

SJR

6

SFIN

FILE

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

REPORTED OUT
FEB 22 2005
SENATE FINANCE
COMMITTEE

DATE: 2/7/05

FURTHER:

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: Feb. 22, 2005

Finance Committee considered SENATE JOINT RESOLUTION NO. 6

SJR 6 FEDERAL MEDICAL ASSISTANCE REDUCTION

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

and recommends:

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

Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#
HSS Behavior Health	2/19/05			✓	
HSS Children's Services	2/18/05			✓	
HSS Senior Disabilities	2/18/05			✓	
HSS Health Care	2/18/05			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Ind.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>				
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

FEB 22 2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SJR6-DHSS-DBH-02-18-05

Revision Date/Time (Note if correction): _____
Title: FEDERAL MEDICAL ASSISTANCE
REDUCTION

() Publish Date: _____
Dept. Affected: Health & Social Services
RDU: Behavioral Health
Component: Behavioral Hlth Medicaid Svcs

Sponsor: SENATE FINANCE
Requester: SFIN

Component No. 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

If the current federal law is not changed, the FFY06 Federal Medical Assistance Payment (FMAP) for Medicaid Services will be 50.16%, down 7.42% from the 57.58% in FFY05. This decrease is more than twice that of the state with the next highest cut. While the federal government recognizes the high cost of living in Alaska by adding a 25% COLA to federal salaries, the federal government does not recognize the high cost of living when calculating federal payments. Alaska has the highest hospital inpatient cost per day and is in the top ranks of pharmacy costs. The reduction in FMAP will result in a loss of federal funds and an increase in state general funds of \$53 million in FY06 and \$73 million in FY07. Over the next 10 years the cost of the FMAP reduction is projected to exceed \$900 million.

Prepared by: Bill Hoqan
Division: Behavioral Health
Approved by: Joel S. Gilbertson, Commissioner
Agency: Department of Health and Social Services

Phone 907-465-3166
Date/Time 02/17/2005
Date 02/18/2005

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SJR6-DHSS-DBH-02-18-05

ANALYSIS CONTINUATION

Assuming the level of Behavioral Health Medicaid Services in FY06 will be the same as in FY05, the FMAP reduction will result in a \$7,909.2 reduction in federal revenues for this component that will need to be supplanted by GF.

02-18-2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SJR6-DHSS-OCS-02-18-05
() Publish Date:
Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):
Title FEDERAL MEDICAL ASSISTANCE
REDUCTION

RDU Children's Services
Component Children's Medicaid Services

Sponsor SENATE FINANCE
Requester SFIN

Component No. 2661

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____
Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

If the current federal law is not changed, the FFY06 Federal Medical Assistance Payment (FMAP) for Medicaid Services will be 50.16%, down 7.42% from the 57.58% in FFY05. This decrease is more than twice that of the state with the next highest cut. While the federal government recognizes the high cost of living in Alaska by adding a 25% COLA to federal salaries, the federal government does not recognize the high cost of living when calculating federal payments. Alaska has the highest hospital inpatient cost per day and is in the top ranks of pharmacy costs. The reduction in FMAP will result in a loss of federal funds and an increase in state general funds of \$53 million in FY06 and \$73 million in FY07. Over the next 10 years the cost of the FMAP reduction is projected to exceed \$900 million.

Prepared by: Marcia Kennai
Division: Office of Children's Services
Approved by: Joel S. Gilbertson, Commissioner
Agency: Department of Health and Social Services

Phone 907-465-3011
Date/Time 02/17/2005
Date 02/18/2005

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SJR6-DHSS-OCS-02-18-05

ANALYSIS CONTINUATION

Assuming the level of Children's Medicaid Services in FY06 will be the same as in FY05, the FMAP reduction will result in a \$654.8 reduction in federal revenues for this component that will need to be supplanted by GF.

