

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES, 2005-2006 2851

ALASKA PRIMARY CARE ASSOCIATION, INC.

"... Uncompromising in the pursuit of access to primary care for all Alaskans."



The Honorable Lyda Green, Co-Chair
The Honorable Gary Wilken, Co-Chair
Members of the Senate Finance Committee
Alaska State Senate
Juneau, Alaska 99801

Re: Support for HB 105

May 1, 2006

Dear Co-Chairs, Senator Green and Senator Wilken, and Members of the Senate Finance Committee,

Thank you for hearing HB 105 *Medicaid for Adult Dental Services*. Alaska Primary Care Association is submitting this written testimony as record of our support for HB 105. Because we represent Community Health Centers and other safety net providers that provide health care access to more than 70,000 Alaskans each year, and because promoting access to all Alaskans is one of our primary focuses, we urge you to seriously consider the restructuring of the dental services covered by Medicaid outlined in HB 105.

It is time to change the present targeting of funds to expensive emergency care only to include less costly preventative services.

With the inclusion of a sunset clause and an annual cap, the participation of the Trust to stretch General Fund dollars, the expected overall positive health outcomes and decrease of current negative effects from lack of preventative services (including risks of childhood caries from adult transmission, chronic disease and cancer complications, and unfavorable employability outcomes), HB 105 has merits that the current system does not have. This bill deserves a vote on the Senate floor and APCA asks that you both support the bill and move it out of your committee.

We appreciate your consideration and thank you in advance for your support of HB 105.

Respectfully,

Shelley S. Hughes
Policy Analyst

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 105(FIN)
 (H) Publish Date: 4/10/06
 Dept. Affected: Health & Social Services
 RDU: Health Care Services
 Component: Medicaid Services

Revision Date/Time (Note if correction):
 Title: ADULT DENTAL COVERAGE UNDER MEDICAID

Sponsor: (RLS) BY REQUEST OF THE GOVERNOR
 Requester: HOUSE (FIN)

Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	2,633.0	10,292.0	10,133.8			
Miscellaneous						
TOTAL OPERATING	2,633.0	10,292.0	10,133.8	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	1,988.3	7,557.0	7,323.8			
1003 GF Match	219.7	1.0	1,385.0			
1004 GF						
1037 GF/Mental Health						
1092 MHTAAR	425.0	1,425.0	1,425.0			
Other(Specify Type-do not abbreviate)						
TOTAL	2,633.0	10,292.0	10,133.8	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Historically Medicaid Dental Benefits for recipients 21 years or older, have been limited to immediate relief of pain and acute infection. Routine preventive or restorative services have not been covered.

Under this bill, Dental Benefits for Adults would be expanded to include preventive and restorative care up to a cap of \$1,150 per person annually. Examples of services that could be provided at that level are: one exam, 4 bitewing radiographs, cleaning and about 8 restorations or extractions, or; one exam and an upper or lower full denture.

This bill has a sunset clause in FY2009. (cont. on page 2)

Prepared by: Sherry Hill, Special Assistant
 Division: Office of the Commissioner
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-1618
 Date/Time: 04/06/2006
 Date: 04/06/2006

COMMITTEE COPY

STATE OF ALASKA
2006 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

It is estimated that approximately 41,000 individuals would be eligible for the expanded Medicaid Dental Benefits, including adults with disabilities and seniors. Not all eligible individuals will seek dental benefits, and those that do will utilize services at varying rates.

Of the 41,000 eligible persons, about 25% are Alaska Native and 28% are Mental Health Trust clients. Fifty percent of the eligible Alaska Natives would utilize the service from the outset as most are already connected with tribal dental programs and have good access to care. About 35% of the Mental Health Trust clients are expected to access dental care initially given that the Trust and grantee programs serving these clients will advocate for them and assist clients in getting appointments. Participation in the program by non-Native, non-Trust adults will ramp up slowly with 15% of eligible persons utilizing the service in the first year, 25% in the second year, and 35% in the third year. Overall there will be an estimated 12,000 participants in the first year (29% of eligible adults), 14,000 in the second year (34%), and 15,800 in the third year (39%).

Based on the assumptions below on utilization of dental benefits, the weighted average benefit for a full fiscal year is about \$730 per recipient. Of adult recipients that access dental care it is estimated that:

- o 15% will receive up to \$250 in benefits
- o 25% will receive up to \$500 in benefits
- o 25% will receive up to \$750 in benefits
- o 20% will receive up to \$1,000 in benefits
- o 15% will receive the maximum \$1,150 in benefits

These utilization rates are based on provider capacity (the extent of dental access through tribal and community health center dental programs, and the extent of private dental participation in the Medicaid program) Because of the limited number of dentists and available appointments for new clients, some adults will only be able to get in to see the dentist once or twice in a year. Treatment needs also affect utilization rates (not all eligible individuals will seek dental benefits, and those that do will utilize services at varying rates.)

It is anticipated that the program will be operational the last quarter of FY07 so costs in that year are 25% of the full year's costs and adjusted 20% higher to allow for pent up demand. A 3% growth in utilization is included in FY08 & FY09 to reflect possible increases in eligible adults and/or an increased percentage of adults accessing the dental services in the first few years. Adults on the program for several years would eventually have their major treatment needs met and move to a "maintenance" level of care (e.g., routine exam and cleanings but less restorative needs and less dental emergencies).

It is anticipated that this service expansion will reduce dental emergency services; however there will always be adults who avoid the dentist until there is an acute need. Because the service would not be implemented until the 4th quarter of FY07, claims for emergency dental services will likely remain the same in FY07. In the second year emergency dental services would be reduced 25%, or about \$500.0. In the third year emergency dental services would be 50% of current costs, or about \$1,000.0.

Factoring in those individuals who are eligible for 100% federal reimbursement, the federal contribution (through FY 2009) will cover approximately 72-76% of the costs.

HB 105



FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 21, 2005

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

Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to coverage for adult dental services for eligible recipients under the Medicaid program (AS 47.07).

The State of Alaska's Medicaid program currently provides inadequate coverage for adult dental services. The services covered under existing law are limited to procedures for relief of pain and acute infection, and don't include necessary preventative or restorative treatment. This level of service often leads to the extraction of permanent teeth. Missing and decayed teeth (especially front teeth) can affect an individual's employability and/or career advancement opportunities. Furthermore, studies have documented the links and/or complications between dental disease and other chronic diseases including cardiovascular disease and diabetes. Recent studies have also implicated periodontal disease as a risk factor for pre-term, low birth-weight births.

Diseases of the mouth are not distinctly different from diseases in the rest of the body. The limitation for dental coverage is largely a distinction based on the type of health care provider; in that diseases of the oral cavity are largely treated by dentists. The lack of coverage to prevent more severe dental problems and/or extractions before they become "dental emergencies" often results in more expensive dental care and limits the dentist's ability to address dental problems. Dentists have reported frustration with not being able to treat teeth earlier before the person is in pain and when less costly treatment could be provided.

This bill would allow the Department of Health and Social Services to expand dental coverage to encompass preventative and restorative care for approximately 41,000 Alaskans enrolled in the Medicaid program. Specifically,

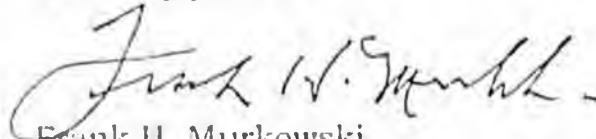
The Honorable John Harris
January 21, 2005
Page 2

this bill would repeal AS 47.07.900(1), defining adult dental services as the minimum treatment for the immediate relief of pain and acute infection provided by a licensed dentist. Under the bill, the Department of Health and Social Services would adopt regulations implementing the expanded service, which could include regulations defining the scope of services, a maximum amount of benefits per fiscal year, and the amount of reimbursement for dental services.

The Alaska Mental Health Trust Authority has recognized access to dental services as a priority issue for their beneficiaries and has committed funding for part of the matching funds needed for this service expansion. The expanded services would be provided under an annual cap of \$1,150 per adult at the outset. The cap is intended to control costs of the service expansion and encourage the dentist and client to discuss priorities and treatment options. The Department of Health and Social Services and the Alaska Mental Health Trust Authority agreed to use this expenditure cap as a starting point to provide a level of service that would allow elderly Alaskans to receive a complete set of dentures over a two-year period. The dental expenditure cap for expanded services would not apply to the existing Medicaid coverage for emergency dental services.

I urge your prompt and favorable action on this measure.

Sincerely yours,



Frank H. Murkowski
Governor

Enclosure

HB

106

HFIN

FILE

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Alaska SeniorCare Program Projections

Maintain SeniorCare Cash Benefit@135% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	<u>FY 06</u>	<u>FY 07</u>
	7,000	7,000
\$	720	\$ 1,440
\$	5,040,000	\$ 10,080,000

Drug Benefit @175% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	3,900	4,095
\$	320	\$ 640
\$	1,248,000	\$ 2,620,800

Summary -- Combined Cash and Drug Assistance

Number of Recipients
 Total Alaska SeniorCare Program Benefits

	<u>FY 06</u>	<u>FY 07</u>
	10,900	11,095
\$	6,288,000	\$ 12,700,800

Administrative Costs

Eligibility (Public Assistance)
 Claims Processing (Health Care Services)
 Information and Referral (Sr & Disabilities Svcs)

\$	326,400	\$ 306,900
\$	163,900	\$ 140,900
\$	59,000	\$ 63,500

Total Administrative Costs

\$	549,300	\$ 511,300
----	---------	------------

Combined Program and Administrative Costs

\$	6,837,300	\$ 13,212,100
----	-----------	---------------

Projected Balance in Senior Care Fund 1/1/06

Projected Balance in AK Senior Care Fund for carryforward to FY07
 General Fund Need

\$	8,086,800	
		\$ 1,249,500
\$	0	\$ 11,962,600

Population Growth 5%
 Premium/Deductible Inflater 5%

May 5, 2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB106CS(FIN)-DHSS-FMS-05-05-05
() Publish Date. _____

Revision Date/Time (Note if correction): _____

Dept. Affected: Health & Social Services

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Departmental Support Services

Component Commissioner's Office

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		11,962.6				
1037 GF/Mental Health						
1189 Senior Care Fund	8,086.8					
Other(Specify Type-do not abbreviate)						
TOTAL	8,086.8	11,962.6	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizing the continuation of the SeniorCare program through June 30, 2007 includes provision to establish a new Alaska senior care fund as an account in the general fund. Per proposed section 47.45.360 the fund would consist of 1) money in the former senior care fund established in sec. 2, ch. 2, SLA 2004; 2) appropriations to the Alaska senior care fund; and 3) any appropriation of interest earned on money in the Alaska senior care fund.

This fiscal note represents capitalization of the new Alaska senior care fund; expenditures are shown on associated fiscal notes for components that would be operating the program. See attached summary of Alaska SeniorCare projected caseload and cost*. (Continued on next page)

Prepared by: Janet Clarke, Assistant Commissioner
Division: Finance and Management Services
Approved by: Joel S. Gilbertson, Commissioner
Agency: Department of Health and Social Services

Phone: 465-1630
Date/Time: 05/05/2005
Date: 05/05/2005

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO HB106CS(FIN)-DHSS-FMS-05-05-05

ANALYSIS CONTINUATION

The Alaska senior care fund would be capitalized with a General Fund deposit as well as deposit of the balance of the former senior care fund. The estimated balance of the former senior care fund will be approximately \$8,086.8 on January 1, 2006. This balance will be subject to actual claims and benefit payments under the existing SeniorCare program through December 31, 2005. This balance will fully fund the Alaska SeniorCare Program for the second half of FY06, as well as allow for carryforward of an estimated \$1,249.5 for partial funding of the program in FY07. The General Fund appropriation for FY07 represents the difference between the balance in the Alaska Senior Care Fund and the projected expenditures for SeniorCare cash and drug benefits and the administrative costs to run the program through FY07.

It is anticipated that the FY07 general fund capitalization deposit to the Alaska senior care fund will be contained in the language section of the operating budget bill. Legislative approval of carryforward of the Alaska senior care fund (general fund sweep reversal) will be necessary to allow continuation of the Fund balance for use to pay benefits in the following year.

