERS service credit for certain Marine transportation service is estimated to cost \$4,000 per year.
2. Cost savings as a result of curtailing peace officer coverage within the Department of Fish and Game are estimated at \$232,000 in FY 83 and increasing in subsequent years.

IV. DATE February 11, 1982 PREPARED BY Paul B. Arnoldt  
AGENCY Division of Retirement & Benefits

Original: Legislative Finance PHONE 465-4460

cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
Office of the Governor (Keith Specking)

JAY S. HAMMOND  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 17, 1982

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to pension adjustments and retirement benefits for peace officers, marine highway employees and fish and game employees.

The first and fourth sections of the bill relate to post-retirement pension adjustments for teachers and public employees. In place of the old one-tier system, it creates a three-tier system which allows the administrator to grant a higher cost-of-living increase for older retirees who are often more severely impacted by inflation.

The second and third sections provide for the limited transfer of credit from the Northwest Marine Retirement Trust, under which many ferry system employees are provided for, to the Public Employees' Retirement System.

Sections 5 and 6 settle a problem that has existed in recent years whereby selected fish and game employees were entitled to peace officer status and 20-year retirement. The present system is flawed because many persons whose desk jobs did not approach the hazards of peace officer service were nevertheless treated like peace officers. Recent study has indicated little difference between the hazards of fish and game employment and the hazards of other non-peace officer employment. This bill, therefore, eliminates peace officer coverage for fish and game employees. To avoid a constitutional problem, the bill preserves peace officer status for those fish and game employees who have already qualified for such status under the existing law.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond  
Governor

SB 813

CORRECTION

Re: SENATE BILL NO. 813

CORRECTION

Please discard SENATE BILL NO. 813 and replace with this corrected version.

# STATE OF ALASKA

**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

JAY S. HAMMOND, GOVERNOR

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

March 22, 1982

Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Clerical, technical errors, not of a substantive nature, have been detected on page one of SB 813, introduced at the governor's request on February 17, 1982.

Attached is a correct original (and carbon copies) of SB 813, so that a corrected version can be printed.

Sincerely,

WILSON L. CONDON  
ATTORNEY GENERAL

By:



Arthur H. Peterson  
Assistant Attorney General

AHP:lw

Introduced: 2/18/82  
Referred: State Affairs  
and Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 813

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to post-retirement pension adjustments,  
7 and retirement benefits for peace officers, marine  
8 transportation employees and Department of Fish and  
9 Game employees; and providing for an effective date."

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

11 \* Section 1. AS 14.25.143 is repealed and reenacted to read:

12 Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) When the  
13 administrator determines that the cost of living has increased and that  
14 the financial condition of the retirement fund permits, he may increase  
15 benefit payments to eligible disabled members and persons age 55 or old-  
16 er who received benefits in the preceding calendar year and are also re-  
17 ceiving benefits under this system at the time the increase is granted.

18 (b) The increase in benefit payments applies to total benefit pay-  
19 ments except for the cost-of-living allowance under AS 14.25.142. The  
20 amount of the increase is a percentage of the current benefit and may  
21 not exceed

22 (1) the lesser of 75 percent of the increase in the cost of  
23 living in the preceding calendar year or nine percent of the current  
24 benefit for recipients who are at least 65 years old on July 1;

25 (2) the lesser of 50 percent of the increase in the cost of  
26 living in the preceding calendar year or six percent of the current  
27 benefit for recipients who are at least 60 but less than 65 years old on  
28 July 1 and for members receiving disability benefits who are less than  
29 65 years old on July 1; or

1 (3) the lesser of 25 percent of the increase in the cost of  
2 living in the preceding calendar year or three percent of the current  
3 benefit for recipients who are at least 55 but less than 60 years old on  
4 July 1.

5 (c) If a recipient was not receiving benefits during the entire  
6 preceding calendar year, the increase in benefits under this section  
7 must be adjusted by multiplying it by the fraction whose numerator is  
8 the number of months for which benefits were received in the preceding  
9 calendar year and whose denominator is 12.

10 (d) If, at the time of first receiving a retirement benefit, a  
11 member was receiving a disability benefit under this system, the admini-  
12 strator shall, at the time the member is appointed to retirement, in-  
13 crease the retirement benefit by a percentage equal to the total cumula-  
14 tive percentage increase which has been applied to the member's disabili-  
15 ty benefit under this section.

16 (e) When computing a spouse's pension under AS 14.25.164, adjust-  
17 ments granted to the deceased member under this section must be in-  
18 cluded.

19 (f) An increase in benefit payments under this section is effec-  
20 tive July 1 of each year and the limit on the increase is based on the  
21 percentage increase in the consumer price index for urban wage earners  
22 and clerical workers for Anchorage, Alaska during the previous calendar  
23 year as determined by the United States Department of Labor, Bureau of  
24 Labor Statistics.

25 \* Sec. 2. AS 39.35 is amended by adding a new section to read:

26 Sec. 39.35.305. CREDITED SERVICE FOR EMPLOYMENT WITH THE DIVISION  
27 OF MARINE TRANSPORTATION. (a) A vested employee who is a member of the  
28 system on July 1, 1981 is entitled to service credit for periods of em-  
29 ployment before January 1, 1977 with the division of marine highways of

1 the Department of Transportation and Public Facilities for which the em-  
2 ployee received service credit under the Northwest Marine Retirement  
3 Trust. The service credit allowed under this section may not exceed an  
4 aggregate of nine years. Benefits are not payable on service credit un-  
5 der this section unless the employee makes retroactive contributions to  
6 the system for the period of time for which service credit is claimed.

7 (b) In order to obtain service credit under this section, an em-  
8 ployee shall make an election to do so and shall verify the period of  
9 service. When eligibility for service credit has been established, an  
10 indebtedness shall be determined as follows: (1) the employee's actual  
11 compensation, or the calculated annual compensation for an employee  
12 working less than 12 months, during the calendar year 1981 or the year  
13 in which an employee first becomes vested under this chapter, whichever  
14 is later, multiplied by (2) six percent, and this product multiplied by  
15 (3) the number years of service credited under this section. Interest  
16 as prescribed by regulation accrues on this indebtedness beginning on  
17 July 1, 1981, or one year following the date a person first becomes  
18 vested, whichever is later. Any outstanding indebtedness that exists at  
19 the time a person is appointed to retirement will necessitate an actuar-  
20 ial adjustment to the benefits payable based upon service credited under  
21 this section.

22 \* Sec. 3. AS 39.35.370 is amended by adding a new subsection to read:

23 (g) A member may not receive retirement benefits under this sec-  
24 tion based on a period of employment for which the member received ser-  
25 vice credit under AS 39.35.305 if the member is receiving retirement  
26 benefits from a marine retirement trust based on the same period of em-  
27 ployment.

28 \* Sec. 4. AS 39.35.475 is repealed and reenacted to read:

29 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) When the

1 administrator determines that the cost of living has increased and that  
2 the financial condition of the retirement fund permits, he may increase  
3 benefit payments to eligible disabled members and persons age 55 or old-  
4 er who received benefits in the preceding calendar year and are also re-  
5 ceiving benefits under this system at the time the increase is granted.

6 (b) The increase in benefit payments applies to total benefit pay-  
7 ments except for the cost-of-living allowance under AS 39.35.480. The  
8 amount of the increase is a percentage of the current benefit and may  
9 not exceed

10 (1) the lesser of 75 percent of the increase in the cost of  
11 living in the preceding calendar year or nine percent of the current  
12 benefit for recipients who are at least 65 years old on July 1;

13 (2) the lesser of 50 percent of the increase in the cost of  
14 living in the preceding calendar year or six percent of the current  
15 benefit for recipients who are at least 60 but less than 65 years old on  
16 July 1 and for members receiving disability benefits who are less than  
17 65 years old on July 1; or

18 (3) the lesser of 25 percent of the increase in the cost of  
19 living in the preceding calendar year or three percent of the current  
20 benefit for recipients who are at least 55 but less than 60 years old on  
21 July 1.

22 (c) If a recipient was not receiving benefits during the entire  
23 preceding calendar year, the increase in benefits under this section  
24 must be adjusted by multiplying it by the fraction whose numerator is  
25 the number of months for which benefits were received in the preceding  
26 calendar year and whose denominator is 12.

27 (d) If, at the time of first receiving a retirement benefit, a  
28 member was receiving a disability benefit under this system, the admini-  
29 strator shall, at the time the member is appointed to retirement, in-

1           crease the retirement benefit by a percentage equal to the total cumula-  
2           tive percentage increase which has been applied to the member's disabili-  
3           ty benefit under this section.

4           (e) When computing a joint and survivor benefit under AS 39.35.450  
5           or a survivor's benefit under AS 39.35.420 or 39.35.440, adjustments  
6           granted to the deceased member under this section must be included.

7           (f) An increase in benefit payments under this section is effec-  
8           tive July 1 of each year and the limit on the increase is based on the  
9           percentage increase in the consumer price index for urban wage earners  
10          and clerical workers for Anchorage, Alaska during the previous calendar  
11          year as determined by the United States Department of Labor, Bureau of  
12          Labor Statistics.

13       \* Sec. 5. AS 39.35.680(27) is amended to read:

14           (27) "peace officer" or "fireman" means an employee occupying  
15           a position as a peace officer, chief of police, correctional officer,  
16           correctional superintendent, [QUALIFIED EMPLOYEE OF THE DEPARTMENT OF  
17           FISH AND GAME,] fireman, or fire chief;

18       \* Sec. 6. A person who has held a position on or before June 30, 1982, as  
19       a "qualified employee of the Department of Fish and Game", shall be treated  
20       as a peace officer under AS 39.35 whenever employed by the Department of Fish  
21       and Game on or after July 1, 1982.

22       \* Sec. 7. AS 39.35.680(32) is repealed.

23       \* Sec. 8. This Act takes effect July 1, 1982.  
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29

Original sponsor: Rules/Governor

Offered: 3/12/82  
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 813 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to teachers' and public employees'  
7 retirement benefits; and providing for an effective  
8 date."

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

10 \* Section 1. AS 14.20.345(d) is amended to read:

11 (d) The governing body of the district may agree to continue the  
12 teacher's retirement contributions if the teacher agrees to pay the  
13 percentage required under AS 14.25.050 [REQUIRED SEVEN PERCENT] of the  
14 salary the teacher [HE] would have received during the [HIS] leave of  
15 absence and reimburse the district for the district's required retire-  
16 ment contribution. Each year of leave of absence then would count as a  
17 year of retirement service.

18 \* Sec. 2. AS 14.25.050(a) is amended to read:

19 (a) Each [BEGINNING JULY 1, 1970, EACH] teacher shall contribute  
20 to the retirement fund an amount equal to nine [SEVEN] percent of the  
21 teacher's [HIS] base salary accrued from July 1 to the following June  
22 30. The contribution shall be deducted by the employer at the end of  
23 each payroll period.

24 \* Sec. 3. AS 14.25.060(a) is repealed and reenacted to read:

25 (a) If a member has military service or Alaska Bureau of Indian  
26 Affairs (BIA) service, or if a member joined the system before July 1,  
27 1978, and has creditable outside service, the member is indebted to the  
28 retirement fund as follows:

29 (1) For a member first hired before July 1, 1978, the arrear-

1 age indebtedness for creditable outside service is seven percent of the  
2 base salary multiplied by the total number of years of creditable out-  
3 side service. Compound interest at the rate prescribed by regulation  
4 shall be added to the arrearage indebtedness beginning July 1, 1963, or  
5 at the time of first becoming employed as a member, whichever is later,  
6 to the date of payment or the date of retirement, whichever occurs  
7 first.

