

ALASKA STATE LEGISLATURE



SENATOR HOLLIS FRENCH
REPRESENTATIVE LES GARA
REPRESENTATIVE LINDSEY HOLMES

March 29, 2010

To: Governor Parnell and All Members of the Alaska State Legislature

Re: Opportunity for State to Increase Access to Medical Care for Seniors

Dear Governor Parnell and Legislative Colleagues:

The recent Federal health legislation includes a provision sponsored by Senator Begich that we believe will help Alaska's seniors. It is aimed at helping Alaska solve the shortage of physicians (and other medical providers) available to seniors in many areas in Alaska. The State of Alaska will have to pass legislation to implement and take advantage of this federal provision. We hope you will consider joining us in working to pass legislation this session, though we understand the remaining time is short. At a minimum, we hope you will consider working with us so we are ready to act when the next session starts.

The Problem: While Medicare has generally provided good coverage for seniors in most places in the country, the federal re-imbursement rate formula used in Alaska under-compensates doctors, nurses and other medical providers in certain regions in the state, especially for primary care services, and for general office visits to both general practitioners and specialists.

Medicare in Alaska most severely under-compensates providers for "office visits". Since most "primary care" is offered at general office visits, and billed under Medicare's "office visit" codes, primary care providers suffer the greatest impact, and patients have the hardest time finding primary care providers to accept Medicare. Specialists, while often compensated more fairly for specialty services, are similarly undercompensated when they bill under Medicare's office visit codes, which they often must use for initial visits. Non-physician medical providers who use these codes face similar problems

Efforts to substantially revise the federal reimbursement rate have been blocked in Congress (Sen. Begich is a co-sponsor of S. 1776), though Congress did pass an important 10% increase in Medicare re-imbursement for Primary Care providers in the recent health care legislation, and expanded funding for health clinics, which have been an important provider of Medicare services in Alaska. These efforts will help ease the present problem.

Given the reality that a major federal re-imbursement change will continue to be difficult to pass, at least until more states face problems similar to Alaska's under Medicare, we (Reps. Gara and Holmes) began work with Senator Begich for a solution that allows states to supplement Medicare funding in areas where Alaskans were facing a medical care shortage. Historically, the federal Medicare statute has broadly prohibited states, patients or insurance companies from supplementing the Medicare reimbursement rate, and federal authorities have in the past been very strict in their interpretation of that ban. That left states like Alaska little room to help solve their Medicare problems.

The New Legislation: Senator Begich succeeded at gaining support for a provision that was added to the recent federal health care legislation. The amendment he offered provides that a state may establish a "grant" that directs payments to medical providers in areas of a state where there is a medical care shortage. The inclusion of this amendment overcomes federal agency arguments that states may not provide funds to doctors to enable them to treat Medicare patients. Any grant program, however, will likely have to be worded to benefit seniors, not just seniors who utilize Medicare. And, it must be implemented by an agency other than DHHS.

Attached is the new federal legislation, and a copy of proposed language we offer for your consideration.

Our proposed legislation establishes a grant program for medical providers who treat senior citizens in areas where seniors are currently being underserved. Grants would go, in priority, to providers who, with the grant funding, will most efficiently expand their treatment of Alaska's seniors. We would, of course, welcome ideas and welcome any efforts by others to look for their own solutions under this new federal legislation.

Sincerely,



Rep. Les Gara



Sen. Hollis French



Rep. Lindsey Holmes