



**Testimony for the Record by Lincoln Bean, Sr.  
Submitted to the**

**State of Alaska House Health & Social Services  
Committee**

**Hearing on  
HH 148 on Medical Assistance Coverage; Reform**

**March 28, 2015**

Honorable Representative Seaton and Members of the Committee:

Thank you for the opportunity to provide input for this hearing on House Bill 148, "An Act relating to medical assistance reform measures; relating to eligibility for medical assistance coverage; relating to medical assistance cost containment measures by the Department of Health and Social Services; and providing for an effective date."

I am the Chairman of the Alaska Native Health Board (ANHB). ANHB, established in 1968, is recognized as the statewide advocacy voice on Alaska Native Health issues; and serves as the support organization for the Alaska Tribal Health System (ATHS). The ATHS is a voluntary affiliation of over 30 tribal organizations that serve over 145,000 Alaska Natives and American Indians (ANAI) and thousands more non-Natives throughout the state. The ATHS network includes a statewide hospital in Anchorage, 25 sub-regional clinics, 6 regional hospitals, nearly 200 village clinics, and 5 residential treatment centers.

I am here to speak before you today in support of HB 148 and to voice our concern on the critical and urgent need to expand Medicaid in our state. Expanding Medicaid and implementing smart reforms will provide immediate relief to an over-taxed system. It will do this by addressing the **chronic underfunding** of our healthcare facilities; reducing the unique and complex **geographic challenges** associated with our rural villages; and, promoting **innovative solutions** that leverage the strengths of the ATHS model.

**Chronic Underfunding**

Chronic underfunding afflicts our Native health facilities. Currently, federal dollars from the Indian Health Service (IHS) cover approximately 55% of the funding needed to provide health care services to the Native population. The finite federal funds mean that for every person referred there are fewer dollars available for the next. If Tribal programs operated solely on federal funds, services would be curtailed or halted long before the fiscal year ended. However, Tribal health programs have developed capacity and access, and depend on third party billing in their business models. Medicaid is critical and has contributed to the improved health status of tribal people. However, the disparities still exist and Tribal programs are stretch to cover the costs of care for the uninsured. Medicaid expansion closes the gap caused by uncompensated care.

## **Geographic Challenges**

Almost 80% of Alaska Native villages are not connected by a road system. This presents a major challenge for Alaska's rural villages.

The Community Health Aide Program (CHAP) is the backbone of the rural health care system and in many cases provides the only local source of health care for many Alaska Native people. But when health care services are needed beyond what the community health aides can provide, tens of thousands of Alaskans do not have access.

The IHS funding typically covers only "urgent" travel, meaning when a patient is at risk of loss of life or limb. In other words, transportation is only funded when a trip to the emergency room is needed. However, Medicaid offers travel benefits that will allow earlier detection of illness and preventative measures.

## **Innovative Solutions**

Medicaid expansion and reform offer the greatest opportunity to plant the seeds and implement innovative solutions. In collaboration between the State of Alaska and the ATHS, there are true opportunities to develop savings.

*100% FMAP:* From a tribal perspective, Medicaid Expansion would create a tremendous opportunity to allow newly eligible beneficiaries to receive services where 100% FMAP continues to apply. In doing this, the Tribal system would have increased resources to provide greater access and a higher level of health care delivery. This expanded capacity will create healthier lives and safer communities across the state.

*Uncompensated care waiver:* Other states with large ANAIs populations that cut back their Medicaid program due to budget shortfalls helped to overcome that shortfall working with tribes and CMS to develop 1115 waivers under which Indian health provider types were approved and could be compensated for a different array of services (and sometimes eligibility categories) than other providers. And 100% FMAP will remain for ANAIs even after the FMAP rate for others decline to 90%.

*Transportation and accommodation waiver:* Alaska is highly unique given its vast size, disconnected (by road) village communities, and cohesive Alaska Tribal Health System. Medicaid expansion and reform offers an opportunity to leverage these attributes by designing reimbursement model that fits our system of care.

## **Expanding Medicaid now will save lives.**

Expanding Medicaid now will save lives and dollars. It will also create job opportunities in rural Alaska during a time when many industries are cutting back on hiring. It will provide the safety net so those who become sick don't risk losing everything. It will improve access and provide for proactive approaches and support innovation. Our decisions today will not only impact our lives, but those of our children and our grandchildren. Please pass HB 148.