8 (2) For a member first hired before July 1, 1982, the arrear-  
9 age indebtedness for creditable military and Alaska BIA service is seven  
10 percent of the base salary multiplied by the total number of years of  
11 military and Alaska BIA service. For a member first hired on or after  
12 July 1, 1982, the arrearage indebtedness for military and Alaska BIA  
13 service is nine percent of the base salary multiplied by the total  
14 number of years of creditable military and Alaska BIA service. Compound  
15 interest at the rate prescribed by regulation shall be added to the  
16 arrearage indebtedness beginning July 1, 1963, or at the time of first  
17 becoming employed as a member, whichever is later, to the date of payment  
18 or the date of retirement, whichever occurs first.

19 \* Sec. 4. AS 14.25.110(d) is repealed and reenacted to read:

20 (d) The monthly retirement benefit for a member is calculated as  
21 follows:

22 (1) For a member with credited service earned before July 1,  
23 1982, the monthly retirement benefit is calculated by multiplying two  
24 percent of the member's average base salary, divided by 12, by the years  
25 of credited service.

26 (2) For a member with less than three years of membership  
27 service rendered after June 30, 1982:

28 (A) if the member has a total of at least 10 but less  
29 than 20 years of credited service, the member is entitled to the

1 benefit calculated under (1) of this subsection for the credited  
2 service rendered before July 1, 1982, plus two and one-quarter  
3 percent of the member's average base salary, divided by 12, times  
4 the years of credited service earned after June 30, 1982;

5 (B) if the member has a total of at least 20 years of  
6 credited service, the member is entitled to the benefit calculated  
7 under (1) of this subsection for the credited service rendered  
8 before July 1, 1982, plus two and one-half percent of the member's  
9 average base salary, divided by 12, times the years of credited  
10 service earned after June 30, 1982.

11 (3) For a member with three or more years of membership  
12 service rendered after June 30, 1982:

13 (A) if the member has a total of at least 10 but less  
14 than 20 years of credited service, the member is entitled to a  
15 monthly retirement benefit equal to two and one-quarter percent of  
16 the member's average base salary, divided by 12, times the member's  
17 total years of credited service;

18 (B) if the member has a total of at least 20 years of  
19 credited service, the member is entitled to a monthly retirement  
20 benefit equal to two and one-half percent of the member's average  
21 base salary, divided by 12, times the member's total years of  
22 credited service.

23 (4) For a member who elects to receive an early retirement  
24 benefit, an actuarial adjustment must be made.

25 (5) Any indebtedness that exists at the time of retirement  
26 must be discharged in accordance with AS 14.25.063(b).

27 \* Sec. 5. AS 14.25.125(d) is repealed and reenacted to read:

28 (d) The monthly amount of a conditional service retirement benefit  
29 shall be calculated on the years of fully paid credited service only, in

1 accordance with AS 14.25.110(d), except that

2 (1) a member may irrevocably elect to substitute "average  
3 monthly compensation" as defined in AS 39.35.680(4) in place of the  
4 member's average base salary, divided by 12; and

5 (2) in determining the percentage multiplier for each year of  
6 service under AS 14.25.110(d) the years of credited service under AS 39.-  
7 35 shall also be considered.

8 \* Sec. 6. AS 14.25.143 is repealed and reenacted to read:

9 Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once  
10 each year the administrator shall increase benefit payments to elig'ble  
11 persons age 65 or older receiving benefits under this system in the  
12 preceding calendar year.

13 (b) The increase in benefit payments applies to total benefit  
14 payments except for the cost-of-living allowance under AS 14.25.142.  
15 The amount of the increase is a percentage of the current benefit equal  
16 to the lesser of 75 percent of the increase in the cost of living in the  
17 preceding calendar year or nine percent, for recipients who on July 1  
18 are at least 65 years old.

19 (c) If a recipient was not receiving benefits during the entire  
20 preceding calendar year, the increase in benefits under this section  
21 shall be adjusted by multiplying it by the fraction whose numerator is  
22 the number of months for which benefits were received in the preceding  
23 calendar year and whose denominator is 12.

24 (d) If at the time of first receiving a retirement benefit a  
25 member was receiving a disability benefit under this system, the adminis-  
26 trator shall, at the time the member is appointed to retirement, increase  
27 the retirement benefit by a percentage equal to the total cumulative  
28 percentage increase that has been applied to the member's disability  
29 benefit under this section.

1 (e) When computing a spouse's pension under AS 14.25.164, adjust-  
2 ments granted to the deceased member under this section shall be in-  
3 cluded.

4 (f) An increase in benefit payments under this section is effec-  
5 tive July 1 of each year and is based on the percentage increase in the  
6 consumer price index for urban wage earners and clerical workers for  
7 Anchorage, Alaska during the previous calendar year as determined by the  
8 United States Department of Labor, Bureau of Labor Statistics.

9 \* Sec. 7. AS 14.25.143(a) is repealed and reenacted to read:

10 (a) Once each year the administrator shall increase benefit pay-  
11 ments to eligible disabled members and persons age 60 or older receiving  
12 benefits under this system in the preceding calendar year.

13 \* Sec. 8. AS 14.25.143(b) is repealed and reenacted to read:

14 (b) The increase in benefit payments applies to total benefit  
15 payments except for the cost-of-living allowance under AS 14.25.142.  
16 The amount of the increase is a percentage of the current benefit equal  
17 to

18 (1) the lesser of 75 percent of the increase in the cost of  
19 living in the preceding calendar year or nine percent, for recipients  
20 who on July 1 are at least 65 years old; and

21 (2) the lesser of 50 percent of the increase in the cost of  
22 living in the preceding calendar year or six percent, for recipients who  
23 on July 1 are at least 60 but less than 65 years old and for members  
24 receiving disability benefits who are less than 65 years old.

25 \* Sec. 9. AS 14.25.143(a) is repealed and reenacted to read:

26 (a) Once each year the administrator shall increase benefit pay-  
27 ments to eligible disabled members and persons age 55 or older receiving  
28 benefits under this system in the preceding calendar year.

29 \* Sec. 10. AS 14.25.143(b) is repealed and reenacted to read:

1 (b) The increase in benefit payments applies to total benefit  
2 payments except for the cost-of-living allowance under AS 14.25.142.  
3 The amount of the increase is a percentage of the current benefit equal  
4 to

5 (1) the lesser of 75 percent of the increase in the cost of  
6 living in the preceding calendar year or nine percent, for recipients  
7 who on July 1 are at least 65 years old;

8 (2) the lesser of 50 percent of the increase in the cost of  
9 living in the preceding calendar year or six percent, for recipients who  
10 on July 1 are at least 60 but less than 65 years old and for members  
11 receiving disability benefits who are less than 65 years old; and

12 (3) the lesser of 25 percent of the increase in the cost of  
13 living in the preceding calendar year or three percent, for recipients  
14 who on July 1 are at least 55 but less than 60 years old.

15 \* Sec. 11. AS 39.35.160 is amended to read:

16 Sec. 39.35.160. AMOUNT OF EMPLOYEE CONTRIBUTIONS. (a) While  
17 participating in the system each peace officer and each fireman shall  
18 contribute seven [FIVE] percent and every other employee shall contri-  
19 bute six [FOUR] and one-quarter percent of their [HIS] compensation to  
20 the public employees' retirement system.

21 \* Sec. 12. AS 39.35.200(b) is amended to read:

22 (b) If, upon termination of employment, an employee has credited  
23 service of less than five years and has less than \$1,000 in the [HIS]  
24 employee contribution account, a refund of the employee contribution  
25 account and the employee savings account must be made unless the  
26 employee indicates in writing that future retirement is intended and  
27 contributions should not be refunded. An employee who is reemployed  
28 with an employer and whose contributions have not been refunded before  
29 reemployment [RE-EMPLO' MENT] is not eligible for a refund.

1 \* Sec. 13. AS 39.35.340(b) is repealed and reenacted to read:

2 (b) In order to obtain credited service under this section, an  
3 employee shall make an election to do so and shall verify the period of  
4 military service. When eligibility for credited service for military  
5 service has been established, an indebtedness shall be determined as  
6 follows: (1) the employee's actual compensation, or the calculated  
7 annual compensation for those employees working less than 12 months,  
8 during the calendar year 1976 or the year in which an employee first  
9 becomes vested under this chapter, whichever is later, multiplied by (2)  
10 the number of years of military service credited under this section, and  
11 this product multiplied by (3) six percent for members who are first  
12 eligible to claim this military service before July 1, 1982, or eight  
13 percent for members who are first eligible to claim this military service  
14 on or after July 1, 1982. Interest as prescribed by regulation accrues  
15 on this indebtedness beginning on July 1, 1977, or one year following  
16 the date a person first becomes vested, whichever is later. Any out-  
17 standing indebtedness that exists at the time a person is appointed to  
18 retirement will necessitate an actuarial adjustment to the benefits  
19 payable based upon that military service.

20 \* Sec. 14. AS 39.35.370(c) is repealed and reenacted to read:

21 (c) The monthly retirement benefit of an employee, except for an  
22 employee who served as a peace officer or fireman before July 1, 1982,  
23 is calculated as follows:

24 (1) For an employee with credited service earned before  
25 July 1, 1982, the monthly retirement benefit is calculated by multiply-  
26 ing two percent of the average monthly compensation of the employee by  
27 the number of years of credited service.

28 (2) For an employee with less than three years of credited  
29 service rendered after June 30, 1982:

1 (A) if the employee has a total of at least 10 but less  
2 than 20 years of credited service, the employee is entitled to the  
3 benefit calculated under (1) of this subsection for the credited  
4 service rendered before July 1, 1982, plus two and one-quarter  
5 percent of the average monthly compensation times the years of  
6 credited service earned after June 30, 1982;

7 (B) if the employee has a total of at least 20 years of  
8 credited service, the employee is entitled to the benefit calculated  
9 under (1) of this subsection for the credited service rendered  
10 before July 1, 1982, plus two and one-half percent of the employee's  
11 average monthly compensation times the years of credited service  
12 earned after June 30, 1982.

13 (3) For an employee with three or more years of credited  
14 service rendered after June 30, 1982:

15 (A) if the employee has a total of at least 10 but less  
16 than 20 years of credited service, the employee is entitled to a  
17 monthly retirement benefit equal to two and one-quarter percent of  
18 the employee's average monthly compensation times the total years  
19 of credited service earned by the employee;

20 (B) if the employee has a total of at least 20 years of  
21 credited service, the employee is entitled to a monthly retirement  
22 benefit equal to two and one-half percent of the employee's average  
23 monthly compensation times the total years of credited service  
24 earned by the employee.

25 (4) For an employee who elects to receive an early retirement  
26 benefit, an actuarial adjustment must be made.

27 \* Sec. 15. AS 39.35.370 is amended by adding a new subsection to read:

28 (g) The monthly retirement benefit for an employee who served as a  
29 peace officer or fireman before July 1, 1982, is calculated as follows:

1 (1) by multiplying two percent of the average monthly compen-  
2 sation of the employee by the years of credited peace officer or fireman  
3 service up through 10 years plus two and one-half percent of the average  
4 monthly compensation of the employee by the years of credited peace  
5 officer or fireman service over 10 years; all other credited service  
6 shall be multiplied by two percent; or

7 (2) under (c) of this section if the benefit calculated under  
8 that subsection exceeds the benefit calculated under (1) of this subsec-  
9 tion.

10 \* Sec. 16. AS 39.35.385(d) is repealed and reenacted to read:

11 (d) The monthly amount of a conditional service retirement benefit  
12 shall be calculated in accordance with AS 39.35.370(c), except that

13 (1) the member may irrevocably elect to substitute one-  
14 twelfth of the "average base salary" as defined in AS 14.25.220(5) in  
15 place of average monthly compensation; and

16 (2) in determining the percentage multiplier for each year of  
17 service under AS 39.35.370(c) the years of credited service under AS 14.-  
18 25 shall also be considered.

19 \* Sec. 17. AS 39.35.475 is repealed and reenacted to read:

20 Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) Once  
21 each year the administrator shall increase benefit payments to eligible  
22 persons age 65 or older receiving benefits under this system in the  
23 preceding calendar year.

