

ALASKA LEGISLATURE

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HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

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State of Alaska
Department of Health & Social Services

Frank H. Murkowski
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE



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FOR IMMEDIATE RELEASE: Dec. 17, 2003

Governor announces SeniorCare, a new array of services for Alaska seniors

Prescription drug benefit, new services, better access to health care, information & resources to be offered

Juneau, Alaska – Governor Frank H. Murkowski today announced SeniorCare, a new proposed program to make prescription drugs more affordable for Alaska seniors. “SeniorCare will provide qualified seniors with a prescription drug benefit to assist in the purchase of needed medications,” Governor Murkowski said. SeniorCare will also include a new Senior Information Office and a Preferred Drug List to make prescription drugs more affordable. Seniors receiving the Alaska Senior Assistance Program can choose to continue receiving the cash assistance of \$120 a month instead of the drug coverage.

“SeniorCare will provide a bridge for those seniors most in need of assistance until the full Medicare prescription drug benefit begins in January 2006,” Governor Murkowski noted. “I will ask legislators to pass this legislation in January so that this benefit can begin in April 2004.” The Senior Assistance Program cash benefit was only budgeted in the current fiscal year and would end June 30 if the legislature takes no action, but will continue as an option until January 2006 if passed.

“SeniorCare will help low income seniors who do not otherwise qualify for public assistance – the people with greatest needs,” said Department of Health and Social Services Commissioner Joel Gilbertson. “However, we will provide a broader program that will help all seniors,” Gilbertson said. The new SeniorCare program will provide a one-stop senior resource and referral service, help with prescription drugs and access to healthcare, and work to lower the cost of prescription drugs.

Seniors who qualify for the Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage will be provided a choice – between the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined drug subsidy of \$2,200 a year.

-more-

Currently those seniors who qualify for the Senior Assistance Program earn less than \$15,134 annually, or if living with a spouse, earn less than \$20,439. To qualify, some assets are considered in the overall needs test.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple. New federal poverty guidelines will be released early in 2004 and income level guidelines may change.

Other new offerings under the SeniorCare program include completion of a Preferred Drug List and opening a Senior Information Office.

"My commitment to Alaska seniors is to protect their access to prescription drugs, and to provide them better access to senior services," Governor Murkowski said. "Alaska seniors want to get necessary medical care as close to home and community as possible, and they want the opportunity to direct that care to the maximum extent. These are important because they promote independent living at the highest level possible, and that's what SeniorCare is all about."

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most efficacious, cost-effective and safe. "The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them," Gilbertson said. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office.

"By mid January, our new Senior Information Office is going to be the single stop Alaska seniors will have to make for all resources and referrals they need," Governor Murkowski said. "This is an essential thing we can do to give Alaska seniors better customer service." The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance for seniors. The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

Current programs for seniors which will fall under SeniorCare include comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. About 7,000 eligible seniors receive prescription drugs, medical care, hospitalization and other services from the state at a cost of \$119.6 million a year. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

For more information, please contact

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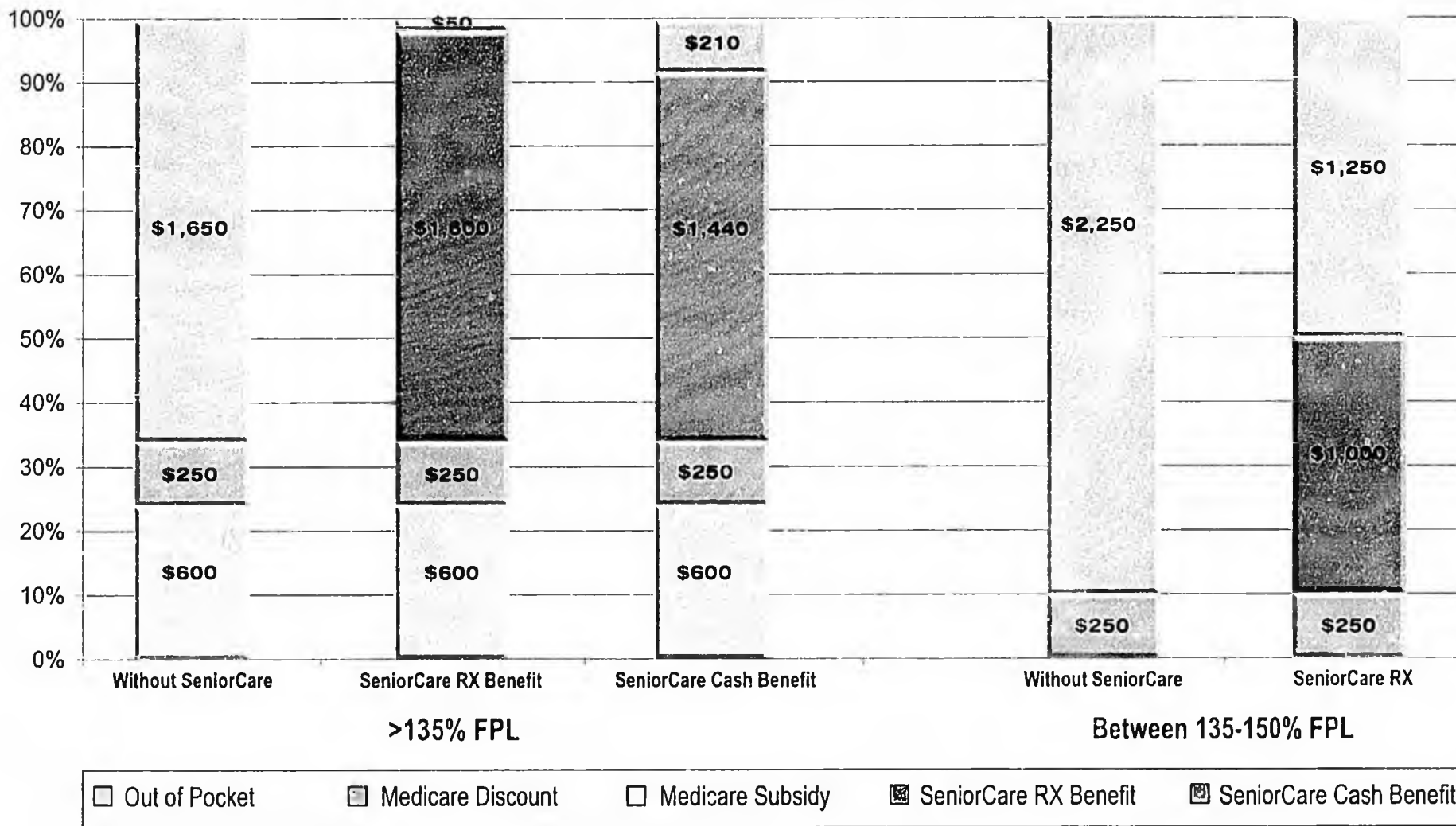
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Bridging the Gap

Comparison of Benefits

\$2,500 Annual Rx Cost



A New Direction



Alaska's Benefits to Seniors Rank Among the Nation's Best

"We know Alaska's richest resource is our people."

- Governor Frank H. Murkowski

Governor Murkowski has charged Alaska's Department of Health and Social Services with setting new and higher standards for meeting the health care and social services needs of Alaskans. In the past year the department has made some of the most sweeping and innovative changes in Alaska's state government. DHSS Commissioner Joel Gilbertson undertook a major reorganization to better serve all Alaskans in need.

The Governor met with seniors
at the State Fair

Self-Sufficiency, Safety Net and Access to Care

The work of the Department of Health and Social Services is guided by three core values: protecting each individual's right to live as self-sufficiently as possible; providing a safety net of services to those in the greatest need; and providing the broadest possible access to care. It is those core values that guide the department's work in serving seniors and in serving all Alaskans.



Division of Senior and Disabilities Services

One of the department's major initiatives in 2003 was to establish a new Division of Senior and Disabilities Services to care for seniors and the disabled in one agency. This division helps provide better access to a wide range of the services that seniors and people with disabilities need and deserve.

Making Hard Choices: Taking Care Of Those In Need

Governor Murkowski has said that one of the hardest decisions he had to make in 2003 was ending the Longevity Bonus program in order to redirect available financial resources to those seniors with the most serious needs. The Governor's commitment was to make sure seniors with the greatest need receive services. More than 1,100 elderly Alaskans who had been excluded from the Longevity Bonus program are among the 7,200 seniors now receiving needed assistance under the new Alaska Senior Assistance Program. The old program provided 18,000 of Alaska's 44,000 citizens over the age of 65 with monthly bonus checks, but deprived the other 26,000 of any such payment at all. And with eligibility for the old program based solely on date of birth – not on actual need – some of Alaska's most wealthy seniors got monthly checks, while others with significant needs got nothing. The new program provides funding for Alaskans in need who were not receiving any bonus payments. Of the 7,211 applicants qualifying for the new program, 6,072 had received the Longevity Bonus and 1,139 had not.

How We Compare To Other States

Alaska ranks near the top of the list of states in terms of services we provide to older residents. Alaska not only offers an array of services through the Department of Health and Social Services, but many other senior benefit programs as well. Property tax exemptions, sales tax exemptions, community service training and employment programs, hunting and fishing license exemptions, discounted ferry and Alaska Railroad

fares and driver's license discounts are all among the many ways the state shows respect and gratitude to older Alaskans who have helped make Alaska what it is today.

Introducing "SeniorCare" – A New Program For Alaska Seniors

Governor Murkowski believes that Alaskans should be provided the opportunity to direct and have access to necessary medical care as close to home and community as possible. The governor is committed to protecting access to prescription drugs for seniors, as well as providing better access to senior services. This commitment brought about some new services to help Alaska seniors in a program called "SeniorCare," which will provide help with prescription drugs, access to healthcare, and information about senior benefits, senior resources and referrals.



NEW! "SeniorCare"

The Senior Assistance Program has been brought under a new program called "SeniorCare." Eligible seniors will soon be provided an option to receive a prescription drug benefit in lieu of cash assistance as provided under the Senior Assistance Program. A prescription drug benefit will be offered to an additional group of eligible seniors needing assistance. The "SeniorCare" prescription drug benefit is anticipated to be offered April 2004, pending legislative approval.

NEW! "SeniorCare" Prescription Drug Benefit: Anticipated to start in April, this program will provide a bridge for seniors needing assistance until the new federal Medicare prescription drug program goes into effect in 2006. Seniors

who qualify for the Senior Assistance Program (135 percent of the poverty level), and who do not receive Medicaid prescription drug coverage, will be provided a choice between the new "SeniorCare" prescription drug subsidy of \$1,600 a year (prorated) or to continue with cash assistance. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the "SeniorCare" prescription drug benefit will have a combined benefit of \$2200 a year. Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1000 a year.

"SeniorCare" Senior Assistance Program: Currently, Alaskans 65 and older at 135 percent of poverty level can receive cash assistance of \$120 per month. By April, the seniors who qualify for this program will be offered a new option of receiving the "SeniorCare" prescription drug benefit in lieu of the cash benefit, for a total drug subsidy of \$2,200. With a higher income eligibility level than Adult Public Assistance, the Senior Assistance Program now helps over 7,600 seniors – about 15 percent of whom had never received the Longevity Bonus. Alaska will spend more than \$9 million on this program in the current fiscal year.

Total Medicaid Program Assistance: Prescriptions, medical care, hospitalization and other services are provided to more than 7,000 elderly eligible Alaskans at a cost of \$119.6 million a year. Alaska spends almost \$100 million on prescription drugs annually through Medicaid, with 25 percent annual cost increases expected in the future.

NEW! Medicaid Preferred Drug List: The Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The Preferred Drug List will protect Alaska low-income seniors' access to prescription drugs, and will provide a valuable resource for all seniors to compare prescription drug costs. Once approved, the list will be made available through the Alaska Senior Information Office, allowing seniors to work with their physicians to identify cost effective drugs that are right for them.

NEW! Senior Information Office: Find a one-stop resource and referral for benefits and services for seniors in the State of Alaska. Scheduled to be in place by mid-January, the Alaska Senior Information Office will provide a statewide toll-free telephone number for information on services available to seniors,

including: an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including "SeniorCare," prescription drug information and assistance for seniors.

