

LEG. FINANCE - BILLS 1985 - 1986 2188

SB 121 cont. - SB 128 2188

1 section or under AS 39.35.415; or

2 (4) reaches normal retirement age.

3 \* Sec. 25. AS 39.35.410(c) is amended to read:

4 (c) If the disabled employee becomes ineligible to receive  
5 occupational disability benefits before the normal retirement date,  
6 the disabled employee shall then be entitled to receive an early  
7 retirement benefit [PENSION] if the employee would have been eligible  
8 for the benefit [PENSION] had employment continued during the period  
9 of disability. The period of disability constitutes credited service.

10 \* Sec. 26. AS 39.35.410(d) is amended to read:

11 (d) The monthly amount of an occupational disability benefit  
12 [PENSION] is 40 percent of the disabled employee's gross monthly  
13 compensation at the time of termination due to disability.

14 \* Sec. 27. AS 39.35.410(f) is amended to read:

15 (f) An employee is not entitled to an occupational disability  
16 benefit [PENSION] unless the employee files an application for it with  
17 the administrator within six months after the date of the accident, if  
18 disability is attributable to an accident, [OR] within six months  
19 after the date the disability begins if the disability is caused by an  
20 occupational disease, or within 30 days of the date of terminating  
21 employment, whichever is later. If the disability is attributable to  
22 an accident, the employee shall file a notice of the accident with the  
23 administrator within 30 days following the date it occurred. This  
24 30-day filing period is suspended for the time the employee's condi-  
25 tion prevents filing. If the employee is unable to meet a filing  
26 requirement of this subsection, it may be waived by the Public Employ-  
27 ees' Retirement Board for cause.

28 \* Sec. 28. AS 39.35.410(g) is repealed and reenacted to read:

29 (g) A disabled employee receiving an occupational disability

1 benefit shall undergo a medical examination as often as the adminis-  
2 trator considers advisable but not more frequently than once each  
3 year. The administrator shall determine the place of the examination  
4 and engage the physician or physicians. If, in the judgment of the  
5 administrator, the examination indicates that the retired employee is  
6 no longer incapacitated because of a total and apparently permanent  
7 occupational disability, the administrator may not issue further  
8 disability benefits to the employee.

9 \* Sec. 29. AS 39.35.410(h) is amended to read:

10 (h) A disabled employee's occupational disability benefit termi-  
11 nates [PENSION SHALL TERMINATE] when the disabled employee first  
12 attains eligibility for normal retirement. At that time, the employ-  
13 ee's retirement benefit shall [WILL] be calculated under the provi-  
14 sions of AS 39.35.370(c).

15 \* Sec. 30. AS 39.35 is amended by adding a new section to read:

16 Sec. 39.35.415. REEMPLOYMENT OF DISABLED EMPLOYEES. An employee  
17 appointed to disability benefits under AS 39.35.400 or 39.35.410 shall  
18 apply to the division of vocational rehabilitation within 30 days of  
19 the date disability benefits commence. The employee shall be enrolled  
20 in a rehabilitation program if the employee meets the eligibility  
21 requirements of the division of vocational rehabilitation. Unless the  
22 employee demonstrates cause, benefits shall terminate at the end of  
23 the first month in which a disabled employee

24 (1) fails to report to the division of vocational rehabili-  
25 tation;

26 (2) is certified by the division of vocational rehabilita-  
27 tion as failing to cooperate in a vocational rehabilitation program;

28 (3) fails to interview for a job; or

29 (4) fails to accept a position offered.

1 \* Sec. 31. AS 39.35.520 is amended by adding a new subsection to read:

2 (d) The system shall pay interest on amounts owed to a member or  
3 beneficiary. Interest shall be charged on amounts owed to the system  
4 by a member or beneficiary if the amount owed is the result of errone-  
5 ous information supplied by the member or beneficiary, or the member  
6 or beneficiary had reasonable grounds to believe the amount of the  
7 benefit was in error. The interest paid under this subsection is at  
8 the rate established by regulation for indebtedness contributions  
9 owed. Interest accrues from the date on which the correct payment was  
10 due and continues until an actuarial adjustment to the benefit is  
11 effective or the amount owed is paid. Accrued interest in amounts  
12 less than the limit established in regulation for writing off small  
13 indebtedness and refund balances may not be collected or paid under  
14 this subsection.

15 \* Sec. 32. AS 39.35 is amended by adding a new section to read:

16 Sec. 39.35.675. INCLUSION OF COST-OF-LIVING DIFFERENTIALS IN  
17 COMPENSATION AND BENEFITS. (a) An employee shall make contributions  
18 to the system based on compensation including a cost-of-living differ-  
19 ential.

20 (b) The amount of a cost-of-living differential may not be in-  
21 cluded in the employee's compensation for purposes of calculating  
22 benefits paid under this chapter unless the employee has received a  
23 cost-of-living differential in a comparable amount or of at least that  
24 many steps for at least 50 percent of the employee's credited service.

25 (c) When an employee receives a benefit, and if the employee's  
26 compensation for purposes of calculating the benefit does not include  
27 a cost-of-living differential, then the administrator shall refund to  
28 the employee the amount of contributions the employee made based on  
29 the differential.

1 (d) In this section "cost-of-living differential" means an  
2 adjustment to salary based on the cost of living in the geographic  
3 region where the employee works and includes a pay step differential  
4 under AS 39.27.020.

5 \* Sec. 33. AS 39.35.680(4) is amended to read:

6 (4) "average monthly compensation" means the result ob-  
7 tained by dividing the compensation earned by an employee during a  
8 considered period by the number of months, including fractional  
9 months, for which compensation was earned; the considered period  
10 consists of the three consecutive payroll [CALENDAR] years during the  
11 period of credited service that yields the highest average, or if the  
12 employee does not have three consecutive payroll [CALENDAR] years, the  
13 employee's period of credited service; an employee must have at least  
14 115 days of credited service in the last payroll [CALENDAR] year in  
15 order for that year to be used as part of the three consecutive pay-  
16 roll [CALENDAR] years;

17 \* Sec. 34. AS 39.35.680(8) is amended to read:

18 (8) "compensation" means the total remuneration earned by  
19 an employee for personal services rendered to an employer, including  
20 cost-of-living differentials only as provided in AS 39.35.675, pay-  
21 ments for leave that is actually used by the employee, the amount by  
22 which the employee's wages are reduced under AS 39.30.150(c), and any  
23 amount deferred under an employer-sponsored deferred compensation  
24 plan, but does not include retirement benefits, severance pay or other  
25 separation bonuses, welfare benefits, per diem, expense allowances,  
26 workers' compensation payments or payments for leave not used by the  
27 employee whether those leave payments are scheduled payments, lump-sum  
28 payments, donations, or cash-ins;

29 \* Sec. 35. AS 39.35.680(23) is amended to read:

1 (23) "nonoccupational disability" means a physical or mental  
2 condition that, in the judgment of the administrator, presumably  
3 permanently prevents an employee from satisfactorily performing the  
4 employee's usual duties for an employer or the duties of another  
5 position or job that an [THE] employer makes available and for which  
6 the employee is qualified by training or education, not including a  
7 condition resulting from a cause that the board, in its regulations  
8 has excluded;

9 \* Sec. 36. AS 39.35.680(26) is amended to read:

10 (26) "occupational disability" means a physical or mental  
11 condition that, in the judgment of the administrator, presumably  
12 permanently prevents an employee from satisfactorily performing the  
13 employee's usual duties for an employer or the duties of another  
14 comparable position or job that an employer makes available and for  
15 which the employee is qualified by training or education; however, the  
16 proximate cause of the condition must be a bodily injury sustained, or  
17 a hazard undergone, while in the performance and within the scope of  
18 the employee's duties and not the proximate result of the wilful  
19 negligence of the employee;

20 \* Sec. 37. AS 39.35.680 is amended by adding a new paragraph to read:

21 (40) "payroll year" means the period that includes the first  
22 pay period ending in January of a year through the last pay period  
23 ending in December of that year.

24 \* Sec. 38. Notwithstanding AS 39.35.340(b) or (e), interest does not  
25 accrue on service claimed under AS 39.35.340(i), enacted by sec. 16 of this  
26 Act, until one year following the effective date of this Act or one year  
27 following the date on which a person first becomes vested, whichever is  
28 later.

29 \* Sec. 39. Retired employees, deferred vested employees, and surviving

1 spouses on the effective date of this Act are entitled to claim credited  
2 service or increased benefits for service claimed under sec. 16 of this Act  
3 in accordance with AS 39.35.340(c), (e), and (g).

4 \* Sec. 40. Nothing in secs. 2, 3, 8, 9, 11, 14, 17 - 31, 35, and 36 of  
5 this Act shall be construed to reduce the benefits to which an employee  
6 hired before the effective date of this section is entitled.

7 \* Sec. 41. The amendments made by secs. 32 and 34 of this Act apply  
8 only to members first hired under the Public Employees' Retirement System  
9 on or after the effective date of this section.

10 \* Sec. 42. Sections 18 - 29 of this Act are retroactive to July 1,  
11 1976.

12 \* Sec. 43. Sections 32, 34, and 41 of this Act take effect January 1,  
13 1987.

14 \* Sec. 44. Sections 1 - 17, 30, 31, 33, and 35 - 39 of this Act take  
15 effect July 1, 1986.

16 \* Sec. 45. Sections 18 - 29, 40, and 42 of this Act take effect immedi-  
17 ately in accordance with AS 01.10.070(c).

Original sponsor: Rules/Governor

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 121 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to credited service and occupational disability in the Public Employees' Retirement System; and making miscellaneous amendments to the retirement statutes without fiscal impact; and providing for an effective date."

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

\* Section 1. AS 14.25.060(a)(1) is amended to read:

(1) At the time of first becoming a member of the system, the arrearage indebtedness is seven percent of the base salary multiplied by the total number of years of creditable outside, military and Alaska BIA service. The administrator shall add compound [COMPOUND] interest at the rate prescribed by regulation [SHALL BE ADDED] to the arrearage indebtedness beginning July 1, 1963, or at the time the member [OF] first becomes eligible to claim the service [BECOMING EMPLOYED AS A MEMBER], whichever is later, to the date of payment or the date of retirement, whichever occurs first.

