

ALASKA LEGISLATURE COMMITTEE FILES, 2000-2007

11801 SENATE HEALTH, EDUCATION & SOCIAL SERVICES

“Public Health is what we, as a society, do collectively to assure the conditions in which people can be healthy.”

Institute of Medicine

PUBLIC HEALTH IS NOT HEALTH CARE

- Focus on **Populations**, not individuals
- Focus on **Prevention**, not treatment
- **Government** plays a unique role – legal obligations to prevent disease, disability, injury, and illness among populations

PUBLIC HEALTH

**PROTECTING AND PROMOTING THE
HEALTH OF ALL ALASKANS**

Division of Public Health

Core Services

- Infectious Disease Control
- Chronic Disease Control
- Injury Prevention
- Respond to Disasters
- Assure Access to Quality Care
- Protect Against Environmental Health Hazards

Organizational Structure

- Epidemiology
- Public Health Nursing
- Public Health Laboratory
- Women, Children, and Family Health
- Community Health & EMS
- Bureau of Vital Statistics
- State Medical Examiner
- Certification & Licensing

How Prepared are we for a Public Health Emergency?

- Strong disease surveillance systems
- Specialized emergency operations plans
- Enhanced communication protocols and systems
- New or enhanced laboratory testing capabilities
- Consultative expertise re: human health effects and remediation of chemical and radiological exposures
- Specialized training for public health and health care providers
- Planning and coordination with others (hospitals, emergency management, law enforcement and FBI, 1st Responders)

PUBLIC HEALTH

**PROTECTING AND PROMOTING THE
HEALTH OF ALL ALASKANS**

Preparedness Weaknesses

- Inadequate legal authorities (SB 75)
- Inadequate laboratory facility for virology (SB 73)
- Dependence on federal funds
- Insufficient staff capacity to allow time for both
1) response to existing priorities, and 2) training
and exercises for disasters

Old Public Health Enemies



PUBLIC HEALTH
PROTECTING AND PROMOTING THE
HEALTH OF ALL ALASKANS

Traditional Disease Control



PUBLIC HEALTH
PROTECTING AND PROMOTING THE
HEALTH OF ALL ALASKANS

The Next SARS?



PUBLIC HEALTH
PROTECTING AND PROMOTING THE
HEALTH OF ALL ALASKANS

Alaska Public Health Law Reform Proposal

The Problem – *Our laws don't protect us anymore*

- Alaska's public health laws are antiquated and layered – Alaska Law Review, 2000
- Alaska is the only state in the nation that does not have adequate statutory authority to quarantine – Trust for America's Health, 2004

1949: AS 18.05.010

Administration of Laws by the
Department

1995: AS 18.15.120

Tuberculosis Control

2003: AS 18.15.350

SARS Control

Alaska Public Health Law Reform Proposal

The Proposed Solution - Updated Laws that Provide:

- A statutory framework that supports the public health mission, services and role
- Clear authority for control of conditions of public health importance; and,
- Modern due process provisions for the protection of individual rights

SB 75: An Act Relating to Public Health

- Defines “Essential Public Health Services”
- Describes State’s role in health protection and promotion
- Provides clear authority for disease control through:
 - Surveillance
 - Epidemiologic Investigation
 - Medical Treatment, Quarantine & Isolation
- Requires protection of individual rights - due process
- Strengthens requirements for confidentiality and data security

SB 75: An Act Relating to Public Health

- I. Purpose/Intent (Sec. 1)
- II. Administration of Public Health Laws by the Department (Sec. 4, 5, 7)
- III. Public Health Authority and Powers (Sec. 8)
- IV. Legal Representation and Court Powers
 - a) Right of indigent person to counsel (Sec. 9)
 - b) Judicial powers augmented (Sec. 10)
 - c) Guardian ad litem responsibilities (Sec. 11)
- V. General Provisions
 - a) State Immunity (Sec. 2)
 - b) Repeal and changes to citations of statutes (Sec. 3, 6, 12)
 - c) Effective Date (Sec. 13)

SB 75: An Act Relating to Public Health

I. Purpose/Intent (Sec. 1)

- To protect and promote the health of the citizens of this state to the greatest extent possible through the public health system
- Not intended to mandate provision of certain services or implementation of unfunded programs

II. Administration of Public Health Law by DHSS (Sec. 4, 5, and 7)

- Modernize and clarify department's public health powers
- Clarifies nature of mandated regulations for public health reporting and adds regulatory mandate for data security and confidentiality
- Adds definition of "conditions of public health importance"

III. Public Health Powers and Authority (Sec. 8)

- Prevention and control of conditions of public health importance
- Surveillance through data collection and public health reporting
- Epidemiological investigations
- Medical treatment
- Quarantine and isolation
- Public health disasters

PUBLIC HEALTH

PROTECTING AND PROMOTING THE
HEALTH OF ALL ALASKANS

State Quarantine Authority

Source: Trust For America's Health with analytic and research support from the Center for Law and the Public's Health at Georgetown and Johns Hopkins Universities.

49 states and D.C. have adequate statutory authority to quarantine in response to a hypothetical bioterrorism attack scenario

Alabama *	Indiana *	Montana *	Pennsylvania *
Arizona *	Iowa *	Nebraska	Rhode Island *
California	Kansas	Nevada *	South Carolina *
Colorado	Kentucky	New Hampshire *	South Dakota *
Connecticut *	Louisiana *	New Jersey	Tennessee *
Delaware *	Maine *	New Mexico *	Texas
D.C. *	Maryland *	New York	Utah
Florida *	Massachusetts *	North Carolina *	Vermont
Georgia *	Michigan *	North Dakota	Virginia *
Hawaii *	Minnesota *	Ohio *	Washington ^
Idaho *	Mississippi	Oklahoma *	West Virginia *
Illinois *	Missouri	Oregon	Wisconsin *
			Wyoming *

* State has statutory quarantine powers that may be enhanced or capable of expedited performance during general or public health emergencies.

1 state does NOT have adequate statutory authority to quarantine in response to a hypothetical bioterrorism attack scenario

Alaska



^ Washington state has regulatory vs. statutory quarantine authority.

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/21/05

FURTHER: State Affairs
Judiciary

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2.11.05

Health, Education and Social Services Committee considered

SENATE BILL NO. 75

SB 75 PUBLIC HEALTH DISASTERS/EMERGENCIES

"An Act relating to public health and public health emergencies and disasters; relating to duties of the public defender and office of public advocacy regarding public health matters; relating to certain claims for public health matters; making conforming amendments; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 75 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- Same Title
 New Title

House Bill:

- Same Title
 Technical Title Change
 New Title w/
SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	1/06			X	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>K. L. ...</i>	✓			
<i>Ernie Wilber</i>	✓			
<i>James ...</i>	✓			
CHAIR: <i>Paul Ryan</i>	✓			

LEGAL SERVICES

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

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


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

MEMORANDUM

February 10, 2005

SUBJECT: Public Health - SB 75 (Work Order No. 24-GS1002\G)

TO: Senator Fred Dyson,
Chair of Senate Health, Education, and Social Services Committee
Attn: Jason Hooley

FROM: Jean M. Mischel 
Legislative Counsel

Enclosed is the CS you requested for SB 75, which was reported from the Senate HESS committee yesterday. I want to alert you to a problem with this bill that involves a title change and should be corrected before the bill passes the senate.

Section 8 of the bill expands available pleadings and allows expedited and *ex parte* court hearings in matters involving public health and public health disasters. These changes, in my opinion, have the effect of indirectly amending a number of court rules. Court rule changes must be noted in the title and require a 2/3 majority vote.