Assistance with Medicare Costs for Low-Income Seniors: Premium, co-pay and deductible coverage is provided to those who qualify.

330 Clinics/Denali Commission: Federally funded clinics are being constructed in rural communities with assistance from the Denali Commission, to provide greater access for Medicaid and Medicare patients.

Other Programs for Alaska's Seniors

Please take a moment to learn about some of the other current programs that support Alaska's seniors.

Promoting self sufficiency and healthy behaviors

People should be provided the opportunity to be as independent and healthy as possible.

Long-Term Care Financial Assistance and Services

Home and Community-Based Programs: Seniors with dementia, those in rural areas, and other seniors in need are eligible for home- and community-based assistance programs. This program totals about \$4.6 million annually in state funding.

IMPROVED! Assisted Living Development Investment: We are working with the Denali Commission to develop community-based assisted living services in rural communities.

Older Alaskans Waiver Services: More than 1,350 seniors who are eligible for nursing home care chose to receive care at home instead. This program provides assistance to seniors who meet income criteria at a cost of about \$25.5 million each year.

Personal Care Attendant Program: People with functional impairments and who meet income eligibility requirements are served by this program, at a cost of \$21.8 million for seniors.

IMPROVED! Alaska Pioneers Homes: Alaska's licensed assisted living facilities in Fairbanks, Palmer, Anchorage, Juneau, Sitka and Ketchikan provide more than 600 beds for Alaska's seniors. A person age 65 with one year Alaska residency can qualify for the Pioneers Homes. Rates are subsidized for low-income seniors. Alaska provides these services at a cost of about \$35.7 million a year. Additionally, the state is proposing to invest more than \$3 million to upgrade the Alaska Pioneers Homes in the next fiscal year.

Assisted Living Licensing: More than 1,700 assisted living beds are available in approximately 150 homes. There is no income criterion for this program.

Nursing Homes: The state of Alaska provides assistance to almost 950 people, largely seniors, in need of nursing home or home- and community-based waiver services. The state spent about \$61.3 million in fiscal year ending June 30, 2003, on Medicaid nursing home services.

Transportation

Transportation services: Seniors and disabled residents get help in getting around town through local transportation services in communities statewide, such as AnchorRide in Anchorage, and Care-A-Van in Juneau. Alaska provides about \$1.3 million annually for this program.

Employment Services

Senior Community Service Training and Employment: This program offers vocational training and job placement services to low-income Alaskans age 55. The state provides \$1.6 million a year to support this effort.

Providing a safety net

Basic human needs should be met through a safety net of services in a safe and healthy community environment

Financial Assistance

Adult Public Assistance: This program can provide Alaskans age 65 and older with Medicaid coverage, and, for those meeting income eligibility guidelines, with monthly cash assistance to supplement SSI. The state pays about \$18.6 million annually for this program.

Food Stamps: This program helps ensure that those Alaskans meeting certain eligibility guidelines receive adequate nutrition. Almost 1,100 Alaska seniors receive \$2.4 million in food stamps each year.

Photo by Hall Anderson/Ketchikan Daily News



DHSS Commissioner Joel Gilbertson with seniors

Other financial assistance

Housing Assistance: The Alaska Housing Finance Corporation offers senior housing with rent limits for qualifying seniors.

Heating Assistance Program: This federally funded program helps low-income families, whether home owners or renters, meet the high costs of keeping their homes warm.

Assurance of Safety

IMPROVED! Adult Protective Services: This program provides vulnerable adults with assistance and targets seniors in need. The demand for this service continues to grow, and the department is reviewing ways to have other departments, such as Public Safety, work collaboratively in this effort. Alaska provides this service for about \$2 million a year.

Guardianships and Conservatorships: More than 850 adults take part in this program offered by the Office of Public Advocacy at a cost of \$1.6 million per year to the state.

Long Term Care Ombudsman: This office investigates reports concerning the well being and rights of seniors who live in long-term care facilities. The office also works to resolve concerns that those over age 60 may have with other services. The state spent \$208,000 on this service in the last fiscal year.

Services through Senior Centers

Senior Centers: State and federal grants help support 31 senior centers in Alaska.

Meal Transportation and Support: More than 100 Alaska communities receive help in providing nutritional services to those over age 60 at senior centers or similar centers, and through programs delivering meals to seniors' homes. Nutrition and health education is also provided. Alaska spends about \$5.8 million a year on these programs through the Alaska Commission on Aging.

FOR INFORMATION CALL: ALASKA SENIOR INFORMATION OFFICE

Statewide: 1-800-478-6065

Anchorage: 907-269-3680

Alaska Department of Health & Social Services Division of Senior and Disabilities Services



Comparison of Qualifications and Benefits

	SeniorCare Prescription Drug Subsidy	SeniorCare Cash Assistance Subsidy	SeniorCare Prescription Drug Subsidy
Qualifications	<ul style="list-style-type: none"> ➤ 135% of Poverty Level ➤ Annual Income below \$15,135 Single \$20,439 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple 	<ul style="list-style-type: none"> ➤ 135% of Poverty Level ➤ Annual Income below \$15,135 Single \$20,439 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple 	<ul style="list-style-type: none"> ➤ 135% to 150% of Poverty Level ➤ Annual Income below \$16,815 Single \$22,710 Couple ➤ Liquid Assets below \$4,000 Single \$6,000 Couple
SeniorCare Benefit April 2004 - December 2005	<ul style="list-style-type: none"> ➤ \$1,600 Annual Prescription Drug Subsidy (prorated) 	<ul style="list-style-type: none"> ➤ \$120 a month cash assistance (up to \$1,440 annual) 	<ul style="list-style-type: none"> ➤ \$1,000 Annual Prescription Drug Subsidy (prorated)
Medicare Benefit May 2004 - December 2005	<ul style="list-style-type: none"> ➤ Annual Medicare Subsidy \$600 ➤ Medicare drug discount 	<ul style="list-style-type: none"> ➤ Annual Medicare Subsidy \$600 ➤ Medicare drug discount 	<ul style="list-style-type: none"> ➤ Medicare drug discount

HB 374



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 2004

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of article III, section 18 of the Alaska Constitution I am transmitting a bill establishing the "SeniorCare" program.

Prescription drug prices have spiraled upwards for years, placing a heavy financial burden on Alaska's seniors. This past year my administration has initiated a number of reforms to our Medicaid program that will help assure that seniors receive the safest and most clinically appropriate prescription drugs they need at a reasonable cost. Among these reforms is the development of a preferred drug list, requiring prior authorization for certain drugs, and expanding case management of high-cost clients; often persons with chronic conditions that require a large number of medications.

This fall, Congress approved a comprehensive package of Medicare prescription drug subsidies. However, these subsidies are not fully effective until 2006. This creates a gap for seniors who need immediate assistance. SeniorCare is an innovative program, which bridges that gap for Alaska's seniors. The Senior Assistance Program, which I established this year to help Alaska's neediest seniors, has been brought under SeniorCare.

The SeniorCare program would provide two levels of subsidies, based on income. An individual who has an annual income of up to 135 percent of the federal poverty level for Alaska, and who is not already receiving a prescription drug benefit through Medicaid, may choose to receive up to \$1,600 a year in prescription drug subsidies or to receive a monthly cash payment of \$120. An individual who has an annual income of more than 135 percent but no more than 150 percent of the federal poverty level for Alaska may receive up to \$1,000 a year in prescription drug subsidies, but

The Honorable Pete Kott
January 9, 2004
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would not be eligible for the alternative cash payment. In addition, under federal law separate from this bill, the temporary Medicare prescription drug subsidy would add an extra \$600 per year of prescription drug coverage to the first group.

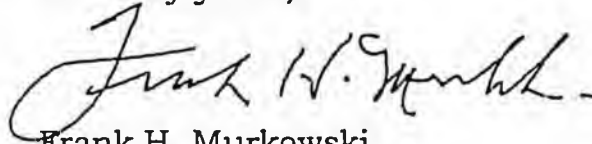
Eligibility for the program would be limited to Alaska's most needy seniors. The program would not pay for prescription drug subsidies for seniors who already receive coverage under Medicaid or certain similar prescription drug subsidy programs. Eligibility for the program would be further defined by regulations developed by the Department of Health and Social Services under authority granted in this bill. Until those regulations are in effect, the eligibility requirements that govern the Alaska Senior Assistance Program (established by regulation in 2003) would govern the SeniorCare program. This would ensure that the SeniorCare program could go into operation without delay.

Prescription drug subsidies under the program would cover almost all prescription drugs, insulin and insulin syringes, and would require that, if available, cheaper and therapeutically equivalent generic drugs must be used unless a medical professional indicates that a brand name is medically necessary. This requirement would ensure that the subsidies would cover the maximum amount possible of each recipient's prescription drug costs.

The SeniorCare program is designed to help Alaska's seniors meet their financial and prescription drug needs. When the new Medicare prescription drug subsidy administered by the federal government begins, SeniorCare would be discontinued.

I urge your prompt and favorable action on this measure.

Sincerely yours,



Frank H. Murkowski
Governor

Enclosure



Fact Sheet

SeniorCare is a proposed array of services for Alaska seniors. SeniorCare bridges a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006, and provides a statewide senior information, resource and referral service for all Alaska seniors.

Seniors who qualify for this year's Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage, will be provided a choice starting in April 2004 pending legislative approval. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$120 a month, which totals \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year.

Other services offered through SeniorCare include a new Senior Information Office through the Division of Senior and Disabilities Services. This office will be a one-stop resource for information seniors need. The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance.

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most efficacious, cost-effective and safe. The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office. The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

Current programs for seniors which will fall under SeniorCare include comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. About 7,000 eligible seniors receive prescription drugs, medical care, hospitalization and other services from the state at a cost of \$119.6 million a year. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

To be eligible for the two levels of SeniorCare benefits, a senior age 65 or older must meet the following eligibility criteria:

First Level: Seniors eligible to receive the \$1,600 Senior Care Prescription Drug Subsidy or \$1,440 Senior Assistance Program cash assistance:

- Individuals may have an annual gross income of up to \$15,134, couples a combined annual gross income of up to \$20,439 (below 135 percent of the federal poverty level). Permanent Fund Dividend income is not counted.
- Participants receiving Medicaid prescription drug coverage are only eligible for cash assistance, and are not eligible for the SeniorCare prescription drug benefit.

Second Level: Seniors eligible to receive the \$1,000 Senior Care Prescription Drug Subsidy only:

- Individuals may have an annual gross income of up to \$16,815, couples a combined annual gross income of up to \$22,710 (between 135 percent and 150 percent of the federal poverty level). Permanent Fund Dividend income is not counted.

Assets allowed:

- Individuals may have assets up to \$4,000, couples combined assets up to \$6000.
 - Assets not counted include a home, funds set aside for burial, automobiles, real estate and other real property.
 - Only liquid assets are counted such as cash and those assets easily converted to cash (e.g., stocks, bonds, IRAs, etc.).

For individuals, eligibility is based solely on their own income and assets. For married couples that are living together, eligibility is based on their combined income and assets regardless of whether one or both are 65 or older.

Other eligibility criteria:

- The senior must be a US citizen or legal alien, a resident of Alaska, and must intend to remain a resident of Alaska throughout the duration of the program.
- Only those seniors living independently (outside an institution such as a nursing home, Pioneer Home, API) are eligible.

Once they receive the benefit, recipients must report changes in residence, mailing address or the death of a spouse within 10 days.

The Benefit:

Seniors who qualify for this year's Senior Assistance Program, and who are not receiving Medicaid prescription drug coverage, will be provided a choice. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year.

How to Apply

Seniors who meet the eligibility criteria need apply only once by mail. The application asks for information about income and assets, and requires a signature to confirm the truthfulness of the statement given. No additional proof of income or assets is required.

If found eligible, the individual will receive written notice, and begin receiving the benefit following the month of application.