24 (b) The increase in benefit payments applies to total benefit  
25 payments exclusive only of the cost-of-living allowance under AS 39.35.-  
26 480. The amount of the increase is a percentage of the current benefit  
27 equal to the lesser of 75 percent of the increase in the cost of living  
28 in the preceding calendar year or nine percent, for recipients who on  
29 July 1 are at least 65 years old.

1 (c) If a recipient was not receiving benefits during the entire  
2 preceding calendar year, the increase in benefits under this section  
3 shall be adjusted by multiplying it by the fraction whose numerator is  
4 the number of months for which benefits were received in the preceding  
5 calendar year and whose denominator is 12.

6 (d) If at the time of first receiving a retirement benefit a  
7 member was receiving a disability benefit under this system, the adminis-  
8 trator shall, at the time the member is appointed to retirement, increase  
9 the retirement benefit by a percentage equal to the total cumulative  
10 percentage increase that has been applied to the member's disability  
11 benefit under this section.

12 (e) When computing a joint and survivor benefit under AS 39.35.450  
13 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjustments  
14 granted to the deceased member under this section shall be included.

15 (f) An increase in benefit payments under this section is effective  
16 July 1 of each year and is based on the percentage increase in the  
17 consumer price index for urban wage earners and clerical workers for  
18 Anchorage, Alaska during the previous calendar year as determined by the  
19 United States Department of Labor, Bureau of Labor Statistics.

20 \* Sec. 18. AS 39.35.475(a) is repealed and reenacted to read:

21 (a) Once each year the administrator shall increase benefit pay-  
22 ments to eligible disabled members and persons age 60 or older receiving  
23 benefits under this system in the preceding calendar year.

24 \* Sec. 19. AS 39.35.475(b) is repealed and reenacted to read:

25 (b) The increase in benefit payments applies to total benefit  
26 payments exclusive only of the cost-of-living allowance under AS 39.35.-  
27 480. The amount of the increase is a percentage of the current benefit  
28 equal to

29 (1) the lesser of 75 percent of the increase in the cost of

1 living in the preceding calendar year or nine percent, for recipients  
2 who on July 1 are at least 65 years old; and

3 (2) the lesser of 50 percent of the increase in the cost of  
4 living in the preceding calendar year or six percent, for recipients who  
5 on July 1 are at least 60 but less than 65 years old and for members  
6 receiving disability benefits who are less than 65 years old.

7 \* Sec. 20. AS 39.35.475(a) is repealed and reenacted to read:

8 (a) Once each year the administrator shall increase benefit pay-  
9 ments to eligible disabled members and persons age 55 or older receiving  
10 benefits under this system in the preceding calendar year.

11 \* Sec. 21. AS 39.35.475(b) is repealed and reenacted to read:

12 (b) The increase in benefit payments applies to total benefit  
13 payments exclusive only of the cost-of-living allowance under AS 39.35.-  
14 480. The amount of the increase is a percentage of the current benefit  
15 equal to

16 (1) the lesser of 75 percent of the increase in the cost of  
17 living in the preceding calendar year or nine percent, for recipients  
18 who on July 1 are at least 65 years old;

19 (2) the lesser of 50 percent of the increase in the cost of  
20 living in the preceding calendar year or six percent, for recipients who  
21 on July 1 are at least 60 but less than 65 years old and for members  
22 receiving disability benefits who are less than 65 years old; and

23 (3) the lesser of 25 percent of the increase in the cost of  
24 living in the preceding calendar year or three percent, for recipients  
25 who on July 1 are at least 55 but less than 60 years old.

26 \* Sec. 22. Sections 6 - 10 and 17 - 21 of this Act apply to persons  
27 receiving benefits under the retirement systems on and after July 1, 1982.  
28 Payment of an increased benefit under AS 14.25.143 or AS 39.35.475 that is  
29 effective July 1, 1982, shall begin no later than January 1, 1983, and shall

1 be based on the percentage increase in the consumer price index for the  
2 calendar year 1981.

3 \* Sec. 23. Sections 1 - 6, 11 - 17, and 22 of this Act take effect July 1,  
4 1982.

5 \* Sec. 24. Sections 7, 8, 18, and 19 of this Act take effect July 1,  
6 1983.

7 \* Sec. 25. Sections 9, 10, 20, and 21 of this Act take effect July 1,  
8 1984.

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Introduced: 2/18/82  
Referred: State Affairs and  
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 813

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to post-retirement pension adjustments  
7 and retirement benefits for peace officers, marine  
8 transportation employees and Department of Fish and  
9 Game employees; and providing for an effective date."

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

11 \* Section 1. AS 14.25.143 is repealed and reenacted to read:

12 Sec. 14.25.143. POST-RETIREMENT PENSION ADJUSTMENT. (a) When the  
13 administrator determines that the cost of living has increased and that  
14 the financial condition of the retirement fund permits, he may increase  
15 benefit payments to eligible disabled members and persons age 55 or old-  
16 er who both received benefits in the preceding calendar year and are re-  
17 ceiving benefits under this system at the time the increase is granted.

18 (b) The increase in benefit payments applies to total benefit pay-  
19 ments except for the cost-of-living allowance under AS 14.25.142. The  
20 amount of the increase is a percentage of the current benefit and may  
21 not exceed

22 (1) the lesser of 75 percent of the increase in the cost of  
23 living in the preceding calendar year or nine percent for recipients who  
24 are at least 65 years old on July 1;

25 (2) the lesser of 50 percent of the increase in the cost of  
26 living in the preceding calendar year or six percent for recipients who  
27 on July 1 are at least 60 but less than 65 years old and for members re-  
28 ceiving disability benefits who are less than 65 years old; or

29 (3) the lesser of 25 percent of the increase in the cost of

1 65 years old on July 1; or

2 (3) the lesser of 25 percent of the increase in the cost of  
3 living in the preceding calendar year or three percent of the current  
4 benefit for recipients who are at least 55 but less than 60 years old on  
5 July 1.

6 (c) If a recipient was not receiving benefits during the entire  
7 preceding calendar year, the increase in benefits under this section  
8 must be adjusted by multiplying it by the fraction whose numerator is  
9 the number of months for which benefits were received in the preceding  
10 calendar year and whose denominator is 12.

11 (d) If, at the time of first receiving a retirement benefit, a  
12 member was receiving a disability benefit under this system, the admini-  
13 strator shall, at the time the member is appointed to retirement, in-  
14 crease the retirement benefit by a percentage equal to the total cumula-  
15 tive percentage increase which has been applied to the member's disabili-  
16 ty benefit under this section.

17 (e) When computing a spouse's pension under AS 14.25.164, adjust-  
18 ments granted to the deceased member under this section must be in-  
19 cluded.

20 (f) An increase in benefit payments under this section is effec-  
21 tive July 1 of each year and the limit on the increase is based on the  
22 percentage increase in the consumer price index for urban wage earners  
23 and clerical workers for Anchorage, Alaska during the previous calendar  
24 year as determined by the United States Department of Labor, Bureau of  
25 Labor Statistics.

26 \* Sec. 2. AS 39.35 is amended by adding a new section to read:

27 Sec. 39.35.305. CREDITED SERVICE FOR EMPLOYMENT WITH THE DIVISION  
28 OF MARINE TRANSPORTATION. (a) A vested employee who is a member of the  
29 system on July 1, 1981 is entitled to service credit for periods of em-

1 ployment before January 1, 1977 with the division of marine highways of  
2 the Department of Transportation and Public Facilities for which the em-  
3 ployee received service credit under the Northwest Marine Retirement  
4 Trust. The service credit allowed under this section may not exceed an  
5 aggregate of nine years. Benefits are not payable on service credit un-  
6 der this section unless the employee makes retroactive contributions to  
7 the system for the period of time for which service credit is claimed.

8 (b) In order to obtain service credit under this section, an em-  
9 ployee shall make an election to do so and shall verify the period of  
10 service. When eligibility for service credit has been established, an  
11 indebtedness shall be determined as follows: (1) the employee's actual  
12 compensation, or the calculated annual compensation for an employee  
13 working less than 12 months, during the calendar year 1981 or the year  
14 in which an employee first becomes vested under this chapter, whichever  
15 is later, multiplied by (2) six percent, and this product multiplied by  
16 (3) the number years of service credited under this section. Interest  
17 as prescribed by regulation accrues on this indebtedness beginning on  
18 July 1, 1981, or one year following the date a person first becomes  
19 vested, whichever is later. Any outstanding indebtedness that exists at  
20 the time a person is appointed to retirement will necessitate an actuar-  
21 ial adjustment to the benefits payable based upon service credited under  
22 this section.

23 \* Sec. 3. AS 39.35.370 is amended by adding a new subsection to read:

24 (g) A member may not receive retirement benefits under this sec-  
25 tion based on a period of employment for which the member received ser-  
26 vice credit under AS 39.35.305 if the member is receiving retirement  
27 benefits from a marine retirement trust based on the same period of em-  
28 ployment.

29 \* Sec. 4. AS 39.35.475 is repealed and reenacted to read:

1           Sec. 39.35.475. POST-RETIREMENT PENSION ADJUSTMENT. (a) When the  
2 administrator determines that the cost of living has increased and that  
3 the financial condition of the retirement fund permits, he may increase  
4 benefit payments to eligible disabled members and persons age 55 or old-  
5 er who received benefits in the preceding calendar year and also are re-  
6 ceiving benefits under this system at the time the increase is granted.

7           (b) The increase in benefit payments applies to total benefit pay-  
8 ments except for the cost-of-living allowance under AS 39.35.480. The  
9 amount of the increase is a percentage of the current benefit and may  
10 not exceed

11           (1) the lesser of 75 percent of the increase in the cost of  
12 living in the preceding calendar year or nine percent of the current  
13 benefit for recipients who are at least 65 years old on July 1;

14           (2) the lesser of 50 percent of the increase in the cost of  
15 living in the preceding calendar year or six percent of the current  
16 benefit for recipients who are at least 60 but less than 65 years old on  
17 July 1 and for members receiving disability benefits who are less than  
18 65 years old on July 1; or

19           (3) the lesser of 25 percent of the increase in the cost of  
20 living in the preceding calendar year or three percent of the current  
21 benefit for recipients who are at least 55 but less than 60 years old on  
22 July 1.

23           (c) If a recipient was not receiving benefits during the entire  
24 preceding calendar year, the increase in benefits under this section  
25 must be adjusted by multiplying it by the fraction whose numerator is  
26 the number of months for which benefits were received in the preceding  
27 calendar year and whose denominator is 12.

28           (d) If, at the time of first receiving a retirement benefit, a  
29 member was receiving a disability benefit under this system, the admini-

1 strator shall, at the time the member is appointed to retirement, in-  
2 crease the retirement benefit by a percentage equal to the total cumula-  
3 tive percentage increase which has been applied to the member's disabil-  
4 ity benefit under this section.

5 (e) When computing a joint and survivor benefit under AS 39.35.450  
6 or a survivor's benefit under AS 39.35.420 or 39.35.440, adjustments  
7 granted to the deceased member under this section must be included.

8 (f) An increase in benefit payments under this section is effec-  
9 tive July 1 of each year and the limit on the increase is based on the  
10 percentage increase in the consumer price index for urban wage earners  
11 and clerical workers for Anchorage, Alaska during the previous calendar  
12 year as determined by the United States Department of Labor, Bureau of  
13 Labor Statistics.

14 \* Sec. 5. AS 39.35.680(27) is amended to read:

15 (27) "peace officer" or "fireman" means an employee occupying  
16 a position as a peace officer, chief of police, correctional officer,  
17 correctional superintendent, [QUALIFIED EMPLOYEE OF THE DEPARTMENT OF  
18 FISH AND GAME,] fireman, or fire chief;

19 \* Sec. 6. A person who has held a position on or before June 30, 1982, as  
20 a "qualified employee of the Department of Fish and Game" shall be treated as  
21 a peace officer under AS 39.35 whenever employed by the Department of Fish  
22 and Game on or after July 1, 1982.

