

ALASKA LEGISLATURE

2082

HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000

FISCAL NOTE

STATE OF ALASKA

BILL NO.HCS SB73 (HESS)

2000 LEGISLATIVE SESSION

ANALYSIS: (continued)

Calculation of General Relief Payment by State
(including geo differential)

First Year FY 2001 and following years with geographical differential							
GR Rate	Anchorage	Mat-su	Southeast	Northern	Western	N Western	
with Geographical							
<input type="text" value="75"/>	2,135,250	170,820	164,250	566,662.50	218,452.50	226,665	3,482,100
Augmentation Rate	Augmentation Cost for 40 clients						
<input type="text" value="22"/>	321,200						321,200
Personal Needs Allowance							144,000
<input type="text" value="100"/>							
Client's Contributions							Less (1,137,840)
Current FY 2000 General Relief Budget Request					400,000		Less (400,000)
						Grand Total	\$2,409,460

The Mental Health Trust Authority has agreed to provide funding in the amount of 391.0 for each of two years, FY 2001 and FY 2002.

In addition the Mental Health Trust Authority has approved 445.6 in GF Mental Health funds.

The current FY 2001 Division of Senior Services GR budget is 400.0.

FISCAL NOTE

STATE OF ALASKA

BILL NO.HCS SB73 (HESS)

2000 LEGISLATIVE SESSION

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22.00 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862.00 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,250 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is \$400.0. The MHTA has committed 391.0 of MHTAAR funds for FY2001 and FY2002.

Days of Service provided by General Relief Program

120 clients per month x 365 days =43,800 days of service per year

Days of Service by Region

Anchorage	65%	of 43,800 days =	28,470 days
Palmer/Wasilla	5%	=	2,190
Southeast	5%	=	2,190
Northern	15%	=	6,570
Western	5%	=	2,190
N/Western	5%	=	2,190
			43,800 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 120 clients = \$1,137,840

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N.Western	1.38

Personal Needs Allowance for all Clients

\$100 x 120 clients x 12 months = \$144,000

Augmentation Calculation

\$22 a day x 40 clients x 365 day = \$321,200

FISCAL NOTE

STATE OF ALASKA

BILL NO.HCS SB73 (HESS)

2000 LEGISLATIVE SESSION

Calculation of General Relief Payment by State
(including no geo differential)

First Year FY2001 and following years	Place numerical entries in white boxes to the left.	Total
GR Rate with No Geographical		3,285,000
<input type="text" value="75"/>		
Augmentation Rate	Augmentation Cost for 40 clients	
<input type="text" value="22"/>	321,200	321,200
Personal Needs Allowance		144,000
<input type="text" value="100"/>		
Client's Contributions	853,380	Less (1,137,800)
Current FY 2000 General Relief Budget Request	400,000	less (400,000)
		Grand Total 2,212,300

Alaska State Legislature

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Senate District C

MIKE MILLER

SB 73

Assisted Living Homes

Assisted living homes, formerly called adult foster care homes, are facilities that provide a home-like environment for seniors and people who have a disability and need assistance with everyday living activities. The program is under the Department of Administration and Division of Senior Services.

The program is regulated by the old general assistance regulations that need to be revisited and updated to be in line with the standard of care that is practiced by the other Assisted Living Programs. The cost of care is grossly outdated and has not had an increase since 1983.

The **purpose** of this legislation is to **increase the daily rate** paid to the (15 bed or less)"**Mom and Pop**" facilities by the state for vulnerable adults that are unable to provide safely for their own medical, emotional and personal care needs. A rate increase is long overdue! This bill would increase the current rate from the present **\$34.50** per day to a base rate of **\$70.00** per day based on individual care needs.

SB 73 would also establish an "equitable and reliable rate structure to ensure the success and growth of assisted living as a viable business" increasing rates to an adequate amount based on the Alaska Rate Study Report completed **December 1998**.

I respectfully request your consideration in passing SB 73

The rate for the typical general relief client in Alaska was established in 1983 at approximately \$35.00 per day. The rate is still \$35.00 per day today! In December of 1998 the Division of Senior Services (DSS) and Division of Mental Health and Developmental Disabilities (DMHDD) of the State of Alaska, commissioned the Assisted Living Training Institute (ALTI) to develop an Assisted Living Rate Study. In 1998 dollars, (using the lowest Social Security Index that same \$35.00 is equal to \$68.30. The rate study concludes that the general relief rate be increased by \$38.31.

Intent of SB 73

The purpose and intent of this legislation was to increase the daily rate paid to the "Mom and Pop" facilities by the state for the vulnerable adults that are unable to provide safely for their own medical, emotional and personal care needs. Originally I wanted to increase the base rate from \$34.50 per day to \$70.00 per day based on individual care needs. Where this monetary increase is not possible at this time I would concur with the present Finance recommendation of a base rate of 42.25 a day the first year, \$51.00 the second and following years, this would include a geographical cost of living differential.

SB would also establish an "equitable and reliable rate structure to ensue the success the growth of assisted living homes as a viable business."

Presently, there is no quick fix to solve the total fiscal increase to caregivers in Assisted Living homes. But given the dual role as major payer and principal regulator, we as state legislatures can play a significant part in changing the system!

*Due to
fiscal
constraints*

SB 73 Assisted Living

Talking Points

The Crisis ahead:

Just under half of the 13.5 million Americans who need long-term care are under the age of 65 years and are expected to live longer than their counterparts did a generation ago. People 85 and older- half of whom need help with basic daily living tasks like dressing and bathing-now number about 4 million and represent the fastest growing segment of the population.

As noted in a report published in the Alaska Seniors' "Living Longer, Growing Strong" February 1998 (from the Alaska Commission on Aging)...

"Alaska is second in the nation in a proportional growth of our senior population-with a 42% increase in people age 65+ in only 6 years (1990-1996... Equally impressive is the anticipated long-term growth of Alaska Senior population. In 1980, there were 11, 547 people over the age of 65. Using moderated growth projections, population experts agree this number may reach 80,927 by the year 2015. This is a cost of 600% increase in only 35 years.

The Challenge:

The State of Alaska with its scattered population represents a unique challenge to provide services to residents who need assisted living supports. How to provide and afford good health care for long term care residents in assisted living homes is the intent of this bill.

While the term Assisted Living in Alaska includes smaller and larger facilities, the primary focus here is on smaller facilities (15 beds or less.)

The Need:

Assisted living homes (formerly known as Adult Residential Care) are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities.

The program is regulated by the old general assistance regulations that need to be revisited and updated to be in line with the standard of care that is practiced by other Assisted Living Programs.

Alaska State Legislature

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Senate District C

MIKE MILLER

SB 73

Assisted Living Homes

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The program is regulated by the old general assistance regulations that need to be revisited and updated to be in line with the standard of care that is practiced by the other Assisted Living Programs. The cost of care is grossly outdated and has not had an increase since 1983.

The **purpose** of this legislation is to increase the daily rate paid to the (15 bed or less) "**Mom and Pop**" facilities by the state for vulnerable adults that are unable to provide safely for their own medical, emotional and personal care needs. A rate increase is long overdue!

This bill would increase the current rate from the present **\$34.50** per day to a base rate of **\$70.00** per day based on individual care needs.

SB 73 would also establish an "equitable and reliable rate structure to ensure the success and growth of assisted living as a viable business" increasing rates to an adequate amount based on the Alaska Rate Study Report completed **December 1998**.

I respectfully request your consideration in passing SB 73

Bill History/Action Display



BILL: SB 73 SHORT TITLE: ASSISTED LIVING FACILITIES
 BILL VERSION:
 SPONSOR(S): SENATOR(S) MILLER, Ellis, Wilken

CURRENT STATUS: (S) CALENDAR 4/12 STATUS DATE: 4/11/00

TITLE: "An Act relating to assisted living homes; and providing for an effective date."

Full Text	Fiscal Notes	Fiscal Note Info
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Committee Action With Bill History

Jrn-Date	Jrn-Page	Action
2/12/99	<u>240</u>	(S) READ THE FIRST TIME - REFERRAL(S)
2/12/99	<u>241</u>	(S) HES
2/16/99	<u>258</u>	(S) COSPONSOR(S): ELLIS, WILKEN
3/30/99	<u>734</u>	(S) HES RPT CS 3DP 2NR SAME TITLE
3/30/99	<u>734</u>	(S) DP: MILLER, WILKEN, PETE KELLY
3/30/99	<u>734</u>	(S) NR: PEARCE, ELTON
3/30/99	<u>735</u>	(S) FISCAL NOTES (DHSS, ADM)
3/30/99	<u>735</u>	(S) FIN REFERRAL ADDED AFTER HES
3/15/00	<u>2613</u>	(S) FIN RPT CS 6DP 2NR SAME TITLE
3/15/00	<u>2613</u>	(S) DP: TORGERSON, PARNELL, PETE KELLY
3/15/00	<u>2613</u>	(S) WILKEN, LEMAN, ADAMS; NR: GREEN, DONLEY
3/15/00	<u>2613</u>	(S) FISCAL NOTES (DHSS, ADM)
3/15/00	<u>2613</u>	(S) REFERRED TO RULES
4/11/00		(S) RLS TO CALENDAR AND 1 OR 04/12/00

Similar Subject Match or Exact Subject Match

- DISABILITIES
- HEALTH & SOCIAL SERVICES
- REGULATIONS
- RESIDENTIAL CARE
- SENIOR CITIZENS

Bill Root: <input type="text"/>	Display History/Action	Clear Bill Root
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Return to BASIS Main Menu(21st Legislature)
Return to the Legislature Home Page
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SB

73

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/30/99

FURTHER: 3/9/00

DATE TURNED
IN TO OFFICE: 15 March 00

Finance Committee considered

SENATE BILL NO. 73

"An Act relating to assisted living homes; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 73 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>		<i>[Signature]</i>			
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
<i>[Signature]</i>	<input checked="" type="checkbox"/>				
Co-Chair: <i>[Signature]</i>	<input checked="" type="checkbox"/>	Co-Chair:			
Co-Chair: <i>[Signature]</i>	<input checked="" type="checkbox"/>	Co-Chair:			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

H&SS	3/14/00		711.5
<i>forthcoming</i>			
<i>F/n</i>			
<i>Admin.</i>			

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CS SB 73 (FIN)

Revision Date/	3/10/00	Dept. Affected	Administration
Title	An act relating to assisted living homes	BRU	Central Administrative Services
Sponsor	Senators Miller, Ellis, Wilken	Component	Protection, Community Services, Administration
Requester	(S) FIN	Component No.	2083

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	888.9	1,295.2	1,295.2	1,295.2	1,295.2	1,295.2
Miscellaneous						
TOTAL OPERATING	888.9	1,295.2	1,295.2	1,295.2	1,295.2	1,295.2

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	52.3	458.6	849.6	849.6	849.6	849.6
1005 GF/Program Receipts						
1037 GF/Mental Health	445.6	445.6	445.6	445.6	445.6	445.6
Other (Specify Type)	391.0	391.0				
TOTAL	888.9	1,295.2	1,295.2	1,295.2	1,295.2	1,295.2

Estimate of any current year (FY2000) cost:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 120 clients to a base rate of \$42.25 a day the first year, \$51 the second year, and following years. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 40 (33%) clients out of the total client population of 120 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state.

Prepared by:	Dwight Becker	Phone	269-3674
Division	Senior Services	Date/Time	3/13/00 11:26 AM
Approved by	Commissioner - Robert Poe, Jr. <i>Alison M. Elger</i>	Date	3/14/00
Agency	Department of Administration		

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FISCAL NOTE

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

BILL NO. CS SB 73(FIN)

ANALYSIS: (continued)

**Calculation of General Relief Payment by State
(including geo differential)**

First Year FY 2001 with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western		
with Geographical								
42.25	1,202,858	96,228.6	92,527.5	319,219.9	123,061.6	127,688		1,961,583
Augmentation Rate	Augmentation Cost for 40 clients							
22		321200						321200
Personal Needs Allowance								144000
100								144000
Client's Contributions							minus	1137840
Current FY 2001 General Relief Budget Request				400,000			minus	400,000
							Grand Total	888.9

Second Year FY 2002 and following years with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western		
with Geographical								
51	1,451,970	116,157.6	111,690	385,330.5	148,547.7	154,132.2		2,367,828
Augmentation Rate	Augmentation Cost for 40 clients							
22		321200						321,200
Personal Needs Allowance								144,000
100								144,000
Client's Contributions							minus	1,137,840
Current FY 2000 General Relief Budget Request				400,000			minus	400,000
							Grand Total	1,295,188

FISCAL NOTE

STATE OF ALASKA

BILL NO. CS SB 73(FIN)

2000 LEGISLATIVE SESSION

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 391.0 for each year FY2001 and FY2002.

