

STATE CAPITOL
P.O. Box 110001
Juneau, AK 99811-0001
907-465-3500
fax: 907-465-3532



550 West Seventh Avenue, Suite 1700
Anchorage, AK 99501
907-269-7450
fax 907-269-7461
www.Gov.Alaska.Gov
Governor@Alaska.Gov

Governor Bill Walker
STATE OF ALASKA

January 30, 2017

The Honorable Bryce Edgmon
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Edgmon:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to supplemental appropriations for the State's operating and capital budgets for Fiscal Year 2017 (FY 2017).

A limited number of requests that were not anticipated when the FY 2017 budget was considered during the 2016 legislative session is being submitted for your consideration. Medicaid, Corrections Physical Health Care, a settlement between the Department of Transportation and Public Facilities and the U.S. Environmental Protection Agency, constitute the largest portion of the supplemental request.

A request for a health insurance rate increase proposed but not funded last year is also included. As anticipated, and in spite of cost savings measures, the plan experienced health care and pharmaceutical cost increases as similar to those experienced throughout Alaska and the nation as well as increased utilization. Examples of cost saving measures include: improved network savings, increases to the employee share of costs, increased deductibles and out-of-pocket limits, review and elimination of dependents no longer eligible, employee option to decline insurance coverage, limited choice to only two plans, and renegotiated pharmacy contracts. Additional costs saving measures are in progress. Without this rate increase the Group Health and Life Benefits fund is projected to be exhausted by January 2018. Given recent budget reductions agencies cannot absorb these cost increases.

Thank you for your consideration of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Bill Walker".

Bill Walker
Governor

Enclosure

HOUSE BILL NO. 95