Applications for the current Senior Assistance Program are available at senior centers, libraries, offices of the Division of Public Assistance and at variety of other community agencies and at <http://www.hss.state.ak.us/dpa/>. Application forms for the new prescription drug benefit will be available spring 2004 at the same outlets.

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

Alaska Department of Health & Social Services
Division of Senior and Disabilities Services
SeniorCare Senior Information Office
Statewide: 1-800-478-6065
Anchorage (907) 269-3680
www.seniorcare.alaska.gov



Frequently Asked Questions

Q: What is SeniorCare?

SeniorCare is a proposed array of services for Alaska seniors. SeniorCare bridges a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006, and provides a statewide senior information, resource and referral service available for all Alaska seniors.

In the current Senior Assistance Program, eligible seniors receive a cash benefit of \$120 per month to help with basic needs such as food, housing and medication. Starting in April 2004, a prescription drug subsidy will be available to these same Alaska seniors, if approved by the Alaska Legislature. In the program, certain eligible seniors will have the option of selecting either the prescription drug subsidy or the cash benefit. A prescription drug benefit will also be offered to an additional group of eligible seniors needing assistance.

Seniors who qualify for this year's Senior Assistance Program (65 and older and 135 percent of the poverty level), and who are not receiving comprehensive Medicaid prescription drug coverage, will be provided a choice this spring. They will choose between receiving the new SeniorCare prescription drug subsidy of \$1,600 a year or to continue to receive the Senior Assistance Program cash assistance of \$1,440 a year. Together with the \$600 Medicare subsidy to begin this spring, these eligible seniors opting for the SeniorCare prescription drug benefit will have a combined benefit of \$2,200 a year.

Additionally, seniors between 135 percent and 150 percent of poverty level will receive a prescription drug benefit of \$1,000 a year. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple.

Other services offered through SeniorCare include a new Senior Information Office through the Division of Senior and Disabilities Services. This office will be a one-stop resource for information seniors need. The Alaska Senior Information Office will provide a statewide toll-free telephone number and Web site for information on services available to seniors, including an up-to-date directory of local physicians who accept Medicaid and Medicare clients, available programs and services including SeniorCare, and prescription drug information and assistance for seniors.

The Medicaid Preferred Drug List, scheduled to be in place by early 2004, will contain costs for prescription drugs provided to those receiving Medicaid. The list will contain recommendations, selected by Alaska physicians and pharmacists, on drugs that are proven to be the most

efficacious, cost-effective and safe. The Preferred Drug List will also provide a valuable resource for all seniors to compare prescription drug costs, and will enable seniors to work with their physicians to identify cost-effective drugs that are right for them. Once implemented next spring, seniors can get the list from the new Alaska Senior Information Office.

The Senior Information Office and the Preferred Drug List will not need legislative approval to be implemented.

Current programs for seniors which will fall under SeniorCare includes comprehensive Medicaid health insurance coverage and Medicare cost-sharing assistance for low-income seniors. In addition, DHSS will continue to work with the Denali Commission and others to ensure greater access to healthcare for Medicaid and Medicare patients.

Q: When will the SeniorCare prescription drug benefit be made available?

It is anticipated that the prescription drug subsidy will begin April 1, pending legislative approval, and it will be available until the full Medicare prescription drug benefits begin in January 2006.

Q: Who is eligible for the SeniorCare prescription drug subsidy or cash benefit?

The individual must be age 65, a US citizen or legal alien, a resident of Alaska, and must plan to remain in Alaska for the duration of the program. Those seniors opting for the prescription drug subsidy must also have the Medicare Drug card, once it is available, about May 2004.

Seniors with income below 135 percent of the federal poverty level (annual income less than \$15,134), and liquid assets of no more than \$4,000 will qualify for the program. Couples living together who are married may have an annual income of no more than \$20,439 and assets of no more than \$6,000. Seniors who qualify for the SeniorCare program and who do not receive Medicaid prescription drug coverage, will be able to choose cash assistance or the new SeniorCare prescription drug subsidy of \$1,600 a year (prorated).

Seniors with income between 135 percent and 150 percent of poverty level will also qualify for a prescription drug subsidy. The qualifying income level for these seniors would be those making below \$16,815 for an individual or \$22,710 for a couple. New federal poverty guidelines will be released early in 2004 and income level guidelines may change.

Q: Are all my income and assets counted for purposes of eligibility?

No. Permanent Fund Dividend income is not counted. Also, only liquid assets are counted. Liquid assets are cash or other resources that can easily be converted to cash. Liquid assets include cash, bank accounts, stocks, bonds, individual retirement accounts, money market certificates, cash value of life insurance, etc. A home, automobiles and other real property are not counted for purposes of eligibility.

Q: My spouse is over 65, but I'm not. Do we have to count my income and assets as well?

Yes. Eligibility is based on the combined income and assets of couples who are married and living together regardless of whether one or both is eligible to receive the benefit.

Q: I live in an assisted living home. Am I eligible for the Alaska SeniorCare Program?

Yes. Seniors living independently or in assisted living homes are eligible. You are not eligible if you are living in a nursing home or other institutional setting.

Q: Will SeniorCare prescription drug benefit cover all drugs?

No. The benefit will not cover over-the-counter drugs, vitamins, or any medical supplies currently not covered under Medicaid. This benefit will follow the current Medicaid formulary for seniors, so drugs normally not dispensed to seniors will not be covered under this program.

Q: How will SeniorCare prescription drug benefit work with Medicare and other insurance coverage?

SeniorCare will be the payer of last resort. Medicare and other insurance will be the first payer for prescription drugs, and the SeniorCare benefit will follow after the first benefits have been exhausted.

Q: Will I need to pay to sign up for the SeniorCare prescription drug benefit?

No. SeniorCare does not require an enrollment fee, co-payments for prescriptions or premium payments.

Q: Can I leave the state and still receive the benefit?

It depends. If you are only leaving temporarily and plan to remain an Alaska resident, you will remain eligible, though you may not be able to use your benefit while out of state.

However, if you intend to change your state of residence, the benefit will end. Other states are not offering the SeniorCare program.

Q: I receive Adult Public Assistance. Will I be eligible for the Alaska SeniorCare Program?

You are eligible for the cash assistance benefit, but if you are receiving Medicaid prescription drug coverage, you will not be eligible for the SeniorCare prescription drug subsidy.

Q: How can I apply for SeniorCare prescription drug or cash assistance?

Applications for the cash assistance Senior Assistance Program are currently available at Division of Public Assistance offices, at senior centers around the state, and at a variety of other community service agencies. Seniors who meet the eligibility criteria need apply only once by mail or online. The application asks for information about income and assets, and requires a signature to confirm the truthfulness of the statement given. No additional proof of income or assets will be required.

Application forms for the new prescription drug benefit will be available spring 2004 at the same outlets mentioned above and available on-line through the DHSS Web site.

Q: I am currently receiving the Senior Assistance Program cash benefit. How can I choose to receive the Alaska SeniorCare prescription drug benefit?

You will receive information on the new prescription drug option before the benefit is set to begin in April 2004. You will receive a form asking your preference. You will simply need to indicate your choice to switch to the new option and send it in.

Q: I have not yet applied for the Senior Assistance cash benefit. When I apply, how will I know if I've been found eligible for the program?

You will receive a written "notice of award" informing you that you are eligible, and when your benefit will begin.

Q: Once I begin receiving the Alaska SeniorCare prescription drug or cash benefit, is there anything I must do to maintain my eligibility for the benefit period?

You are required to report changes in mailing or residence address, the death of an individual receiving assistance, or admission or discharge from a nursing home or other institutional setting. We may periodically review eligibility.

Q: How long will SeniorCare benefits be offered?

Anticipated to begin in April 2004 pending approval by the Alaska Legislature, SeniorCare will bridge a gap for low-income seniors until the full Medicare prescription drug coverage begins in January 2006. The SeniorCare prescription drug and cash benefit will end when the full Medicare prescription drug begins in January 2006.

Q: How many seniors does the state anticipate to participate in the SeniorCare prescription drug benefits?

Of the more than 47,000 seniors in Alaska, about 7,200 seniors are now receiving cash assistance under the Senior Assistance Program. A number of these seniors now receive prescription drugs, medical care, hospitalization and other services from the state. Seniors receiving Medicaid prescription drug coverage would not be able to receive SeniorCare prescription drug coverage, but would continue to qualify for the SeniorCare Senior Assistance Program cash assistance.

About 2,000 seniors who are enrolled in the Senior Assistance Program do not currently qualify for Medicaid services and would be able to choose to switch to the prescription drug benefit from the cash assistance. It is estimated that about 630 eligible seniors will choose to receive the SeniorCare prescription drug benefit.

Additionally, it is estimated that about 2200 seniors would fall within the 135 percent to 150 percent of the federal poverty level to qualify for the SeniorCare \$1,000 prescription drug benefit. It is estimated that all if not most of these eligible seniors will choose to receive the SeniorCare prescription drug benefit.

Q: How do I contact the SeniorCare Senior Information Office?

The toll-free telephone number for the SeniorCare Senior Information Office is 1-800-478-6065 (Anchorage 907-269-3680) and the Web address is: <http://www.seniorcare.alaska.gov>

Alaska Department of Health & Social Services
Division of Senior and Disabilities Services
SeniorCare Senior Information Office
Statewide: 1-800-478-6065
Anchorage (907) 269-3680
www.seniorcare.alaska.gov



JAN 12 2004

January 12, 2004

The Honorable Peggy Wilson, Chair
House Committee on Health, Education and Social Services
Alaska State Capitol, Room 104
Juneau, Alaska 99801-1182

Dear Chair Wilson:

RE: SeniorCare (Governor Murkowski) - Support

On behalf of the AARP members in Alaska, we encourage you and your colleagues on the House Committee on Health, Education, and Social Services to support Governor Murkowski's SeniorCare proposal.

As you know, many older Alaskans faced very difficult financial situations with the loss of the Longevity Bonus. I am sure you heard from your constituents, as we did from our members, that their retirement budgets were significantly impacted by this loss after they had already been retired.

The Senior Assistance Program does not replace the Longevity Bonus, but helps over 7,000 older Alaskans cope financially in their later years. This program was projected to end June 30, 2004.

The SeniorCare program will extend the Senior Assistance Program, for those who qualify and choose to participate, until January 1, 2006. On that date the new federal Medicare prescription drug benefits will begin. During the debate about the Governor's proposal to eliminate the Longevity Bonus, we indicated in our testimony that many older Alaskans told us that they used the Bonus to purchase prescription drugs that, as you know, have had disproportionately high increases every year. The Senior Assistance Program checks have helped to cover at least some of those same costs.

The SeniorCare program offers older Alaskans a choice: to continue to receive the monthly Senior Assistance checks or to receive assistance with their out-of-pocket prescription drug costs until January 1, 2006, when the Medicare prescription drug benefit begins. Any assistance that will help eligible older Alaskans cope with the increasing costs of prescription medications will be welcome. As a nurse, you know better than most how important it is to be able to afford prescription drugs. It's just smart medicine and certainly older Alaskans will appreciate the financial support.

In addition, the SeniorCare program will have a new class of an estimated 2,200 older Alaskan beneficiaries who will be eligible for state prescription drug assistance of \$1,000 annually. These citizens have incomes between 135% and 150% of the federal poverty level. They do not qualify for the Senior Assistance program and this is a group that also faced difficulties when the Longevity Bonus was eliminated. The SeniorCare program will help them with prescription drug costs until the Medicare program begins in two years.

The SeniorCare proposal also provides two additional staff for a Senior Information Office. In all our AARP surveys, access to helpful information is always cited as a critical need by older persons as well as younger family members who may be caring for older relatives. We anticipate that these new staff positions will help answer those questions for an ever-growing senior population and provide local contacts and guidance.

AARP particularly applauds the last part of the SeniorCare program: the Medicaid preferred drug list (PDL).