23 \* Sec. 7. AS 39.35.680(32) is repealed.

24 \* Sec. 8. This Act takes effect July 1, 1982.



Introduced: 2/18/82  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 814

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to implementation of the appropriation  
7 limitation in art. IX, sec. 16 of the Alaska Constitu-  
8 tion; and providing for an effective date."

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

10 \* Section 1. AS 15.58.020 is amended by adding a new paragraph to read:

11 (10) for each capital project appropriation bill question  
12 under AS 37.07.075(a), the operation and maintenance cost information  
13 required by AS 37.07.074.

14 \* Sec. 2. AS 37.07.010 is amended by adding a new paragraph to read:

15 (7) implementation of art. IX, sec. 16 of the Alaska Consti-  
16 tution which provides for an appropriation limit.

17 \* Sec. 3. AS 37.07 is amended by adding new sections to read:

18 Sec. 37.07.072. ADJUSTMENT OF APPROPRIATION LIMIT BASE. (a) The  
19 appropriation limit of \$2,500,000,000 which is established by art. IX,  
20 sec. 16 of the Alaska Constitution must be cumulatively adjusted annual-  
21 ly by the division, by the sum of the following percentages:

22 (1) the percentage annual change, during the calendar year  
23 preceding each fiscal year, in the consumer price index for all urban  
24 consumers for Anchorage as published by the Bureau of Labor Statistics  
25 of the United States Department of Labor; and

26 (2) the percentage annual change as of each July 1, in the  
27 estimated population of the state, based on the trend established by the  
28 United States Census Bureau for the period between the previous two  
29 censuses or reenumerations.

1 (b) The base date for determining changes in population and infla-  
2 tion under (a) of this section is July 1, 1981.

3 (c) In this section "population" means total resident population  
4 under the rules of residency applicable to the most recent federal  
5 census or reenumeration.

6 Sec. 37.07.074. COST OF OPERATION AND MAINTENANCE OF CAPITAL  
7 PROJECTS IN EXCESS OF APPROPRIATION LIMIT. The division shall calculate  
8 its best estimate of the annual operation and maintenance costs for each  
9 year of the expected useful life of each capital project for which an  
10 appropriation bill must be approved by the voters under art. IX, sec.  
11 16. The estimated annual operation and maintenance cost figures for  
12 each project must be included in the election pamphlet published under  
13 AS 15.58.

14 \* Sec. 4. AS 37.07.120 is amended by adding a new subsection to read:

15 (b) In this chapter and in art. IX, sec. 16 of the Alaska Consti-  
16 tution

17 (1) "appropriation" means a maximum amount of money available  
18 for expenditure by a state agency for a stated purpose set out in an  
19 appropriation Act;

20 (2) "capital project" means any project, acquisition, equip-  
21 ment, improvement, construction, or repair for which money is appropri-  
22 ated and which;

23 (A) is likely to require an expenditure in a subsequent  
24 fiscal year;

25 (B) is expected to have a useful life of more than one  
26 year; or

27 (C) exceeds \$25,000 in price or value.

28 (3) "loan appropriation" means an appropriation of money used  
29 either to subsidize the difference between the market interest rate at

1 the time state loans are made and the rate charged borrowers for state  
2 loans, or to capitalize or directly finance state loans;

3 (4) "money received from a non-state source in trust for a  
4 specific purpose" means program receipts and all other money received by  
5 a state department, commission, authority, or agency from any source  
6 including the federal government, under terms or conditions which indi-  
7 cate the intent that the money be used for a specific program or pur-  
8 pose.

9 \* Sec. 5. AS 37.07.120(4) is repealed.

10 \* Sec. 6. This Act takes effect on the effective date of the 1982 amendment  
11 to the Alaska Constitution limiting appropriations of state money (art. IX,  
12 sec. 16).

JAY S. HAMMOND  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 17, 1982

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which clarifies and implements the proposed amendment to the Alaska Constitution to limit appropriations. (art. IX, sec. 16)

The bill establishes procedures for the cumulative annual adjustment of the appropriation limit itself and for informing voters of the costs of operating and maintaining capital projects for which an appropriation bill must be approved by the voters.

The bill also defines several potentially ambiguous terms used in the proposed amendment, in accord with the overall intent of the legislature. Much of this intent is indicated by the transcript of the July 13, 1981 proceedings of the second free conference committee on SJR 4.

The clarification and procedures provided by this bill are critically important to the successful operation of the appropriation limit. I therefore urge your favorable consideration and passage of the bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay S. Hammond", written over the typed name.

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. \_\_\_\_\_  
 Title To implement proposed constitutional amendment to limit appropriations  
 Requested by The Governor Date 2/17/82

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		-0-				

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER (Specify Source)		-0-				

POSITIONS

FULL TIME		-0-				
PART TIME		-0-				
TEMPORARY		-0-				

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

No fiscal impact

IV. DATE 2/17/82 PREPARED BY Ron Lehr

AGENCY Budget & Management

Original: Legislative Finance PHONE 465-2213

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

**ALASKA STATE LEGISLATURE**

TWELFTH Legislature SECOND... Session

SENATE BILL..... NO. 814...

By THE RULES COMMITTEE BY...  
REQUEST OF THE GOVERNOR

"An Act relating to implementation of the appropriation limitation in art. IX, sec. 16 of the Alaska Constitution; and providing for an effective date."

Introduced in the Senate 2/18/ 82  
....., 19....

**HISTORY IN THE SENATE**

1982	Read first time and referred to Committee on																						
2	18 Finance																						
	Reported back with recommendation that																						
	Read second time and																						
	Read third time and																						
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Reconsideration																							
PASS	Effective Date																						
Yeas	Yeas																						
Nays	Nays																						
Absent	Absent																						
Excused	Excused																						
	Reported correctly engrossed																						
	Signed by President																						
	Sent to House																						
SECRETARY OF THE SENATE																							

**HISTORY IN THE HOUSE**

19	Read first time and referred to Committee on																						
	Reported back with recommendation that																						
	Read second time and																						
	Read third time and																						
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
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Nays	Nays																						
Absent	Absent																						
Excused	Excused																						
	Reported correctly engrossed																						
	Signed by Speaker																						
	Returned to Senate																						
CHIEF CLERK OF THE HOUSE																							

**HISTORY IN THE SENATE**

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....

One letter 1 OFY attached

Introduced: 2/18/82  
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 814

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to implementation of the appropriation  
7 limitation in art. IX, sec. 16 of the Alaska Constitu-  
8 tion; and providing for an effective date."

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

10 \* Section 1. AS 15.58.020 is amended by adding a new paragraph to read:

11 (10) for each capital project appropriation bill question  
12 under AS 37.07.075(a), the operation and maintenance cost information  
13 required by AS 37.07.074.

14 \* Sec. 2. AS 37.07.010 is amended by adding a new paragraph to read:

15 (7) implementation of art. IX, sec. 16 of the Alaska Consti-  
16 tution which provides for an appropriation limit.

17 \* Sec. 3. AS 37.07 is amended by adding new sections to read:

18 Sec. 37.07.072. ADJUSTMENT OF APPROPRIATION LIMIT BASE. (a) The  
19 appropriation limit of \$2,500,000,000 which is established by art. IX,  
20 sec. 16 of the Alaska Constitution must be cumulatively adjusted annual-  
21 ly by the division, by the sum of the following percentages:

22 (1) the percentage annual change, during the calendar year  
23 preceding each fiscal year, in the consumer price index for all urban  
24 consumers for Anchorage as published by the Bureau of Labor Statistics  
25 of the United States Department of Labor; and

26 (2) the percentage annual change as of each July 1, in the  
27 estimated population of the state, based on the trend established by the  
28 United States Census Bureau for the period between the previous two  
29 censuses or reenumerations.

1 (b) The base date for determining changes in population and infla-  
2 tion under (a) of this section is July 1, 1981.

3 (c) In this section "population" means total resident population  
4 under the rules of residency applicable to the most recent federal  
5 census or reenumeration.

6 Sec. 37.07.074. COST OF OPERATION AND MAINTENANCE OF CAPITAL  
7 PROJECTS IN EXCESS OF APPROPRIATION LIMIT. The division shall calculate  
8 its best estimate of the annual operation and maintenance costs for each  
9 year of the expected useful life of each capital project for which an  
10 appropriation bill must be approved by the voters under art. IX, sec.  
11 16. The estimated annual operation and maintenance cost figures for  
12 each project must be included in the election pamphlet published under  
13 AS 15.58.

14 \* Sec. 4. AS 37.07.120 is amended by adding a new subsection to read:

15 (b) In this chapter and in art. IX, sec. 16 of the Alaska Consti-  
16 tution

17 (1) "appropriation" means a maximum amount of money available  
18 for expenditure by a state agency for a stated purpose set out in an  
19 appropriation Act;

20 (2) "capital project" means any project, acquisition, equip-  
21 ment, improvement, construction, or repair for which money is appropri-  
22 ated and which;

23 (A) is likely to require an expenditure in a subsequent  
24 fiscal year;

25 (B) is expected to have a useful life of more than one  
26 year; or

27 (C) exceeds \$25,000 in price or value.

28 (3) "loan appropriation" means an appropriation of money used  
29 either to subsidize the difference between the market interest rate at

1 the time state loans are made and the rate charged borrowers for state  
2 loans, or to capitalize or directly finance state loans;

3 (4) "money received from a non-state source in trust for a  
4 specific purpose" means program receipts and all other money received by  
5 a state department, commission, authority, or agency from any source  
6 including the federal government, under terms or conditions which indi-  
7 cate the intent that the money be used for a specific program or pur-  
8 pose.

9 \* Sec. 5. AS 37.07.120(4) is repealed.

10 \* Sec. 6. This Act takes effect on the effective date of the 1982 amendment  
11 to the Alaska Constitution limiting appropriations of state money (art. IX,  
12 sec. 16).

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THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 814  
 Title To implement proposed constitutional amendment to limit appropriations  
 Requested by The Governor Date 2/17/82

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_  
 Program Category Affected \_\_\_\_\_  
 BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-				

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER (Specify Source)		-0-				

POSITIONS

FULL TIME		-0-				
PART TIME		-0-				
TEMPORARY		-0-				

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

No fiscal impact

IV. DATE 2/17/82 PREPARED BY Ron Lehr

AGENCY Budget & Management  
 PHONE 465-2213

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

# COMMITTEE REPORT

## HOUSE

4/29/82

(11)

FURTHER:

Date: 5/1/82

Mr. Speaker: (Taken from Rules 4/20)

The Committee on FINANCE has had SB 816

"An Act continuing the existence of the Real Estate Commission and amending the statutes relating to the commission's responsibilities and the real estate surety fund; eff date.)

under consideration and reports it back as follows:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with <sup>H</sup>CS for SB 816 (LHC)  same title  
 new title
- and recommends do pass
- AND attaches a "Letter of Intent"  New-Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

[Signature]

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

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[Signature]

CHAIRMAN

Original sponsor: Labor and Commerce  
Committee

Offered: 4/18/82  
Referred: Rules

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

HOUSE CS FOR SENATE BILL NO. 816 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act continuing the existence of the Real Estate  
7 Commission and amending the statutes relating to the  
8 commission's responsibilities and the real estate  
9 surety fund; and providing for an effective date."

10

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

11

\* Section 1. AS 08.03.010(c)(18) is amended to read:

12

(18) Real Estate Commission (AS 08.88.011) -- June 30, 1986

13

[1982].

14

\* Sec. 2. AS 08.88.071(b) is amended to read:

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\* Sec. 3. AS 08.88.221(a) is amended to read:

(a) The following fees shall be imposed under this chapter

A REAL ESTATE BROKER OR ASSOCIATE BROKER LICENSEE OR APPLICANT

# **CORRECTION**

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

Original sponsor: Labor and Commerce  
Committee

Offered: 4/18/82  
Referred: Rules

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 816 (L&C)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act continuing the existence of the Real Estate  
7 Commission and amending the statutes relating to the  
8 commission's responsibilities and the real estate  
9 surety fund; and providing for an effective date."

