

ALASKA STATE LEGISLATURE

Finance Committee
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Health & Social Services Committee
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Legislative Council
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Committee on Committees



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SENATE MAJORITY LEADER
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SPONSOR STATEMENT – SENATE BILL 32

AN ACT RELATING TO MEDICAL ASSISTANCE PAYMENTS FOR HOME- AND COMMUNITY-BASED SERVICES

Senate Bill 32 creates a mechanism for regular Medicaid rate review for providers of home- and community-based services to Alaska’s elderly and developmentally disabled citizens. Institutional service providers receive regular reviews in order to bring rates in line with costs.

However, home and community-based services (HCBS) have been conclusively proven to lower overall long-term Medicaid costs. One recent study in the academic journal *Health Affairs* found that states with long-established high proportions of HCBS spending saw a 3% overall decrease in long-term care spending between 1995 and 2005 as opposed to a 14.5% increase in low-HCBS states. The study concluded:

“Justifications based on financial constraints can no longer be credibly offered as reasons for forcing such people [seniors and persons with developmental disabilities] into nursing homes and other institutions. HCBS programs may be one instance in which offering people greater choice also helps reduce costs.”¹

Over the last few years, however, rates for home- and community-based services have been frozen. During that time, not only have costs increased, the medical environment – including regulations, technology, and client expectations – has shifted dramatically. These shifts threaten the continued viability of the hundreds of HCBS providers, primarily private businesses that employ thousands of Alaskans in every region of the state.

Home and community based services are the key to helping our seniors and those living with developmental disabilities live their lives as productive members of our communities while controlling the growth of health care costs. Without the regular review process in Senate Bill 32, many providers will be forced out of business and HCBS services will be taken away from thousands of Alaskans across the state.

¹ *Health Affairs* 28, no. 1 (2009): 262-272.