Alaska SeniorCare Program Projections

Maintain SeniorCare Cash Benefit@135% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	<u>FY 06</u>	<u>FY 07</u>
	7,000	7,000
	\$ 720	\$ 1,440
	\$ 5,040,000	\$ 10,080,000

Drug Benefit @175% FPG

Number of Recipients
 Annual Cost Per Client
 Total Cost

	3,900	4,095
	\$ 320	\$ 640
	\$ 1,248,000	\$ 2,620,800

Summary -- Combined Cash and Drug Assistance

Number of Recipients
 Total Alaska SeniorCare Program Benefits

	<u>FY 06</u>	<u>FY 07</u>
	10,900	11,095
	\$ 6,288,000	\$ 12,700,800

Administrative Costs

Eligibility (Public Assistance)
 Claims Processing (Health Care Services)
 Information and Referral (Sr & Disabilities Svcs)

	\$ 326,400	\$ 306,900
	\$ 163,900	\$ 140,900
	\$ 59,000	\$ 63,500

Total Administrative Costs

	\$ 549,300	\$ 511,300
--	------------	------------

Combined Program and Administrative Costs

	\$ 6,837,300	\$ 13,212,100
--	--------------	---------------

Projected Balance in Senior Care Fund 1/1/06

Projected Balance in AK Senior Care Fund for carryforward to FY07
 General Fund Need

\$ 8,086,800	
	\$ 1,249,500
\$ 0	\$ 11,962,600

Population Growth 5%
 Premium/Deductible Inflation 5%

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Caseload & Benefit Cost Projections

Assumptions:

This fiscal note assumes the new SeniorCare program begins January 1, 2006 when Medicare Part D drug coverage first becomes available.

- e In FY 04, an average of 7,000 seniors received the \$120 cash benefit each month. The Department estimates a monthly average of 7,000 seniors will be eligible for and continue to receive the \$120/month cash benefit, when the program is extended on January 1, 2006.
- e The Department estimates an additional 3,900 seniors will become eligible for the new SeniorCare drug benefit beginning January 1, 2006, at an annual cost per individual of \$640.
- e The number of seniors receiving the drug benefit and the associated drug benefit premium and deductible costs will increase by 5%/year beginning in FY 07.

Total FY 06 SeniorCare Benefit Costs (6 months): \$6,288.0

Cash benefit @ 135% of FPG: 7,000 x \$720 = \$5,040.0

Drug benefit @ 175% of FPG: 3,900 x \$320 = \$1,248.0

Total FY 07 SeniorCare Benefit Costs: \$12,700.8

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 175% of FPG: 4,095 x \$640 = \$2,620.8

Administration

In FY 06, Administration of the new SeniorCare program will transfer from the Alaska Division of Pioneer Homes to the Division of Public Assistance (DPA). Four new positions are needed in DPA to administer the SeniorCare program: 1 Administrative Clerk II; 2 Eligibility Technician I's and 1 Eligibility Technician III Lead Worker. These positions will have statewide responsibility for processing the enrollment applications for the projected 10,900 eligible recipients. This includes the initial and ongoing determining of eligibility, processing claims, and serving as a liaison with the Social Security Administration to ensure recipient enrollment in Medicare Part D.

Continued on next page.

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB106CS(FIN)-DHSS-DPA-05-05-05

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Assumptions:

- DPA staff recruitment, hiring, and program eligibility training for new staff will begin in September 2005.
- In October 2005, DPA will begin processing renewal applications for the 7,000 current SeniorCare cash benefit recipients, and begin accepting new applications for the new drug benefit coverage.
- Eligibility determinations for the new SeniorCare drug benefit will begin in November 2005, concurrently with the Social Security Administration's enrollment of beneficiaries for Medicare Part D.
- Starting in January 2006, DPA will have full responsibility for issuing the \$120 SeniorCare cash benefit checks and the new drug benefit identification cards.
- Modifications to DPA's Eligibility Information System (EIS) will be completed to facilitate the issuance of SeniorCare cash benefits and drug benefit identification cards.

Total FY 06 Administrative Costs: \$326.4

Personal Services (\$18,492/month x 10 months): \$184.9
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$109.0
* Office Space: \$20.0
* Local & Long Distance Telephone Support \$8.5
* Marketing & Outreach: \$30.0
* Regulations Development: \$5.0
* EIS Computer System Programming Modifications: \$25.5
* Other Services (printing/mailling recipient warrants and drug benefit ID cards): \$20.0
Office Supplies: \$9.0 Desktop computers, printers, and work stations: \$20.0

Total FY 07 (Annual) Administrative Costs: \$306.9

Personal Services (\$18,492/month x 12 months): \$221.9
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$72.5
* Office Space: \$24.0
* Local & long distance telephone support: \$8.5
* Other Services (printing mailing recipient warrants and drug benefit ID cards): \$40.0
Office Supplies: \$9.0

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB106CS(FIN)-DHSS-HCS-05-05-05
() Publish Date: _____

Revision Date/Time (Note if correction): _____

Dept. Affected: Health & Social Services

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Health Care Services

Component Medical Assistance Admin.

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 242

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	80.9	80.9				
Travel						
Contractual	83.0	60.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	163.9	140.9	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	163.9	140.9				
Other(Specify Type-do not abbreviate)						
TOTAL	163.9	140.9	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program through June 30, 2007 and modifies the prescription drug benefit available under the program. Approximately 4,000 seniors will receive assistance paying their premiums and deductibles for prescription drug coverage under Medicare or some comparable insurance.

The Division of Health Care Services will need to contract for changes to its claims payment system (MMIS) to allow for payment of premiums and deductibles, at a one-time cost of \$133.0 (\$50.0 of this total cost is included in the FY06 Governor's Budget and so not reflected above). There will be a continuing cost of \$60.0 contractual for on-going system programming, preparing and distributing tapes of eligible participants monthly to Prescription Drug Plan providers. (Continued on next page)

Prepared by: Dwayne Peoples, Director

Phone: 465-5830

Division: Health Care Services

Date/Time: 05/05/2005

Approved by: Joel S. Gilbertson, Commissioner

Date: 05/05/2005

Agency: Department of Health and Social Services

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB106CS(FIN)-DHSS-HCS-05-05-05

ANALYSIS CONTINUATION

In addition, the division will need to add one, full-time staff member. Initially, this position will perform the development and testing of system changes to MMIS. Once the new prescription drug benefit is effective, the position will be responsible for overseeing the premium buy-in process and coordinating the coverage of deductibles with providers.

Alaska State Legislature
HOUSE FINANCE COMMITTEE
AGENDA

May 6, 2005 - Friday

1:30 pm

SB 142-REGIONAL SCHOOL BD LAND OWNERSHIP
SB 150-ALASKA CHILDREN'S TRUST FUND GRANTS
SB 144-EMISSION CONTROL PROGRAM PERMITS/REGS
HB 208-STATE VETERANS' CEMETERY & FUND
Bills Previously Heard or Scheduled.



Comparison of Qualifications and Benefits

Beginning January 2006 to June 2007

SeniorCare Cash Assistance

SeniorCare Prescription Drug Assistance

Qualifications

- Up to 135% of Poverty Level
- Annual Income below
\$16,133 Single
\$21,641 Couple
- Liquid Assets below
\$6,000 Single
\$9,000 Couple

- Up to 175% of Poverty Level
- Annual Income below
\$20,913 Single
\$28,052 Couple
- Liquid Assets below
\$50,000 Single
\$100,000 Couple

SeniorCare Benefit January 2006

- \$120 a month cash assistance
(up to \$1,440 annual)

- \$670 Annual Medicare/Comparable
Insurance Prescription Drug
Premiums and Deductible

Medicare Benefit January 2006

- Annual Medicare Premiums and
deductible covered
\$670
- Full prescription drug coverage
Medicare Part D

- Standard Medicare Part D,
prescription drug coverage

Seniors Served (Total 11,000)

- 7,000

- 4,100

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Departmental Support Services

Component Commissioner's Office

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY/2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	8,689.0	17,377.9	18,064.5	18,826.7	19,659.1	20,579.2
1037 GF/Mental Health						
1189 Senior Care Fund	7,762.4					
Other(Specify Type-do not abbreviate)						
TOTAL	16,451.4	17,377.9	18,064.5	18,826.7	19,659.1	20,579.2

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizing the continuation of the SeniorCare program includes provision to establish a new Alaska senior care fund as an account in the general fund. Per proposed section 47.45.360 the fund would consist of 1) money in the former senior care fund established in sec. 2, ch. 2, SLA 2004; 2) appropriations to the Alaska senior care fund; and 3) any appropriation of interest earned on money in the Alaska senior care fund.

This fiscal note represents capitalization of the new Alaska senior care fund; expenditures are shown on associated fiscal notes for components that would be operating the program. See attachment A for summary of Alaska SeniorCare projected caseload and costs. (Continued on next page)

Prepared by: Janet Clarke, Assistant Commissioner
 Division: Finance and Management Services
 Approved by: Jon S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-1630
 Date/Time: 01/10/2004
 Date: 01/14/2005

FISCAL NOTE

FN # 1

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION

The Alaska senior care fund would be capitalized with a General Fund deposit as well as deposit of the balance of the former senior care fund. The estimated balance of the former senior care fund will be approximately \$7,764.2 on January 1, 2006. This balance will be subject to actual claims and benefit payments under the existing SeniorCare program through December 31, 2005. The General Fund appropriation represents half of the FY07 projected expenditures for SeniorCare cash and drug benefits and the administrative costs to run the program.

It is anticipated that there will be an annual general fund capitalization deposit to the Alaska senior care fund that will be contained in the language section of the operating budget bill. Legislative approval of carryforward of the Alaska senior care fund annually (general fund sweep reversal) will be necessary to allow continuation of the Fund balance for use to pay benefits in the following year.

Alaska SeniorCare Projected Caseloads & Costs

	FY 06 -- 3rd & 4th Qtr	FY 07	FY 08
Caseload Projections			
Alaska SeniorCare Below 135% of Poverty-Cash Benefit	7,000	7,000	7,000
Alaska SeniorCare Between 135% and 300% of Poverty-Drug Benefit	9,975	10,474	10,997
Benefit Assumptions			
Alaska SeniorCare Below 135% of Poverty-Cash Benefit	\$ 720	\$ 1,440	\$ 1,440
Alaska SeniorCare Between 135% and 300% of Poverty-Drug Benefit	\$ 320	\$ 640	\$ 672
<hr/>			
	FY 06 -- 3rd & 4th Qtr	FY 07	FY 08
Budget Forecast			
Alaska SeniorCare Below 135% of Poverty-Cash Benefit	\$ 5,040,000	\$ 10,080,000	\$ 10,080,000
Alaska SeniorCare Between 135% and 300% of Poverty-Drug Benefit	\$ 3,192,000	\$ 6,703,360	\$ 7,389,984
Total Program Cost	\$ 8,232,000	\$ 16,783,360	\$ 17,469,984
Administrative Costs			
Eligibility	\$ 454,500	\$ 450,100	\$ 450,100
Claims Processing	\$ 163,900	\$ 80,900	\$ 80,900
Information and Referral	\$ 59,000	\$ 63,500	\$ 63,500
Total Administrative Costs	\$ 677,400	\$ 594,500	\$ 594,500
Combined Program and Administrative Costs	\$ 8,909,400	\$ 17,377,860	\$ 18,064,484

Source: Fiscal notes for LL-90, as of 1/13/05

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Health Care Services

Component Medical Assistance Admin.

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 242

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	80.9	80.9	80.9	80.9	80.9	80.9
Travel						
Contractual	83.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	163.9	80.9	80.9	80.9	80.9	80.9

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

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	163.9	80.9	80.9	80.9	80.9	80.9
Other(Specify Type-do not abbreviate)						
TOTAL	163.9	80.9	80.9	80.9	80.9	80.9

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program and modifies the prescription drug benefit available under the program. Approximately 10,000 seniors will receive assistance paying their premiums and deductibles for prescription drug coverage under Medicare or some comparable insurance.

The Division of Health Care Services will need to contract for changes to its claims payment system (MMIS) to allow for payment of premiums and deductibles, at a one-time cost of \$133.0 (\$50.0 of this total cost is included in the FY06 Governor's Budget and so not reflected above). In addition, the division will need to add one, full-time staff member. Initially, this position will perform the development and testing of system changes to MMIS. Once the new prescription drug benefit is effective, the position will be responsible for overseeing the premium buy-in process and coordinating the coverage of deductibles with providers.

Prepared by: Jon Sherwood
 Division: Office of Program Review
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-5820
 Date/Time 01/05/2005
 Date 01/14/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Senior and Disabilities Svcs
 Component Senior/Disabilities Svcs Admin

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 2663

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	36.0	48.0	48.0	48.0	48.0	48.0
Travel	0.5	0.5	0.5	0.5	0.5	0.5
Contractual	15.0	15.0	15.0	15.0	15.0	15.0
Supplies	7.5					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	59.0	63.5	63.5	63.5	63.5	63.5

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

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fun	59.0	63.5	63.5	63.5	63.5	63.5
Other(Specify Type-do not abbreviate)						
TOTAL	59.0	63.5	63.5	63.5	63.5	63.5

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will make the SeniorCare program permanent. With the permanency, the Division of Senior and Disabilities Services needs to add one Administrative Clerk III to provide the support for the SeniorCare Information office. This position would be responsible for answering phones, making referrals to agencies, mailing out informational packets on the senior benefits, and maintaining files.

