



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

Department of  
Health and Social Services

ALASKA COMMISSION ON AGING

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March 26, 2019

Representative Neal Foster  
House Finance Committee Co-Chair  
Alaska State Capitol, Room 410  
Juneau, Alaska 99811-0001

Representative Tammie Wilson  
House Finance Committee Co-Chair  
Alaska State Capitol, Room 422  
Juneau, Alaska 99811-0001

Subject: HB 39, Operating Budget and HB 40, Mental Health Budget

Dear Chair Foster, Chair Wilson, and House Finance Committee Members:

The Alaska Commission on Aging (ACoA and the "Commission) supports funding as proposed in the Governor's FY2020 operating budget for Grant Funded Senior Services administered by the Division of Senior and Disabilities Services and thanks the **House Finance Committee** for retaining this funding that comprises the *Senior Safety Net*. This *Net* provides senior meals, transportation, homemaker services, adult day, family caregiver support services, Adult Protective Services, and the Aging and Disability Resource Centers. These services promote the health and safety of Alaska's older people, provide support for their family caregivers, and allow seniors to remain living safely in their homes and communities for as long as possible at the lowest cost. In FY2018, grant funded community based services provided support for approximately 31,442 older Alaskans (duplicated count), according to the Division of Senior and Disabilities Services FY2018 Continuum of Care Chart.

The Commission respectfully encourages your support of the following budget recommendations as proposed in the Operating and Mental Health Budgets, HB 39 and HB 40. We believe these programs, administered by the divisions of the Department of Health and Social Services and the Department of Revenue are cost effective in protecting the health and safety of all Alaskans, including our older citizens, leverage additional federal funding, and control cost increases in state spending over time. We are concerned about the proposed rate reductions and their possible disruption to critical services used by seniors.

**Senior Benefits Payment Program, Division of Public Assistance (HB 39):** Established in 2007 and reauthorized in 2018, provides a critical safety net program for Alaskans age 65+ with limited incomes that allow seniors to afford basic life necessities – food, housing, heating fuel, prescription medications, and transportation – to maintain health and independence based on three levels of income eligibility and assigned cash benefits. According to the Division of Public Assistance, this program served 11,597 seniors in December 2018. The loss of this needs-based program could translate into a higher cost to the family and state in the need for higher cost medical and long-term support services as well as a personal loss of health, independence, and self-determination for older people living on the financial edge.

**Recommendation: The Commission fully supports continuation of the Senior Benefits Program in statute and funding as approved by the Legislature last year.** Beneficiaries include the oldest old; rural elders who live subsistence lifestyles with limited cash incomes; seniors who worked low paying jobs and were not able to save much during their working years and now receive minimal Social Security benefits; grandparents living on fixed incomes and raising grandchildren; and women who earned less over the course of their working lives with many having outlived their husbands and, in the process, exhausted their savings to provide care for their spouses. Reductions to Senior Benefits could lead to a higher dependence on other safety net services, utilization of more

cost services, and a diminished quality of life for older Alaskans. ACoA is pleased to provide additional input about possible cost saving measures as requested by the Legislature or the Governor's office.

**Adult Public Assistance, Division of Public Assistance (HB 39):** This program provides cash assistance to the blind, disabled, and elderly (age 65+) persons who meet income and asset eligibility requirements. In the 2018 senior survey conducted by the Commission, financial security was identified as the #2 priority concern by respondents age 55+ for seniors, behind access to affordable health care as the #1 priority. Between FY2011 and FY2018, the number of seniors receiving benefits through Adult Public Assistance and the Supplemental Needs Assessment Program increased by 3.6% and 8.1% respectively. In FY2018, there were 8,882 seniors (age 65+) who received Adult Public Assistance with an average monthly amount of \$228.

**Recommendation: The Commission is concerned about the proposed reductions in benefits for Adult Public Assistance by adoption of the "1983 Standard for Maintenance of Effort" calculation and elimination of the "Permanent Fund Dividend Hold Harmless" as proposed and their possible negative impact for low-income seniors and elders who live in rural/remote communities.** Many retired seniors live on fixed incomes and depend on public assistance programs so that they can afford a decent standard of living to maintain health and safety.

**General Relief, Division of Public Assistance (HB 39):** This program provides financial support to low-income Alaskans with emergent basic needs for housing, utilities, food, clothing, and burial expenses. Last year this program provided assistance for 294 burials.

**Recommendation: The Commission supports restored funding for this program to help seniors and other vulnerable Alaskans in need.**

**Medicaid, Division of Health Care Services (HB 39):** Medicaid provides health care coverage to eligible Alaskans, including children, pregnant mothers, people with disabling conditions, and elderly Alaskans who qualify for services, and reimburses community providers, hospitals, assisted living and other direct care service agencies in providing physical and mental health care to Alaskans in need.