Days of Service provided by General Relief Program

120 clients per month x 365 days = 43,800 days of service per year

Days of Service by Region

Anchorage	65%	of 43,800 days =	28,470 days
Palmer/Wasilla	5%	=	2,190
Southeast	5%	=	2,190
Northern	15%	=	6,570
Western	5%	=	2,190
N/Western	5%	=	2,190
			<u>43,800 days</u>

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 120 clients = \$1,137,840

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N. Western	1.38

Personal Needs Allowance for all Clients

\$100 x 120 clients x 12 months = \$144,000

Augmentation Calculation

\$22 a day x 40 clients x 365 day = \$321,200

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73 (FIN)

3/9/00

Revision Date/Time (Note if correction): 11:20am Mar. 9, 2000

Dept. Affected: Health and Social Services

Title: An Act Related to Assisted Living Homes

BRU: Community Mental Health Grants

Component: Gen Community Mental Hlth Grants

Sponsor: Senator Mike Miller

COMPONENT SERIAL NO. 307

Requestor: Senate (FIN)

See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	711.5	1,143.6	1,143.6	1,143.6	1,143.6	1,143.6
MISCELLANEOUS						
TOTAL OPERATING	711.5	1,143.6	1,143.6	1,143.6	1,143.6	1,143.6

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	252.5	684.6	1,143.6	1,143.6	1,143.6	1,143.6
1092 MHTAAR	459.0	459.0				
TOTAL	711.5	1,143.6	1,143.6	1,143.6	1,143.6	1,143.6

Estimate of any current year (FY2000) cost: \$0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Assisted Living Homes (formerly known as Adult Residential Care) are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. The FY 2000 budget is \$622.2. 7AAC 47.450-470 governs the fee structure for Assisted Living Homes and has not been revised since 1982. The lack of cost of care adjustments to the ALH's fee structure jeopardizes the health and safety of residents and the future of ALH's options. This bill would require the Department of Health & Social Services, Division of Mental Health & Developmental Disabilities (DMHDD) to increase the rate paid to ALHs under the existing general relief assistance program for 131 consumers to a base rate of \$42.25/day in FY 2001, then \$51.00/day in FY 2002. The number of individuals receiving support for ALH services varies each year. This fiscal note would include a geographic cost of living differential. An augmented rate of \$35/day would be paid for 26 (20%) of consumers from the total population of 131 consumers. The augmented rate covers care of consumers with increased service needs. A personal needs allowance would be paid at \$100/month for all consumers. Both DMHDD and the Division of Senior Services are requesting this increase from \$75/month.

Prepared by: Anne Henry
Division: Mental Health & Dev. Disabilities

Phone: 465-4852
Date/Time: 3/9/00 2:10 PM

Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Date: 3/14/00

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CALCULATIONS, ALH Fiscal Notes (with geographic index applied)

location	% of service	geographic index	RATE	
			\$42.25/day	\$51.00/day
Anchorage	77%	1.00	\$1,555,541	\$1,877,695
Palmer/Wasilla	5%	1.04	\$105,050	\$126,805
Southeast	5%	1.00	\$101,009	\$121,928
Northern	7%	1.15	\$162,625	\$196,304
Western	5%	1.33	\$134,342	\$162,165
N/Western	1%	1.38	\$27,879	\$33,652
Cost of Providers' Standard Service:			\$2,086,446	\$2,518,550
client contrib of \$862 std rate x 11 mo x 131 clients (11 mo adjusts for vacancies, hospitalizations, 1st time eligibility funding lag)			\$1,242,142	\$1,242,142
less: proposed pers needs allowance \$100/mo x 12 mo x 131 clients			\$157,200	\$157,200
Portion of Costs Paid by Clients			\$1,084,942	\$1,084,942
Proposed State's Portion of Costs			\$1,001,504	\$1,433,608
current state costs budgeted			\$622,200	\$622,200
Proposed Increase to Current State Costs			\$379,304	\$811,408
AUGMENTATION, \$35/day x 26 clients x 365 days			\$332,150	\$332,150
Proposed Increase Including Augmentation			\$711,454	\$1,143,558
In thousands			\$711.5	\$1,143.6

DAILY RATE, with geographic index applied

current rate	TOTAL		daily
	client portion	[(862 std monthly allowance x 11 mo) - (\$75 pers needs x 12 mo)] / 365 days	\$36.52
	state portion	budgeted \$622,200 / 365 days / 131 clients	\$23.51
			\$13.01
proposed \$42.25/day	TOTAL	total indexed cost of providers' std svc @ \$42.25 / 365 days / 131 clients	\$43.64
	client portion	[(862 std monthly allowance x 11 mo) - (\$100 pers needs x 12 mo)] / 365 days	\$22.69
	state portion	difference	\$20.95
proposed \$51.00/day	TOTAL	total indexed cost of providers' std svc @ \$51.00 / 365 days / 131 clients	\$52.67
	client portion	[(862 std monthly allowance x 11 mo) - (\$100 pers needs x 12 mo)] / 365 days	\$22.69
	state portion	difference	\$29.98

AMENDMENT

Logged In By: Mindy

adopted

OFFERED IN THE SENATE

BY SENATOR TORGERSON

TO: CSSB 73(FIN), Draft Version "G"

1 Page 1, line 9:

2 Delete "\$50"

3 Insert "\$42.25"

4 Page 1, line 10:

5 Delete "\$50"

6 Insert "\$42.25"

7 Page 2, line 2:

8 Delete "\$75"

9 Insert "\$51"

10 Page 2, line 3:

11 Delete "\$75"

12 Insert "\$51"

13 Page 2, line 24:

14 Delete "\$50"

15 Insert "\$42.25"

16 Page 2, line 30:

17 Delete "\$75"

18 Insert "\$51"

19 Page 3, line 13:

- 1 Delete "\$50"
- 2 Insert "\$42.25"

- 3 Page 3, line 16:
- 4 Delete "\$50"
- 5 Insert "\$42.25"

- 6 Page 3, line 17:
- 7 Delete "\$50"
- 8 Insert "\$42.25"

- 9 Page 3, line 18:
- 10 Delete "\$50"
- 11 Insert "\$42.25"

- 12 Page 3, line 24:
- 13 Delete "\$75"
- 14 Insert "\$51"

- 15 Page 3, line 27:
- 16 Delete "\$75"
- 17 Insert "\$51"

- 18 Page 3, line 28:
- 19 Delete "\$75"
- 20 Insert "\$51"

- 21 Page 3, line 29:
- 22 Delete "\$75"
- 23 Insert "\$51"

SENATE FINANCE
COMMITTEE
Amendment Number: #2
Bill Number: SB73
Sponsor: Torgerson Date: 3/5/00
Logged In By: Mindy
AMENDMENT
adopted

1-LS0468\G.2
Lauterbach
3/7/00

OFFERED IN THE SENATE

BY SENATOR TORGERSON

TO: CSSB 73(FIN), Draft Version "G"

- 1 Page 4, line 1:
- 2 Delete "1999"
- 3 Insert "2000"

- 4 Page 4, line 5:
- 5 Delete "2001"
- 6 Insert "2002"

- 7 Page 4, line 7:
- 8 Delete "1999"
- 9 Insert "2000"

- 10 Page 4, line 8:
- 11 Delete "2001"
- 12 Insert "2002"

1-LS0468\G
Lauterbach/
4/20/99

CS FOR SENATE BILL NO. 73(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS MILLER, Ellis, Wilken

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to assisted living homes; and providing for an effective date."**

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

3 *** Section 1.** AS 47.07.070 is amended by adding a new subsection to read:

4 (h) This section does not apply to the minimum daily reimbursement rate
5 specified by law under AS 47.24.017 or AS 47.25.195(f) for assisted living homes.

6 *** Sec. 2.** AS 47.24.017 is amended by adding a new subsection to read:

7 (d) If the protective services under this section include the placement of a
8 vulnerable adult in an assisted living home at the state's expense, the minimum daily
9 reimbursement rate to the assisted living home for the vulnerable adult is \$50. The
10 department may, under its regulations, provide for a daily rate higher than \$50 if the
11 additional care provided to the vulnerable adult in the assisted living home justifies the
12 additional reimbursement. In this subsection, "assisted living home" means an assisted
13 living home licensed under AS 47.33.

14 *** Sec. 3.** AS 47.24.017(d) is repealed and reenacted to read:

15 (d) If the protective services under this section include the placement of a

1 vulnerable adult in an assisted living home at the state's expense, the minimum daily
2 reimbursement rate to the assisted living home for the vulnerable adult is \$75. The
3 department may, under its regulations, provide for a daily rate higher than \$75 if the
4 additional care provided to the vulnerable adult in the assisted living home justifies the
5 additional reimbursement. In this subsection, "assisted living home" means an assisted
6 living home licensed under AS 47.33.

7 * Sec. 4. AS 47.25.195(b) is amended to read:

8 (b) Except as provided in (f) of this section, a [A] health facility receiving
9 a payment under this chapter is subject to the requirements of AS 47.07.070 -
10 47.07.075.

11 * Sec. 5. AS 47.25.195(c) is amended to read:

12 (c) Except as provided in (f) of this section, if [IF] insufficient money is
13 appropriated to fund medical assistance under AS 47.25.120 - 47.25.300 when taking
14 into consideration projected use and the health facility payment rates established in
15 accordance with (b) of this section, the department may, by regulation, establish at any
16 time in the fiscal year a prospective pro rata reduction of the facilities' established
17 payment rates that will be paid by the department for services provided by facilities
18 under AS 47.25.120 - 47.25.300.

19 * Sec. 6. AS 47.25.195(d) is amended to read:

20 (d) Notwithstanding (a) - (c) of this section, the department may enter into
21 agreements with a facility to provide services at a payment rate lower than the rate
22 established in accordance with (b) of this section, except that the department may
23 not enter into an agreement with an assisted living home to provide services at a
24 daily reimbursement rate lower than \$50.

25 * Sec. 7. AS 47.25.195(d) is repealed and reenacted to read:

26 (d) Notwithstanding (a) - (c) of this section, the department may enter into
27 agreements with a facility to provide services at a payment rate lower than the rate
28 established in accordance with (b) of this section, except that the department may not
29 enter into an agreement with an assisted living home to provide services at a daily
30 reimbursement rate lower than \$75.

31 * Sec. 8. AS 47.25.195(e) is amended to read:

1 (e) For purposes of this section,

2 (1) "assisted living home" means an assisted living home licensed
3 under AS 47.33:

4 (2) "health facility" includes a hospital, skilled nursing facility,
5 intermediate care facility, intermediate care facility for the mentally retarded,
6 rehabilitation facility, inpatient psychiatric facility, home health agency, rural health
7 clinic, and outpatient surgical clinic.

8 * Sec. 9. AS 47.25.195 is amended by adding a new subsection to read:

9 (f) Notwithstanding other provisions of this section and the provisions of
10 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300
11 includes the initiation or continuation of placement of the person in an assisted living
12 home at the state's expense, the department's minimum daily reimbursement rate to
13 the assisted living home for the person is \$50. This minimum rate is not subject to
14 reduction under (c) of this section. The department may, under its regulations and
15 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than
16 \$50 if the care provided to the needy person in the assisted living home justifies the
17 higher reimbursement. A daily rate higher than \$50 for assisted living homes may be
18 reduced under (c) of this section, but not below \$50.

19 * Sec. 10. AS 47.25.195(f) is repealed and reenacted to read:

20 (f) Notwithstanding other provisions of this section and the provisions of
21 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300
22 includes the initiation or continuation of placement of the person in an assisted living
23 home at the state's expense, the department's minimum daily reimbursement rate to
24 the assisted living home for the person is \$75. This minimum rate is not subject to
25 reduction under (c) of this section. The department may, under its regulations and
26 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than
27 \$75 if the care provided to the needy person in the assisted living home justifies the
28 higher reimbursement. A daily rate higher than \$75 for assisted living homes may be
29 reduced under (c) of this section, but not below \$75.

30 * Sec. 11. APPLICABILITY. (a) The minimum daily reimbursement rate set under
31 AS 47.24.017(d), enacted by sec. 2 of this Act, and AS 47.25.195(f), enacted by sec. 9 of this

1 Act, applies to services provided on or after July 1, 1999, and is not dependent on the
2 adoption of regulations by the Department of Health and Social Services.

3 (b) The minimum daily reimbursement rate set under AS 47.24.017(d), as amended
4 by sec. 3 of this Act, and AS 47.25.195(f), as amended by sec. 10 of this Act, applies to
5 services provided on or after July 1, 2001, and is not dependent on the adoption of regulations
6 by the Department of Health and Social Services.

7 * Sec. 12. Except as provided in sec. 13 of this Act, this Act takes effect July 1, 1999.

8 * Sec. 13. Sections 3, 7, and 10 of this Act take effect July 1, 2001.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73(FIN)

Revision Date: 02/28/00
Title: An act related to assisted living homes
Sponsor(s): Senator Miller
Requestor: (S) FIN

Department Affected: Administration
BRU: Central Administrative Services
Component: Protection, Community Services, Administration

COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1248.8	2409.5	2409.5	2409.5	2409.5	2409.5
MISCELLANEOUS						
TOTAL OPERATING	1248.8	2409.5	2409.5	2409.5	2409.5	2409.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	412.2	2018.5	2409.5	2409.5	2409.5	2409.5
1005 GF/Program Receipts						
1037 GF/Mental Health	445.6					
OTHER MHTAAR	391.0	391.0				
TOTAL	1248.8	2409.5	2409.5	2409.5	2409.5	2409.5

Estimate of any current year (FY 2000) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

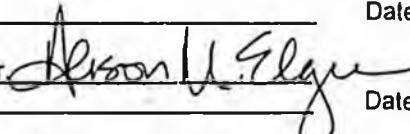
ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 120 clients to a base rate of \$50 a day the first year, \$75 the second year, and \$75 the third year. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 40 (33%) clients out of the total client population of 120 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: 02/28/00

Approved by Commissioner: Robert Poe, Jr. 
Agency: Department of Administration

Date: 2/28/00

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73(FIN)

ANALYSIS: (continued)

Calculation of General Relief Payment by State
(including geo differential)

First Year FY 2001 with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western		
with Geographical								
<input type="text" value="50"/>	1423500	113880	109500	377775	145635	151110		2321400
Augmentation Rate	Augmentation Cost for 40 clients							
<input type="text" value="22"/>		321200						321200
Personal Needs Allowance								144000
<input type="text" value="100"/>								144000
Client's Contributions							minus	1137840
Current FY 2001 General Relief Budget Request				400,000			minus	400,000
							Grand Total	1248760

Second Year FY 2002 and following years with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western		
with Geographical								
<input type="text" value="75"/>	2135250	170820	164250	566662.5	218452.5	226665		3482100
Augmentation Rate	Augmentation Cost for 40 clients							
<input type="text" value="22"/>		321200						321200
Personal Needs Allowance								144000
<input type="text" value="100"/>								144000
Client's Contributions							minus	1137840
Current FY 2000 General Relief Budget Request				400,000			minus	400,000
							Grand Total	2409460

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73(FIN)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 391.0 for each year FY2001 and FY2002.