The division is requesting support costs for office space, furniture, a computer, telephone and computer lines, mailings, printing and general office supplies.

Prepared by: Sharon K. Lowe
 Division: Senior and Disabilities Services
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 907-465-5810
 Date/Time: _____
 Date: 01/14/2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: HB 106
 (H) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM RDU Public Assistance
 Component SeniorCare

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR Component No. 2760

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	301.5	361.8	361.8	361.8	361.8	361.8
Travel	3.5	3.5	3.5	3.5	3.5	3.5
Contractual	114.5	74.8	74.8	74.8	74.8	74.8
Supplies	35.0	10.0	10.0	10.0	10.0	10.0
Equipment						
Land & Structures						
Grants & Claims	8,232.0	16,783.4	17,470.0	18,232.2	19,064.6	19,984.7
Miscellaneous						
TOTAL OPERATING	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8
Other(Specify Type-do not abbreviate)						
TOTAL	8,686.5	17,233.5	17,920.1	18,682.3	19,514.7	20,434.8

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	6	6	6	6	6	6
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program, which provides a cash or drug benefit to eligible seniors age 65 or older. It also changes the drug benefit to a State Pharmaceutical Assistance Program, to cover the premiums and deductibles of the new Medicare Part D prescription drug coverage that begins January 1, 2006. This bill would allow seniors with incomes below 135% of the federal poverty guideline and countable assets below \$6,000 (\$9,000 for couples) to continue to be eligible for the \$120 monthly cash payment. Seniors with incomes below 300% of the federal poverty guideline and countable assets below \$50,000 (\$100,000 for couples) would be eligible to have their premiums and deductibles for Medicare Part D, or other similar prescription drug coverage, paid for by the new SeniorCare drug benefit.

Prepared by: Katherine Farnham Phone 269-7930
 Division Public Assistance Date/Time 01/14/2005
 Approved by: Jool S. Gilbertson, Commissioner Date 01/14/2005
 Agency Department of Health and Social Services

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Caseload & Benefit Cost Projections

Assumptions:

This fiscal note assumes the new SeniorCare program begins January 1, 2006 when Medicare Part D drug coverage first becomes available.

- In FY 04, an average of 7,000 seniors received the \$120 cash benefit each month. The Department estimates a monthly average of 7,000 seniors will be eligible for and continue to receive the \$120/month cash benefit, when the program is extended on January 1, 2006.
- The Department estimates an additional 9,975 seniors will become eligible for the new SeniorCare drug benefit beginning January 1, 2006, at an annual cost per individual of \$640.
- The number of seniors receiving the drug benefit and the associated drug benefit premium and deductible costs will increase by 5%/year beginning in FY 07.

Total FY 06 SeniorCare Benefit Costs (6 months): \$8,232.0

Cash benefit @ 135% of FPG: 7,000 x \$720 = \$5,040.0

Drug benefit @ 300% of FPG: 9,975 x \$320 = \$3,192.0

Total FY 07 SeniorCare Benefit Costs: \$16,783.4

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 10,474 x \$640 = \$6,703.4

Total FY 08 SeniorCare Benefit Costs: \$17,470.0

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 10,997 x \$672 = \$7,390.0

Total FY 09 SeniorCare Benefit Costs: \$18,232.2

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 11,547 x \$706 = \$8,152.2

Total FY 10 SeniorCare Benefit Costs: \$19,064.6

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 12,125 x \$741 = \$8,984.6

Total FY 11 SeniorCare Benefit Costs: \$19,984.7

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 300% of FPG: 12,731 x \$778 = \$9,904.7

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. HB 106

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Administration

In FY 06, Administration of the new SeniorCare program will transfer from the Alaska Division of Pioneer Homes to the Division of Public Assistance (DPA). Six new positions are needed in DPA to administer the SeniorCare program: 1 Administrative Clerk II; 3 Eligibility Technician I's, 1 Eligibility Technician III Lead Worker; and 1 Program Coordinator. These positions will have statewide responsibility for processing the enrollment applications for the projected 16,975 eligible recipients. This includes the initial and ongoing determining of eligibility, processing claims, and serving as a liaison with the Social Security Administration to ensure recipient enrollment in Medicare Part D.

Assumptions:

- DPA staff recruitment, hiring, and program eligibility training for new staff will begin in September 2005.
- In October 2005, DPA will begin processing renewal applications for the 7,000 current SeniorCare cash benefit recipients, and begin accepting new applications for the new drug benefit coverage.
- Eligibility determinations for the new SeniorCare drug benefit will begin in November 2005, concurrently with the Social Security Administration's enrollment of beneficiaries for Medicare Part D.
- Starting in January 2006, DPA will have full responsibility for issuing the \$120 SeniorCare cash benefit checks and the new drug benefit identification cards.
- Modifications to DPA's Eligibility Information System (EIS) will be completed to facilitate the issuance of SeniorCare cash benefits and drug benefit identification cards.

Total FY 06 Administrative Costs: \$454.5

Personal Services (\$30,150/month x 10 months): \$301.5
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$114.5
*Office Space: \$24.0
*Local & Long Distance Telephone Support \$8.5
*Marketing & Outreach: \$30.0
*Regulations Development: \$5.0
*EIS Computer System Programming Modifications: \$25.5
*Other Services (printing/mailing recipient warrants and drug benefit ID cards): \$21.5
Office Supplies: \$10.0 Desktop computers, printers, and work stations: \$25.0

Total FY 07 (Annual) Administrative Costs: \$450.1

Personal Services (\$30,150/month x 12 months): \$361.8
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$74.8
*Office Space: \$24.0
*Local & long distance telephone support: \$8.5
*Other Services (printing/mailing recipient warrants and drug benefit ID cards): \$42.3
Office Supplies: \$10.0

Adopted #1 N/O.
5/5/05

24G-1
5/5/2005
(10:48 A.M.)

AMENDMENT

OFFERED IN THE HOUSE FINANCE

BY _____

COMMITTEE

TO: CSHB 106(HES)

1 Page 3, line 21:

2 Delete "300"

3 Insert "175"

4

5 Page 8, following line 9:

6 Insert a new bill section to read:

7 "* Sec. 8. (a) Sections 1 - 3 and 5 - 7 of this Act are repealed June 30, 2007.

8 (b) Money in the Alaska senior care fund established in AS 47.45.360, enacted by sec. 2

9 of this Act, reverts to the unreserved general fund on June 30, 2007." *are met.*

10

11 Renumber the following bill sections accordingly.

*after all valid obligations
met by
incurred*

12

13 Page 8, line 11:

14 Delete "8"

15 Insert "9"

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 21, 2005

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

Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to health care benefits available to eligible low-income senior citizens.

In 2004, the SeniorCare program was enacted that provided for needs-based cash assistance and a prescription drug benefit (ch. 3, SLA 2004). Today, approximately 6,800 seniors with incomes below 135 percent of the federal poverty level for Alaska receive \$120 a month in cash assistance through the SeniorCare program. This program has been very successful in reaching senior citizens in Alaska truly in need of cash assistance.

Unfortunately, the SeniorCare program is anticipated to sunset no later than January 1, 2006. Therefore, the legislation I am proposing today will repeal the temporary law created last year and replace it with a permanent law that will strengthen the SeniorCare program and allow it to continue. It is crucial that the State of Alaska continue to provide critical support for Alaska's most needy senior citizens beyond January 1, 2006.

My proposal to improve SeniorCare is through the creation of a supplement to the recently enacted federal Medicare drug benefit for Alaska's seniors. Under the new federal Medicare benefit, many seniors are still required to pay premium and deductible expenses for prescription drugs out of their own pockets. For Alaska seniors with incomes up to 300 percent of the federal poverty level, I propose that SeniorCare pay these premiums and deductibles on our seniors' behalf - a benefit of approximately \$670 per person annually. Seniors with Medigap or other comparable coverage will also be eligible to receive this benefit as long as they meet the basic income and asset standards for SeniorCare.

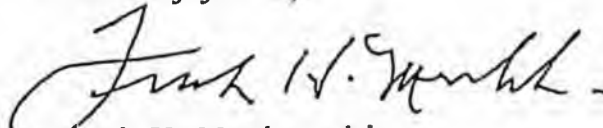
The Honorable John Harris
January 21, 2005
Page 2

I anticipate that over 40 percent of the estimated 41,000 Alaska seniors will be eligible for the SeniorCare benefit. With passage of this legislation, the end result will be that as of January 2006 virtually all seniors in Alaska will be eligible for prescription drug coverage through a combination of federal, state, and employer-sponsored drug plans. This represents an achievement in which we should all be proud.

Over the past several years I have listened to our senior citizens throughout Alaska and there is no doubt in my mind that adequate prescription drug coverage remains a top priority of our seniors. Additional state support for SeniorCare in the years to come will help resolve this longstanding issue. It is a sound investment well worth making.

I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

Sectional Analysis of CS HB 106 (HES) -- Senior Care

(Prepared by the Department of Health and Social Services and the Department of Law, February 11, 2005)

CS HB 106 (HES) would establish the senior care program, which provides cash assistance and prescription drug benefits to eligible seniors.

I. Addition of senior care benefits to list of property exempt under AS 09.38.15 (Section 1):

Sec. 1: Section 1 amends the statute regarding property exempt without limitation to add benefits paid or payable as a senior care benefit under this bill.

II. Establishment of the senior care program (Section 2):

Sec. 2: Section 2 establishes and sets out the senior care program in statute by adding new sections to the chapter dealing with older Alaskans, as follows:

- it establishes senior care as a program, provides the Department of Health and Social Services with the authority to administer it, and establishes the order in which senior care benefits are to be reduced if funding is inadequate;
- it provides for a cash assistance benefit of \$120 per month for Alaska residents, age 65 and older, who have income less than or equal to 135 percent of the federal poverty guidelines;
- it provides for a prescription drug benefit for Alaska residents, age 65 and older, who have income less than or equal to 300 percent of the federal poverty guidelines, who do not receive a cash assistance payment under section 1, and who meet other requirements;
- it provides that the prescription drug benefit will pay for premiums and deductibles for prescription drug coverage under Medicare Part D, a group health plan, veteran benefits, Medigap, military coverage, and other plans comparable to Medicare Part D, while limiting the total benefit to the annual cost of Medicare Part D premiums and deductibles;
- it places the following limitations on the prescription drug benefit: an individual is not eligible for the prescription drug benefit if the premium and deductible are covered by another source or if they have a prescription drug benefit authorized under specific sections of the Social Security Act; in addition, residents of public institutions, nursing facilities, Pioneers' Homes, and Veterans' Homes are not eligible, unless they reside in a public institution or nursing facility for less than three months;

- it prevents recipients of either the cash assistance benefit or the prescription drug benefit from receiving benefits if they leave the state, unless it is temporary absence to receive medical treatment, accompany a family member receiving medical treatment, or take a trip of less than 30 consecutive days (or longer if the department grants an exception for special circumstances);
- it provides for an appeal process for people whose benefits are denied, terminated, or reduced;
- it makes an individual liable to the Department of Health and Social Services for benefits improperly paid due to inaccurate or incomplete information, and gives the Department of Health and Social Services the ability to recover those benefits and associated recovery costs through a civil action;
- it establishes the Alaska senior care fund in statute as an account in the general fund; the senior care fund would receive appropriations and unexpended funds in the current senior care fund created by temporary law;
- it provides definitions.

II. Adds the senior care fund to the list of nongeneral fund program receipts (Section 3):

Sec. 3: Section 3 adds the Alaska senior care fund to the list of nongeneral fund program receipts at AS 37.05.146(c).

III. Repeal of existing senior care program in session law (Section 4):

Sec. 4: Section 4 repeals ch. 3, SLA 2004, which sets out the existing senior care program.

IV. Transition provisions (Sections 5 - 6):

Sec. 5: Section 5 transfers the assets of the current senior care fund created under ch. 3, SLA 2004 to the senior care fund created under sec. 2.

Sec. 6: Section 6(a) gives the Department of Health and Social Services the authority to use the existing regulations to operate the senior care program until it can adopt regulations under the statutes added by the bill. Section 6(b) gives the Department of Health and Social Services authority to begin the process of adopting new regulations before the new statute takes effect.

V. Effective dates (Sections 7 - 8):

Sec. 7: Section 7 provides for an immediate effective date for sec. 6(b), authorizing the Department of Health and Social Services to begin adopting new regulations.

