

# ALASKA STATE LEGISLATURE

## SENATE FINANCE COMMITTEE

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Official Business

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### Sponsor Statement – SB 88

"An Act authorizing the state bond committee to issue certificates of participation to finance the construction and equipping of residential housing to serve the Anchorage campus of the Alaska Native Medical Center; and authorizing the Department of Administration to enter into a lease-purchase agreement for the benefit of the Alaska Native Tribal Health Consortium."

Senate Bill 88 authorizes the Department of Administration to enter into a lease purchase agreement with the Alaska Native Tribal Health Consortium (ANTHC) for construction and equipping of a residential housing facility to be located on the Anchorage campus of the Alaska Native Medical Center.

The Department of Health and Social Services and the Alaska Tribal Health System are partners in providing community health care services throughout Alaska. The Alaska Native Medical Center (ANMC), in Anchorage provides comprehensive medical services to 143,000 Alaska Native and American Indian people across the Alaska Native Tribal Health Care system. Patients who need medical services beyond their local health clinic's capacity are referred to ANMC for specialty care services.

Two years ago ANTHC and the Department of Health and Social Services began identifying ways in which working together could result in Medicaid cost savings for the State while providing a more robust array of services offered within the tribal health system. The State of Alaska manages the Medicaid Program. The Federal government and the State split the cost of services for most Medicaid patients 50/50. However, if the Medicaid patient is an Alaska Native/American Indian and receives services in a tribal facility, the State is reimbursed 100% of the cost. This additional 50% reimbursement rate results in significant savings to the State's Medicaid budget.

A key element in providing these health care services is housing. Families who

travel to Anchorage for services must have housing to have meaningful access to care. When the new hospital was built at the Tudor Road campus in 1997, it included a 54 semi-private room facility adjacent to the hospital, the Quayana House. As demand increasingly exceeded the current 110 bed capacity, the ANTHC began contracting with local hotels to provide for additional rooms. Even at increased cost, this still did not meet the demand.

Senate Bill 88 addresses the critical need for patient housing by authorizing \$35 million in State Revenue bonds for construction of a 170 bed residential housing facility with sky bridge access to ANMC. It is not surprising that housing is an integral part of ANMC's plans to increase services in the following areas: Maternal Child Health/NICU expansion, Operating Room Expansion, Endoscopy, Telemedicine Delivery, Advanced Radiology Services, Ophthalmology, ENT, General Surgery, Urology, Emergency Services, and Physical Therapy. Patients who have housing on campus will receive services at ANMC rather than another healthcare facility in the area. Those who are Medicaid eligible will save the State General Fund dollars.

SB 88 anticipates State General Fund Medicaid savings of approximately \$8.8 million per year. This number is likely to increase over the next 10 years due to increased utilization for all health care services provided to Alaska Natives/American Indians. The identified cost savings exceed the amount needed to pay debt service on the bond. It is a solid investment for the State and a good partnership outcome for the Alaska Native Tribal Health System.