Alaska covers a range of 23 Medicaid optional benefits that are important to the health and safety of vulnerable Alaskans, including seniors. Optional programs such as the Alaskans Living Independently waiver, Personal Care Services, prescribed drugs, dental, hospice care, mental health services, vision and hearing services, and podiatry are some of the services used by older Alaskans. The Medicaid waiver and Personal Care Services provide lower cost community care and reduce the need for higher cost services allowing seniors to live longer in the community. The new Community First Choice option, for example, refinanced Personal Care Services and leverages a 6% higher federal match that is estimated to bring in more than \$2 million in FY2020. The Medicaid waiver program for Alaskans age 65+ is estimated to save \$161 million annually for seniors who qualify for nursing home care but choose to receive community based services through the waiver instead of a skilled nursing care facility. Nursing home care is expensive and costs an average of \$135,924 annually for a Medicaid recipient compared to \$34,146 for the Alaskans Living Independently waiver (Senior and Disabilities Services, March 2019).

**Recommendation: The Commission supports adequate funding for Alaska's Medicaid program that provides health care coverage to seniors, persons with low income, and disabled people who meet eligibility requirements.** We are concerned about the proposed reductions to Medicaid services without consideration of the cost savings for health care and Medicaid home- and community-based services on long-term care costs. If Medicaid health care services are reduced or eliminated, persons needing care may show up in other parts of the state's system such as hospitals and nursing homes at significantly higher costs. The Commission recommends continued implementation of Medicaid Health Care Reform strategies identified in SB 74 passed by the Legislature in 2016 to improve efficiencies such as reducing fraud and abuse, increased utilization of

telemedicine, providing enhanced supports for unpaid caregivers to care for elderly/disabled loved ones at home, moving forward with utilizing a person-centered primary care model using managed care, and maintaining Medicaid Optional Services.

**Medicaid Adult Preventative Dental, Medicaid Services (HB 39):** This program provides preventative and restorative dental care, including dentures, for income-eligible Alaskans. Dental pain, missing, or decaying teeth can lead to the inability to properly chew food affecting dietary choice that may impact overall health and wellness. Vulnerable older Alaskans are at risk for developing dental infections that have been associated with periodontal disease, diabetes, pneumonia, and cardiovascular disease leading to increased risk for stroke. In addition, older adults with ill-fitting dentures, missing teeth or no dentures may avoid social engagement which is essential to maintaining mental and physical health for seniors. In addition to health issues involved, decaying or missing teeth can be a negative factor in employability or job advancement for working adults.

Older Alaskans utilize the Medicaid Adult Dental program. According to FY2018 Medicaid claims data, there were a total of 31,947 distinct recipients of the Medicaid Adult Dental program of which 2,813 were elderly patients. Medicare does not cover the cost of dentures and other restorative dental services.

**Recommendation: The Commission supports adequate funding to continue the Medicaid Adult Dental program as this program helps to prevent serious dental disease and generates cost savings by reducing the number of oral surgery visits, emergency medical procedures, and related travel costs.** Providers have said that a tooth ache is one condition that cannot be ignored and often brings people into the primary care setting where they can have other medical needs addressed at a significantly lower cost than the emergency room. The Commission supported the original legislation to establish the Medicaid Adult Dental program in 2006 as well as the program's reauthorization in 2009, and legislation to allow use of the two-year fiscal cap on services in one year for a person to receive a full set of dentures (2010).

**Alaska Pioneer Homes, Division of Pioneer Homes (HB 39):** The Division of Pioneer Homes operates six homes statewide that includes the Alaska Veterans' Pioneer Home, as licensed assisted living facilities, for Alaskans age 65+ who have lived in the state for at least one year. The Homes currently provide three levels of progressive care and specialize in the care of older people with Alzheimer's disease and related dementias. The Homes are challenged by an increasing demand for a higher level of care coupled with an increase in Alaska's senior population using rates that do not reflect the true cost of care. The Governor's budget proposes increasing the three levels of care to five levels to accommodate residents with higher acuity needs and a Payment Assistance allocation to assist residents who are unable to meet the cost of care.

**Recommendation: The Commission supports proposed funding of the Pioneer Homes using a combination of increased rates, greater utilization of the Medicaid waiver and VA funds, and other cost efficiencies as proposed by the Pioneer Homes.** We appreciate the additional allocation of \$25 million for the Payment Assistance Program as proposed by the House Finance Health and Social Services Subcommittee. We support the Pioneer Home policy as defined in statute that no one will be removed or rejected from the Home because of an inability to pay. The Commission shares concerns about the rapid and significant increases of the fee structure and are currently seeking and receiving feedback from the Pioneer Home residents, their families, and the Pioneer Home Advisory Board.