Sec. 7: Section 8 provides for an effective date, the date Medicare Part D begins, for the remainder of the bill sections.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 3, 2005

SUBJECT: Senior Care (HB 106 (Work Order No. 24-GH 1090\A))

TO: Representative Peggy Wilson
Attn: Kathy Erickson

FROM: Jean M. Mischel
Legislative Counsel



You have asked for a review and opinion on the drafting and legal issues raised in the above referenced bill. The bill creates an account to transfer funds from the temporary senior care program established under ch. 3 SLA 2004, repeals the temporary program in its entirety, and establishes a senior care program in AS 47.45 for administration by the Department of Health and Social Services. While the bill shares many similarities with the temporary senior care program, it would be inaccurate to characterize this bill as merely codifying the temporary law. Both the benefits and the eligibility criteria have been changed in this bill.

The bill also contains explicit cross-references to the federal act that provides for prescription benefits. As a drafting matter, these cross references should be changed to reflect the title of the federal act, "Medicare Prescription Drug, Improvement and Modernization Act of 2003" and the reference to "Medicare Part D" should be deleted throughout this bill. The cross-reference to "Part D" could easily prove ambiguous or inaccurate, particularly if a future Congress reorganizes the federal act. The bill also contains an error at page 3, line 31 that should be corrected. The cross-reference there should read: "38 U.S.C. 1701-1784", rather than "38 U.S.C. 1701-1774." Other editorial changes should be made in compliance with the legislative drafting manual including a substitution of the word "shall" for "must" wherever "must" appears.

In addition, the exemption of senior care benefits from garnishment, levy or execution at page 2, line 25-26 of the bill requires an amendment to AS 09.38.015(a) to include senior care benefits. If senior care benefits are intended to replace longevity bonus payments then other conforming amendments pertaining to the longevity bonus program should be made. Let me know if you would like to have these conforming amendments drafted.

A potential equal protection issue is raised by the exclusion of residents of certain types of public facilities, who would otherwise qualify, from eligibility for the prescription benefits provided for in this bill (page 4, lines 25-31). Since this an economic benefit, a court would apply the lowest level of scrutiny to the rationale for this provision. The

Representative Peggy Wilson
February 3, 2005
Page 2

state must have a legitimate interest supporting the differential treatment.

The mandatory assignment of rights to similar prescription drug benefits (page 3, lines 16-17) assumes that the benefit is assignable, which may not always be available to a beneficiary.

The appeal procedure provided for at page 5, lines 12-16, may more appropriately be placed within the Department of Administration's Office of Administrative Hearings under AS 44.64.

Finally, the effective date at section 7 may allow for a gap in benefits should the federal Medicare Part D prescription drug benefits not be operational by January 1, 2006. At that point, the temporary senior care program will be repealed and eligible participants who have private or non-Medicare prescription drug benefits will receive a prescription drug benefit unavailable to other eligible recipients, a result that may not be intended.

If I may be of further assistance, please advise.

JMM:jad
05-067.jad

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Alaska Commission on Aging

February 7, 2005

The Honorable Peggy Wilson, Chair
House H.E.S.S. Committee
House of Representatives
State Capitol Room 108
Juneau, AK 99801-1182

Re: HB 106, SeniorCare Program

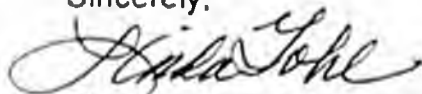
Dear Representative Wilson:

The members of the Alaska Commission on Aging would like to voice their very strong support for passage of the Governor's SeniorCare Bill, HB 106. The Commission is charged with making recommendations to the Governor and the Legislature with respect to legislation, regulations and appropriations for programs and/or services that support the health and well-being of older Alaskans.

Members of the Commission are particularly concerned about the ability of our most needy and vulnerable seniors to afford adequate medical care, including coverage for prescription drugs. We are also concerned about all seniors on fixed incomes who are burdened with skyrocketing costs for medical care, prescription drugs, Medicare and expensive private health insurance premiums. With the establishment of the Medicare Part D prescription drug program, it is vitally important that Alaska seniors are able to cover the cost of participating in this federal program if they are to avail themselves of this federal assistance. We believe the Governor's proposed SeniorCare program will go a long way toward ensuring that our seniors have adequate and affordable prescription drug coverage in Alaska.

The members of the Commission on Aging respectfully ask your consideration and support for passage of HB106 and sufficient funding to ensure this program is successful.

Sincerely,



Linda Gohl, Executive Director
Alaska Commission on Aging

FRANK H. MURKOWSKI
GOVERNOR

P.O. BOX 110693

JUNEAU, ALASKA 99811-0693

PHONE: (907) 465-3250

FAX: (907) 465-1398



February 8, 2005

The Honorable Peggy Wilson, Chair
House Health, Education and Social Services Committee
Alaska State Capitol, Room 108
Juneau, AK 99801-1182

RE: HB 106 (Governor Murkowski)—Support

Dear Chair Wilson:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the House Health, Education and Social Services Committee to support HB 106, introduced by the House Rules Committee at the request of Governor Murkowski.

Last year Governor Murkowski proposed, and the Legislature passed, the Alaska SeniorCare bill. As you know from talking to your own constituents, the cost of prescription medications for older Alaskans is a critical issue for many family budgets. Older persons use more medications than younger people. With more years, we use more medications. Our oldest Alaskans are the ones most likely to use the most prescriptions. They are also statistically likely to have the lowest incomes.

In Alaska, just like every other state, we also have a second group of persons who reach retirement age with serious health problems. Very often they already face significant prescription drug costs when they turn 65 and these costs usually continue to go up as they age.

Prescription medications are not a luxury. They are an essential part of preventive health care today. Without prescriptions, many older Alaskans would face more serious (and more costly) health interventions, including surgery. Providing prescription drug coverage under SeniorCare is smart medicine and we applaud the Governor and the Legislature for passing SeniorCare last year.

HB 106 would allow SeniorCare to continue beyond December 31, 2005. Better yet, HB 106 would compliment the new Medicare Part D program and assist older Alaskans who sign up for the new Medicare benefit with premium and deductible costs up to 300% of the federal poverty level. HB 106 also raises the "assets test" for eligibility in SeniorCare. The original assets test undoubtedly prevented some medically needy older Alaskans from participating. Older persons tend to save for that "rainy day." Even low income older people tend to save for emergencies. They may not be able to save much but what they do save often makes them ineligible for programs like SeniorCare. Raising the assets test to more reasonable limits is certainly good public policy and supports the intent of the Governor and the Legislature.

We are well aware that the Legislature faces competing requests for a limited budget. However, we also believe that SeniorCare is successful in its intent and, with the Governor's recommended changes in HB 106, Alaska's SeniorCare will be even more effective in helping older Alaskans deal with the ever-rising cost of prescription medications.

We urge an "AYE" vote on HB 106.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,

Marie Darlin

Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Paul Seaton
Representative Vic Kohring
Representative Tom Anderson
Representative Lesil McGuire
Representative Berta Gardner
Representative Sharon Cissna
Governor Frank Murkowski
Commissioner Joel Gilbertson

HB

106

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAY 7 2005

SENATE FINANCE
COMMITTEE

DATE: 5/7/05

FURTHER:

DATE TURNED
IN TO OFFICE: 7 May 2005

Finance Committee considered CS FOR HOUSE BILL NO. 106(FIN)

HB 106 SENIOR CARE PROGRAM

"An Act establishing the senior care program and relating to that program; creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date."

and recommends:

- be replaced with S CS CS HB 106 (FIN)
- adopt previous _____ CS CS forthcoming
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

CS Senate Bill:
 Same Title
 New Title

SCS House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
DHSS Health Care Svc	5/5/05	163.9			#5
DHSS Senior/Disab Svc	5/5/05	59.0			#6
DHSS Public Asst.	5/5/05	6,614.4			#7
DHSS Dept Support	5/5/05			✓	#8

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
COCHAIR: <i>Gary Wilson</i>	✓			
COCHAIR: <i>Lynne Breen</i>	✓			

MAY 7 2005

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: CSHB 106(FIN)
 (H) Publish Date: 5/5/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Health Care Services

Component Medical Assistance Admin.

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 242

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	80.9	80.9				
Travel						
Contractual	83.0	60.0				
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	163.9	140.9	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	163.9	140.9				
Other(Specify Type-do not abbreviate)						
TOTAL	163.9	140.9	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program through June 30, 2007 and modifies the prescription drug benefit available under the program. Approximately 4,000 seniors will receive assistance paying their premiums and deductibles for prescription drug coverage under Medicare or some comparable insurance.

The Division of Health Care Services will need to contract for changes to its claims payment system (MMIS) to allow for payment of premiums and deductibles, at a one-time cost of \$133.0 (\$50.0 of this total cost is included in the FY06 Governor's Budget and so not reflected above). There will be a continuing cost of \$60.0 contractual for on-going system programming, preparing and distributing tapes of eligible participants monthly to Prescription Drug Plan providers. (Continued on next page.)

Prepared by: Dwayne Peoples, Director

Phone 465-5830

Division Health Care Services

Date/Time 05/05/2005

Approved by: Joel S. Gilbertson, Commissioner

Date 05/05/2005

Agency Department of Health and Social Services

FISCAL NOTE
FN # 5

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CSHB 106(FIN)

ANALYSIS CONTINUATION

In addition, the division will need to add one, full-time staff member. Initially, this position will perform the development and testing of system changes to MMIS. Once the new prescription drug benefit is effective, the position will be responsible for overseeing the premium buy-in process and coordinating the coverage of deductibles with providers.

MAY 7 2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: CSHB 106(FIN) SENATE FINANCE
 (H) Publish Date: 5/5/05 COMMITTEE

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

Dept. Affected: Health & Social Services

RDU Senior and Disabilities Svcs

Component Senior/Disabilities Svcs Admin

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 2663

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	36.0	48.0				
Travel	0.5	0.5				
Contractual	15.0	15.0				
Supplies	7.5					
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	59.0	63.5	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (0)						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1189 Senior Care Fund	59.0	63.5				
Other(Specify Type-do not abbreviate)						
TOTAL	59.0	63.5	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost:

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	1	1				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will continue the SeniorCare program through June 30, 2007. The Division of Senior and Disabilities Services needs to add one Administrative Clerk III to provide the support for the SeniorCare Information office. This position would be responsible for answering phones, making referrals to agencies, mailing out informational packets on the senior benefits, and maintaining files.

The division is requesting support costs for office space, furniture, a computer, telephone and computer lines, mailings, printing and general office supplies.

Prepared by: Rod Moline
 Division: Senior and Disabilities Services
 Approved by: Jool S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-1605
 Date/Time 05/05/2005
 Date 05/05/2005

MAY 7 2005

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 7
 Bill Version: CSHB 106(FIN)
 (H) Publish Date: 5/5/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM RDU Public Assistance
 Component SeniorCare

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN) Component No. 2760

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	184.9	221.9				
Travel	3.5	3.5				
Contractual	109.0	72.5				
Supplies	29.0	9.0				
Equipment						
Land & Structures						
Grants & Claims	6,288.0	12,700.8				
Miscellaneous						
TOTAL OPERATING	6,614.4	13,007.7	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
1196 AK Senior Care Fund	6,614.4	13,007.7				
Other(Specify Type-do not abbreviate)						
TOTAL	6,614.4	13,007.7	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost:

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	4	4				
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the continuation of the SeniorCare program, which provides a cash or drug benefit to eligible seniors age 65 or older. It also changes the drug benefit to a State Pharmaceutical Assistance Program, to cover the premiums and deductibles of the new Medicare Part D prescription drug coverage that begins January 1, 2006. This bill would allow seniors with incomes below 135% of the federal poverty guideline and countable assets below \$6,000 (\$9,000 for couples) to continue to be eligible for the \$120 monthly cash payment. Seniors with incomes below 175% of the federal poverty guideline and countable assets below \$50,000 (\$100,000 for couples) would be eligible to have their premiums and deductibles for Medicare Part D, or other similar prescription drug coverage, paid for by the new SeniorCare drug benefit.

This fiscal note is based on a proposed sunset of this program on June 30, 2007.

Prepared by: Katherine Farnham Phone 269-7930
 Division Public Assistance Date/Time 05/05/2005
 Approved by: Joel S. Gilbertson, Commissioner Date 05/05/2005
 Agency Department of Health and Social Services

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO CSHB 106(FIN)

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Caseload & Benefit Cost Projections

Assumptions:

This fiscal note assumes the new SeniorCare program begins January 1, 2006 when Medicare Part D drug coverage first becomes available.

