

Alaska State Legislature

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Senator Bettye Davis

SB 5 - "An Act relating to eligibility requirements for medical assistance for certain children and pregnant women; and providing for an effective date."

Sponsor Statement

Senate Bill 5 increases and restores to original levels established 14 years ago the qualifying income eligibility standard to 200% of the Federal Poverty Level (FPL) for the State Children's Health Insurance Program (SCHIP) called Denali KidCare (DKC) in Alaska. Alaska as one of the nation's wealthiest states is only one of four states which funds its SCHIP program below 200% FPL. This bill makes health insurance accessible to an estimated 1277 more uninsured children and 225 pregnant women in Alaska. Denali KidCare is an enhanced Medicaid reimbursement program receiving up to 70% federal matching funds.

Denali KidCare serves an estimated 7900 Alaska children and remains one of the least costly medical assistance programs in the state at about \$1,700 per child with full coverage, including dental care, which is about 20% of the cost of adult senior coverage. Early intervention and preventative care will greatly increase Alaska children's health and yield substantial savings to the state and public and private sector hospital emergency rooms which must admit indigent and uninsured patients for non-emergency treatment. It is estimated per the Kaiser Foundation that the 24,000 uninsured children in Alaska with a medical need are five times as likely not to have a regular doctor as insured children and four times more likely to use emergency rooms at a much higher cost.

A similar bill was overwhelmingly passed with bipartisan support by the Legislature in 2010. Governor Parnell subsequently vetoed the bill over concern that increased eligibility to Denali KidCare would require an increase in state-funded induced terminations of pregnancies. Medicaid funds 51% of all births in Alaska. In order to continue to receive federal funding for the state Medicaid program of which Denali KidCare is part, and in order to comply with state law, constitutional provisions, and Alaska Supreme Court rulings, the state must provide medical services for pregnant women including medically necessary terminations, as well as prenatal and postpartum care.

The Alaska Department of Health and Social Services (DHSS) estimated that no more than 10% or 22 more induced terminations would result with minimal expense from the increase in eligibility for Denali KidCare to 200% FPL. Induced terminations under Denali KidCare cost about \$384,000 annually or less than 0.18% or 1/5 of 1% of the \$217 million of the DKC budget.

While the Governor understandably is concerned about the mushrooming cost of the state Medicaid program, Denali KidCare which is about 18% of the \$1.2 billion total state Medicaid budget should not be among his first cuts at the expense of Alaska's most vulnerable children and pregnant women. Increasing eligibility for DKC to 200% FPL under Senate Bill 5 is uncomplicated, manageable, and could take effect immediately with prompt implementation by DHSS.