In addition, several non-substantive editorial changes have been made to this bill at your request to conform to the 2005 legislative drafting manual.

If I may be of further assistance, please advise.

JMM:med
05-092.med

Enclosure

Testimony of Patricia Senner MS, RN, ANP
Alaska Nurses Association
HB 95/SB75
February 9, 2005

Since 9/11 and the outbreak of SARS in Asia, the Alaska Nurses Association has been involved in advocating for better disaster/disease outbreak planning. We were very pleased to see that the Department of Health and Social Services has taken steps in strengthening their legal authority to respond to these types of public health emergencies.

We read this bill from two perspectives – that of a health care provider and that of the affected individuals. We feel that this bill adequately addresses the needs of both these interests.

There are some minor changes we would propose to the bill and questions we have about how some sections would interact with other existing laws. Our comments on these are being forwarded to the Committee for their consideration.

The one comment I did want to make now relates to Sec. 18.15.380 (page 11 line 14) (c) "An individual has the right to refuse treatment and may not be required to submit to involuntary treatment." I think that there needs to be a qualifier on this statement such as "an individual has the right to refuse treatment as long as their refusal doesn't jeopardize the lives of others, or as long as that individual is willing to voluntarily take measures to prevent the spread of the disease they are infected with." For example, we don't think that an individual with active TB should be allowed to refuse treatment and then go to public places and cough on non-infected individuals.

Our other legal question refers to Section 18.15.385 (k) (page 15 line 17). This section states "all notices required to be served on an individual shall also be served on the parents or guardians of an individual who is an unemancipated minor; however parents or guardians of the minor do not have party status in the proceedings under this section." Our question is why don't the parents or guardians have party?

Again, we are very glad that the Department is being pro-active and putting into place the tools they need to respond appropriately to a public health disaster. The Alaska Nurses Association is willing to lend our support of helping in this type of planning.

Testimony of Patricia Senner RN
Alaska Nurses Association
HB95/ SB75
February 9, 2005

Detailed Comments

Page 3 line 9 "the department shall"- The department referred to in this section of the bill is the Department of Education not the Department of Health and Social Services as in the rest of the bill. You may want to clarify this.

Page 6 line 24 (8)" the voluntary certification of laboratories to perform diagnostic quality control..." Labs performing diagnostic tests on human samples are required to meet federal CLIA standards and food and water evaluation is done by the DEC. We're not certain how this section fits in with these other legislative mandates. Also "submitted by licensed physicians and nurses" should probably be changed to read "submitted by other licensed health care providers."

Page 8 line 17 "The department may request information from and inspect health care records maintained by health care providers that identify individuals or characteristics of individuals with reportable disease or other conditions of public health importance." We think the later part of this sentence gives way to much power to the department to review peoples private medical records. There is probably a stronger word that could replace "importance." You might want to say, "or other conditions that are a significant public health threat."

Page 9 line 12 and 19. The use of the word "disaster" is a bit confusing here. Is there a better word?

Page 11 line 15. As mentioned in our main testimony, we do not think a persons with a contagious disease should have the right to refuse treatment without being willing to take steps to prevent the spread of the disease they are infected with.

Page 15 line 17. Why don't parents and guardians have party status?

Page 17 line 21 . There should be an adjective added in from of adverse health effects in the community. Might want to change to " and can reasonably be expected to lead to serious adverse health effects in the community."

Page 19 line 1. The definition of health care practitioner should probably also include dentists.

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 1/21/05

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2.11.05

Health, Education and Social Services Committee considered

SENATE BILL NO. 73

SB 73 STATE VIROLOGY LABORATORY

"An Act relating to a lease-purchase agreement for the construction, equipping, and financing of a state virology laboratory in Fairbanks, on land provided by the University of Alaska, Fairbanks, to be operated by the Department of Health and Social Services; relating to the issuance of certificates of participation for the laboratory; relating to the use of certain investment income for certain construction and equipment costs for the laboratory; and providing for an effective date."

and recommends:

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

Senate Bill:	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

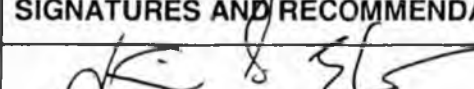
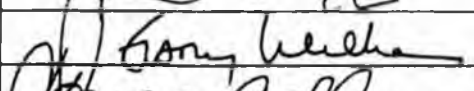
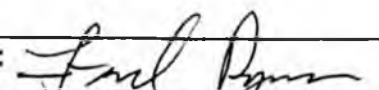
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
REV	1/19	X			1
HSS	1/20	X			2
HSS	1/20	X			3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
			✓	
	✓			
			✓	
CHAIR: 	✓			

CS FOR SENATE BILL NO. 73(HES)

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY THE SENATE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered:

Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a lease-purchase agreement for the construction, equipping, and
2 financing of a state virology laboratory in Fairbanks to be operated by the Department
3 of Health and Social Services; relating to the issuance of certificates of participation for
4 the laboratory; relating to the use of certain investment income for certain construction
5 and equipment costs for the laboratory; and providing for an effective date."

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

7 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
8 to read:

9 **INTENT.** It is the intent of the legislature that the amount of money to be used for the
10 construction and equipping of a new state virology laboratory in Fairbanks, on land leased
11 from the University of Alaska, Fairbanks, is \$24,200,000. Of that amount, it is the intent of
12 the legislature that

13 (1) \$24,000,000 shall come from the proceeds of the certificates of

1 participation to be issued by the state bond committee under sec. 2 of this Act; and

2 (2) \$200,000 shall come from the investment income earned on the proceeds
3 of the sale of the certificates of participation described in sec. 2 of this Act.

4 * Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-
7 PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of
8 Administration is authorized to enter into a lease-purchase agreement for a state virology
9 laboratory in Fairbanks to be constructed under the lease-purchase agreement and to be
10 operated by the Department of Health and Social Services.

11 (b) The state bond committee is authorized to provide for the issuance of certificates
12 of participation in one or more series in the aggregate principal amount of \$24,000,000 for
13 the construction of a state virology laboratory in Fairbanks under the lease-purchase
14 agreement authorized in (a) of this section. The remaining balance of the construction and
15 equipping costs shall be paid from investment income of \$200,000 earned on the proceeds of
16 the sale of the certificates of participation. The estimated total cost of construction,
17 acquisition, and other costs of the project is \$24,200,000. The estimated annual amount of
18 rental obligations under the lease-purchase agreement is \$2,375,000. The estimated total
19 lease payment for the full term of the lease-purchase agreement is \$35,572,890. In this
20 subsection, "cost of construction" includes credit enhancement and underwriting expenses,
21 rating agency fees, bond counsel fees, financial advisor fees, printing fees, advertising fees,
22 capitalized interest, and interest earnings used for lease payments.

23 (c) The state bond committee may contract for credit enhancement, underwriting,
24 credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that
25 the committee considers necessary in financing the project described in this section.

26 * Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to
27 read:

28 APPROVAL OF AGREEMENT. Section 2 of this Act constitutes the approval
29 required by AS 36.30.085.

30 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

SB

78

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

January 26, 2004

Honorable Fred Dyson, Chairman
Senate Health, Education and
Social Services Committee
Alaska State Capitol; Rm. 121
Juneau, AK 99801

Dear Senator Dyson,

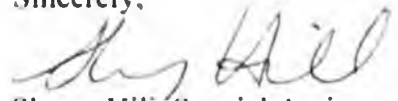
The Department of Health and Social Services respectfully requests a hearing in the Senate Health, Education, and Social Services Committee on Senate Bill 78 "An Act establishing the senior care program and relating to that program; creating a fund for the provision of the senior care program; repealing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

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

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

Your favorable consideration of this request will be appreciated.

