



Alaska Nurses Association
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March 28, 2019

Senator David Wilson
Chair, Senate HSS Standing Committee
Alaska State Legislature

RE: SB 1 Repeal of Certificate of Need Program

Dear Senator Wilson,

We are writing on behalf of the Alaska Nurses Association (AaNA) in opposition to SB 1 "An Act repealing the certificate of need program for health care facilities; making conforming amendments; and providing for an effective date."

One of the AaNA's core purposes is to promote access to healthcare services for Alaskans. As such, we are concerned about the impact that eliminating the Certificate of Need Program will have on existing healthcare facilities that provide a full-range of services upon which communities and patients depend. The financing of Alaska's hospitals is a complex balancing act that relies upon revenue generating services that help offset the financial losses of critical mandated services, like Emergency Rooms. Allowing specialty providers to siphon off the revenue-generating services into free-standing facilities without establishing the public need for the additional facility needlessly endangers this delicate financing. In doing so, the ability of existing institutions to continue to provide critical medical services, many of which they are required to provide 24 hours a day, regardless of a patient's insurance status or ability to pay, is threatened.

While this proposed legislation is premised on the idea that greater competition will drive down the cost of healthcare in our state, we have not seen evidence to show that this is the case. To the contrary, we are concerned that the unregulated growth of uncoordinated and unnecessary specialty ambulatory facilities will actually increase the State's Medicaid expenditures. Such increased Medicaid spending is the result of the State's Medicaid payment structure that includes a portion of capital costs in the program's cost-based rate. This means that part of the cost of constructing and equipping a new facility is passed on in the form of increased prices and unnecessary procedures to patients, Medicaid/Medicare and insurance companies.

At a time when the Governor has created great uncertainty in healthcare financing through the proposed \$713 million, mostly unallocated cut to the Medicaid program, we can ill afford further destabilizing healthcare financing.

Sincerely,

Karen Morton, RN
Legislative Chair
Alaska Nurses Association

Jane Erickson, RN, CCRN
President, Board of Directors
Alaska Nurses Association

Donna Phillips, BSN, RN
Chair, Labor Council
Alaska Nurses Association

The Alaska Nurses Association serves to advance and support the profession of nursing. The Alaska Nurses Association's core purpose includes working to improve health standards and promoting access to safe, affordable healthcare services for all Alaskans.