Days of Service provided by General Relief Program

120 clients per month x 365 days = 43,800 days of service per year

Days of Service by Region

Anchorage	65%	of 43,800 days =	28,470 days
Palmer/Wasilla	5%	=	2,190
Southeast	5%	=	2,190
Northern	15%	=	6,570
Western	5%	=	2,190
N/Western	5%	=	2,190
			<u>43,800 days</u>

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 120 clients = \$1,137,840

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N. Western	1.38

Personal Needs Allowance for all Clients

\$100 x 120 clients x 12 months = \$144,000

Augmentation Calculation

\$22 a day x 40 clients x 365 day = \$321,200

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73 (FIN)

Revision Date/Time (Note if correction): 11:20am Feb. 28, 2000
 Title: An Act Related to Assisted Living Homes
 Sponsor: Senator Mike Miller
 Requestor: Senate (HES)

Dept. Affected: Health and Social Services
 BRU: Community Mental Health Grants
 Component: Gen Community Mental Hlth Grants
 COMPONENT SERIAL NO. 307
 See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,094.2	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8
MISCELLANEOUS						
TOTAL OPERATING	1,094.2	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8
CAPITAL EXPENDITURES						
CHANGES IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	635.2	1,869.8	2,328.8	2,328.8	2,328.8	2,328.8
1092 MHTAAR	459.0	459.0				
TOTAL	1,094.2	2,328.8	2,328.8	2,328.8	2,328.8	2,328.8

Estimate of any current year (FY2000) cost: \$0.0

POSITIONS:

POSITIONS	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Assisted Living Homes (formerly known as Adult Residential Care) are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. The FY 2000 budget is \$622.2. 7AAC 47.450-470 governs the fee structure for Assisted Living Homes and has not been revised since 1982. The lack of cost of care adjustments to the ALH's fee structure jeopardizes the health and safety of residents and the future of ALH's options. This bill would require the Department of Health & Social Services, Division of Mental Health & Developmental Disabilities (DMHDD) to increase the rate paid to ALHs under the existing general relief assistance program for 131 consumers to a base rate of \$50/day in FY 2001, then \$75/day in FY 2002. The number of individuals receiving support for ALH services varies each year. This fiscal note would include a geographic cost of living differential. An augmented rate of \$35/day would be paid for 26 (20%) of consumers from the total population of 131 consumers. The augmented rate covers care of consumers with increased service needs. A personal needs allowance would be paid at \$100/month for all consumers. Both DMHDD and the Division of Senior Services are requesting this increase from \$75/month.

Prepared by: Anne Henry Phone: 465-4852
 Division: Mental Health & Dev. Disabilities Date/Time: 2/28/00 11:23 AM
 Approved by Commissioner: Karen Perdue, Commissioner Date: 2/28/00
 Agency: Department of Health & Social Services

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CALCULATIONS, ALH Fiscal Notes (with geographic index applied)

location	% of service	geographic index	RATE	
			\$50/day	\$75/day
Anchorage	77%	1.00	\$1,840,878	\$2,761,316
Palmer/Wasilla	5%	1.04	\$124,319	\$186,479
Southeast	5%	1.00	\$119,538	\$179,306
Northern	7%	1.15	\$192,455	\$288,683
Western	5%	1.33	\$158,985	\$238,477
NWestern	1%	1.38	\$32,992	\$49,489
Cost of Providers' Standard Service:			\$2,469,167	\$3,703,750
client contrib of \$862 std rate x 11 mo x 131 clients			\$1,242,142	\$1,242,142
11 mo adjusts for vacancies, hospitalizations, 1st time eligibility funding lag)				
less: proposed pers needs allowance \$100/mo x 12 mo x 131 clients			\$157,200	\$157,200
Portion of Costs Paid by Clients			\$1,084,942	\$1,084,942
Proposed State's Portion of Costs			\$1,384,225	\$2,618,808
current state costs budgeted			\$622,200	\$622,200
Proposed Increase to Current State Costs			\$762,025	\$1,996,608
AUGMENTATION, \$35/day x 26 clients x 365 days			\$332,150	\$332,150
Proposed Increase Including Augmentation			\$1,094,175	\$2,328,758
in thousands			\$1,094.2	\$2,328.8

DAILY RATE, with geographic index applied

	TOTAL		daily
current rate			\$36.52
	client portion	$[(\$862 \text{ std monthly allowance} \times 11 \text{ mo}) - (\$75 \text{ pers needs} \times 12 \text{ mo})] / 365 \text{ days}$	\$23.51
	state portion	budgeted \$622,200 / 365 days / 131 clients	\$13.01
proposed \$50/day	TOTAL	total indexed cost of providers' std svc @ \$50 / 365 days / 131 clients	\$51.64
	client portion	$[(\$862 \text{ std monthly allowance} \times 11 \text{ mo}) - (\$100 \text{ pers needs} \times 12 \text{ mo})] / 365 \text{ days}$	\$22.69
	state portion	difference	\$28.95
proposed \$75/day	TOTAL	total indexed cost of providers' std svc @ \$75 / 365 days / 131 clients	\$77.46
	client portion	$[(\$862 \text{ std monthly allowance} \times 11 \text{ mo}) - (\$100 \text{ pers needs} \times 12 \text{ mo})] / 365 \text{ days}$	\$22.69
	state portion	difference	\$54.77

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. CS SB 73 (FIN)

Revision Date: 03/31/99
 Title: An act relating to Assisted Living Homes
 Sponsor: Miller
 Requestor: Senate (FIN)

Dept. Affected: Health and Social Services
 BRU: Community Mental Health Grants
 Component: Services for the Chronically Mentally III
 COMPONENT SERIAL NO. 800
 See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4
MISCELLANEOUS						
TOTAL OPERATING	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	724.4	724.4	2,060.4	2,360.4	2,360.4	2,360.4
1092 MHTAAR	300.0	300.0	300.0			
TOTAL	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

In FY 98 the Department of Health and Social Services, Division of Mental Health and Developmental Disabilities served approximately 139 individuals in Assisted Living Home environments with a budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care (AL) regulations varies each year. 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. The lack of cost of care adjustments to the Adult Residential Care (AL) fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support.

The bill requires an increase in the rate paid to assisted living homes to a base rate of \$50 a day the first and second years and \$75 the third year. The fiscal note includes a geographical cost of living differential. It is

JMW
4/21/99

Prepared by: Gina Macdonald, L.C.S.W.
 Division: Mental Health and Developmental Disabilities
 Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 465-4852 or 465-3370
 Date: 04/21/99
 Date: 4/21/99

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ANALYSIS (cont.):

based on a zero population growth. Growth in community based services for mental health consumers is addressed in the API Community Implementation Plan dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note.

An augmentation rate of \$22 per day (as recommended in the Alaska Rate Study Report, completed December, 1998) would be paid for 27 consumers, or 20% of the 138 consumers receiving these services. The following rationale was used to develop the needed General Fund increase to implement SB 73 as written.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	\$ 775.00	\$25.48/day**
Average paid for total care in an Assisted Living Home currently		\$37.83/day

* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day

** Consumer Entitlements (SSI/SSA/AD) = \$850 per month average minus monthly personal allowance = \$775/month times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:		\$ 12.35 /day
Consumer contributes entitlements at an average monthly rate	\$ 850	
Less increased personal allowance	\$ (100)	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
Needed increased funding by DMHDD per consumer		\$12.99 /day ***
Total to be received by the Assisted Living Home		\$50 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

DMHDD would pay an additional \$12.99 per day per resident per day in order to raise the reimbursement to \$50 per day the first and second years. This increase would raise another \$37.99 in the third year, bringing the total reimbursement to \$75 per day.

	<u>\$ 50 per day</u>	<u>\$75 per day</u>
Additional payment per day	\$ 12.99	37.99
Days per year	365	365
Number served	138	138
Cost for increase of base rate	\$ 654,306	\$1,913,556

It is estimated that 20% or 27 individuals would require augmented rates averaging \$22.00 per day. This average augmentation adjustment of \$22.00/day times 365 days = \$8,030 per year. The overall augmentation cost at \$8,030 per individual per year times 27 individuals = \$216,810. An additional \$216.8 is required to cover these augmented rates for individuals requiring a higher level of care.

	<u>\$50 per day</u>	<u>\$75 per day</u>
Cost for increase of base rate	\$ 654.3	1,913.6
Cost for augmented cases	\$ 216.8	216.8
Total	\$ 871.1	\$2,130.4

ANALYSIS (cont.):**Geographic Differentials**

Region	Differential	Percent of Population Per Region	Total Consumers Per Region	Daily Increase:	
				At \$50/day \$50.00	At \$75/day \$75.00
Anchorage	0.0	65	90	\$ -	0
Palmer/Wasill:	0.04	5	7	\$ 14	21
Southeast	0.0	5	7	\$ -	0
Northern	0.15	15	21	\$ 158	236
Western	0.33	5	7	\$ 116	173
N/Western	0.38	5	7	\$ 133	\$ 200
Total differential per day				\$ 420	\$ 630
Days per year				365	365
Total annual differential for base rate				\$ 153,300	229,950

Geographic Differentials are determined above by the following: Differential Index per region x estimated population served per region x daily increase per consumer. These daily totals per region are combined to determine the increase for differential reimbursements at the \$50/day, and \$75/day base rates. No differentials were added for augmented rates due to small populations served in areas in which differentials are provided. The Department would require an additional \$153.3 in FY 00, in FY 01, and \$230.0 in FY 02 to reimburse geographic differentials for the progressively increasing base rate.

The Alaska Mental Health Trust Authority has authorized \$600.0 in Mental Health Trust Authority Authorized Receipts (MHTAAR) in FY 00, 01, and 02 upon passage of this bill. These funds will be split evenly between the Department of Health and Social Services and the Department of Administrative Services in funding assisted living homes through their respective programs.

	Base Increase Plus: Augmentation Differentials	TOTAL
FY 2000 (\$50/day base rate):	\$871.1	\$1,024.4
FY 2001 (\$50/day base rate):	\$871.1	\$1,024.4
FY 2002 (\$75/day base rate)	\$2,130.4	\$2,360.4

These funds move towards bringing the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CS SB 73 (FIN)

Revision Date: 03/31/99 Dept. Affected: Health and Social Services
 Title: An act relating to Assisted Living Homes BRU: Community Mental Health Grants
 Sponsor: Miller Component: Services for the Chronically Mentally Ill
 Requestor: Senate (FIN) COMPONENT SERIAL NO. 800
 See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4
MISCELLANEOUS						
TOTAL OPERATING	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	724.4	724.4	2,060.4	2,360.4	2,360.4	2,360.4
1092 MHTAAR	300.0	300.0	300.0			
TOTAL	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

In FY 98 the Department of Health and Social Services, Division of Mental Health and Developmental Disabilities served approximately 138 individuals in Assisted Living Home environments with a budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care (AL) regulations varies each year. 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. The lack of cost of care adjustments to the Adult Residential Care (AL) fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support.

The bill requires an increase in the rate paid to assisted living homes to a base rate of \$50 a day the first and second years and \$75 the third year. The fiscal note includes a geographical cost of living differential. It is

Prepared by: Gina Macdonald, L.C.S.W. Phone: 465-4852 or 465-3370
 Division: Mental Health and Developmental Disabilities Date: 04/21/99
 Approved by Commissioner: Karen Perdue, Commissioner Date: 4/21/99
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

based on a zero population growth. Growth in community based services for mental health consumers is addressed in the API Community Implementation Plan dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note.

An augmentation rate of \$22 per day (as recommended in the Alaska Rate Study Report, completed December, 1998) would be paid for 27 consumers, or 20% of the 138 consumers receiving these services. The following rationale was used to develop the needed General Fund increase to implement SB 73 as written.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	\$ 775.00	\$25.48/day**
Average paid for total care in an Assisted Living Home currently		\$37.83/day

* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day

** Consumer Entitlements (SSI/SSA/AD) = \$850 per month average minus monthly personal allowance = \$775/month, times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:		\$ 12.35 /day
Consumer contributes entitlements at an average monthly rate	\$ 850	
Less increased personal allowance	\$ (100)	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
Needed increased funding by DMHDD per consumer		\$12.99 /day ***
Total to be received by the Assisted Living Home		\$50 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

DMHDD would pay an additional \$12.99 per day per resident per day in order to raise the reimbursement to \$50 per day the first and second years. This increase would raise another \$37.99 in the third year, bringing the total reimbursement to \$75 per day.