\* Sec. 2. AS 14.25.220(10) is amended to read:

(10) "credited service" means

(A) all membership service as provided in (20) of this section, territorial employment as defined in (41) of this section, plus outside, military, and Alaska BIA service, with outside and military service limited to 10 years except under the conditions set out in AS 14.25.100;

(B) for purposes of eligibility for benefits under

1                    this chapter, service for which no indebtedness is owed;

2  
3 \* Sec. 3. AS 14.25.220(25) is amended to read:

4                    (25) "outside service" means service for full years as  
5 defined by (40)(A)(x) and (40)(B)(xi) of this section

6                    (A) as a certificated full-time elementary or second-  
7 dary teacher or a certificated person in a full-time position  
8 requiring a teaching certificate as a condition of employment in  
9 an out-of-state public school within the United States, or in a  
10 school outside the United States supported by funds of the United  
11 States;

12                    (B) as a certificated full-time elementary or second-  
13 ary teacher or a certificated person in a full-time position  
14 requiring a teaching certificate as a condition of employment in  
15 an approved or accredited nonpublic school within the United  
16 States, or in a school outside the United States supported by  
17 funds of the United States;

18                    (C) in a full-time position requiring academic stand-  
19 ing in an out-of-state institution of higher learning accredited  
20 by a nationally recognized accrediting agency as listed in the  
21 Education Directory - Colleges and Universities by the National  
22 Center for Education Statistics;

23                    (D) as a full-time teacher in an approved or accredit-  
24 ed nonpublic institution of higher learning in Alaska;

25 \* Sec. 4. AS 14.25.220(38) is amended to read:

26                    (38) "teacher or member" means a person eligible to partici-  
27 pate in the system and who is covered by the system, limited to [IN-  
28 CLUDING:]

29                    (A) a certificated full-time or part-time elementary  
or secondary teacher, a certificated school nurse, or a

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certificated person in a position requiring a teaching certificate as a condition of employment in a public school of the state;

(B) the commissioner of education and all supervisory positions in the Department of Education;

(C) a full-time or part-time teacher of the University of Alaska or a person occupying a full-time administrative position at the University of Alaska which requires academic standing; the approval of the administrator must be obtained before an administrative position qualifies for membership in the system;

(D) a state legislator who elects membership under AS 14.25.040(b);

\* Sec. 5. AS 14.25.220(40) is repealed and reenacted to read:

(40) "year of service" means service, except for military and territorial service, during the dates set for a school year; partial-year service credit is given for membership and BIA service as follows:

(A) before July 1, 1969, during any school year,

(i) less than 20 days, no credit;

(ii) 20 days or more but less than 35 days, 0.2 years;

(iii) 35 days or more but less than 49 days, 0.3 years;

(iv) 49 days or more but less than 63 days, 0.4 years;

(v) 63 days or more but less than 77 days, 0.5 years;

(vi) 77 days or more but less than 91 days, 0.6 years;

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- (vii) 91 days or more but less than 105 days, 0.7 years;
  - (viii) 105 days or more but less than 119 days, 0.8 years;
  - (ix) 119 days or more but less than 133 days, 0.9 years;
  - (x) 133 days or more, 1.0 years;
- (B) on or after July 1, 1969, during any school year,
- (i) less than nine days, no credit;
  - (ii) nine days or more but less than 27 days, 0.1 years;
  - (iii) 27 days or more but less than 45 days, 0.2 years;
  - (iv) 45 days or more but less than 63 days, 0.3 years;
  - (v) 63 days or more but less than 81 days, 0.4 years;
  - (vi) 81 days or more but less than 100 days, 0.5 years;
  - (vii) 100 days or more but less than 118 days, 0.6 years;
  - (viii) 118 days or more but less than 136 days, 0.7 years;
  - (ix) 136 days or more but less than 154 days, 0.8 years;
  - (x) 154 days or more but less than 172 days, 0.9 years;
  - (xi) 172 days or more, 1.0 years;

(C) service performed on a part-time basis will be

1 credited with one-half credit for each day of service.

2 \* Sec. 6. AS 22.25.048(a) is amended to read:

3 (a) The commissioner of administration shall establish [, AS A  
4 SPECIAL ACCOUNT IN THE GENERAL FUND,] a fund for the judicial retire-  
5 ment system and shall maintain accounts and records for the judicial  
6 retirement system.

7 \* Sec. 7. AS 26.05.228(a) is amended to read:

8 (a) The commissioner of administration shall establish [, AS A  
9 SPECIAL ACCOUNT IN THE GENERAL FUND,] a fund for the system and main-  
10 tain accounts and records for the system.

11 \* Sec. 8. AS 39.30.100(2) is amended to read:

12 (2) "governmental unit" means the state, a borough, school  
13 district, municipal corporation, or other political subdivision of the  
14 state, and the North Pacific Fishery Management Council;

15 \* Sec. 9. AS 39.35.340 is amended by adding a new subsection to read:

16 (i) Credited service under (a) of this section includes service  
17 as a

18 (1) foreign service officer, a foreign service reserve  
19 officer, or a limited foreign service reserve officer with the United  
20 States Department of State in Vietnam, Cambodia, or Laos from  
21 August 4, 1964, through November 7, 1975; and

22 (2) member of the United States Merchant Marine Service  
23 from December 7, 1941, through September 30, 1945.

24 \* Sec. 10. AS 39.35.410(a) is amended to read:

25 (a) An employee is eligible for an occupational disability  
26 benefit if the employee [PENSION IF EMPLOYMENT] is terminated because  
27 of an [A TOTAL AND APPARENTLY PERMANENT] occupational disability, as  
28 defined in AS 39.35.680, before the employee's normal retirement date.

29 \* Sec. 11. AS 39.35.410(b) is amended to read:

1  
2 (b) The occupational disability benefits accrue beginning the  
3 first day of the month following termination of employment as a result  
4 of the disability and are payable the last day of the month. If a  
5 final determination granting the benefit is not made in time to pay  
6 the benefit when due, a retroactive payment shall be made to cover the  
7 period of deferment. [BENEFITS SHALL BE CONTINUED AFTER ONE YEAR FROM  
8 DATE OF APPOINTMENT TO OCCUPATIONAL DISABILITY ONLY IF THE DISABLED  
9 EMPLOYEE FULFILLS THE REQUIREMENTS SET OUT IN (g) OF THIS SECTION.]  
10 The last payment shall be for the first month in which any one of the  
11 following occurs:

12 (1) the death of the disabled employee; [OCCURS, OR]

13 (2) [THE MONTH IN WHICH] the disabled employee recovers from  
14 disability; [, OR]

15 (3) [THE MONTH IN WHICH] the disabled employee fails to meet  
16 the requirements set out in (g) of this section; [CEASES TO BE ELI-  
17 GIBLE FOR DISABILITY PAYMENTS UNDER 42 U.S.C. 301 - 1397f (SOCIAL  
18 SECURITY ACT),] or

19 (4) [THE MONTH] the disabled employee reaches normal retire-  
20 ment age [, WHICHEVER OCCURS FIRST].

21 \* Sec. 12. AS 39.35.410(g) is repealed and reenacted to read:

22 (g) A disabled employee receiving an occupational disability  
23 benefit shall undergo a medical examination as often as the adminis-  
24 trator considers advisable but not more frequently than once each  
25 year. The administrator shall determine the place of the examination  
26 and engage the physician or physicians. If, in the judgment of the  
27 administrator, the examination indicates that the retired employee is  
28 no longer incapacitated because of an occupational disability, the  
29 administrator may not issue further disability benefits to the  
employee.

1 \* Sec. 13. AS 39.35.680(4) is amended to read:

2 (4) "average monthly compensation" means the result ob-  
3 tained by dividing the compensation earned by an employee during a  
4 considered period by the number of months, including fractional  
5 months, for which compensation was earned; the considered period  
6 consists of the three consecutive payroll [CALENDAR] years during the  
7 period of credited service that yields the highest average, or if the  
8 employee does not have three consecutive payroll [CALENDAR] years, the  
9 employee's period of credited service; an employee must have at least  
10 115 days of credited service in the last payroll [CALENDAR] year in  
11 order to be used as part of the three consecutive payroll [CALENDAR]  
12 years;

13 \* Sec. 14. AS 39.35.680(8) is amended to read:

14 (8) "compensation" means the total remuneration earned by  
15 an employee for personal services rendered to an employer, including  
16 cost-of-living differentials, payments for leave that is actually used  
17 by the employee, the amount by which the employee's wages are reduced  
18 under AS 39.30.150(c), and any amount deferred under an employer-  
19 sponsored deferred compensation plan, but does not include retirement  
20 benefits, severance pay or other separation bonuses, welfare benefits,  
21 per diem, expense allowances, workers' compensation payments or pay-  
22 ments for leave not used by the employee whether those leave payments  
23 are scheduled payments, lump-sum payments, donations, or cash-ins;

24 \* Sec. 15. AS 39.35.680 is amended by adding a new paragraph to read:

25 (40) "payroll year" means the period that includes the first  
26 pay period ending in January of a year through the last pay period  
27 ending in December of that year.

28 \* Sec. 16. Notwithstanding AS 39.35.340(b) or (e), interest does not  
29 accrue on service claimed under AS 39.35.340(i), enacted by sec. 9 of this

1 Act, until one year following the effective date of this Act or one year  
2 following the date on which a person first becomes vested, whichever is  
3 later.

4 \* Sec. 17. Retired employees, deferred vested employees, and surviving  
5 spouses on the effective date of this Act are entitled to claim credited  
6 service or increased benefits for service claimed under sec. 9 of this Act  
7 in accordance with AS 39.35.340(c), (e), and (g).

8 \* Sec. 18. Nothing in secs. 10, 11, or 12 of this Act shall be con-  
9 strued to reduce the benefits to which an employee hired before the effec-  
10 tive date contained in sec. 20 of this Act is entitled.

11 \* Sec. 19. Sections 10 - 12 of this Act are retroactive to July 1,  
12 1976.

13 \* Sec. 20. Sections 10 - 12, 18, and 19 of this Act take effect immedi-  
14 ately in accordance with AS 01.10.070(c).

COMMITTEE REPORT  
HOUSE

(11)  
4/19/86

FURTHER:

Date: 2-7-86

The Committee on MINING has had CS 121 (SA)

"An Act relating to the division of geologists and geophysical surveys, petroleum engineers and petroleum geologists in the former service and for the professional staff of the Oil and Gas Conservation Commission in the mining of coal and the exempt service and providing for an effective date."

under consideration and recommends:

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

MEMBERS SIGNING  
DO PASS

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MEMBERS HAVING  
OTHER RECOMMENDATIONS:

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Robert J. ...  
CHAIRMAN

Offered: 3/6/85  
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 122 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL  
6 For an Act entitled: "An Act placing division of geological and geophysi-  
7 cal surveys petroleum engineers and petroleum geolo-  
8 gists in the exempt service and including the  
9 professional staff of the Oil and Gas Conservation  
10 Commission in the listing of members of the exempt  
11 service; and providing for an effective date."

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

13 \* Section 1. AS 39.25.110(14) is amended to read:

14 (14) petroleum engineers and petroleum geologists employed  
15 in a professional capacity by the Department of Natural Resources and  
16 e professional staff of [BY] the Oil and Gas Conservation Commission  
17 [ , EXCEPT FOR THOSE EMPLOYED IN THE DIVISION OF GEOLOGICAL AND GEO-  
18 PHYSICAL SURVEYS IN THE DEPARTMENT OF NATURAL RESOURCES];

19 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
20 10.070(c).

STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 2-5-86

REQUEST

Bill/Resolution No. CSSB 122 (SA)  
 Title: Geological Employees in the Exempt Service...  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: 2-4-86

FISCAL DETAIL

Agency Affected: Natural Resources  
 BRU: Resource Appraisal  
 Components: \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
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REVENUE						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

No fiscal impact.

Prepared by: Ned Farouhar *Ned* Phone: 465-2400  
 Division: Commissioner's Office Date: 2-5-86

Approved by Commissioner: Armo J. Smith, Deputy Date: 2/5/86  
 Agency: Natural Resources

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requester
- Office of Management and Budget
- Impacted Agency(ies)

BILL SHEFFIELD  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

122

February 1, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to petroleum engineers and petroleum geologists in state service. Current law provides that these professionals are in the exempt service, except for those employed in the division of geological and geophysical surveys (GGS) in the Department of Natural Resources. The attached bill would delete this exception, thus bringing all these professionals within the exempt service.

The petroleum engineers and geologists employed in the division of geological and geophysical surveys handle sensitive and confidential oil and gas data, and are involved in deciding what tracts the state should lease. It is important that the state have the flexibility to employ the best professionals available for these positions. The petroleum engineer and geologist positions within the GGS division have evolved to a level of responsibility commensurate with those professionals employed elsewhere in the Department of Natural Resources and by the Oil and Gas Conservation Commission -- all of whom are presently in the exempt service. There is no reason to exempt some of these positions but not all of them.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

Offered: 3/6/85  
Referred: Rules

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR SENATE BILL NO. 122 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act placing division of geological and geophysi-  
7 cal surveys petroleum engineers and petroleum geolo-  
8 gists in the exempt service and including the  
9 professional staff of the Oil and Gas Conservation  
10 Commission in the listing of members of the exempt  
11 service; and providing for an effective date."  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
13 \* Section 1. AS 39.25.110(14) is amended to read:  
14 (14) petroleum engineers and petroleum geologists employed  
15 in a professional capacity by the Department of Natural Resources and  
16 the professional staff of [BY] the Oil and Gas Conservation Commission  
17 [, EXCEPT FOR THOSE EMPLOYED IN THE DIVISION OF GEOLOGICAL AND GEO-  
18 PHYSICAL SURVEYS IN THE DEPARTMENT OF NATURAL RESOURCES];  
19 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
20 10.070(c).

Introduced: 2/1/85  
Referred: State Affairs

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 122

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act placing division of geological and geophysi-

7

cal surveys petroleum engineers and petroleum geolo-

8

gists in the exempt service; and providing for an

9

effective date."

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

11 \* Section 1. AS 39.25.110(14) is amended to read:

12

(14) petroleum engineers and petroleum geologists employed

13

in a professional capacity by the Department of Natural Resources and

14

by the Oil and Gas Conservation Commission[, EXCEPT FOR THOSE EMPLOYED

15

IN THE DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS IN THE DEPART-

16

MENT OF NATURAL RESOURCES];

17

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.-

18

10.070(c).

Introduced: 2/1/85  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 123

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Power Authority; and  
7 providing for an effective date."

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

9 \* Section 1. AS 44.83.200 is amended to read:

10 Sec. 44.83.200. ANNUAL REPORT. Before November [MARCH] 1 of  
11 each year, the authority shall submit to the governor and the legisla-  
12 ture a comprehensive report describing operations, income, and expen-  
13 ditures for the preceding fiscal year [12-MONTH PERIOD].

14 \* Sec. 2. AS 44.83.382(b) is amended to read:

15 (b) The fund includes

16 (1) money appropriated to it by the legislature; [AND]

17 (2) [Repealed by sec. 27, ch. 89, SLA 1983.]

18 (3) income from investment of money in the fund.

19 \* Sec. 3. AS 44.83.386 is amended to read:

20 Sec. 44.83.386. INVESTMENT OF FUND. The Department of Revenue  
21 shall invest the money in the fund in accordance with AS 37.10.070 and  
22 37.10.075. The Department of Revenue shall provide money in the fund  
23 to the authority only after costs have been incurred or amounts in the  
24 fund have been otherwise obligated under contracts for the acquisition  
25 and construction of a project. Amounts that have been obligated, but  
26 for which costs have not yet been incurred, may be segregated by the  
27 Department of Revenue or transferred to the authority only with the  
28 prior approval or agreement of the commissioner of revenue. Interest  
29 received on money that is segregated or transferred under this section

1        must be deposited in the power development [GENERAL] fund.

2        \* Sec. 4. AS 44.83.388(b) is amended to read:

3                (b) Income earned from investment of money appropriated to the  
4        fund must [SHALL] be deposited in the [GENERAL] fund [AND MAY BE  
5        APPROPRIATED TO THE FUND BY THE LEGISLATURE].

6        \* Sec. 5. This Act takes effect July 1, 1985.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 1, 1985

The Honorable Don Bennett  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that amends statutes pertaining to the Alaska Power Authority.

The attached bill does two things. It changes the due date for the annual report from the authority to the governor and the legislature, and places the report on a fiscal year basis. This change will simplify the inclusion of fiscal year audit and financial statements. It will also allow time for administrative and legislative review of the report before the beginning of the next legislative session.

The bill also amends the energy-program-for-Alaska statutes relating to the power development fund to permit return of investment income to the fund. This amendment will lessen the total of annual appropriations necessary to achieve a \$2 billion equity investment in Susitna. It should be noted that return of investment income to a separate fund is subject to a challenge under the dedicated-fund prohibition in art. IX, sec. 7, of the Alaska Constitution. However, the Department of Law has indicated that it will defend statutes providing for such a practice.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield  
Governor

APR

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB 123  
 Title: Relating to the  
Power Development Fund  
 Sponsor: Governor  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.  
 Program Category Affected: \_\_\_\_\_  
Development  
 BRU, Program or Subprogram(s) Affected:  
Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>						

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	[44,426.0]	[69,851.0]	[90,228.0]	[118,662.0]	[153,715.0]
FEDERAL FUNDS						
OTHER P.D.F.*	-0-	44,426.0	69,851.0	90,228.0	118,662.0	153,715.0
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

\*Power Development Fund

Prepared By: William H. Batt Phone: 276-0001  
 Division: Alaska Power Authority Date: \_\_\_\_\_

Approved by Commissioner: Loren H. Lounsbury Date: 6/25/85  
 Agency: Commerce & Economic Development

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

ALASKA POWER AUTHORITY  
Power Development Fund  
(000)

<u>PROJECT NAME</u>	<u>FY</u>	<u>STATE CONTRIBUTION</u>	<u>EXPENDITURES</u>	<u>INTEREST EARNINGS*</u>	<u>TOTAL INTEREST EARNINGS</u>
Susitna Hydroelectric Project	1985	\$100,000	\$	\$ 0	
	1986	200,000		33,000	
	1987	200,000		58,663	
	1988	200,000		87,083	
	1989	200,000		118,662	
	1990	200,000		153,715	
	1991	200,000		192,624	\$643,747
Bradley Lake Project	1985	50,000		0	
	1986	50,000	270	10,971	
	1987	50,000	59,000	11,188	
	1988	34,448	118,750	3,145	
	1989	0	123,600		25,304
Bradley Lake Project	1986**	10,548	10,548	443	443
Terror Lake Project	1986**	868	868	12	12
TOTAL APA					\$669,506

\* at an assumed rate of 11% per annum

\*\* balances available from previous FY funding

1567Wb12585a

2/1/23

U

TITLE OF INCREMENT/DECREMENT: Interest earnings on deposits to the Power Development Fund		AGENCY CONTACT/PHONE NUMBER: Department of Commerce and Economic Development 465-2500		CODE	EXPENDITURE BY OBJECT	AGENCY REQ.	GOV'S REQ.
DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES:  The retention of investment earnings in the Power Development Fund is required to provide adequate state equity in the Susitna River Hydroelectric Power Project (000).				100	Personal Services		
				200	Travel		
				300	Contractual Services		
				400	Supplies		
				500	Equipment		
				600	Lands, Buildings, Etc.		
				700	Grants, Claims, Etc.		
				800	Miscellaneous		
				TOTAL			
				I-A Transfer (NON-ADD)			
				1002	Federal Receipts		
				1003	General Fund Match		
				1004	General Fund	(44,426)	
				1005	I-A Receipts		
				1028	Program Receipts		
	Other	* 44,426					
POSITION INFORMATION	PFT						
	PPT						
	Non Permanent						
	Staff Months						
<input type="checkbox"/> Enhance Existing Service Compared to FY 85		<input type="checkbox"/> Formula Program					
<input checked="" type="checkbox"/> New Service Compared to FY 85							
<input type="checkbox"/> Continuation of FY 85 Service Level							
IMPACT FROM CAPITAL PROJECT (NAME) Susitna Hydroelectric Project Financing							
Chapter <u>171</u> SLA <u>1984</u> Page/Line <u>44.83.410</u>							

\* Power Development Fund

AGENCY Department of Commerce and Economic Development/Alaska Power Authority

PROGRAM Energy and Power Development

BRU Alaska Power Authority

COMPONENT

PROJECT

FY 86

**C5** INCREMENT/DECREMENT REQUEST

Agency Priority \_\_\_\_\_ of \_\_\_\_\_

PAGE 1 OF 1

REVISED DATE \_\_\_\_\_

(6/84)-c5

AK/123

159

STATE OF ALASKA 1985 LEGISLATIVE SESSION SB 173  
FISCAL NOTE

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

REQUEST  
Bill/Resolution No.: \_\_\_\_\_  
Title: Relating to the  
Power Development Fund  
Sponsor: Governor  
Requestor: \_\_\_\_\_  
Date of Request: \_\_\_\_\_

FISCAL DETAIL  
Agency Affected: Commerce & Econ. Dev.  
Program Category Affected: \_\_\_\_\_  
Development  
BRU, Program or Subprogram(s) Affected: \_\_\_\_\_  
Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>						
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	44,426.0	69,851.0	90,228.0	118,662.0	153,715.0
FEDERAL FUNDS						
OTHER P.D.F.*	-0-	44,426.0	69,851.0	90,228.0	118,662.0	153,715.0
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Power Development Fund Steven D. Hildebrand for  
 Prepared By: William H. Batt Phone: 276-0001  
 District: Alaska Power Authority Date: \_\_\_\_\_  
 Approved by Commissioner: [Signature] Date: 6/25/85  
 Agency: Commerce & Economic Development

- Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

ALASKA POWER AUTHORITY  
Power Development Fund  
(000)

<u>PROJECT NAME</u>	<u>FY</u>	<u>STATE CONTRIBUTION</u>	<u>EXPENDITURES</u>	<u>INTEREST EARNINGS*</u>	<u>TOTAL INTEREST EARNINGS</u>
Susitna Hydroelectric Project	1985	\$100,000	\$	\$ 0	
	1986	200,000		33,000	
	1987	200,000		58,663	
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	1990	200,000		153,715	
	1991	200,000		192,624	\$643,747
Bradley Lake Project	1985	50,000		0	
	1986	50,000	270	10,971	
	1987	50,000	59,000	11,188	
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	1989	0	123,600		25,304
Bradley Lake Project	1986**	10,548	10,548	443	443
Terror Lake Project	1986**	868	868	12	<u>12</u>
TOTAL APA					\$669,506

\* at an assumed rate of 11% per annum

\*\* balances available from previous FY funding

TITLE OF INCREMENT/DECREMENT:  
Interest earnings on deposits to the  
Power Development Fund

AGENCY CONTACT/PHONE NUMBER:  
Department of Commerce and  
Economic Development 465-2500

DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES:

The retention of investment earnings in the Power Development Fund is required to provide adequate state equity in the Susitna River Hydroelectric Power Project (000).