Sincerely,


Sherry Hill, Special Assistant
Office of the Commissioner

cc: Kevin Jardell, Legislative Director
Office of the Governor

Ms. Katherine Farnham, Director
Division of Public Assistance

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



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

SB 78
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

January 21, 2005

The Honorable Ben Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

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

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

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

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

COMMITTEE COPY

The Honorable Ben Stevens

January 21, 2005

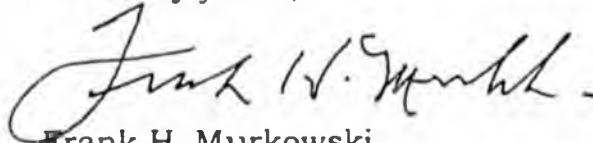
Page 2

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

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

I urge your prompt and favorable action on this measure.

Sincerely yours,

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

Frank H. Murkowski
Governor

Enclosure

Sectional Analysis of HB 106/SB 78 (Senior Care)

(Prepared by the Department of Health and Social Services and the Department of Law, January 28, 2005)

HB 106/SB 78 would establish the senior care program, which provides cash assistance and prescription drug benefits to eligible seniors.

I. Establishment of the senior care program (Section 1):

Sec. 1: Section 1 establishes and sets out the senior care program in statute by adding new sections to the chapter dealing with older Alaskans, as follows:

- it establishes senior care as a program, provides the Department of Health and Social Services with the authority to administer it, and establishes the order in which senior care benefits are to be reduced if funding is inadequate;
- it provides for a cash assistance benefit of \$120 per month for Alaska residents, age 65 and older, who have income less than or equal to 135 percent of the federal poverty guidelines;
- it provides for a prescription drug benefit for Alaska residents, age 65 and older, who have income less than or equal to 300 percent of the federal poverty guidelines, who do not receive a cash assistance payment under section 1, and who meet other requirements;
- it provides that the prescription drug benefit will pay for premiums and deductibles for prescription drug coverage under Medicare Part D, a group health plan, veteran benefits, Medigap, military coverage, and other plans comparable to Medicare Part D, while limiting the total benefit to the annual cost of Medicare Part D premiums and deductibles;
- it places the following limitations on the prescription drug benefit: an individual is not eligible for the prescription drug benefit if their premium and deductible are covered by another source or if they have a prescription drug benefit authorized under specific sections of the Social Security Act; in addition, residents of public institutions, nursing facilities, Pioneers' Homes, and Veterans' Homes are not eligible, unless they reside in a public institution or nursing facility for less than three months;
- it prevents recipients of either the cash assistance benefit or the prescription drug benefit from receiving benefits if they leave the state, unless it is temporary absence to receive medical treatment, accompany a family member receiving medical treatment, or take a trip of less than 30 consecutive days (or longer if the department grants an exception for special circumstances);

- it provides for an appeal process for people whose benefits are denied, terminated, or reduced;
- it makes an individual liable to the Department of Health and Social Services for benefits improperly paid due to inaccurate or incomplete information, and gives the Department of Health and Social Services the ability to recover those benefits and associated recovery costs through a civil action;
- it establishes the Alaska senior care fund in statute as an account in the general fund; the senior care fund would receive appropriations and unexpended funds in the current senior care fund created by temporary law;
- it provides definitions.

II. Adds the senior care fund to the list of nongeneral fund program receipts (Section 2):

Sec. 2: Section 2 adds the Alaska senior care fund to the list of nongeneral fund program receipts at AS 37.05.146(c).

III. Repeal of existing senior care program in session law (Section 3):

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

IV. Transition provisions (Sections 4 - 5):

Sec. 4: Section 4 transfers the assets of the current senior care fund created under ch. 3, SLA 2004 to the senior care fund created under sec. 1.

Sec. 5: Section 5(a) gives the Department of Health and Social Services the authority to use the existing regulations to operate the senior care program until it can adopt regulations under the statutes added by the bill. Section 5(b) gives the Department of Health and Social Services authority to begin the process of adopting new regulations before the new statute takes effect.

V. Effective dates (Sections 6 - 7):

Sec. 6: Section 6 provides for an immediate effective date for sec. 5(b), authorizing the Department of Health and Social Services to begin adopting new regulations.

Sec. 7: Section 7 provides for an effective date of January 1, 2006, or the date Medicare Part D begins, whichever is sooner, for the remainder of the bill sections.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 78
 (S) Publish Date: 1/24/05

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

Dept. Affected: Health & Social Services

RDU Departmental Support Services

Component Commissioner's Office

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 317

Expenditures/Revenues (Thousands of Dollars)

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: _____

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

FISCAL NOTE

FN # 1

**STATE OF ALASKA
2005 LEGISLATIVE SESSION**

SB 78

ANALYSIS CONTINUATION

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

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

Alaska SeniorCare Projected Caseloads & Costs

FN #1 SB 78

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

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

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 78
 (S) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

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

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR Component No. 2760

Expenditures/Revenues (Thousands of Dollars)

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

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

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: _____

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

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

Prepared by: Katherine Farnham
 Division: Public Assistance
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: 269-7930
 Date/Time: 01/14/2005
 Date: 01/14/2005

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SB 78

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Caseload & Benefit Cost Projections

Assumptions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FISCAL NOTE
FN # 2

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SB 78

ANALYSIS CONTINUATION
SENIORCARE ANALYSIS CONTINUATION

Administration

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

Assumptions:

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

Total FY 06 Administrative Costs: \$454.5

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

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

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

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: SB 78
 (S) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services
 RDU Senior and Disabilities Svcs
 Component Senior/Disabilities Svcs Admin

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 2663

Expenditures/Revenues (Thousands of Dollars)

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

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: _____

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: SB 78
 (S) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title ESTABLISHING THE ALASKA SENIOR CARE PROGRAM

RDU Health Care Services

Component Medical Assistance Admin.

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester GOVERNOR

Component No. 242

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	80.9	80.9	80.9	80.9	80.9	80.9
Travel						
Contractual	83.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	163.9	80.9	80.9	80.9	80.9	80.9
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