All of us, legislators and citizens alike, are frustrated by the rising costs of prescription drugs in the Medicaid program. "Whatever the market will bear" increases in prescription drug costs cannot continue without devastating our state budget.. Many states have already established preferred drug lists as a tactic to rein in prescription spending while still providing the most effective therapy available. States that have implemented Medicaid PDL's have generally saved at least 10% on prescription costs. It is just good common sense. Why should Alaska pay for a more expensive medication when a less expensive one is available, especially when it has been found scientifically to be equivalent or even more effective? AARP supports PDL's - with appropriate consumer protections - to avoid cuts in Medicaid eligibility or benefits and to expand access to affordable drugs. The Alaska preferred drug list that is currently being developed provides those consumer protections that AARP considers important.

PDL's also take advantage of pharmaceutical manufacturers' desires for market share. Anyone who watches 30 minutes of television understands how serious pharmacy companies are about direct-to-consumer marketing. With the companies spending more money on marketing than research, PDL's offer them an opportunity to expand the market share they obviously desire.

The Alaska program is being developed at a fortunate time. Federal funding for state efforts has resulted in unbiased information for therapeutic effectiveness comparisons

between drugs in the same class and making prudent purchasing decisions based on scientific evidence, not marketing claims.

In the past, we have not had a "Consumer Reports" for prescription drugs. All we had were the claims of the manufacturer or the television image of how much better life would be if we only took that particular brand name medicine. Now, however, PDL's are being developed using scientific evidence on effectiveness as well as cost.

Think about this. When a drug company seeks approval for a new drug from the FDA, they are only required to prove that their medication is more effective than a sugar pill. They are not required to prove that their product is more effective than drugs that are already on the market to treat a particular condition.

The Alaska Preferred Drug List will be our "Consumer Reports" for prescription drugs. It will be based on clinical evidence and standards of practice. Costs will be considered but only after safety and therapeutic efficacy.

When a physician determines it is medically necessary, he/she can prescribe a drug that is not on the PDL.

The comparative information on the PDL will be good consumer information for all of us, whether we are Medicaid beneficiaries or not. AARP believes the Alaska PDL will help us to be more prudent prescription drug consumers with information on costs as well as effectiveness. We applaud the steps already taken by Commissioner Gilbertson and the Alaska health professionals who are developing the PDL.

Although we have not seen any necessary or specific legislative language, "we like what we hear." We will be glad to comment further when the legislation and regulations are available.

When we survey our members about their prescription problems, their concerns generally come down to access and affordability. AARP anticipates the proposed SeniorCare program will help older Alaskans and all Medicaid beneficiaries with both these issues.

We encourage you and your Committee colleagues to support the SeniorCare program.

Should you have any questions about our position, please feel free to contact Marie Darlin, Coordinator of the AARP Capital City Task Force (907-586-3637); Patrick Luby, AARP Legislative Representative (907-762-3314); or me (907-245-5259).

Thank you for your consideration.

Sincerely,

Marguerite Stetson

Marguerite Stetson
AARP State Coordinator for Advocacy
3009 Northwood Street
Anchorage, AK 99517-1871
907-245-5259 (voice)
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ffmas@aurora.uaf.edu

cc: Vice-Chair Carl Gatto
Representative John Coghil
Representative Paul Seaton
Representative Kelly Wolf
Representative Sharon Cissna
Representative Mary Kapsner
Governor Frank Murkowski
Commissioner Joel Gilbertson
Marie Darlin
Patrick Luby



DISABILITY LAW CENTER OF ALASKA

230 South Franklin, #206
Juneau, Alaska 99801

(907) 586-1627 phone
(907) 586-1066 fax

TO: DISTRIBUTION
(see below)

FROM: Bob Briggs

DATE: 1/16/04

FAX: _____

No. of pages, including cover sheet: (5)

Comments: yesterday Re: HB 374 / SB 259

I started circulating the attached information about a little-discussed population of Medicare-only recipients who do not have prescription drug coverage - ^{disabled} Alaskans under age 65. I am trying to communicate w/ all House & Senate Finance committee members that while HB 374 and SB 259 provide a bridge for Rx coverage for seniors on Medicare until federal benefits begin in 2006, there is a whole group of ^{disabled} Alaskans with identical needs -- ^{disabled} Alaskans on Medicare only under age 65 -- so I pose the question, "Can we widen the bridge?"

I must work today on client-related matters, but please find the material I have been distributing, I will stop by your offices next week to discuss further & try to arrange meetings to further discuss this idea.

Distribution: Sen. Thorniault Sen. Stedman Rep. Harris Rep. Williams
 Sen. Ben Stevens Sen. Elton Rep. Meyer Rep. Chevront
 Sen. Hoffman Rep. Kott Rep. Foster Rep. Whitaker
 -PRIVILEGED AND CONFIDENTIAL- Rep. Moses

can the bridge be widened?

PRESCRIPTION DRUGS AND YOUNGER MEDICARE BENEFICIARIES WITH DISABILITIES

The language used to discuss Medicare prescription drug coverage perpetuates the myth that Medicare beneficiaries are all over age 65. BNA's *Medicare Report* for February 2, 2001 proclaims, "Bush Unveils Prescription Drug Plan to Help *Seniors* Through State Grants." (Emphasis added.) The Congressional Progressive Caucus titles its more comprehensive prescription drug bill, "The Medicare Extension of Drugs to *Seniors* (MEDS) Plan." (Emphasis added.) But what about the over five million Medicare beneficiaries who are under 65 and who are eligible based on disability? No Medicare prescription drug benefit should be designed, intentionally or unintentionally, to exclude this population.

According to "Disability, Medicare, and Prescription Drugs," a report issued July 31, 2000 by the White House National Economic Council and Domestic Policy Council,

- About 75% of younger disabled Medicare beneficiaries, as compared with half of elderly beneficiaries, have incomes of less than 200% of poverty, about \$17,000 per year for an individual;
- About 60% of younger, disabled Medicare beneficiaries with disabilities report "fair to poor" health status as compared with about 22% of elderly beneficiaries. Moreover, 30% have functional limitations due to health problems, compared with 18% of the elderly.
- Beneficiaries with disabilities use an average of 28 prescriptions per year, compared with 20 for the overall Medicare population. Moreover, those with disabilities also use more expensive medications; as a result, beneficiaries with disabilities spend on average \$1,016 per year for prescription drugs compared with \$674 for all Medicare beneficiaries.
- Beneficiaries with disabilities are also less likely than older beneficiaries to have prescription drug coverage through retiree health plans, Medicare managed care plans, or Medigap insurance.

It would indeed be ironic if Congress's response to the lack of drug coverage for Medicare beneficiaries would exclude Medicare beneficiaries under 65 who are more vulnerable than most aged Medicare beneficiaries. Yet that is exactly what Congress has done by allowing Medigap insurers to medically underwrite Medicare beneficiaries under 65, while requiring that Medicare beneficiaries over 65 are treated as a community rated group. Moreover, many states have created state pharmaceutical assistance programs for low income Medicare beneficiaries that exclude Medicare beneficiaries under 65. It also appears that the Administration's proposed state block grant for pharmaceutical assistance for low income Medicare beneficiaries may have the unintended consequence of perpetuating these inequitable exclusions of Medicare beneficiaries under 65.

In crafting a Medicare prescription drug benefit, law-makers need to assure that all Medicare beneficiaries, regardless of income, age or basis for Medicare eligibility, have access to a uniform and affordable prescription drug benefit. In discussing the prescription drug issue law-makers and the press should also be careful to correct the mistaken impression that Medicare is a program only for older people.



**MEDICARE'S DISABLED BENEFICIARIES:
THE FORGOTTEN POPULATION IN THE DEBATE
OVER DRUG BENEFITS**

Becky Briesacher, Bruce Stuart, Jalpa Doshi, and Sachin Kamal-Bahl
University of Maryland School of Pharmacy

and

Dennis Shea
The Pennsylvania State University

September 2002

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Copies of this report are available from The Commonwealth Fund by calling our toll-free publications line at 1-888-777-2744 and ordering publication number 573. The report can also be found on the Fund's website at www.cmwf.org. Copies are also available from the Henry J. Kaiser Family Foundation website at www.kff.org (publication number 6054) or by calling 1-800-656-4533.

EXECUTIVE SUMMARY

The ongoing debate over the addition of a prescription drug benefit to Medicare's benefit package has focused primarily on the needs of the elderly. The needs of Medicare's nonelderly, disabled beneficiaries have received considerably less attention. There are around 5 million Medicare enrollees who are under age 65 but qualify for Medicare because they are totally and permanently disabled. Prescription drug coverage is critical for this population, which is more likely than the elderly to live in poverty, be in poor health, and experience difficulties living independently and performing basic daily tasks.

This analysis draws upon the 1998 Medicare Current Beneficiary Survey Access to Care and Cost and Use Files to describe the prescription drug experiences of Medicare beneficiaries under 65 who are living with disabilities. The key findings are:

- The disabled are heavy users of medications, filling more prescriptions than the elderly in 1998 (34 vs. 25, respectively) and spending more on drugs annually (\$1,284 vs. \$841).
- Overall rates of drug coverage throughout 1998 were comparable for under-65 disabled and elderly beneficiaries (79% and 76%, respectively). Medicaid was the primary source of drug coverage for the under-65 disabled, assisting one of three such beneficiaries, but was the source for only one of 11 seniors. Elderly beneficiaries, on the other hand, were more likely to have prescription coverage through an employer-sponsored health plan.
- Out-of-pocket drug spending varies by source and stability of coverage. Under-65 disabled beneficiaries who lacked drug coverage for the entire year in 1998 had significantly higher out-of-pocket spending (\$499) than did those with full-year coverage (\$314).
- Out-of-pocket drug spending also varies widely by type of coverage. For disabled beneficiaries under age 65 who had drug coverage through Medigap, out-of-pocket costs averaged \$601 in 1998—more than was paid by those without Medigap coverage (\$499). Disabled beneficiaries with employer-sponsored drug coverage and those enrolled in Medicaid had average out-of-pocket drug costs of \$375 and \$199, respectively.
- Disabled beneficiaries' high drug costs and low incomes make paying for prescription medications particularly burdensome. More than a quarter (27%) of all under-65 disabled beneficiaries spent 5 percent or more of their annual incomes on

prescription drugs in 1998, with the proportion rising dramatically for those with coverage for only part of the year (36%) or no coverage at all (44%).

- Access problems are exacerbated for those with unstable or no drug coverage, particularly among the disabled. Compared with those with full-year coverage, disabled beneficiaries without prescription benefits were nearly three times more likely not to fill all of their prescriptions and more than twice as likely to delay care because of costs.
- The types of medications typically used by the disabled differ considerably from those used by the elderly. Psychotherapeutics, for example, are the prescriptions most commonly filled by the disabled (57% use this group of drugs), but they rank only 10 among drugs used by the elderly (23%). The disabled are also far heavier users of analgesics and central nervous system drugs, whereas the elderly are most apt to use heart medications.

The under-65 disabled Medicare population faces a daunting combination of low income, poor health status, heavy prescription use, and high medication bills. Yet with the exception of Medicaid, disabled Medicare beneficiaries have few options for obtaining stable and comprehensive prescription drug coverage. All of these factors place the disabled at special risk.

Some policymakers have proposed linking a Medicare drug benefit to the medications most often used by the elderly. If that were to happen, the findings presented here suggest that the disabled would be systematically disadvantaged. If the drug benefit consists mainly of government subsidies to private insurers, few disabled beneficiaries are likely to receive assistance. While most recent Medicare prescription drug benefit proposals do not consider restricting the benefit to those medications most often used by the elderly, as some earlier proposals did, this does not mean that access to medications for disabled Medicare beneficiaries would not be difficult. Formulary restrictions, drug utilization review, and other administrative mechanisms can and have been used by public and private payers to restrict access to certain drugs, especially newer, more effective, yet more expensive, psychotherapeutics.¹ As policymakers consider measures to improve drug coverage for the Medicare population, the unique and substantial needs of nonelderly beneficiaries with disabilities should not be forgotten.

¹ L. Gorman. "Treatment Denied: Colorado Health Care 'Reform' and the Mentally Ill." Independence Institute Issue Paper, July 31, 2001.