\* Power Development Fund

CODE	EXPENDITURE BY OBJECT	AGENCY REF.	GOV'S REQ.
100	Personal Services		
200	Travel		
300	Contractual Services		
400	Supplies		
500	Equipment		
600	Lands, Buildings, Etc.		
700	Grants, Claims, Etc.		
800	Miscellaneous		
TOTAL			
I-A Transfer (NON-ADD)			
1002	Federal Receipts		
1003	General Fund Match		
1004	General Fund	(44,426)	
1005	I-A Receipts		
1028	Program Receipts		
	Other	* 44,426	
POSITION INFORMATION	PFT		
	PPT		
	Non Permanent		
	Staff Months		

<input type="checkbox"/> Enhance Existing Service Compared to FY 85 <input checked="" type="checkbox"/> New Service Compared to FY 85 <input type="checkbox"/> Continuation of FY 85 Service Level	<input type="checkbox"/> Formula Program
--	--

IMPACT FROM CAPITAL PROJECT (NAME)  
Susitna Hydroelectric Project Financing

Chapter 171 SLA 1984 Page/Line 44.83.410

Department of Commerce and Economic  
Development/Alaska Power Authority

AGENCY \_\_\_\_\_  
 PROGRAM Energy and Power Development  
 BRU Alaska Power Authority  
 COMPONENT \_\_\_\_\_  
 PROJECT \_\_\_\_\_

**C5** INCREMENT/DECREMENT  
REQUEST

Agency Priority \_\_\_\_\_ of \_\_\_\_\_

(6/84)-c5

PAGE 1 OF 1

REVISED DATE \_\_\_\_\_

**FY 86**

COMMITTEE REPORT  
SENATE

FURTHER:

375763

Date \_\_\_\_\_

Mr. President

The Committee on FINANCE considered SI 105  
automobile racing associations.

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

Richard Holman  
John F. ...  
Robert ...  
...  
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\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Chairman

Chairman recommendation

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB126  
 Title: An Act Relating to  
Automobile Racing Association  
 Sponsor: Senator Bennett  
 Requestor: Finance Committee  
 Date of Request: 2/5/85

FISCAL DETAIL

Agency Affected: Revenue  
 Program Category Affected: Games of  
Chance License  
 BRU, Program or Subprogram(s) Affected:  
Public Services BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

SB126 will not have a significant impact on this agency.

Prepared By: Sally Smith  
 Division: Public Services

Phone: 465-2392  
 Date: 2/6/85

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 2/9/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Introduced: 2/4/85  
Referred: Finance

1 IN THE SENATE

BY BENNETT

2

SENATE BILL NO. 126

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to automobile racing associations."

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

8 \* Section 1. AS 05.15.210(19) is amended to read:

9 (19) "qualified organization" means a bona fide civic or  
10 service organization or a bona fide religious, charitable, fraternal,  
11 labor, political, or educational organization, police or fire depart-  
12 ment company, dog mushers' association, automobile racing association,  
13 outboard motor association, or fishing-derby or nonprofit trade asso-  
14 ciation in the state, which operates without profits to its members  
15 and which has been in existence continually for a period of five years  
16 immediately before applying for a license; the organization may be a  
17 firm, corporation, company, association or partnership;

ALASKA  
STATE LEGISLATURE  
*MEMORANDUM*

Date: February 11, 1985

To: Members of the Senate Finance Committee

From: Senator Don Bennett



Re: SB 126

SB 126 would benefit two non-profit auto racing associations in the Fairbanks area by adding such associations to the list of qualified organizations that may apply for state permits to conduct lotteries or raffles to supplement their incomes. In the past at least one of these groups has used a permit issued to another non-profit organization. While this practice has always been of questionable propriety, it generally was allowed by the Department of Revenue. In more recent times, however, Revenue has stepped up its enforcement. This proposed amendment to the law in no way shortens the length of time a non-profit organization must be in existence to be eligible for a permit; that time would remain at five years. Other competition associations, such as dog mushers and outboard racers, already are eligible for raffle permits, and I believe it makes sense to extend this fund-raising method to auto racers. I urge the committee to pass this bill.

ANALYSIS FOR SENATE BILL 126

This bill amends Chapter 15 of Title V which deals with Games of Chance and Contests of Skill. Under current law, the Department of Revenue may issue a permit to any "qualified organization" for the privilege of conducting bingo, raffles and lotteries, ice classics, rain classics, dog mushers' contests, fish derbies and contests of skill.

This bill amends that section which defines "qualified organization" to include automobile racing association.

You may recall that this same language was incorporated into a Senate Bill 404 which was introduced in the 13th Legislature. Besides the above it also amended this section by allowing any "qualified organization" to obtain a permit after only 3 years existence. This bill never passed the Senate.

There is no fiscal impact.

COMMITTEE REPORT  
SENATE

FURTHER:

*11/1/85*

Date 5/7/85

Mr. President

The Committee on without considered 11/1/85

*in accordance with the rules of the Senate, the committee reports it back with the following recommendations:*

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

- do pass
- do pass with attached amendment(s)
- replace with ~~or~~ adopt CS for \_\_\_\_\_
- new title
- same title and recommends DO PASS
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation #1 (413.8) HHS
- recommends referral to \_\_\_\_\_ Committee #2 (1,712.4) Admin.

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

\_\_\_\_\_  
*Paul H. ...*  
\_\_\_\_\_  
*...*  
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*...*  
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*...*  
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Chairman \_\_\_\_\_

Chairman recommendation \_\_\_\_\_

Original sponsors: Halford, Rodey,  
Kerttula, et al

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IN THE SENATE

BY THE FINANCE COMMITTEE

CS FOR SENATE BILL NO. 128 (Finance)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to eligibility for longevity bonus payments and the use of longevity bonus payments in determining program eligibility, extending the longevity bonus program for one year; and providing for an effective date."

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

\* Section 1. AS 47.45.070 is amended to read:

Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is one who

(1) does not meet the age or residence requirements as provided for under this chapter;

(2) meets the age and residence requirements of this chapter but either is confined in a state or federal mental health institution or facility and is certified by the state as unable to manage personal affairs, or resides in a nursing home as that term is defined in AS 08.70.180; however, if that person, at the time of commitment or commencement of residence, provided the principal support of a spouse, the commissioner of administration may determine to pay the confined person's bonus to the person's spouse until the spouse is qualified for a bonus;

(3) is otherwise qualified but confined in a penal or correctional institution or facility; upon completion of sentence or upon the conferral of a pardon, parole or probation, the person may make application; confinement outside the state shall be considered as

1 residence in the state if a person was convicted and sentenced from a  
2 court in Alaska; revocation of parole or probation shall be cause for  
3 immediate disqualification until release from confinement is again  
4 effected;

5 (4) voluntarily leaves the state and remains absent from  
6 the state for a continuous period of more than 180 days.

7 \* Sec. 2. AS 47.45 is amended by adding a new section to read:

8 Sec. 47.45.122. ELIGIBILITY FOR MEDICAID. An individual for  
9 whom medicaid (42 U.S.C. 1396 - 1396p) is denied or reduced solely  
10 because of the receipt of a bonus by the individual or by a member of  
11 the individual's household is eligible for assistance under the gener-  
12 al relief assistance program under AS 47.25.120 - 47.25.300. Notwith-  
13 standing the limit in AS 47.25.130, the individual is entitled to  
14 receive the same amount as the individual would have received through  
15 medicaid had there been no longevity bonus program.

16 \* Sec. 3. Section 11, ch. 38, SLA 1984 is amended to read:

17 Sec. 11. This Act and AS 47.45 are repealed June 30, 1986  
18 [1985].

19 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.-  
20 10.070(c).  
21  
22  
23  
24  
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26  
27  
28  
29

CSSB 128

HOLD HARMLESS-MEDICAID

\$ 880,525	Amount necessary for "Hold Harmless Medicaid" to offset loss of federal funds due to ineligibility
- \$ 465,678	Amount already included in FY 86 Operating Budget for above purpose
<hr/>	
\$ 413,878	Fiscal Note #1
- \$ 1,314,000	Reduction in FY 86 Longevity Bonus budget due to a reduction from disqualification of Nursing Home/Nursing Wing clients Fiscal Note #2
<hr/> <hr/>	
( \$ 900,122 )	TOTAL POTENTIAL REDUCTION

HOLD HARMLESS-PUBLIC ASSISTANCE

\$ 1,400,000	Amount which will be necessary to pay SSI recipients for loss of federal funds. Not funded in FY 86 Operating Budget. Fiscal Note #3
\$ 760,000	Amount which will be necessary to pay OAA recipients for loss of state payments. Not funded in FY 86 Operating Budget. Fiscal Note #3
\$ 413,878	Fiscal Note #1 (Medicaid Costs)
- \$ 1,314,000	Fiscal Note #2 (Longevity Bonus savings)
<hr/> <hr/>	
\$ 1,259,878	TOTAL COSTS

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date:                      ~~##~~

REQUEST

Bill/Resolution No.: CSSB 128  
 Title: An Act relating to use of Longevity Bonus in determining APA  
 Sponsor: HESS  
 Requestor:                                       
 Date of Request:                                     

FISCAL DETAIL

Agency Affected: Health & Social Services  
 Program Category Affected: Soc. & Econ.  
 Assistance for the general population  
 BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
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<b>REVENUE</b>		(413.8)	(471.6)	(537.2)	(611.3)	(697.1)
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>GENERAL FUND</b>		413.8	471.6	537.2	611.3	697.1
FEDERAL FUNDS		(413.8)	(471.6)	(537.2)	(611.3)	(697.1)
OTHER						
<b>TOTAL</b>		-0-	-0-	-0-	-0-	-0-

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

CSSB 128 provides medical benefits for approximately 333 OAA recipients who because of receipt of ALB/Annuity became ineligible for Medicaid. The attached table projects the number of recipients Line F and the last FFP Line G to hold-harmless these recipients.