- In FY 04, an average of 7,000 seniors received the \$120 cash benefit each month. The Department estimates a monthly average of 7,000 seniors will be eligible for and continue to receive the \$120/month cash benefit, when the program is extended on January 1, 2006.
- The Department estimates an additional 3,900 seniors will become eligible for the new SeniorCare drug benefit beginning January 1, 2006, at an annual cost per individual of \$640.
- The number of seniors receiving the drug benefit and the associated drug benefit premium and deductible costs will increase by 5%/year beginning in FY 07.

Total FY 06 SeniorCare Benefit Costs (6 months): \$6,288.0

Cash benefit @ 135% of FPG: 7,000 x \$720 = \$5,040.0

Drug benefit @ 175% of FPG: 3,900 x \$320 = \$1,248.0

Total FY 07 SeniorCare Benefit Costs: \$12,700.8

Cash benefit @ 135% of FPG: 7,000 x \$1,440 = \$10,080.0

Drug benefit @ 175% of FPG: 4,095 x \$640 = \$2,620.8

Administration

In FY 06, Administration of the new SeniorCare program will transfer from the Alaska Division of Pioneer Homes to the Division of Public Assistance (DPA). Four new positions are needed in DPA to administer the SeniorCare program: 1 Administrative Clerk II; 2 Eligibility Technician I's and 1 Eligibility Technician III Lead Worker. These positions will have statewide responsibility for processing the enrollment applications for the projected 10,900 eligible recipients. This includes the initial and ongoing determining of eligibility, processing claims, and serving as a liaison with the Social Security Administration to ensure recipient enrollment in Medicare Part D.

Continued on next page.

FISCAL NOTE
FN # 7

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. CSHB 106(FIN)

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Assumptions:

- DPA staff recruitment, hiring, and program eligibility training for new staff will begin in September 2005.
- In October 2005, DPA will begin processing renewal applications for the 7,000 current SeniorCare cash benefit recipients, and begin accepting new applications for the new drug benefit coverage.
- Eligibility determinations for the new SeniorCare drug benefit will begin in November 2005, concurrently with the Social Security Administration's enrollment of beneficiaries for Medicare Part D.
- Starting in January 2006, DPA will have full responsibility for issuing the \$120 SeniorCare cash benefit checks and the new drug benefit identification cards.
- Modifications to DPA's Eligibility Information System (EIS) will be completed to facilitate the issuance of SeniorCare cash benefits and drug benefit identification cards.

Total FY 06 Administrative Costs: \$326.4

Personal Services (\$18,492/month x 10 months): \$184.9
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$109.0
*Office Space: \$20.0
*Local & Long Distance Telephone Support \$8.5
*Marketing & Outreach: \$30.0
*Regulations Development: \$5.0
*EIS Computer System Programming Modifications: \$25.5
*Other Services (printing/mailing recipient warrants and drug benefit ID cards): \$20.0
Office Supplies: \$9.0 Desktop computers, printers, and work stations: \$20.0

Total FY 07 (Annual) Administrative Costs: \$306.9

Personal Services (\$18,492/month x 12 months): \$221.9
Travel (to support employee training, marketing, outreach): \$3.5
Contractual: \$72.5
*Office Space: \$24.0
*Local & long distance telephone support: \$8.5
*Other Services (printing/mailing recipient warrants and drug benefit ID cards): \$40.0
Office Supplies: \$9.0

1-4-1 7 2005

SENATE FINANCE COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 8
Bill Version: CSHB 106(FIN)
(H) Publish Date: 5/5/05

Revision Date/Time (Note if correction):

Dept. Affected: Health & Social Services

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Departmental Support Services

Component Commissioner's Office

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester HOUSE (FIN)

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		11,962.6				
1037 GF/Mental Health						
1189 Senior Care Fund	8,086.8					
Other(Specify Type-do not abbreviate)						
TOTAL	8,086.8	11,962.6	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizing the continuation of the SeniorCare program through June 30, 2007 includes provision to establish a new Alaska senior care fund as an account in the general fund. Per proposed section 47.45.360 the fund would consist of 1) money in the former senior care fund established in sec. 2, ch. 2, SLA 2004; 2) appropriations to the Alaska senior care fund; and 3) any appropriation of interest earned on money in the Alaska senior care fund.

This fiscal note represents capitalization of the new Alaska senior care fund; expenditures are shown on associated fiscal notes for components that would be operating the program. See attached summary of Alaska SeniorCare projected caseload and costs. (Continued on next page)

Prepared by: Janet Clarke, Assistant Commissioner

Phone 465-1630

Division Finance and Management Services

Date/Time 05/05/2005

Approved by: Joel S. Gilbertson, Commissioner

Date 05/05/2005

Agency Department of Health and Social Services

FISCAL NOTE
FN # 8

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO CSHB 106(FIN)

ANALYSIS CONTINUATION

The Alaska senior care fund would be capitalized with a General Fund deposit as well as deposit of the balance of the former senior care fund. The estimated balance of the former senior care fund will be approximately \$8,086.8 on January 1, 2006. This balance will be subject to actual claims and benefit payments under the existing SeniorCare program through December 31, 2005. This balance will fully fund the Alaska SeniorCare Program for the second half of FY06, as well as allow for carryforward of an estimated \$1,249.5 for partial funding of the program in FY07. The General Fund appropriation for FY07 represents the difference between the balance in the Alaska Senior Care Fund and the projected expenditures for SeniorCare cash and drug benefits and the administrative costs to run the program through FY07.

It is anticipated that the FY07 general fund capitalization deposit to the Alaska senior care fund will be contained in the language section of the operating budget bill. Legislative approval of carryforward of the Alaska senior care fund (general fund sweep reversal) will be necessary to allow continuation of the Fund balance for use to pay benefits in the following year.

Alaska SeniorCare Program ProjectionsMaintain SeniorCare Cash Benefit@135% FPG

Number of Recipients
Annual Cost Per Client
Total Cost

	<u>FY 06</u>	<u>FY 07</u>
	7,000	7,000
	\$ 720	\$ 1,440
	<u>\$ 5,040,000</u>	<u>\$ 10,030,000</u>

Drug Benefit @175% FPG

Number of Recipients
Annual Cost Per Client
Total Cost

	3,900	4,095
	\$ 320	\$ 640
	<u>\$ 1,248,000</u>	<u>\$ 2,620,800</u>

Summary -- Combined Cash and Drug Assistance

Number of Recipients
Total Alaska SeniorCare Program Benefits

	<u>FY 06</u>	<u>FY 07</u>
	10,900	11,095
	<u>\$ 6,288,000</u>	<u>\$ 12,700,800</u>

Administrative Costs

Eligibility (Public Assistance)
Claims Processing (Health Care Services)
Information and Referral (Sr & Disabilities Svcs)

	\$ 326,400	\$ 306,900
	\$ 163,900	\$ 140,900
	\$ 59,000	\$ 63,500

Total Administrative Costs

	<u>\$ 549,300</u>	<u>\$ 511,300</u>
--	-------------------	-------------------

Combined Program and Administrative Costs

	<u>\$ 6,837,300</u>	<u>\$ 13,212,100</u>
--	---------------------	----------------------

Projected Balance in Senior Care Fund 1/1/06

Projected Balance in AK Senior Care Fund for carryforward to FY07
General Fund Need

	\$ 8,086,800	
		\$ 1,249,500
	\$ 0	<u>\$ 11,962,600</u>

Population Growth

5%

Premium/Deductible Inflation

5%



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 7 May 2005 TIME: 6:10 pm

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
SCS CS HB 106 (FIN) 24-GH1090\I
Mischel 5/4/05
no changes
Thanks
Mindy

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

24-GH1090M
Mischel
5/6/05

**SENATE CS FOR CS FOR HOUSE BILL NO. 106(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL
FOR AN ACT ENTITLED**

1 "An Act establishing the senior care program and relating to that program; creating a
2 fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and
3 providing for an effective date."

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

5 * Section 1. AS 09.38.015 is amended to read:

6 **Sec. 09.38.015. Property exempt without limitation.** (a) An individual is
7 entitled to exemption of the following property:

8 (1) a burial plot for the individual and the individual's family;

9 (2) health aids reasonably necessary to enable the individual or a
10 dependent to work or to sustain health;

11 (3) benefits paid or payable for medical, surgical, or hospital care to
12 the extent they are or will be used to pay for the care;

13 (4) an award under AS 18.67 (Violent Crimes Compensation Board) or
14 a crime victim's reparations act of another jurisdiction;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

- (5) benefits paid or payable as a longevity bonus under AS 47.45;
- (6) compensation or benefits paid or payable and exempt under federal law;
- (7) liquor licenses granted under AS 04;
- (8) tuition credit or savings accounts under a higher education savings account established under AS 14.40.802 or an advance college tuition savings contract authorized under AS 14.40.809(a);
- (9) a permanent fund dividend to the extent allowed under AS 43.23.065;
- (10) benefits paid or payable as a senior care benefit under AS 47.45.300 - 47.45.390.

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

Article 3. Senior Care Program.

Sec. 47.45.300. Senior care program. (a) The senior care program is established in the Department of Health and Social Services to provide cash assistance benefits and prescription drug benefits as far as practicable under appropriations provided by law.

(b) The department shall

- (1) administer the program; and
- (2) adopt regulations under AS 44.62 to carry out the purposes of the program.

(c) If the department estimates that appropriations for the program are insufficient to meet the demands of the program in a fiscal year, the department may reduce or eliminate the benefits available to recipients. Benefits shall be reduced or eliminated in the following order:

- (1) deductible coverage under AS 47.45.320(c);
- (2) premium coverage under AS 47.45.320(c);
- (3) cash assistance under AS 47.45.310(b).

Sec. 47.45.310. Cash assistance benefit. (a) To be eligible for a cash assistance benefit under the program, an individual shall

- (1) be 65 years of age or older;

- 1 (2) be a resident of the state;
- 2 (3) have household income that does not exceed
- 3 (A) \$16,133 a year if the household consists of one person; or
- 4 (B) \$21,641 a year if the household consists of two people;
- 5 (4) meet other eligibility requirements specified in this subsection and
- 6 in regulations adopted under this subsection; and
- 7 (5) apply on a form provided by the department; the department may
- 8 use an abbreviated form for an individual who received a payment under an assistance
- 9 program for seniors that paid \$120 a month and was administered by the department
- 10 on or before the effective date of this section.

11 (b) An eligible individual who meets the income standard of (a)(3) of this

12 section shall receive cash assistance of \$120 a month as far as practicable under

13 appropriations available to the program.

14 (c) Cash assistance provided under this section is inalienable by assignment or

15 transfer and is exempt from garnishment, levy, or execution as provided in

16 AS 09.38.015.

17 **Sec. 47.45.320. Prescription drug benefit.** (a) To be eligible for a

18 prescription drug benefit under the program, an individual

- 19 (1) shall be 65 years of age or older;
- 20 (2) shall be a resident of the state;
- 21 (3) shall have household income that does not exceed
- 22 (A) \$20,913 a year if the household consists of one person; or
- 23 (B) \$28,053 a year if the household consists of two people;
- 24 (4) may not be receiving a cash assistance payment under
- 25 AS 47.45.310;
- 26 (5) shall be enrolled in at least one of the prescription drug programs
- 27 described in (c) of this section;
- 28 (6) shall meet other eligibility requirements specified in this subsection
- 29 and in regulations adopted under this subsection; and
- 30 (7) shall apply on a form provided by the department; the department
- 31 may use an abbreviated form for individuals who received a payment under an

1 assistance program for seniors that paid \$120 a month and was administered by the
2 department on or before the effective date of this section.

3 (b) To receive a prescription drug benefit under this section, an individual

4 (1) may not also receive a similar prescription drug benefit, except for
5 a prescription drug program offered by a facility that operates under the authority of
6 25 U.S.C. 450 - 458bbb-2; and

7 (2) if eligible for a similar prescription drug benefit, shall assign to the
8 department the individual's right to payment of the other prescription drug benefit.