FEB 22 2005

SENATE FINANCE COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number:

Bill Version:

SJR6-DHSS-SDS-02-18-05

() Publish Date:

Dept. Affected:

Health & Social Services

Revision Date/Time (Note if correction):

Title FEDERAL MEDICAL ASSISTANCE
REDUCTION

RDU Senior and Disabilities Svcs

Component Senior/Disabilities Medicaid Svc

Sponsor SENATE FINANCE

Requester SFIN

Component No. 2662

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost:

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

If the current federal law is not changed, the FFY06 Federal Medical Assistance Payment (FMAP) for Medicaid Services will be 50.16%, down 7.42% from the 57.58% in FFY05. This decrease is more than twice that of the state with the next highest cut. While the federal government recognizes the high cost of living in Alaska by adding a 25% COLA to federal salaries, the federal government does not recognize the high cost of living when calculating federal payments. Alaska has the highest hospital inpatient cost per day and is in the top ranks of pharmacy costs. The reduction in FMAP will result in a loss of federal funds and an increase in state general funds of \$53 million in FY06 and \$73 million in FY07. Over the next 10 years the cost of the FMAP reduction is projected to exceed \$900 million.

Prepared by: Steve Ashman

Phone 907-465-3819

Division Senior and Disabilities Services

Date/Time 02/17/2005

Approved by: Joel S. Gilbertson, Commissioner

Date 02/18/2005

Agency Department of Health and Social Services

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SJR6-DHSS-SDS-02-18-05

ANALYSIS CONTINUATION

Assuming the level of Senior & Disabilities Medicaid Services in FY06 will be the same as in FY05, the FMAP reduction will result in a \$15,474.7 reduction in federal revenues for this component that will need to be supplanted by GF.

8 2 2 2005

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version: SJR6-DHSS-HCS-02-18-05
() Publish Date:

Revision Date/Time (Note if correction):
Title FEDERAL MEDICAL ASSISTANCE
REDUCTION

Dept. Affected: Health & Social Services
RDU Health Care Services
Component Medicaid Services

Sponsor SENATE FINANCE
Requester SFIN

Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

If the current federal law is not changed, the FFY06 Federal Medical Assistance Payment (FMAP) for Medicaid Services will be 50.16%, down 7.42% from the 57.58% in FFY05. This decrease is more than twice that of the state with the next highest cut. While the federal government recognizes the high cost of living in Alaska by adding a 25% COLA to federal salaries, the federal government does not recognize the high cost of living when calculating federal payments. Alaska has the highest hospital inpatient cost per day and is in the top ranks of pharmacy costs. The reduction in FMAP will result in a loss of federal funds and an increase in state general funds of \$53 million in FY06 and \$73 million in FY07. Over the next 10 years the cost of the FMAP reduction is projected to exceed \$900 million.

Prepared by: Dwayne Peoples
Division Health Care Services
Approved by: Joel S. Gilbertson, Commissioner
Agency Department of Health and Social Services

Phone 907-465-5830
Date/Time 02/17/2005
Date 02/18/2005

FISCAL NOTE
FN #

STATE OF ALASKA
2005 LEGISLATIVE SESSION

BILL NO. SJR6-DHSS-HCS-02-18-05

ANALYSIS CONTINUATION

Assuming the level of Medicaid Services in FY06 will be the same as in FY05, the FMAP reduction will result in a \$28,883.6 reduction in federal revenues for this component that will need to be supplanted by GF.

GARY WILKEN

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Alaska State Legislature

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SPONSOR STATEMENT

Senate Joint Resolution 6 Federal Medical Assistance Reduction

Senate Joint Resolution 6 urges federal action to maintain the current level of federal funding for the state's Medicaid program. The U.S. Department of Health and Human Services recently announced that the federal share of the medical assistance program, known as the Federal Medical Assistance Percentage (FMAP), will be reduced by 7.58% on October 1, 2005.

The reduction in the FMAP will result in an approximately \$53 million loss in federal Medicaid dollars in fiscal year 2006 and \$73 million in fiscal year 2007.

It is imperative that Congress and the federal administration know and understand the reasons behind the high level of health care costs in Alaska. Senate Joint Resolution 6 requests Congress to take action to correct the formula flaw that resulted in the proposed substantial FMAP reduction and to take whatever measures necessary to hold Alaska harmless from the reduction in the federal Medical Assistance Percentage for Alaska.

Please join me in support of our state Medical program and endorse Senate Joint Resolution 6.

