

**SJR**

**23**

**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 3/12/97

FURTHER:

Date of 5-Day Notice: 3/13/97  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: 3/17/97

HESS Committee considered SENATE JOINT RESOLUTION NO. 23

Urging the United States Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when the per capita income of the state is used as a factor in determining the federal share of Medicaid costs.

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**  
 same title  
 new title  
**House Bill:**  
 same title  
 technical title  
 new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Loren J. Roman</i>	✓				
<i>John Ellis</i>	✓				
<i>Lloyd Green</i>	✓				
<i>[Signature]</i>	✓				
<b>CHAIR:</b> <i>Grumel</i>	✓	<b>CHAIR:</b>			

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
Health + Social Services	3/14/97	✓	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# Alaska State Legislature

Senator Gary Wilken, Chairman  
Senator Loren Leman, Vice Chairman  
Senator Lyda Green  
Senator Jerry Ward  
Senator Johnny Ellis



State Capitol  
Room 510  
Juneau, Alaska 99801  
(907) 465-3762

## Senate Committee on Health, Education and Social Services

### SENATE HESS COMMITTEE SPONSOR STATEMENT

#### SJR 23 – Reflect Alaska COLA in Federal Medicaid Share

Senate Joint Resolution 23 urges Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when per capita income is used in determining the federal share of Medicaid costs in the state.

The Federal Medical Assistance Percentage (FMAP) is the federal share of the cost of the Medicaid Program. Currently Alaska's FMAP is at the lowest allowable percentage under federal law: 50 percent. If the FMAP was adjusted for Alaska's higher cost of living, the adjustment would mean an increase of federal dollars of approximately \$39 million to the Alaska's Medicaid Program.

Senator Frank Murkowski has introduced in Congress the *Alaska Medicaid Equity Act of 1997* to adjust Alaska's federal medical assistance percentage to recognize our higher cost of medical care. Alaska must be treated fairly and equitably under this federal entitlement program. The passage of SJR 23 will urge Congress to recognize Alaska's higher cost of living and to amend the Social Security Act to correct the present inequity.

**SJR 23 – Reflect Alaska COLA in Federal Medicaid Share  
(Prime Sponsor – Senate HESS Committee)**

Senate Joint Resolution 23 urges Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when per capita income is used in determining the federal share of Medicaid costs in the state.

The Federal Medical Assistance Percentage (FMAP) is the federal share of the cost of the Medicaid Program. Currently Alaska's FMAP is at the lowest allowable percentage under federal law: 50 percent . If the FMAP was adjusted for Alaska's higher cost of living, the adjustment would mean an increase of federal dollars of approximately \$39 million to the Alaska's Medicaid Program.

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## Senate Committee on Health, Education and Social Services

March 5, 1997

Karen Perdue, Commissioner  
Department of Health and Social Services  
P.O. Box 110601  
Juneau, Alaska 99811-0601

Dear Commissioner Perdue,

Over the past several weeks I have discussed with you my concern over the disparity in the method used to determine the federal share of the cost of the Medicaid Program. Alaska's high cost of living and even higher cost of health care is not reflected in the federal government's calculation of the state's Federal Medical Assistance Percentage (FMAP).

Currently the Federal Medical Assistance Percentage for Alaska is at the lowest allowable percentage under federal law – 50 percent. It is my understanding that if FMAP was adjusted for Alaska's higher cost of living, the federal share of the Medicaid entitlement program would be 62% instead of the current 50%. This adjustment means an increase of \$32 million of federal aid for Alaska's Medicaid Program.

It is vital that every avenue be explored to ensure that Alaska is treated fairly and equitably under this entitlement program and that the additional funding is available for Alaska's Medicaid recipients. This issue is a high priority of mine and I would like to assist in this effort. Please advise me on what has been done to date and how my office may help to further the effort.

Thank you very much for your assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary Wilken".

