

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1552 SHESS SB 781 - SB 817

shall furnish information concerning these matters to the governor, to the legislature and to other state and federal agencies as requested by them. (§ 4 ch 78 SLA 1974)

Sec. 14.40.913. Executive officer and staff; administration. (a) The commission may appoint an executive officer. The executive officer is a member of the exempt service under AS 39.25.110, serves at the pleasure of the commission, and he receives compensation fixed by the commission. The executive officer appoints persons to the staff positions authorized by the commission, and staff compensation is fixed by the commission. The executive officer is the executive secretary of the student financial aid committee. Each employee of the commission shall elect membership either in the state teachers' retirement system (AS 14.25), if qualified, or in the public employees' retirement system (AS 39.35).

(b) The Alaska Commission on Postsecondary Education is not a division in the Department of Education. The commission, its members, executive officer and staff are in the Department of Education for administrative support services only, and they are not subject to the direction of the commissioner of education or the state Board of Education. (§ 4 ch 78 SLA 1974)

Sec. 14.40.915. Compensation and per diem. Members of the commission serve without compensation but are entitled to per diem and travel expenses as may be authorized by law for boards and commissions. (§ 4 ch 78 SLA 1974)

Article 12. Free Tuition and Fees for Dependents of Prisoners of War and Those Missing in Action in Southeast Asia.

Section

920. Free tuition and fees at state-supported educational institutions

Sec. 14.40.920. Free tuition and fees at state-supported educational institutions. (a) Any dependent of a bona fide Alaska resident who, while serving during the hostilities involving the United States forces in Southeast Asia, was listed by the United States Department of Defense as a prisoner of war or missing in action in Southeast Asia may attend any state-supported educational institution without payment of tuition and fees.

(b) As used in this section, "dependent" means a dependent spouse or child. (§ 1 ch 176 SLA 1972)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SB 781
 Title An act providing for free tuition & fees for certain veterans & dependents
 Requested by Bradley, Bennett, Dankworth & Eliason Date 2/16/82

II. FISCAL DETAIL
 Agency Affected University of Alaska/Alaska Vocational-Technical Center
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The amount of lost revenue to the institutions cannot be determined because the number of qualified students is unknown. The fiscal impact is assumed to be small. A range of impacts is shown below based on the cost of a full-time undergraduate student attending the University of Alaska Fairbanks:

10 Students x \$572 (tuition & fees) = \$ 5,720
 50 Students x \$572 = \$28,600
 100 Students x \$572 = \$57,200

This information is based on conversations with the University of Alaska

IV. DATE 3/22/82 PREPARED BY E. Blecker
 AGENCY Budget & Management
 Original: Legislative Finance PHONE 465-2213
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

shall furnish information concerning these matters to the governor, to the legislature and to other state and federal agencies as requested by them. (§ 4 ch 78 SLA 1974)

Sec. 14.40.913. Executive officer and staff; administration. (a) The commission may appoint an executive officer. The executive officer is a member of the exempt service under AS 39.25.110, serves at the pleasure of the commission, and he receives compensation fixed by the commission. The executive officer appoints persons to the staff positions authorized by the commission, and staff compensation is fixed by the commission. The executive officer is the executive secretary of the student financial aid committee. Each employee of the commission shall elect membership either in the state teachers' retirement system (AS 14.25), if qualified, or in the public employees' retirement system (AS 39.35).

(b) The Alaska Commission on Postsecondary Education is not a division in the Department of Education. The commission, its members, executive officer and staff are in the Department of Education for administrative support services only, and they are not subject to the direction of the commissioner of education or the state Board of Education. (§ 4 ch 78 SLA 1974)

Sec. 14.40.915. Compensation and per diem. Members of the commission serve without compensation but are entitled to per diem and travel expenses as may be authorized by law for boards and commissions. (§ 4 ch 78 SLA 1974)

Article 12. Free Tuition and Fees for Dependents of Prisoners of War and Those Missing in Action in Southeast Asia.

Section

920. Free tuition and fees at state-supported educational institutions

Sec. 14.40.920. Free tuition and fees at state-supported educational institutions. (a) Any dependent of a bona fide Alaska resident who, while serving during the hostilities involving the United States forces in Southeast Asia, was listed by the United States Department of Defense as a prisoner of war or missing in action in Southeast Asia may attend any state-supported educational institution without payment of tuition and fees.

(b) As used in this section, "dependent" means a dependent spouse or child. (§ 1 ch 176 SLA 1972)

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COMMITTEE REPORT

SENATE

2/16/82

FURTHER: FINANCE

Date: 4/22/82

Mr. President:

The Committee on STATE AFFAIRS has had SB 791

special appropriation for legislative information offices and teleconference centers

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

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for SB 791 same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

SENATE AMENDMENT

By Ferguson

To: _____ SENATE BILL No. 791

To: _____ HOUSE BILL No. _____

PAGE: 1 LINE: 11 and 16

Section 1, line 11, delete \$1,308,330 and add \$826,100.

Section 1, line 16, add Togiak, New Stuyohuk, Iliamna, and Pilot Point.

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3300 PROVIDENCE DRIVE - SUITE 02
ANCHORAGE, ALASKA 99504

MARIANNE VON HIPPEL, M.D.
BEHAVIORAL PEDIATRICS

OFFICE 276-2882
RESIDENCE 279-3740

March 4, 1982

Senator Charles Parr
Alaska State Legislature
Pouch V (M-S 3100)
Juneau, Ak. 99811

Dear Senator Parr:

I urge your support of Senate Bill 792 regarding licensing of clinical social workers.

Many children with behavior problems come from disturbed families. I frequently refer the parents, the child, or the entire family for counseling. I feel that if clinical social workers were licensed this would guarantee minimum standards.

People who do counseling vary tremendously in education and experience; a poorly trained counselor can do much damage. I therefore believe that minimum standards are essential.

Sincerely yours,

Marianne von Hippel
Marianne von Hippel, M. D.

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COMMITTEE REPORT

SENATE

2/16/32

FURTHER: Finance

Date:

4-12-82

Mr. President:

HEALTH, EDUCATION AND
SOCIAL SERVICES

The Committee on

has had

SB 799

establishing the senior Alaskans volunteer enterprises program

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

do pass do not pass

do pass with attached amendmen(s)

replace with CS for SB 799 same title new title

and recommends _____

AND attaches a "Letter of Intent" New Fiscal Note

reports it back without recommendation

referred to the _____ Committee

MEMBERS SIGNING

DO PASS

[Signature]

MEMBERS HAVING

OTHER RECOMMENDATIONS:

CHAIRMAN



Alaska State Legislature

Senator Vic Fischer • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Never distributed

February 16, 1982

To: Members of the Senate and interested parties

From: Senator Vic Fischer *Vic Fischer*

Re: SB 799 - ASCET: Alaska Senior Citizen Employment Team

Senate Bill 799 is designed to preserve and enhance the unique knowledge and experience of our pioneers for the benefit of all Alaskans.

This bill will provide jobs for senior citizens, encourage community self-reliance through volunteer services, and incorporate older Alaskans back into the mainstream of our society. It was introduced in response to requests by senior citizen groups for community volunteer plan modeled after federal VISTA legislation.

This bill establishes the Alaska Senior Citizen Employment Team (ASCET). ASCET provides a hiring, placement, and training mechanism along with reimbursement for volunteer community service performed by older Alaskans.

ASCET will provide communities with a reserve of qualified, highly skilled, and knowledgeable volunteers. The legislation especially encourages older Alaskans with business ownership and management experience to pass on the benefits of their training and knowledge for community enterprises.

The legislation would enable many older Alaskans to give valuable community service, enhance their employment skills, and endow their special knowledge to future generations of Alaskans.

Big Bands Forever

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30306

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Hein
4/18/82

Original sponsor: Fischer

1 IN THE SENATE

BY THE HEALTH, EDUCATION
AND SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 799 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska senior citizen employ-
7 ment team program and fund; and providing for an effec-
8 tive date."

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

10 * Section 1. FINDINGS AND INTENT. The legislature finds that the wealth
11 of experience, expertise, and wisdom of older Alaskans constitutes a valuable
12 state resource. It is the intent of the legislature that this resource be
13 developed in order to address the needs and problems of Alaskans, to enable
14 older Alaskans to earn a reasonable wage, and to improve the general welfare
15 of the people of the state.

16 * Sec. 2. PURPOSE. This Act provides for the Alaska senior citizen
17 employment team (ASCET) program of full-time and part-time employment in
18 community volunteer service. The purpose of this Act is to strengthen and
19 supplement efforts to eliminate human, social, and environmental problems in
20 Alaska by encouraging and enabling Alaska residents 55 years of age and older
21 from all walks of life to perform meaningful and constructive service to
22 their communities, and, if they have business experience, to assist persons
23 in small business enterprises.

24 * Sec. 3. PROGRAM ESTABLISHED. The Alaska senior citizen employment team
25 program is established under the Older Alaskans Commission, Department of
26 Administration. The executive director of the Older Alaskans Commission is
27 the director of the program.

28 * Sec. 4. FUND ESTABLISHED. (a) The Alaska senior citizen employment
29 team fund is established in the Department of Administration and consists of

1 money appropriated to it by the legislature.

2 (b) The fund shall be administered by the director for the following
3 purposes:

4 (1) to reimburse participating program sponsors for wages paid to
5 an enrollee and expenses incurred on behalf of an enrollee under terms of
6 this Act;

7 (2) to employ or contract for staff and services necessary to
8 accomplish the purposes of this Act.

9 * Sec. 5. ENROLLEES. The director shall recruit, select, and enroll
10 Alaska residents ⁶⁰ years of age or older to perform full-time and part-time
11 service in eligible programs under sec. 6 of this Act. The director may
12 provide short-term training necessary to make the most effective use of the
13 skills and talents of enrollees.

14 * Sec. 6. CONTRACTS FOR EMPLOYMENT OF ENROLLEES. (a) The director may
15 contract for the employment of an enrollee by a nonprofit organization, by a
16 unit of local government, or by the sponsor of an older Alaskans service
17 program under AS 47.65, or for the employment of an enrollee with ^{relevant} business
18 experience ^{to assist} a person engaged in small business matters to accomplish a
19 purpose of this Act.

20 (b) A contract under (a) of this section shall provide for the employ-
21 ment of an enrollee at a wage of not less than \$5 an hour and may provide
22 that an enrollee may work full time or part time, may share the job with
23 another person, and may arrange to work on a "flex-time" basis. The contract
24 shall require an employer of an enrollee to establish a procedure for an
25 enrollee to present and obtain resolution of grievances with the employer
26 concerning terms and conditions of employment. The procedure shall provide
27 the enrollee with notice and the opportunity to be heard. The contract shall
28 require the program sponsor to pay the wages of the enrollee, to provide all
29 employee benefits required by state and federal law, and to provide the

1 enrollee with a written description of the duties to be performed by the
2 enrollee. The contract shall specifically provide that the program sponsor
3 will not discriminate with respect to the program because of age, race,
4 creed, color, national origin, sex, sexual orientation, marital status,
5 parental status, physical disability, or political affiliation. The contract
6 shall provide that the enrollee may not be employed to displace an employee
7 who is not an enrollee. The ^{EMPLOYEE} director upon request shall provide an enrollee
8 employed under this program with a copy of the enrollee's contract of employ-
9 ment. *DESCRIPTION*

10 (c) An employee is eligible to receive reimbursement of all or a portion
11 of the wages paid to an enrollee, and expenses authorized by the director and
12 incurred on behalf of an enrollee, in amounts specified in the contract of
13 employment and in a manner prescribed by regulations issued by the director.

14 (d) The director shall assign an enrollee to work in the community in
15 which the enrollee resides, or a nearby community, unless the enrollee agrees
16 to serve elsewhere in the state.

17 * Sec. 7. AUDIT. A program or business employing an enrollee under this
18 Act is subject to audit by the legislative audit division.