	<u>\$ 50 per day</u>	<u>\$75 per day</u>
Additional payment per day	\$ 12.99	37.99
Days per year	365	365
Number served	138	138
Cost for increase of base rate	\$ 654,306	\$1,913,556

It is estimated that 20% or 27 individuals would require augmented rates averaging \$22.00 per day. This average augmentation adjustment of \$22.00/day times 365 days = \$8,030 per year. The overall augmentation cost at \$8,030 per individual per year times 27 individuals = \$216,810. An additional \$216.8 is required to cover these augmented rates for individuals requiring a higher level of care.

	<u>\$50 per day</u>	<u>\$75 per day</u>
Cost for increase of base rate	\$ 654.3	1,913.6
Cost for augmented cases	\$ 216.8	216.8
Total	\$ 871.1	\$2,130.4

ANALYSIS (cont.):**Geographic Differentials**

Region	Differential	Percent of Population Per Region	Total Consumers Per Region	Daily Increase:	
				At \$50/day \$50.00	At \$75/day \$75.00
Anchorage	0.0	65	90	\$ -	0
Palmer/Wasilla	0.04	5	7	\$ 14	21
Southeast	0.0	5	7	\$ -	0
Northern	0.15	15	21	\$ 158	236
Western	0.33	5	7	\$ 116	173
N/Western	0.38	5	7	\$ 133	\$ 200
Total differential per day				\$ 420	\$ 630
Days per year				365	365
Total annual differential for base rate				\$ 153,300	229,950

Geographic Differentials are determined above by the following: Differential Index per region x estimated population served per region x daily increase per consumer. These daily totals per region are combined to determine the increase for differential reimbursements at the \$50/day, and \$75/day base rates. No differentials were added for augmented rates due to small populations served in areas in which differentials are provided. The Department would require an additional \$153.3 in FY 00, in FY 01, and \$230.0 in FY 02 to reimburse geographic differentials for the progressively increasing base rate.

The Alaska Mental Health Trust Authority has authorized \$600.0 in Mental Health Trust Authority Authorized Receipts (MHTAAR) in FY 00, 01, and 02 upon passage of this bill. These funds will be split evenly between the Department of Health and Social Services and the Department of Administrative Services in funding assisted living homes through their respective programs.

	Base Increase Plus: Augmentation Differentials		TOTAL
FY 2000 (\$50/day base rate):	\$871.1	\$153.3	\$1,024.4
FY 2001 (\$50/day base rate):	\$871.1	\$153.3	\$1,024.4
FY 2002 (\$75/day base rate)	\$2,130.4	\$230.0	\$2,360.4

These funds move towards bringing the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 73(HES)

Revision Date: 4/08/99
Title: An act related to assisted living homes
Sponsor: Senator Mike Miller
Requestor: (S) HES

Department Affected: Administration
BRU: Central Administrative Services
Component: Protection, Community Services, Administration
COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	836.6	1,707.1	2,577.6	2,577.6	2,577.6	2,577.6
MISCELLANEOUS						
TOTAL OPERATING	836.6	1,707.1	2,577.6	2,577.6	2,577.6	2,577.6

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	836.6	1,707.1	2,577.6	2,577.6	2,577.6	2,577.6
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	836.6	1,707.1	2,577.6	2,577.6	2,577.6	2,577.6

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 90 clients to a base rate of \$50 a day the first year, \$75 the second year, and \$100 the third year. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 30 clients out of the total client population of 90 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state. Also attached is an analysis of costs of the proposed legislation if the differential were eliminated.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: 4/8/99

Approved by Commissioner: Robert Poe
Agency: Department of Administration

Date: 4/8/99

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 73(HES)

ANALYSIS: (continued)

Calculation of General Relief Payment by State
(including geo differential)

First Year FY 2000

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western	
with Geographical							
<input type="text" value="50"/>	1067625	85410	82125	283331.3	109226.3	113332.5	1,741,050
Augmentation Rate	Augmentation Cost for 30 clients						
<input type="text" value="22"/>		240900					240900
Personal Needs Allowance							
<input type="text" value="100"/>							108,000
Client's Contributions				853,380			minus 853,380
Current FY 2000 General Relief Budget Request				400,000			minus 400,000
							Grand Total 836,570

Second Year FY 2001

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western	
with Geographical							
<input type="text" value="75"/>	1601438	128115	123187.5	424996.9	163839.4	169998.8	2,611,575
Augmentation Rate	Augmentation Cost for 30 clients						
<input type="text" value="22"/>		240900					240900
Personal Needs Allowance							
<input type="text" value="100"/>							108,000
Client's Contributions				853,380			minus 853,380
Current FY 2000 General Relief Budget Request				400,000			minus 400,000
							Grand Total 1,707,095

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 73(HES)

Third Year FY2002 and following years

	Anchorage	Matsu	Southeast	Northern	Western	N Western	Total
GR Rate with Geographical							
100	2135250	170820	164250	566662.5	218452.5	226665	3,482,100
Augmentation Rate	Augmentation Cost for 30 clients						
22		240900					240900
Personal Needs Allowance							
100							108,000
Client's Contributions				853,380			minus 853,380
Current FY 2000 General Relief Budget Request				400,000			minus 400,000
							Grand Total 2,577,620

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 20% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65%	of 32,850 days =	21,354 days
Palmer/Wasilla	5%	=	1,642
Southeast	5%	=	1,642
Northern	15%	=	4,928
Western	5%	=	1,642
N/Western	5%	=	1,642
			32,850 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 90 clients = \$853,380

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N. Western	1.38

Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

Augmentation Calculation

\$22 a day x 30 clients x 365 day = \$240,900

ANALYSIS: (continued)

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 73(HES)

Calculation of General Relief Payment by State
(excluding goe differential)

First Year FY 2000

GR Rate with No
Geographical

1,642,500

Augmentation
Rate

Augmentation Cost for 30 clients

240900

240900

Personal Needs Allowance

108,000

Client's Contributions

853,380

minus

853,380

Current FY 2000 General Relief Budget Request

400,000

minus

400,000

Grand Total

738,020

Second Year FY 2001

GR Rate with No Geographical

2,463,750

Augmentation
Rate

Augmentation Cost for 30 clients

240900

240900

Personal Needs Allowance

108,000

Client's Contributions

853,380

minus

853,380

Current FY 2000 General Relief Budget Request

400,000

minus

400,000

Grand Total

1,559,270

Third Year FY 2002 and following years
GR Rate with No Geographical

FISCAL NOTE

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. CSSB 73(HES)

	100		3,285,000
Augmentation Rate		Augmentation Cost for 30 clients	
	22	240900	240900
Personal Needs Allowance			
	100		108,000
Client's Contributions		853,380	853,380
			minus
Current FY 2000 General Relief Budget Request		400,000	400,000
			minus
			Grand Total
			2,380,520

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 20% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0.

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Days of Service by Region

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Palmer/Wasilla	5%	= 1,642
Southeast	5%	= 1,642
Northern	15%	= 4,928
Western	5%	= 1,642
N/Western	5%	= 1,642
		32,850 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 90 clients = \$853,380

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
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Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

Augmentation Calculation

\$22 a day x 30 clients x 365 day = \$240,900

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CS SB 73 (HESS)

Revision Date: 03/22/99 Dept. Affected: Health and Social Services ✓
 Title: An act relating to Assisted Living Homes BRU: Community Mental Health Grants
 Component: Services for the Chronically Mentally Ill
 Sponsor: Miller COMPONENT SERIAL NO. 800
 Requestor: Senate (HES) See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

	FY00	FY01	FY02	FY03	FY04	FY05
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	871.1	2,130.4	3,389.6	3,389.6	3,389.6	3,389.6
MISCELLANEOUS						
TOTAL OPERATING	871.1	2,130.4	3,389.6	3,389.6	3,389.6	3,389.6

CAPITAL EXPENDITURES						
CHANGES IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

	FY00	FY01	FY02	FY03	FY04	FY05
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	871.1	2,130.4	3,389.6	3,389.6	3,389.6	3,389.6
Other (please specify)						
TOTAL	871.1	2,130.4	3,389.6	3,389.6	3,389.6	3,389.6

POSITIONS:

	FY00	FY01	FY02	FY03	FY04	FY05
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

In FY 98 the Department of Health and Social Services, Division of Mental Health and Developmental Disabilities served approximately 138 individuals in Assisted Living Home environments with a budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care (AL) regulations varies each year. 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. The lack of cost of care adjustments to the Adult Residential Care (AL) fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support.

This bill would require the Department of Health and Social Services to increase the rate paid to assisted living homes to a base rate of \$50 a day the first year, \$75 the second year, and \$100 the third year. This fiscal note does not include a geographical cost of living differential. This fiscal note is based on a zero population growth. ✓

Prepared by: Gina Macdonald, L.C.S.W. (Gina)
 Division: Mental Health and Developmental Disabilities

Phone: 465-4852 or 465-3370
 Date: 04/07/99

Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Date: _____

ANALYSIS (cont.):

Growth in community based services for Mental Health consumers is addressed in the API Community Implementation Plan, dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note.

An augmentation rate of \$22 a day (as recommended in the Alaska Rate Study Report completed December 1998) would be paid for 27 consumers or 20% of the 138 consumers receiving these services. The following rationale was used to develop the needed General Fund increase to implement SB 73 as written.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	\$ 775.00	\$25.48/day**
Average paid for total care in an Assisted Living Home currently		\$37.83/day

* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day

** Consumer Entitlements (SSI/SSA/AD) = \$850 per month average minus monthly personal allowance = \$775/month times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:		\$ 12.35 /day
Consumer contributes entitlements at an average monthly rate	\$ 850	
Less increased personal allowance	\$ (100)	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
Needed increased funding by DMHDD per consumer		\$12.99 /day ***
Total to be received by the Assisted Living Home		\$50 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

DMHDD would pay an additional \$12.99 per day per resident per day in order to raise the reimbursement to \$50 per day the first year. This increase would raise to \$37.99 in the second year to total a \$75/day reimbursement, and to \$62.99 per day the third year, bringing the total reimbursement to \$100 per day.

	\$ 50 per day	\$75 per day	\$100 per day
Additional payment per day	\$ 12.99	37.99	62.99
Days per year	365	365	365
Number served	138	138	138
Total cost for increase	\$ 654,306	\$1,913,556	\$ 3,172,806

It is estimated that 20% or 27 individuals would require augmented rates averaging \$22.00 per day. This average augmentation adjustment of \$22.00/day times 365 days = \$8,030 per year. The overall augmentation cost at \$8,030 per individual per year times 27 individuals = \$216,810. An additional \$216.8 is required to cover these augmented rates for individuals requiring a higher level of care.

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities will need an increase in general funds of \$654.3 plus \$216.8 for augmented rates = \$871.1 for FY2000; \$1,913.6 plus \$216.8 = \$2,130.4 in FY 2001; and \$3,172.8 plus \$216.8 = \$3,389.6 in FY2002 to address the progressive increase in assisted living rate reimbursements over three years.

ANALYSIS (cont.):

These funds will bring the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

STATE OF ALASKA
1999 LEGISLATIVE SESSION

NO. CS SB 73 (HESS)

Revision Date: 03/31/99 Dept. Affected: Health and Social Services ✓
 Title: An act relating to Assisted Living Homes BRU: Community Mental Health Grants
 Sponsor: Miller Component: Services for the Chronically Mentally Ill
 Requestor: Senate (HES) COMPONENT SERIAL NO. 800
 See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,024.4	2,360.4	3,696.2	3,696.2	3,696.2	3,696.2
MISCELLANEOUS						
TOTAL OPERATING	1,024.4	2,360.4	3,696.2	3,696.2	3,696.2	3,696.2

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	1,024.4	2,360.4	3,696.2	3,696.2	3,696.2	3,696.2
Other (please specify)						
TOTAL	1,024.4	2,360.4	3,696.2	3,696.2	3,696.2	3,696.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS:

(Attach a separate page if necessary)

In FY 98 the Department of Health and Social Services, Division of Mental Health and Developmental Disabilities served approximately 138 individuals in Assisted Living Home environments with a budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care (AL) regulations varies each year, 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. The lack of cost of care adjustments to the Adult Residential Care (AL) fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support.

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Jmy
3/31/99

Prepared by: Gina Macdonald, L.C.S.W. *Gina*
 Division: Mental Health and Developmental Disabilities
 Approved by Commissioner: Karen Perdue, Commissioner
 Agency: Department of Health & Social Services

Phone: 465-4852 or 465-3370
 Date: 03/31/99
 Date: 3/31/99

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ANALYSIS (cont.):

based on a zero population growth. Growth in community based services for mental health consumers is addressed in the API Community Implementation Plan dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note.

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Proposed in SB73 with Recommendations

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Less increased personal allowance	\$ (100)	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
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Total to be received by the Assisted Living Home		\$50 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

DMHDD would pay an additional \$12.99 per day per resident per day in order to raise the reimbursement to \$50 per day the first year. This increase would raise to \$37.99 in the second year to total a \$75/day reimbursement, and to \$62.99 per day the third year, bringing the total reimbursement to \$100 per day.

	<u>\$ 50 per day</u>	<u>\$75 per day</u>	<u>\$100 per day</u>
Additional payment per day	\$ 12.99	37.99	62.99
Days per year	365	365	365
Number served	138	138	138
Cost for increase of base rate	\$ 654,306	\$1,913,556	\$ 3,172,806

It is estimated that 20% or 27 individuals would require augmented rates averaging \$22.00 per day. This average augmentation adjustment of \$22.00/day times 365 days = \$8,030 per year. The overall augmentation cost at \$8,030 per individual per year times 27 individuals = \$216,810

An additional \$216.8 is required to cover these augmented rates for individuals requiring a higher level of care.