Gary Wilken  
Senator, West Fairbanks

cc: Senate HESS Committee Members  
Senate Finance Committee Co-chairs  
House Finance Committee Co-chairs

State of Alaska Medical Assistance Program  
 FY98 Governor's Request compared to FMAP change

Federal Funds	FY 98 Governor's Request	If FMAP change in effect
Medicaid Non-Facility	75,186.0	93,230.6
Medicaid Facility	72,342.5	89,704.6
Medicaid State Programs	10,416.4	11,666.4
Waivered Services	7,144.2	8,858.8

Total	165,089.1	203,460.4
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General Funds
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Medicaid Non-Facility	75,185.9	57,141.3
Medicaid Facility	72,342.4	54,980.3
Medicaid State Programs	3,603.0	3,170.6
Waivered Services	7,144.2	5,429.6

Total	158,275.5	120,721.8
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Total Funds
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Medicaid Non-Facility	150,371.9	150,371.9
Medicaid Facility	144,684.9	144,684.9
Medicaid State Programs	14,019.4	14,019.4
Waivered Services	14,288.4	14,288.4

Total	323,364.6	323,364.6
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General Funds = All non-Federal Funds

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LEGI-SLATE Report for the 105th Congress      Tue, February 4, 1997 2:16pm (EDT)  
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Q U I C K   F E D E R A L   R E G I S T E R   ( T E X T )  
L-S Document 583222

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On 01/29/97  
[L-S document 583222, 62 FR 4293, 147 lines]

Office of the Secretary

Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Temporary Assistance to Needy Families, Medicaid, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 1997 Through September 30, 1998

AGENCY: Office of the Secretary, HHS.

ACTION: Notice.

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SUMMARY: The Federal Percentages and Federal Medical Assistance Percentages for Fiscal Year 1998 have been calculated pursuant to the Social Security Act (the Act). These percentages will be effective from October 1, 1997 through September 30, 1998. This notice announces the calculated "Federal percentages" and "Federal medical assistance percentages" that we will use in determining the amount of Federal matching in State welfare and medical expenditures. The table gives figures for each of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands. Programs under title XIX of the Act exist in each jurisdiction; programs under titles I, X, and XIV operate only in Guam and the Virgin Islands; while a program under title XVI (AABD) operates only in Puerto Rico. The percentages in this notice apply to State expenditures for assistance payments and medical services (except family planning which is subject to a higher matching rate). The statute provides separately for Federal matching of administrative costs.

As of July 1, 1997, all States will have implemented the new title IV-A program, Temporary Assistance for Needy Families (TANF). As a block grant, no matching percentage is needed. However, the Federal medical assistance percentage will still be applicable under TANF for those States that receive contingency funds under section 403(b) of the Act in the required annual reconciliation of those funds. Closeout claims under the old title IV-A program, Aid to Families with Dependent Children will be matched at the Federal medical percentage in effect at the time the expenditure was made.

Section 1101(a)(8) and 1905(b) of the Act, as revised by section 9528 of Pub. L. 99-272, require the Secretary of Health and Human Services to publish these percentages each year. The Secretary is to figure the percentages, by formulas in sections 1101(a)(8) and 1905(b) of the Act, from the Department of Commerce's statistics of average income per person in each State and in the Nation as a whole. The percentages are within upper and lower limits given in those two sections of the Act. The statute specifies the percentages to be applied to Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Marina Islands.

The "Federal percentages" are for residual payments under the old Aid to Families with Dependent Children (AFDC) program. The "Federal medical

assistance percentages" are for Medicaid. However, under section 1118 of the Act, States with approved Medicaid plans may claim Federal matching funds for expenditures under approved State plans for other programs using either the Federal percentage or the Federal medical assistance percentage. These States may claim at the Federal medical assistance percentage without regard to any maximum on the dollar amounts per recipient which may be counted under paragraph (2) of sections 3(a), 1003(a), 1403(a), and 1603(a) of the Act.