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

Estimate of any current year (FY2005) cost: _____

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

POSITIONS

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

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

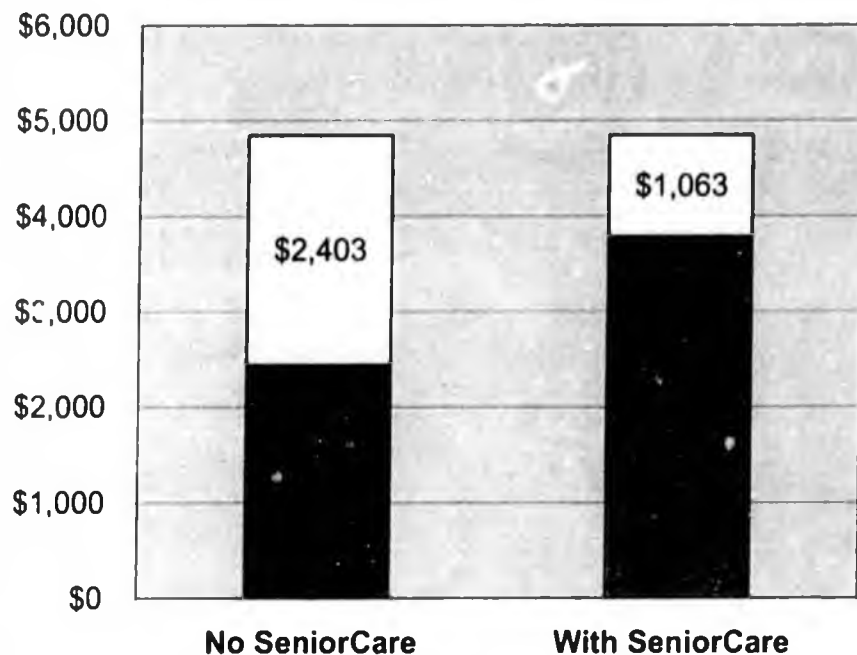
Senior CARE

Examples of Savings with SeniorCare

Bill, age 70 and Janet, age 68

With and without SeniorCare

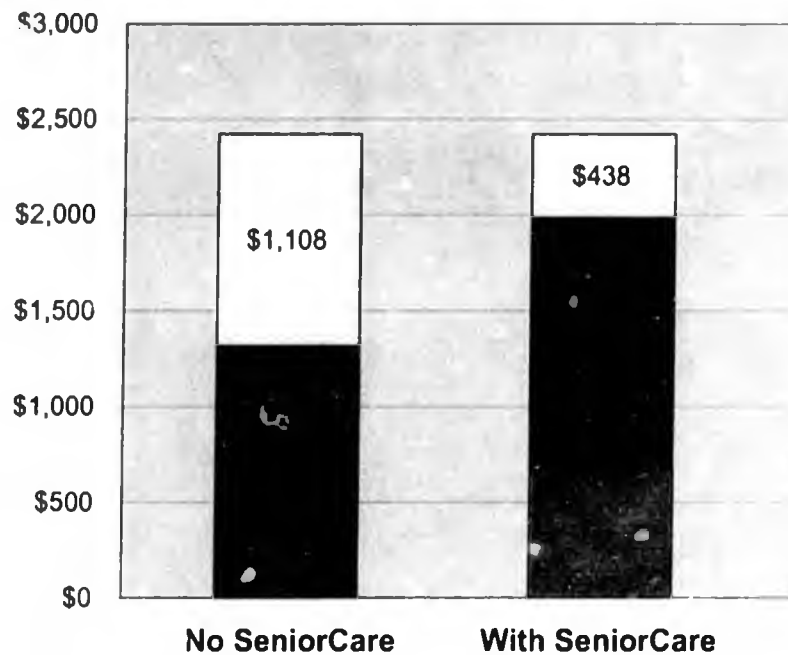
Bill and Janet are married, and have an annual income of \$42,000 with \$70,000 of savings in an IRA retirement account. Bill spends \$2,500 annually for prescription drugs, Janet spends \$1,500. **Bill and Janet will save \$1340 annually under SeniorCare.**