	<u>\$50 per day</u>	<u>\$75 per day</u>	<u>\$100 per day</u>
Cost for increase of base rate	\$ 654.3	1,913.6	3,172.8
Cost for augmented cases	\$ 216.8	216.8	216.8
Total	\$ 871.1	\$2,130.4	\$3,389.6

ANALYSIS (cont.):

Geographic Differentials

Region	Differential	Percent of Population Per Region	Total Consumers Per Region	Daily Increase:		
				At \$50/day \$50.00	At \$75/day \$75.00	At \$100/day \$100.00
Anchorage	0.0	65	90	\$ -	0	0
Palmer/Wasilla	0.04	5	7	\$ 14	21	28
Southeast	0.0	5	7	\$ -	0	0
Northern	0.15	15	21	\$ 158	236	315
Western	0.33	5	7	\$ 116	173	231
N/Western	0.38	5	7	\$ 133	\$ 200	\$ 266
Total differential per day				\$ 420	\$ 630	\$ 840
Days per year				365	365	365
Total annual differential for base rate				\$ 153,300	229,950	306,600

Geographic Differentials are determined above by the following: Differential Index per region x estimated population served per region x daily increase per consumer. These daily totals per region are combined to determine the increase for differential reimbursements at the \$50/day, \$75/day, and \$100/day base rates. No differentials were added for augmented rates due to small populations served in areas in which differentials are provided. The Department would require an additional \$153.3 in FY 00, \$230.0 in FY 01, and \$306.6 in FY 02 to reimburse geographic differentials for the progressively increasing base rate.

Total Increase required by Department to Implement SB 73

	Base Rate Increase Plus Augmentation	Differentials	Total
FY 2000 (\$50/day base rate):	\$ 871.1	\$ 153.3	\$ 1,024.4
FY 2001 (\$75/day base rate):	\$2,130.4	\$ 230.0	\$2,360.4
FY 2002 (\$100/day base rate):	\$3,389.6	\$ 306.6	\$3,696.2

These funds will bring the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Revision Date: 4/21/99
Title: An act related to assisted living homes
Sponsor: Senator Mike Miller
Requestor: (S) FINANCE

Department Affected: Administration
BRU: Central Administrative Services
Component: Protection, Community Services, Administration

COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1
MISCELLANEOUS						
TOTAL OPERATING	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

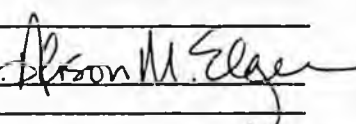
ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 90 clients to a base rate of \$50 a day the first year, \$50 the second year, and \$75 the third year. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 30 clients out of the total client population of 90 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state. Also attached is an analysis of costs of the proposed legislation if the differential were eliminated.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: 4/21/99

Approved by Commissioner: Robert Poe, Jr. 
Agency: Department of Administration

Date: 4/21/99

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FISCAL NOTE

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. SCS SB 73(FIN)

ANALYSIS: (continued)

**Calculation of General Relief Payment by State
(including geo differential)**

First Year FY 2000 and Second Year FY2001 with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

50	1067625	85410	82125	283331.3	109226.3	113332.5	1,741,050
----	---------	-------	-------	----------	----------	----------	-----------

Augmentation Rate Augmentation Cost for 30 clients

22		240900					240900
----	--	--------	--	--	--	--	--------

Personal Needs Allowance

100							108,000
-----	--	--	--	--	--	--	---------

Client's Contributions	853,380		minus	853,380
------------------------	---------	--	-------	---------

Current FY 2000 General Relief Budget Request	400,000		minus	400,000
MHTA			minus	300,000

Grand Total 536,570

Third Year FY 2002 and following years with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

75	1601438	128115	123187.5	424996.3	163839.4	169998.8	2,611,575
----	---------	--------	----------	----------	----------	----------	-----------

Augmentation Rate Augmentation Cost for 30 clients

22		240900					240900
----	--	--------	--	--	--	--	--------

Personal Needs Allowance

100							108,000
-----	--	--	--	--	--	--	---------

Client's Contributions	853,380		minus	853,380
------------------------	---------	--	-------	---------

Current FY 2000 General Relief Budget Request	400,000		minus	400,000
MHTA			minus	300,000

Grand Total 1,407,095

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 300.0 for each year FY2000,2001,2003.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65% of 32,850 days =	21,354 days
Palmer/Wasilla	5%	= 1,642
Southeast	5%	= 1,642
Northern	15%	= 4,928
Western	5%	= 1,642
N/Western	5%	= 1,642
		32,850 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 90 clients = \$853,380

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N.Western	1.38

Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

Augmentation Calculation

\$22 a day x 30 clients x 365 day = \$240,900

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Calculation of General Relief Payment by State
(including no geo differential)

First Year FY2000 and Second Year FY2001		Total
GR Rate with No Geographical		
<input type="text" value="50"/>		1,642,500
Augmentation Rate	Augmentation Cost for 30 clients	
<input type="text" value="22"/>	240900	240900
Personal Needs Allowance		
<input type="text" value="100"/>		108,000
Client's Contributions	853,380	minus 853,380
Current FY 2000 General Relief Budget Request	400,000	minus 400,000
MHTA		minus 300,000
Grand Total		438,020

Third Year FY2002 and following years		Total
GR Rate with No Geographical		
<input type="text" value="75"/>		2,463,750
Augmentation Rate	Augmentation Cost for 30 clients	
<input type="text" value="22"/>	240900	240900
Personal Needs Allowance		
<input type="text" value="100"/>		108,000
Client's Contributions	853,380	minus 853,380
Current FY 2000 General Relief Budget Request	400,000	minus 400,000
MHTA		minus 300,000
Grand Total		1,259,270

Place numerical entries in white boxes to the left.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 2
Bill Version: SB 73
(S) Publish Date: 3-30-99

Revision Date: _____
Title: An act related to assisted living homes

Department Affected: Administration
BRU: Senior Services
Component: Protection, Community Services, Administration

Sponsor: Senator Mike Miller
Requestor: (S) HES

COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8
MISCELLANEOUS						
TOTAL OPERATING	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program to a base rate of \$70 a day. An assisted living home rate schedule is attached which describes the rates which this bill would require the state to be paid in the six regions of the state with a base rate of \$70 a day in Anchorage. The six regions are paid according to geographical cost of living differentials. Taking into account geographical cost differentials and a system with augmented rates for higher needs clients a budget of \$1,926.8 is needed annually to fund this bill.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: _____

Approved by Commissioner: Robert Poe Jr.
Agency: Department of Administration

Date: 3/4/99

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FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 73

99 LEGISLATIVE SESSION

#2

ANALYSIS: (continued)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 20% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about 20% of the total of 32,850 days which are paid by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65%	of 32,850 days	=	21,354 days
Palmer/Wasilla	5%		=	1,642
Southeast	5%		=	1,642
Northern	15%		=	4,928
Western	5%		=	1,642
N/Western	5%		=	1,642
				<u>32,850 days</u>

Client Contribution Towards Payment for Assisted Living

\$22 payment standard per mo. x 12 mo. / 365 days = \$28.34 per day
 20% of the days are not contributed towards due to emergency adult protective placements)
 80% of 32,850 days x \$28.34 per day = \$744,755

Cost Calculation for Non-augmented Clients (80%)

Region	Index	Regular Rate	x 80% of days	Cost
Anchorage	1.00	70.00	17,083	\$1,195,810
Palmer/Wasilla	1.04	72.80	1,314	95,659
Southeast	1.00	70.00	1,314	91,980
Northern	1.15	80.50	3,942	317,331
Western	1.33	93.08	1,314	122,307
N. Western	1.38	96.58	1,314	126,906
			<u>26,281</u>	<u>1,949,993</u>

Cost Calculation for Augmented Clients (20%)

Region	Index	Augmented Rate	x 20% of days	Cost
Anchorage	1.00	92.00	4,270	392,840
Palmer/Wasilla	1.04	95.68	328	31,383
Southeast	1.00	92.00	328	30,176
Northern	1.15	105.80	937	104,424
Western	1.33	122.36	328	40,134
N. Western	1.38	126.96	328	41,642
			<u>6569</u>	<u>640,599</u>

Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

The General Relief Assistance payment by the State as required by this bill

\$1,949,993	Non-augmented cost
640,599	Augmented Cost
81,000	Personal Needs Allowance
<u>2,671,592</u>	Sub-Total Cost
(744,755)	Clients Contributions
(400,000)	Current FY 2000 Budget Request
<u>1,526,837</u>	Total Cost to State

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 1
Bill Version: SB 73
(S) Publish Date: 3-30-99

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An act relating to Assisted Living Homes BRU: Community Mental Health Grants
Sponsor: Miller Component: Services for the Chronically Mentally Ill
Requestor: Senate (HES) COMPONENT SERIAL NO. 800
See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
MISCELLANEOUS						
TOTAL OPERATING	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
Other (please specify)						
TOTAL	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities serves approximately 138 individuals in Assisted Living Home environments with a FY99 budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care regulations varies each year. 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. Adult Residential Care is now referred to as Assisted Living Home services. The lack of cost of care adjustments to the Adult Residential Care fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support. This fiscal note is based on a zero population growth. It will fix the system as it now exists. Growth in community based services for Mental Health consumers is addressed in the "AFI Community Implementation Plan" dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note. Growth for the developmentally disabled consumer is provided in the Community Developmental

Prepared by: Leonard Abel, Ph.D. *Comp for L.A.*
Division: Mental Health and Developmental Disabilities
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-4827 or 465-3370
Date: 02/23/99

Date: 2/24/99

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#1

ANALYSIS (cont.):**Disabilities Grants Component Budget.**

The following rationale was used to develop the needed General Fund increase to implement SB 73 as written and remains the same for the amendment proposed by the Department noted on the bill analysis.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	\$ 775.00	\$25.49/day**
Average paid for total care in an Assisted Living Home currently		\$37.83/day

* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day

** Consumer Entitlements (SSI/SSA/AD) = \$850 per month average minus monthly personal allowance = \$775/month times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:	\$	12.35 /day
Consumer contributes entitlements at an average monthly rate	\$	850
Less increased personal allowance	\$	(100)
	\$	750
Average now available after the increased personal allowance	\$	24.66 /day
Needed increased augmentation by DMH&DD to equal \$70/day avg.	\$	37.01 /day
	\$	32.99 /day***
Total to be received by the Assisted Living Home	\$	70.00 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

It is estimated that 20% or 27 individuals would require augmented rates averaging \$90.00 per day. The average augmentation adjustment is \$20.00/day times 365 days = \$7,300 per year. The overall augmentation cost at \$7,300 per individual per year times 27 individuals = \$197,100.

An additional \$197.1 is required to cover these augmented rates for individuals requiring a higher level of care.

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities will need an increase in general funds of \$1858.8 (\$32.99/day x 365 days = \$12,041.35 x 138 served = \$1,661.7 plus \$197.1 for augmented rates = \$1858.8) for FY2000. These funds will bring the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The average cost of care should remain around \$70/day. Due to individual acuity levels, some individuals will require supports costing less than \$70/day, while others may need additional supports exceeding \$70/day. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

The Alaska Mental Health Trust Authority has shown interest in the idea of a multi-year system change approach to address the funding needed to fix the Assisted Living Home service system. The Trust have indicated interest in receiving a jointly backed proposal from the Departments and planning boards impacted by the need to maintain the existing Assisted Living Home service system.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Revision Date: 4/22/99
Title: An act related to assisted living homes
Sponsor: Senator Mike Miller
Requestor: (S) FINANCE

Department Affected: Administration
BRU: Central Administrative Services
Component: Protection, Community Services, Administration
COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	836.6	836.6	1,707.1	1,707.1	1,707.1	1,707.1
MISCELLANEOUS						
TOTAL OPERATING	836.6	836.6	1,707.1	1,707.1	1,707.1	1,707.1

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	536.6	536.6	1,407.1	1,707.1	1,707.1	1,707.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER 1092 MHTAAR	300.0	300.0	300.0			
TOTAL	836.6	836.6	1,707.1	1,707.1	1,707.1	1,707.1

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 90 clients to a base rate of \$50 a day the first year, \$50 the second year, and \$75 the third year. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 30 clients out of the total client population of 90 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state. Also attached is an analysis of costs of the proposed legislation if the differential were eliminated.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: 4/22/99

Approved by Commissioner: Robert Poe, Jr. Alison M. Elser
Agency: Department of Administration

Date: 4/22/99

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

ANALYSIS: (continued)

Calculation of General Relief Payment by State
(including geo differential)

First Year FY 2000 and Second Year FY2001 with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

50	1067625	85410	82125	283331.3	109226.3	113332.5	1,741,050
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Augmentation Rate Augmentation Cost for 30 clients

22	240900	240900
----	--------	--------

Personal Needs Allowance

100	103,000
-----	---------

Client's Contributions	853,380	minus	853,380
------------------------	---------	-------	---------

Current FY 2000 General Relief Budget Request	400,000	minus	400,000
MHTA		minus	300,000

Grand Total 536,570

Third Year FY 2002 and following years with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

75	1601438	128115	123187.5	424996.9	163839.4	169998.8	2,611,575
----	---------	--------	----------	----------	----------	----------	-----------