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

11 \* Section 1. AS 08.03.010(c)(18) is amended to read:

12 (18) Real Estate Commission (AS 08.88.011) -- June 30, 1986  
13 [1982].

14 \* Sec. 2. AS 08.88.071(b) is amended to read:

15 (b) When an award is made from the real estate surety fund under  
16 this chapter in reimbursement of losses suffered by a claimant as a  
17 result of fraud, misrepresentation, deceit or conversion of trust funds  
18 on the part of a licensed broker, associate broker, or salesman, and the  
19 commission after a hearing has suspended the license of the broker,  
20 associate broker or salesman under this section, the broker, associate  
21 broker or salesman may not be reinstated until he has repaid the real  
22 estate surety fund the amount of an award made under AS 08.88.470 and  
23 costs of a hearing held under this section or under AS 08.88.465 or  
24 until the commission has deposited in the real estate surety fund money  
25 realized by the commission in an action under AS 08.88.490 in an amount  
26 equal to the award.

27 \* Sec. 3. AS 08.88.221(a) is amended to read:

28 (a) The following fees shall be imposed under this chapter [CHARGED  
29 A REAL ESTATE BROKER OR ASSOCIATE BROKER LICENSEE OR APPLICANT] when

1 applicable:

- 2 (1) examination ..... \$ 50  
3 (2) reciprocity ..... 100 [50]  
4 (3) initial license ..... 100  
5 (4) [BIENNIAL] renewal - active license ..... 100  
6 (5) [BIENNIAL] renewal - inactive license .... 50 [25]  
7 (6) amendment or transfer of license ..... 5

8 \* Sec. 4. AS 08.88.221(d) is amended to read:

9 (d) If the commission contracts with a national testing service to  
10 prepare, administer and grade examinations, the examination fee charged  
11 under (a)(1) [OR (b)(1)] of this section which the applicant is required  
12 to pay to the commission shall be reduced by the amount of the fee  
13 charged the applicant by the national testing service for the examina-  
14 tion.

15 \* Sec. 4. AS 08.88.401 is repealed and reenacted to read:

16 Sec. 08.88.401. PROHIBITED CONDUCT. (a) A person licensed under  
17 this chapter may not falsely represent that he has been awarded a degree  
18 or other designation or that he is a member or an affiliate of a profes-  
19 sional organization.

20 (b) A person

21 (1) who is not a real estate broker licensed in this state  
22 may not accept a fee or a commission for performance of an act for which  
23 a license is required by this chapter except that a real estate broker  
24 validly licensed in another state may accept a fee or commission or a  
25 portion of a fee or commission for assisting a real estate broker li-  
26 censed in this state in the performance of an act for which a license is  
27 required by this chapter;

28 (2) who is a real estate salesman licensed in this state may  
29 not accept a fee or commission for performance of an act for which a

1 license is required by this chapter unless acceptance is authorized by  
2 the broker who employs the salesman.

3 (c) A person may not knowingly make, authorize, direct, or aid in  
4 the publication of a false statement or misrepresentation concerning  
5 land or a subdivision or other real estate offered for sale or lease.

6 (d) A person who violates a provision of this section or of  
7 AS 08.88.161 is guilty of a class A misdemeanor.

8 \* Sec. 6. AS 08.88 is amended by adding a new section to read:

9 Sec. 08.88.472. HEARING COSTS. (a) When an award is made from  
10 the real estate surety fund under AS 08.88.470, the commission may  
11 charge to the fund the costs of a hearing held under AS 08.88.071 or  
12 08.88.465. Amounts subsequently recovered by the commission for these  
13 costs from the licensee under AS 08.88.071(b) or from other parties  
14 under AS 08.88.490 shall be deposited to the real estate surety fund.

15 (b) An amount charged to the fund by the commission for costs  
16 under (a) of this section may not be considered in determining the  
17 maximum reimbursement to be awarded under AS 08.88.470 or in determining  
18 the maximum liability of the real estate surety fund under AS 08.88.475.

19 \* Sec. 7. AS 08.88.221(b) and (c) are repealed.

20 \* Sec. 8. This Act takes effect immediately in accordance with AS 01.10.-  
21 070(c).

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE      Revenues

I. REQUEST  
 Bill/Resolution No. HCSSB 816  
 Title An act continuing the existence of the Real Estate Commission  
 Requested by L & C Committee Date 4-18-82

II. FISCAL DETAIL  
 Agency Affected Commerce & Economic Dev.  
 Program Category Affected Public Protection  
 Budget Request Unit(s) Affected Real Estate Commission

EXPENDITURES (Thousands of Dollars)

	82 FY 78x	83 FY 79x	84 FY 80	85 FY 81	86 FY 82	87 FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>						

FUNDING (Thousands of Dollars)

GENERAL FUND	0	21.1	111.0	21.1	111.0	21.1
FEDERAL FUNDS						
OTHER (Specify)		15-30.0	15-30.0	15-30.0	15-30.0	15-30.0
Surety fund repayments from brokers						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) The fee changes in AS 08.88 being requested by HCSSB 816 are simply to increase the "initial license" and "renewal of license" fees for salesmen from \$50 to \$100. Approximately 1600 salesmen's licenses are affected on a biennial renewal and approximately 35 per month on a new license basis. It is the Commission's analysis that there are no differences in handling salesmen's licenses versus broker or associate broker licenses and that the fees should be equal. The adjustment also assists the Commission in its attempts to make revenues equal to expenditures. HCSSB 816 provides that the costs of hearings of claims may be charged back to the licensee if the licensee is found guilty at a license hearing. This and voluntary repayments by licensees should result in \$15,000-30,000 per year being recovered. (estimated recovery - no past experience to go by).

IV. DATE April 28, 1982 PREPARED BY James L. Magowan  
 AGENCY Alaska Real Estate Commission  
 PHONE 272-5508

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

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HCSSB 816  
 Title An act continuing the existence of the Real Estate Commission  
 Requested by L & C Committee Date 4-18-82

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development  
 Program Category Affected Public Protection  
 Budget Request Unit(s) Affected Real Estate Commission

EXPENDITURES (Thousands of Dollars)

	82 FY 78	83 FY 79	84 FY 80	85 FY 81	86 FY 82	87 FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL	50	50	50	50	50	50
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>						

FUNDING (Thousands of Dollars)

	82	83	84	85	86	87
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify) <u>surety fund</u>	50	50	50	50	50	50
<u>Program receipts</u>						

POSITIONS

	82	83	84	85	86	87
FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III) \$50,000 appropriation from surety fund to pay costs of hearings of claims against surety fund. Costs are primarily hearing officer fees and related items. Without this bill the costs must be born by the commission with General Funds. This bill allocates the costs to the licensee funded surety fund and makes the surety fund more self-supporting.

*James L. Magowan*

IV. DATE April 28, 1982 PREPARED BY James L. Magowan  
 AGENCY Alaska Real Estate Commission  
 PHONE 272-5508  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Introduced: 2/22/82  
Referred: Labor & Commerce

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 SENATE BILL NO. 816

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act continuing the existence of the Real Estate  
7 Commission; and providing for an effective date."

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

9 \* Section 1. AS 08.03.010(c)(18) is amended to read:

10 (18) Real Estate Commission (AS 08.88.011) -- June 30, 1986

11 [1982].

12 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
13 070(c).

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**COMMITTEE REPORT**  
**SENATE**

1/6/82

FURTHER: none

Date: \_\_\_\_\_

Mr. President:

The Committee on FINANCE has had SB 317  
medical assistance for needy persons

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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CHAIRMAN

Original sponsor: Health, Education  
and Social Services  
Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 817 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 \* Section 1. AS 47.07.020(b) is amended by adding new paragraphs to read:

10 (8) persons under 21 years of age who would be eligible for  
11 benefits under the federal aid to families with dependent children  
12 program, but who do not qualify because they are not dependent children;

13 (9) women who are pregnant.

14 \* Sec. 2. AS 47.07.030 is amended to read:

15 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services  
16 to be offered to eligible persons include inpatient hospital, outpatient  
17 hospital, rural health clinic, outpatient surgical care centers, labora-  
18 tory and X-ray, refractions and eye examinations by ophthalmologists or  
19 optometrists, eyeglasses prescribed by a physician skilled in diseases  
20 of the eye or by an optometrist, inpatient psychiatric hospital for  
21 persons age 65 or older and persons under age 21, skilled and intermedi-  
22 ate nursing home, physician, nurse midwife, home health care services,  
23 early periodic screening diagnosis and treatment of persons under 21  
24 years of age, clinic services, treatment of speech, hearing and language  
25 disorders, physical therapy, occupational therapy, prosthetic devices  
26 and medical supplies, long-term care noninstitutional services, and rea-  
27 sonable transportation to and from the point of medical care. No addi-  
28 tional services may be provided unless approved by the legislature.

29 \* Sec. 3. AS 47.07 is amended by adding a new section to read:

1           Sec. 47.07.035. PRIORITY OF SERVICES. If the funding in a fiscal  
2 year is inadequate to finance the total medical assistance program under  
3 AS 47.07, the department shall, to the extent that federal law and  
4 funding permits, provide medical assistance in the following order:

5           (1) aged, blind, or disabled persons who

6                   (A) do not receive supplemental security income under  
7 Title XVI of the Social Security Act because they do not meet  
8 income and resources requirements; and

9                   (B) are eligible to receive an optional state supple-  
10 mentary payment;

11          (2) persons in a medical or intermediate care facility

12                   (A) whose income while in the facility does not exceed  
13 300 percent of the supplemental security income benefit rate under  
14 Title XVI of the Social Security Act; and

15                   (B) who would not be eligible for an optional state  
16 supplementary payment if they left the facility;

17          (3) persons under 21 years of age

18                   (A) who are under the supervision of the department;

19                   (B) whose maintenance is paid in whole or in part from  
20 public funds; and

21                   (C) who are in foster homes or private child-care insti-  
22 tutions;

23          (4) persons under 21 years of age who

24                   (A) receive treatment in a psychiatric hospital; and

25                   (B) are financially eligible as determined by the stan-  
26 dards of Part A of Title IV of the Social Security Act;

27          (5) persons under 21 years of age who are

28                   (A) in an institution designated by the department as an  
29 intermediate care facility for the mentally retarded; and

1 (B) financially eligible as determined by the standards  
2 of the federal aid to families with dependent children program;

3 (6) women who are pregnant;

4 (7) persons under 21 years of age who do not qualify for  
5 benefits under the federal aid to families with dependent children  
6 program because they are not dependent children;

7 (8) intermediate nursing home services;

8 (9) eye examinations by an ophthalmologist or optometrist; or  
9 eyeglasses prescribed by a physician skilled in the diseases of the eye  
10 or by an optometrist;

11 (10) treatment of speech, hearing, or language disorders;

12 (11) physical or occupational therapy;

13 (12) care at an intermediate care facility for the mentally  
14 retarded;

15 (13) care at an inpatient psychiatric facility;

16 (14) community mental health clinic services;

17 (15) surgical care center services;

18 (16) nurse midwife services;

19 (17) medical supplies and equipment;

20 (18) long-term care noninstitutional services.

21 \* Sec. 4. AS 47.07.080(4) is repealed and reenacted to read:

22 (4) "clinic services" means services provided by state-  
23 approved outpatient community mental health clinics that receive grants  
24 under AS 47.30.520 - 47.30.620, state-operated community mental health  
25 clinics, and physician clinics.

26 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
27 070(c).

POSITION PAPER

SENATE BILL NO. 817

*Send to  
for*

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

I. BACKGROUND

The Alaska Medicaid program was created by the Legislature in 1972 and sections in the statutes were created to list all categories of service and groups of eligibles. The original legislation created a program providing basic medical coverage for individuals eligible for cash payments under the Aid to Families with Dependent Children (AFDC) and the Adult Public Assistance (APA) programs, individuals in long term care facilities, and children under supervision of the Department in foster homes and private child-caring facilities. Since 1972, the Legislature has amend the statutes several times to add new groups of eligibles or categories of service.