19 * Sec. 8. ANNUAL REPORT. The director shall submit to the legislature
20 each January a report of the activities of the Alaska senior citizen employ-
21 ment team program.

22 * Sec. 9. REGULATIONS. The director shall issue regulations necessary to
23 accomplish the purposes of this Act.

24 * Sec. 10. DEFINITIONS. In this Act,

25 (1) "director" means the executive director of the Older Alaskans
26 Commission (AS 44.21.200);

27 (2) "enrollee" means a person enrolled in the Alaska senior citi-
28 zen employment team program;

29 (3) "resident" means a person who for 12 consecutive months imme-

1 diately preceding enrollment in the Alaska senior citizen employment team
2 program has maintained a permanent place of abode in the state and has con-
3 tinually maintained a voting residence in the state.

4 * Sec. 11. This Act is repealed June 30, 1987.

5 * Sec. 12. This Act takes effect July 1, 1982.

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IN THE SENATE

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11/13/60
BY FISCHER

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 799
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act establishing the Alaska senior citizen employment team program and fund; and providing for an effective date."

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

* Section 1. FINDINGS AND INTENT. The legislature finds that the wealth of experience, expertise, and wisdom of older Alaskans constitutes a valuable state resource. It is the intent of the legislature that this resource be developed in order to address the needs and problems of Alaskans, to enable older Alaskans to earn a reasonable wage, and to improve the general welfare of the people of the state.

* Sec. 2. PURPOSE. This Act provides for the Alaska senior citizen employment team (ASCET) program of full-time and part-time employment in community volunteer service. The purpose of this Act is to strengthen and supplement efforts to eliminate human, social, and environmental problems in Alaska by encouraging and enabling Alaska residents 60 years of age and older from all walks of life to perform meaningful and constructive volunteer service to their communities, and, if they have business experience, to assist persons in small business enterprises.

* Sec. 3. PROGRAM ESTABLISHED. The Alaska senior citizen employment team program is established under the Older Alaskans Commission, Department of Administration. The executive director of the Older Alaskans Commission is the director of the program.

* Sec. 4. FUND ESTABLISHED. (a) The Alaska senior citizen employment team fund is established in the Department of Administration and consists of

1 money appropriated to it by the legislature.

2 (b) The fund shall be administered by the director for the following
3 purposes:

4 (1) to reimburse participating program sponsors for wages paid to
5 a volunteer under terms of this Act;

6 (2) to employ or contract for staff and services necessary to
7 accomplish the purposes of this Act.

8 * Sec. 5. VOLUNTEERS. The director shall recruit, select, and enroll
9 Alaska residents 60 years of age or older to perform full-time and part-time
10 service in eligible older Alaskans service programs under sec. 6 of this Act.
11 The director may provide short-term training necessary to make the most
12 effective use of the skills and talents of volunteers.

13 * Sec. 6. CONTRACTS FOR VOLUNTEER SERVICES. (a) The director may con-
14 tract for the employment of a volunteer by the sponsor of an older Alaskans
15 service program under AS 47.63 or to persons engaged in small business
16 matters to accomplish a purpose of this Act.

17 (b) A contract under (a) of this section shall provide for the employ-
18 ment of a volunteer at a wage of not less than \$5 an hour and may provide
19 that a volunteer may work full-time or part-time, may share the job with
20 another person, and may arrange to work on a "flex-time" basis. The contract
21 shall establish a procedure, including notice and an opportunity to be heard,
22 for a volunteer to present and obtain resolution of grievances with the
23 volunteer's employer concerning terms and conditions of service. The contrac
24 shall require the program sponsor to pay the wages of the volunteer and
25 provide all employee benefits required by state and federal law. The contrac
26 shall specifically provide that the program sponsor will not discriminate
27 with respect to the program because of age, race, creed, color, national
28 origin, sex, sexual orientation, marital status, parental status, physical
29 disability, or political affiliation. The contract shall provide that the

be employed to displace an employee who is not a volunteer.
provide a volunteer employed under this program with a
employee's contract of employment.

employee is eligible to receive reimbursement of the wages paid
a volunteer in accordance with regulations issued by the

director shall assign a volunteer to work in the community in
which resides, or a nearby community, unless the volunteer
resides elsewhere in the state.

F. A program or business employing a volunteer under this
Act shall be audited by the legislative audit division.

ANNUAL REPORT. The director shall submit to the legislature
an annual report of the activities of the Alaska senior citizen employ-

MENT REGULATIONS. The director shall issue regulations necessary to
carry out the purposes of this Act.

DEFINITIONS. In this Act,

"director" means the executive director of the Older Alaskans
Program (AS 14.200);

"resident" means a person who for 12 consecutive months imme-
diately preceding enrollment as a volunteer under this Act has maintained a
primary abode in the state and has continually maintained his
abode in the state;

"volunteer" means a person enrolled to perform volunteer
work on the Alaska senior citizen employment team program.

This Act is repealed June 30, 1987.

This Act takes effect July 1, 1982.



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

Department Older Alaskans Commission	Sponsor (Principal) Sen. Fischer	Bill Number SSSB799
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Department Position
The Older Alaskans Commission supports the establishment of an Alaskan senior citizen employment team program and endorses this bill with some housekeeping amendments as recommended.

Division Director <i>[Signature]</i>	Date 3/26/82	Commissioner	Date
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GOVERNOR'S OFFICE USE

Comments:

<input type="checkbox"/> Position Noted	by	Date
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SUMMARY

1. a) Related Bills (Similar or Conflicting)	1. b) Other Agencies Affected by Bill
2. a) Organizational Support for Bill Older Alaskans Commission Older Person Action Group	2. b) Organizational Opposition to Bill Unknown

3. Program Effects of Bill
This bill is similar to current Federal programs which are to be phased out. SSSB799 has a broader scope than our current Title V program as it imposes no income limitation on eligibility. However, it also has a higher criteria of 60 rather than 55 years. The Administrative capability to operate such a program is already in place. The program would require a moderate increase of staff.

4. Fiscal Impact: None Fiscal Note Attached

5. Amendments Proposed:
See attached

6. Comments:
See attached

1. Change the word "volunteer" to "enrollee" when referring to a person who is to be employed by the program and delete "volunteer" when used in the context of community service.

~~2. Change age 60 to age 75 for purposes of employment.~~

3. Under Sec. 4 (b) (1), add the phrase "and other authorized related employment or training expenses" in front the phrase "under terms of this Act:" ✓
4. Under Sec. 5. delete "older Alaskans service". ✓
5. Under Sec. 6 (a), change to read "...the employment of a volunteer by a non-profit organization, local units or branches of government, or to a small business enterprise, preferably those serving or operated by Alaskan senior citizens, to accomplish a purpose of this Act."
6. Under Sec. 6 (b) at the end of line 20, change the word "contract" to "the Alaska senior citizen employment team".

Change line 22 and 23 to read, "for a volunteer to use for the resolution of alleged grievances with the".

7. Page 3, line 2, change "director" to "employer". Line 3, change "contract of employment" to "job description".

6. Comments.

Each item number below is the same as the amendment number to which it refers under "5. Amendments Proposed".

1. Recommend changes in terminology to conform with standard nomenclature used in other employment and volunteer programs throughout the country.

Volunteer: is very misleading as it denotes a person who performs services, usually without compensation. Nationwide volunteer programs under ACTION, sometimes give a stipend - a nominal amount to cover out-of-pocket expenses in connection with the volunteer work. The stipend is not a wage and not declarable for Income Tax purposes as income.

Although the person is actually an employee, this term would not distinguish him from other employees under the same employer. Other terms that might be more suitable are enrollee, participant, older worker, or enlistee. Enrollee is used in Title V. Participant is often used for the recipient of services rather than the person providing services within the program. Although older worker is also descriptive of the positions, enrollee and enlistee retain the concept of volunteerism in that persons enroll or enlist voluntarily as opposed to being drafted, forced or coerced.

Community services are exactly what the name implies whether or not they are performed by volunteers or paid workers.

2. There are several reasons for recommending the younger age although the older age could still be given preference.
 - a. There are many jobs that require the greater strength and better health, especially those providing home chores services to seniors, such as woodcutting, waterhauling, cooking and cleaning, etc.
 - b. Changing to age 55 would be the same as Title V.
 - c. At age 55, more people are looking and needing career changes or new careers such as displaced homemakers.
 - d. Social security is not available (unless disabled) until age 62.
3. Wages to be paid will be the principal expenditure but not the only expenditure. In other sections of the act fringe benefits according to federal and state law must be paid, training may be provided, and other incidental expenses necessary to operate an employment program.
4. This phrase is redundant and not all inclusive. By referring to "eligible programs under sec. 6" and then listing the types of eligible programs in section 6, this redundancy is eliminated and makes it unnecessary to change both sections should the types of programs listed under section 6 be changed.
5. Limiting the employment to service programs under AS 47.65 would result in very few job opportunities as this is only one type of funding used for older Alaskans service programs and is a relatively small portion of the total. There are many more programs under Title III, IV, etc. There are also many other organizations serving the elderly who may not have applied for these particular funds or may not have received funding due to federal cutbacks who should also be eligible for a position under this employment program.

The phrase "to persons engaged in small business matters" is not very clear but is probably meant to mean a small business enterprise. The idea relates to the use of former business executives under the volunteer organization "SCORE" who assist small businesses with their expertise. Employing an appropriate person for this purpose would be of great benefit to a small struggling business and would make good use of an older person as a resource.

6. A grievance procedure is usually established by the organization in charge of the program and may then become a part of each contract.
7. Each employer should be required to supply his employee with his own job description. These should not have to come from the organization in charge of the entire program. Also, since the contract is with the employer and concerns other items required of the employer, it is not supplied to each employee. What each employee does need is a copy of his job description and he may also want a copy of his application which would show his job assignment, rate of pay, and other pertinent facts.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SS SB 799

Title An Act establishing the senior Alaskans volunteer enterprises program

Requested by _____ Date 4/5/82

II. FISCAL DETAIL

Agency Affected Administration

Program Category Affected Social & Economic Assistance for the Aged

BRU, Program, or Subprogram(s) Affected Older Alaskans Commission

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES			113.3	124.6	137.1	150.8
200 TRAVEL			12.0	13.2	14.5	16.0
300 CONTRACTUAL			10.6	11.7	12.9	14.2
400 COMMODITIES			3.0	3.3	3.6	4.0
500 EQUIPMENT			2.0	0	0	0
600 LAND & STRUCTURES			0	0	0	0
700 GRANTS, CLAIMS, ETC.			1,069.9	1,176.9	1,294.6	1,424.1
TOTAL			1,210.8	1,329.7	1,462.7	1,609.1

FUNDING (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND			1,210.8	1,329.7	1,462.7	1,609.1
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME			3	3	3	3
PART TIME						
TEMPORARY						

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

This type of program necessitates detailed planning and development, accounting and clerical functions as well as on-site monitoring and evaluation.

Funds for administrative support are included for the following three positions:

- Project Coordinator (R18);
- Administrative Assistant I (R12); and an
- Accounting Technician I (R12).

Travel includes that necessary for enrollee training, for program development and implementation, monitoring of worksites and enrollees, program evaluation and modification.

Inflation is computed at 10% per year except for equipment, one time only purchase.

(Continued on attached page.)

IV. DATE April 5, 1982

PREPARED BY Eileen Richard

AGENCY Older Alaskans Commission

PHONE 465-3250

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

ATTACHMENT TO FISCAL NOTE SSB799

III. ANALYSIS (continued)

To select a logical number of enrollees to be funded on this program, a determination of the number of older workers available to work is necessary. Since most older workers have become discouraged, they no longer apply at employment centers and of those that do apply, only 12% are placed in jobs. The number of those that apply should then be considered as an absolute minimum of persons available to work. In the case of persons 55 and up, it is 2,528 applicants; and of those applicants 60 and up, it is 1,211. In order to narrow the target group it was determined to use figures for only the economically disadvantaged applicants as those having the greatest need although this is not an eligibility requirement for the program. For the group 55 and up, this would be 676 persons and for those 60 and up, it would be 294 persons.