Impact of FMAP Reduction on State Match
Projected Medicaid Expenditures
2005 to 2015
 Funds in Thousands

STATE FISCAL YEAR

State Fiscal Year	Impact of FMAP Reduction on State Match
2005	\$0
2006	\$52,872,300
2007	\$72,853,900
2008	\$80,974,800
2009	\$86,267,100
2010	\$91,200,100
2011	\$96,490,400
2012	\$101,437,900
2013	\$106,115,400
2014	\$110,716,900
2015	\$115,287,300
Total	\$914,216,100

FEDERAL FISCAL YEAR

Federal Fiscal Year	Impact of FMAP Reduction on State Match
2005	\$0
2006	\$70,223,800
2007	\$77,410,800
2008	\$82,670,600
2009	\$87,473,900
2010	\$92,535,500
2011	\$97,781,300
2012	\$102,608,400
2013	\$107,274,400
2014	\$111,861,900
2015	\$116,421,500
Total	\$946,262,100

Announced FMAP *

Federal Fiscal Year	Title XXI FMAP	Title XIX FMAP
2005	70.31%	57.58%
2006	65.11%	50.16%
2007	65.00%	50.00%
2008	65.00%	50.00%
2009	65.00%	50.00%
2010	65.00%	50.00%
2011	65.00%	50.00%
2012	65.00%	50.00%
2013	65.00%	50.00%
2014	65.00%	50.00%
2015	65.00%	50.00%

Assumptions:

SFY2005 is from the Operating Budget; SFY2006 is from the Governor's Budget; SFY2007 to SFY2015 are actual quarterly claim payments (Jan. 1998-Dec. 2004) projected using a linear trend.

FFY2005 to FFY2015 are actual quarterly claim payments (Jan. 1998-Dec. 2004) projected using a linear trend.

The announced FMAP for FFY2007 and forward is assumed to be the minimum allowed rate.

No changes to program services or eligibility are included except a 39% reduction in pharmacy costs for Medicare Part D coverage beginning in 2006.

Past trends in inflation and population growth are expected to continue and are therefore already included in the projection. No additional adjustments are made.

Source: DHSS, FMS, Medicaid Budget Group, February 12, 2005

Provided by Dept. Health & Social Services

**Impact of FMAP Reduction
Projected Medicaid Expenditures
2005 to 2015**

Funds in Thousands

Announced FMAP	Title XXI	Title XIX
FFY2005	70.31%	57.58%
FFY2006	65.11%	50.16%
FFY2007 forward	65.00%	50.00%

STATE FISCAL YEAR

State Fiscal Year	Impact of FMAP Reduction on State Match	Keeping FFY05 FMAP				Using Announced FMAP				Announced FMAP (blended for SFY)	
		Total	% Fed	Federal	Match	Total	% Fed	Federal	Match	XXI FMAP	XIX FMAP
2005	\$0	\$1,059,719,600	67.7%	\$717,615,700	\$342,103,900	\$1,059,719,600	67.7%	\$717,615,700	\$342,103,900	70.45%	57.78%
2006	\$52,872,300	\$1,075,280,600	65.7%	\$706,991,400	\$368,289,200	\$1,075,280,600	60.8%	\$654,119,100	\$421,161,500	66.41%	52.02%
2007	\$72,853,900	\$1,226,852,500	64.3%	\$789,364,300	\$437,488,200	\$1,226,852,500	58.4%	\$716,510,400	\$510,342,100	66.41%	52.02%
2008	\$80,974,800	\$1,313,480,700	63.6%	\$834,897,900	\$478,582,800	\$1,313,480,700	57.4%	\$753,923,100	\$559,557,600	65.03%	50.04%
2009	\$86,267,100	\$1,391,945,400	63.6%	\$884,773,000	\$507,172,400	\$1,391,945,400	57.4%	\$798,505,900	\$593,439,500	65.00%	50.00%
2010	\$91,200,100	\$1,471,540,900	63.6%	\$935,366,900	\$536,174,000	\$1,471,540,900	57.4%	\$844,166,800	\$627,374,100	65.00%	50.00%
2011	\$96,490,400	\$1,556,901,100	63.6%	\$989,625,100	\$567,276,000	\$1,556,901,100	57.4%	\$893,134,700	\$663,766,400	65.00%	50.00%
2012	\$101,437,900	\$1,636,731,700	63.6%	\$1,040,368,400	\$596,363,300	\$1,636,731,700	57.4%	\$938,930,500	\$697,801,200	65.00%	50.00%
2013	\$106,115,400	\$1,712,203,300	63.6%	\$1,088,341,000	\$623,862,300	\$1,712,203,400	57.4%	\$982,225,700	\$729,977,700	65.00%	50.00%
2014	\$110,716,900	\$1,786,450,100	63.6%	\$1,135,535,100	\$650,915,000	\$1,786,450,100	57.4%	\$1,024,818,200	\$761,631,900	65.00%	50.00%
2015	\$115,287,300	\$1,860,195,600	63.6%	\$1,182,410,500	\$677,785,100	\$1,860,195,600	57.4%	\$1,067,123,200	\$793,072,400	65.00%	50.00%
Total	\$914,216,100	\$16,091,301,500	64.0%	\$10,305,289,300	\$5,786,012,200	\$16,091,301,600	58.4%	\$9,391,073,300	\$6,700,228,300	n/a	n/a

