

HCR

20

STÉVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

APR 21 1987

April 21, 1987

The Honorable Mark Boyer  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

Dear Representative Boyer:

I am pleased that you have taken the lead on this administration's commitment to review the status and cost of health care in Alaska. It is clear that the cost of medical care is colliding with a shrinking state budget and the downturn in Alaska's economy. The commission proposed by your resolution will take us in the right direction.

The expense of health care in Alaska, including so-called ancillary services, jumped more than 15 percent between 1984 and 1986. The cost of medical care here has been increasing at a rate 10 percent above inflation, while the price tag for acute care and residence in longterm facilities has grown even faster.

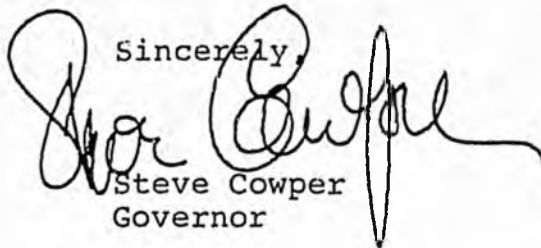
Costs have climbed at the same time many more Alaskans need the state's help in meeting medical bills. When people lose their jobs in a flagging economy, one of the most serious problems for families is the loss of health insurance. The state's medically indigent caseload expanded by nearly 15 percent between 1984 and 1986. And demand is growing. Meanwhile, the state's resources to assist those in need are limited. The general relief medical program, only available to Alaskans with the most meager incomes, was reduced by 40 percent last year and funding for the catastrophic illness assistance program was eliminated.

The issue is not just the price of health care, but how to balance cost with access. Alaskan's small population, spread amongst tiny, remote towns makes access to health care complicated and expensive. Health care providers must be able to operate in the black. If they cannot recover their costs, then a facility may be forced to close, thus reducing health care opportunities.

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Considering these facts, it makes a lot of sense to review all aspects of Alaska's health care picture and place it in perspective. We need to find out why medical attention in Alaska costs what it does, and what we can do about it. At the same time, we need to make sure that the health care industry is in good enough condition to provide the level of care we feel is basic. We need to make sure that all Alaskans have access to fundamental health care.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper". The signature is written in black ink and is positioned above the printed name and title.

Steve Cowper  
Governor

## POSITION PAPER

HCR 20

"Relating to an Interim Commission on the Status of Health Care and the Health Care Industry in Alaska."

I. Purpose of HCR 20:

HCR 20 requests the Governor to appoint an eleven member commission to comprehensively examine health care in Alaska, including issues relating to cost containment, accessibility and quality of care, with particular focus on the indigent. The commission, to be comprised of the commissioner of the Department of Health and Social Services, Legislators and members of the public, is charged with submitting a report of their findings and recommendations to the Legislature and the Governor by January 15, 1988.

II. Discussion:

During this period of economic crisis for the state, it is crucial that there be an analysis of existing health care expenditures so that policy decisions can be made balancing cost factors with access to care.

Health care costs in Alaska have traditionally been significantly higher than the costs of comparable services in the nation. In addition, while health care costs nationally have decreased in growth rate in recent years, Alaska has not experienced a similar reduction. The cost of medical care in Alaska has grown at a rate 10 per cent above inflation, with the costs for acute and long term care showing an even greater increase. While it is essential that the health care industry remain vital in order to provide access to health care for all Alaskans, the state must insure judicious spending patterns in a declining economy.

Acceptable levels of access to health care must also be defined, with particular concern for rural areas and the indigent population. In the past year, the Catastrophic Illness Assistance Program was eliminated and the General Relief Medical Assistance Program was reduced by 42%. In a period when a majority of states are exploring options for providing indigent care, reducing uncompensated care and providing health insurance options for the uninsured, Alaska is in the reverse position of eliminating long standing programs with a history of improving the health status of Alaskans.

III. Recommendation:

The Department regards the purpose of HCR 20 as exceptionally beneficial to Alaska. A study of this nature is beyond the scope and resources of the Department, and the types of policy recommendations called for in the resolution are more appropriately made at the Legislative level.

**POSITION PAPER/Department of Health & Social Services**

The Department endorses and strongly recommends passage of HCR 20.

Recommended by: Kim Busch  
Kim Busch, Acting Director  
Division of Medical Assistance

Date: 4/23/87

Approved by: Myra M. Munson  
Myra M. Munson, Commissioner  
Department of Health and  
Social Services

Date: 4-23-87

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: HCR 20

Bill Version: HCR 20  
Publish Date: HOUSE 4/28/87

Revision Date: \_\_\_\_\_  
Title: Relating to an Interim Commission on the status of Health Care in Alaska  
Sponsor: Boyer, Davidson, Frank & Koponen  
Requestor: \_\_\_\_\_

Agency Affected: Health & Social Services  
BRU: Medical Assistance Administration  
Components: Central Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL		0	0	0	0	0
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REVENUE		0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see attached.

Prepared by: Randall P. Burns

Phone: 465-3030

Division: Office of the Commissioner

Date: 4/23/87

Approved by Commissioner: Myra M. Munson

Date: 4/23/87

Agency: Department of Health & Social Services

Distribution (by preparer):

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- Senate Secretary

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The department expects that the cost of the Commission will total approximately \$115,000. The proposed House Budget includes funds to cover these costs.

Medical Assistance Administration

\$80.0 G.F.  
\$35.0 Gifts

The general funds will be used for three primary purposes:

- a) travel for the eleven member commission (approximately \$56,000 for 8 meetings) in Fairbanks, Anchorage, and Juneau;
- b) specialized research to help commission members gather statewide or national data necessary to make recommendations for policy makers in this complex area; and
- c) report preparation, printing and distribution of information gathered and analyzed. The recommendations made will be of value to health care professionals and public policy makers for years to come. Therefore, it is important to write, edit and professionally report the commission's activities and findings.

The department has also solicited private funds to help offset the cost of this effort to the State. Donations of up to \$35,000 could be received for this effort. These funds would be used to offset the costs for meeting space, travel for commission members and report preparation. If any or all of these funds become a reality, previously budgeted general funds will be reprogrammed to beef up specialized research efforts.