The new groups of eligibles added to AS 47.07.020 since 1972 have been institutionalized individuals for whom the state had previously paid all of their cost of care. By adding them to the Medicaid program, the state was able to receive federal funds to partially offset state funds.

The new categories of service added to AS 47.07.030 since 1972 have been fairly low cost services when compared to the total Medicaid program. Several of the new categories of service had the effect of permitting the state to receive federal funds to partially offset state funds being used to provide services.

II. NEED FOR CHANGES IN MEDICAID AND GRM

At this time the Department is anticipating having to make reductions in the Medicaid and General Relief Medical (GRM) programs during FY 83 as the funds requested will not cover expenditures based on historical usage. Since the Medicaid categories of service and groups of eligible are set out in statute, the only flexibility available to the Department is to limit access to services or reduce payment to providers. Since GRM categories of service and eligibility requirements are not in statute, the Department has more flexibility to make program changes. Attachment C breaks down the Medicaid and GRM programs to allow identification of the areas in each program where the Department can make changes to remain within expected FY 83 program budgets without passage of SB 817.

For Medicaid, the Department has proposed: (1) limiting access to providers in an attempt to reduce the amount of services individuals receive; and (2) reducing the rates of payment to hospitals and long term care facilities so that in many cases, payment will be below the amount that would be paid if the Department was paying for the full cost of providing care to Medicaid eligibles.

For GRM, the Department has proposed: (1) limiting GRM eligibility to one two-month period of coverage during any 12 months except for

emergency medical needs; and (2) reducing the rates of payment to hospitals and long term care facilities as proposed under Medicaid. It should also be added that the income and resource limits under the GRM program have not been increased since 1977 and are far below the limits for Medicaid.

SB 817 could be used to permit the Department to make adjustments in the Medicaid and GRM programs if the changes discussed below are made in the bill and in the FY 83 appropriation for the Medicaid and GRM programs. These proposed changes are based on the assumption that one primary goal of the Medicaid and GRM programs should be to provide financial assistance to those persons least able to provide for their own needs.

The present Medicaid program provides coverage for financially needy aged, blind, and disabled individuals through their eligibility for APA. Coverage is also available for financially needy children in AFDC households where there is only one parent. However, because the Alaska AFDC program does not provide financial assistance to families with two employable adults regardless of their financial need, many needy children are not receiving the full range of health care services available under Medicaid. While a limited range of health care services are available under GRM to children in families without other medical resources, few truly needy children are covered by GRM because income and resource standards under GRM are considerably lower than they are for Medicaid.

By passage of SB 817, Medicaid coverage for needy children not in AFDC households would be established. This new Medicaid coverage could be provided without new funds if changes are made in the FY 83 appropriation. The GRM budget request unit should be incorporated in the Medicaid budget request unit and specific intent included giving the Department authority to move funds between components in order to comply with the changes made in the Medicaid program as a result of changes made by SB 817. This change in budgeting would permit the Department to use GRM as the state matching funds needed to earn federal Medicaid funds. Attachment A contains a draft summary sheet for a Medical Assistance BRU to replace the Medicaid and GRM BRUs, with proposed intent language to accomplish this change.

The remaining GRM funds would be used for three things: (1) to eliminate the Medicaid penalty in the FY 83 budget and continue providing Medicaid services at present levels without limiting access to health care services and without reducing the rates of payment to hospitals and long term care facilities; and (2) to absorb Medicaid transportation costs associated with reduction in IHS funding; and (3) to continue the GRM program as an emergency medical assistance program for single employable individuals and employable couples with or without children, to the extent permitted by available funding.

The theory behind the second proposal is based on the Department's experience administering the Catastrophic Illness program. Except in cases of extremely costly medical care, individuals usually have the ability to work out some type of payment agreement with health care providers, often over an extended period of time if there is some reasonable expectation of payment. While it may be desirable for the state to provide that payment on behalf of needy employable individuals, funding limitations often force priorities to be assigned. In the case of state funding for health care services, individuals least able to

provide for themselves should receive a higher priority rating than employable individuals.

### III. PROPOSED AMENDMENTS TO SB 817

Section 1 should be amended to eliminate proposed subsection (9). Subsection (9) would add employable adults and, given the present state funding limitations, it would be a better use of scarce resources to provide a full range of health care services, including preventive screening services and dental care, to a maximum number of needy children.

Section 2 would create a Medicaid medically needy program. While this would provide some financial assistance for individuals with income above the level presently covered by Medicaid, it should not be included in SB 817 because it represents new costs. Instead, Section 2 should be limited to adding pregnant women under Medicaid, coverage which is presently provided under GRM for a limited number of individuals could be expanded with funds from the GRM program.

Sections 4 and 5 contain a drafting error which causes the definition of clinic services to be moved from AS 47.07.080, the definitions section, to AS 47.07.030, the section listing services covered under Medicaid. The amended definition of clinic services should remain in the definitions section.

### IV. EFFECT OF SENATE BILL NO. 817

Section 1 of the bill amends AS 47.07.020 by adding all children with income below the need standards for payment under the AFDC program, but who are not eligible because they do not meet the definition of dependent children under the AFDC program as discussed above

Section 3 would transfer from GRM to Medicaid the cost of providing the following categories of service to Medicaid eligible individuals: physical and occupational therapy, prescribed drugs, and prosthetic devices and medical supplies. In addition, SB 817 would give the Department increased flexibility in the area of long term care services.

The Department has projected some cost savings resulting from this amendment. Since the Medicaid program permits eligible individuals free choice of medical providers, individuals eligible for Medicaid and the Indian Health Service can choose between private providers and IHS facilities when they seek medical treatment. While experience has shown that the "crossover" to private health care providers under Medicaid is a small percentage of total Medicaid-IHS dual eligibles, changes in IHS funding or policies could result in increased crossover.

With the passage of the Omnibus Reconciliation Act of 1981, Congress provided increased flexibility to states in the management of the Medicaid program. States may now receive federal funds for certain noninstitutional services when these services are provided to keep an individual out of a long term care facility. The following home and community-based services (other than room and board) may be covered

under the long-term care noninstitutional category of service: case management, homemaker and home health aide, personal care, adult day health, habilitation, respite care, and minor physical adaptation to an individual's home.

While there will probably be no cost savings initially by the addition of this new category of services, over the next several years the rate of growth of long term care institutional services should decrease as individuals receive services at home, in residential care facilities, and other less costly living situations rather than in institutions. While the fiscal note does not reflect any increase in cost to implement this provision, it should be clearly stated that the Department be permitted the flexibility to transfer funds between BRUs and to use Medicaid program funds to provide the case management services necessary to make the program work. The Medicaid nursing home budget request for FY 83 is \$21,831,300 so even the deferral of as little as 5 percent of that total could provide over \$1 million for noninstitutional services.

Sections 4 would revise the definition of clinic services to add physician clinics. While this will not add any new private providers to the Medicaid program, it will permit clinics owned by the Indian Health Service to receive 100 percent federally-funded reimbursement under Medicaid. Without a change in statute, these clinic will continue to be barred from collecting approximately \$1,500,000 in federal Medicaid funds. Since IHS in Alaska is experiencing funding problems, these new federal Medicaid funds should permit clinics to continue operating at their historical service levels and help avoid increasing demand for services from private providers which would be covered under Medicaid using state and federal funds rather than federal funds only.

#### V. DEPARTMENTAL POSITION

The Department supports SB 817 with the amendments to the bill and the Medicaid and GRM FY 83 appropriations proposed by this position paper.

Recommended by:

Rod Betit by [signature]  
Rod Betit, Director  
Division of Public  
Assistance

Date:

3/19/82

Approved by:

[signature]  
Helen D. Beirne  
Commissioner, Dept. of  
Health & Social Services

Date:

3-22-82



**LEGISLATIVE INTENT:**

To implement changes in coverage caused by passage of SB 817, the Department has the authority to transfer funds between components as needed to cover new categories of service and groups of eligibles under the Medicaid program, to reduce the scope of the General Relief Medical program, and to make up the Medicaid penalty.

**LEGISLATIVE INTENT:**

The Department has the authority to transfer funds from the Medical Assistance BRU to the Eligibility Determination BRU to provide funding for up to 7 new field positions when they are needed to determine eligibility for new Medicaid eligibles under SB 817.

MEDICAID/GENERAL RELIEF MEDICAL  
FISCAL AND PROGRAM ADJUSTMENTS--FY 83

TOTAL MEDICAID	STATE FUNDS	FEDERAL FUNDS	DESCRIPTION OF PROGRAM CHANGE	GEN RELIEF MEDICAL	NEW PERSONS COVERED
\$50559.4	\$23154.0	\$27405.4	FY 83 Budget Request after reductions	\$11603.0	
			Deduction for Catastrophic Illness	(2158.4)	
50559.4	23154.0	27405.4		9444.6	
3102.6	1613.4	1489.2	Transfer of services from GRM to Medicaid (increase GRM amount by 50% for potential crossover)	(1613.4)	
53662.0	24767.4	28894.6		7831.2	
467.6	243.2	224.4	Addition of coverage for pregnant women	( 243.2)	191
54129.6	25010.6	29119.0		7588.0	
1500.0		1500.0	Addition of IHS clinic services		
55629.6	25010.6	30619.0		7588.0	
6520.5	3390.7	3129.8	Addition of matchable children	(3390.7)	700
62150.1	28401.3	33748.8		4197.3	
3346.6		3346.6	Addition of 100% federal match children		3300
65496.7	28401.3	37095.4		4197.3	
220.2	111.5	108.7	GRM savings from Alaska participation in Medicare Part B buy-in	(111.5)	
65716.9	28512.8	37204.1		4085.8	
1355.2	1007.7	347.5	Elimination of Medicaid penalty caused by change in rate of federal funding	(1007.7)	
67072.1	29520.5	37551.6		3078.1	
1000.0	520.0	480.0	Medicaid trans due to IHS funding cuts	( 520.0)	
68072.1	30040.5	38031.6		2558.1	
309.2	160.7	148.5	Admin costs of adding children	(160.7)	
68381.3	30201.2	38180.1	Balance after adjustments	2397.4	

MEDICAID/GRM EVALUATION WORKSHEET

MEDICAID

GENERAL RELIEF MEDICAL

Eligibility Groups	Service Categories	Rate Schemes
<b>CATEGORICALLY NEEDED</b>	<b>FED MANDATORY</b>	¢ Raise/lower APA
AFDC cash household	\$ Hospital	¢ Raise/lower AFDC
SSI cash household	\$ Physician	Hospital rates
APA cash household	\$ Skilled nursing	LTC rates
300% institutional	\$ Lab and X-ray	Raise/lower phys pymt
DHSS foster children	\$ Medical trans	Raise/lower others
API under 21 class	\$ Home health care	Limit access to svcs
ICF/MR under 21 class	\$ EPSDT/incl dental	Prior auth of IP svcs
Pregnant women	\$ Family planning	Prior auth of OP svcs
Non-AFDC children	\$ Rural hlth clinic	Limit IP svcs to emgcy
Non-institutional 300%		Limit OP svcs to emgcy
AFDC-IP household	<b>FED OPTIONAL</b>	Copymt on opt svcs
Caretaker relatives	1 Intermed nursing	Copymt on mand svcs
	2 Prescribed drugs	
<b>MEDICALLY NEEDED</b>	3 Eye care/glasses	
Non-AFDC children	4 Speech, hearing	
Pregnant women	5 PT/OT	
DHSS foster children	6 ICF/MR	
APA-type adults	7 Psych facility	
AFDC-type household	Clinic services:	
AFDC-IP-type household	8 Mental health	
Caretaker relatives	* Birthing ctrs	
	* Physician (IHS)	
	9 Surgical care ctrs	
	10 Nurse midwife	
	11 Med supplies & eqpt	
	* Noninstl LTC	
	* Personal care	
	* Podiatrist	
	* Dentures	
	* Dental	
	* Chiropractic	
	* Diag, rehab, etc	
	* Pvt duty nursing	
	* Physician assts	
	* Pvt psychologists	
	* Nurse practitioners	