9 (c) The department may pay an eligible individual's premium and deductible
10 for a prescription drug benefit authorized under

11 (1) 42 U.S.C. 1395w-101 - 1395w-152 (Medicare Prescription Drug,
12 Improvement and Modernization Act of 2003), as amended, including

13 (A) a prescription drug plan funded under 42 U.S.C. 1395w-
14 101 - 1395w-152 (Medicare Prescription Drug, Improvement and
15 Modernization Act of 2003), as amended; and

16 (B) a Medicare Advantage plan that provides prescription drug
17 coverage qualified under 42 U.S.C. 1395w-101 - 1395w-152 (Medicare
18 Prescription Drug, Improvement and Modernization Act of 2003), as amended;

19 (2) a group health plan, including the federal employees health benefits
20 program and qualified retiree prescription drug plan as defined in 42 U.S.C. 1395w-
21 132 (sec. 1860D-22(a)(2) of the Social Security Act), as amended;

22 (3) coverage of prescription drugs for veterans, survivors, and
23 dependents under 38 U.S.C. 1701 - 1784, as amended;

24 (4) coverage under a Medicare supplemental policy, such as medigap
25 under 42 U.S.C. 1395ss (sec. 1882 of the Social Security Act), as amended, and as
26 specified in 42 C.F.R. 403.205, that provides a prescription drug benefit regardless of
27 whether the coverage was issued in accordance with the standardization requirement
28 under 42 U.S.C. 1395ss(p)(1) (sec. 1882(p)(1) of the Social Security Act), as
29 amended;

30 (5) military coverage under 10 U.S.C. 1071 - 1110, as amended; or

31 (6) any other private plan that is identified by the department as

1 providing coverage actuarially equivalent to 42 U.S.C. 1395w-101 - 1395w-152
2 (Medicare Prescription Drug, Improvement and Modernization Act of 2003), as
3 amended.

4 (d) If an eligible individual has a prescription drug benefit that is specified in
5 (c) of this section, but that benefit does not require the individual to pay either a
6 premium or a deductible, the department may not pay a prescription drug benefit to the
7 individual under this section.

8 (e) The total prescription drug benefit that an eligible individual may receive
9 under this section in a fiscal year may not exceed the annual premium cost of a plan
10 identified in (c) of this section and any deductible required under 42 U.S.C. 1395w-
11 101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act
12 of 2003), as amended.

13 (f) The department may not pay a prescription drug benefit under this section
14 to an individual who has a prescription drug benefit authorized under

15 (1) Medicaid under 42 U.S.C. 1396 - 1396v (Title XIX of the Social
16 Security Act), as amended; or

17 (2) a waiver under 42 U.S.C. 1315 (sec. 1115 of the Social Security
18 Act), as amended.

19 (g) An individual residing in a public institution, a nursing facility, the Alaska
20 Pioneers' Home, or the Alaska Veterans' Home is not eligible for a prescription drug
21 benefit under this section. For purposes of this subsection, an individual is not
22 considered to be residing in a public institution or nursing facility if the individual is
23 institutionalized for medical services for a period of less than three months and
24 continues to maintain and provide for the expenses of the individual's home or living
25 arrangement to which that individual may return upon discharge from the institution or
26 facility.

27 **Sec. 47.45.330. Continuation of benefits.** An eligible individual who leaves
28 the state may not receive a cash assistance benefit under AS 47.45.310 or prescription
29 drug benefit under AS 47.45.320 during the absence unless the individual's absence is
30 temporary and is for one of the following reasons:

31 (1) to receive medical treatment for the individual;

1 (2) to accompany the individual's family member who is receiving
2 medical treatment outside the state; or

3 (3) for a vacation, business trip, or other absence of less than 30
4 consecutive days, unless the individual has applied for and received a time extension
5 from the department for special circumstances.

6 **Sec. 47.45.340. Appeal rights.** An individual who receives a determination
7 from the department that denies, limits, or modifies a cash assistance benefit or
8 prescription drug benefit under AS 47.45.300 - 47.45.390, other than a determination
9 under AS 47.45.300(c) to reduce or eliminate benefits, may request a hearing before
10 the department under regulations adopted by the department.

11 **Sec. 47.45.350. Ability to recover or recoup improper assistance benefits.**
12 An individual is liable to the department for the value of assistance or benefits
13 improperly paid to the person under AS 47.45.310 or 47.45.320 if the improper
14 payment was based on inaccurate or incomplete information provided by the
15 individual. In a civil action brought by the state to recover from the individual the
16 value of assistance or benefits improperly paid under AS 47.45.310 or 47.45.320, the
17 state may recover from the individual the costs of investigation and prosecution of the
18 civil action, including attorney fees as determined under court rules.

19 **Sec. 47.45.360. Alaska senior care fund.** The Alaska senior care fund is
20 established as an account in the general fund. The fund shall be used by the
21 commissioner of health and social services to pay for costs incurred in the provision of
22 senior services under AS 47.45.300 - 47.45.390. The fund consists of

23 (1) money in the former senior care fund established in sec. 2, ch. 3,
24 SLA 2004;

25 (2) appropriations to the Alaska senior care fund; and

26 (3) any appropriation of interest earned on money in the Alaska senior
27 care fund.

28 **Sec. 47.45.390. Definitions.** In AS 47.45.300 - 47.45.390,

29 (1) "department" means the Department of Health and Social Services;

30 (2) "eligible individual" means an individual who meets the
31 requirements of AS 47.45.310 or 47.45.320 and regulations adopted under those

1 statutes for eligibility for the program;

2 (3) "family member" means a person who is

3 (A) legally related to an eligible individual through marriage or
4 guardianship; or

5 (B) an eligible individual's sibling, parent, grandparent, son,
6 daughter, grandson, granddaughter, uncle, aunt, niece, nephew, or first cousin;

7 (4) "program" means the senior care program established in
8 AS 47.45.300 - 47.45.390;

9 (5) "public institution" means a governmentally owned establishment
10 that furnishes food, shelter, and some additional treatment or services to 16 or more
11 persons; "public institution" does not include the Alaska Pioneers' Home or Alaska
12 Veterans' Home;

13 (6) "resident" has the meaning given in AS 47.25.430(a).

14 * Sec. 3. AS 37.05.146(c) is amended by adding a new paragraph to read:

15 (78) the Alaska senior care fund (AS 47.45.360).

16 * Sec. 4. AS 09.38.015(a)(10); AS 37.05.146(c)(78); AS 47.45.300, 47.45.310, 47.45.320,
17 47.45.330, 47.45.340, 47.45.350, 47.45.360, 47.45.390; and secs. 5 - 7 of this Act are repealed
18 on the later of June 30, 2007, or the effective date under sec. 11 of this Act.

19 * Sec. 5. Chapter 3, SLA 2004, is repealed.

20 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 TRANSITION: TRANSFER OF ASSETS TO THE ALASKA SENIOR CARE
23 FUND. Subject to appropriation, the assets of the senior care fund created by sec. 2, ch. 3,
24 SLA 2004, are transferred to the Alaska senior care fund (AS 47.45.360) established by sec. 2
25 of this Act.

26 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 TRANSITION: REGULATIONS. (a) To the extent the regulations are not
29 inconsistent with this Act, regulations adopted by the Department of Health and Social
30 Services in 2003 to provide cash assistance of \$120 a month to seniors that were in effect on
31 June 29, 2004, remain applicable and in effect as valid regulations until the Department of

1 Health and Social Services adopts regulations under this Act and those regulations take effect
2 under AS 44.62.

3 (b) The Department of Health and Social Services may proceed to adopt regulations
4 to implement the changes made by this Act. The regulations take effect under AS 44.62
5 (Administrative Procedure Act), but not before the effective date of the statutory changes.

6 * Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 DUTY OF COMMISSIONER TO NOTIFY REVISOR OF STATUTES. The
9 commissioner of health and social services shall notify the revisor of statutes when 42 U.S.C.
10 1395w-101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act
11 of 2003) is operational for recipients in this state, as communicated to the commissioner of
12 health and social services by the United States Department of Health and Human Services.

13 * Sec. 9. The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 FUND REVERSION. The unobligated, unencumbered, and unappropriated balance
16 of the Alaska senior care fund established in AS 47.45.360, added by sec. 2 of this Act,
17 reverts to the unreserved general fund on June 30, 2007.

18 * Sec. 10. Sections 7(b) and 8 of this Act take effect immediately under AS 01.10.070(c).

19 * Sec. 11. Except as provided in sec. 10 of this Act, this Act takes effect on the date that the
20 commissioner of health and social services notifies the revisor of statutes that 42 U.S.C.
21 1395w-101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act
22 of 2003) is operational for recipients in this state, as communicated to the commissioner of
23 health and social services by the United States Department of Health and Human Services.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

HB 106

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3066

February 25, 2005

Honorable Lyda Green, Co-Chair
Senate Finance Committee
Alaska State Capitol, Rm. 516
Juneau, AK 99801

Dear Senator Green,

The Department of Health and Social Services respectfully requests a hearing in the Senate Finance Committee on Senate Bill 78 "An Act establishing the senior care program and relating to that program: creating a fund for the provision of the senior care program; repealing ch. 3, SLA 2004; and providing for an effective date."


The proposed legislation will repeal the existing SeniorCare program established in temporary law last year and replace it with a permanent law that will strengthen the SeniorCare program in future years.

The Senate Health, Education and Social Services Committee heard the bill and recommends it be replaced with a Senate (HES) Committee Substitute. The department supports the Senate (HES) amendments.

A copy of Governor Murkowski's transmittal letter providing additional information on the bill, a sectional analysis, and the associated fiscal notes should be on file with the committee.

Your favorable consideration of this request will be appreciated.

Sincerely,


Sherry Hill, Special Assistant
Office of the Commissioner

cc: Kevin Jardell, Legislative Director
Office of the Governor
Ms. Katherine Farnham, Director
Division of Public Assistance

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES



April 26, 2005

The Honorable Lyda Green, Co-Chair
Senate Finance Committee
Alaska State Capitol, Room 516
Juneau, Alaska 99801-1182

The Honorable Gary Wilken, Co-Chair
Senate Finance Committee
Alaska State Capitol, Room 518
Juneau, Alaska 99801-1182

RE: SB 78 (Governor Murkowski)--Support

Dear Co-Chairs Green and Wilken:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Finance Committee to schedule a hearing and support SB 78, introduced by the Senate Rules Committee at the request of Governor Murkowski.

Last year Governor Murkowski proposed, and the Legislature passed, the Alaska SeniorCare bill. As you know from talking to your own constituents, the cost of prescription medications for older Alaskans is a critical issue for many family budgets. Older persons use more medications than younger people. With more years, we use more medications. Our oldest Alaskans are the ones most likely to use the most prescriptions. They are also statistically likely to have the lowest incomes.

In Alaska, just like every other state, we also have a second group of persons who reach retirement age with serious health problems. Very often they already face significant prescription drug costs when they turn 65 and these costs usually continue to go up as they age.

Prescription medications are not a luxury. They are an essential part of preventive health care today. Without prescriptions, many older Alaskans would face more serious (and more costly) health interventions, including surgery. Providing prescription drug coverage under SeniorCare is smart medicine and we applaud the Governor and the Legislature for passing SeniorCare last year.

SB 78 would allow SeniorCare to continue beyond December 31, 2005. Better yet, SB 78 would compliment the new Medicare Part D program and assist older Alaskans who

sign up for the new Medicare benefit with premium and deductible costs up to 300% of the federal poverty level. SB 78 also raises the "assets test" for eligibility in SeniorCare. The original assets test undoubtedly prevented some medically needy older Alaskans from participating. Older persons tend to save for that "rainy day." Even low income older people tend to save for emergencies. They may not be able to save much but what they do save often makes them ineligible for programs like SeniorCare. Raising the assets test to more reasonable limits is certainly good public policy and supports the intent of the Governor and the Legislature.

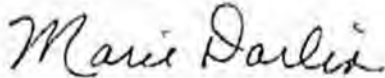
We are well aware that the Legislature faces competing requests for a limited budget. However, we also believe that SeniorCare is successful in its intent and, with the Governor's recommend changes in SB 78, Alaska's SeniorCare will be even more effective in helping older Alaskans deal with the ever-rising cost of prescription medications.

We urge you to schedule an early hearing and to vote "AYE" on SB 78.

Should you have any questions about our position, please feel free to contact me (586-3637) or Patrick Luby, AARP Advocacy Director (907-762-3314).

Thank you for your consideration.

Sincerely,



Marie Darlin, Coordinator
AARP Capital City Task Force
415 Willoughby Avenue, Apt. 506
Juneau, AK 99801
586-3637 (voice)
463-3580 (fax)

CC: Vice-Chair Con Bunde
Senator Fred Dyson
Senator Bert Stedman
Senator Lyman Hoffman
Senator Donald Olson
Governor Frank Murkowski
Commissioner Joel Gilbertson

Ivy Frye

From: Shirley Nunley [shirley@pobox.mtaonline.net]
Sent: Tuesday, April 26, 2005 10:08 PM
To: Sen. Lyda Green
Subject: SB 78

Please schedule SB 78 for a hearing and vote to support it.

SB 78 which would extend the Alaska SeniorCare program beyond 2005 as well as provide an extension of benefits to older Alaskans who meet income and asset guidelines to have the state pay the costs of the premium and deductibles for Medicare Part D which starts January 1, 2006.