It was decided to use the number 100 as the enrollees to be served by the basic budget described herein. Because President Reagan's budget has allocated "0" dollars for the Title V program planning to eliminate it, this program cannot be considered as "add-on" and must be self-supporting administratively. Because of its similarity to Title V, the projected Title V budget for FY '83 with minor modifications is being used.

The following assumptions have been made:

- (1) the average hours to be worked is 25 hours per week, although they may work part or full time.
- (2) the average wage is \$6.86 per hour (the current rate paid on Title V)
- (3) 20% of the average wage is to cover required fringe benefits, training, and other work-related necessities.

Thus, the cost per person is as follows:

$$25 \text{ hours} \times (\$6.86 \text{ per hour} + 20\%) \times 52 \text{ weeks} = \$10,699$$

The grants/contract component is:

$$100 \text{ persons} \times \$10,699 \text{ per person} = \$1,069,900.$$

The total budget for 100 is \$1,210,800.

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SS SB799

Title An Act establishing the senior Alaskans volunteer enterprises program

Requested by _____ Date 3/25/82

II. FISCAL DETAIL

Agency Affected Administration

Program Category Affected Social & Economic Assistance for the aged

BRU, Program, or Subprogram(s) Affected Older Alaskans Commission

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

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES			178.8	196.7	216.4	238.0
200 TRAVEL			16.6	18.2	20.	22.
300 CONTRACTUAL			22.1	24.4	26.8	29.5
400 COMMODITIES			3.0	3.3	3.6	4.0
500 EQUIPMENT			2.5	0	0	0
600 LAND & STRUCTURES			0	0	0	0
700 GRANTS, CLAIMS, ETC.			2,139.8	2,353.8	2,589.2	2,848.1
TOTAL			2,362.8	2,596.4	2,856.	3,141.6

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			5	5	5.	5
PART TIME						
TEMPORARY						

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

Funds for administrative support are included for the following five positions:

Project Coordinator (R18); Project Field Representative II (R15); Administrative Assistant I (R12); Accounting Technician I (R12); and a Clerk Typist III.

Travel includes that necessary for enrollee training, for program development and implementation, monitoring of worksites and enrollees, program evaluation and modification.

Inflation is computed at 10% per year except for equipment, one time only purchase.

(Continued on attached page.)

IV. DATE March 25, 1982

PREPARED BY [Signature]

AGENCY Older Alaskans Commission

PHONE 465-3250/9

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) SN Fisher

III. ANALYSIS

To select a targeted number of enrollees to be served in this program, a determination of the number of older workers available to work is necessary. This information is available from job service centers. It should be noted, however, that most older workers have become discouraged, and no longer apply at employment centers. Of those that do apply, only 12% are placed in jobs. The number of those that apply could then be considered the minimum number of persons available to work. In the case of applicants 60 and up, it is 1,211. In order to narrow the target group it was determined to use figures for only the economically disadvantaged applicants although this is not an eligibility requirement for the program. Of those applicants 60 years of age and over.

Therefore, it was decided to use the number 200 as the enrollees to be served by the basic budget described herein. Because President Reagan's budget has allocated "0" dollars for the Title V program planning to eliminate it, this program cannot be considered an "add-on" and must be self-supporting administratively. Because of its similarity to Title V, the projected Title V budget for FY'83 with minor modifications is being used. Should the Title V program not be eliminated, then there would be some savings in the Personal Services category of the budget.

The following assumptions have been made:

- (1) the average hours to be worked is 25 hours per week, although they may work part or full time
- (2) the average wage is \$6.86 per hour (the current rate paid on Title V)
- (3) 20% of the average wage is to cover required fringe benefits, training, and other work-related necessities.

Thus, the cost per person is as follows:

$$25 \text{ hours} \times (\$6.86 \text{ per hour} + 20\%) \times 52 \text{ weeks} = \$10,699$$

The grants/contract component is:

$$200 \text{ persons} \times \$10,699 \text{ per person} = \$2,139,800$$

The total budget for 200 is \$2,418,000.

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The following tables show the increase or decrease in cost that can be expected if a prospective system similar to S.B. 698 is adopted. This bill allows costs which are currently not allowed under Medicare principles.

TABLE I*

Long Term Care Cost Projections

	Historical Cost	Prospective Rate System (-3%)	State Budget at 15% Annual Budget	Prospective vs. Historical	Prospective vs. State Budget
<u>Medicaid</u> n = 15.2					
81 base	17073.0	17073.0			
82*	19668.0	19668.0			
83	22657.0	22067.0	20896.4	(590.0)	1170.6
84	26101.0	24759.0	24030.9	(1342.0)	728.1
85	30068.0	27780.0	27635.5	(2288.0)	144.5
86	34638.0	31169.0	31780.8	(3499.0)	(611.8)
87	39904.0	34971.0	36547.9	(4933.0)	(1576.9)
<u>GRM</u> n = 15.2					
81 base	449.4	449.1			0
82	568.1	568.1			0
83	654.5	637.4	501.1	(17.1)	136.3
84	753.9	715.2	576.3	(38.7)	138.9
85	868.5	802.4	662.7	(66.1)	139.7
86	1000.5	900.3	762.1	(100.2)	138.2
87	1152.6	1010.2	876.4	(142.4)	133.8

* n was derived from FY80 and FY81 PBA expenditures.

TABLE II

Hospital Cost Projections

	Historical Cost	Prospective Rate System (-3%)	State Budget at 15% Annual Budget	Prospective vs. Historical	Prospective vs. State Budget
<u>Medicaid</u> n = 20.4					
81 base	9010.0	9010.0			
82**	10848.0	10848.0			
83	13061.0	13061.0	11392.9		1668.1
84	15725.0	15253.3	13101.8	(471.7)	2151.5
85	18933.0	18365.0	15067.0	(568.0)	3298.0
86	22795.0	22111.2	17327.1	(683.8)	4784.1
87	27445.0	26621.7	19926.2	(823.3)	6695.5
<u>GRM</u> n = 20.4*					
81 base	3890.0	3890.0			
82	4683.0	4683.0			
83	5639.0	5639.0	4548.0		1091.0
84	6789.0	6585.3	5230.2	(203.7)	1355.1
85	8174.0	7928.8	6014.7	(245.2)	1914.1
86	9841.0	9545.8	6916.9	(295.2)	2628.9
87	11849.0	11493.5	7954.4	(355.5)	3539.1

* See Appendix 1 for derivation of n.

** During the first year of prospective budgeting, costs will increase 10%. THE FY81 BASE FIGURE WAS DERIVED FROM THE PBA SYSTEM.

The n for LTC was computed from DPA expenditures for FY80 and FY81.

The n for Hospital was computed using AHA Hospital Statistic (See Appendix I) for expenses per adjusted admission from 1975 to 1980.

BATTELLE STUDY

Options suggested:

1. Add "medically needy" with patient cost sharing.
2. Add "unemployed parent" families to Medicaid coverage only.
3. Add ineligible children to Medicaid.
4. Change GRM standards to match Medicaid.
5. Add "spend down" provision to GRM
6. Adopt services now covered by GRM in Medicaid:

Prescription drugs

Physical therapy

Occupational therapy

Prosthetic devices

Adult dental

7. Patient cost sharing:

For optional services for the categorically needy

For GRM program

Seek waiver for mandated services for categorically
needy program

8. Develop prospective reimbursement methodology for hospitals and nursing homes.

(These options would provide coverage for approximately 4,000 of the uncovered population, costs are shown on the charts supplied from the Battelle study, though these are estimates based on figures they agree are sketchy)

STATE SUBSIDIZED EMPLOYMENT-BASED PROGRAM

1. A plan of subsidies for small employers who offer health insurance to their workers. Eligibility will be determined once a year based on a payroll criterion and a subsidy criterion designed to exclude large employers and small firms of high income workers.

Battelle estimates that 3,275 employers will qualify for the subsidy. The two subsidy schedules considered would reach 6,500 and 15,000 at a cost of \$2.5 million and \$9 million respectively.

A PLAN TO MANDATE RETENTION OF COVERAGE UPON TERMINATION OF EMPLOYMENT

Nearly 50% of the unemployed remain so for only 5 weeks, so mandating an exit lag would provide interim insurance for these people. These contributions would be relatively minor to employers except for small businesses with high turnover and seasonal businesses.

The authority of the Director of Insurance is subject to legal interpretation but is judged by Battelle to be greatest in the case of a medical services corp. (such as Blue Cross) and weakest in self insured trusts (such as Teamsters). The Director has no authority in the cases of medical insurance corp. or policies written out of state.

These options will have no effect on persons employed in temporary or part-time capacities in large firms.

A STATE SPONSORED HEALTH INSURANCE PLAN

This option recommends a system similar to that proposed in HB 41, but with higher subsidy rates, deductibles and copayments. Battelle points out the incentive to switchover from other plans to the state plan, but admits that any effort to avoid this would be an administrative burden.

Battelle recommends a differential in premium rates, though also administratively cumbersome, to discourage switchover. The plan would serve three groups: low-income people who qualify for a subsidy; those who do not qualify for a subsidy, and the high risk group. (the high risk group would not be combined with the others in risk sharing, and the state would subsidize totally the higher cost.)

Battelle recommends annual or semi-annual enrollment and a waiting period on pre-existing conditions

IMPROVING RURAL HEALTH CARE

The Battelle group chose nine communities capable of supporting a regional health center manned with a para-professional (Mountain Village, Hooper Bay, Toksook Bay, Quinhagak, Aniak, Sand Point, Alakanuk, Akolmute and Kake)

#2. A statewide entity for joint planning and resource allocation between Alaska and the IHS.

#3. Maximize Medicaid services to eligible Natives in IHS facilities.

- encourage IHS ownership of rural facilities so that they are eligible to collect Medicaid dollars, even if the state must support operating costs.

- expand the definition of Medicaid eligible providers to include IHS facilities.

- assist rural clinics with the necessary administrative expertise to become eligible providers under the rural health clinic component of Medicaid.

#4. Maximize private reimbursement:

- assist regional corporations seeking to take over IHS care.

- promote and expand contracts with regional corporations for direct service delivery.

#5. Encourage regional corporations to expand their prospective to include all people living in their region.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

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

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

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

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

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

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

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

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 817

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

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

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

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

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

- 22 (1) pregnant persons;
- 23 (2) persons included in (b)(3), (5), (7), and (8) of this
24 section;
- 25 (3) caretaker relatives;
- 26 (4) persons 65 years of age or older;
- 27 (5) blind persons; and
- 28 (6) permanently and totally disabled persons.

29 (f) In (e) of this section

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effects.*

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

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

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

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

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

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

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

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

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and physician clinics.

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

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

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 • (907) 586-1790

REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

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Alternate Trustee Delegate
to American Hospital
Association
Robert Jensen
Central Peninsula Hospital
Soldotna

President
Dennis L. DeWitt
Juneau

March 29, 1982

The Honorable Charles H. Parr
Alaska State Senate
Pouch V, State Capitol Building
Juneau, Alaska 99811


Dear Senator Parr:

The Alaska State Hospital Association wishes to encourage your consideration of the amendments that the Department of Health and Social Services has proposed to Senate Bill 817.

This Association has long advocated an overhaul of the relationship of Medicaid and General/Relief Medical to maximize federal financial participation and increase Alaska's ability to offer health care to its needy residents. The proposal by the Department of Health and Social Services is a bold and forthright step in recognizing the importance of prudent fiscal approach to providing health care. We believe that it is imperative that the legislature make those changes needed to maximize federal financial participation in indigent health care in Alaska before it adjourns the Second Session of the Twelfth Legislature.