HB

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FILE

HOUSE FINANCE BUDGET SUBCOMMITTEE
DEPARTMENT OF ADMINISTRATION
February 19, 2004

The House Finance Subcommittee has adopted the following FY05 Budget for the Department of Administration. The changes contained in this budget reflect changes to the House Committee Substitute bill. This budget contains \$56,210,200 in General Funds, \$1,076,300 in Federal Funds, and \$143,042,800 in Other Funds.

There are reductions in the following areas:

➤ Division of Finance	10% GF	470.3
➤ Labor Relations	10% GF	96.1
➤ Purchasing	FY03 levels	18.8
➤ Retirement & Benefits	Reduce Travel and Commodities	244.0 (non-GF)
➤ Group Health	Reduce Travel	22.2 (non-GF)
➤ Leases	GF by 5%	1,228.2
➤ Lease Administration	FY 03 levels	31.9
➤ Public Broadcasting	GF by 10%	247.0
➤ Satellite Infrastructure	GF reduction	1,182.3
➤ Office of Public Advocacy	GF Reduction	50.0
➤ Public Defender	Increment Reduced 50%	405.0
➤ Violent Crimes	Deny Increment	150.0
Total GF Reductions		3,879.6
Total non-GF Reductions		266.2

In addition, there were Fund Switches in the following areas:

- Motor Vehicles - GF Switch to Receipt Supported Services – 3,326.8
- Office of the Commissioner - GF Switch to Inter-Agency Receipts – 232.8

The Subcommittee strongly recommended that the Enterprise Technology Services Integration Plan be completed and implemented with all State Departments involved and aware of the specifics of the plan. The Subcommittee urged ETS to become streamlined as soon as possible and make an inventory of existing equipment throughout the State of Alaska.

Department of
Community and
Economic
Development

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
Subcommittee Recommendations**

Enclosed are our recommendations for reducing General Funds expenditures in the above described department.

I. Executive Administration - (1,267.5)

This BRU contains:

- A. Commissioner's Office (170.4)
- B. Administrative Services (915.4)
- C. Office of Economic Development (181.7)

This BRU has 12.9% of the total General Funds with the DCED budget.

A. The Commissioner's Office

The Commissioner's Office increase is due to the transfers in of a Secretary from the Division of Trade (44.9) and a Special Project Coordinator from the Division of Trade & Development (82.5). The transfers in, reflect an appropriate placement since the departmental restructuring.

B. Administrative Services

The Administrative Services component has 915.4 in General Funds. This level of funding is a reduction of 11.3% from 1,031.9 and is a reduction in General Funds of 116.5 from FY04.

We recommend fully funding this component at 915.4 as per the Governor's proposed FY 05 appropriation. Further reductions in this area could begin to impact the support function of the other components. Six (6) positions are to be eliminated and staffing levels are reduced from 37 to 31 full-time positions. Funding was reduced 11.3%, causing staff to be reduced by 16.2%. Further reductions in this area will impact efficiency in support services and further reductions are not recommended.

The 11.3% cut in FY 05 is healthy. We recommend GF funding at the proposed 915.4. The final component within this BRU is the newly created Office of Economic Development.

C. Office of Economic Development

The GF requirement is to fund two (2) positions, transferred in from Community Advocacy. These positions are:

- A. Special Project Manager (105.8)
- B. Economist (85.3)

Total 187.1

There is a discrepancy between 181.7 and 187.1. This could be a "transposition" error in which this component took a 5.4 cut. These positions support economic activities and could be funded from Business License Receipts generated through DCED activities.

We recommend **not** funding these positions with General Funds and funding these positions with excess Business License Receipts. The department already has Business License Receipt authority of 746.3. We recommend replacing the \$181.7 in General Funds for these positions with Business License.

The Alaska Film Commission was defunded in previous years. This activity has not only generated revenues in the past, but spurs interest in tourism activities throughout Alaska. We recommend using 175.0 in Business License Receipts for promotion of films in Alaska. This will restore a vital and valuable component of State Government. This funding is placed in the Office of Economic Development as follows:

A. Project Director	75.0
B. Administration Assistant	50.0
C. Contractual (Marketing)	<u>50.0</u>
Total	175.0

Additionally, this component receives 196.8 in funding from the CFRLF. We recommend transferring these funds to Commercial Fisheries to support Fish and Game activities and replacing this funding with Business License Receipts funding. This will require a total appropriation of \$1,299.8 from Business License Receipts within this BRU. This seems to be an appropriate funding shift.

II. Community Assistance and Economic Development (3,740.3)

This BRU contains:

- A. Community Advocacy (3,740.3)
- B. Trade and Development (0)
- C. Community and Business Development (0)
- D. International Trade and Marketing (0)

This BRU has 38.3% of the total General Funds within the DCED Budget.

A. The Office of Community Advocacy

The Office of Community of Advocacy had taken a proposed reduction in General Funds from 4,047.0 to 3,740.3. This 7.6% (306.7) reduction is in the form of:

- 1. **Transfers Out (181.7)** (to Office of Economic Development)
 - A. Special Project Manager (101.8)
 - B. Economist (85.3)

These positions are now housed in the newly created "Office of Economic Development." We agree with the reallocation of this money to that new division. Our recommendation is to concur with the transfers out and **change the funding source** from General Funds to Business License Receipts.

This division is not management heavy, and is comprised of workers, performing statutory mandated functions. Reductions in General Funds in this area would cause a reduction in services. We recommend **no** General Fund reductions in this area.

2. Alaska Legal Services (125.0)

We concur with the Governor's recommended reduction. We too recommend deletion of the Alaska Legal Services Grant in the amount of 125.0 in General Funds. The Department of Community Advocacy is not taking any actual reductions in funding or staff positions in the Governor's proposed budget. The reallocation of funds and positions seems reasonable and appropriate and we recommend the House accept the Governor's proposals.

B. Trade and Development

The other component within this BRU is Trade and Development. These positions, and funding, have been transferred to the Governor's Office. We concur with this transfer and feel it appropriate to have this function transferred out. We recommend no reductions in this GF area.

III. Qualified Trade Association Contract (4,005.1)

This BRU is a "placeholder" for funding of the QTA contract with Alaska Travel Industry Association (ATIA). ATIA is a non-profit, private organization that promotes marketing of Alaska tourism. This organization is a merger of Alaska Visitor's Association (AVA), the Alaska Tourism Marketing Council (ATMC) and the Alaska Division of Tourism. In 2000, this new entity was formed to effectively market Alaska tourism.

ATIA received \$4,000,000 in state GF funds to match \$6,000,000 in private funds. The source of private funds are as follows:

1. Cooperative Marketing	\$2,600,000	(26%)
2. Voluntary Cruise Line Contributions	\$1,900,000	(19%)
3. Domestic Marketing Organizations	\$600,000	(6%)
4. Membership Dues	\$900,000	(9%)
Total Private Funds	\$6,000,000	(60%)
General Funds	+ \$4,000,000	(40%)
	<hr/>	
Total Budget	\$10,000,000	(100%)

The \$4 million Alaska spends on tourism ranks us 36th among the 50 states. Hawaii is number one and spends \$56 million/year promoting tourism.

This \$10,000,000 Budget is not an adequate funding level to promote Alaska marketing. SB 254 and a House companion bill propose to create an Alaska Seafood Marketing Institute model to allow ATIA to assess the tourism industry 2% from tourism revenues. This 2% cost is passed on to the users and will generate \$18,000,000 in receipts.

ATIA feels they will only need GF funding for FY05 and can eliminate \$4,000,000 in GF by FY06, if legislation passes this session. For FY05, we recommend replacing **\$1 million in GF** with \$1 million in FY04 Business License Receipts revenues that will lapse at the end of FY04. Currently, Business License Receipt Authority within the DCED is as follows:

Prepared by
James F. Dieringer, III

Department of
Corrections

**House Finance Subcommittee on Corrections
Narrative
FY05 Budget Transmittal**

The House Finance Subcommittee on Corrections is making the following budget recommendations to the full House Finance Committee. These recommendations are a result of subcommittee meetings and discussions with management personnel of the Department of Corrections.

The recommendations are as follows:

Separate RDU's for the Office of the Commissioner, Administration/Support, Inmate Services, Inmate Health Care, Institutional Facilities, Existing CRC Facilities, Out-of-State Contractual, Probation and Parole, and the Parole Board. This totals nine RDU's. The result will be increased accountability and will mitigate past practices which resulted in significant budget shifting.

Replace AHFC/ASCL dividend with GF. AHFC/ASLC money was originally used to supplant GF giving the appearance of a GF reduction, when in fact there was an approximate \$600,000 increase.

Delete 3 positions in Information Technology. IT grew with OTIS development, but has not been reduced as the project matured. The reduction equals 3 x average employee cost, excluding the DP Manager.

Delete 5 positions in the Commissioner's Office. This will limit the Commissioner's Executive Personnel to the Commissioner, a Deputy Commissioner, a Project Coordinator, a Secretary, and an Auditor while eliminating duplicate and newly created positions. Four additional positions are tasked to Commissioner's office but funded from other RDU's.

Delete gratuities in Arizona Facility. The prior department administrators made a decision to pay gratuities to inmates working for the benefit of a private contractor. This adjustment eliminates all state funded gratuities in the private facility consistent with what will be terms of new contract(s).

Delete 1/2 of in-state inmate gratuities, excluding correctional industries. This will reduce gratuities to inmates for performing services to a little less than actual amounts expended in the past two years. The reduction does not touch correctional industries compensation.

Delete 10 CO IV positions. 4 positions were created by title change (no cost savings) of Assistant Superintendents intended to be eliminated by AO 207, resulting in preservation of positions. 2 of these positions were vacant. The other 6 positions were eliminated as a cost efficiency reduction of executive staff. One of these positions was vacant. This

adjustment is consistent with the intent of AO 207 to reduce administration in correctional facilities without compromising front-line corrections officer staffing.

Delete 3 Assistant Superintendent Positions. This completes the implementation of AO 207 eliminating most Assistant Superintendent positions. 2 of these positions are vacant.

Reduce travel to FY03 actual and Delete Admin Clerk III in the Institution Directors Office. The travel reduction is a necessary general efficiency. The elimination of the Admin Clerk III is a cost efficiency reduction of administrative staff.

Delete 8 positions established for Transition and Re-Entry program which was never initiated. These positions were established for the ATRAC program that was never initiated.

Reduce Academy to FY04 authorized and FY03 actual levels. This was a necessary general cost efficiency. The funding was not available for expanded training programs, especially considering the department's lower anticipated enrollments.

Reduce professional services in the Office of the Commissioner. This will reduce consulting contracts in the Commissioner's Office for one time audit and planning services completed in the last year.

Unallocated reduction to Probation and Parole RDU reducing GF spending back to FY 04 Management Plan Level. This is a necessary general efficiency requesting Probation and Parole to hold their GF spending level to FY 04 Management Plan, giving the department the greatest possible latitude in achieving those results.

Replace MHTAAR funding with GF for Jail Alternative Services, Women's Residential Substance Abuse Treatment Program, and the Men's Residential Substance Abuse Treatment Program. This continues the State's negotiated commitment to transition MHTAAR funded programs to GF. This is the second year of three in the transition.

Department of
Education and Early
Development

House Finance Budget Subcommittee on Education & Early Development

Subcommittee Report FY05

February 20, 2004

The House Finance Budget Subcommittee on Education and Early Development has adopted a total budget for FY05 of \$955,138,600. This includes general funds of \$753,730,000, federal funds of \$171,652,800, and other funds of \$29,755,800.

Department of Education & Early Development House Budget Subcommittee FY05 Highlights

- Increment of \$8,000,000 general fund for education grants to school districts.