Thank you,
Shirley Nunley
HC 31 Box 5260
Wasilla, Alaska 99654
shirley@pobox.mtaonline.net

Ivy Frye

From: Dan Tucker [tucker@mtaonline.net]
Sent: Tuesday, April 26, 2005 9:24 PM
To: Sen. Lyda Green
Subject: SB 78 - please help it to pass

Lyda,

It's been a while since I saw you last, or we spoke. You tend to be a very busy woman.

I've been an AARP member for nearly five years now and will hit 55 next month - and just hitting my stride.

While SB 78 probably won't affect me since I've got my pension and after-career work but I know others who would benefit - no, they're really in need of it.

Not much else for now. We're hoping for a good, clean finish to the session.

Dan Tucker

--

Dan & Connie Tucker
4330 Wickersham Way
Wasilla, AK 99654
(907) 376-2630
(907) 863-1313 Dan cell
(907) 373-5630 fax

www.babysnartstart.com
www.riverover.com
www.alpineexcavating.biz

Ivy Frye

From: Shirley [theowl@gci.net]
Sent: Tuesday, April 26, 2005 9:16 PM
To: Sen. Lyda Green
Subject: support for senate bill 78

I support the senate bill 78. Please consider scheduling a hearing to pass this bill.
Thank you.
Alaskan resident
Shirley Belden
Wasilla, Alaska

Ivy Frye

From: Jan Stotts [iacaak@gci.net]
Sent: Tuesday, April 26, 2005 6:27 PM
To: Sen. Lyda Green
Subject: SB 78

Dear Senator Green,

I'm writing you to request that you schedule SB 78 for a hearing, and for your vote to support it.

I feel it's important to extend the Alaska SeniorCare program beyond 2005 as well as provide an extension of benefits to older Alaskans who meet income and asset guidelines to have the state pay the costs of the premium and deductibles for Medicare Part D which starts January 1, 2006.

Low income older citizens who need medications are the ones who can least afford them. We need to take responsibility for these Alaskans who will lose their pharmaceutical benefit or their \$120 monthly cash assistance program to help them pay for prescription drugs.

Thank you for your consideration in this matter.

Respectfully,

Janice K. Stotts
PO Box 877285
Wasilla, AK 99687
(907)357-7469

Ivy Frye

From: Gabriel D. Layman [srsvc@mtaonline.net]
Sent: Tuesday, April 26, 2005 2:15 PM
To: Sen. Lyda Green
Subject: SB 78 - Extension of Alaska SeniorCare

Dear Senator Green:

I write on behalf of the Palmer Senior Citizens Center (PSCC) to voice our strong support for Senate Bill 78, which concerns the extension of the Alaska SeniorCare program. As you are aware, SB 78 would extend the Alaska SeniorCare program beyond 2005 and provide an extension of benefits to older Alaskans who meet certain income and asset guidelines.

Without SB 78, approximately 7,000 lower-income Alaskan seniors will lose their pharmaceutical benefit or their \$120 monthly cash assistance, which provides financial support for many older Alaskans who require costly prescription medications. Day in and day out, PSCC bears witness to the tremendous importance of the SeniorCare program to Mat-Su seniors, especially in light of the recent termination of the Longevity Bonus. We observe on a first-hand basis the significant positive impact that the SeniorCare program clearly has upon the quality of life of many Alaskan seniors, and we truly believe that a failure on the part of the Legislature to extend the SeniorCare program would deal a crushing blow to many older Alaskans.

Senator Green, PSCC strongly urges you to schedule SB 78 for a hearing before Senate Finance and to vote in support of this crucial piece of legislation.

Most respectfully,

Gabriel Layman

Gabriel D. Layman, J.D.
Senior Services Advocate
Palmer Senior Citizens Center, Inc.
831 South Chugach Street
Palmer, AK 99645
(907) 745-5434 - Direct
(907) 745-5439 - Fax
srsvc@mtaonline.net

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Alaska Commission on Aging

FRANK H. MURKOWSKI
GOVERNOR

P.O. BOX 110693

JUNEAU, ALASKA 99811-0693
PHONE: (907) 465-3250
FAX: (907) 465-1398

SB 78 file

RECEIVED

MAR 11 2005

March 2, 2005

The Honorable Lyda Green
Senate Finance Committee
State Senate - State Capitol Room 516
Juneau, AK 99801-1182

Re: SB 78, SeniorCare Program

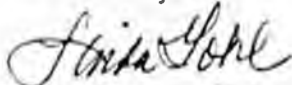
Dear Senator Green:

The members of the Alaska Commission on Aging would like to voice their very strong support for passage of the Governor's SeniorCare Bill, SB 78. The Commission is charged with making recommendations to the Governor and the Legislature with respect to legislation, regulations and appropriations for programs and/or services that support the health and well-being of older Alaskans.

Members of the Commission are particularly concerned about the ability of our most needy and vulnerable elders and seniors to afford adequate medical care, including coverage for prescription drugs. We are also concerned about all seniors on fixed incomes who are burdened with skyrocketing costs for medical care, prescription drugs, Medicare and expensive private health insurance premiums. With the establishment of the Medicare Part D prescription drug program, it is vitally important that Alaska seniors are able to cover the cost of participating in this federal program if they are to avail themselves of this federal assistance. We believe the Governor's proposed SeniorCare program will go a long way toward ensuring that our seniors have adequate and affordable prescription drug coverage in Alaska.

The members of the Commission on Aging respectfully ask your consideration and support for passage of SB78 and sufficient funding to ensure this program is successful.

Sincerely,



Linda Gohl, Executive Director
Alaska Commission on Aging

Sectional Analysis of CS SB 78 (HES) -- Senior Care

(Prepared by the Department of Health and Social Services and the Department of Law, February 25, 2005)

CS SB 78 (HES) would establish the senior care program, which provides cash assistance and prescription drug benefits to eligible seniors.

I. Addition of senior care benefits to list of property exempt under AS 09.38.15 (Section 1):

Sec. 1: Section 1 amends the statute regarding property exempt without limitation to add benefits paid or payable as a senior care benefit under this bill.

II. Establishment of the senior care program (Section 2):

Sec. 2: Section 2 establishes and sets out the senior care program in statute by adding new sections to the chapter dealing with older Alaskans, as follows:

- it establishes senior care as a program, provides the Department of Health and Social Services with the authority to administer it, and establishes the order in which senior care benefits are to be reduced if funding is inadequate;
- it provides for a cash assistance benefit of \$120 per month for Alaska residents, age 65 and older, who have income less than or equal to 135 percent of the federal poverty guidelines;
- it provides for a prescription drug benefit for Alaska residents, age 65 and older, who have income less than or equal to 300 percent of the federal poverty guidelines, who do not receive a cash assistance payment under section 1, and who meet other requirements;
- it provides that the prescription drug benefit will pay for premiums and deductibles for prescription drug coverage under Medicare Part D, a group health plan, veteran benefits, Medigap, military coverage, and other plans comparable to Medicare Part D, while limiting the total benefit to the annual cost of Medicare Part D premiums and deductibles;
- it places the following limitations on the prescription drug benefit: an individual is not eligible for the prescription drug benefit if their premium and deductible are covered by another source or if they have a prescription drug benefit authorized under specific sections of the Social Security Act; in addition, residents of public institutions, nursing facilities, Pioneers' Homes, and Veterans' Homes are not eligible, unless they reside in a public institution or nursing facility for less than three months;

- it prevents recipients of either the cash assistance benefit or the prescription drug benefit from receiving benefits if they leave the state, unless it is for a reason specified as an allowable absence under the permanent fund dividend chapter, or to take a trip of less than 30 consecutive days (or longer if the department grants an exception for special circumstances);
- it provides for an appeal process for people whose benefits are denied, terminated, or reduced;
- it makes an individual liable to the Department of Health and Social Services for benefits improperly paid due to inaccurate or incomplete information, and gives the Department of Health and Social Services the ability to recover those benefits and associated recovery costs through a civil action;
- it establishes the Alaska senior care fund in statute as an account in the general fund; the senior care fund would receive appropriations and unexpended funds in the current senior care fund created by temporary law;
- it provides definitions.

II. Adds the senior care fund to the list of nongeneral fund program receipts (Section 3):

Sec. 3: Section 3 adds the Alaska senior care fund to the list of nongeneral fund program receipts at AS 37.05.146(c).

III. Repeal of existing senior care program in session law (Section 4):

Sec. 4: Section 4 repeals ch. 3, SLA 2004, which sets out the existing senior care program.

IV. Transition provisions (Sections 5 - 6):

Sec. 5: Section 5 transfers the assets of the current senior care fund created under ch. 3, SLA 2004 to the senior care fund created under sec. 2.

Sec. 6: Section 6(a) gives the Department of Health and Social Services the authority to use the existing regulations to operate the senior care program until it can adopt regulations under the statutes added by the bill. Section 6(b) gives the Department of Health and Social Services authority to begin the process of adopting new regulations before the new statute takes effect.

V. Effective dates (Sections 7 - 8):

Sec. 7: Section 7 provides for an immediate effective date for sec. 6(b), authorizing the Department of Health and Social Services to begin adopting new regulations.

Sec. 7: Section 8 provides for an effective date, the date Medicare Part D begins, for the remainder of the bill sections.



Comparison of Qualifications and Benefits

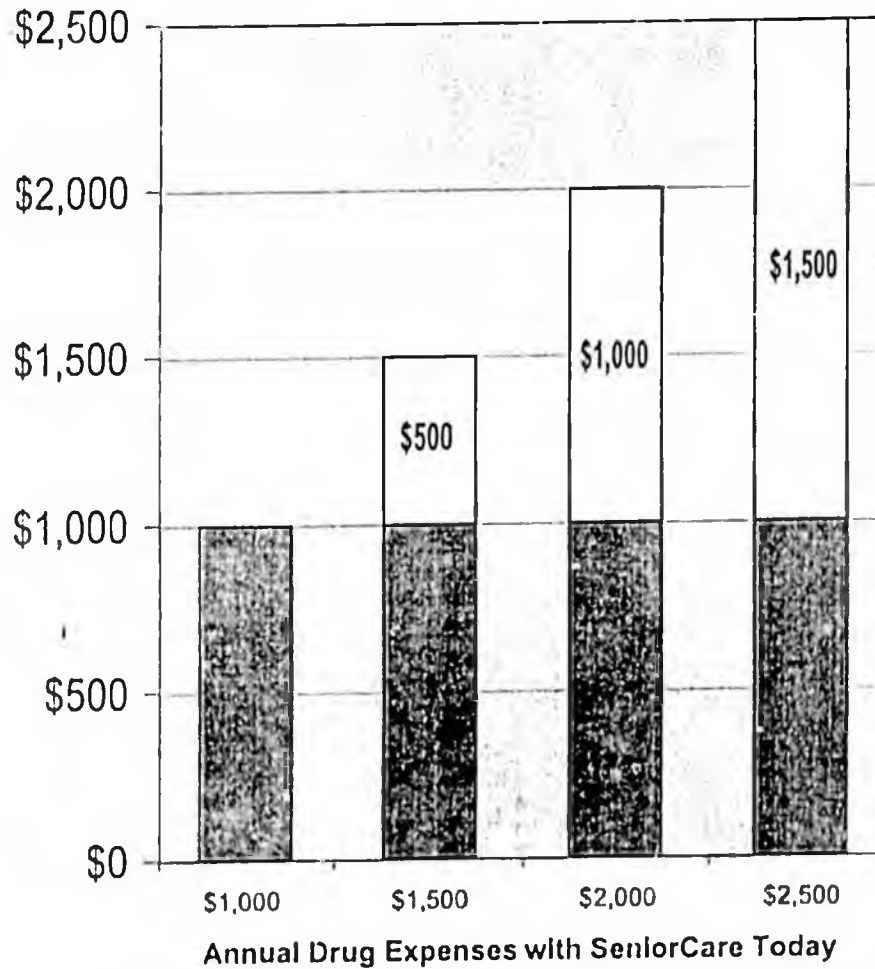
Beginning January 2006

	SeniorCare Cash Assistance	SeniorCare Prescription Drug Assistance
Qualifications	<ul style="list-style-type: none">➔ Up to 135% of Poverty Level➔ Annual Income below \$15,708 Single \$21,084 Couple➔ Liquid Assets below \$6,000 Single \$9,000 Couple	<ul style="list-style-type: none">➔ Up to 300% of Poverty Level➔ Annual Income below \$34,890 Single \$46,830 Couple➔ Liquid Assets below \$50,000 Single \$100,000 Couple
SeniorCare Benefit January 2006	<ul style="list-style-type: none">➔ \$120 a month cash assistance (up to \$1,440 annual)	<ul style="list-style-type: none">➔ \$670 Annual Medicare/Comparable Insurance Prescription Drug Premiums and Deductible
Medicare Benefit January 2006	<ul style="list-style-type: none">➔ Annual Medicare Premiums and deductible covered \$670➔ Full prescription drug coverage Medicare Part D	<ul style="list-style-type: none">➔ Standard Medicare Part D, prescription drug coverage
Seniors Served (Total 17,000)	<ul style="list-style-type: none">➔ 7,000	<ul style="list-style-type: none">➔ 10,000