We stand ready to lend our assistance to this activity.

Sincerely,



Dennis L. DeWitt
President

ELD:bf

cc: Friday Mailing
Governor Hammond
Lt. Governor Miller
Commissioner Beirne
Members Senate HESS

TO: Charlie
FROM: Nancy
RE: Medicaid changes

The following page lists changes to the present statute for Medicaid eligibles, services and the clinic definition change that has been requested by everyone to include the three IHS clinics who cannot now claim reimbursement because of the limitations in the definition.

Explanation:

(8) adds children who would be eligible for AFDC except for the family make-up (two parent families) This would effect a primarily native group which is 100% federally subsidized. The children who are the healthiest are in this group since those in facilities are already covered by medicaid. It is estimated that this would save the state \$385,000 in reduction in GRM.

(9) This adds the unemployed parent category to Medicaid coverage without adding them to categorical assistance. These people are believed to be covered by GRM, so there would not be any further expense to the state. A significant population of natives would be covered, and 100% subsidized by the Federal government, as above. Adding these two groups of natives to medicaid should save some of the other funding to maintain services through IHS.

(10) The medically needy group (extending coverage to ALL optionals) is judged to increase costs, at most, by 10%. Estimates in the Battelle study were based on the experience of other states without taking into consideration the liberal programs for the elderly in this state under Medicaid. We are already covering 98% of those in nursing homes, so there are few more to add in that category.

The state has the option to set the limit up to 133% of the income eligibility so that the person would have to spend down to that amount. People in nursing homes have to spend down to the \$70 allowable as is. You may remember the Bill we had last year relating to pregnant women which estimated only \$90,000 for medical coverage of that group.

Added services: these are currently covered by GRM and there is anticipated very little addition to cost, if any. Long term care non-institutional services is new and requires a waiver from the Feds. It includes: Case management services (nursing home pre-admission screening), Homemaker/Home Health, personal care services, Adult day services, habilitation services and respite care. This is specifically designed to help keep people out of institutions through providing funding for community based services that are much less expensive.

MEDICAL ASSISTANCE FOR NEEDY PERSONS

Sec. 47.07.020 ELIGIBLE PERSONS.

- (8) Individuals under age 21 who would be eligible for AFDC but do not qualify as dependent children;
- (9) Individuals who would be eligible for AFDC if coverage under the state's AFDC plan were as broad as allowed under title IV-A;
- (10) The medically needy who meet applicable income and resource standards, including:
 - a) All pregnant women during the course of their pregnancy who, but for income and resources, would be eligible for categorically needy;
 - b) All individuals under age 21 as specified in this chapter;
 - c) Caretaker relatives;
 - d) Aged;
 - e) Blind;
 - f) Disabled.

Sec. 47.07.030. MEDICAL SERVICES TO BE PROVIDED.

Physical therapy, occupational therapy, prescribed drugs, prosthetic devices and medical supplies and long term care non-institutional services.

Sec. 47.07.080. DEFINITIONS

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

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

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

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01
JUNEAU, ALASKA 99811

PHONE: 465-3030

19 March 1982

DOCUMENT NO. 104-82

Honorable Charles H. Parr
Alaska State Senate
Pouch V
Juneau, Alaska 99811

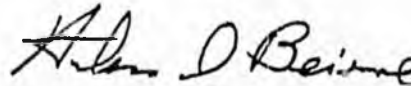
Dear Senator Parr:

Since our recent meeting and after discussion within the Department, I believe SB 817 is the mechanism to make basic changes in the way the Department administers the Medicaid and General Relief Medical (GRM) programs. With the budget limitations that have been placed on all agencies of state government it is increasingly more important to be able to respond to spending limits by making reasoned changes in programs to remain within those limits. With the Medicaid and GRM programs, projected shortfalls in funding during FY 83 have caused the Department to plan for reductions in each program. In Medicaid, that effort has focused on limiting access to services and reducing payments to hospitals and long term care facilities; in GRM, planning has focused on reducing eligibility and availability of coverage.

As described more thoroughly in the attached position paper, an amended SB 817 and changes in budgeting for Medicaid and GRM would increase flexibility in the two programs and would allow the Department to continue providing a full range of health care services to needy children, the aged, and the disabled. By transferring funds from GRM to Medicaid, the Department could gain increased purchasing power for services by earning more federal Medicaid receipts. The remaining GRM program would be limited to emergency medical coverage for single employable individuals and employable couples meeting the income and resource requirements of the program. All children presently eligible only for GRM would be transferred to Medicaid, and 3000 to 4000 new children would become eligible for Medicaid coverage.

I know you will agree with me that state funds should first be used to provide financial assistance to those persons least able to provide for their own needs. The changes made by SB 817 would assure that the limited funds available for Medicaid and GRM would be used to pay for health care services for needy children, the elderly, and the disabled.

Sincerely,



Helen D. Beirne
Commissioner

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

I. BACKGROUND

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

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

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

II. NEED FOR CHANGES IN MEDICAID AND GRM

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

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

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

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

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

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

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

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

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

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

III. PROPOSED AMENDMENTS TO SB 817

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

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

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

IV. EFFECT OF SENATE BILL NO. 817

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

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

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

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

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

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

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

V. DEPARTMENTAL POSITION

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

Recommended by:

Rod Betit by dco
Rod Betit, Director
Division of Public
Assistance

Date:

3/19/82

Approved by:

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

Date:

3-22-82

LEGISLATIVE INTENT:

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

LEGISLATIVE INTENT:

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

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

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

MEDICAID/GRN EVALUATION WORKSHEET

MEDICAID

GENERAL RELIEF MEDICAL

<u>Eligibility Groups</u>		<u>Service Categories</u>		<u>Rate Schemes</u>		<u>Eligibility Groups</u>		<u>Service Categories</u>		<u>Rate Schemes</u>	
CATEGORICALLY NEEDY		FED MANDATORY		¢	Raise/lower APA	1	AFDC-UP children	1	Hospital		Raise/lower standards
#	AFDC cash household	\$	Hospital	¢	Raise/lower AFDC	2	Single employables	2	Physician		Raise/lower resources
#	SSI cash household	\$	Physician		Hospital rates	3	Employable couples	3	Prescribed drugs		Hospital rates
1	APA cash household	\$	Skilled nursing		LTC rates			4	Lab and X-ray		LTC rates
2	300% institutional	\$	Lab and X-ray		Raise/lower phys pymt			5	PT/OT		Raise/lower phys pymt
3	DHSS foster children	\$	Medical trans		Raise/lower others			6	Medical trans		Raise/lower pymt--other
4	API under 21 class	\$	Home health care		Limit access to svcs			7	Emergency dental		Limit access to svcs
5	ICF/HR under 21 class	\$	EPSDT/incl dental		Prior auth of IP svcs			8	Med supplies & eqpt		Prior auth of IP svcs
*	Pregnant women	\$	Family planning		Prior auth of OP svcs			9	Eye care/glasses		Prior auth of OP svcs
*	Non-AFDC children	\$	Rural hlth clinic		Limit IP svcs to emgcy			10	Family planning		Limit IP svcs to emgcy
*	Noninstitutional 300%				Limit OP svcs to emgcy			11	Abortions		Limit OP svcs to emgcy
*	AFDC-UP household		FED OPTIONAL		Copymt on opt svcs			12	Surgical care ctrs		
*	Caretaker relatives	1	Intermed nursing		Copymt on mand svcs			13	Speech, hearing		
		2	Prescribed drugs					14	Skilled nursing		
		3	Eye care/glasses					15	Intermed nursing		
	MEDICALLY NEEDY	4	Speech, hearing								
*	Non-AFDC children	5	PT/OT								
*	Pregnant women	6	ICF/HR								
*	DHSS foster children	7	Psych facility								
*	APA-type adults		Clinic services:								
*	AFDC-type household	8	Mental health								
*	AFDC-UP-type household	*	Birthing ctrs								
*	Caretaker relatives	*	Physician (IHS)								
		9	Surgical care ctrs								
		10	Nurse midwife								
		11	Med supplies & eqpt								
		*	Noninstl LTC								
		*	Personal care								
		*	Podiatrist								
		*	Dentures								
		*	Dental								
		*	Chiropractic								
		*	Diag, rehab, etc								
		*	Pvt duty nursing								
		*	Physician assts								
		*	Pvt psychologists								
		*	Nurse practitioners								

*--Not covered under Alaska Medicaid program

#--Federally-mandated groups of eligibles--not ranked

Columns with numbers are ranked from most important to least important--no rankings are indicated for changes in rate schemes

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

¢--Payment rates established by Alaska Legislature

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

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

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

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

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

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

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

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

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

POSITIONS

FULL TIME		6	6	6	6	6
PART TIME						
TEMPORARY						

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

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

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

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

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

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

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

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		(11603.0)	(13330.9)	(15321.9)	(17610.9)	(20241.9)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

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

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

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

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

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

POUCH H 01
JUNEAU, ALASKA 99811
PHONE: 465-3030

April 23, 1982

DOCUMENT NO. 150-82

The Honorable Don Bennett
Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: Senate Bill 817

Dear Senator Bennett:

I would like to provide additional clarification of the pharmaceutical issue involved in CSSB 817 and the Department's position on its deletion from the bill. From the outset I would like to make it clear that the Department strongly supports CSSB 817 even if the pharmaceutical change is deleted. Although for reasons elaborated below the pharmaceutical transfer would increase our FY83 purchasing power by nearly \$1 million, the remaining provisions of CSSB 817 are even more critical and require legislative passage this session.

As you know, pharmacies currently provide drugs to Medicaid and General Relief Medical recipients through the General Relief Program paid solely from state funds. Pharmacy costs are expected to be \$1.7 million in FY83.

Senate Bill 817 would, among other things, move pharmaceuticals for Medicaid recipients under Medicaid where the State would receive 48% cost sharing by the federal government for pharmaceutical costs. The sole federal condition for accepting a 48% cost sharing for pharmaceuticals is that Alaska begin paying pharmacists on a formulary basis rather than actual charges. As the Department intended to establish a formulary anyway in FY83, this federal requirement did not present a major problem. On the average this could represent a 15% reduction below actual charges for pharmacists.

It is our understanding that pharmacists oppose this change primarily because of the greater reimbursement flexibility they perceive under GR Medical than Medicaid. Although we appreciate this view, the Department will be reimbursing all medical providers, to include pharmacists, at a reduced rate in FY83 if CSSB 817 fails to pass this session.

The purpose of CSSB 817 is to stretch the purchasing power of limited state funds by maximizing federal earnings in order to ensure that all of Alaska's needy children continue to receive a full range of medical services in FY83, and that provider rate reductions are minimized.

Don Bennett

-2-

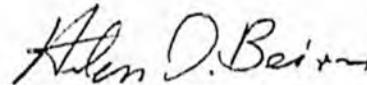
April 23, 1982

Removing the pharmaceutical transfer from CSSB 817 does not make the bill any less critical, but will reduce our purchasing power by nearly \$1 million as we will not be earning federal funds for this item so long as it remains under GR Medical. This \$1 million would, by our estimate, have purchased medical services for approximately an additional 1000 persons in FY83.

Again, the Department very strongly supports passage of CSSB 817 even without the pharmaceutical transfer included, as without the remaining provisions of CSSB 817, a great many children from low-income families may be limited to receiving only emergency medical services in FY83. The remaining provisions of CSSB 817 would prevent this from happening.

I sincerely hope this letter has served to clarify the Department's views on the pharmaceutical issue, and the criticality of CSSB 817 to our FY83 medical program even if the pharmaceutical transfer is removed from the bill.

