

HOUSE CS FOR SENATE JOINT RESOLUTION NO. 6(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 3/15/05

Referred: Rules

Sponsor(s): SENATE FINANCE COMMITTEE

A RESOLUTION

1 **Relating to a reduction in the Federal Medical Assistance Percentage for Alaskans, and**
2 **urging the United States Congress to take action to prevent the reduction.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **WHEREAS**, under each state's Medicaid program, the federal government pays a
5 share of medical assistance expenditures, known as the Federal Medical Assistance
6 Percentage; and

7 **WHEREAS** the Centers for Medicare and Medicaid Services in the United States
8 Department of Health and Human Services have recently announced that the Alaska Federal
9 Medical Assistance Percentage will be reduced by 7.58 percent in the coming years, changing
10 the existing rate of 57.58 percent federal and 42.42 percent state to a rate of 50 percent federal
11 and 50 percent state; and

12 **WHEREAS** the reduction in the Federal Medical Assistance Percentage will result in
13 a \$53,000,000 loss to Alaskans in fiscal year 2006 and a \$73,000,000 loss to Alaskans in
14 fiscal year 2007; and

15 **WHEREAS** the high level of health care costs in Alaska reflects the overall high cost
16 of living in Alaska; and

1 **WHEREAS** the overall high cost of living in Alaska is greatly driven by geographic
2 and demographic factors including that

3 (1) 600,000 people live in Alaska, a state the size of Texas, California, and
4 Montana combined, that extends over 3,000 miles from the Aleutian Islands to Canada;

5 (2) most of Alaska is without roads and transportation is largely accomplished
6 by boat, airplane, and snowmobile;

7 (3) much of the health care provided in Alaska is located outside of local
8 villages and residential areas, necessitating air transportation to larger metropolitan areas such
9 as Anchorage, Alaska, and Seattle, Washington, that are hundreds or thousands of miles
10 away;

11 (4) gasoline prices in much of rural Alaska can be close to \$6 a gallon; heating
12 fuel, at a comparably high cost, must be used year-round; and electricity must be locally
13 generated due to the distances between rural electrical grids relying on expensive fossil fuels;

14 (5) much of Alaska food and all manufactured goods must be shipped in from
15 the lower 48 states by barge during the brief summer months and flown in by air during the
16 rest of the year at a high cost;

17 (6) recruitment and retention of qualified health care providers is made
18 difficult by the remoteness of the areas served and the necessity of working long hours
19 without relief, requiring higher salaries;

20 (7) the population of Alaska is scattered across vast distances, rendering the
21 establishment and maintenance of infrastructure support for medical testing and surgical
22 procedures impossible and necessitating air transportation of patients and lab specimens
23 outside of Alaska at great expense; and

24 (8) the prevalence of chronic disease, such as diabetes, is increasing faster in
25 Alaska than in other states, cancer is the leading cause of death in Alaska, tuberculosis is still
26 a public health problem in the state, and each translates into higher health care costs in
27 Alaska; and

28 **WHEREAS**, while the federal government recognizes the high cost of living in
29 Alaska by adding a 25 percent cost-of-living allowance to federal employees working in
30 Alaska, the federal government does not recognize the high cost of living in Alaska in other
31 federal payments or programs; and

1 **WHEREAS** the Kaiser Family Foundation's State Health Facts report shows Alaska
2 to have the highest hospital inpatient cost per day and to be in the top ranks of pharmaceutical
3 costs; and

4 **WHEREAS** the reduction of the Federal Medical Assistance Percentage threatens the
5 availability of continued health care services for seniors, disabled people, and other needy and
6 vulnerable populations in Alaska; and

7 **WHEREAS** the reduction of the Federal Medical Assistance Percentage threatens the
8 stability and sustainability of the health care infrastructure in Alaska, including hospitals and
9 other primary care facilities, as well as the provision of rural health care in Native health care
10 facilities and community health clinics across the state;

11 **BE IT RESOLVED** by the Alaska State Legislature that the United States Congress
12 and the federal administration must understand the significant effect on the people of the state
13 by the reduction of the Federal Medical Assistance Percentage in Alaska; and be it

14 **FURTHER RESOLVED** that the Alaska State Legislature urges federal action to
15 correct the formula that allows for the reduction of the Federal Medical Assistance Percentage
16 in Alaska, to maintain the existing rate for Alaska of 57.58 percent federal and 42.42 percent
17 state, and to take whatever additional actions are necessary to hold Alaska harmless from the
18 proposed reduction in the Federal Medical Assistance Percentage in the state.

19 **COPIES** of this resolution shall be sent to the Honorable George W. Bush, President
20 of the United States; the Honorable Richard B. Cheney, Vice-President of the United States
21 and President of the U.S. Senate; the Honorable Michael O. Leavitt, United States Secretary
22 of Health and Human Services; the Honorable Ted Stevens and the Honorable Lisa
23 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
24 the Alaska delegation in Congress; and to all other members of the 109th United States
25 Congress.