



Senate Health & Social Services Committee
Capitol Building
Juneau, Alaska 99801

Subject: Opposition to SB 8, Repeal of Certificate of Need

Dear Senator Wilson and Committee Members,

We are writing in opposition to SB 8, legislation repealing Certificate of Need statutes. An effective CON Program is good for Alaska and good for the health of Interior Alaska's residents. It considers all the right issues: program volume, project cost, conflict of interest, and the community safety net. And lastly, it prevents cherry picking of lucrative services at the expense of sole community hospitals such as Fairbanks Memorial Hospital and the communities they serve. It controls price inflation, prevents market saturation and unnecessary facilities and services resulting in escalating Medicaid costs to the State. A State fiscal note should accurately reflect increased Medicaid costs and resultant pressure on all healthcare providers already struggling to serve this population through low reimbursement rates of approximately 37%.

Historically, FHP's margin is less than 3%. Unfortunately, in 2022 FHP losses were approximately \$22 million. Fairbanks Memorial Hospital (FMH) is the Sole Community Hospital in the Interior and community owned. We are required to provide 24-hour emergency medical services and emergency preparedness. With losses of this magnitude, the Greater Fairbanks Community Hospital Foundation must drain savings or reduce services to Interior residents. Neither of these options are good for Interior Alaska residents and their healthcare needs.

Foundation Health Partners has a legacy of reinvesting funds in health care services where needed in our community. Even our historical low margin profitability provided the ability to balance positive and negative margin services to: (1) optimize core operations and (2) reinvest in our community's health care needs unmet by other providers because of low or nonexistent profit margins. Those services include mental and behavioral health treatment, long-term care, sexual assault response services, hospice services and Medicare access to an increasing population of senior residents at FHP owned Tanana Valley Clinic. Our Medicare reimbursement is a dismal 25%. Other parts of the state have recently experienced the closure of Medicare clinics and services. Yet FHP is committed to serving this valued population consistent with our mission to serve all Interior Alaska residents and communities. If we do not, who will?

We thank you for your service. Please do not hesitate to contact us with questions, comments, or additional information.

Sincerely,

Shelley, CEO

Sincerely,

Scott Bell, President

Sincerely,

Karen Perdue, Secretary,
Gov't Affairs Chair