Subcommittee Issues of Concern:

The subcommittee deliberated many items of the department's budget, even if changes were not made to those areas. Issues that concerned the subcommittee members were:

- Decline in Foundation Funding Formula dollars due to decreased enrollment
- School District responsibility of deficit in PERS/TRS accounts

Department of
Environmental
Conservation

To: Representative John Harris
Co-Chair, House Finance Committee
From: Representative Bill Williams
Chair, DEC Budget Subcommittee
Re: DEC Budget Close out
Date: February 23, 2004

Per your request, the Department of Environmental Conservation sub-committee used the FY'05 House Finance committee substitute bill when determining appropriation levels. Our sub-committee found general fund efficiencies for the FY'05 budget year and reduced general fund spending by \$111,400. The subcommittee reviewed the following motions and adopted them at our close out meeting on February 19, 2004.

Departmental Budget Structure

Per the request of the department, the Environmental Health and the Air and Water Quality appropriations were collapsed into one appropriation called Environmental Quality. Several internal transfers were also accepted for the beginning stages of a reorganization of the water programs.

Decrements and Increments

In the **Office of the Commissioner** section, a general fund decrement of \$1,200 for travel was accepted.

In the **Information and Administrative Services** section, a general fund decrement of \$1,100 for travel was accepted.

In the **Environmental Health Director** section, a general fund decrement of \$400 for travel was accepted.

In the **Food Safety and Sanitation** section, a fund source switch of \$56,000 from general funds to receipt supported services was accepted.

Page 2
DEC Budget Close out
February 23, 2004

In addition, a fund source switch of \$184,300 from Commercial Fishing Loan Fund to general funds was accepted.

In the **Laboratory Services section**, a general fund decrement of \$5,100 for travel was accepted.

In the **Drinking Water section**, a general fund decrement of \$45,900 was accepted to begin the phase-out of the Drinking Water Class C program.

In the **Solid Waste Management section**, a general fund decrement of \$75,000 was accepted to begin the phase-out of the Solid Waste Class 3 program.

In the **Air and Water Director section**, a general fund decrement of \$1,700 for travel was accepted.

In the **Air Quality section**, a general fund decrement of \$4,300 for travel was accepted.

In addition, at the request of the department, the subcommittee denied a \$300,000 increment of Statutory Designated Program receipts for the vehicle inspection and maintenance program.

In the **Water Quality section**, a general fund increment of \$200,000 for the "Raindrops to Ocean" program was accepted.

In the **Facilities Construction and Operations section**, a general fund decrement of \$5,000 for travel was accepted.

If you have any questions, please contact James Armstrong in my office at 6875.

cc: Representative Kohring
Representative Lynn
Representative Wolf
Representative Guttenberg
Representative Kerttula
Danith Watts, Legislative Finance Division
Melanie Lesh, Department of Environmental Conservation

BW/jja

Department of Fish
and Game

DEPARTMENT OF FISH AND GAME
Sub-Committee Recommendations

Appropriation	FY04		FY05 Governor's		Committee Recommendation		Change
	GF	Total	GF	Total	GF	Total	
Commercial Fisheries	24,122.8	47,376.6	23,086.3	48,364.2	22,224.1	49,563.3	+1,199.1
Sport Fisheries	265.9	35,469.7	265.9	38,454.4	265.9	38,654.4	+ 200.0
Wildlife Conservation	0	29,588.3	0	31,059.6	0	31,059.6	0
Admin. & Support	2,698.9	17,347.2	2,782.7	17,633.2	3,613.2	17,633.2	0
Commercial Fish Entry	0	2,755.7	0	2,759.7	0	2,759.7	0
Total	27,087.6	132,537.5	26,134.9	138,271.1	26,103.2	139,670.2	+1,399.1

We make the following recommendations to the Governor's FY05 Operating Budget:

I. Commercial Fisheries

The Governor has proposed a \$987.6 overall increase to the Commercial Fisheries Budget for ALL Funds. Despite an overall increase, the Governor has proposed a decrease in General Funds in the amount of (965.0).

We recommend replacing General Funds with investment income derived from the Commercial Fisheries Revolving Loan Fund (CFRLF). We also recommend a transfer in funds in the amount of 915.0, 196.8 and 184.4 from the CFRLF to replace General Funds in this BRU.

In addition, we recommend restoring General Fund cuts in the following:

	FY04	Gov's	FY05	Change
Central Region				
Minor Repairs for SONAR	160.0	75.0	100.0	+25.0
Contractual				
Supplies				
For Measuring and	87.9	35.0	60.0	+25.0
Sampling Equipment				

Total GF Increment

+ 50.0

This will keep the Cresant River SONAR Project in Cook Inlet from being eliminated due to General Fund reductions. We support funding for the Cook Inlet SONAR Project and restoring the proposed decrement to the Commercial Fisheries appropriation.

II. AYK Fisheries Management

We recommend No General Fund reductions within the AYK Region. This region has been overlooked in the past. Salmon stocks and Harvest Data has depleted, and needs support along the Yukon River.

We recommend an increment in Inter-Agency Receipts by 200.0 to offset pressure on General Funds expenditures within this region. Certain monitoring projects within this region are designed to enhance not only Commercial Fisheries, but to benefit the Sport Fish "Anglers."

We recommend the following:

	FY04	Gov's	FY05	Change
Inter-Agency Receipts (Fish and Game Funds)	0	0	200.0	200.0
Test Fisheries Receipts	34.7	35.2	35.2	0
CFRLF	0	0	196.8	196.8
CFRLF	0	0	184.4	184.4

1. Increasing the Fish and Game Fund Authority in Sport Fisheries by \$200,000
2. Decrease total Test Fisheries Authority to \$2,500,000 (from \$2,847,100 in Governor's budget).
3. Transfer CFRLF Funds from the Department of Community and Economic Development and Department of Environmental Conservation to Commercial Fisheries (381.2).

This fund shift will replace proposed General Fund cuts and will increase the allocation by 581.2.

The subcommittee would like the funding in the AYK region to be earmarked as follows:

1. Upgrade operations and maintenance to Pilot Station SONAR
Equipment

200.0

- 2. Install (2) new DIDSON SONAR Units in the Tanana and Porcupine Rivers 196.8
- 3. Provide operating funds to expand monitoring and research projects in the Upper Yukon and Tanana River 184.4

This area needs support and this shift in funding will not create a burden on General Funds for development of Fisheries within the AYK Region.

III. Administration and Support

The Governor proposes General Fund increases in the amount of \$133.8 in the Administrative Services Component. We concur with this General Fund increase. We recommend funding as follows:

	FY04	Gov's	FY05	Change
Admin. Services	988.8	1122.6	1122.6	0
Board of Fish and Game	523.8	473.8	473.8	0
Subsistence	233.9	233.9	1064.4	+830.5

We concur with the General Fund reduction to the Board of Fish and Game in the amount of (50.0). Additionally, we recommend reducing all 830.5 of CFRLF within the State Subsistence Component with general funds.

	FY04	Gov's	FY05
General Fund	233.9	233.9	1064.4
CFRLF	800.0	830.5	0
Other Funds	3274.7	3363.1	3363.1
Total	4308.6	4427.5	4427.5

We recommend transferring 830.5 in CFRLF Revenue from State Subsistence to Commercial Fisheries. This will be replaced by 1064.4 in General Funds. All CFRLF revenues will now be in the Commercial Fisheries BRU. Subsistence will be funded with 830.5 and 233.9 for a total of 1064.4. This is a (0) Net reduction in the Governor's proposed level of 233.9 in General Funds.

Summary

Competition for both quality and quantity for Seafood, on a Global Basis, is at an all-time high. The Commercial Fisheries BRU is, and has been, a revenue producer for the Department and the State of Alaska. This area needs reinforcement. These shifts in funding will help accomplish this and will support Commercial Fisheries for FY05.

Prepared by
James F. Dieringer, III

Office of the
Governor

**HOUSE FINANCE SUBCOMMITTEE ON THE
OFFICE OF THE GOVERNOR**

The House Finance Subcommittee on the Office of the Governor recommends adopting the FY 05 budget recommendations as submitted by the Administration.

Federal Receipts	154.8
General Fund	17,924.4
GF Program Receipts	4.9
I/A Receipts	90.7
CIP Receipts	181.8
Total Agency Budget	18,356.6

Department of Health
and Social Services



HOUSE FINANCE SUBCOMMITTEE
Department of Health & Social Services
State Capitol, Room 434; Phone 907-465-4949

**COMMITTEE
MEMBERS**

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Chairman
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Rep. Reggie Joulé
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Rep. Sharon Cissna
Room 420
465-3875

Memorandum

To: House Finance Committee
From: Representative Mike Hawker
Re: FY '05 Budget Narrative for
Dept. of Health and Social Services
Date: February 17, 2004

The House Finance Subcommittee on the Department of Health and Social Services (DHSS) submits the following FY '05 budget recommendations to the full Finance Committee for its further consideration:

Attached is a financial abstract and point-by-point narrative of the subcommittee's recommended budget detailing the differences between the Governor's amended to the House Subcommittee version. Also attached are supporting documents including intent language, details of the Governor's adjustments, Transaction Comparisons, Agency Totals, and Component Summaries detailing the Subcommittee's recommendations.

The Governor's amended budget requested a single appropriation for the entire department. The subcommittee respectfully chose to maintain the existing ten-division RDU structure.

The original budget request asked for approximately \$65 million in increased general fund spending, but included an equal \$65 million in general fund reductions. The reductions were characterized as either refinancing existing activities largely with federal money, improving efficiencies or as cost containment measures. The distinction between efficiencies and cost containment is a bit blurred as all essentially involved constraining existing programs.

The \$65 million in increased general fund spending consisted of approximately \$35 million in formula Medicaid growth, \$20 million in other Medicaid increases arising mostly from federal rate changes and \$10 million other caseload and front-line services increases.

The offsetting \$65 million in refinancing and cuts were spread throughout the budget. In aggregate, the proposals were somewhat aggressive, both in scope and in probability of successful implementation. The subcommittee endorses the spirit of cost management reflected in the proposals, but recognized a need to temper some of the more aggressive efforts. Accordingly the committee judiciously restored \$5.6 million in proposed cost reductions. These are detailed in the attached narrative. Both department and Mental Health Trust personnel largely concurred with these decisions, agreeing that the effected proposals might be too much too fast or had a low probability of achievement.

The department's proposed constraint of many programs in order to fund the growth of Medicaid raised concern with the committee and members of the social services community. There are legitimate and serious concerns that anticipated Medicaid growth cannot continue to be funded through refinancing and compromising other department activities. Also, the department's expressed commitment to refinancing general fund activities with Medicaid leveraged federal dollars is legitimate and proper, but does expose the budget to increased funding risk should the federal government resist increased cost shifting to federal Medicaid funding.

The committee was concerned that both the formula growth in and increased reliance on Medicaid is not sustainable in the long term. However, the department is not specifically addressing this issue. Discussions with the department, both this year and last year, demonstrate that the department lacks the dedicated resources to project and assess future Medicaid and other program growth and to undertake a strategic effort to control that growth and to plan how to pay for the growth that cannot be mitigated. Accordingly, the subcommittee budget includes a new RDU for Assessment and Planning. Assessment and Planning was funded with \$500,000 split equally between general funds and available matching federal Medicaid administration money.

As part of this effort, the department was asked to defer their requested \$35 million increase in Medicaid formula spending and include efforts to reduce that growth in the Assessment and Planning project. The Assessment and Planning project and the requested attention to controlling Medicaid cost growth are intended to clearly establish legislative policy direction. The department will commence to identify and take action necessary to anticipate and control this escalating cost. Unrestrained growth in Medicaid and similar entitlement programs is not an acceptable management practice.

The following intent language was included in the budget for this initiative.

"It is the intent of the legislature that the Assessment and Planning funding is specifically provided to identify and implement actions and regulatory changes necessary to achieve Medicaid and related program growth cost containment requested in this budget with the least possible effect on the most vulnerable beneficiaries. The Department is to dedicate necessary resources to analyze and project future entitlement growth of Medicaid and related program spending and to identify alternatives to mitigate or stop increases. A progress report is to be provided to the legislature prior to the beginning of the 2005 session and will include a rationalization for any supplemental budget request expected to be made as a result of failure to achieve Medicaid growth cost containment requested in this budget."