Mary, age 85

With and without SeniorCare

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



■ SeniorCare Benefit

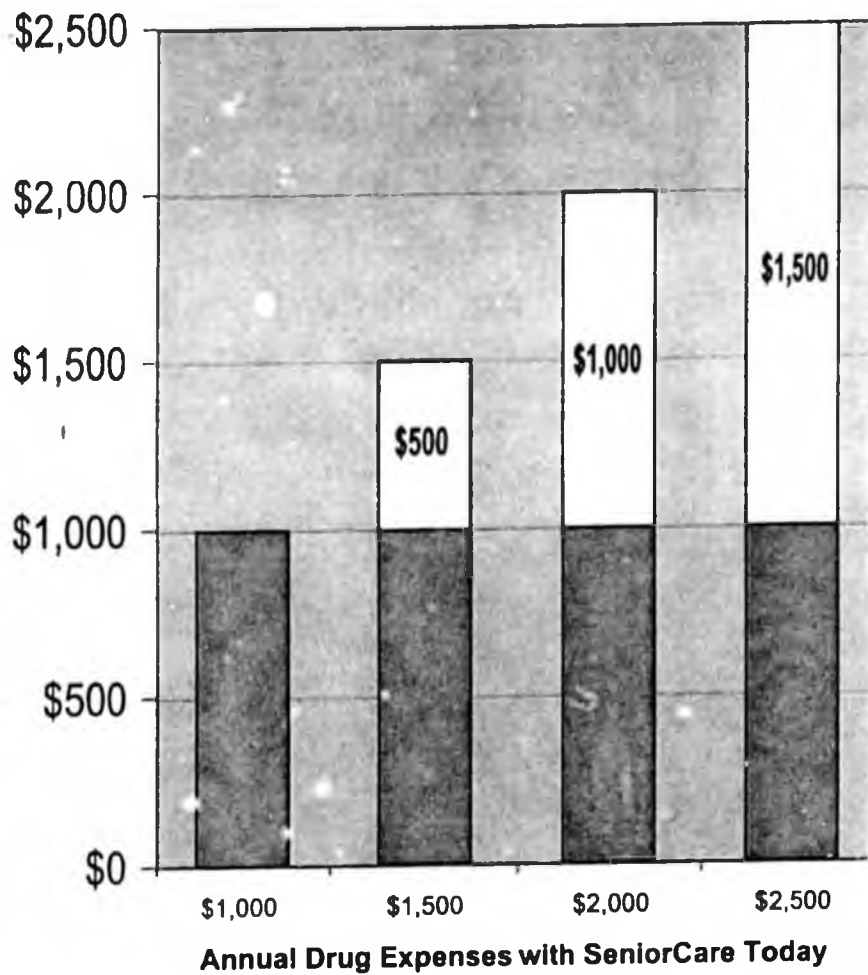
■ Medicare Drug Benefit

□ Individual Out-of-Pocket

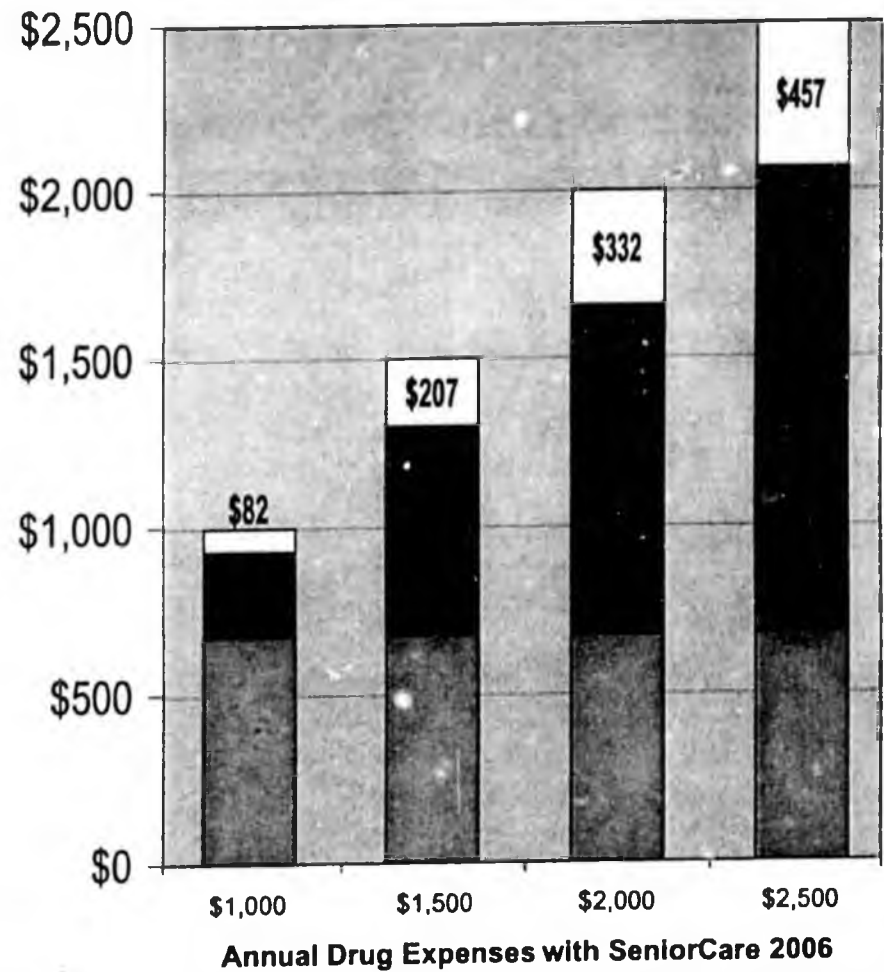
Senior CARE

Strengthening and Improving Drug Coverage for Alaska Seniors

Old SeniorCare Prescription Drug Benefit



New SeniorCare Prescription Drug Benefit



■ SeniorCare Benefit

■ Medicare Drug Benefit

□ Individual Out-of-Pocket



Comparison of Qualifications and Benefits

Beginning January 2006

SeniorCare Cash Assistance

SeniorCare Prescription Drug Assistance

Qualifications

Up to 135% of Poverty Level

Up to 300% of Poverty Level

Annual Income below
\$15,708 Single
\$21,084 Couple

Annual Income below
\$34,890 Single
\$46,830 Couple

Liquid Assets below
\$6,000 Single
\$9,000 Couple

Liquid Assets below
\$50,000 Single
\$100,000 Couple

SeniorCare Benefit January 2006

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

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

Medicare Benefit January 2006

Annual Medicare Premiums and
deductible covered
\$670

Standard Medicare Part D,
prescription drug coverage

Full prescription drug coverage
Medicare Part D

Seniors Served (Total 17,000)

7,000

10,000

24-GS1090\G

Mischel

2/11/05

CS FOR SENATE BILL NO. 78()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY**Offered:****Referred:****Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR****A BILL****FOR AN ACT ENTITLED**

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

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

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

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

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

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

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

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

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

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

Article 3. Senior Care Program.

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

(b) The department shall

(1) administer the program; and

(2) adopt regulations under AS 44.62 to carry out the purposes of the program.

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

(1) deductible coverage under AS 47.45.320(c);

(2) premium coverage under AS 47.45.320(c);

(3) cash assistance under AS 47.45.310(b).

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

(1) be 65 years of age or older;

1 (2) be a resident of the state;

2 (3) have household income that does not exceed 135 percent of the
3 federal poverty line as defined by the federal Office of Management and Budget and
4 revised under 42 U.S.C. 9902(2), as amended;

5 (4) meet other eligibility requirements specified in this subsection and
6 in regulations adopted under this subsection; and

7 (5) apply on a form provided by the department; the department may
8 use an abbreviated form for an individual who received a payment under an assistance
9 program for seniors that paid \$120 a month and was administered by the department
10 on or before the effective date of this section.

11 (b) An eligible individual who meets the income standard of (a)(3) of this
12 section shall receive cash assistance of \$120 a month as far as practicable under
13 appropriations available to the program.

14 (c) Cash assistance provided under this section is inalienable by assignment or
15 transfer and is exempt from garnishment, levy, or execution as provided in
16 AS 09.38.015.

17 **Sec. 47.45.320. Prescription drug benefit.** (a) To be eligible for a
18 prescription drug benefit under the program, an individual

19 (1) shall be 65 years of age or older;

20 (2) shall be a resident of the state;

21 (3) shall have household income that does not exceed 300 percent of
22 the federal poverty line as defined by the federal Office of Management and Budget
23 and revised under 42 U.S.C. 9902(2), as amended;

24 (4) may not be receiving a cash assistance payment under
25 AS 47.45.310;

26 (5) shall be enrolled in at least one of the prescription drug programs
27 described in (c) of this section;

28 (6) shall meet other eligibility requirements specified in this subsection
29 and in regulations adopted under this subsection; and

30 (7) shall apply on a form provided by the department; the department
31 may use an abbreviated form for individuals who received a payment under an

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 23 (1) money in the former senior care fund established in sec. 2, ch. 3,
24 SLA 2004;
- 25 (2) appropriations to the Alaska senior care fund; and
- 26 (3) any appropriation of interest earned on money in the Alaska senior
27 care fund.

28 **Sec. 47.45.390. Definitions.** In AS 47.45.300 - 47.45.390,
29 (1) "department" means the Department of Health and Social Services;
30 (2) "eligible individual" means an individual who meets the
31 requirements of AS 47.45.310 or 47.45.320 and regulations adopted under those

1 statutes for eligibility for the program;

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

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

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

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

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

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

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

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

16 * **Sec. 4.** Chapter 3, SLA 2004, is repealed.

17 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

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

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

25 **TRANSITION: REGULATIONS.** (a) To the extent the regulations are not
26 inconsistent with this Act, regulations adopted by the Department of Health and Social
27 Services in 2003 to provide cash assistance of \$120 a month to seniors that were in effect on
28 June 29, 2004, remain applicable and in effect as valid regulations until the Department of
29 Health and Social Services adopts regulations under this Act and those regulations take effect
30 under AS 44.62.

31 (b) The Department of Health and Social Services may proceed to adopt regulations

1 to implement the changes made by this Act. The regulations take effect under AS 44.62
2 (Administrative Procedure Act), but not before the effective date of the statutory changes.

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

5 DUTY OF COMMISSIONER TO NOTIFY REVISOR OF STATUTES. The
6 commissioner of health and social services shall notify the revisor of statutes when 42 U.S.C.
7 1395w-101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act
8 of 2003) is operational for recipients in this state, as communicated to the commissioner of
9 health and social services by the United States Department of Health and Human Services.

10 * Sec. 8. Sections 6(b) and 7 of this Act take effect immediately under AS 01.10.070(c).

11 * Sec. 9. Except as provided in sec. 8 of this Act, this Act takes effect on the date that the
12 commissioner of health and social services notifies the revisor of statutes that 42 U.S.C.
13 1395w-101 - 1395w-152 (Medicare Prescription Drug, Improvement and Modernization Act
14 of 2003) is operational for recipients in this state, as communicated to the commissioner of
15 health and social services by the United States Department of Health and Human Services.



February 15, 2005

The Honorable Fred Dyson, Chair
Senate Health, Education and Social Services Committee
Alaska State Capitol, Room 121
Juneau, AK 99801-1182

RE: SB 78-- (Governor Murkowski)--Support

Dear Chair Dyson:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Health, Education and Social Services Committee to support SB 78, introduced by the Senate Rules Committee at the request of Governor Murkowski.

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

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

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

SB 78 would allow SeniorCare to continue beyond December 31, 2005. Better yet, SB 78 would compliment the new Medicare Part D program and assist older Alaskans who sign up for the new Medicare benefit with premium and deductible costs up to 300% of the federal poverty level. SB 78 also raises the "assets test" for eligibility in SeniorCare. The original assets test undoubtedly prevented some medically needy older Alaskans from participating. Older persons tend to save for that "rainy day." Even low income older people tend to save for emergencies. They may not be able to save much but what they do save often makes them ineligible for programs like SeniorCare. Raising the

assets test to more reasonable limits is certainly good public policy and supports the intent of the Governor and the Legislature.