DATES: The percentages listed will be effective for each of the 4 quarter-year periods in the period beginning October 1, 1997 and ending September 30, 1998.

FOR FURTHER INFORMATION CONTACT:

Mr. Gene Moyer, Office of Health Policy, Office of the Assistant Secretary for Planning and Evaluation, Room 442E Hubert H. Humphrey Building, 200 Independence Avenue SW, Washington, D.C. 20201, Telephone (202) 690-7861.

(Catalog of Federal Domestic Assistance Program Nos. 93-560--Assistance Payments--Maintenance Assistance (State Aid); 93-778--Medical Assistance Program)

Dated: January 21, 1997.

Donna E. Shalala,

Secretary of Health and Human Services.

Federal Percentages and Federal Medical Assistance Percentages, Effective October 1, 1997-September 30, 1998 (Fiscal Year 1998)

State	Federal percentages	Federal medical assistance percentages
Alabama	65.00	69.32
Alaska	50.00	50.00
American Samoa	50.00	50.00
Arizona	61.47	65.33
Arkansas	65.00	72.84
California	50.00	51.23
Colorado	50.00	51.97
Connecticut	50.00	50.00
Delaware	50.00	50.00
District of Columbia	50.00	50.00
Florida	50.72	55.65
Georgia	56.49	60.84
Guam	50.00	50.00
Hawaii	50.00	50.00
Idaho	65.00	69.59
Illinois	50.00	50.00
Indiana	57.12	61.41
Iowa	59.73	63.75
Kansas	55.23	59.71
Kentucky	65.00	70.37

Louisiana	65.00	70.03
Maine	62.27	66.04
Maryland	50.00	50.00
Massachusetts	50.00	50.00
Michigan	50.00	53.58
Minnesota	50.00	52.14
Mississippi	65.00	77.09
Missouri	56.31	60.68
Montana	65.00	70.56
Nebraska	56.85	61.17
Nevada	50.00	50.00
New Hampshire	50.00	50.00
New Jersey	50.00	50.00
New Mexico	65.00	72.61
New York	50.00	50.00
North Carolina	58.99	63.09
North Dakota	65.00	70.43
Northern Mariana Islands	50.00	50.00
Ohio	53.49	58.14
Oklahoma	65.00	70.51
Oregon	57.18	61.46
Pennsylvania	50.00	53.39
Puerto Rico	50.00	50.00
Rhode Island	50.00	53.17
South Carolina	65.00	70.23
South Dakota	64.16	67.75
Tennessee	59.28	63.36
Texas	58.09	62.28
Utah	65.00	72.58
Vermont	57.98	62.18
Virgin Islands	50.00	50.00
Virginia	50.00	51.49
Washington	50.00	52.15
West Virginia	65.00	73.67
Wisconsin	54.26	58.84
Wyoming	58.91	63.02

\* For purposes of section 1118 of the Social Security Act, the percentage used under titles I, X, XIV, and XVI and Part A of title IV will be 75 per centum.

[FR Doc. 97-2231 Filed 1-28-97; 8:45 am]

BILLING CODE 4110-60-M

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S.L.C.

105TH CONGRESS  
1ST SESSION

**S. 424**

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IN THE SENATE OF THE UNITED STATES

Mr. MURKOWSKI introduced the following bill, which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To adjust the Federal medical assistance percentage determined for Alaska under the Medicaid program to reflect Alaska's cost-of-living.

1 *Be it enacted by the Senate and House of Representatives*  
2 *of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Alaska Medicaid Equi-  
5 lity Act of 1997".

6 **SEC. 2. AMENDMENT TO THE SOCIAL SECURITY ACT.**

7 (a) IN GENERAL.—Section 1905(b) of the Social Se-  
8 curity Act (42 U.S.C. 1396d(b)) is amended by adding  
9 at the end the following: "Notwithstanding the first sen-  
10 tence of this subsection, in the case of Alaska, the Federal

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S.L.C.