Prepared By: Rod Betit *(Signature)* 3/22/85  
 Division: Medical Assistance

Phone: 465-3355  
 Date: March 22, 1985

Approved by Commissioner: J. R. O'G  
 Agency: Health & Social Services

Date: 3/22/85 *fcc*

- Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

Table I

This table shows the State general fund match and federal financial participation in the Medicaid program for those expenditures likely to be affected by changes in the current ALB statute. By simply eliminating Medicaid coverage both state and federal expenditures would be reduced. Any change which established an ALB hold harmless provision would result in the loss of FFP. ALB hold harmless program would be funded by transferring the general fund match in the Medicaid program to the ALB hold harmless and adding to it new State general fund in an amount equal to the lost FFP. Because there are a number of legislative proposals seeking to amend the current ALB statute, the following two tables were developed to use in analyzing the impact of these proposals. The comment section on the fiscal note of each bill states whether Medicaid is being eliminated or hold harmless.

Line G. Distribution: Expenditures for non-nursing home clients who may lose Medicaid eligibility.

	FY86	FY87	FY88	FY89	FY90
FED	413,847	471,609	537,173	611,285	697,133
GF	466,678	531,814	605,748	689,321	786,128
TOTAL	880,525	1,003,423	1,142,921	1,300,606	1,483,261

Line I distribution: Expenditures for nursing home clients who may lose Medicaid eligibility.

FED	521,070	590,716	679,971	774,727	887,715
GF	781,605	886,074	1,019,956	1,162,090	1,331,572
TOTAL	1,302,675	1,476,790	1,699,927	1,936,817	2,219,287

## Table II

The attached table was prepared to project the offset of various ALB legislative proposals on the Medicaid program. The table represents: a) the nursing home daily rate; b) the nursing home cost for 365 days of services; c) the average cost per non nursing home recipient; d) the recipient share of nursing home costs; e) the number of monthly OAA eligibles; f) the number of ineligible non nursing home OAA due to receipt of ALB; g) the FFP for non nursing home OAA ineligibles; h) the number of ineligible OAA nursing home clients and; i) the FFP for ineligible nursing home clients.

MEDICAL ASSISTANCE COST ANALYSIS

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
a. NH cost per day (7.5% annual increase)	123.	132.50	142.	153.	164.	177.
b. NH cost per year ((365 days)(a))	44,895.	48,362.	51,830.	55,845.	59,860.	64,605.
c. Non-NH medical cost/recipient/yr(7.5% annual)	2,617	2,813.	3,024.	3,251.	3,494.	3,756.
d. NH recipient cost sharing per year	11,304	11,705	12,660	13,152	12,692	14,232
e. Medicaid eligibles (monthly average)	2,609	2,768	2,937	3,107	3,293	3,491
f. OAA Med ineligibles due to ALB	314	333	353	374	396	420
g. OAA ineligibles cost (Federal Share at 47%) [.94(f)(c)]	363,044	413,847	471,609	537,173	611,285	697,133
h. NH ineligibles	31	33	35	37	39	41
i. NH ineligibles cost (Federal Replacement at 40%) (hb+hc - hd)	448,979	521,070	590,716	679,971	774,727	887,715

Assumptions:

1. FY84 was used as the base year for calculating recipients and expenditures.
2. In FY84 the average non-nursing home OAA recipient cost was \$2,434 per year.
3. The average cost per year was inflated yearly by a 4.5% inflation factor as indicated by the Anchorage Medical Services CPI, and a 3% intensity of service factor. The intensity factor includes such items as increases in technology, construction of new hospital beds, increases in morbidity and mortality and changes in method of treatment. The division feels the intensity factor is necessary to reflect the high medical risk in the elderly population.
4. The projected number of recipients will increase at 6% per year in line with the general population growth projected in the aged population.
5. In FY86 the number of non-nursing home OAA eligibles who will lose Medicaid coverage will be 333. Of these 94% will utilize medical services.
6. Since Medicaid non-long term care expenditures are composed of 47% federal and 53% state money, the state will need to provide state general funds to replace the 47% federal financial participation. The FFP rate for nursing homes is 40% federal 60% state.
7. The above table represents the cost associated with providing a medical hold harmless program for those OAA recipients who would lose Medicaid eligibility. Line "i" represents the FFP replacement cost for all nursing home

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

#12

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

Page 1 of 2

**REQUEST**

Bill/Resolution No.: CSSB 128 (HESS)  
 Title: Eligibility and Use of Longevity Bonus in Determining Adult Public Assist.  
 Sponsor: Halford  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Administration  
 Program Category Affected: Social and Economic Assistance for the Aged  
 BRU, Program or Subprogram(s) Affected: Longevity Bonus and Pioneers' Homes

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)
800 MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	0	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)	(1,712.4)

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE</b>	0	(399.0)	(399.0)	(399.0)	(399.0)	(399.0)
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	0	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)	(1,313.4)

<b>POSITIONS:</b>	0	0	0	0	0	0
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

Prepared By: Joyce Munson, Director  
 Division: Pioneers' Benefits

Phone: 465-4400  
 Date: March 21, 1985

Approved by Commissioner: Lisa Rudd  
 Agency: Department of Administration

Date: 3/27/85

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

CSSB 128 (HESS)  
Fiscal Note Analysis  
Prepared by the Division of Pioneers' Benefits  
Department of Administration  
March 21, 1985

This bill would make persons who reside in nursing homes and government operated mental health facilities ineligible for the Longevity Bonus. This would have the effect of holding harmless those who would lose governmental benefits such as SSI, Adult Public Assistance and Medicare by receipt of the Longevity Bonus in other than Pioneers' Homes.

ASSUMPTIONS

1. The number of persons who would be affected in mental health facilities, Pioneers' Homes and nursing homes was approximately 608 as of February 1985. For the purpose of this fiscal note, it is assumed this number would remain unchanged. ( $608 \times 12 \times \$250 = \$1,824,000$  saving)
2. There are approximately 133 nursing care residents of the Pioneers' Homes who need the Longevity Bonus in order to pay their monthly charges for care. Loss of the Longevity Bonus to these people would result in loss of revenue as program receipts for the Pioneers' Homes. ( $133 \times 12 \times \$250 = \$399,000$  est. loss of program receipts)
3. Of the approximately 133 residents in Pioneers' Homes who would be affected, approximately 93 would have incomes reduced to the point they would become eligible for the monthly stipend payable under AS 47.25.020 (b) and (c). ( $93 \times 12 \times \$100 = \$111,600$ )

No consideration has been given to persons who may occupy the Juneau Pioneers' Home beginning in FY 88 because information is not available at this time about their incomes or needs.

5/4/35  
Halford moved  
for 4 30  
ADOPTE D  
As working  
document

Original sponsors: Halford, Rodey,  
Kerttula, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 128 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to eligibility for longevity bonus  
7 payments and the use of longevity bonus payments in  
8 determining program eligibility, extending the lon-  
9 gevity bonus program for one year; and providing for  
10 an effective date."

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

12 \* Section 1. AS 47.45.070 is amended to read:

13 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is  
14 one who

15 (1) does not meet the age or residence requirements as  
16 provided for under this chapter;

17 (2) meets the age and residence requirements of this chap-  
18 ter but either is confined in a state or federal mental health insti-  
19 tution or facility and is certified by the state as unable to manage  
20 personal affairs, or resides in a nursing home as that term is defined  
21 in AS 08.70.180; however, if that person, at the time of commitment or  
22 commencement of residence, provided the principal support of a spouse,  
23 the commissioner of administration may determine to pay the confined  
24 person's bonus to the person's spouse until the spouse is qualified  
25 for a bonus;

26 (3) is otherwise qualified but confined in a penal or  
27 correctional institution or facility; upon completion of sentence or  
28 upon the conferral of a pardon, parole or probation, the person may  
29 make application; confinement outside the state shall be considered as

1 residence in the state if a person was convicted and sentenced from a  
2 court in Alaska; revocation of parole or probation shall be cause for  
3 immediate disqualification until release from confinement is again  
4 effected;

5 (4) voluntarily leaves the state and remains absent from  
6 the state for a continuous period of more than 180 days.

7 \* Sec. 2. AS 47.45 is amended by adding new sections to read:

8 Sec. 47.45.122. ELIGIBILITY FOR MEDICAID. An individual for  
9 whom medicaid (42 U.S.C. 1396 - 1396p) is denied or reduced solely  
10 because of the receipt of a bonus by the individual or by a member of  
11 the individual's household is eligible for assistance under the gener-  
12 al relief assistance program under AS 47.25.120 - 47.25.300. Notwith-  
13 standing the limit in AS 47.25.130, the individual is entitled to  
14 receive the same amount as the individual would have received through  
15 medicaid had there been no longevity bonus program.

16 Sec. 47.45.124. ELIGIBILITY FOR STATE PROGRAMS. A program  
17 administered by the state or any of its instrumentalities or  
18 municipalities, the eligibility for which is based on financial need,  
19 may not consider a bonus as income or resources unless required to do  
20 so by federal law or regulation.

21 \* Sec. 3. Section 11, ch. 38, SLA 1984 is amended to read:

22 Sec. 11. This Act and AS 47.45 are repealed June 30, 1986  
23 [1985].

24 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.-  
25 10.070(c).  
26  
27  
28  
29

POSITION PAPER  
Committee Substitute for Senate Bill No. 128 (Senate Finance)

For "An Act relating to the use of Longevity Bonus payments in determining eligibility for adult public assistance; and providing for an effective date."

I. Background:

Due to a change in Federal rules made by Congress in 1984, a large number of elderly Alaskans stand to lose millions in state and federal assistance from programs based on need. Congress is requiring the State to count the Bonus for recipients with less than 25 years residence when determining eligibility for Old Age Assistance and Medicaid.

Unless a hold-harmless program is created by the Legislature no later than July 1, 1985, the following adverse impacts will occur at that time.

Approximately 750 Old Age Assistance (OAA) recipients will have their \$250 longevity bonus payment offset by a reduction in their Old Age Assistance and/or federal SSI payment. While no Old Age Assistance recipient will end up with less cash overall, they will have lost the intended benefit of the longevity Bonus.

Approximately 333 of the 750 OAA recipients will also lose their Medicaid non-nursing home benefits due to the Bonus placing them over the OAA qualifying limits. These individuals will lose an average of \$2813 in medical benefits in FY86. DHSS records show that 94% of all OAA recipients use their Medicaid benefits each year.

Finally, approximately 33 individuals now in nursing homes will lose their Medicaid nursing home coverage due to their Longevity Bonus. These persons are the most grievously affected by Congress' 1984 rule change. These individuals total incomes will fall \$3000 short of meeting their monthly nursing home bills.

II. CSSB128 Sectional Analysis:

Section i: This section would exclude all nursing home residents from receipt of the longevity Bonus, including pioneer home beds. This would permit the 33 nursing home cases to remain eligible for Medicaid coverage. This section will reduce the Department's fiscal note by \$1/2 million. It will also generate savings of \$1.3 million in Longevity Bonus payments for a total of \$1.8 million state fund savings.