The subcommittee approves other intent and purpose language in the attached Wordage Report. This language is consistent with prior years adding provisions for Assessment and Planning, prohibiting use of fee agents within 50 road miles of public assistance offices and requiring the department to address escalating costs of personal care attendant services.

The cost of personal care attendant services has escalated in four years from approximately \$8 million per year to over \$50 million per year. While it is important to avoid the loss of home care provider services that result in increased institutional facility costs, the aggregate cost of this program must be assessed and controlled.

The Subcommittee's goal is to provide a responsible department budget consistent with controlling the cost and growth of government while protecting the well being of all Alaskans, promoting and protecting the health and safety of the most vulnerable Alaskans, especially children whose families are unable or unwilling to help them and disabled and e'derly adults whose personal or family resources are insufficient to meet their basic needs and assisting and positively motivating those Alaskans able to achieve and maintain self sufficiency. The proposed FY 05 subcommittee budget is consistent with these objectives.

Representative Mike Hawker
House Finance Budget Subcommittee Chairman
Department of Health and Social Services

Department of Health & Social Services
FY 05 Operating Budget – Subcommittee Recommendations, point by point

The subcommittee responded to the highest priority concerns with the Governor's budget in approving the funding in the Office of Children's Services to address the inadequacies highlighted in the recently completed federal Child and Family Services Review and to implement the office's federally approved Program Improvement Plan. An investment of \$664.1 in General Funds will leverage \$1,528.7 in Federal Funds, combined these funds will support front line social workers in four regions: Anchorage, Northern, Southcentral and Southeastern and will assist in dropping caseloads from 24 to 21 per worker. This funding will also support Independent Living Specialists to aid the transition for youth who "age out" of the foster care system.

The subcommittee commends the Governor's proposed Department of Health and Social Services FY 05 Operating Budget with regards to implementing efficiency, refinancing and cost containment measures. However upon further analysis the subcommittee deemed that the department's policy of sacrificing all other programs to sustain unrestricted growth in the Medicaid industry was concerning and restored nearly 10% of those cuts in the department budget as follows:

1. Alaskan Pioneer Homes, Pioneer Homes: Reinstated 500.0 GF as added support while rate changes are being assessed and implemented in the homes.
2. Alaska Youth Initiative, Bring the Kids Home: Reinstated 500.0 GF/MH to support efforts to bring the kids home in the component for Severely Emotionally Disturbed Youth.
3. Alcohol Safety Action Program, Adult ASAP: Reinstated 341.4 GF (one-half of the proposed cut) and 225.2 in I/A receipts to maintain support for the program as restructuring to a 100% self-sustaining program is implemented.
4. Behavioral Health Grants, Alcohol Treatment Residential Beds: Reinstated 600.0 in Alcohol Funds to support the continued funding of inpatient beds in the recovery process.
5. Community Action Prevention and Intervention Grants: Reinstated a total of 300.0 in GF and GF/MH to assist in preventing drug and alcohol abuse statewide.
6. Psychiatric Emergency Services, Regional MH Coordinator's Regional Emergency Services Fund: Reinstated 150.0 GF as emergency capacity is needed in time of cuts to maintain a safety net of services.
7. Family Preservation, Implement Medicaid Targeted Case Management for Family Preservation: Reinstated 270.6 GF to support program in preserving and strengthening families, as the implementation of targeted case management is difficult to achieve at this time.
8. Residential Child Care, Residential Child Care Grants and Cliental Travel: Reinstated 220.0 GF to assist communities most impacted by previous cuts.

9. Residential Child Care, Education Costs for Youth in Out of State Residential Facilities: Reinstated 375.1 GF to support education costs as this refinancing is difficult to achieve in that it requires the cooperation of school districts and dispersing of foundation formula funding.
10. Health Care Services, Women's & Adolescent's Services: Cut family planning support of \$412.5 FF, as this is not considered to be a formula program.
11. Juvenile Justice, Youth Courts: created a new allocation for Youth Courts and transferred current FY 05 youth court funding in from Delinquency Prevention and Probation Services. Added an additional 200.0 in GF to restore Youth Courts to full funding for proper and effective programming.
12. Nursing, Administrative/Management restructuring for Public Health Nursing: Reinstated 535.0 GF and 370.0 I/A (one-half of proposed cuts) due to concerns with regards to statewide impacts with proposed reduction.
13. Senior/Disabilities, Exceptions Relief: Reinstated 500.0 GF and 677.5 FF (one-half of proposed cut) to mitigate impacts on facilities and maintain exceptional relief funding discretion within the department.
14. Home & Community Based Services, AD/CD Support Services: Funded 250.0 GF/MH in the Mental Health Bill as requested match for care coordination and respite for vulnerable populations.
15. Home & Community Based Care, Innovative Respite / Chore for all beneficiaries: Funded 187.5 GF/MH in the Mental Health Bill as requested match for respite for vulnerable populations.
16. Home & Community Based Services, Senior & Disabilities Emergency Frontline Services Preservation: Added 750.0 FF and 500.0 GF/MH in the Mental Health Bill to secure services in lieu of aggressive project cost saving proposal in respite and HCB waivers.
17. Home & Community Based Services, Senior & Disability Services Emergency Fund: Added 150.0 GF/MH in the Mental Health Bill for emergency capacity to cover emergent costs associated with other programs that have been cut.
18. Community DD Grants, High Risk Clinic: Added 100.0 GF/MH to restore DD grant to the sexual offenders/victims specialty clinic.
19. Assessment and Planning: Created a new appropriation, funded with 250.0 GF and 250.0 FF administrative match. This appropriation is specifically provided to identify and implement actions and regulatory changes necessary to achieve Medicaid and related program growth cost containments with the least possible effect on the most vulnerable beneficiaries. Please see intent language.
20. Human Services Community Matching Grant: Restored 335.0 GF to the prior year funding level in support of non-profit services within the communities of Anchorage, Fairbanks and Mat-su.

Department of Labor
and Workforce
Development

House Finance Budget Subcommittee on Labor and Workforce Development

Subcommittee Report FY05

February 20, 2004

The House Finance Budget Subcommittee on Labor and Workforce Development has adopted a total budget for FY05 of \$152,611,300. This includes general funds of \$10,573,800, federal funds of \$98,617,700 and other funds of \$43,419,800.

Department of Labor and Workforce Development House Budget Subcommittee FY05 Highlights

- Reduced Personal Services Authorization for Alaska Labor Relations Agency Staffing by \$42,600 (general fund)
- Reduced general fund by one PFT Wage & Hour Technician, \$55,900
- Increased funding to the Independent Living Rehabilitation Program by \$467,800 (general fund)
- Appropriation structure change. There are now four appropriations within the Department.
- Reduced general fund to AVTEC. Replaced funding with Technical Vocational Education Program (TVEP) funding relying on the reverse sweep.
- Reduced general fund by \$229,800 in Employment Services (related to the Senior Employment Program). Replaced funding with inter-agency receipts from the STEP funding.
- Reduced Client Services funding by \$126,000 (GF Match)

Subcommittee Issues of Concern:

The subcommittee deliberated many items of the department's budget, even if changes were not made to those areas. Issues that concerned the subcommittee members were:

- Suitable general funds for Independent Living Rehabilitation Program
- Amount of Staff within the Alaska Hire Program

Department of Law

ALASKA STATE LEGISLATURE

Chair:
House Finance Subcommittees for,
Department of Public Safety
Department of Law

Member:
House Finance Committee
Legislative Council



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REPRESENTATIVE BILL STOLTZE

Representative_Bill_Stoltze@legis.state.ak.us

HOUSE FINANCE SUBCOMMITTEE

Department of Law

February 25, 2004

The House Finance Subcommittee for the Department of Law reviewed the House Committee Substitute for House Bill 375 and adopted the following changes for consideration by the full Finance Committee.

Reduced the requested GF amount for new attorneys by 1,458.3, providing funding for three CINA attorneys and one CINA paralegal. Eliminated the Victims for Justice increment of 125.0 as the subcommittee felt the Department was not the ideal placement for this grant program. Decreased GF retirement benefit costs by 266.7 allowing for 80% of the request, (Law was one of only a few agencies that was permitted by the Administration to request GF to cover these increases). Approved the following additional decrements: 37.7 used for FY04 section head reorganization; 61.7 new AG press person; 168.9 personal services to Deputy AG office, Civil; and 292.7 travel expenses. All increments using "other" funds were approved.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

Military and Veterans Affairs

**House Finance Committee – Department of Military & Veterans Affairs
Recommendations for FY 05 Operating Budget
Representative Richard Foster, Subcommittee Chair**

The FY05 Operating Budget – House Structure, when compared with the FY04 Authorized, increases the Department's Operating Budget by \$377,600, or 1.1%. When the GF Match decrement and the General Fund (GF) increments are combined, the GF portion of the budget increased by \$381,900, or 4.4%. The Federal Funds portion of the budget decreases by (\$166,700). The Other Funds, which includes Interagency Receipts, CIP Receipts, Statutory Designated Funds, and various other funding sources, increases by \$162,400.

The budget reflects efficiencies that the Department has achieved by combining Homeland Security and the Division of Emergency Services into one division, The Division of Homeland Security and Emergency Services. This has eliminated duplication of services and reduced overall management costs.

Four areas of the budget are almost completely supported by General Funds. The first is an increment of \$133,400 for the Alaska Military Youth Academy. This program did not receive any GF in FY04. The instructional portion of the program is funded through the education foundation formula. The increment being requested is to do the planning and other preparatory work that is needed to establish a second youth academy in Fairbanks next year.

The Educational Benefits line item, \$278,500 provides college tuition for National Guard members and is maintained at the FY04 level.

Retirement Benefits, which provides retirement benefits for eligible National Guard members, was increased from \$1,322,500 to \$1,996,800. This increase reflects increased actuarial liabilities.

Veteran Affairs, which provides funding for the Veterans' Outreach Program, was increased from \$646,000 to \$674,500. The increase is intended to meet increasing costs faced by the three veterans' organizations that contract with the Department and provide support to help Alaskan veterans secure the benefits to which they are entitled.

The budget supports all of the Department's goals that were expressed in the Governor's FY05 Budget Request.

Department of
Natural Resources

The House Finance Subcommittee has adopted the following FY05 Budget for the Department of Natural Resources. The changes contained in this budget reflect changes to the Governor's amended budget. This budget contains \$97,631.5 total funds including \$44,844.8 in General Funds, \$14,026.1 in Federal Funds, and \$38,760.6 in other Funds.

There are general fund reductions in the following areas:

Commissioners Office	650.2
Administrative Services	112.0
Information Resources Management	160.0
Oil and Gas Development	566.8
Alaska Coastal Management Program	261.5
Claims Permits and Leases	542.0
Title Acquisition & Defense	106.0
Fores: Management & Development	240.0
Geological Development	173.0
Agricultural Development	120.0
Fire Suppression	250.0
Parks Management	350.0

Total GF Reduction	3,531.5
--------------------	---------

Fund Switches

Water Development	300.0
GF to Receipt Supported Services	
Large Project Permitting	102.3
GF to Land Disposal Income Fund	

Positions

Deleted 10 Full Time positions related to reductions

Legislature

**HOUSE FINANCE SUBCOMMITTEE ON THE
LEGISLATURE**

The House Finance Subcommittee on the Legislature recommends adopting the FY05 budget as presented in CSHB 375(FIN) with the following changes:

Budget and Audit Committee

Legislative Audit

Remove one-time appropriation for sunset and performance audits - 150.0GF

Committee Expenses

Remove funding relating to study of navigable water and RS 2477 Rights of Way Assertions - 400.0 GF

Remove funding for study of a stand-alone Veterans Home - 100.2 GF

Reduce contractual (for legal expenses associated with redistricting) - 1,000.0 GF

Legislative Council

Administrative Services

Savings due to reorganization - 52.7 GF

Council and Subcommittees

Remove Alaska Energy Task Force funds (FY04 Fiscal Note) - 78.0 GF

Remove funding for the Council of State Governments annual meeting - 538.0 GF

Remove funding for the Joint Legislative Salmon Task Force - 177.3 GF

Legal and Research Services

Savings due to retirement of long-term employees - 14.4 GF

Funding Sources

General Fund	37,499.1
GF Program Receipts	98.9
I/A Receipts	390.0
PFD Criminal Funds	541.6

Total Agency Budget **38,529.6**

Department of Public
Safety

ALASKA STATE LEGISLATURE

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Department of Public Safety
Department of Law

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REPRESENTATIVE BILL STOLTZE

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HOUSE FINANCE SUBCOMMITTEE Department of Public Safety

February 25, 2004

The House Finance Subcommittee for the Department of Public Safety reviewed House Committee Substitute for House Bill 375 and approved the requested budget without changes.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

Department of
Revenue

MEMORANDUM

TO: Members of the House Finance Subcommittee on the Department of Revenue FY2005 Budget
FROM: Representative Bill Williams, Subcommittee Chairman
RE: Department of Revenue Budget Closeout
DATE: February 19th, 2004

Attached with this memorandum are:

1. Six pages of proposed amendments to the Governor's FY05 Budget, provided by the Department of Revenue
2. Four reports prepared by Legislative Finance:
 - A three page report entitled "Agency Totals"
 - An "Appropriation Summary" report that includes all funding sources
 - An "Appropriation Summary" report that includes general funds only
 - A "Transaction Compare" report

I am recommending that the Subcommittee adopt the following actions (in the order in which they appear on the comparison report):

Tax Division

1. Reduce General Fund receipts by \$1,100,000, and replace those funds with \$1,100,000 in Business License Receipts. These are fees collected from businesses purchasing or renewing their business licenses. These receipts are to support the Tax Division's Corporate Income Tax auditing function.