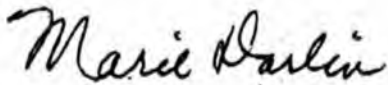
We are well aware that the Legislature faces competing requests for a limited budget. However, we also believe that SeniorCare is successful in its intent and, with the Governor's recommend changes in SB 78, Alaska's SeniorCare will be even more effective in helping older Alaskans deal with the ever-rising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

We urge an "AYE" vote on SB 78.

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

Thank you for your consideration.

Sincerely,



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

CC: Vice-Chair Gary Wilken
Senator Lyda Green
Senator Kim Elton
Senator Donny Olson
Governor Frank Murkowski
Commissioner Joel Gilbertson

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

FRANK H. MURKOWSKI, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3082
Fax: (907) 465-2499

February 23, 2005

The Honorable Fred Dyson, Chair
The Honorable Gary Wilken, Vice-Chair
State Capitol, Room 121, 518
Juneau, AK 99801-1182

Dear Senators Dyson and Wilken:

The following information is being provided to you in response to questions that arose from the Senate HESS meeting February 17, 2005, pertaining to SeniorCare.

➤ *How does this proposal rank with other Western states' prescription drug proposals?*

We do not yet know how other western states will respond to the advent of the new Medicare prescription drug benefit under Part D. According to the National Conference of State Legislatures, 31 states have some drug assistance program that provides a direct subsidy; 22 states offer a drug discount program, the majority of which also offer the subsidy program.

Most of the programs are in eastern states. Among states west of the Mississippi, Nevada, Wyoming, Kansas, Minnesota, and Missouri have operational drug subsidy programs.

Nevada offers a drug subsidy program for people age 62 and older with income below \$22,434 for an individual or \$29,205 for a couple (approximately 235% of poverty). Recipients pay a co-payment of \$10 or \$25 per prescription. The benefit limit is \$5,000.

Wyoming offers a subsidy program for people of all ages with incomes below 100% of the federal poverty guidelines and countable assets below \$1,000. Recipients must pay co-payments of \$10 or \$25 per prescription; there is a 3 prescription per month limit.

Kansas covers people age 65 and older with incomes up to 135% of the federal poverty guidelines. It requires 30% co-payments, with a maximum benefit of \$1,200 per person.

Minnesota covers people who are disabled or age 65 and older with incomes up to 120% of the federal poverty guidelines and countable assets under \$10,000 for an individual and \$18,000 for a couple. Recipients pay the first \$35 in drug costs; the Minnesota drug program pays the rest.

Missouri offers a program that covers individuals age 65 and older with incomes up to \$17,000 for an individual or \$23,000 for a couple (approximately 185% of poverty). It requires 40% co-payments and a \$250 - \$500 deductible depending on income, and a maximum annual benefit of \$5,000.

Also, according to the National Conference of State Legislatures, 10 states west of the Mississippi offer drug discount programs: Washington, Oregon; California, Montana, Arizona, New Mexico, South Dakota, Iowa, and Arkansas.

➤ *What prompted us to set the level of people to serve at 300%? Provide other level options (i.e. 200%).*

As Commissioner Gilbertson responded to this question in a House Finance hearing "it's the right thing to do". The 300% level ensures that all seniors in the state can afford the buy in to Medicare prescription drug coverage.

Please see attachment 1 for a comparison of program costs at various levels of the Federal Poverty Guidelines.

➤ *What do we do for the PFD and how does that compare to this legislation?*

As 43.23.008 contains the provisions defining allowable absences for the Permanent Fund Dividend program. As the PFD program is much more broad-based than the SeniorCare program, it contains a number of reasons for absence that may not be appropriate for a needs-based assistance program for seniors. The text is below:

AS 43.23.008. Allowable absences. (a) Subject to (b) and (c) of this section, an otherwise eligible individual who is absent from the state during the qualifying year remains eligible for a current year permanent fund dividend if the individual was absent

- (1) receiving secondary or postsecondary education on a full-time basis;
- (2) receiving vocational, professional, or other specific education on a full-time basis for which, as determined by the Alaska Commission on Postsecondary Education, a comparable program is not reasonably available in the state;
- (3) serving on active duty as a member of the armed forces of the United States or accompanying, as that individual's spouse, minor dependent, or disabled dependent, an individual who is
 - (A) serving on active duty as a member of the armed forces of the United States; and
 - (B) eligible for a current year dividend;
- (4) serving under foreign or coastal articles of employment aboard an oceangoing vessel of the United States merchant marine;
- (5) receiving continuous medical treatment recommended by a licensed physician or convalescing as recommended by the physician that treated the illness if the treatment or convalescence is not based on a need for climatic change;
- (6) providing care for a parent, spouse, sibling, child, or stepchild with a critical life-threatening illness whose treatment plan, as recommended by the attending physician, requires travel outside the state for treatment at a medical specialty

- complex;
- (7) providing care for the individual's terminally ill family member;
 - (8) settling the estate of the individual's deceased parent, spouse, sibling, child, or stepchild, provided the absence does not exceed 220 cumulative days;
 - (9) serving as a member of the United States Congress;
 - (10) serving on the staff of a member from this state of the United States Congress;
 - (11) serving as an employee of the state in a field office or other location;
 - (12) accompanying a minor who is absent under (5) of this subsection;
 - (13) accompanying another eligible resident who is absent for a reason permitted under (1), (2), (5) - (12), or (14) of this subsection as the spouse, minor dependent, or disabled dependent of the eligible resident;
 - (14) for any reason consistent with the individual's intent to remain a state resident, provided the absence or cumulative absences do not exceed
 - (A) 180 days in addition to any absence or cumulative absences claimed under (3) of this subsection if the individual is not claiming an absence under (1), (2), or (4) - (13) of this subsection;
 - (B) 120 days in addition to any absence or cumulative absences claimed under (1) - (3) of this subsection if the individual is not claiming an absence under (4) - (13) of this subsection but is claiming an absence under (1) or (2) of this subsection; or
 - (C) 45 days in addition to any absence or cumulative absences claimed under (1) - (13) of this subsection if the individual is claiming an absence under (4) - (13) of this subsection.
- (b) An individual may not claim an allowable absence under (a)(1) - (13) of this section unless the individual was a resident of the state for at least six consecutive months immediately before leaving the state.
- (c) An otherwise eligible individual who has been eligible for the immediately preceding 10 dividends despite being absent from the state for more than 180 days in each of the related 10 qualifying years is only eligible for the current year dividend if the individual was absent 180 days or less during the qualifying year. This subsection does not apply to an absence under (a)(9) or (10) of this section or to an absence under (a)(13) of this section if the absence is to accompany an individual who is absent under (a)(9) or (10) of this section.
- (d) For purposes of (a)(7) of this section, "family member" means a person who is
- (1) legally related to the individual through marriage or guardianship; or
 - (2) the individual's sibling, parent, grandparent, son, daughter, grandson, granddaughter, uncle, aunt, niece, nephew, or first cousin.

By comparison, the Alaska Longevity Bonus program did not provide for such a long list of exceptions. The language for that program is below:

AS 47.45.030. Absence from the state. (a) After qualification, a recipient shall notify the commissioner of health and social services when the recipient expects to be absent from the state if the absence is for a continuous period that exceeds 60 days. After that notification, the recipient may no longer receive bonuses from the Department of Health and Social Services after the last regularly approved monthly application. Upon returning

to the state, the recipient may again make application for a bonus. Failure to notify the commissioner of an expected absence may be grounds for disqualification. ...