Sincerely,



Helen D. Beirne
Commissioner

cc: Allen Korhonen
Rod Betit

AMENDED NOTICE OF ADOPTION OF EMERGENCY REGULATIONS

As required by AS 44.62.250, notice is given that, under the authority of AS 47.05.010, the Department of Health and Social Services adopted on this date 7 AAC 46.100, 46.110, 46.120, 46.130 and 46.140, and amended 7 AAC 46.040 and 46.090 as emergency regulations relating to the food stamp program, including changes in the methods by which eligibility and allotment amounts are determined and changes in the requirements which recipients must fulfill in order to remain eligible as well as responsibilities of the agency to notify clients and methods to recoup overpayment.

This action will require increased administrative effort which is expected to be off-set by reduced error correction, a decrease in caseload through timely elimination of ineligible cases and increased processing times. This action is not expected to require an increased appropriation.

Copies of these regulations may be obtained by writing to Division of Public Assistance, Pouch H-07, Juneau, Alaska 99811.

Notice is also given that the Department of Health and Social Services intends to make this change in regulations permanent under AS 62.260, and any person interested may present oral or written comment at public hearings to be held in:

Room 426 of the MacKay Building
338 Denali Street
Anchorage, Alaska
on March 15, 1982 at 9 AM, or

Room 19 of the Alaska Office Building
350 Main Street
Juneau, Alaska
on March 19, 1982 at 10 AM;

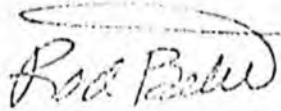
or mail or present written statements or arguments relevant to the action proposed to:

Department of Health and Social Services
Division of Public Assistance
Alaska Office Building, Room 310
Pouch H-07
Juneau, Alaska 99811

before 4:30 p.m., March 30, 1982.

DATE:

2/25/82
Juneau, Alaska


Rod Eetit, Director

FINDING OF EMERGENCY

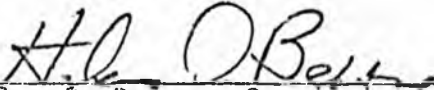
The Department of Health and Social Services finds that an emergency exists and that the attached regulations and amendments are necessary for the immediate preservation of the public peace, health, safety, or general welfare. A statement of facts constituting the emergency is:

The State has received notice from the United States Department of Agriculture (USDA) that its Food Stamp error rate is unacceptable, and corrective actions must be implemented by April 1, 1982 or the State may experience a fiscal sanction. These regulations are essential for the implementation and execution of the corrective actions agreed to between the State of Alaska and USDA.

ADOPTION ORDER


Under authority of AS 47.05.010, the regulations and amendments are adopted as emergency regulations and amendments to take effect immediately upon filing by the Lieutenant Governor as provided in AS 44.62.180(3).

DATE: 2-25-82
Juneau, Alaska


Helen D. Beirne, Commissioner

FILING CERTIFICATION

I, Ferry Miller, Lieutenant Governor for the State of Alaska, certify that on February 25, 1982 at 4:30 p.m., I filed the attached regulations according to the provisions of AS 44.62.


Lieutenant Governor

Effective: February 25, 1982

Repealed 81, April 1982

Expires: June 24, 1982

EMERGENCY REGULATIONS
Register 81, March 1982 DEPARTMENT OF HEALTH AND
SOCIAL SERVICES

7 AAC 46.040

7 AAC 46.040 is amended as follows:

(b) The department will conduct administrative fraud hearings. The hearing officer will be appointed by the commissioner or his designee. The hearing will be conducted under the Administrative Procedure Act, AS 44.62.330 - 44.62.640.

(Eff. 9/10/81, Register 79; am 2/25/82, Register 81)

Authority: AS 47.25.975
AS 47.25.980

7 AAC 46.090 is amended by adding the following paragraphs:

(8) "adequate notice" means a notice which complies with 7 CFR 273.13(a)(1). This notice must be on a form designated by the division for this purpose and explain the reason for the action, the right to a fair hearing, and instructions about how to contact the agency for additional information;

(9) "initial" means the beginning period, month, application, benefit or allotment for an applicant who did not participate in the program during the month immediately preceding the month of application;

(10) "retrospectively" means referring back to a previous month; for example, when computing benefits for the month of March, they may be determined based on the income received in January.

(Eff. 9/10/81, Register 79; am 2/25/82, Register81)

Authority: AS 47.25.975
AS 47.25.980

7 AAC 46.100. REPORTING REQUIREMENTS. (a) The division will advise an applicant in writing within ten days of a determination of eligibility of how he is to report a change in circumstance. The division will periodically advise recipients of the same reporting requirements.

(b) A recipient must report any change which may affect his eligibility or monthly assistance amount. The report must be made to the office of the division nearest the recipient's residence and must be made within 10 days after the change becomes known to the household. The report may be made in writing on a form provided by the division or another form or orally in person or by telephone.

(c) In addition to the reporting requirement of (b) of this section, a recipient must report monthly all changes which occurred in the past month and all changes expected to occur in the coming month or the absence of any change upon a form specified by the division. Failure to submit this report, signed and with every question answered, on or before the 10th of the month will result in termination of the next month's food stamps. Households without earned income and composed entirely of recipients of Adult Public Assistance or Supplemental Security Income benefits under Title XVI of the Social Security Act or disability and blindness payments under Title I, II, X, XIV and XVI of the Social Security Act are exempt from the monthly reporting requirement but must report changes within 10 days after the date the change becomes known to the household.

(Eff. 2/25/82, Register 81)

Authority: AS 47.25.975
AS 47.25.980

7 AAC 46.110. INITIAL MONTH OF ASSISTANCE. The division will determine an applicant's initial eligibility and first month's benefits prospectively. The division will base its initial determination under this section on its estimate of the applicant's circumstances which are likely to exist in each of the two months in the initial determination period.

(Eff. 2/25/82, Register 81)

Authority: AS 47.25.975
AS 47.25.980

7 AAC 46.120. SUBSEQUENT MONTHS OF ASSISTANCE. The division will determine a recipient's eligibility prospectively. However, the recipient's monthly allotment amount after the initial two-month period will be computed retrospectively.

(Eff. 2/25/82, Register 81)

Authority: AS 47.25.975
AS 47.25.980

EMERGENCY REGULATIONS
Register , March 1982 DEPARTMENT OF HEALTH AND
SOCIAL SERVICES

7 AAC 46.130

7 AAC 46.130. NOTICE OF ADVERSE ACTION. The division will send an adequate notice of termination of benefits to all recipients failing to submit completed monthly reports as required by 7 AAC 46.100. The notice must be sent the end of the month in which the form was due in the division office.

(Eff. 2/25/82, Register 81)

Authority: AS 47.25.975
AS 47.25.980

EMERGENCY REGULATIONS
Register 81, March 1982 DEPARTMENT OF HEALTH AND SOCIAL SERVICES 7 AAC 46.140

7 AAC 46.140. RECOUPMENT: CLAIMS AGAINST HOUSEHOLDS. (a) When the division determines that a household has received more food stamps than it is entitled to, the division shall determine the amount and the cause of the loss.

(b) If the loss appears to be due to fraud, the division will refer the case to the department's fraud investigations unit.

(c) Non-fraud client-caused losses will be collected from any members of the household that may have benefitted from the client-caused error. Collection may be through full payment, regular payments over a period of less than three years or through reduction in monthly food stamp benefits. Minimum payments shall be \$10 per month except for a final payment which may be less. Recoupment through involuntary reduction of food stamp benefits will be \$10 or 10 per cent of each month's allotment, whichever is greater. Households may voluntarily authorize a higher rate in writing.

(d) The department must notify households in writing of the amount of loss, methods of repayment and the right to a fair hearing, at least thirty days before mandatory recoupment can be implemented.

(e) The division may initiate civil court action to obtain payment of the claim.

(Eff. 2/25/82, Register 81)

Authority: AS 47.25.975
AS 47.25.980

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
NOTICE OF ADOPTION OF EMERGENCY REGULATIONS

As required by AS 44.62.250, notice is given that, under authority of AS 47 05.010, the Department of Health and Social Services amended or repealed on this date substantial portions of 7 AAC 47 relating to the General Relief Medical (GRM) program and portions of 7 AAC 43.005 relating to the Medicaid program, which emergency regulations will take effect May 17, 1982. These emergency regulations place additional limitations upon benefits available under the GRM program, terminate certain benefits, and change the manner of application. They are based on a finding made on this date that appropriated funds are not sufficient to maintain benefits at current levels throughout the remainder of fiscal year 1982. These emergency regulations, which are to remain in effect for an indefinite period, are not expected to require increased appropriations.

Copies of these emergency regulations may be obtained by contacting David M. Davidson, Medical Assistance Program Officer, Division of Public Assistance, Pouch H-07, Juneau, Alaska 99811, (907) 586-1503.

Notice is also given that the Department of Health and Social Services intends to make this regulation permanent substantially as described above under AS 44.62.260, and any person interested may present oral or written statements or arguments relevant to the action proposed at a teleconference hearing to be held on Wednesday May 12, 1982, at 2:30 PDT, 12:30 ADT, 11:30 BDT, at Legislative teleconference sites in the following locations (check with the Legislative Information office in the community for the exact address and room number):

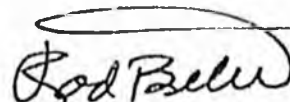
Anchorage, Barrow, Bethel, Delta Junction, Dillingham, Fairbanks, Haines, Homer, Juneau, Ketchikan, Kodiak, Kotzebue, Matanuska-Susitna, Nome, Petersburg, Sand Point, Seward, Sitka, Soldatna, and Valdez.

Any person interested may also present written statements or arguments relevant to the action proposed by delivering them to Rod Betit, Director, Division of Public Assistance, Department of Health and Social Services, Pouch H-07, Juneau, Alaska 99811, no later than May 10, 1982.

DATE:

April 15, 1982

Juneau, Alaska



Rod Betit, Director
Division of Public Assistance
Department of Health and
Social Services

DESCRIPTION OF RESIDUAL GRM
PROGRAM UNDER SB 817

Based on the position paper and fiscal information submitted by the Department, General Relief Medical (GRM) program funds would be reduced to approximately \$2.4 million for FY 83 by the passage of SB 817. The GRM program has provided payment for a broad range of medical services for very low income individuals and families not eligible for Medicaid and without other available medical resources. Under SB 817, all children receiving coverage under GRM would be moved to Medicaid leaving single employable individuals and employable couples as the only persons eligible for GRM. However, it is anticipated that \$2.4 million will not provide adequate funds to continue operating GRM at its present level.

Regardless of the action taken on SB 817, the Department has considered making GRM an emergency medical program because of funding limitations. The Department would like to propose that the new GRM program become a subsidiary coverage for the Catastrophic Illness program (CIP), with CIP paying eligible costs above \$1000 per illness or injury.

The Department would use GRM funds to establish a health loan program that would loan up to \$1000 to meet uncompensated, covered medical expenses. Individuals would still be required to meet narrow income and resource guidelines, but they would be given the opportunity to receive medical care with the agreement that they repay the Department within a set time period after conclusion of treatment.

The philosophy behind this GRM program concept is quite simple: health care assistance, unlike cash or food stamps, by its very nature is subject to much less abuse. Healthy adults have nothing to gain by being eligible for medical assistance because they do not receive a valuable commodity (money or food stamps). By establishing a health care loan fund, applicants would not receive something for nothing, and thus the issue of need would be largely self-policing. Individuals with medical need would access the loan fund and agree to repay the fund within a set period of time. Provisions would be established to permit postponement or cancellation of repayment under limited circumstances. Individuals receiving health care loans who do not repay them would be subject to legal process through attachment or garnishment in the same way that they are liable for payment on a consumer loan or child support payment.

The cost of implementing this health loan fund would be two Administrative Assistant positions added to the Division of Public Assistance collections section.

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(1) He was receiving OAA, AB, APTD, or AABD; or

(2) He would have been eligible for one of those programs except that he had not applied, and the Medicaid plan covered this optional group; or

(3) He would have been eligible for one of those programs if he were not in a medical institution or intermediate care facility, and the Medicaid plan covered this optional group.