Augmentation Rate Augmentation Cost for 30 clients

22	240900	240900
----	--------	--------

Personal Needs Allowance

100	108,000
-----	---------

Client's Contributions	853,380	minus	853,380
------------------------	---------	-------	---------

Current FY 2000 General Relief Budget Request	400,000	minus	400,000
MHTA		minus	300,000

Grand Total 1,407,095

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 300.0 for each year FY2000,2001,2003.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65% of 32,850 days =	21,354 days
Palmer/Wasilla	5% =	1,642
Southeast	5% =	1,642
Northern	15% =	4,928
Western	5% =	1,642
N/Western	5% =	1,642
		32,850 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 90 clients = \$853,380

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N.Western	1.38

Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

Augmentation Calculation

\$22 a day x 30 clients x 365 day = \$240,900

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Calculation of General Relief Payment by State
(including no geo differential)

First Year FY2000 and Second Year FY2001			Total
GR Rate with No Geographical			
	<input type="text" value="50"/>		1,642,500
Augmentation Rate	Augmentation Cost for 30 clients		
<input type="text" value="22"/>	240900		240900
Personal Needs Allowance			
	<input type="text" value="100"/>		108,000
Client's Contributions	853,380	minus	853,380
Current FY 2000 General Relief Budget Request MHTA	400,000	minus	400,000
		minus	300,000
		Grand Total	438,020

Third Year FY2002 and following years		Place numerical entries in white boxes to the left.	Total
GR Rate with No Geographical			
	<input type="text" value="75"/>		2,463,750
Augmentation Rate	Augmentation Cost for 30 clients		
<input type="text" value="22"/>	240900		240900
Personal Needs Allowance			
	<input type="text" value="100"/>		108,000
Client's Contributions	853,380	minus	853,380
Current FY 2000 General Relief Budget Request MHTA	400,000	minus	400,000
		minus	300,000
		Grand Total	1,259,270

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

1-LS0468\G
Lauterbach✓
4/20/99

CS FOR SENATE BILL NO. 73(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS MILLER, Ellis, Wilken

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to assisted living homes; and providing for an effective date."

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

3 * Section 1. AS 47.07.070 is amended by adding a new subsection to read:

4 (h) This section does not apply to the minimum daily reimbursement rate
5 specified by law under AS 47.24.017 or AS 47.25.195(f) for assisted living homes.

6 * Sec. 2. AS 47.24.017 is amended by adding a new subsection to read:

7 (d) If the protective services under this section include the placement of a
8 vulnerable adult in an assisted living home at the state's expense, the minimum daily
9 reimbursement rate to the assisted living home for the vulnerable adult is \$50. The
10 department may, under its regulations, provide for a daily rate higher than \$50 if the
11 additional care provided to the vulnerable adult in the assisted living home justifies the
12 additional reimbursement. In this subsection, "assisted living home" means an assisted
13 living home licensed under AS 47.33.

14 * Sec. 3. AS 47.24.017(d) is repealed and reenacted to read:

15 (d) If the protective services under this section include the placement of a

1 vulnerable adult in an assisted living home at the state's expense, the minimum daily
2 reimbursement rate to the assisted living home for the vulnerable adult is \$75. The
3 department may, under its regulations, provide for a daily rate higher than \$75 if the
4 additional care provided to the vulnerable adult in the assisted living home justifies the
5 additional reimbursement. In this subsection, "assisted living home" means an assisted
6 living home licensed under AS 47.33.

7 * Sec. 4. AS 47.25.195(b) is amended to read:

8 (b) Except as provided in (f) of this section, a [A] health facility receiving
9 a payment under this chapter is subject to the requirements of AS 47.07.070 -
10 47.07.075.

11 * Sec. 5. AS 47.25.195(c) is amended to read:

12 (c) Except as provided in (f) of this section, if [IF] insufficient money is
13 appropriated to fund medical assistance under AS 47.25.120 - 47.25.300 when taking
14 into consideration projected use and the health facility payment rates established in
15 accordance with (b) of this section, the department may, by regulation, establish at any
16 time in the fiscal year a prospective pro rata reduction of the facilities' established
17 payment rates that will be paid by the department for services provided by facilities
18 under AS 47.25.120 - 47.25.300.

19 * Sec. 6. AS 47.25.195(d) is amended to read:

20 (d) Notwithstanding (a) - (c) of this section, the department may enter into
21 agreements with a facility to provide services at a payment rate lower than the rate
22 established in accordance with (b) of this section, except that the department may
23 not enter into an agreement with an assisted living home to provide services at a
24 daily reimbursement rate lower than \$50.

25 * Sec. 7. AS 47.25.195(d) is repealed and reenacted to read:

26 (d) Notwithstanding (a) - (c) of this section, the department may enter into
27 agreements with a facility to provide services at a payment rate lower than the rate
28 established in accordance with (b) of this section, except that the department may not
29 enter into an agreement with an assisted living home to provide services at a daily
30 reimbursement rate lower than \$75.

31 * Sec. 8. AS 47.25.195(e) is amended to read:

1 (e) For purposes of this section,

2 (1) "assisted living home" means an assisted living home licensed
3 under AS 47.33;

4 (2) "health facility" includes a hospital, skilled nursing facility,
5 intermediate care facility, intermediate care facility for the mentally retarded,
6 rehabilitation facility, inpatient psychiatric facility, home health agency, rural health
7 clinic, and outpatient surgical clinic.

8 * Sec. 9. AS 47.25.195 is amended by adding a new subsection to read:

9 (f) Notwithstanding other provisions of this section and the provisions of
10 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300
11 includes the initiation or continuation of placement of the person in an assisted living
12 home at the state's expense, the department's minimum daily reimbursement rate to
13 the assisted living home for the person is \$50. This minimum rate is not subject to
14 reduction under (c) of this section. The department may, under its regulations and
15 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than
16 \$50 if the care provided to the needy person in the assisted living home justifies the
17 higher reimbursement. A daily rate higher than \$50 for assisted living homes may be
18 reduced under (c) of this section, but not below \$50.

19 * Sec. 10. AS 47.25.195(f) is repealed and reenacted to read:

20 (f) Notwithstanding other provisions of this section and the provisions of
21 AS 47.07, if the assistance provided to a needy person under AS 47.25.120 - 47.25.300
22 includes the initiation or continuation of placement of the person in an assisted living
23 home at the state's expense, the department's minimum daily reimbursement rate to
24 the assisted living home for the person is \$75. This minimum rate is not subject to
25 reduction under (c) of this section. The department may, under its regulations and
26 under the procedures of AS 47.07.070 - 47.07.075, provide for a daily rate higher than
27 \$75 if the care provided to the needy person in the assisted living home justifies the
28 higher reimbursement. A daily rate higher than \$75 for assisted living homes may be
29 reduced under (c) of this section, but not below \$75.

30 * Sec. 11. APPLICABILITY. (a) The minimum daily reimbursement rate set under
31 AS 47.24.017(d), enacted by sec. 2 of this Act, and AS 47.25.195(f), enacted by sec. 9 of this

1 Act, applies to services provided on or after July 1, 1999, and is not dependent on the
2 adoption of regulations by the Department of Health and Social Services.

3 (b) The minimum daily reimbursement rate set under AS 47.24.017(d), as amended
4 by sec. 3 of this Act, and AS 47.25.195(f), as amended by sec. 10 of this Act, applies to
5 services provided on or after July 1, 2001, and is not dependent on the adoption of regulations
6 by the Department of Health and Social Services.

7 * Sec. 12. Except as provided in sec. 13 of this Act, this Act takes effect July 1, 1999.

8 * Sec. 13. Sections 3, 7, and 10 of this Act take effect July 1, 2001.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CS SB 73 (FIN)

Revision Date: 03/31/99 Dept. Affected: Health and Social Services
 Title: An act relating to Assisted Living Homes BRU: Community Mental Health Grants
 Sponsor: Miller Component: Services for the Chronically Mentally Ill
 Requestor: Senate (FIN) COMPONENT SERIAL NO. 800
 See also (SN#): _____

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4
MISCELLANEOUS						
TOTAL OPERATING	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	724.4	724.4	2,060.4	2,360.4	2,360.4	2,360.4
1092 MHTAAR	300.0	300.0	300.0			
TOTAL	1,024.4	1,024.4	2,360.4	2,360.4	2,360.4	2,360.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

In FY 98 the Department of Health and Social Services, Division of Mental Health and Developmental Disabilities served approximately 138 individuals in Assisted Living Home environments with a budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care (AL) regulations varies each year. 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. The lack of cost of care adjustments to the Adult Residential Care (AL) fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support.

The bill requires an increase in the rate paid to assisted living homes to a base rate of \$50 a day the first and second years and \$75 the third year. The fiscal note includes a geographical cost of living differential. It is

Prepared by: Gina Macdonald, L.C.S.W. Phone: 465-4852 or 465-3370
 Division: Mental Health and Developmental Disabilities Date: 04/21/99
 Approved by Commissioner: Karen Perdue, Commissioner Date: 4/21/99
 Agency: Department of Health & Social Services

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API Community Implementation Plan

ANALYSIS (cont.):

based on a zero population growth. Growth in community based services for mental health consumers is addressed in the API Community Implementation Plan dated October 31, 1997, published by J.L. Mitson & Associates. This growth is not included in this fiscal note.

An augmentation rate of \$22 per day (as recommended in the Alaska Rate Study Report, completed December, 1998) would be paid for 27 consumers, or 20% of the 138 consumers receiving these services. The following rationale was used to develop the needed General Fund increase to implement SB 73 as written.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	\$ 775.00	\$25.48/day**
Average paid for total care in an Assisted Living Home currently		\$37.83/day

* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day

** Consumer Entitlements (SSI/SSA/AD) = \$850 per month average minus monthly personal allowance = \$775/month times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:		\$ 12.35 /day
Consumer contributes entitlements at an average monthly rate	\$ 850	
Less: increased personal allowance	\$ (100)	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
Needed increased funding by DMHDD per consumer		\$12.99 /day ***
Total to be received by the Assisted Living Home		\$50 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

DMHDD would pay an additional \$12.99 per day per resident per day in order to raise the reimbursement to \$50 per day the first and second years. This increase would raise another \$37.99 in the third year, bringing the total reimbursement to \$75 per day.

	<u>\$ 50 per day</u>	<u>\$75 per day</u>
Additional payment per day	\$ 12.99	37.99
Days per year	365	365
Number served	138	138
Cost for increase of base rate	\$ 654,306	\$1,913,556

It is estimated that 20% or 27 individuals would require augmented rates averaging \$22.00 per day. This average augmentation adjustment of \$22.00/day times 365 days = \$8,030 per year. The overall augmentation cost at \$8,030 per individual per year times 27 individuals = \$216,810. An additional \$216.8 is required to cover these augmented rates for individuals requiring a higher level of care.

	<u>\$50 per day</u>	<u>\$75 per day</u>
Cost for increase of base rate	\$ 654.3	1,913.6
Cost for augmented cases	\$ 216.8	216.8
Total	\$ 871.1	\$2,130.4

ANALYSIS (cont.):**Geographic Differentials**

Region	Differential	Percent of Population Per Region	Total Consumers Per Region	Daily Increase:	
				At \$50/day \$50.00	At \$75/day \$75.00
Anchorage	0.0	65	90	\$ -	0
Palmer/Wasilla	0.04	5	7	\$ 14	21
Southeast	0.0	5	7	\$ -	0
Northern	0.15	15	21	\$ 158	236
Western	0.33	5	7	\$ 116	173
N/Western	0.38	5	7	\$ 133	\$ 200
Total differential per day				\$ 420	\$ 630
Days per year				365	365
Total annual differential for base rate				\$ 153,300	229,950

Geographic Differentials are determined above by the following: Differential Index per region x estimated population served per region x daily increase per consumer. These daily totals per region are combined to determine the increase for differential reimbursements at the \$50/day, and \$75/day base rates. No differentials were added for augmented rates due to small populations served in areas in which differentials are provided. The Department would require an additional \$153.3 in FY 00, in FY 01, and \$230.0 in FY 02 to reimburse geographic differentials for the progressively increasing base rate.

The Alaska Mental Health Trust Authority has authorized \$600.0 in Mental Health Trust Authority Authorized Receipts (MHTAAR) in FY 00, 01, and 02 upon passage of this bill. These funds will be split evenly between the Department of Health and Social Services and the Department of Administrative Services in funding assisted living homes through their respective programs.

	Base Increase Plus: Augmentation Differentials	TOTAL
FY 2000 (\$50/day base rate):	\$871.1	\$1,024.4
FY 2001 (\$50/day base rate):	\$871.1	\$1,024.4
FY 2002 (\$75/day base rate)	\$2,130.4	\$2,360.4

These funds move towards bringing the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73(FIN)

Revision Date: 02/28/00
 Title: An act related to assisted living homes
 Sponsor(s): Senator Miller
 Requestor: (S) FIN

Department Affected: Administration
 BRU: Central Administrative Services
 Component: Protection, Community Services, Administration
 COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1248.8	2409.5	2409.5	2409.5	2409.5	2409.5
MISCELLANEOUS						
TOTAL OPERATING	1248.8	2409.5	2409.5	2409.5	2409.5	2409.5

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	412.2	2018.5	2409.5	2409.5	2409.5	2409.5
1005 GF/Program Receipts						
1037 GF/Mental Health	445.6					
OTHER MHTAAR	391.0	391.0				
TOTAL	1248.8	2409.5	2409.5	2409.5	2409.5	2409.5

Estimate of any current year (FY 2000) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 120 clients to a base rate of \$50 a day the first year, \$75 the second year, and \$75 the third year. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 40 (33%) clients out of the total client population of 120 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state.