Section II: The first part of this section provides a General Relief-Medical hold harmless for anyone not living in a nursing home who loses Medicaid coverage because the Longevity Bonus is counted as income. The second part prohibits counting the Bonus as income or resources in state needs-based programs, unless federal law or regulation requires counting it.

In our reading of the Adult Public Assistance statutes, particularly AS 47.25.435, this part of Section II clearly signals that, for purposes of determining Old Age Assistance eligibility and payment, the Department must count those Longevity Bonus payments which the federal SSI program counts as income. The effect is that no cash assistance "hold-harmless" coverage is offered the 750 OAA recipients cited above.

However, we have already encountered a divergent view of the extent to which federal SSI laws govern Old Age Assistance/Hold Harmless under AS 47.25.435; given the current wording of the proposed 47.45.124, the Department feels litigation may result over this issue. We therefore prefer that the proposed 47.45.124 be retained, but redesignated as (a), and that a (b) be added as follows:

(b) Notwithstanding (a) of this section, bonus payments considered as income under 42 U.S.C. Sec. 1382a(b), as amended, shall be considered as income and resources for purposes of determining eligibility and payment amounts under AS 47.25.430 - 47.25.615.

III. DHSS Recommendations: We believe CSSB No. 128 (Finance) provides the most essential element of a hold-harmless, in that it guarantees continued Medical coverage for recipients of the Bonus payments which are federally-countable income. However, the Department believes that the absence of cash assistance hold-harmless works a real hardship on the 750 elderly Alaskans affected. The Department strongly recommends expansion of CSSB 128 (Finance) to include a cash hold harmless.

Recommended by: Kimberly B. Busch for  
Rod Betit, Director  
Division of Medical Assistance

Date: 5-3-85

Recommended by: John R. Taber  
John R. Taber, Director  
Division of Public Assistance

Date: 5-3-85

Approved by: John R. Pugh  
John R. Pugh, Commissioner  
Department of Health & Social  
Services

Date: 5-3-85

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 5/6/85

REQUEST

Bill/Resolution No.: CSSB 128  
 Title: An act relating to eliigibility for Longevity Bonus payments  
 Sponsor: Finance Committee  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Health & Social Services  
 Program Category Affected: Social & Economic Assistance for the General Population  
 BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		413.8	471.6	537.2	611.3	697.1
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		413.8	471.6	537.2	611.3	697.1

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		413.8	471.6	537.2	611.3	697.1
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		413.8	471.6	537.2	611.3	697.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

This Fiscal Note demonstrates the State General Fund impact of the passage of CSSB 128. See the attached sheet for a detailed description.

Prepared By: Rod Betit, Director *Kimberly Busch* Phone: 3355  
 Division: Medical Assistance Date: 5/6/85

Approved by Commissioner: *John R. P.* Date: 5/6/85  
 Agency: Department of Health & Social Services *JCC*

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

The Longevity Bonus program proposed by CSSB 128 would result in the loss of Medicaid eligibility for 333 non-nursing home clients in FY'86. This represents a loss of 413.8 in federal Medicaid funds for FY'86. CSSB 128 also creates a hold harmless for these clients by replacing the lost Medicaid funds with new state general funds. Upon passage of CSSB 128 the Division would transfer from the Medicaid component the general fund match for the lost federal funds (466.7) to the General Relief Medical Component. These funds would be added to the new state general funds appropriated to replace the lost federal funds of 413.8, thereby creating a 880.5 hold harmless.

	<u>Medicaid</u>		<u>General Relief Medical</u>
		**Before**	
Federal	413.8		
SGRM	<u>466.7</u>		_____
	880.5		-0-
		**After**	
Federal	(413.8)		413.8 <u>New SGF</u>
SGRM	<u>(466.7)</u>	—————>	<u>466.7</u>
	(880.5)		880.5 Hold Harmless

Table I

This table shows the State general fund match and federal financial participation in the Medicaid program for those expenditures likely to be affected by changes in the current ALB statute. By simply eliminating Medicaid coverage both state and federal expenditures would be reduced. Any change which established an ALB hold harmless provision would result in the loss of FFP. ALB hold harmless program would be funded by transferring the general fund match in the Medicaid program to the ALB hold harmless and adding to it new State general fund in an amount equal to the lost FFP. Because there are a number of legislative proposals seeking to amend the current ALB statute, the following two tables were developed to use in analyzing the impact of these proposals. The comment section on the fiscal note of each bill states whether Medicaid is being eliminated or hold harmless.

Line G. Distribution: Expenditures for non-nursing home clients who may lose Medicaid eligibility.

	FY86	FY87	FY88	FY89	FY90
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## Table II

The attached table was prepared to project the offset of various ALB legislative proposals on the Medicaid program. The table represents: a) the nursing home daily rate; b) the nursing home cost for 365 days of services; c) the average cost per non nursing home recipient; d) the recipient share of nursing home costs; e) the number of monthly OAA eligibles; f) the number of ineligible non nursing home OAA due to receipt of ALB; g) the FFP for non nursing home OAA ineligibles; h) the number of ineligible OAA nursing home clients and; i) the FFP for ineligible nursing home clients.

MEDICAL ASSISTANCE COST ANALYSIS

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
a. NH cost per day (7.5% annual increase)	123.	132.50	142.	153.	164.	177.
b. NH cost per year ((365 days)(a))	44,895.	48,362.	51,830.	55,845.	59,860.	64,605.
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d. NH recipient cost sharing per year	11,304	11,705	12,660	13,152	12,692	14,232
e. Medicaid eligibles (monthly average)	2,609	2,768	2,937	3,107	3,293	3,491
f. OAA Med ineligible due to ALB	314	333	353	374	396	420
g. OAA ineligible cost (Federal Share at 47%) [.94(f)(c)]	363,044	413,847	471,609	537,173	611,285	697,133
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i. NH ineligible cost (Federal Replacement at 40%) (hb+hc - hd)	448,979	521,070	590,716	679,971	774,727	887,715

Assumptions:

1. FY84 was used as the base year for calculating recipients and expenditures.
2. In FY84 the average non-nursing home OAA recipient cost was \$2,434 per year.
3. The average cost per year was inflated yearly by a 4.5% inflation factor as indicated by the Anchorage Medical Services CPI. and a 3% intensity of service factor. The intensity factor includes such items as increases in technology, construction of new hospital beds, increases in morbidity and mortality and changes in method of treatment. The division feels the intensity factor is necessary to reflect the high medical risk in the elderly population.
4. The projected number of recipients will increase at 5% per year in line with the general population growth projected in the aged population.
5. In FY86 the number of non-nursing home OAA eligibles who will lose Medicaid coverage will be 333. Of these 94% will utilize medical services.
6. Since Medicaid non-long term care expenditures are composed of 47% federal and 53% state money, the state will need to provide state general funds to replace the 47% federal financial participation. The FFP rate for nursing homes is:
  - 40% federal 60% state.
7. The above table represents the cost associated with providing a medical hold harmless program for those OAA recipients who would lose medicaid eligibiliy. Line "i" represents the FFP replacement cost for all nursing home

**STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE**

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

**REQUEST**

Bill/Resolution No.: CSSB No. 128  
 Title: "An Act relating to eligibili-  
 ty for Longevity Bonus"  
 Sponsor: Senate Finance  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Health & Social Services  
 Program Category Affected: Soc. & Econ.  
 Assistance for general population  
 BRU, Program or Subprogram(s) Affected: Adult Public Assistance, Old Age Assist-  
 ance

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

**ANALYSIS:** Attach a separate page if necessary

FY86 Adult Public Assistance formula need is predicated on Longevity Bonus payments being regarded as countable income. CSSB No. 128 (Finance) does not create "hold Harmless" OAA coverage for those who receive countable Bonus Payments. Were a Hold Harmless coverage to be created by an amendment to CSSB No. 128 (Finance) to provide a cash assistance/hold harmless for OAA, we estimate the cost of such a hold harmless to be as follows:

Prepared By: John R. Taber, Director Phone: 465-3347  
 Division: PUBLIC ASSISTANCE Date: 5-3-85

Approved by Commissioner: John R. Bay Date: 5-3-85 JCC  
 Agency: Health & Social Services

**Distribution (by Agency preparing fiscal note):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

1. Costs reflect replacing lost Supplemental Security Income federal payments with increased Old Age Assistance:

FY Cost

FY86: 750 persons/month = 1,400.0  
FY87: 794 persons/month = 1,530.5  
FY88: 838 persons/month = 1,669.8  
FY89: 884 persons/month = 1,821.6  
FY90: 933 persons/month = 1,987.4

2. Old Age Assistance formula need for the Adult Public Assistance component for FY86 to fund the 760.0 or the estimated FY86 cost of preventing bonus-related Old Age Assistance grant reductions:

FY Cost

FY86: 750 persons/month = 760.0  
FY87: 794 persons/month = 830.7  
FY88: 838 persons/month = 906.3  
FY89: 884 persons/month = 988.8  
FY90: 933 persons/month = 1,017.9

CSSB No. 128 (Finance)  
May 4, 1985

Suggested wording for providing a full bonus cash hold harmless in Old Age Assistance:

Sec. 47.45.124. ELIGIBILITY FOR STATE PROGRAMS. (a) A program administered by the state or any of its instrumentalities or municipalities, the eligibility for which is based on financial need, may not consider a bonus as income or resources unless required to do so by federal law or regulation.

(b) An individual for whom adult public assistance under AS 47.25.320-47.25.665 is denied or reduced solely because of the receipt of a bonus by the individual or by a member of the individual's household is eligible for assistance under the general relief assistance program under AS 47.25.120 - 47.25.300. Notwithstanding the limit in AS 47.25.130, the individual is entitled to receive the same amount as the individual would have received under the adult public assistance program had there been no longevity bonus program.

This wording would provide for replacing the payments reduced or ended by the federal Supplemental Security Income program and for continuing full Old Age Assistance payments as if the bonus were disregarded as income.

Original sponsors: Holford, Rodey,  
Kerttula, et al

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 128 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to eligibility for longevity bonus  
7 payments and the use of longevity bonus payments in  
8 determining program eligibility, extending the lon-  
9 gevity bonus program for one year; and providing for  
10 an effective date."

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

12 \* Section 1. AS 47.45.070 is amended to read:

13 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is  
14 one who

15 (1) does not meet the age or residence requirements as  
16 provided for under this chapter;

17 (2) meets the age and residence requirements of this chap-  
18 ter but either is confined in a state or federal mental health insti-  
19 tution or facility and is certified by the state as unable to manage  
20 personal affairs, or resides in a nursing home as that term is defined  
21 in AS 08.70.180; however, if that person, at the time of commitment or  
22 commencement of residence, provided the principal support of a spouse,  
23 the commissioner of administration may determine to pay the confined  
24 person's bonus to the person's spouse until the spouse is qualified  
25 for a bonus;

26 (3) is otherwise qualified but confined in a penal or  
27 correctional institution or facility; upon completion of sentence or  
28 upon the conferral of a pardon, parole or probation, the person may  
29 make application; confinement outside the state shall be considered as

## SECTIONAL ANALYSIS FOR CS SENATE BILL 128 (Fin)

An Act relating to eligibility for longevity bonus payments and the use of longevity bonus payments in determining program eligibility, extending the longevity bonus program for one year

### Section 1

This section amends current law relating to persons that are not qualified to receive a Longevity Bonus payment by adding persons that reside in nursing homes.