(b) The individual would currently be eligible for SSI or a State supplement except that the increase in OASDI under Pub. L. 92-336 raised his income over the limit allowed under SSI. This includes an individual who—

(1) Meets all current SSI requirements except for the requirement to file an application; or

(2) Would meet all current SSI requirements if he were not in a medical institution or intermediate care facility, and the State's Medicaid plan covers this optional group.

[43 FR 45204, Sept. 29, 1978, as amended at 45 FR 24883, Apr. 11, 1980]

§ 435.135 Individuals who become ineligible for cash assistance as a result of OASDI cost-of-living increases received after April 1977.

(a) If an agency provides Medicaid to aged, blind, or disabled individuals receiving SSI or optional State supplements, it must provide Medicaid to individuals who—

(1) Are receiving OASDI;

(2) Were receiving SSI or optional State supplements but become ineligible for those payments because of OASDI cost-of-living increases paid under section 215(i) of the Act after April 1977; and

(3) Would still be eligible for SSI or optional State supplements if the amount of OASDI cost-of-living increases paid after April 1977 were deducted from income.

(b) Cost-of-living increases include the increases received by the individual or his financially responsible spouse.

(c) If the agency adopts more restrictive eligibility requirements than those under SSI, it must provide Medicaid to individuals specified in paragraph (a) of this section on the same basis as Medicaid is provided to indi-

viduals continuing to receive SSI or optional State supplements. If the individual incurs enough medical expenses to reduce his income to the financial eligibility standard for the categorically needy, the agency must cover him as categorically needy. In determining the amount of his income, the agency may deduct the cost-of-living increase paid under section 215(i), up to the amount of the increase that made him ineligible for SSI, and subsequent increases.

Subpart C—Options for Coverage as Categorically Needy

§ 435.200 Scope.

This subpart specifies options for coverage of individuals as categorically needy.

§ 435.201 Individuals included in optional groups.

Except where otherwise specified, a Medicaid agency that chooses to cover an optional group must provide Medicaid to all eligible individuals in that group. For example, in the options applicable to families and children and the aged, blind or disabled, the agency may not provide Medicaid only to families and children; similarly, in the options applicable to the aged, blind, or disabled, it may not cover only the blind.

OPTIONS FOR COVERAGE OF FAMILIES AND CHILDREN AND THE AGED, BLIND, AND DISABLED

§ 435.210 Individuals who would be eligible for but are not receiving cash assistance.

The agency may provide Medicaid to individuals who would be eligible for AFDC, SSI, or an optional State supplement as specified in § 435.230 but who are not receiving these benefits.

§ 435.211 Individuals who would be eligible for cash assistance except for their institutional status.

The agency may provide Medicaid to individuals in title XIX reimbursable medical institutions and intermediate care facilities who are ineligible for AFDC, SSI, or an optional State sup-

Chapter IV—Health Care Financing Administration

§ 435.310

and who would be eligible for SSI except for the level of their income:

- (1) All aged individuals.
- (2) All blind individuals.
- (3) All disabled individuals.
- (4) Only aged individuals in domiciliary facilities or other group living arrangements as defined under SSI.
- (5) Only blind individuals in domiciliary facilities or other group living arrangements as defined under SSI.
- (6) Only disabled individuals in domiciliary facilities or other group living arrangements as defined under SSI.
- (7) Individuals receiving a federally administered optional State supplement that meets the conditions specified in this section.

(8) Individuals in additional classifications specified by the Secretary for federally administered supplementary payments under 20 CFR 416.2020(d).

(b) Payments under the optional supplement program must be—

- (1) Based on need and paid in cash on a regular basis;
- (2) Equal to the difference between the individual's countable income and the income standard used to determine eligibility for supplement. Countable income is income remaining after deductions required under SSI or, at State option, more liberal deductions are made (see § 435.1006 for limitations on FFP in Medicaid expenditures for individuals receiving optional State supplements); and
- (3) Available to all individuals in the State; however, the plan may provide for variations in the income standard by political subdivision according to cost-of-living differences.

(b) Available to all individuals in the State; however, the plan may provide for variations in the income standard by political subdivision according to cost-of-living differences.

§ 435.231 Individuals in institutions who are eligible under a special income level.

(a) If the agency provides Medicaid under § 435.211 to individuals in institutions who would be eligible for AFDC, SSI, or State supplements except for their institutional status, it may also cover aged, blind, and disabled individuals in institutions who—

- (1) Because of their income, would not be eligible for SSI or State supplements if they were not institutionalized; but
- (2) Have income below a level specified in the plan under § 435.722. (See

§ 435.1005 for limitations on FFP in Medicaid expenditures for individuals specified in this section.)

(b) The agency may cover individuals under this section whether or not the State pays optional supplements.

[43 FR 45204, Sept. 29, 1978, as amended at 45 FR 24884, Apr. 11, 1980]

435.232-ADDED 10/1/81 46 FR 48539

Subpart D—Optional Coverage of the Medically Needy

ALC CHAMBERS
9/30/81 46 FR
47985-47987
§ 435.300 Scope.

This subpart specifies the option for coverage of medically needy individuals.

§ 435.301 General rule.

(a) A Medicaid agency may provide Medicaid to individuals specified in this subpart who—

- (1) Either—
 - (i) Have income that meets the standards in §§ 435.812 through 435.816; or
 - (ii) If their income is more than allowed under those standards, have incurred medical expenses at least equal to the difference between their income and the applicable income standard; and
- (2) Have resources that meet the standards in § 435.840 or § 435.841.

(b) If the agency chooses this option, the agency must provide Medicaid to all the individuals specified in this subpart.

435.308-ADDED
§ 435.310 Medically needy coverage of families and children.

If the agency provides Medicaid to the medically needy, it must provide Medicaid to the following individuals who meet the income and resource standards in Subpart I of this part;

- (a) Members of families with dependent children (§ 435.110);
- (b) Individuals under age 21 who are ineligible for AFDC because of age or school attendance requirements (§ 435.111);
- (c) Individuals who are ineligible for AFDC because of an eligibility requirement under that program that is specifically prohibited under title XIX (§ 435.113);

7. A new § 435.115 is added to read as follows:

§ 435.115 Individuals deemed to be receiving AFDC.

(a) The Medicaid agency must provide Medicaid to individuals deemed to be receiving AFDC, as specified in this section.

(b) The State must deem individuals to be receiving AFDC who are denied a cash payment from the title IV-A State agency solely because the amount of the AFDC payment would be less than \$10.

(c) The State may deem pregnant women to be receiving AFDC under section 406(g)(2) of the Act. This section permits States, for purposes of title XIX, to deem a pregnant woman to be receiving AFDC if—

(1) She would be eligible for AFDC cash payments if the child had been born and was living with her in the month of payment; and

(2) The pregnancy has been medically verified.

(d) The State may deem participants in a work supplementation program to be receiving AFDC under section 414(g) of the Act. This section permits States, for purposes of title XIX, to deem an individual and any child or relative of the individual (or other individual living in the same household) to be receiving AFDC, if the individual—

(1) Participates in a State-operated work supplementation program under section 414 of the Act; and

(2) Would be eligible for an AFDC cash payment if the individual were not participating in the work supplementation program.

8. Section 435.120 is revised to read as follows:

§ 435.120 Individuals receiving SSI.

(a) *General provisions.* Except as allowed under § 435.121, the agency must provide Medicaid to aged, blind, and disabled individuals or couples who receive SSI, including—

(1) Individuals receiving SSI pending a final determination of blindness or disability;

(2) Individuals receiving SSI under an agreement with the Social Security Administration to dispose of resources that exceed the SSI dollar limits on resources; and

(3) From January 1, 1981 until December 31, 1983, individuals considered to be receiving SSI under 1019(b) of the Act (blind individuals or those with disabling impairments whose income equals or exceeds a specific SSI limit). (See 20 CFR 410.203-410.269 for determinations of eligibility under this provision.)

(b) *Exclusion.* Individuals entitled to benefits under section 1622 of the Act are not to be considered individuals receiving SSI. Section 1622 of the Act provides for certain individuals whose minimum benefits under title II of the Act were reduced by section 2201 of Pub. L. 97-35.

9. Section 435.121 is amended by revising paragraph (c) to read as follows:

§ 435.121 Individuals in States using more restrictive requirements for Medicaid than the SSI requirements.

(c) The following sections of this part apply to the agency's use of more restrictive eligibility requirements:

(1) Section 435.135, treatment of individuals who receive OASDI cost-of-living increases.

(2) Section 435.330, medically needy coverage.

(3) Section 435.530, more restrictive definitions of blindness.

(4) Section 435.540, more restrictive definitions of disability.

(5) Sections 435.731 through 435.733, more restrictive income and resource requirements.

(6) Sections 435.812, 435.823, 435.831, and 435.841, medically needy financial eligibility requirements.

10. The table of contents is amended by removing § 435.221.

§ 435.221 [Removed]

11. Section 435.221 is removed.

12. Section 435.222 is revised to read as follows:

§ 435.222 Individuals under age 21 who would be eligible for AFDC but do not qualify as dependent children.

(a) The agency may provide Medicaid to individuals under age 21 (or, at State option, under age 20, 19 or 18) who would be eligible for AFDC if they met the definition of dependent child. (See 45 CFR 233.90(c)(1).)

(b) The agency may cover all individuals described in paragraph (a) of this section or in reasonable classifications of those individuals. Examples of reasonable classifications are as follows:

(1) Individuals in foster homes or private institutions for whom a public agency is assuming a full or partial financial responsibility. If the agency covers these individuals, it may also provide Medicaid to individuals of the same age placed in foster homes or private institutions by private nonprofit agencies.

(2) Individuals in adoptions subsidized in full or part by a public agency.

(3) Individuals in intermediate care facilities, if intermediate care facility services are provided under the plan. If the agency covers these individuals, it may also provide Medicaid to individuals in intermediate care facilities for the mentally retarded.

(4) Individuals under age 21 receiving active treatment as inpatients in psychiatric facilities or programs, if inpatient psychiatric services for individuals under 21 are provided under the plan.

13. Section 435.223 is revised to read as follows:

§ 435.223 Individuals who would be eligible for AFDC if coverage under the State's AFDC plan were as broad as allowed under title IV-A.

(a) The agency may provide Medicaid to individuals who—

(1) Would be eligible for AFDC if the State's AFDC plan included individuals whose coverage under title IV-A is optional (for example, Medicaid may be provided to members of families with an unemployed parent even though AFDC is not available to them under the State's AFDC plan); or

(2) Would be eligible for AFDC if the State's AFDC plan did not contain eligibility requirements more restrictive than, or in addition to, those required under title IV-A.

(b) The agency may cover any AFDC optional group without covering all such groups.

14. The table of contents is amended by adding §§ 435.308, 435.322, 435.324, 435.330, and 435.340, revising §§ 435.310 and 435.320, and removing §§ 435.321 and 435.325 as follows:

Subpart D—Optional Coverage of the Medically Needy

435.300 Scope.

435.301 General rule.

435.308 Medically needy coverage of individuals under age 21.

435.310 Medically needy coverage of caretaker relatives.

435.320 Medically needy coverage of aged in States that cover individuals receiving SSI.

435.322 Medically needy coverage of the blind in States that cover individuals receiving SSI.

435.324 Medically needy coverage of the disabled in States that cover individuals receiving SSI.

435.330 Medically needy coverage of aged, blind, and disabled individuals in States that impose more restrictive eligibility requirements.

435.340 Protected medically needy coverage for blind and disabled individuals eligible in December 1973.

OPTION 3

OPTION 2

15. Sections 435.301 is revised to read as follows:

§ 435.301 General rules.

