

**Alaska Commission on Aging Priority:**

**Medicaid Long-Term Care Income Limits  
HB 270, HB 286, and SB 238**

**February, 2010**

**Issue.**

The income limits for Medicaid long-term care eligibility, whether for institutional care or for home- and community-based care under the Medicaid waiver program, were frozen at a fixed amount (\$1,656) in 2003.

The Alaska Commission on Aging supports a return to the original wording of the relevant statute, AS 47.07.020(b)(6), which created a Medicaid long-term care income-eligibility limit of 300% of the monthly Supplemental Security Income (SSI) amount. This income limit will increase whenever the SSI amount increases, allowing program participants to remain eligible when they receive small increases in their Social Security or pension checks.

**Background.**

For most public benefit programs (for example, Senior Benefits and Food Stamps), eligibility is based on income levels that increase as the cost of living rises (usually they are tied to the federal poverty levels for Alaska or another benefit level such as SSI that is recalculated annually). For Medicaid long-term care benefits, that has not been the case since 2003. Since then, small cost-of-living adjustments (COLAs) to an individual's retirement income (intended to help the individual keep up with the rising cost of food, fuel, housing, and other basic living expenses) have often created eligibility problems for program beneficiaries, some of whose incomes may exceed the fixed eligibility limit by just a few dollars.

The income limit in this statute was changed in 2003 (frozen at that year's 300% of SSI level) during a period of concern over long-term care costs. Over time the income eligibility limit equated to a lower percentage of the Alaska poverty level. In 2003, the income limit equaled 177% of poverty. In 2010, it amounts to only 147% of poverty. This means the burden of paying for long-term care has been shifted to people of lower relative income levels over time. Meanwhile, long-term care costs have escalated, with average assisted living facility costs in Alaska between \$55,000 and \$60,000 a year, and nursing home rates at \$160,000 to \$220,000 for a private room. Even homemaker services at \$15 to \$23 an hour can exceed the ability of a low-income individual to afford them, when they must also pay for housing, food, fuel, medications, and other necessities.

In order to remain eligible for the program, participants have been advised to create a qualifying income trust (“Miller trust”). However, the costs and complications associated with this approach can be substantial, especially for these individuals, all of whom have been assessed as needing a nursing home level of care.

### **Recommendation.**

The Alaska Commission on Aging recommends support for HB 270 (Rep. Munoz, Rep. Seaton, Rep. Herron, and Rep. Gruenberg), HB 286 (Rep. Gara and Rep. Gruenberg), and SB 238 (Sen. Davis), bills which return AS 47.07.020(b)(6) to its pre-2003 wording with regard to income limits for eligibility for Medicaid long-term care services. The statute would once again key eligibility to an income at or below 300% of the maximum federal SSI monthly payment level, which would allow the income limit to adjust annually in conjunction with the cost of living as measured by the Consumer Price Index (CPI).

This change will ensure that elderly and disabled Alaskans receiving nursing home care and in-home services provided by the State’s Medicaid program can continue to get care when they receive small cost-of-living allowances on their retirement checks.