### Section 2

Otherwise known as "hold-harmless", this section stipulates that a person who is denied or reduced medicaid benefits because of the Longevity Bonus, will receive from the state an amount equal to what they would have received had there been no Longevity Bonus.

In addition, an state or municipal program based upon financial need may not consider the Longevity Bonus as income.

### Section 3

This section extends the current Longevity Bonus Program till June 30, 1986. (Only change in Finance CS).

### Section 4

Immediate effective date.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

**#3**

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

**REQUEST**

Bill/Resolution No.: CSSB No. 128  
 Title: An Act relating to the use of Longevity Bonus payments  
 Sponsor: Halford, Rodev, Kerttula, Ray  
 Requestor: \_\_\_\_\_  
 Date of Request: 3/15/85

**FISCAL DETAIL**

Agency Affected: Health & Social Service  
 Program Category Affected: Soc. and Econ. assistance for general population  
 BRU, Program or Subprogram(s) Affected: Old Age Assistance

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS		2160.0	2361.2	2576.1	2810.4	3005.3
<b>TOTAL OPERATING</b>		2160.0	2361.2	2576.1	2810.4	3005.3
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUNDS		2160.0	2361.2	2576.1	2810.4	3005.3
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		2160.0	2361.2	2576.1	2810.4	3005.3

**POSITIONS:**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

**ANALYSIS:** Attach a separate page if necessary

See analysis attached.

Prepared By: John R. Taber  
 Division: Public Assistance

Phone: 465-3347  
 Date: March 20, 1985

Approved by Commissioner: [Signature]  
 Agency: Health & Social Services

Date: 3/22/85 jcc

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget

1. Costs reflect replacing lost Supplemental Security Income federal payments with increased Old Age Assistance:

FY Cost

FY86: 750 persons/month = 1,400.0  
FY87: 794 persons/month = 1,530.5  
FY88: 838 persons/month = 1,669.8  
FY89: 884 persons/month = 1,821.6  
FY90: 933 persons/month = 1,987.4

2. Old Age Assistance formula need for the Adult Public Assistance component for FY86 to fund the 760.0 or the estimated FY86 cost of preventing bonus-related Old Age Assistance grant reductions:

FY Cost

FY86: 750 persons/month = 760.0  
FY87: 794 persons/month = 830.7  
FY88: 838 persons/month = 906.3  
FY89: 884 persons/month = 988.8  
FY90: 933 persons/month = 1,017.9

REVISED  
POSITION PAPER  
Committee Substitute for Senate Bill No. 128 (HESS)

For "An Act relating to the use of Longevity Bonus payments in determining eligibility for adult public assistance; and providing for an effective date."

I. Background:

Due to a change in Federal rules made by Congress in 1984, a large number of elderly Alaskans stand to lose millions in state and federal assistance from programs based on need. Congress is requiring the State to count the Bonus for recipients with less than 25 years residence when determining eligibility for Old Age Assistance and Medicaid.

Unless a hold-harmless program is created by the Legislature no later than July 1, 1985, the following adverse impacts will occur at that time.

Approximately 750 Old Age Assistance (OAA) recipients will have their \$250 longevity bonus payment offset by a reduction in their Old Age Assistance and/or federal SSI payment. While no Old Age Assistance recipient will end up with less cash overall, they will have lost the intended benefit of the longevity Bonus.

Approximately 333 of the 750 OAA recipients will also lose their Medicaid non-nursing home benefits due to the Bonus placing them over the OAA qualifying limits. These individuals will lose an average of \$2813 in medical benefits in FY86. DHSS records show that 94% of all OAA recipients use their Medicaid benefits each year.

Finally, approximately 33 individuals now in nursing homes will lose their Medicaid nursing home coverage due to their Longevity Bonus. These persons are the most grievously affected by Congress' 1984 rule change. These individuals total incomes will fall \$3000 short of meeting their monthly nursing home bills.

II. CSSB128 Sectional Analysis:

Section I: This section would exclude all nursing home residents from receipt of the longevity Bonus, including pioneer home beds. This would permit the 33 nursing home cases to remain eligible for Medicaid coverage. This section will reduce the Department's fiscal note by \$1/2 million. It will also generate savings of \$1.3 million in Longevity Bonus payments for a total of \$1.8 million state fund savings.

Section II: This section defines the scope of the hold-harmless. The 750 Old Age Assistance recipients would have their lost Federal/state benefits replaced under this section. The 333 non-nursing home Medicaid recipients would also be protected by this section.

Since Section II does not define the term "public assistance", Section II could be interpreted to extend hold-harmless protection to any person who loses federal benefits of any kind if that program is based on need. If that is the intent, this causes the Department considerable concern due to the Department's unfamiliarity with the specific programs at issue, the undetermined numbers affected, and the unknown potential costs of this expansion to the hold-harmless.

The Department recognizes that the need to broaden hold-harmless coverage could prove, upon investigation, to have merit. Substantial research, perhaps by the House Research Agency, would be required to identify all federally-funded programs in Alaska which serve Longevity Bonus recipients and base eligibility in whole or part on income. It would be necessary to identify which currently count or exclude the Bonus, determine how many of those affected would need or choose to apply for General Relief hold-harmless coverage, and determine the amounts they would qualify to receive. If such a study found a need to exist, it might find that General Relief's statutory limitation, to making individual payments to, or on behalf of, eligible persons, is administratively ill-suited to holding harmless some or all of the affected client groups. Such a study might also conclude that this Department was the best location for all hold-harmless activity.

Section III: Makes this Hold-Harmless effective July 1, 1985.

III. DHSS Recommendations: We believe CSSB No. 128 provides the full hold-harmless considered essential by the Department for its programs. The Department strongly supports CSSB No. 128 but the Department recommends that the term "public assistance" on line 8, page 2 be defined to include only Old Age Assistance, Supplemental Security Income, and Medicaid until the need for an expanded hold-harmless is demonstrated and costs are accurately assessed, including the workload impacts on the administering state agency or agencies.

Recommended by: Rod Betit  
Rod Betit, Director  
Division of Medical Assistance

Date: 3-22-85

Recommended by: John R. Taber  
John R. Taber, Director  
Division of Public Assistance

Date: 3-22-85

Approved by: John R. Pugh  
John R. Pugh, Commissioner  
Department of Health & Social  
Services

Date: 3/22/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: 3/5/85

**REQUEST**

Bill/Resolution No. SB No. 128  
Title: An Act relating to the use  
of Longevity Bonus payments  
Sponsor: Halford, Rodey, Kerttula, Ray  
Requestor:  
Date of Request: 2/5/85

**FISCAL DETAIL**

Agency Affected: Health & Social Service  
Program Category Affected: Soc. and Econ.  
assistance for general population  
BRU, Program or Subprogram(s) Affected:  
Old Age Assistance

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		2160.0	2361.2	2576.1	2810.4	3005.3
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		2160.0	2361.2	2576.1	2810.4	3005.3

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		2160.0	2361.2	2576.1	2810.4	3005.3
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

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

**ANALYSIS:** Attach a separate page if necessary

See analysis attached.

Prepared By: John R. Taber Phone: 465-3347  
Division: Public Assistance Date: March 5, 1985

Approved by Commissioner: John R. Pugh Date: 3/5/85  
Agency: Health & Social Services *JCC*

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

1. Costs reflect replacing lost Supplemental Security Income federal payments with increased Old Age Assistance:

FV Cost

FY86: 750 persons/month = 1,400.0  
FY87: 794 persons/month = 1,530.5  
FY88: 838 persons/month = 1,669.8  
FY89: 884 persons/month = 1,821.6  
FY90: 933 persons/month = 1,987.4

2. Old Age Assistance formula need for the Adult Public Assistance component for FY86 to fund the 760.0 or the estimated FY86 cost of preventing bonus-related Old Age Assistance grant reductions:

FY Cost

FY86: 750 persons/month = 760.0  
FY87: 794 persons/month = 830.7  
FY88: 838 persons/month = 906.3  
FY89: 884 persons/month = 988.8  
FY90: 933 persons/month = 1,017.9

REVISED  
POSITION PAPER  
SENATE BILL NO. 128

For "An Act relating to the use of longevity bonus payment, in determining adult public assistance; and providing for an effective date."

Prior to the passage of the federal Deficit Reduction Act of 1984 (P.L. 98-369), the federal Supplemental Security Income (SSI) program disregarded all Alaska Longevity Bonus (ALB) payments made to its applicants and recipients. The \$250 Longevity Bonus payments did not count as income in determining SSI eligibility or payment amounts. The Deficit Reduction Act reduced this blanket disregard to apply only to those ALB recipients who have been continuously resident in Alaska for 25 years and may apply for SSI prior to October 1, 1985. For all other Longevity Bonus recipients, SSI now counts the Bonus payment as income, which reduces or terminates monthly assistance.

Approximately 1200 elderly Alaskans receive SSI assistance; almost all of them also receive Old Age Assistance. In addition, Old Age Assistance is provided to another 1250 persons whose countable income is over the SSI limits but under the much higher Old Age Assistance limits. With the granting of Old Age Assistance comes automatic eligibility for Medicaid coverage. Under a current Adult Public Assistance statute, (AS 47.25.435), Old Age Assistance must follow the income rules of the SSI Program, including disregarding or counting the Longevity Bonus payments.

Without the changes proposed by Senate Bill No. 128, approximately 750 Old Age Assistance recipients will experience a \$230 to \$250 reduction in their total spendable monthly income as SSI and/or Old Age Assistance begins counting their non-exempt Longevity Bonus as income. This raises serious questions of equity, since approximately 1700 elderly recipients will retain their Longevity Bonus exemption and will, thereby, have \$230-\$250 per month more spendable income than their less-fortunate peers.

The situation of approximately 333 of these 750 recipients is of even greater concern. These 333 have other income that places them over the SSI income standards, and beginning to count their non-exempt Longevity Bonus payments will place them over the Old Age Assistance limits. By losing Old Age Assistance, they will lose their Medicaid coverage. Since Alaska's medical costs are so high, and the aged frequently need substantial medical services, loss of Medicaid coverage is often of more importance to them than loss of assistance income. The sponsor of SB 128 assumes that this problem will be remedied by provisions of CSSB 56, however, the Department cannot assume that a measure containing this medical hold harmless will be enacted prior to July 1, 1985. Therefore, we have priced the impact of SB 128 as if no medical hold harmless would exist for nursing home and non-nursing home recipients in FY86.