(a) A medicaid agency may provide Medicaid to individuals specified in this subpart who—

(1) Either—

(i) Have income that meets the applicable standards in §§ 435.812 through 435.814; or

(ii) If their income is more than allowed under those standards, have incurred medical expenses at least equal to the difference between their income and the applicable income standard; and

(2) Have resources that meet the applicable standards in §§ 435.840 through 435.843.

(b) If the agency chooses this option, the following provisions apply:

(1) The agency must provide Medicaid to—

(i) All pregnant women during the course of their pregnancy who, but for income and resources, would be eligible for Medicaid as categorically needy; and

(ii) All individuals under age 21 (or, at State option, under age 20, 19, or 18), as specified in § 435.308. For purposes of this requirement, the agency may provide for individuals under age 21 as—

(A) Categorically needy, as specified in § 435.222; or

(B) Medically needy, as specified in § 435.308.

(2) The agency may provide Medicaid to any of the following groups of individuals:

(i) Individuals under age 21 (§ 435.308).

(ii) Caretaker relatives (§ 435.310).

(iii) Aged (§§ 435.320 and 435.330).

(iv) Blind (§§ 435.322, 435.330 and 435.310).

(v) Disabled (§§ 435.324, 435.330 and 435.310).

(3) If the agency provides Medicaid to any individual in a group specified in paragraph (b)(2) of this section, the agency must provide Medicaid to all individuals eligible to be members of that group.

16. A new § 435.308 is added to read as follows:

§ 435.308 Medically needy coverage of individuals under age 21.

(a) If the agency provides Medicaid to the medically needy, it must provide Medicaid to individuals under age 21 (or, at State option, under age 20, 19, or 18), as specified in paragraph (b) of this section, who meet the income and resource standards in Subpart I of this part. (See § 435.301 for required coverage as either categorically or medically needy.)

(b) The agency may cover all individuals described in paragraph (a) of this section or reasonable classifications of those individuals. Examples of reasonable classifications are as follows:

(1) Individuals in foster homes or private institutions for whom a public agency is assuming full or partial financial responsibility. If the agency covers these individuals, it may also provide Medicaid to individuals placed in foster homes or private institutions by private nonprofit agencies.

(2) Individuals in adoptions subsidized in full or in part by a public agency.

(3) Individuals in intermediate care facilities, if intermediate care facility services are provided under the plan. If the agency covers these individuals, it may also provide Medicaid to individuals in intermediate care facilities for the mentally retarded.

(4) Individuals receiving active treatment as inpatients in psychiatric facilities or programs, if inpatient psychiatric services for individuals under 21 are provided under the plan.

17. Section 435.310 is revised to read as follows:

§ 425.310 Medically needy coverage of caretaker relatives.

(a) If the agency provides for the medically needy, it may provide Medicaid to caretaker relatives, as specified in paragraph (b) of this section, who meet the income and resource standards of Subpart I of this part.

(b) "Caretaker relatives" mean individuals who—

(1) Meet the definition of a caretaker relative under 45 CFR 233.90(c)(1)(v)(A); and

(2) Have in their care an individual who is determined to be dependent, as specified in § 435.510.

18. Section 435.320 is revised to read as follows:

§ 435.320 Medically needy coverage of the aged in States that cover individuals receiving SSI.

If the agency provides Medicaid to individuals receiving SSI and elects to cover the medically needy, it may provide Medicaid to individuals who—

(a) Are 65 years of age and older, as specified in § 435.520; and

(b) Meet the income and resource requirements of Subpart I of this part.

19. A new § 435.322 is added to read as follows:

§ 435.322 Medically needy coverage of the blind in States that cover individuals receiving SSI.

If the agency provides Medicaid to individuals receiving SSI and elects to cover the medically needy, it may provide Medicaid to blind individuals who meet—

(a) The requirements for blindness, as specified in §§ 435.530 and 435.531; and

(b) The income and resource requirements of Subpart I of this part.

20. A new § 435.324 is added to read as follows:

§ 435.324 Medically needy coverage of the disabled in States that cover individuals receiving SSI.

If the agency provides Medicaid to individuals receiving SSI and elects to cover the medically needy, it may provide Medicaid to disabled individual who meet—

(a) The requirements for disability, as specified in §§ 535.540 and 435.541; and

(b) The income and resource requirements of Subpart I of this part.

21. Section 435.321 is redesignated as § 435.330 and revised to read as follows:

§ 435.330 Medically needy coverage of the aged, blind, and disabled in States that impose eligibility requirements more restrictive than used under SSI.

(a) If an agency provides Medicaid as categorically needy only to those aged, blind, or disabled individuals who meet more restrictive requirements than used under SSI and elects to cover the medically needy, it may provide Medicaid as medically needy to those aged, blind, or disabled individuals who—

(1) Are not categorically needy, as specified in paragraph (b) of this section;

(2) Have income and resources within the standards established under Subpart I of this part; and

(3) If applying as blind or disabled, meet the blindness or disability requirements established under § 435.121.

(b) To determine whether an individual is covered as categorically needy or medically needy, the agency must—

(1) Consider as categorically needy those individuals who meet the State's categorically needy financial standard and—

(i) Who, before their incurred medical expenses are deducted from income, meet the financial eligibility requirements for SSI or a State supplement; or

(ii) Whose OASDI increases are not counted under §§ 435.134 and 435.135.

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(2) Consider as medically needy all other individuals.

22. Section 435.325 is redesignated as § 435.340 and revised to read as follows:

§ 435.340 Protected medically needy coverage for blind and disabled individuals eligible in December 1973.

If an agency provides Medicaid to the medically needy, it must cover individuals who—

(a) Where eligible as medically needy under the Medicaid plan in December 1973 on the basis of the blindness or disability criteria of the AB, APTD, or AABD plan;

(b) For each consecutive month after December 1973, continue to meet—

(1) Those blindness or disability criteria; and

(2) The eligibility requirements for the medically needy under the December 1973 Medicaid plan; and

(c) Meet the current requirements for eligibility as medically needy under the Medicaid plan except for blindness or disability criteria.

23. Section 435.520 is amended by revising paragraph (a) to read as follows:

§ 435.520 Age requirements for the aged and children.

(a) The agency must not impose—

(1) An age requirement of more than 65 years;

(2) An age requirement that excludes an individual under age 19 who meets the definition of dependent child under the State title IV-A plan; or

(3) A lower age requirement than that under the State's AFDC plan.

24. The table of contents for Subpart I is revised as follows:

Subpart I—Financial requirements for the medically needy

435.800 Scope.

Medically Needy Income Standards

435.811 Medically needy income standards: General requirements.

435.812 Medically needy income standards: Reasonableness.

435.813 [Reserved]

435.814 Medically needy income standards: State plan requirements.

435.815 [Reserved]

Financial Responsibility of Relatives

435.821 Financial responsibility of relatives: Individuals under the age 21 and caretaker relatives.

435.822 Financial responsibility of relatives of aged, blind, or disabled individuals in States using SSI eligibility requirements.

435.823 Financial responsibility of relatives of aged, blind, or disabled individuals in States using more restrictive requirements than SSI.

Medically Needy Income Eligibility

435.831 Income eligibility.

435.832 Post-eligibility treatment of income and resources of institutionalized individuals: Application of patient income to the cost of care.

Medically Needed Resource Standards

435.840 Medically needy resource standards: General requirements.

435.841 Medically needy resource standards: Reasonableness.

435.843 Medically needy resource standards: State plan requirements.

Determining Eligibility on the Basis of Resources

435.845 Medically needy resource eligibility.

Treatment of Income and Resources

435.850 Treatment of income and resources: General requirements.

435.851 Treatment of income and resources: Reasonableness.

435.852 Treatment of income and resources: State plan requirements.

25. Section 435.811 is revised to read as follows:

Medically Needy Income Standards

§ 435.811 Medically needy income standards: General requirements.

To determine eligibility of medically needy individuals, a Medicaid agency must use an income standard under this subpart that is—

(a) Based on family size;

(b) Uniform for all individuals in a covered group;

(c) For FFP purposes, not in excess of 133⅓ percent of the highest money payment that ordinarily would be made in the State AFDC program to an individual or a family of comparable size (see § 435.1007); and

(d) Reasonable (see § 435.812).

26. Section 435.812 is revised to read as follows:

§ 435.812 Medically needy income standards: Reasonableness.

(a) The agency must use a medically needy income standard that is reasonable.

(b) The following medically needy income standards are presumed to be reasonable:

(1) The agency provides one medically needy income standard for all covered medically needy groups. Except as provided in paragraphs (c) and (d) of this section, the standard must at least equal the highest income or payment standard used to determine eligibility in the cash assistance programs (or an optional State supplement, if the agency provides Medicaid under § 435.230) related to the covered medically needy groups.

(2) The agency provides a different medically needy income standard for each covered medically needy group. Except as provided in paragraphs (c) and (d) of this section, the standard for each covered group must at least equal the income or payment standard used to determine eligibility in the cash assistance program (or an optional State supplement, if the agency provides Medicaid under § 435.230) related to that covered medically needy group.

(c) The agency may use a lower medically needy income standard than the standards specified in paragraph (b) of this section if—

(1) The income standard used under paragraph (b) of this section exceeds the maximum dollar amount on income allowed for purposes of FFP under § 435.1007; and

(2) The lower income standard at least equals the maximum amount allowed for purposes of FFP.

(d) In the case of an agency that provides Medicaid for the aged, blind, or disabled individuals only if they meet more restrictive requirements than used under SSI, the following provisions apply:

(1) The agency may use an income standard for those individuals that is lower than the standard specified in paragraph (b) of this section.

(2) The lower standard must at least equal the medically needy income standard for those aged, blind, or disabled individuals under the State's plan on January 1, 1972.

(e) If the agency uses a medically needy income standard not specified in paragraphs (b) through (d) of this section—

(1) That standard is not presumed to be reasonable; and

(2) HCFA must approve the standard.

27. Section 435.014 is revised to read as follows:

§ 435.014 Medically needy income standards: State plan requirements.

(a) The State plan must specify the income standard for each covered medically needy group.

(b) If the agency uses an income standard that is not presumed to be reasonable under § 435.812, the State plan must describe that standard.

§ 435.016 [Removed]

28. Section 435.016 is removed.

29. Section 435.021 is revised to read as follows:

NOTE REGARDING THE FOLLOWING FRAME ON MICROFILM:

COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES
IN ALASKA STATE ARCHIVES. TITLE PAGE ONLY HAS
BEEN FILMED.

Thursday
October 1, 1981



Part V

**Department of
Health and Human
Services**

Health Care Financing Administration

**Medicaid Program; Home and
Community-Based Services**

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 18, 1982

SUBJECT: Medical assistance for needy persons
(Work Order No. 12-2419)

TO: Senator Charles H. Parr
Attn: Nancy Deitrick

FROM: Edward H. Hein *EHA*
Legislative Counsel

Enclosed is the draft you requested for an act relating to medical assistance for needy persons. I drafted this bill after consulting with Dave Davidson of the Department of Health and Social Services. He assures me that this approach will achieve your intent, namely, expanding the number of persons for whom the federal government will pay some portion of additional medical assistance. Mr. Davidson, who will be out of town until approximately February 23rd, has not had the opportunity to review this draft. Thus, it should not be assumed that all the details of this draft would meet Mr. Davidson's approval. I have, however, tried to draft the bill in accordance with my understanding of his explanation of the law to me.

As a caveat, I should tell you that I am not well versed on the intricacies of federal benefit programs, such as medicaid, AFDC, and social security. I cannot personally explain with any degree of precision the legal implications of this draft. I have had to defer to Mr. Davidson's judgment.

