

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: HCS CSSB 4(FIN)  
 ( ) Publish Date: \_\_\_\_\_  
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): \_\_\_\_\_

Title RELATING TO SENIOR BENEFITS PAYMENT PROGRAM  
 RDU Public Assistance  
 Component General Relief Assistance

Sponsor OLSON

Requester HOUSE (FIN) Component No. 221

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	421.9	460.2	460.2	460.2		
Travel	8.9	9.7	9.7	9.7		
Contractual	218.9	169.7	169.7	169.7		
Supplies	49.9	43.5	43.5	43.5		
Equipment						
Land & Structures						
Grants & Claims	17,792.5	19,662.3	19,917.9	20,176.9		
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>18,492.1</b>	<b>20,345.4</b>	<b>20,601.0</b>	<b>20,860.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES (0)</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	18,492.1	20,345.4	20,601.0	20,860.0		
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>18,492.1</b>	<b>20,345.4</b>	<b>20,601.0</b>	<b>20,860.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2007) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time	6	6	6	6		
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

The current program serves low-income seniors age 65 and above, and provides a cash benefit of \$120 or a prescription drug benefit for payment of premiums and deductible for prescription drug insurance. Nearly 7,000 seniors receive the cash benefit and about 140 receive the prescription drug benefit. The current program freezes the income level at 135% of 2005 federal poverty guidelines for Alaska and includes an asset test.

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 Division: Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency: Department of Health and Social Services

Phone: 465-5847  
 Date/Time: 06/22/2007  
 Date: 06/22/2007

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**ANALYSIS CONTINUATION**

(Cont. from page 1)

**This Legislation**

- \* Eliminates the Prescription Drug benefit component of the program.
- \* Provides cash benefits to seniors from August 1, 2007 until June 30, 2011.
- \* Allows for annual adjustment of the federal poverty guideline for Alaska.
- \* Sets the maximum income limit to 175% of the federal poverty guidelines for Alaska.
- \* Sets the payment at one of three amounts that depend on the person or couple's income level:
  - \$250 if the senior's income is less than 75% of poverty;
  - \$175 if the senior's income is between 75% and 100% of poverty; and
  - \$125 if the senior's income is between 100% and 175% of poverty.

**Legislative Fiscal Intent**

The department will be temporarily transferring funds from the Adult Public Assistance program to the General Relief Assistance program in order to continue to pay benefits to seniors. As a result, the Adult Public Assistance program will run out of funds in February 2008, and the department will need to request a supplemental appropriation when the Legislature convenes in 2008.

**Benefit Cost Assumptions**

- \* It assumes the sponsor's intent that there will not be an asset test to qualify for the program.
- \* In FY08, the department estimates an average of 7,043 seniors who currently qualify for the cash benefit will continue to qualify for the new senior benefit program.
- \* The department estimates an additional 300 seniors will qualify for the new program under the higher income limits. This represents the number of seniors who became ineligible for the program due to the income limits frozen at 2005 levels.
- \* The department estimates an additional 300 seniors will qualify for the new program due to the elimination of the asset test. Currently approximately 4% of program applicants are denied due to assets. Note: Information about senior assets is not available to the department. Costs associated with this provision will need to be reevaluated as we gain experience with the new program.

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**ANALYSIS CONTINUATION**

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\* The department estimates an additional 380 seniors will be served annually for every 5% increment increase above 100% of poverty.

The tables below display the 2007 poverty guidelines for Alaska for a single person or a couple, the projected caseload size at each level of poverty in FY2008, and the estimated cost of benefits (benefits only) at an estimated annual caseload growth of 1.3%.

<b>2007 Federal Poverty Guidelines for Alaska</b>			
<b>Household</b>	<b>75%</b>	<b>100%</b>	<b>175%</b>
1	\$9,577	\$12,770	\$22,347
2	\$12,840	\$17,120	\$29,960

<b>Percent of Poverty</b>	<b>FY 08 Estimated Caseload</b>	<b>Benefit Amount</b>	<b>FY 08 Estimated Benefit Cost</b>
Up to 75%	400	\$ 250	\$ 1,200.0
75% to 100%	4,600	\$ 175	\$ 9,660.0
100% to 175%	5,700	\$ 125	\$ 8,550.0
Total	10,700		\$ 19,410.0

<b>Fiscal Year</b>	<b>Estimated Caseload</b>	<b>Estimated Annual Benefit Cost</b>
FY08*	10,700	\$ 17,792.5
FY09	10,839	\$ 19,662.3
FY10	10,980	\$ 19,917.9
FY11	11,123	\$ 20,176.9

\* FY08 estimate only reflects 11 months of benefits

**Administrative Costs Assumptions**

\* The four positions currently administering the program will continue to administer the program: 1 Administrative Clerk II (Range 8); 2 Eligibility Technician I's (Range 14), and 1 Eligibility Technician III Lead Worker (Range 15). Two additional Eligibility Technician positions (Range 14) will be necessary to manage the increased caseload. All of these positions are responsible for the initial and ongoing determination of eligibility, processing claims, and serving as a liaison with the Social Security Administration to facilitate recipient enrollment in Medicare Part D.

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ANALYSIS CONTINUATION

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\* Modifications to DPA's Eligibility Information System (EIS) are necessary to facilitate the issuance of three different payments depending on household income. These changes are estimated to take three months for programming and testing.

\* In July 2007, DPA will begin notifying seniors about the new program. Current program recipients will be mailed an abbreviated form for completion and informed of the need to apply for the new program. DPA will begin accepting applications in July. In some cases, retroactive supplemental payments will be issued.

FY08 Administrative Costs (for 11 months): \$699.6

\* Personal Services (6 positions): \$421.9

\* Travel (to support employee training, marketing, outreach): \$8.9

\* Contractual: \$218.9

-Information technology, telecommunication, postage, printing, and building lease costs): \$118.9

-Outreach to inform seniors of the program's availability and benefits and to make referrals to other programs as appropriate: \$40.0

-EIS Computer Programming Modifications \$60.0 (one time cost for FY08)

\* Supplies: \$49.9

-Training materials and office supplies: \$39.9

-Desktop computer, printer and work station for two new positions: \$10.0  
(one-time cost for FY08)

FY09 - FY11 Administrative Costs: \$683.1 per year

\* Personal Services (6 positions): \$460.2

\* Travel (to support employee training, marketing, outreach): \$9.7

\* Contractual: \$169.7

-Information technology, telecommunication, postage, printing, and building lease costs): \$129.7

-Outreach to inform seniors of the program's availability and benefits, and to make referrals to other programs as appropriate: \$40.0

\* Supplies: \$43.5

All costs for the senior benefit program are eliminated in FY 2012 to reflect the sunset of the program June 30, 2011.