➤ *What is the SeniorCare distribution statewide – urban vs rural, geographic locations?*

<u>Area</u>	<u>Number of Beneficiaries</u>
Aleutians East Borough	25
Aleutians West Census Area	24
Anchorage, Municipality of	2,352
Bethel Census Area	450
Bristol Bay Borough	10
Denali Borough	8
Dillingham Census Area	141
Fairbanks North Star Borough	465
Haines Borough	36
Juneau Borough	257
Kenai Peninsula Borough	464
Ketchikan Gateway Borough	162
Kodiak Island Borough	179
Lake & Peninsula Borough	275
Mat-Su Borough	395
Nome Census Area	227
North Slope Borough	78
Northwest Arctic Borough	189
Prince of Wales Census Area	111
Sitka Borough	55
Skagway-Hoonah-Angoon Census Area	56
Southeast Fairbanks Census Area	128
Valdez-Cordova Census Area	96
Wade Hampton Census Area	265
Wrangell-Petersburg Census Area	86
Yakutat Borough	12
Yukon-Koyukuk Census Area	251
Other	13
Total	6,810

Prepared by: DHSS, FMS, Budget Section

- *How many SeniorCare beneficiaries are eligible for Indian Health Service, i.e. dual eligible?*

We are not able to provide information on recipients in relation to their eligibility for IHS. SeniorCare does not collect ethnic information.

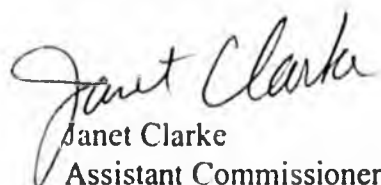
- *Was the pro rata language in the SeniorCare legislation passed last year?*

The current SeniorCare law provides for pro rata reduction of cash assistance benefits linked to appropriation. The prescription drug coverage in the current SeniorCare law has no such provision; however, there is a proration provision that reduces the drug benefit for partial years of operation.

We propose to extend proration to the drug benefit under the new program to ensure that lower income recipients do not lose their benefit before higher income recipients. People eligible for the cash assistance program will not be eligible for the SeniorCare drug benefit, as they will already receive the equivalent benefit directly through Medicare. We chose the deductible as the first source of reductions, because covering the deductible only provides a benefit if a person can afford to pay the premium.

The fiscal projections for SB 78 show total program spending for FY 11 at \$19,984.7 serving about 19,700 seniors. Projects for the Alaska Longevity Bonus estimate that it would cost \$23,361.7 for about 9,300 seniors in FY 11.

Sincerely,


Janet Clarke
Assistant Commissioner

Attachment

cc: Senator Bettye Davis, Capitol Building, Room 11
Senator Kim Elton, Capitol Building, Room 115
Senator Lyda Green, Capitol Building, Room 516
Senator Donald Olson, Capitol Building, Room 510
Joel Gilbertson, Commissioner
Karleen Jackson, Deputy Commissioner
Sherry Hill, Special Assistant
Virginia Smiley, Director, Alaska Pioneer Homes
Katherine Farnham, Director, Division of Public Assistance
Laura Baker, Budget Chief, Finance and Management Services

SeniorCare Program Projections

Population Growth 5%
 Premium/Deductible Inflation 5%

	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Maintain SeniorCare						
<u>Cash Benefit@135% FPG</u>						
Number of Recipients	7,000	7,000	7,000	7,000	7,000	7,000
Annual Cost Per Client	\$ 720	\$ 1,440	\$ 1,440	\$ 1,440	\$ 1,440	\$ 1,440
Total/GF Cost	\$ 5,040,000	\$ 10,080,000	\$ 10,080,000	\$ 10,080,000	\$ 10,080,000	\$ 10,080,000
<u>Drug Benefit @175% FPG</u>						
Number of Recipients	3,900	4,095	4,300	4,515	4,741	4,978
Annual Cost Per Client	\$ 320	\$ 640	\$ 672	\$ 706	\$ 741	\$ 778
Total/GF Cost	\$ 1,248,000	\$ 2,620,800	\$ 2,889,600	\$ 3,187,590	\$ 3,513,081	\$ 3,872,884
<u>Drug Benefit @200% FPG</u>						
Number of Recipients	5,400	5,670	5,954	6,252	6,565	6,893
Annual Cost Per Client	\$ 320	\$ 640	\$ 672	\$ 706	\$ 741	\$ 778
Total/GF Cost	\$ 1,728,000	\$ 3,628,800	\$ 4,001,088	\$ 4,413,912	\$ 4,864,665	\$ 5,362,754
<u>Drug Benefit @250% FPG</u>						
Number of Recipients	7,700	8,085	8,489	8,913	9,359	9,827
Annual Cost Per Client	\$ 320	\$ 640	\$ 672	\$ 706	\$ 741	\$ 778
Total/GF Cost	\$ 2,464,000	\$ 5,174,400	\$ 5,704,608	\$ 6,292,578	\$ 6,935,019	\$ 7,645,406
<u>Drug Benefit @300% FPG</u>						
Number of Recipients	9,975	10,474	10,997	11,547	12,125	12,731
Annual Cost Per Client	\$ 320	\$ 640	\$ 672	\$ 706	\$ 741	\$ 778
Total/GF Cost	\$ 3,192,000	\$ 6,703,360	\$ 7,389,984	\$ 8,152,182	\$ 8,984,625	\$ 9,904,718
Summary -- Combined Cash and Drug Assistance						
	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Drug Benefit @175% FPG	\$ 6,288,000	\$ 12,700,800	\$ 12,969,600	\$ 13,267,590	\$ 13,593,081	\$ 13,952,884
Drug Benefit @200% FPG	\$ 6,768,000	\$ 13,708,800	\$ 14,081,088	\$ 14,493,912	\$ 14,944,665	\$ 15,442,754
Drug Benefit @250% FPG	\$ 7,504,000	\$ 15,254,400	\$ 15,784,608	\$ 16,372,578	\$ 17,015,019	\$ 17,725,406
Drug Benefit @300% FPG	\$ 8,232,000	\$ 16,783,360	\$ 17,469,984	\$ 18,232,182	\$ 19,064,625	\$ 19,984,718

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/24/05

FURTHER: Finance

Date of 5-Day Notice: _____
(In accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2.24.05

Health, Education and Social Services Committee considered

SENATE BILL NO. 78

SB 78 SENIOR CARE PROGRAM

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

and recommends:

- be replaced with _____ CS SB 78 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Initial	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Initial	Zero	FN#
HSS	1/14	X			1
HSS	1/14	X			2
HSS	1/14	X			3
HSS	1/14	X			4

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	NO	NO	NO	NO
<i>Lynne Green</i>				✓
<i>Erin Kelly</i>				
<i>K. L. G.</i>				
CHAIR: <i>Paul Jones</i>				✓

SB

79

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

January 25, 2004

Honorable Fred Dyson, Chairman
Senate Health, Education and
Social Services Committee
Alaska State Capitol; Rm. 121
Juneau, AK 99801

Dear Senator Dyson,

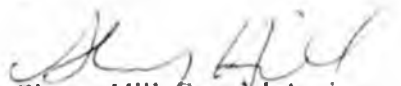
The Department of Health and Social Services respectfully requests a hearing in the Senate Health, Education, and Social Services Committee on Senate Bill 79 "An Act relating to coverage for adult dental services under Medicaid; and providing for an effective date."

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

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

Your favorable consideration of this request will be appreciated.