**WWAMI Medical Education (Washington, Wyoming, Alaska, Montana, and Idaho), University of Alaska (HB 39):** WWAMI, a five-state regional medical school, provides training to increase the number of primary care physicians to practice in rural and underserved areas in the region. The program, which offers 20 slots for Alaska's medical students, pays about one-half of the tuition for these students in the form of a forgivable loan. Students who do not return to Alaska to practice primary care are required to pay back those funds. Approximately 500 Alaska medical students have graduated from WWAMI since its inception in 1971, according to the University of

Alaska. The U.S. Health Resources Services Administration (HRSA) has identified Alaska as a “Health Professional Shortage Area” and a “Medically Underserved Health Care Area” as our state has large unmet need for primary care, particularly in rural/remote areas.

**Recommendation: The Commission supports reinvestment in the UA WWAMI Medical School to prepare Alaska to meet the health care demands from our growing senior population and to replace the increasing number of retiring physicians.** If older Alaskans are unable to find doctors to care for their medical needs, they may be forced to leave the state in search of qualified health care professionals, which would result in a significant financial and social loss for our state.

#### **Home Modifications/Upgrades to Retain Housing, Department of Health and Social Services Facilities**

**Section (HB 40):** This program supports home accessibility improvements for Alaskans with disabilities to extend their ability to live at home safely which includes persons with dementia. Historically, this program has been a long-running and successfully managed capital program that has been funded at requested levels in the Mental Health Budget.

**Recommendation: ACoA supports full funding for this program which assists seniors and disabled persons to live safely at home and in the community. Accessible housing helps to reduce the number of falls and subsequent emergency room visits as well as possible recovery stays in the nursing home.** Fall-related expenses contribute to the growth of health care and long-term care spending.

#### **Deferred Maintenance and Accessibility Improvements, Department of Health and Social Services Facilities**

**Section (HB 40):** This program provides competitive grants to agencies that serve Alaska Mental Health Trust beneficiaries to support their necessary deferred maintenance projects (such as roof repairs and fire safety) along with accessibility upgrades. Insufficient funds for improvements often results in either substandard facilities for people to receive services or reduced access to services as program funds are re-directed to deferred maintenance.

**Recommendation: The Commission supports full re-investment in this program that helps agencies to provide quality services in safe, secure, and accessible environments that promote positive outcomes for people receiving services.**

**Homeless Assistance Program, Department of Revenue (HB 40):** These funds are awarded competitively to agencies that provide emergency or transitional housing and/or services to prevent homelessness as well as to rapidly re-house those who have been displaced. Based on data from the Homeless Coalition, there were 2,062 adults age 55+ who received homeless assistance statewide in 2018 representing 16% of the total clients served.

**Recommendation: ACoA supports sufficient funding for the Homeless Assistance Program.** Homelessness in Alaska is a critical problem that impacts all age categories. Homeless older Alaskans who live in poverty frequently fall between the cracks of the State’s safety net programs. Many live on the streets, in their cars, and in emergency shelters, or couch surf among the homes of family and friends. Access to housing and homeless services improves lives, public safety, and are less expensive than emergency service utilization. The Commission supports funding for seniors in addition to other vulnerable Alaskans experiencing homelessness and the positive impact from these programs that improve public safety for seniors and other Alaskans where they live.

**Coordinated Transportation and Equipment, Department of Transportation (HB 40):** These funds support the purchase, modification, and maintenance of vehicles for coordinated transportation and are also used to fund taxi vouchers and alternate transportation means. In FY2019, 17 distinct coordinated transportation programs received funding to support rides. Local providers receiving funds are required to contribute at least a 20% match.

**Recommendation: The Commission recommends full funding to support community transit services for seniors, the disabled, and other Alaskans. Community transportation is a life-line for seniors and people with disabilities to ensure a healthy quality of life so that they are able to access medical care, get to job/volunteer placements, and participate in community life.** Transportation is consistently identified as a top priority for seniors in senior surveys and elder-senior listening sessions conducted by the Commission. Without these funds, rides will be reduced and quality of life diminished for seniors, the disabled and other community members who depend on transit services.

The Commission is pleased to provide specific recommendations and further input on any of the items identified in our comments that affect seniors as requested by the Legislature and the Governor. We thank you for your thoughtful consideration of these comments and your service to Alaska. Please contact Denise Daniello, ACoA's Executive Director, at 465-4879 or [denise.daniello@alaska.gov](mailto:denise.daniello@alaska.gov) for further information.

Sincerely,



Gordon Glaser  
Chair, Alaska Commission on Aging

Sincerely,



Denise Daniello  
Executive Director, Alaska Commission on Aging

Cc: Representative Jennifer Johnson, Vice Chair  
Representative Dan Ortiz, Member  
Representative Andy Josephson, Member  
Representative Gary Knopp, Member  
Representative Bart LeBon, Member  
Representative Cathy Tilton, Member  
Representative Kelly Merrick, Member  
Representative Colleen Sullivan-Leonard, Member  
Representative Ben Carpenter, Member