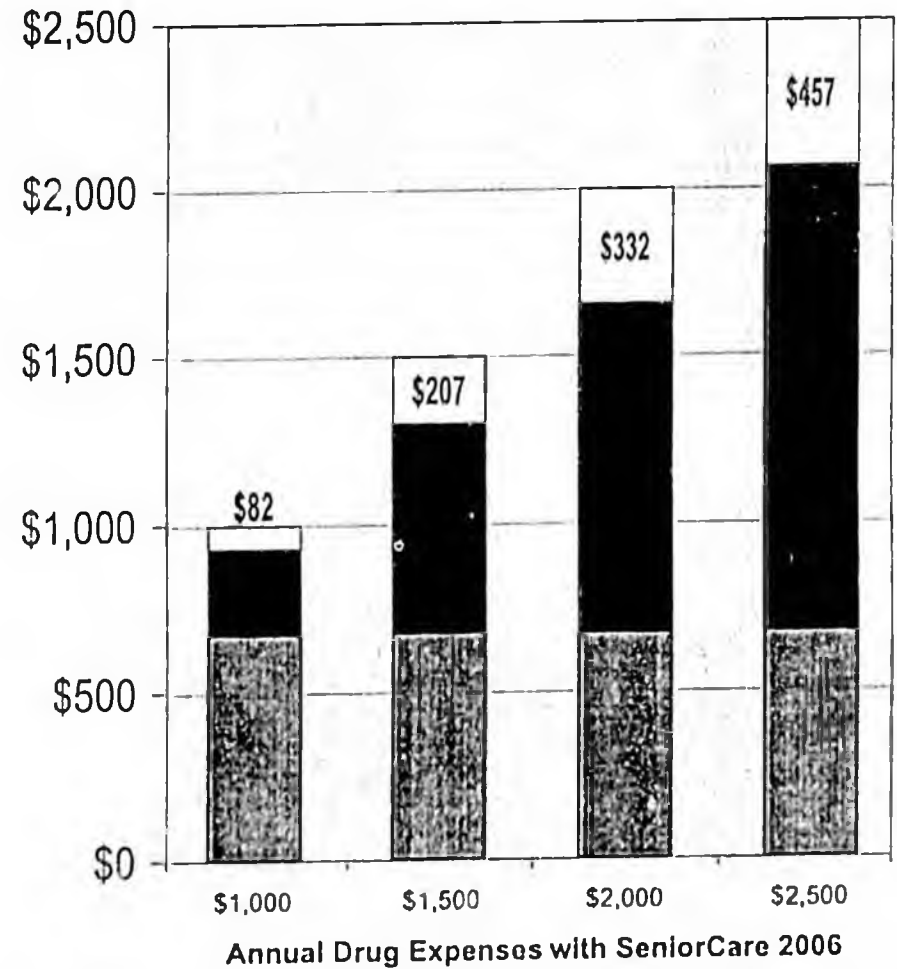


Strengthening and Improving Drug Coverage for Alaska Seniors

Old SeniorCare Prescription Drug Benefit



New SeniorCare Prescription Drug Benefit



■ SeniorCare Benefit

■ Medicare Drug Benefit

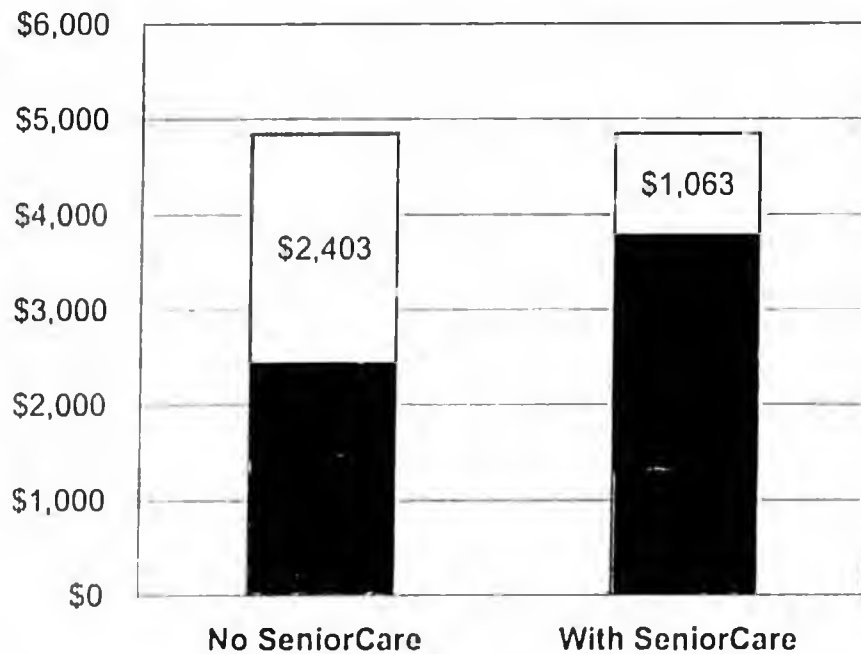
□ Individual Out-of-Pocket

Senior CARE

Examples of Savings with SeniorCare

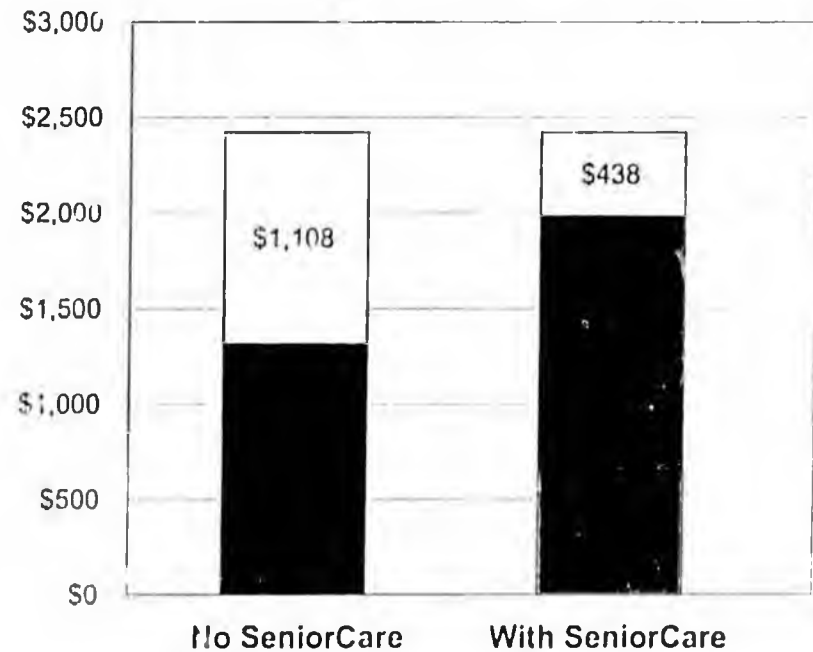
Bill, age 70 and Janet, age 68 With and without SeniorCare

Bill and Janet are married, and have an annual income of \$42,000 with \$70,000 of savings in an IRA retirement account. Bill spends \$2,500 annually for prescription drugs, Janet spends \$1,500. *Bill and Janet will save \$1340 annually under SeniorCare.*



Mary, age 85 With and without SeniorCare

Mary lives alone, has \$30,000 annual income and \$45,000 in the bank. She spends \$2,000 for prescription drugs each year. *Mary will save \$670 annually under SeniorCare.*



■ SeniorCare Benefit

■ Medicare Drug Benefit

□ Individual Out-of-Pocket

-Sectional Analysis of CS HB 106 (FIN) -- Senior Care

(Prepared by the Department of Health and Social Services and the Department of Law, May 6, 2005)

CS HB 106 (FIN) would establish the senior care program, which provides cash assistance and prescription drug benefits to eligible seniors.

I. Addition of senior care benefits to list of property exempt under AS 09.38.15 (Section 1):

Sec. 1: Section 1 amends the statute regarding property exempt without limitation to add benefits paid or payable as a senior care benefit under this bill.

II. Establishment of the senior care program (Section 2):

Sec. 2: Section 2 establishes and sets out the senior care program in statute by adding new sections to the chapter dealing with older Alaskans, as follows:

- it establishes senior care as a program, provides the Department of Health and Social Services with the authority to administer it, and establishes the order in which senior care benefits are to be reduced if funding is inadequate;
- it provides for a cash assistance benefit of \$120 per month for Alaska residents, age 65 and older, who have income less than or equal to 135 percent of the federal poverty guidelines;
- it provides for a prescription drug benefit for Alaska residents, age 65 and older, who have income less than or equal to 175 percent of the federal poverty guidelines, who do not receive a cash assistance payment under section 1, and who meet other requirements;
- it provides that the prescription drug benefit will pay for premiums and deductibles for prescription drug coverage under Medicare Part D, a group health plan, veteran benefits, Medigap, military coverage, and other plans comparable to Medicare Part D, while limiting the total benefit to the annual cost of Medicare Part D premiums and deductibles;
- it places the following limitations on the prescription drug benefit: an individual is not eligible for the prescription drug benefit if their premium and deductible are covered by another source or if they have a prescription drug benefit authorized under specific sections of the Social Security Act; in addition, residents of public institutions, nursing facilities, Pioneers' Homes, and Veterans' Homes are not eligible, unless they reside in a public institution or nursing facility for less than three months;

- it prevents recipients of either the cash assistance benefit or the prescription drug benefit from receiving benefits if they leave the state, unless it is temporary absence to receive medical treatment, accompany a family member receiving medical treatment, or take a trip of less than 30 consecutive days (or longer if the department grants an exception for special circumstances);
- it provides for an appeal process for people whose benefits are denied, terminated, or reduced;
- it makes an individual liable to the Department of Health and Social Services for benefits improperly paid due to inaccurate or incomplete information, and gives the Department of Health and Social Services the ability to recover those benefits and associated recovery costs through a civil action;
- it establishes the Alaska senior care fund in statute as an account in the general fund; the senior care fund would receive appropriations and unexpended funds in the current senior care fund created by temporary law;
- it provides definitions.

II. Adds the senior care fund to the list of nongeneral fund program receipts (Section 3):

Sec. 3: Section 3 adds the Alaska senior care fund to the list of nongeneral fund program receipts at AS 37.05.146(c).

III. Sunset provision (Section 4):

Section 4 makes all sections except the repealer in sec. 5 sunset on June 30, 2007.

IV. Repeal of existing senior care program in session law (Section 5):

Sec. 5: Section 5 repeals ch. 3, SLA 2004, which sets out the existing senior care program.

V. Transition provisions (Sections 6 - 7):

Sec. 6: Section 6 transfers the assets of the current senior care fund created under ch. 3, SLA 2004 to the senior care fund created under sec. 2.

Sec. 7: Section 7(a) gives the Department of Health and Social Services the authority to use the existing regulations to operate the senior care program until it can adopt regulations under the statutes added by the bill. Section 7(b) gives the Department of Health and Social Services authority to begin the process of adopting new regulations before the new statute takes effect.

VI. Revisor of Statutes (Section 8):

Section 8 requires the commissioner of the Department of Health and Social Services to notify the revisor of statutes when Medicare Part D becomes operational for recipients in Alaska.

VII. Reversion of fund (Section 9):

Section 9 requires that money left in the senior care fund after obligations have been paid and after June 30, 2007, to revert to the general fund.

VIII. Effective dates (Sections 10 - 11):

Sec. 10: Section 10 provides for an immediate effective date for sec. 7(b), authorizing the Department of Health and Social Services to begin adopting new regulations.

Sec. 11: Section 11 provides for an effective date, the date Medicare Part D begins, for the remainder of the bill sections.

CHANGES TO HB 106

Changes made by CSHB 106 (HES)

1. Added a provision to AS 09.38.015 making benefits paid or payable under the senior care program exempt from execution.
2. Added a provision requiring the commissioner of the Department of Health and Social Services to notify the revisor of statutes when Medicare Part D is operational for recipients in Alaska.
3. Changes the effective date of the substantive part of the bill to the date Medicare part D is operational for recipients in Alaska.

Changes made by CSHB 106 (FIN)

1. Lowers the maximum household income an individual may receive to qualify for the prescription drug benefit from 300% of the federal poverty line to 175%.
2. Makes the bill sunset on June 30, 2007.
3. Requires that money left in the senior care fund after June 30, 2007, and after satisfying valid obligations, be returned to the general fund.