RECOMMENDATIONS

While the Department supports SB 128 as written, there is a "safer" approach that presents no risk to federal funding. We propose that Senate Bill No. 128 be amended to provide for an "Alaska Longevity Bonus Hold-Harmless Program" that would be statutorily and fiscally distinct from the Adult Public Assistance program, and that this new program provide for a full medical hold-harmless that would be distinct from the Medicaid program. We suggest that the Department's General Relief statutes (AS 47.25.120 - AS 47.25.300) be amended to establish this cash assistance hold-harmless under General Relief. We also recommend that the medical assistance hold harmless provisions be added to this bill to insure that medical benefits continue to be available to these persons if CSSB 56 does not pass this session.

Under our existing mandate in AS 47.05.010(7) and (8) to maximize federal matching funds, which could be strengthened by a specific statement of legislative intent, the Department would then be free to take every step possible to requalify hold-harmless recipients for Medicaid federal matching funds, without exposing the Medicaid program to risk of federal fiscal penalties.

Recommended by: John R. Taber  
John R. Taber, Director  
Division of Public Assistance

Date: 3-6-85

Recommended by: Rod Betit  
Rod Betit, Director  
Division of Medical Assistance

Date: 3/6/85

Approved by: John R. Pugh  
John R. Pugh, Commissioner  
Department of Health & Social  
Services

Date: 3/8/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB 128  
 Title: "An Act relating to use of Longevity Bonus in determining APA"  
 Sponsor: Halford, Rodney, Kerttula  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Health & Social Services  
 Program Category Affected: Soc. & Econ. Assistance for General Pop.  
 BRU, Program or Subprogram(s) Affected: Medical Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		(2,183.2)	(2,480.2)	(2,342.3)	(3,237.4)	(3,702.6)
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		(2,183.2)	(2,480.2)	(2,342.8)	(3,237.4)	(3,702.6)
<b>CAPITAL</b>						
<b>REVENUE</b>		(934.9)	(1,062.3)	(1,217.1)	(1,386.0)	(1,584.9)

FUNDING: (Thousands of Dollars)

GENERAL FUND		(1,284.3)	(1,417.9)	91,625.7	(1,851.4)	(2,117.7)
FEDERAL FUNDS		(934.9)	(1,062.3)	(1,217.1)	(1,386.0)	(1,584.9)
OTHER						
<b>TOTAL</b>		(2,183.2)	(2,480.2)	(2,842.8)	(3,237.4)	(3,702.6)

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

SB 128 eliminates Medicaid coverage for OAA recipients who because of receipt of ALB/Annuity become ineligible for Medicaid. The attached table projects the reductions in the number of recipients (line f and h) and FFP (line g and i). Table I shows the State General Fund and FFP reductions.

Prepared By: Rod Betit, Director *R Betit* Phone: 465-3355  
 Division: Medical Assistance Date: 3/6/85

Approved by Commissioner: J.R.A.P. Date: 3/15/85  
 Agency: Health & Social Services *JCC*

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

7/1/84

Table I

This table shows the State general fund match and federal financial participation in the Medicaid program for those expenditures likely to be affected by changes in the current ALB statute. By simply eliminating Medicaid coverage both state and federal expenditures would be reduced. Any change which established an ALB hold harmless provision would result in the loss of FFP. ALB hold harmless program would be funded by transferring the general fund match in the Medicaid program to the ALB hold harmless and adding to it new State general fund in an amount equal to the lost FFP. Because there are a number of legislative proposals seeking to amend the current ALB statute, the following two tables were developed to use in analyzing the impact of these proposals. The comment section on the fiscal note of each bill states whether Medicaid is being eliminated or hold harmless.

Line G. Distribution: Expenditures for non-nursing home clients who may lose Medicaid eligibility.

	FY86	FY87	FY88	FY89	FY90
FED	413,847	471,609	537,173	611,285	697,133
GF	466,678	531,814	605,748	689,321	786,128
TOTAL	<u>880,525</u>	<u>1,003,423</u>	<u>1,142,921</u>	<u>1,300,606</u>	<u>1,483,261</u>

Line I distribution: Expenditures for nursing home clients who may lose Medicaid eligibility.

FED	521,070	590,716	679,971	774,727	887,715
GF	781,605	886,074	1,019,956	1,162,090	1,331,572
TOTAL	<u>1,302,675</u>	<u>1,476,790</u>	<u>1,699,927</u>	<u>1,936,817</u>	<u>2,219,287</u>

## Table II

The attached table was prepared to project the offset of various ALB legislative proposals on the Medicaid program. The table represents: a) the nursing home daily rate; b) the nursing home cost for 365 days of services; c) the average cost per non nursing home recipient; d) the recipient share of nursing home costs; e) the number of monthly OAA eligibles; f) the number of ineligible non nursing home OAA due to receipt of ALB; g) the FFP for non nursing home OAA ineligibles; h) the number of ineligible OAA nursing home clients and; i) the FFP for ineligible nursing home clients.

MEDICAL ASSISTANCE COST ANALYSIS

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>
a. NH cost per day (7.5% annual increase)	123.	132.50	142.	153.	164.	177.
b. NH cost per year ((365 days)(a))	44,895.	48,362.	51,830.	55,845.	59,860.	64,605.
c. Non-NH medical cost/ recip/yr(7.5% annual)	2,617	2,813.	3,024.	3,251.	3,494.	3,756.
d. NH recipient cost sharing per year	11,304	11,705	12,660	13,152	12,692	14,232
e. Medicaid eligibles (monthly average)	2,609	2,768	2,937	3,107	3,293	3,491
f. OAA Med ineligibles due to ALB	314	333	353	374	396	420
g. OAA ineligibles cost (Federal Share at 47%) [.94(f)(c)]	363,044	413,847	471,609	537,173	611,285	697,133
h. NH ineligibles	31	33	35	37	39	41
i. NH ineligibles cost (Federal Replacement at 40%) (hb+hc - hd)	448,979	521,070	590,716	679,971	774,727	887,715

Assumptions:

1. FY84 was used as the base year for calculating recipients and expenditures.
2. In FY84 the average non-nursing home OAA recipient cost was \$2,434 per year.
3. The average cost per year was inflated yearly by a 4.5% inflation factor as indicated by the Anchorage Medical Services CPI. and a 3% intensity of service factor. The intensity factor includes such items as increases in technology, construction of new hospital beds, increases in morbidity and mortality and changes in method of treatment. The division feels the intensity factor is necessary to reflect the high medical risk in the elderly population.
4. The projected number of recipients will increase at 6% per year in line with the general population growth projected in the aged population.
5. In FY86 the number of non-nursing home OAA eligibles who will lose Medicaid coverage will be 333. Of these 94% will utilize medical services.
6. Since Medicaid non-long term care expenditures are composed of 47% federal and 53% state money, the state will need to provide state general funds to replace the 47% federal financial participation. The FFP rate for nursing homes is 40% federal 60% state.
7. The above table represents the cost associated with providing a medical hold harmless program for those OAA recipients who would lose medicaid eligibiliy. Line "i" represents the FFP replacement cost for all nursing home hold harmless recipients. Line G is the FFP replacement for non-nursing home recipients.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: SB No. 128  
 Title: An Act relating to the use  
of Longevity Bonus payments  
 Sponsor: Halford, Rodey, Kerttula, Ray  
 Requestor: \_\_\_\_\_  
 Date of Request: 2/5/85

FISCAL DETAIL

Agency Affected: Health & Social Service  
 Program Category Affected: Soc and Econ  
assistance for general population  
 BRU, Program or Subprogram(s) Affected: Old Age Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		1,400.0	1,530.5			
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		1,400.0	1,530.5			

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		1,400.0	1,530.5			
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Costs reflect only replacing loss of Supplemental Security Income monthly payments to 750 individuals in FY'86 and 794 individuals in FY'87. Current operations of Old Age Assistance already provide for full disregard of ALB payments, so OAA costs are already budgeted. Were SB No. 128 not enacted, and OAA began counting non-exempt ALB payments for all affected recipients effective July 1, 1985, OAA expenditures would be reduced by 760.0 for FY'86 and 830.7 for FY'87.

(continued on attachment)

Prepared By: John R. Taber Phone: 465-3347  
 Division: Public Assistance Date: Feb. 8, 1985

Approved by Commissioner: John R. Pugh Date: 2/13/85  
 Agency: Health & Social Services

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

No costs for related Medicaid hold-harmless are included; see Position Paper. The Medicaid coverage for non-exempt ALB recipients (Approximately 314 in independent living situations and 36 in nursing homes) for FY'86 is already budgeted.

POSITION PAPER  
SENATE BILL NO. 128

For "An Act relating to the use of longevity bonus payments in determining adult public assistance; and providing for an effective date."

Prior to the passage of the federal Deficit Reduction Act of 1984 (P.L. 98-369), the federal Supplemental Security Income (SSI) Program disregarded all Alaska Longevity Bonus (ALB) payments made to its applicants and recipients. The \$250 Longevity Bonus payments did not count as income in determining SSI eligibility or payment amounts. The Deficit Reduction Act reduced this blanket disregard to apply only to those ALB recipients who have been continuously resident in Alaska for 25 years and, for SSI prior to October 1, 1985. For all other Longevity Bonus recipients, SSI now counts the Bonus payment as income, which reduces or terminates monthly assistance.

Approximately 1200 elderly Alaskans receive SSI assistance; almost all of them also receive Old Age Assistance. In addition, Old Age Assistance is provided to another 1250 persons whose countable income is over the SSI limits but under the much higher Old Age Assistance limits. With the granting of Old Age Assistance comes automatic eligibility for Medicaid coverage. Under the current Adult Public Assistance statute, (AS 47.25.435), Old Age Assistance must follow the income rules of the SSI Program, including disregarding or counting the Longevity Bonus payments.

Without the changes proposed by Senate Bill No. 128, approximately 750 Old Age Assistance recipients will experience a \$230 to \$250 reduction in their total spendable monthly income as SSI and/or Old Age Assistance begins counting their non-exempt Longevity Bonus as income. This raises serious questions of equity, since approximately 1700 elderly recipients will retain their Longevity Bonus exemption and will, thereby, have \$230-\$250 per month more spendable income than their less-fortunate peers.

The situation of approximately 330 of these 750 recipients is of even greater concern. These 330 have other income that places them over the SSI income standards, and beginning to count their non-exempt Longevity Bonus payments will place them over the Old Age Assistance limits. By losing Old Age Assistance, they will lose their Medicaid coverage. Since Alaska's medical costs are so high, and the aged frequently need substantial medical services, loss of Medicaid coverage is often of more importance to them than loss of assistance income.

Senate Bill No. 128 would correct the cash assistance inequities introduced by the Deficit Reduction Act by mandating that all Old Age Assistance recipients have their Longevity Bonus payments disregarded.

Senate Bill No. 128 would also guarantee continued Medicaid coverage to those who would lose coverage if their non-exempt Bonus payments were counted as income.