Treasury Division

2. Use \$16,600 from I/A Receipts and \$32,300 from Student Loan Receipts to partially fund a new Bond Analyst position in the Treasury Division. A 2002 audit recommended to the Alaska State Pension Investment Board that Treasury add four investment and audit staffers. This increment plus the increment for an equity analyst will fill two of the recommended positions. This action was requested by the Department.

3. Delete a vacant Accounting Tech position in the Cash Management section to provide some of the funds for the Bond Analyst position. This action was requested by the Department.

Alaska State Pension Investment Board

4. Use \$9,900 from P/E Retirement, \$5,300 from Teacher Retirement, \$700 from Judicial Retirement, and \$700 from National Guard receipts to pay ASPIB's share of the bond analyst position requested in the Treasury Division's budget. This action was requested by the Department.
5. A Decrement totaling \$1,500,000 (\$975,000 from P/E Retirement and \$525,000 from Teacher Retirement) to reduce investment management fees. ASPIB investment management fees are based upon the market value of the amounts invested. Because of lower market values, ASPIB should not require all of the previously authorized amount. This action was requested by the Department.

Child Support Enforcement Division

6. Reduce incentive funds paid to the CSED by the Federal Government by \$1,168,600 and replace it with \$1,168,600 from Receipt Supported Services. This is to reflect an anticipated reduction in Federal Incentive payments in FY2005. The CSED earns these incentives for meeting certain performance levels in its child support programs. As other states have improved their performance, Alaska's share of incentive funding has been reduced. The Department is proposing to fill this shortfall with funds collected by the Division (Receipt Supported Services). This action was requested by the Department.
7. Reduce CSED Administrative Cost Receipts by \$304,600 and replace those funds with Receipt Supported Services funding. This Federal funding has been collected from the federal child support enforcement program to reimburse the state for overhead. These funds have been used as a match to other federal funds. They can be replaced by RSS without any loss to the Department of personnel or service. The CSED will continue to collect the maximum amount of receipts allowable under the federally negotiated rate.

Administration and Support

8. Reduce General Funds to the Administrative Services division by \$304,600 and replace those funds with \$304,600 from CSED Administrative Cost Receipts (See note 7, above). Using this money

to replace General Funds allows a saving of General Fund revenues without any loss to the Department of personnel or service.

Alaska Municipal Bond Bank Authority

9. Increase Alaska Municipal Bond Bank Receipts by \$150,000 to cover the costs associated with increased use of the Bond Bank. Because more municipalities are using the Bond Bank's services, the Authority expects increased costs. There is no expenditure of General Fund dollars involved. This action was requested by the Department.

I am proposing that the Subcommittee deny the Department's request for the following amendment until a conclusive position is reached by the legislature on this issue:

Alaska Permanent Fund Corporation

10. The Corporation is requesting authority to spend \$700,000 from Permanent Fund Receipts to fund a comprehensive public communications plan to educate, promote and advocate for the Corporation's Trustees' Percent of Market Value proposal.

Department of
Transportation and
Public Facilities

**House Finance Committee – Department of Transportation and Public Facilities
Recommendations for FY 05 Operating Budget
Representative Richard Foster, Subcommittee Chair**

The FY05 Operating Budget - House Structure, when compared to the FY04 Authorized, increases the Department's Operating Budget by \$14,004,100. The increase in the General Fund portion of their budget is \$1,493,900. There is a slight decrease in Federal Funds, (\$229,300) and an increase in Other Funds of \$12,739,500. Other Funds would include such sources as the Marine Highway Stabilization Fund, The International Airport Operating Fund, receipts authority for direct services, Interagency Receipts and others.

The Highways and Aviation Maintenance portion of the budget is mostly General Funds (GF). Of the \$97,838,900 GF requested by the Governor, \$79,048,000, or 81% makes up 85% of the \$92,914,700 in these budget components. This portion of the budget increases by \$1,922,500 over the FY04 Authorized budget. This increase will allow the Department to continue maintenance at the current level for FY05.

The "belt tightening" efforts are reflected in the budget. Only four areas of the budget are increasing. Of these, only Highways and Aviation Maintenance shows a significant increase. Six areas of the budget are maintained at the FY04 level. All other areas that receive GF have decrements. The budget does address all of the funding concerns brought forward by the Governor.

Overall, there are modest increases in the Department's budget, which reflect a desire to protect the state's investment in transportation infrastructure and facilities by supporting maintenance of our highways, airports, marine terminals and other State facilities at or above the current level.

University of Alaska



Alaska State Legislature

Representative John Harris

State capitol 505 Juneau ,Alaska 99801-1182 (907)465-4859

UNIVERSITY OF ALASKA

House Finance Subcommittee

February 17, 2004

The House Finance Subcommittee for the University of Alaska made the following budget recommendations for the University. These recommendations are as a result of meetings and discussions with representatives of the University.

There were no changes to the University of Alaska budget from the House Committee Substitute version of the operating budget bill. There were no recommendations for reductions to this budget.

The recommendations for FY05 as compared to the FY04 Management Plan are as follows:

- Maintain General Funds at the same level for a total General Fund amount of \$212,715.0
- Increase Federal Funds by \$11,305.6 for a total Federal Fund level of \$124,362.0
- Decrease Others Funds by \$11,305.6 for a total Other Fund level of \$312,495.1
- Maintain the authorized position count at 3,869 PFT and 176 PPT positions

For FY05, total University of Alaska Operating Budget funds have been maintained at \$649,572.1.

The recommendations are focused on the University's commitment to recruiting and retaining Alaska students and offering academic programs directed at training Alaskans to fill the jobs in the highest demand today and in the future. This will ensure that Alaskan businesses and industries have a readily available workforce to draw from rather than having to recruit employees from outside Alaska.

Alaska Court System



Alaska State Legislature

Representative John Harris

State capitol 505 Juneau, Alaska 99801-1182 (907)465-4859

FINANCE SUBCOMMITTEE, COURT SYSTEM, FY05 February 17, 2004

The House Finance Subcommittee for the Court System made the following recommendations for the three appropriations of the Court System's FY05 Operating Budget. At the request of the Chair, Legislative Finance has drafted a spreadsheet enumerating the results. The following summarizes the increments requested and overall budget:

Appellate Courts:

The following increments are denied:

- | | |
|---|----------|
| 1) JRS, PERS, and Benefit Rate Increase: | -\$115.0 |
| 2) Expanding Court's Salary Schedule to include "G" Step: | - 30.1 |

Trial Courts:

The following increments are denied:

- | | |
|--|------------|
| 3) Expanding JRS, PERS, and Benefit Rate Increase: | -\$1,436.0 |
| 4) Reinstate First Day Juror Pay to \$25/Day: | -200.0 |
| 5) Improve Courthouse Security in Bethel: | -125.0 |
| 6) Fairbanks Courthouse 5 th Floor Operations: | -65.0 |
| 7) Increase Lease Expense at Unalaska: | -100.0 |
| 8) Software Maintenance and Support: | -517.0 |
| 9) Expanding Court's Salary Schedule to include "G" Step: | -338.0 |
| 10) Increase Hourly Rate Paid for Court Appointed Attorneys: | -34.0 |

The following reduction was made:

- | | |
|--|--------|
| 11) Delete costs for 1 judgeship due to sunset provision at the end of FY04 (judge, secretary, 3 clerks) | -308.6 |
|--|--------|

Administration and Support:

The following increments are denied:

- | | |
|--|----------|
| 12) JRS, PERS, and Benefit Rate Increase: | -\$248.0 |
| 13) Expanding Court's Salary Schedule to include "G" Step: | -81.9 |



Alaska State Legislature

Representative John Harris

State capitol 505 Juneau, Alaska 99801-1182 (907)465-4859

(Continued, Page 2 of 2)

Commission on Judicial Conduct:

The following increments are denied:

- | | |
|---|---------|
| 14) Increase for changes to retirement and other personal services rates: | - \$9.1 |
| 15) Office Space Rent Increase: | - 7.0 |
| 16) Vacancy Rate funding for 2 person office: | - 5.4 |

Judicial Council:

The following increment is denied:

- | | |
|-----------------------|----------|
| 17) Recidivism Study: | - \$32.1 |
|-----------------------|----------|

The following reduction was made:

- | | |
|--|---------|
| 18) Cost efficiency reduction of executive staff
and associated expenses: | - 505.7 |
|--|---------|

Admin 1

AMENDMENT TO CSHB 375 (FIN) Version 1S

Offered By: Representative Mike Hawker *by Request*

ADD

Adopted

Page: 4 Line: 18

Department: Administration

Appropriation: Legal and Advocacy Services

Allocation: Office of Public Advocacy

Fund Source: Alcohol ~~Fund~~ *and Other Drug Abuse Treatment and Prevention Fund* **GF**

Amount: \$66,000

Description:

Establish Full Funding for a Social Services Specialist II - ANC \$66,000

A District Branch of the Wellness Court has been established under the direction of District Court Judge Sam Adams. The funding requested is essential to the proper functioning of the Wellness Court, as this position serves as the Case Coordinator for state participants in the Anchorage Wellness Court.

The expansion of the Anchorage Wellness Court includes another unit to serve state misdemeanants, including Anchorage residents arrested for DUI in the Palmer and Kenai Judicial Districts. The new unit expands upon the proven cost savings and public benefits that have been achieved through Judge Wanamaker's Wellness Court for municipal misdemeanants. All that is needed is assurance of the ongoing funding for the Case Coordinator.

Currently, Partners for Progress, Inc. in coordination with the Alaska Court System has committed to fund this position for the remainder of FY 04. LB&A approved \$33,000 in Statutory Designated Program Receipt authority for the Office of Public Advocacy during the December 12, 2003 meeting. There are no funds reflected in the FY 05 Governor's budget for this position.

FTG 1

Amendment to CS HB 375/HB 377 (FIN) work draft

Offered By: Representative Fate

ADD

Page 12 Lines: 13, 18, 20, 22, 24, 26

Department: Fish and Game

Appropriation: Commercial Fisheries

Allocation:

n/o b/g

13. Southeast Region Fisheries Management	\$49.2
18. Central Region Fisheries Management	\$72.2
20. AYK Region Fisheries Management	\$165.1
22. Westward Region Fisheries Management	\$32.7
24. Headquarters Fisheries Management	\$27.7
26. Fisheries Development	<u>\$30.8</u>

Total \$377.7

Fund Source: General Fund

Amount: \$377.7

Description:

Increment to miscellaneous line. Replace CFRLF with General Funds.