Prepared by: Dwight Becker
 Division: Senior Services

Phone: 269-3674
 Date: 02/28/00

Approved by Commissioner: Robert Poe, Jr. *Robert Poe, Jr.*
 Agency: Department of Administration

Date: 2/28/00

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73(FIN)

ANALYSIS: (continued)

Calculation of General Relief Payment by State
(including geo differential)

First Year FY 2001 with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western		
with Geographical								
<input type="text" value="50"/>	1423500	113880	109500	377775	145635	151110	2321400	
Augmentation Rate	Augmentation Cost for 40 clients							
<input type="text" value="22"/>		321200					321200	
Personal Needs Allowance							144000	
<input type="text" value="100"/>							144000	
Client's Contributions							minus 1137840	
Current FY 2001 General Relief Budget Request				400,000			minus 400,000	
							Grand Total	1248760

Second Year FY 2002 and following years with geographical differential

GR Rate	Anchorage	Matsu	Southeast	Northern	Western	N Western		
with Geographical								
<input type="text" value="75"/>	2135250	170820	164250	566662.5	218452.5	226665	3482100	
Augmentation Rate	Augmentation Cost for 40 clients							
<input type="text" value="22"/>		321200					321200	
Personal Needs Allowance							144000	
<input type="text" value="100"/>							144000	
Client's Contributions							minus 1137840	
Current FY 2000 General Relief Budget Request				400,000			minus 400,000	
							Grand Total	2409460

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSSB 73(FIN)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 391.0 for each year FY2001 and FY2002.

Days of Service provided by General Relief Program

120 clients per month x 365 days = 43,800 days of service per year

Days of Service by Region

Anchorage	65% of 43,800 days =	28,470 days
Palmer/Wasilla	5%	= 2,190
Southeast	5%	= 2,190
Northern	15%	= 6,570
Western	5%	= 2,190
N/Western	5%	= 2,190
		43,800 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 120 clients = \$1,137,840

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N. Western	1.38

Personal Needs Allowance for all Clients

\$100 x 120 clients x 12 months = \$144,000

Augmentation Calculation

\$22 a day x 40 clients x 365 day = \$321,200

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Revision Date: 4/21/99
Title: An act related to assisted living homes
Sponsor: Senator Mike Miller
Requestor: (S) FINANCE

Department Affected: Administration
BRU: Central Administrative Services
Component: Protection, Community Services, Administration
COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	536.5	536.6	1,407.1	1,407.1	1,407.1	1,407.1
MISCELLANEOUS						
TOTAL OPERATING <i>ie</i>	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
<i>A</i> OTHER <i>1997 MUTAAR</i>	<i>300.0</i>	<i>300.0</i>	<i>300.0</i>			
TOTAL	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 90 clients to a base rate of \$50 a day the first year, \$50 the second year, and \$75 the third year. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 30 clients out of the total client population of 90 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state. Also attached is an analysis of costs of the proposed legislation if the differential were eliminated.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: 4/21/99

Approved by Commissioner: Robert Poe, Jr. *Robert M. Elger*
Agency: Department of Administration

Date: 4/21/99

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

ANALYSIS: (continued)

Calculation of General Relief Payment by State
(including geo differential)

First Year FY 2000 and Second Year FY2001 with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

50	1067625	85410	82125	283331.3	109226.3	113332.5	1,741,050
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Augmentation Rate Augmentation Cost for 30 clients

22	240900						240900
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Personal Needs Allowance

100							108,000
-----	--	--	--	--	--	--	---------

Client's Contributions				853,380		minus	853,380
------------------------	--	--	--	---------	--	-------	---------

Current FY 2000 General Relief Budget Request				400,000		minus	400,000
---	--	--	--	---------	--	-------	---------

MHTA						minus	300,000
------	--	--	--	--	--	-------	---------

Grand Total							536,570
--------------------	--	--	--	--	--	--	---------

Third Year FY 2002 and following years with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

75	1601438	128115	123187.5	424996.9	163839.4	169998.8	2,611,575
----	---------	--------	----------	----------	----------	----------	-----------

Augmentation Rate Augmentation Cost for 30 clients

22	240900						240900
----	--------	--	--	--	--	--	--------

Personal Needs Allowance

100							108,000
-----	--	--	--	--	--	--	---------

Client's Contributions				853,380		minus	853,380
------------------------	--	--	--	---------	--	-------	---------

Current FY 2000 General Relief Budget Request				400,000		minus	400,000
---	--	--	--	---------	--	-------	---------

MHTA						minus	300,000
------	--	--	--	--	--	-------	---------

Grand Total							1,407,095
--------------------	--	--	--	--	--	--	-----------

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 300.0 for each year FY2000,2001,2003.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65% of 32,850 days =	21,354 days
Palmer/Wasilla	5%	= 1,642
Southeast	5%	= 1,642
Northern	15%	= 4,928
Western	5%	= 1,642
N/Western	5%	= 1,642
		32,850 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 90 clients = \$853,380

Cost Calculation for Geographical Differential

Region	Index
Anchorage	1.00
Palmer/Wasilla	1.04
Southeast	1.00
Northern	1.15
Western	1.33
N.Western	1.38

Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

Augmentation Calculation

\$22 a day x 30 clients x 365 day = \$240,900

FISCAL NOTE

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. SCS SB 73(FIN)

**Calculation of General Relief Payment by State
(including no geo differential)**

First Year FY2000 and Second Year FY2001		Total
GR Rate with No Geographical		
<input type="text" value="50"/>		1,642,500
Augmentation Rate	Augmentation Cost for 30 clients	
<input type="text" value="22"/>	240900	240900
Personal Needs Allowance		
<input type="text" value="100"/>		108,000
Client's Contributions	853,380	minus 853,380
Current FY 2000 General Relief Budget Request MHTA	400,000	minus 400,000 minus 300,000
		Grand Total 438,020

Third Year FY2002 and following years		Total
GR Rate with No Geographical		
<input type="text" value="75"/>		2,463,750
Augmentation Rate	Augmentation Cost for 30 clients	
<input type="text" value="22"/>	240900	240900
Personal Needs Allowance		
<input type="text" value="100"/>		108,000
Client's Contributions	853,380	minus 853,380
Current FY 2000 General Relief Budget Request MHTA	400,000	minus 400,000 minus 300,000
		Grand Total 1,259,270

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 2
Bill Version: SB 73
(S) Publish Date: 3-30-99

Revision Date: _____
Title: An act related to assisted living homes
Sponsor: Senator Mike Miller
Requestor: (S) HES

Department Affected: Administration
BRU: Senior Services
Component: Protection, Community Services, Administration
COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8
MISCELLANEOUS						
TOTAL OPERATING	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8	1,526.8

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program to a base rate of \$70 a day. An assisted living home rate schedule is attached which describes the rates which this bill would require the state to be paid in the six regions of the state with a base rate of \$70 a day in Anchorage. The six regions are paid according to geographical cost of living differentials. Taking into account geographical cost differentials and a system with augmented rates for higher needs clients a budget of \$1,926.8 is needed annually to fund this bill.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: _____

Approved by Commissioner: Robert Poe Jr.
Agency: Department of Administration

Date: 3/4/99

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FISCAL NOTE

STATE OF ALASKA

BILL NO. SB 13
#2

99 LEGISLATIVE SESSION

ANALYSIS: (continued)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 20% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$82 per month or \$28.34 per day. Emergency protective service placements make up about 20% of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65%	of 32,850 days =	21,354 days
Palmer/Wasilla	5%	=	1,642
Southeast	5%	=	1,642
Northern	15%	=	4,928
Western	5%	=	1,642
N/Western	5%	=	1,642
			<u>32,850 days</u>

Client Contribution Towards Payment for Assisted Living

\$22 payment standard per mo. x 12 mo. / 365 days = \$28.34 per day

(20% of the days are not contributed towards due to emergency adult protective placements)

80% of 32,850 days x \$28.34 per day = \$744,755

Cost Calculation for Non-augmented Clients (80%)

Region	Index	Regular Rate	x 80% of days	Cost
Anchorage	1.00	70.00	17,083	\$1,195,810
Palmer/Wasilla	1.04	72.80	1,314	95,659
Southeast	1.00	70.00	1,314	91,980
Northern	1.15	80.50	3,942	317,331
Western	1.33	93.08	1,314	122,307
N. Western	1.38	96.58	1,314	126,906
			<u>26,281</u>	<u>1,949,993</u>

Cost Calculation for Augmented Clients (20%)

Region	Index	Augmented Rate	x 20% of days	Cost
Anchorage	1.00	92.00	4,270	392,840
Palmer/Wasilla	1.04	95.68	328	31,383
Southeast	1.00	92.00	328	30,176
Northern	1.15	105.80	987	104,424
Western	1.33	122.36	328	40,134
N. Western	1.38	126.95	328	41,642
			<u>6568</u>	<u>640,599</u>

Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

The General Relief Assistance payment by the State as required by this bill

\$1,949,993	Non-augmented cost
640,599	Augmented Cost
81,000	Personal Needs Allowance
<u>2,671,592</u>	<u>Sub-Total Cost</u>
(744,755)	Clients Contributions
(400,000)	Current FY 2000 Budget Request
<u>826,837</u>	<u>Total Cost to State</u>

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 1
Bill Version: SB 73
(S) Publish Date: 3-30-99
Dept. Affected: Health and Social Services
BRU: Community Mental Health Grants
Component: Services for the Chronically Mentally Ill
COMPONENT SERIAL NO. 800
See also (SN#): _____

Revision Date: _____
Title: An act relating to Assisted Living Homes
Sponsor: Miller
Requestor: Senate (HES)

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY00	FY01	FY02	FY03	FY04	FY05
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
MISCELLANEOUS						
TOTAL OPERATING	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
-------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8
Other (please specify)						
TOTAL	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8	1,858.8

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities serves approximately 138 individuals in Assisted Living Home environments with a FY99 budget of \$622.2. The number of individuals receiving support for Assisted Living Home services authorized by the Adult Residential Care regulations varies each year. 7AAC 47.450 -470 governs the fee structure for Adult Residential Care and has not been revised since 1982. Adult Residential Care is now referred to as Assisted Living Home services. The lack of cost of care adjustments to the Adult Residential Care fee structure jeopardizes the health and safety of residents and the future of Assisted Living Homes. Assisted Living options are a cost-effective alternative to institutional care for individuals choosing to remain in their home communities. Development of the Assisted Living Home industry is very important for our Long-Term Care Plan for the State of Alaska. Also, it is a residential care approach that all disability groups support. This fiscal note is based on a zero population growth. It will fix the system as it now exists. Growth in community based services for Mental Health consumers is addressed in the "API Community Implementation Plan" dated October 31, 1997, published by J.L. Milson & Associates. This growth is not included in this fiscal note. Growth for the developmentally disabled consumer is provided in the Community Developmental

Prepared by: Leonard Abel, Ph.D.
Division: Mental Health and Developmental Disabilities
Approved by Commissioner: Karen Perdue, Commissioner
Agency: Department of Health & Social Services

Phone: 465-4827 or 465-3370
Date: 02/23/99
Date: 2/24/99

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ANALYSIS (cont.):

Disabilities Grants Component Budget.

The following rationale was used to develop the needed General Fund increase to implement SB 73 as written and remains the same for the amendment proposed by the Department noted on the bill analysis.

Current Practice:

DMHDD augments the cost of care by an avg. daily rate:		\$12.35/day*
Consumer contributes entitlements avg. monthly amount	\$ 850.00	
Less Personal Allowance	\$ (75.00)	
	\$ 775.00	\$25.48/day**
Average paid for total care in an Assisted Living Home currently		\$37.83/day

* FY98 Budget of \$622,200 divided by 138 served = \$4509 divided by 365 days = \$12.35/day

** Consumer Entitlements (SSI/SSA/AD) - \$850 per month average minus monthly personal allowance = \$775/month times 12 = \$9300/year divided by 365 = \$25.48/day

Proposed in SB73 with Recommendations

Currently DMH&DD augments the cost of care by an avg. daily rate:		\$ 12.35 /day
Consumer contributes entitlements at an average monthly rate	\$ 850	
Less increased personal allowance	\$ (100)	
	\$ 750	\$ 24.66 /day
Average now available after the increased personal allowance		\$ 37.01 /day
Needed increased augmentation by DMH&DD to equal \$70/day avg.		\$ 32.99 /day ***
Total to be received by the Assisted Living Home		\$ 70.00 /day

*** Additional daily rate funding with zero growth in the population to fix the Assisted Living Homes system as it pertains to the Department of Health and Social Services.

It is estimated that 20% or 27 individuals would require augmented rates averaging \$90.00 per day. The average augmentation adjustment is \$20.00/day times 365 days = \$7,300 per year. The overall augmentation cost at \$7,300 per individual per year times 27 individuals = \$197,100.

An additional \$197.1 is required to cover these augmented rates for individuals requiring a higher level of care.