2

1 medical assistance percentage shall be 100 per centum less  
2 that percentage which bears the same ratio to 45 per cen-  
3 tum as the square of the adjusted per capita income of  
4 Alaska bears to the square of the per capita income of  
5 the 50 States. For purposes of the preceding sentence, the  
6 adjusted per capita income of Alaska shall be determined  
7 by dividing the 3-year average per capita income for Alas-  
8 ka by 1.25."

9 (b) EFFECTIVE DATE.—The amendment made by  
10 subsection (a) applies to fiscal year quarters beginning on  
11 and after the date of enactment of this Act.

## WHAT IS FMAP?

- The Federal Medical Assistance Percentage (FMAP) is the federal share of the cost of the Medicaid Program. The FMAP is also used to calculate the Title IV-E Foster Care and Adoption Assistance federal match, child support dispersements and certain funds under welfare reform.
- FMAP is calculated according to a formula based on per capita income in an individual state in relation to the per capita income of the United States.

## WHY IS THE FMAP CALCULATION UNFAIR TO ALASKA?

- The Federal Poverty Level is a criteria used for determining the financial eligibility of individuals and families for the Medicaid, Foster Care and Adoption Assistance Programs.
- The Federal Poverty Level for Alaska is set at 125% of poverty in the lower 48 states, resulting in more people meeting the income qualifying standards.
- There is no corresponding adjustment for the higher cost of living in Alaska in the way that federal law calculates the FMAP.
- Program eligibility is mandated by federal law at the adjusted income levels, the federal government is not participating in the cost of operating the programs at similar adjusted levels.

## HOW MUCH HIGHER IS THE COST OF LIVING IN ALASKA?

- Four Alaskan cities were in the 20 highest cost urban areas of the U.S. in 1995.
- For these cities, the overall cost of living, and the cost of health care, compared to the U.S. average for these items were: Kodiak at 50% and 68%, Juneau at 36% and 60%, Fairbanks at 26% and 71%, and Anchorage at 25% and 76%.

## WHAT IS OUR CURRENT FMAP?

- Alaska's FMAP is at the lowest allowable percentage under federal law: 50 percent.
- Only eleven states have an FMAP of 50 percent; the highest FMAP is 77 percent (Mississippi).

## WHAT WOULD THE FMAP CHANGE MEAN?

- If the FMAP had been adjusted to account for the higher cost of living during the current state fiscal year, the federal share would have changed from 50% to 62%.
- This FMAP adjustment would mean an increase in federal participation of \$39,249,300 for the Medicaid Program and \$646,000 for Foster Care and Adoption Assistance, and a loss of \$1.2 million in child support dispersements to the Division of Public Assistance.

# FISCAL NOTE

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SJR 23

Revision Date: \_\_\_\_\_  
 Title: Request Congress to change FMAP  
 \_\_\_\_\_  
 Sponsor: Senate HESS  
 Requestor: Senate HESS

Dept. Affected: Health and Social Services  
 BRU: Medical Assistance Admin  
 Component: Medical Assistance Central Admin  
 COMPONENT SERIAL NO. 242  
 See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY97) cost: \$0.0

**ANALYSIS:** (Attach a separate page if necessary)

This resolution requests Congress to amend the Social Security Act to reflect the higher cost of living in Alaska in the Federal Medical Assistance Percentage (FMAP) formula that determines the federal share of the cost of the Medicaid Program. Enactment of this resolution will support the efforts of the Alaska Congressional Delegation in seeking the FMAP change but will not affect costs in the Medicaid Program.

Prepared by: Nancy Weller *NW* *BY*  
 Division: Medical Assistance

Phone: 465-3355  
 Date: 03/14/97

Approved by Commissioner: *Karen Perdue*  
 Agency: Department of Health & Social Services

Date: 3/14/97

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