A couple of points are worth mentioning. At Mr. Davidson's suggestion I have made the provisions dealing with medically needy persons a separate subsection of the bill. In an attempt to define the persons covered under (e) I have revised the labels for categories (e)(1) through (6) and have included a separate subsection (f) to define those terms where necessary. Note that subsection (f) relates only to subsection (e). You will need to determine, perhaps

Senator Charles H. Parr
Page 2
February 18, 1982

through the department, whether the persons included in (e)(4), (5), and (6) are intended to be the same aged, blind, or disabled persons included in AS 47.07.020(b)(4).

EHH:ljb

Enclosure

\$110-day / 25,000
 80% per state / 500(-) - 1/2 money

By: Rod Betit 3/15/82
 Rod Betit
 Director, DPA
 DHSS

\$400 / 4 family
 650 family
State Funds Only

<u>SB 817 Reference</u>	<u>Medicaid/GRM Modifications</u>	<u>GRM Costs</u>	<u>Medicaid Costs</u>	<u>New Cases Covered</u>
6 (Section 1)	* Move AFDC U.P. (Including Ribicoff Kids) to Medicaid BRU <i>modified on one level</i>	✓ (5076.6)	<u>6377.6</u>	3561 ✓
5 (Section 1)	* Add Pregnant Women to Medicaid	✓ (155.3)	252.6	191
(Section 2)	* Cover APA & Certain Other Medically Needy Kids	---	1736.1	400
4 (Section 3)	* Move Certain Services from GRM to Medicaid	(1200.0)	900.0	-0-
<u>Net Savings and New Persons Added</u>		<u>6431.9)</u>	<u>9266.3</u>	<u>4152</u>

Other Medical Needs Not Addressed By SB 817

1 a)	Cover travel costs dropped by AANHS	✓ 250.0	500.0	-0-
✓ b)	Cover penalty assessment in Medicaid	✓ ---	1260.0	-0-
3 c)	Cover FY83 GR Medical shortfall	✓ 500.0	---	-0-
d)	Cover Medicare Part B for certain elderly	306.7	---	2130
7 e)	Raise GRM limits to Medicaid standard	-----	Not Known	-----
f)	Cover AFDC medically needy adults except U.P.	---	3300.0	534
g)	Cover AFDC-U.P. medically needy adults	-----	Not Known	-----

8?
 9?
 10?

FISCAL NOTE SUMMARY

SENATE BILL NO. 817

	<u>TOTAL NEW MEDICAID</u>	<u>NEW STATE</u>	<u>NEW FEDERAL</u>	<u>NEW POSITIONS</u>
1.a. Addition of New Medicaid Eligibles; Transfer of Services	\$17860.5	\$ 6377.6	\$11482.9	11
1.b. Addition of Pregnant Women as Medicaid Eligibles	467.6	252.6	215.0	0
2. Decrease in GRM Due to Transfer of Services and Eligibles		(5531.9)	0	0
3. Addition of Clinic Services under Medicaid	1500.0	0	1500.0	0
SUBTOTAL	<u>\$19828.1</u>	<u>\$ 1098.3</u>	<u>\$13197.9</u>	<u>11</u>
4. Addition of New Medicaid Medically Needy Eligibles	3338.6	1736.1	1602.5	1
TOTAL	<u>\$23166.7</u>	<u>\$ 2834.4</u>	<u>\$14800.4</u>	<u>12</u>

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
Title An Act relating to medical assistance for needy persons
Requested by Senate HESS Committee Date 3/15/82

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		350.4	385.4	423.9	466.3	512.9
200 TRAVEL		12.8	14.1	15.5	17.0	18.7
300 CONTRACTUAL		132.5	145.7	160.3	176.3	193.9
400 COMMODITIES		6.5	7.1	7.8	8.6	9.5
500 EQUIPMENT		13.1	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		17812.8	20484.8	23557.6	27091.2	31154.9
TOTAL		18328.1	21037.1	24165.1	27759.4	31889.9

FUNDING (Thousands of Dollars)

GENERAL FUND		6630.2	7603.8	8730.0	10023.7	11509.8
FEDERAL FUNDS		11697.9	13433.3	15435.1	17735.7	20380.1
OTHER (Specify Source)						

POSITIONS

FULL TIME		11	11	11	11	11
PART TIME						
TEMPORARY						

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

IV. DATE _____ PREPARED BY _____
AGENCY _____
Original: Legislative Finance PHONE _____
cc: budget and Management
Prime Sponsor (First Legislator Named)
33-01 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/15/82

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		1500.0	1725.0	1983.7	2281.3	2623.5
TOTAL		1500.0	1725.0	1983.7	2281.3	2623.5

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS		1500.0	1725.0	1983.7	2281.3	2623.5
OTHER (Specify Source)						

POSITIONS

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

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

IV. DATE _____ PREPARED BY _____
 AGENCY _____
 PHONE _____
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
 Requested by Senate HESS Committee Date 3/15/82

II. FISCAL DETAIL

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

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		(5531.9)	(6361.7)	(7316.0)	(8413.4)	(9150.7)
TOTAL		(5531.9)	(6361.7)	(7316.0)	(8413.4)	(9150.7)

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		(5531.9)	(6361.7)	(7316.0)	(8413.4)	(9150.7)
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

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

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

IV. DATE _____ PREPARED BY _____
 AGENCY _____
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. Senate Bill 817
 Title An Act relating to medical assistance for needy persons
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II. FISCAL DETAIL
 Agency Affected Department of Health and Social Services
 Program Category Affected Health/Social and Economic Assistance
 BRU, Program, Or Subprogram(s) Affected Medicaid/PA Admin/Eliq. Deter.
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		35.0	38.5	42.3	46.5	51.1
200 TRAVEL		2.0	2.2	2.4	2.6	2.9
300 CONTRACTUAL		13.3	14.6	16.1	17.7	19.5
400 COMMODITIES		.6	.7	.8	.9	1.0
500 EQUIPMENT		1.3	0	0	0	0
600 LAND & STRUCTURES		0	0	0	0	0
700 GRANTS, CLAIMS, ETC.		3286.4	3779.4	4346.3	4998.2	5747.9
TOTAL		3338.6	3835.4	4407.9	5065.9	5822.4

FUNDING (Thousands of Dollars)

GENERAL FUND		1736.1	1994.4	2292.1	2634.3	3027.6
FEDERAL FUNDS		1602.5	1841.0	2115.8	2431.6	2794.8
OTHER (Specify Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

IV. DATE _____ PREPARED BY _____
 AGENCY _____
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

Proposed Amendments to SB 698
BY THE ALASKA STATE HOSPITAL ASSOCIATION

March 15, 1982

1. Page 1, line 14 after "meet" insert "their fair share of".

This clarifies the fact that the Medicaid program will pay the full cost of care for its patients only.

2. Page 2, after line 12 insert "(E) Retirement of debt".

This is necessary to permit funding such items as balloon payments within a debt structure.

3. On page 2, line 20 strike "medical services".

This makes the sentence read properly.

4. On page 2, line 24 strike "approve or deny the proposed rates" and insert "shall establish the rates to be paid pursuant to Section 47.07.070".

This clarifies the purpose of the Commission and specifies that the rates established are the rates paid by the Medicaid and General Relief/Medical programs.

5. On page 6 strike line 21 and insert:

"Section 9. The Medical Assistance Budget Review Commission shall begin its review of health facility budgets after it has adopted uniform accounting, budgeting, and reporting forms but it shall not review budgets sooner than is necessary to perform the function prescribed in Section 47.07.072 for budgets of facilities whose fiscal year begins on July 1, 1983."

This change in the effective date makes certain that the uniform systems are available so that review is consistent and specifies that the system should be in place beginning with the 1983 fiscal year.

6. On page 3 after line 16, add "Section 47.07.073 Uniform Budgeting, Accounting, and Reporting.

"(a) The commission, after study and in consultation with advisory committees, if any, shall establish by regulation pursuant to the Alaska Administrative Procedures Act, AS 44.66, a uniform system of accounting, budgeting, and financial reporting, including methods by which facilities shall record their revenues, expenses, other income, other outlays, assets and liabilities, and units of service. All facilities shall adopt the system for their fiscal year period to be effective at the time and date as the commission shall direct. In determining the effective date for reporting requirements, the commission shall be mindful both of the immediate need for uniform reporting information to effectuate the purposes of this chapter and the administrative and economic difficulties which facilities may encounter in conversion, but in no event shall the effective date be later than one and one-half years from the date of enactment of this chapter.

"(b) In establishing uniform accounting, budgeting and reporting procedures, the commission shall take into consideration:

"(1) existing systems of accounting, budgeting, and reporting procedures presently used by health care facilities;

"(2) differences among facilities according to size, financial structure, methods of payment for services, scope, type, and method of providing services;

"(3) types of health care services provided; and

"(4) other pertinent distinguishing factors.

"(c) The commission shall, where appropriate, provide for modification, consistent with the purposes of this chapter, of reporting requirements to correctly reflect the differences among facilities and to avoid otherwise unduly burdensome costs in meeting the requirements to the uniform system of accounting, budgeting, and financial reporting."

Amendments to SB 698
By the Alaska State Hospital Association
Page Three

This clarifies the references to uniform budgeting and reporting referenced in Section .072 and clearly establishes a uniform process for prospective budgeting.

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to American Hospital
Association
Robert Johnson
Central Peninsula Hospital
Soldotna

President
Dennis L. DeWitt
Juneau

Position Paper

Senate Bill 698

The Alaska State Hospital Association requested the introduction of SB 698 and is pleased that the Senate Health, Education and Social Services Committee has chosen to make it a committee bill.

The Medicaid program in Alaska has suffered from its inception from a poor data base and an inability to accurately forecast its own financial needs. There have been many notions as to the cause of this problem. We believe that two major factors can be addressed this year. The first is the implementation of the Alaska Medicaid Payment System (AMPS) which will give the program better forecasting tools. We wish to discuss the latter issue more fully.

As a result of poor data, the legislature has severely underfunded the Medicaid and General Relief/Medical programs in this budget year and appears headed toward even more serious underfunding in the coming budget year. We, as an Association, reviewed these problems and decided that we must involve ourselves in the solution of this critical problem.

As the program now exists the legislature controls access and benefits and funding. In the current budget year, the legislature appropriated less funds than is necessary to fund the level of benefits and access which it has mandated in law. The Department of Health and Social Services was then told to continue to provide the same level of services with not enough money to do so. This of course causes a great deal of consternation within the Department and the provider community.

For hospitals and nursing homes, the prospect of the Medicaid program running out of funds is horrifying. Since we are reimbursed after the service is rendered, the costs incurred, there is no way that such a provider can protect himself from economic disaster. For most hospitals, it means going to the local property tax to bail out a failing state program. Like the Department, we are victims of the legislature's decisions on access and benefits.

We believe that the prospective system which we have proposed will help address this problem. We will negotiate our budgets prospectively and know our Medicaid rates before our fiscal year begins. You as a legislature will be privy to our approved budgets upon which the Department will base its budget requests. We believe that this major reorganization of the Medicaid payment system will enable more rational funding of the Medicaid program.

While many may suggest that this process will save the state many dollars, this Association is not prepared to jump on that bandwagon.

We believe the advantages of this system are in its organizational structure and prospective nature. That is, it will permit better decisions on a superior data base.

As we constructed this proposal, we established the following principles which permitted us to support such a major change in the reimbursement system.

1. It be limited in scope to the Medicaid and General Relief/Medical programs. These same programs which are of greatest interest to the legislature and while they are a major reimbursers to many facilities, a failure of this experiment would not collapse the entire industry.

2. It must be statutory in nature with the principles of reimbursement in statute. This will protect the industry from regulators who may not understand nor much care about the financial viability of health facilities. Further, major changes in the reimbursement system would require legislative debate and could not be changed merely to force health facilities to fund the Department's deficits.

3. Small facilities should be reasonably expected to comply with the requirements of the program.

4. The Commission must be of high quality and independent of the payor agency.

5. There must be an appeals mechanism.

We believe that SB 698 accomplishes these objectives as well as offers the state a much needed management tool,