The Department of Health and Social Services, Division of Mental Health and Developmental Disabilities will need an increase in general funds of \$1858.8 (\$32.99/day x 365 days = \$12,041.35 x 138 served = \$1,661.7 plus \$197.1 for augmented rates = \$1858.8) for FY2000. These funds will bring the existing Assisted Living Home placements to a level of care that will meet their health and safety needs. The average cost of care should remain around \$70/day. Due to individual acuity levels, some individuals will require supports costing less than \$70/day, while others may need additional supports exceeding \$70/day. The Department believes that the Assisted Living Home industry can become a viable option if the funds requested and the needed regulatory changes are approved. Additionally, and of equal importance, these changes will ensure the health and safety of all served. Subsequent fiscal year's calculations have been planned with zero population growth for this bill.

The Alaska Mental Health Trust Authority has shown interest in the idea of a multi-year system change approach to address the funding needed to fix the Assisted Living Home service system. The Trust have indicated interest in receiving a jointly backed proposal from the Departments and planning boards impacted by the need to maintain the existing Assisted Living Home service system.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Revision Date: 4/21/99
Title: An act related to assisted living homes
Sponsor: Senator Mike Miller
Requestor: (S) FINANCE

Department Affected: Administration
BRU: Central Administrative Services
Component: Protection, Community Services, Administration
COMPONENT SERIAL NO. 2083

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1
MISCELLANEOUS						
TOTAL OPERATING	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	536.6	536.6	1,407.1	1,407.1	1,407.1	1,407.1

Estimate of any current year (FY 97) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

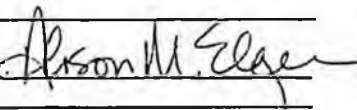
ANALYSIS: (Attach a separate page if necessary.)

This bill would require the Department of Administration to increase the rate paid to assisted living homes under the existing general relief assistance program for 90 clients to a base rate of \$50 a day the first year, \$50 the second year, and \$75 the third year. This fiscal note would include a geographical cost of living differential. An augmentation rate of \$22 a day would be paid for 30 clients out of the total client population of 90 clients. A personal needs allowance would be paid at \$100 a month per client. The requested increase in the monthly personal needs allowance from \$75 to \$100 is needed for clients because they have increasing copayments to make for medical coverage, and the costs of personal items clients normally purchase are no longer affordable at the \$75 rate. DSS and DMHDD are jointly asking that this \$75 rate be increased to \$100 at this time.

Recommendation: This bill is consistent with the existing general relief assistance program objective to provide financial assistance to eligible vulnerable adults who are in need of assisted living resources. The current base rate of \$30 a day is not adequate to meet rising costs of providing assisted living care. A rate increase is overdue. This bill would require substantial funding which has not been approved by OMB. This bill would allow for improving the current system of general relief payment by increasing rates to an adequate amount based on the Alaska Rate Study Report completed December 1998. This analysis continues past practice of applying a regional geographic differential to rates paid across the state. Also attached is an analysis of costs of the proposed legislation if the differential were eliminated.

Prepared by: Dwight Becker
Division: Senior Services

Phone: 269-3674
Date: 4/21/99

Approved by Commissioner: Robert Poe, Jr. 
Agency: Department of Administration

Date: 4/21/99

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

ANALYSIS: (continued)

Calculation of General Relief Payment by State
(including geo differential)

First Year FY 2000 and Second Year FY2001 with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

50	1067625	85410	82125	283331.3	109226.3	113332.5	1,741,050
----	---------	-------	-------	----------	----------	----------	-----------

Augmentation Rate Augmentation Cost for 30 clients

22	240900						240900
----	--------	--	--	--	--	--	--------

Personal Needs Allowance

100							108,000
-----	--	--	--	--	--	--	---------

Client's Contributions			853,380		minus		853,380
------------------------	--	--	---------	--	-------	--	---------

Current FY 2000 General Relief Budget Request			400,000		minus		400,000
MHTA					minus		300,000

Grand Total 536,570

Third Year FY 2002 and following years with geographical differential
GR Rate Anchorage Matsu Southeast Northern Western N Western
with Geographical

75	1601438	128115	123187.5	424996.9	163839.4	169998.8	2,611,575
----	---------	--------	----------	----------	----------	----------	-----------

Augmentation Rate Augmentation Cost for 30 clients

22	240900						240900
----	--------	--	--	--	--	--	--------

Personal Needs Allowance

100							108,000
-----	--	--	--	--	--	--	---------

Client's Contributions			853,380		minus		853,380
------------------------	--	--	---------	--	-------	--	---------

Current FY 2000 General Relief Budget Request			400,000		minus		400,000
MHTA					minus		300,000

Grand Total 1,407,095

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Calculation of General Relief Payment by State

The general relief payment made by the state is the amount needed to supplement the client's contribution to meet the base rate indicated in the specific geographic region. An estimated 33% of the clients have higher needs and require augmented rates. The augmented rate is calculated at \$22 over the base rate multiplied by the index. The average contribution of the clients is the adult public assistance payment standard of \$862 per month or \$28.34 per day. Emergency protective service placements make up about one month or 1/12th of the total of 32,850 days which are paid by the by the state at the full rate without any contribution by clients because of the time needed to investigate and resolve client financial issues. The current budget request for FY2000 is 400.0. MHTA has committed 300.0 for each year FY2000,2001,2003.

Days of Service provided by General Relief Program

90 clients per month x 365 days = 32,850 days of service per year

Days of Service by Region

Anchorage	65%	of 32,850 days =	21,354 days
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Southeast	5%	=	1,642
Northern	15%	=	4,928
Western	5%	=	1,642
N/Western	5%	=	1,642
			32,850 days

Client Contribution Towards Payment for Assisted Living

\$862 payment standard per mo. x 11 mo. x 90 clients = \$853,380

Cost Calculation for Geographical Differential

Region	Index
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Palmer/Wasilla	1.04
Southeast	1.00
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Western	1.33
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Personal Needs Allowance for all Clients

\$75 x 90 clients x 12 months = \$81,000

Augmentation Calculation

\$22 a day x 30 clients x 365 day = \$240,900

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SCS SB 73(FIN)

Calculation of General Relief Payment by State
(including no geo differential)

First Year FY2000 and Second Year FY2001		Total
GR Rate with No Geographic?		
<input type="text" value="50"/>		1,642,500
Augmentation Rate	Augmentation Cost for 30 clients	
<input type="text" value="22"/>	240900	240900
Personal Needs Allowance		108,000
<input type="text" value="100"/>		
Client's Contributions	853,380	minus 853,380
Current FY 2000 General Relief Budget Request	400,000	minus 400,000
MHTA		minus 300,000
		Grand Total 438,020

Third Year FY2002 and following years		Total
GR Rate with No Geographical		
<input type="text" value="75"/>		2,463,750
Augmentation Rate	Augmentation Cost for 30 clients	
<input type="text" value="22"/>	240900	240900
Personal Needs Allowance		108,000
<input type="text" value="100"/>		
Client's Contributions	853,380	minus 853,380
Current FY 2000 General Relief Budget Request	400,000	minus 400,000
MHTA		minus 300,000
		Grand Total 1,259,270

Place numerical entries in white boxes to the left.

Alaska State Legislature

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Senate District Q

MIKE MILLER

SB 73

Assisted Living Homes

Assisted living homes, formerly called adult foster care homes, are facilities that provide a home-like environment for seniors and people who have a disability and need assistance with everyday living activities. The program is under the Department of Administration and Division of Senior Services.

The program is regulated by the old general assistance regulations that need to be revisited and updated to be in line with the standard of care that is practiced by the other Assisted Living Programs. The cost of care is grossly outdated and has not had an increase since 1983.

The **purpose** of this legislation is to **increase the daily rate** paid to the (15 bed or less) "**Mom and Pop**" facilities by the state for vulnerable adults that are unable to provide safely for their own medical, emotional and personal care needs. A rate increase is long overdue! This bill would increase the current rate from the present **\$34.50** per day to a base rate of **\$70.00** per day based on individual care needs.

SB 73 would also establish an "equitable and reliable rate structure to ensure the success and growth of assisted living as a viable business" increasing rates to an adequate amount based on the Alaska Rate Study Report completed **December 1998**.

I respectfully request your consideration in passing SB 73

Chapter 47.33 ASSISTED LIVING HOMES

Sec. 47.33.005. Purpose.

The purpose of this chapter is to

(1) contribute to the development of a system of care by encouraging the establishment of assisted living homes that provide a homelike environment for elderly persons and persons with a mental or physical disability who need assistance with the activities of daily living;

(2) promote the establishment of homes that help

(A) the elderly to age in place; and

(B) adults with a physical or mental disability to become integrated into the community and to reach their highest level of functioning;

(3) establish standards that will protect residents of assisted living homes, while at the same time promoting an environment that will encourage resident growth and independence, without discouraging the establishment and continued operation of those homes;

(4) require that a resident of an assisted living home have an assisted living plan that identifies the services that will be used to meet the resident's reasonable wants and needs; and

(5) provide a resident of an assisted living home, or the resident's representative, with the opportunity to participate to the fullest extent possible in the design and implementation of the resident's assisted living plan and in any decisions involving the resident's care.

Sec. 47.33.010. Applicability.

(a) Except as provided in (b) of this section, this chapter applies to residential facilities operated in the state that serve three or more adults who are not related to the owner of the facility by blood or marriage by

(1) providing housing and food service to its residents; and

(2) providing or obtaining, or offering to provide or obtain for its residents

(A) assistance with the activities of daily living;

(B) personal assistance; or

(C) a combination of services under (A) and (B) of this paragraph.

(b) Notwithstanding (a) of this section, this chapter does not apply to

(1) a correctional facility;

- (2) a facility for treatment of alcoholism that is regulated under AS 47.37;
- (3) an emergency shelter;
- (4) a medical facility, including a nursing home, licensed under AS 18.20;
- (5) a program for runaway minors licensed under AS 47.10.310 ; or
- (6) a maternity home licensed under AS 47.35.

Sec. 47.33.020. Health-related services allowed in assisted living homes.

(a) This chapter does not prohibit the resident of an assisted living home from self-administering the resident's own medications, unless the resident's assisted living plan specifically provides otherwise.

(b) An assisted living home may provide, obtain, or offer to provide or obtain the health-related services described in (c) - (i) of this section. A service under (c) - (i) of this section may only be provided or obtained in addition to, and as a supplemental service to, the long-term provision by the home to the resident of assistance with the activities of daily living or personal assistance.

(c) If self-administration of medications is included in a resident's assisted living plan, the assisted living home may supervise the resident's self-administration of medications, notwithstanding a limitation imposed by AS 08 or by a regulation adopted under AS 08. The supervision may be performed by any home staff person and may include

- (1) reminding a resident to take medication;
- (2) opening a medication container or prepackaged medication for a resident;
- (3) reading a medication label to a resident;
- (4) observing a resident while the resident takes medication;
- (5) checking a resident's self-administered dosage against the label of the medication container;
- (6) reassuring a resident that the resident is taking the dosage as prescribed; and

(7) directing or guiding, at the request of the resident, the hand of a resident who is administering the resident's own medications.

(d) An assisted living home may provide intermittent nursing services to a resident who does not require 24-hour nursing services and supervision. Intermittent nursing services may be provided only by a nurse licensed under AS 08.68 or by a person to whom a nursing task has been delegated under (e) of this section.

(e) A person who is on the staff of an assisted living home and who is not a nurse licensed under AS 08.68 may perform a nursing task in that home if

(1) the authority to perform that nursing task is delegated to that person by a nurse licensed under AS 08.68; and

(2) that nursing task is specified in regulations adopted by the Board of Nursing as a task that may be delegated.

(f) A resident who needs skilled nursing care may, with the consent of the assisted living home, arrange for that care to be provided in the home by a nurse licensed under AS 08.68 if that arrangement does not interfere with the services provided to other residents.

(g) As part of a plan to avoid transfer of a resident from the home for medical reasons, the home may provide, through the services of a nurse who is licensed under AS 08.68, 24-hour skilled nursing care to the resident for not more than 45 consecutive days.

(h) If a resident has received 24-hour skilled nursing care for the 45-day limit set by (g) of this section, the resident or the resident's representative may elect to have the resident remain in the home without continuation of 24-hour skilled nursing care if the home agrees to retain the resident after

(1) the home and either the resident or the resident's representative have consulted with the resident's physician;

(2) the home and either the resident or the resident's representative have discussed the consequences and risks involved in the election to remain in the home; and

(3) the portion of the resident's assisted living plan that relates to health-related services has been revised to provide for the resident's health-related needs without the use of 24-hour skilled nursing care, and the revised plan has been reviewed by a registered nurse licensed under AS 08.68 or by the resident's attending physician.

(i) A terminally ill resident may remain in the home if (1) the home and either the resident or the resident's representative agree that the resident may remain in the home; and (2) the resident is under the care of a physician who certifies that the needs of the resident are being met in the home. The time limitation of (g) of this section does not apply in the case of a terminally ill resident.

Sec. 47.33.030. Advance payments.

(a) An assisted living home may not require a resident or prospective resident of the home or a resident or prospective resident's representative, to make an advance payment to the home except as security for performance of the contract or as advance rent for the immediately following rental period as the rental period is defined in the contract. If a home requires a resident or prospective resident to make an advance payment for security or as advance rent,

(1) the home shall promptly deposit the money in a designated trust account in a financial institution, separate from other money and property of the home;

(2) the home may not represent on a financial statement that the advance payment money is part of the assets of the home;

(3) the advance payment money may be used only for the account of the resident;

(4) the home shall notify the resident or the resident's representative, in writing, of the name and address of the depository in which the advance payment money is being held; and