Eligibility Groups	Service Categories	Rate Schemes
1 AFDC-UP children	1 Hospital	Raise/lower standards
2 Single employables	2 Physician	Raise/lower resources
3 Employable couples	3 Prescribed drugs	Hospital rates
	4 Lab and X-ray	LTC rates
	5 PT/OT	Raise/lower phys pymt
	6 Medical trans	Raise/lower pymt--other
	7 Emergency dental	Limit access to svcs
	8 Med supplies & eqpt	Prior auth of IP svcs
	9 Eye care/glasses	Prior auth of OP svcs
	10 Family planning	Limit IP svcs to emgcy
	11 Abortions	Limit OP svcs to emgcy
	12 Surgical care ctrs	
	13 Speech, hearing	
	14 Skilled nursing	
	15 Intermed nursing	

-Not covered under Alaska Medicaid program

-Federally-mandated groups of eligibles--not ranked

Columns with numbers are ranked from most important to least important--no

\$--Federally-mandated categories of service--not ranked

¢--Payment rates established by Alaska Legislature

rankings are indicated for changes in rate schemes

ATTACHMENT C

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817  
 Title An Act relating to medical assistance for needy persons  
 Requested by Senate HESS Committee Date 3/19/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services  
 Program Category Affected Health  
 BRU, Program, Or Subprogram(s) Affected General Relief Medical  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)
<b>TOTAL</b>		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)

FUNDING (Thousands of Dollars)

GENERAL FUND		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Entire General Relief Medical budget transferred to new budget request unit titled "Medical Assistance" and to the Eligibility Determination budget request unit to provide funding for administrative costs associated with the addition of new eligibles to the Medicaid program.

IV. DATE 3/22/82 PREPARED BY David M. Davidson  
 AGENCY Division of Public Assistance  
 Original: Legislative Finance PHONE 465-3347  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817  
 Title An Act relating to medical assistance for needy persons  
 Requested by Senate HESS Committee Date 3/19/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services  
 Program Category Affected Health  
 BRU, Program, Or Subprogram(s) Affected Medicaid\*  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		22068.5	25378.7	29185.5	33563.4	38597.9
TOTAL		22068.5	25378.7	29185.5	33563.4	38597.9

FUNDING (Thousands of Dollars)

GENERAL FUND		11442.3	13158.6	15132.4	17402.3	20012.6
FEDERAL FUNDS		10626.2	12220.1	14053.1	16161.1	18585.3
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Transfer of State General Funds from General Relief Medical budget request unit and claiming of federal matching funds.

\*The Medicaid budget request unit will be changed to the "Medical Assistance" budget request unit to reflect inclusion of Medicaid and General Relief Medical in one budget request unit.

IV. DATE 3/22/82 PREPARED BY David M. Davidson  
 AGENCY Division of Public Assistance  
 Original: Legislative Finance PHONE 465-3347  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817  
Title An Act relating to medical assistance for needy persons  
Requested by Senate H&SS Committee Date 3/19/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services  
Program Category Affected Social and Economic Assistance  
BRU, Program, Or Subprogram(s) Affected Eligibility Determination  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		210.2	231.2	254.3	279.8	307.7
200 TRAVEL		7.7	8.5	9.3	10.3	11.3
300 CONTRACTUAL		79.5	87.4	96.1	105.8	116.3
400 COMMODITIES		3.9	4.3	4.7	5.2	5.7
500 EQUIPMENT		7.9				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		309.2	331.4	364.4	401.1	441.0

FUNDING (Thousands of Dollars)

GENERAL FUND		160.7	172.3	189.5	208.6	229.3
FEDERAL FUNDS		148.5	159.1	174.9	192.5	211.7
OTHER (Specify Source)						

POSITIONS

FULL TIME		6	6	6	6	6
PART TIME						
TEMPORARY						

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

State General Funds transferred from General Relief Medical budget request unit to Eligibility Determination to provide funding for administrative costs associated with the addition of new eligibles to the Medicaid program.

IV. DATE 3/19/82 PREPARED BY David M. Davidson  
AGENCY Division of Public Assistance  
Original: Legislative Finance PHONE 465-3347  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

*Revised 5/25/82  
M. B. [unclear]*

**POSITION PAPER**

**COMMITTEE SUBSTITUTE FOR  
SENATE BILL NO. 817**

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

**I. BACKGROUND**

The Alaska Medicaid program was created by the Legislature in 1972 and sections in the statutes were created to list all categories of service and groups of eligibles. The original legislation created a program providing basic medical coverage for individuals eligible for cash payments under the Aid to Families with Dependent Children (AFDC) and the Adult Public Assistance (APA) programs, individuals in long term care facilities, and children under supervision of the Department in foster homes and private child-caring facilities. Since 1972, the Legislature has amended the statutes several times to add new groups of eligibles or categories of service.

The new groups of eligibles added to AS 47.07.020 since 1972 have been institutionalized individuals for whom the state had previously paid all of their cost of care. By adding them to the Medicaid program, the state was able to receive federal funds to partially offset state funds.

The new categories of service added to AS 47.07.030 since 1972 have been fairly low cost services when compared to the total Medicaid program. Several of the new categories of service had the effect of permitting the state to receive federal funds to partially offset state funds being used to provide services.

**II. NEED FOR CHANGES IN MEDICAID AND GRM**

At this time the Department is anticipating having to make reductions in the Medicaid and General Relief Medical (GRM) programs during FY 83 as the funds requested will not cover expenditures based on historical usage. Since the Medicaid categories of service and groups of eligible are set out in statute, the only flexibility available to the Department is to limit access to services or reduce payment to providers. Since GRM categories of service and eligibility requirements are not in statute, the Department has more flexibility to make program changes. Attachment C breaks down the Medicaid and GRM programs to allow identification of the areas in each program where the Department can make changes to remain within expected FY 83 program budgets without passage of CSSB 817.

For Medicaid, the Department has proposed: (1) limiting access to providers in an attempt to reduce the amount of services individuals receive; and (2) reducing the rates of payment to hospitals and long term care facilities so that in many cases, payment will be below the amount that would be paid if the Department was paying for the full cost of providing care to Medicaid eligibles.

For GRM, the Department has adopted emergency regulations limiting the GRM program to emergency medical care. The Department is also planning to reduce the rates of payment to hospitals and long term care facilities as proposed under Medicaid. It should also be added that the income and resource limits under the GRM program have not been increased since 1977 and are far below the limits for Medicaid.

CSSB 817 would permit the Department to make adjustments in the Medicaid and GRM programs. These proposed changes are based on the assumption that a primary goal of the Medicaid and GRM programs should be to provide financial assistance first to those persons least able to provide for their own needs.

The present Medicaid program provides coverage for financially needy aged, blind, and disabled individuals through their eligibility for APA. Coverage is also available for financially needy children in AFDC households where there is only one parent. However, because the Alaska AFDC program does not provide financial assistance to families with two employable adults regardless of their financial need, many needy children are not receiving the full range of health care services available under Medicaid. While a limited range of health care services are available under GRM to children in families without other medical resources, few truly needy children are covered by GRM because income and resource standards under GRM are considerably lower than they are for Medicaid.

By passage of CSSB 817, Medicaid coverage for needy children not in AFDC households would be established. This new Medicaid coverage could be provided without new funds if changes are made in the FY 83 appropriation. The GRM and Medicaid budget request units should be incorporated into a single budget request unit and specific intent included giving the Department authority to move funds between components in order to comply with the changes made in the Medicaid program as a result of changes made by CSSB 817. This change in budgeting would permit the Department to use GRM as the state matching funds needed to earn federal Medicaid funds. Attachment A contains a draft summary sheet for a Medical Assistance BRU to replace the Medicaid and GRM BRUs, with proposed intent language to accomplish this change.

The remaining GRM funds would be used for three things: (1) to eliminate the Medicaid penalty in the FY 83 budget and continue providing Medicaid services at present levels without limiting access to health care services and without reducing the rates of payment to hospitals and long term care facilities; and (2) to absorb Medicaid transportation costs associated with reduction in IHS funding; and (3) to continue the GRM program as an emergency medical assistance program for single employable individuals and employable couples with or without children, to the extent permitted by available funding.

The theory behind the proposal to manage the GRM as an emergency medical program is based on the Department's experience administering the Catastrophic Illness program. Except in cases of extremely costly medical care, individuals usually have the ability to work out some type of payment agreement with health care providers, often over an extended period of time if there is some reasonable expectation of payment. While it may be desirable for the state to provide medical payment on behalf of needy employable individuals, funding limitations often force

priorities to be assigned. In the case of state funding for health care services, individuals least able to provide for themselves should receive a higher priority rating than employable individuals.

### III. EFFECT OF SENATE BILL NO. 817

Section 1 of the bill amends AS 47.07.020 by adding all children with income below the need standards for payment under the AFDC program, but who are not eligible because they do not meet the definition of dependent children under the AFDC program.

Section 2 would transfer from GRM to Medicaid the cost of providing the following categories of service to Medicaid eligible individuals: physical and occupational therapy, prescribed drugs, and prosthetic devices and medical supplies. In addition, SB 817 would give the Department increased flexibility in the area of long term care services.

The Department has projected some cost savings resulting from this amendment. Since the Medicaid program permits eligible individuals free choice of medical providers, individuals eligible for Medicaid and the Indian Health Service can choose between private providers and IHS facilities when they seek medical treatment. While experience has shown that the "crossover" to private health care providers under Medicaid is a small percentage of total Medicaid-IHS dual eligibles, changes in IHS funding or policies could result in increased crossover.

There has been some discussion about amending the bill to remove prescribed drugs from the services being added to Medicaid. While the Department would strongly support CSSB 817 even without prescribed drugs, it should be understood that by moving prescribed drugs to Medicaid, the Department generates nearly \$1 million in additional federal funds to provide health care services. We understand that pharmacists object to prescribed drugs being covered under Medicaid because federal regulations require payment to be made on a reasonable cost basis rather than paying the amount charged (whether reasonable or not). However, this objection does not change the fact that the Department intends to make this change in reimbursement for prescribed drugs during FY 83 even if CSSB 817 does not pass as a cost-savings method because it will reduce payment to pharmacists by approximately 15 percent.

We understand that pharmacists oppose moving prescribed drugs to Medicaid because of their perception that greater reimbursement flexibility exists under GRM than Medicaid. Reasonable cost reimbursement principles that apply to other health care providers have not been used for payment to pharmacists. While GRM does have more flexibility than Medicaid, all providers except pharmacists have received payment under GRM using the same reimbursement principles as Medicaid. Absent the adoption of CSSB 817, the funding available to the Department in FY 83 under the present Medicaid and GRM programs will not permit the status quo to be maintained with respect to reimbursement of health care providers. All providers, including pharmacists, will receive lower rates of payment for providing services to Medicaid and GRM eligibles.

Section 3 would indicate the order of priority of optional groups of eligibles and categories of service under the Alaska Medicaid program. This section would add an additional tool for management of the Medicaid

program. If it becomes necessary to reduce the Medicaid program to stay within an appropriation, in addition to reducing payment to providers and restricting client access to services, the Department would be able to eliminate the lowest priority optional categories of service.

Sections 4 would revise the definition of clinic services to add physician clinics. While this will not add any new private providers to the Medicaid program, it will permit clinics owned by the Indian Health Service to receive 100 percent federally-funded reimbursement under Medicaid. Without a change in statute, these clinics will continue to be barred from collecting approximately \$1,500,000 in federal Medicaid funds. Since IHS in Alaska is experiencing funding problems, these new federal Medicaid funds should permit clinics to continue operating at their historical service levels and help avoid increasing demand for services from private providers which would be covered under Medicaid using state and federal funds rather than federal funds only.