Sincerely,


Sherry Hill, Special Assistant
Office of the Commissioner

cc: Kevin Jardell, Legislative Director
Office of the Governor

Mr. Dwayne Peoples, Director
Division of Health Care Services

SB 79



FRANK H. MURKOWSKI
GOVERNOR
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 21, 2005

The Honorable Ben Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

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

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

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

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

COMMITTEE COPY

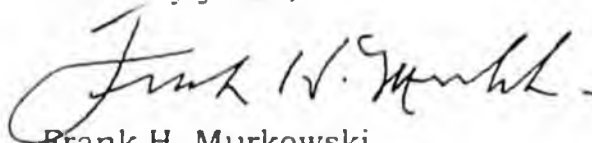
The Honorable Ben Stevens
January 21, 2005
Page 2

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

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

I urge your prompt and favorable action on this measure.

Sincerely yours,

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

Frank H. Murkowski
Governor

Enclosure

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 79
 (S) Publish Date: 1/24/05
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): _____

Title ADULT DENTAL COVERAGE UNDER MEDICAID

RDU Health Care Services

Component Medicaid Services

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester _____

Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	3,469.4	11,548.1	11,912.5	11,081.4	10,814.9	11,166.7
Miscellaneous						
TOTAL OPERATING	3,469.4	11,548.1	11,912.5	11,081.4	10,814.9	11,166.7

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	2,285.1	7,608.7	7,790.9	7,212.5	7,058.8	7,356.6
1003 GF Match	759.3	2,514.4	2,696.6	2,818.9	3,056.1	3,460.1
1004 GF						
1037 GF/Mental Health						
1092 MHTAAR	425.0	1,425.0	1,425.0	1,050.0	700.0	350.0
Other(Specify Type-do not abbreviate)						
TOTAL	3,469.4	11,548.1	11,912.5	11,081.4	10,814.9	11,166.7

Estimate of any current year (FY2005) cost: _____

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Historically Medicaid Dental Benefits for recipients 21 years or older, have been limited to immediate relief of pain and acute infection. No preventive or restorative services have been covered.

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

con't on next page

Prepared by: Dwayne Peoples, Director
 Division: Health Care Services
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone: _____
 Date/Time: _____
 Date 12/29/2004

FISCAL NOTE
FN # 1

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SB 79

ANALYSIS CONTINUATION
Analysis Con't

It is estimated that approximately 41,000 individuals would be eligible for the expanded Medicaid Dental Benefits.

Factoring in those individuals who are eligible for 100% federal reimbursement, the federal contribution (through FY 2011) will cover approximately 66% of the costs. State GF will constitute about 25% and Mental Health Trust about 9% of the matching funds.

It is anticipated that the program will be operational the last quarter of FY06 so costs in that year are calculated at approximately 25% of FY07 costs and adjusted higher to allow for pent up demand.

A 3% growth in utilization is included to reflect possible increases in eligible adults and/or an increased percentage of adults accessing the dental services. This utilization is partially offset by projected savings in FY09, FY10 & FY11 under the assumption that adults on the program for several years would eventually have their major treatment needs met and move to a "maintenance" level of care (e.g., routine exam and cleanings but less restorative needs).

24-GS1081VG
Mischel
2/11/05

CS FOR SENATE BILL NO. 79()

**IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION**

BY

**Offered:
Referred:**

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

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to coverage for adult dental services under Medicaid; and providing**
2 **for an effective date."**

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

4 *** Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 **PURPOSE; INTENT.** (a) The purpose of this Act is to increase adult dental care
7 services for an eligible recipient of Medicaid under AS 47.07 to ensure that services critical to
8 a recipient are implemented first, while controlling the overall growth of the costs of the
9 increase in services.

10 (b) It is the intent of the legislature that the Department of Health and Social Services
11 implement the increase in adult dental care services authorized by this Act through the
12 adoption of regulations consistent with the department's obligation to contain the costs of the
13 increased services in order to provide the services within appropriation limits. It is further the
14 intent of the legislature that the Department of Health and Social Services implement

1 mechanisms to contain costs, which may include establishing a maximum amount of benefits
2 for each eligible recipient in a fiscal year for the services and specifying the scope of the
3 services.

4 * **Sec. 2.** AS 47.07 is amended by adding a new section to read:

5 **Sec. 47.07.067. Payment for adult dental services.** (a) The department shall
6 pay for adult dental services provided under AS 47.07.030(b) and under regulations
7 adopted by the commissioner in conformity with applicable federal requirements and
8 this chapter. Regulations adopted under this section may include the following:

9 (1) a maximum amount of benefits for adult dental services for each
10 eligible recipient in a fiscal year; this paragraph does not apply to minimum treatment
11 for the immediate relief of pain and acute infection provided by a licensed dentist; and

12 (2) specification of the scope of adult dental services.

13 (b) As used in this section, "minimum treatment" means the application or
14 prescription of a medication or material deemed necessary by the dentist for the
15 palliative treatment of pain or for the reduction of the spread of infection.

16 * **Sec. 3.** AS 47.07.900(1) is repealed.

17 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 **TRANSITION: REGULATIONS.** The Department of Health and Social Services
20 may proceed to adopt regulations necessary to implement the changes made by this Act. The
21 regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the
22 effective date of the statutory changes.

23 * **Sec. 5.** Section 4 of this Act takes effect immediately under AS 01.10.070(c).

24 * **Sec. 6.** Except as provided in sec. 5 of this Act, this Act takes effect July 1, 2005.



February 15, 2005

The Honorable Fred Dyson, Chair
Senate Health, Education and Social Services Committee
Alaska State Capitol, Room 121
Juneau, AK 99801-1182

RE: SB 79-- (Governor Murkowski)--Support

Dear Chair Dyson:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the Senate Health, Education and Social Services Committee to support SB 79, introduced by the Senate Rules Committee at the request of Governor Murkowski.

Under Alaska's current Medicaid program, the only dental coverage offered adult beneficiaries is for emergency care. SB 79 would offer funding, albeit annually capped at \$1,150, which would begin to address preventive and restorative care. Currently, for example, an older Alaskan on Medicaid who resides in a long term care facility and needs dentures would not be able to secure them under the program. Older persons who have dental problems, missing teeth, or are in need of dentures often have accompanying nutrition problems. These nutrition problems can exacerbate other health issues and create an overall deterioration in health status. We believe dental care is essential to quality health care. Funding for dental care should be considered sensible prevention with the long term possibility of saving Medicaid funds that would not be need to be spent on more serious health care problems resulting from poor oral health status.

We urge an "AYE" vote on SB 79.

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

Thank you for your consideration.

Sincerely,

Marie Darlin

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

CC: Vice-Chair Gary Wilken
Senator Lyda Green
Senator Kim Elton
Senator Donny Olson
Governor Frank Murkowski
Commissioner Joel Gilbertson

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/24/05

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 2.17.05

Health, Education and Social Services Committee considered

SENATE BILL NO. 79

SB 79 MEDICAID FOR ADULT DENTAL SERVICES

"An Act relating to coverage for adult dental services under Medicaid; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 79 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

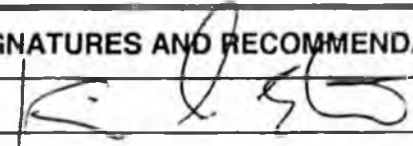
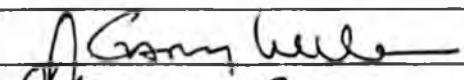
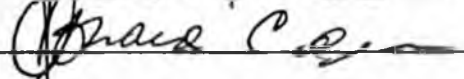
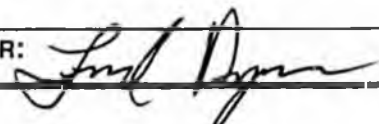
NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	12/29				1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
	✓			
			✓	
			✓	
CHAIR: 	✓			