#### IV. DEPARTMENTAL POSITION

The Department supports CSSB 817 and the Medicaid and GRM FY 83 appropriations proposed by this position paper. Removing prescribed drugs from the services to be added to Medicaid does not make passage of CSSB 817 any less critical, but it will reduce by \$1 million the amount of money available to provide health care services to needy Alaskans. Passage of CSSB 817 would assure that needy children not presently eligible for Medicaid would receive full health care services. Failure to pass CSSB 817 will result in many needy children being eligible only for emergency medical services under the GRM program.

Recommended by:

Rod Betit

Rod Betit, Director  
Division of Public  
Assistance

Date:

April 28, 1982

Approved by:

Helen D. Beirne

Helen D. Beirne  
Commissioner, Dept. of  
Health & Social Services

Date:

4-28-82

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

SUMMARY FISCAL NOTE

I. REQUEST

Bill/Resolution No. CS for Senate Bill 817 (Finance)  
 Title An Act relating to medical assistance for needy persons  
 Requested by House HESS Committee Date 5/11/82

II. FISCAL DETAIL

Agency Affected Department of Health and Social Services  
 Program Category Affected Health  
 BRU, Program, Or Subprogram(s) Affected Medical Assistance \*  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		9185.2	10563.0	12147.4	13969.5	16064.9
<b>TOTAL</b>		9185.2	10563.0	12147.4	13969.5	16064.9

FUNDING (Thousands of Dollars)

		0	0	0	0	0
GENERAL FUND						
FEDERAL FUNDS		9185.2	10563.0	12147.4	13969.5	16064.9
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

\* The Medical Assistance BRU would be created by combining the present Medicaid and General Relief Medical BRUs. This and the passage of CSSB 817 would permit the Department of Health and Social Services to claim additional federal funds for Medicaid without using any additional state funds.

IV. DATE 5/12/82 PREPARED BY David M. Davidson  
 AGENCY Division of Public Assistance  
 Original: Legislative Finance PHONE 465-3347  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 33-001 (Rev. 12/81)

*David M. Davidson*  
ACC

CSSB 817--  
 MEDICAID/GENERAL RELIEF MEDICAL  
 FISCAL AND PROGRAM ADJUSTMENTS--FY 83

PROGRAM IMPACT	TOTAL MEDICAID	MEDICAID IMPACT STATE FUNDS	FEDERAL FUNDS	GENERAL RELIEF MEDICAL IMPACT GRM PROGRAM	GRM REDUCTIONS	CASELOAD IMPACT NEW PERSONS COVERED
FY 83 Budget Request	\$51914.6	\$24461.8	\$27452.8	\$12178.3		
Less Budget Deductions	(1355.2)	(1307.8)	( 47.4)	( 575.3)		
	50559.4	23154.0	27405.4	11603.0		
Cat Illness Reduction	0	0	0	(2158.4)		
	50559.4	23154.0	27405.4	9444.6		
Transfer of services from GRM to Medicaid	101.0	52.8	48.2	( 52.8)		
	50660.4	23206.8	27453.6	9391.8		
Coverage for pregnant women	467.6	243.2	224.4	( 243.2)		191
	51128.0	23450.0	27678.0	9148.6		
IHS clinic services	1500.0	0	1500.0			
	52628.0	23450.0	29178.0	9148.6		
GRM children to Medicaid	6520.5	3390.7	3129.8	(3390.7)		700
	59148.5	26840.7	32307.8	5757.9		
New children/100% FFP	3346.6	0	3346.6			3300
	62495.1	26840.7	35654.4	5757.9		
Admin costs for new children	309.2	160.7	148.5	( 160.7)		
	62804.3	27001.4	35802.9	5597.2		
Prescribed drugs	0	0	0	(1560.6)		
Totals--CSSB 817(Fin) changes	62804.3	27001.4	35802.9	4036.6		

5/11/82

ADDITIONAL CHANGES NEEDED BETWEEN  
MEDICAID AND GRM BRUS

PROGRAM IMPACT	MEDICAID IMPACT		FEDERAL FUNDS	GENERAL RELIEF MEDICAL IMPACT		CASELOAD IMPACT
	TOTAL MEDICAID	STATE FUNDS		GRM PROGRAM	GRM REDUCTIONS	NEW PERSONS COVERED
	62804.3	27001.4	35802.9	4036.6		
GRM savings from participation in Medicare Part B buy-in	220.2	111.5	108.7	( 111.5)		
	63024.5	27112.9	35911.6	3925.1		
Elimination of Medicaid penalty	1355.2	1007.7	347.5	(1007.7)		
	64379.7	28120.6	36259.1	2917.4		
IHS Medicaid transportation	1000.0	520.0	480.0	( 520.0)		
Total--CSSB 817 and additional changes	65379.7	28640.6	36739.1	2397.4		

5/11/82

Offered: 4/6/82  
Referred: Finance

Original sponsor: Health, Education  
and Social Services  
Committee

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 817 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 \* Section 1. AS 47.07.020(b) is amended by adding new paragraphs to read:

10 (8) persons under 21 years of age who would be eligible for  
11 benefits under the federal aid to families with dependent children  
12 program, but who do not qualify because they are not dependent children;

13 (9) women who are pregnant.

14 \* Sec. 2. AS 47.07.030 is amended to read:

15 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. Medical services  
16 to be offered to eligible persons include inpatient hospital, outpatient  
17 hospital, rural health clinic, outpatient surgical care centers, labora-  
18 tory and X-ray, refractions and eye examinations by ophthalmologists or  
19 optometrists, eyeglasses prescribed by a physician skilled in diseases  
20 of the eye or by an optometrist, inpatient psychiatric hospital for  
21 persons age 65 or older and persons under age 21, skilled and intermedi-  
22 ate nursing home, physician, nurse midwife, home health care services,  
23 early periodic screening diagnosis and treatment of persons under 21  
24 years of age, clinic services, treatment of speech, hearing and language  
25 disorders, physical therapy, occupational therapy, prescribed drugs,  
26 prosthetic devices and medical supplies, long-term care noninstitutional  
27 services, and reasonable transportation to and from the point of medical  
28 care. No additional services may be provided unless approved by the  
29 legislature.

1 \* Sec. 3. AS 47.07 is amended by adding a new section to read:

2 Sec. 47.07.035. PRIORITY OF SERVICES. If the funding in a fiscal  
3 year is inadequate to finance the total medical assistance program under  
4 AS 47.07, the department shall, to the extent that federal law and  
5 funding permits, provide medical assistance in the following order:

6 (1) aged, blind or disabled persons who

7 (A) do not receive supplemental security income under  
8 Title XVI of the Social Security Act because they do not meet  
9 income and resources requirements; and

10 (B) are eligible to receive an optional state supple-  
11 mentary payment;

12 (2) persons in a medical or intermediate care facility

13 (A) whose income while in the facility does not exceed  
14 300 percent of the supplemental security income benefit rate under  
15 Title XVI of the Social Security Act; and

16 (B) who would not be eligible for an optional state  
17 supplementary payment if they left the facility;

18 (3) persons under 21 years of age

19 (A) who are under the supervision of the department;

20 (B) whose maintenance is paid in whole or in part from  
21 public funds; and

22 (C) who are in foster homes or private child-care insti-  
23 tutions;

24 (4) persons under 21 years of age who

25 (A) receive treatment in a psychiatric hospital; and

26 (B) are financially eligible as determined by the stan-  
27 dards of Part A of Title IV of the Social Security Act;

28 (5) persons under 21 years of age who are

29 (A) in an institution designated by the department as an

- 1 intermediate care facility for the mentally retarded; and  
2 (B) financially eligible as determined by the standards  
3 of the federal aid to families with dependent children program;  
4 (6) women who are pregnant;  
5 (7) persons under 21 years of age who do not qualify for  
6 benefits under the federal aid to families with dependent children  
7 program because they are not dependent children;  
8 (8) intermediate nursing home services;  
9 (9) prescribed drugs;  
10 (10) eye examinations by an ophthalmologist or optometrist; or  
11 eyeglasses prescribed by a physician skilled in the diseases of the eye  
12 or by an optometrist;  
13 (11) treatment of speech, hearing, or language disorders;  
14 (12) physical or occupational therapy;  
15 (13) care at an intermediate care facility for the mentally  
16 retarded;  
17 (14) care at an inpatient psychiatric facility;  
18 (15) community mental health clinic services;  
19 (16) surgical care center services;  
20 (17) nurse midwife services;  
21 (18) medical supplies and equipment.

22 \* Sec. 4. AS 47.07.080(4) is repealed and reenacted to read:

23 (4) "clinic services" means services provided by state-  
24 approved outpatient community mental health clinics that receive grants  
25 under AS 47.30.520 - 47.30.620, state-operated community mental health  
26 clinics, and physician clinics.

27 \* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-  
28 070(c).

29

Introduced: 2/23/82  
Referred: Health, Education &  
Social Services and Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 817

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

9 \* Section 1. AS 47.07.020(b) is amended by adding new paragraphs to read:

10 (8) persons under 21 years of age who would be eligible for  
11 benefits under the federal aid to families with dependent children  
12 program, but who do not qualify because they are not dependent children;

13 (9) persons who would be eligible for benefits under the  
14 federal aid to families with dependent children program if coverage  
15 under the program were as broad as coverage allowed under Part A of  
16 Title IV of the Social Security Act.

17 \* Sec. 2. AS 47.07.020 is amended by adding new subsections to read:

18 (e) In addition to the persons specified in (a) of this section,  
19 the following classes of medically needy persons for whom the state may  
20 claim federal financial participation are eligible for medical assis-  
21 tance:

22 (1) pregnant persons;

23 (2) persons included in (b)(3), (5), (7), and (8) of this  
24 section;

25 (3) caretaker relatives;

26 (4) persons 65 years of age or older;

27 (5) blind persons; and

28 (6) permanently and totally disabled persons.

29 (f) In (e) of this section

1 (1) "blind person" means a person who has no vision or whose  
2 vision is so defective as to prevent the performance of ordinary activi-  
3 ties for which eyesight is essential;

4 (2) "caretaker relative" means a person who meets the defini-  
5 tion of caretaker relative under 45 C.F.R. 233.90(c)(1)(v)(A);

6 (3) "medically needy persons" means persons who meet the  
7 definition of "medically needy" under 42 C.F.R. 435.4;

8 (4) "permanently and totally disabled persons" means persons  
9 defined in AS 47.25.960(3).

10 \* Sec. 3. AS 47.07.030 is amended to read:

11 Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED. (a) Medical  
12 services to be offered to eligible persons include inpatient hospital,  
13 outpatient hospital, rural health clinic, outpatient surgical care  
14 centers, laboratory and X-ray, refractions and eye examinations by  
15 ophthalmologists or optometrists, eyeglasses prescribed by a physician  
16 skilled in diseases of the eye or by an optometrist, inpatient psychia-  
17 tric hospital for persons age 65 or older and persons under age 21,  
18 skilled and intermediate nursing home, physician, nurse midwife, home  
19 health care services, early periodic screening diagnosis and treatment  
20 of persons under 21 years of age, clinic services, treatment of speech,  
21 hearing and language disorders, physical therapy, occupational therapy,  
22 prescribed drugs, prosthetic devices and medical supplies, long-term  
23 care noninstitutional services, and reasonable transportation to and  
24 from the point of medical care. No additional services may be provided  
25 unless approved by the legislature.

26 \* Sec. 4. AS 47.07.030 is amended by adding a new subsection to read:

27 (b) "Clinic services" means services provided by state-approved  
28 outpatient community mental health clinics that receive grants under  
29 AS 47.30.520 - 47.30.620, state-operated community mental health clinics,

1 and physician clinics.

2 \* Sec. 5. AS 47.07.080(4) is repealed.

3 \* Sec. 6. This Act takes effect immediately in accordance with AS 01.10.-  
4 070(c).

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