FEDERAL FISCAL YEAR

Federal Fiscal Year	Impact of FMAP Reduction on State Match	Keeping FFY05 FMAP				Using Announced FMAP				Announced FMAP	
		Total	% Fed	Federal	Match	Total	% Fed	Federal	Match	XXI FMAP	XIX FMAP
2005	\$0	\$1,064,112,000	63.6%	\$676,389,700	\$387,722,300	\$1,064,112,000	63.6%	\$676,389,700	\$387,722,300	70.31%	57.58%
2006	\$70,223,800	\$1,157,503,300	63.6%	\$735,752,700	\$421,750,600	\$1,157,503,300	57.5%	\$665,528,900	\$491,974,400	65.11%	50.16%
2007	\$77,410,800	\$1,249,046,400	63.6%	\$793,941,000	\$455,105,400	\$1,249,046,400	57.4%	\$716,530,200	\$532,516,200	65.00%	50.00%
2008	\$82,670,600	\$1,333,915,400	63.6%	\$847,886,900	\$486,028,500	\$1,333,915,400	57.4%	\$765,216,300	\$568,699,100	65.00%	50.00%
2009	\$87,473,900	\$1,411,417,600	63.6%	\$897,150,300	\$514,267,300	\$1,411,417,600	57.4%	\$809,676,400	\$601,741,200	65.00%	50.00%
2010	\$92,535,500	\$1,493,088,100	63.6%	\$949,063,100	\$544,025,000	\$1,493,088,100	57.4%	\$856,527,800	\$636,560,500	65.00%	50.00%
2011	\$97,781,300	\$1,577,731,700	63.6%	\$1,002,865,800	\$574,865,900	\$1,577,731,700	57.4%	\$905,084,500	\$672,647,200	65.00%	50.00%
2012	\$102,608,400	\$1,655,617,700	63.6%	\$1,052,373,000	\$603,244,700	\$1,655,617,700	57.4%	\$949,764,600	\$705,853,100	65.00%	50.00%
2013	\$107,274,400	\$1,730,905,000	63.6%	\$1,100,228,500	\$630,676,500	\$1,730,905,000	57.4%	\$992,954,100	\$737,950,900	65.00%	50.00%
2014	\$111,861,900	\$1,804,925,600	63.6%	\$1,147,278,800	\$657,646,800	\$1,804,925,600	57.4%	\$1,035,416,900	\$769,508,700	65.00%	50.00%
2015	\$116,421,500	\$1,878,495,800	63.6%	\$1,194,042,800	\$684,453,000	\$1,878,495,800	57.4%	\$1,077,521,300	\$800,874,500	65.00%	50.00%
Total	\$946,262,100	\$16,356,758,600	63.6%	\$10,396,972,600	\$5,959,786,000	\$16,356,758,600	57.8%	\$9,450,710,500	\$6,906,048,100	n/a	n/a

Assumptions:

SFY2005 is from the Operating Budget. SFY2006 is from the Governor's Budget. SFY2007 to SFY2015 are actual quarterly claim payments (Jan. 1998-Dec. 2004) projected using a linear trend.

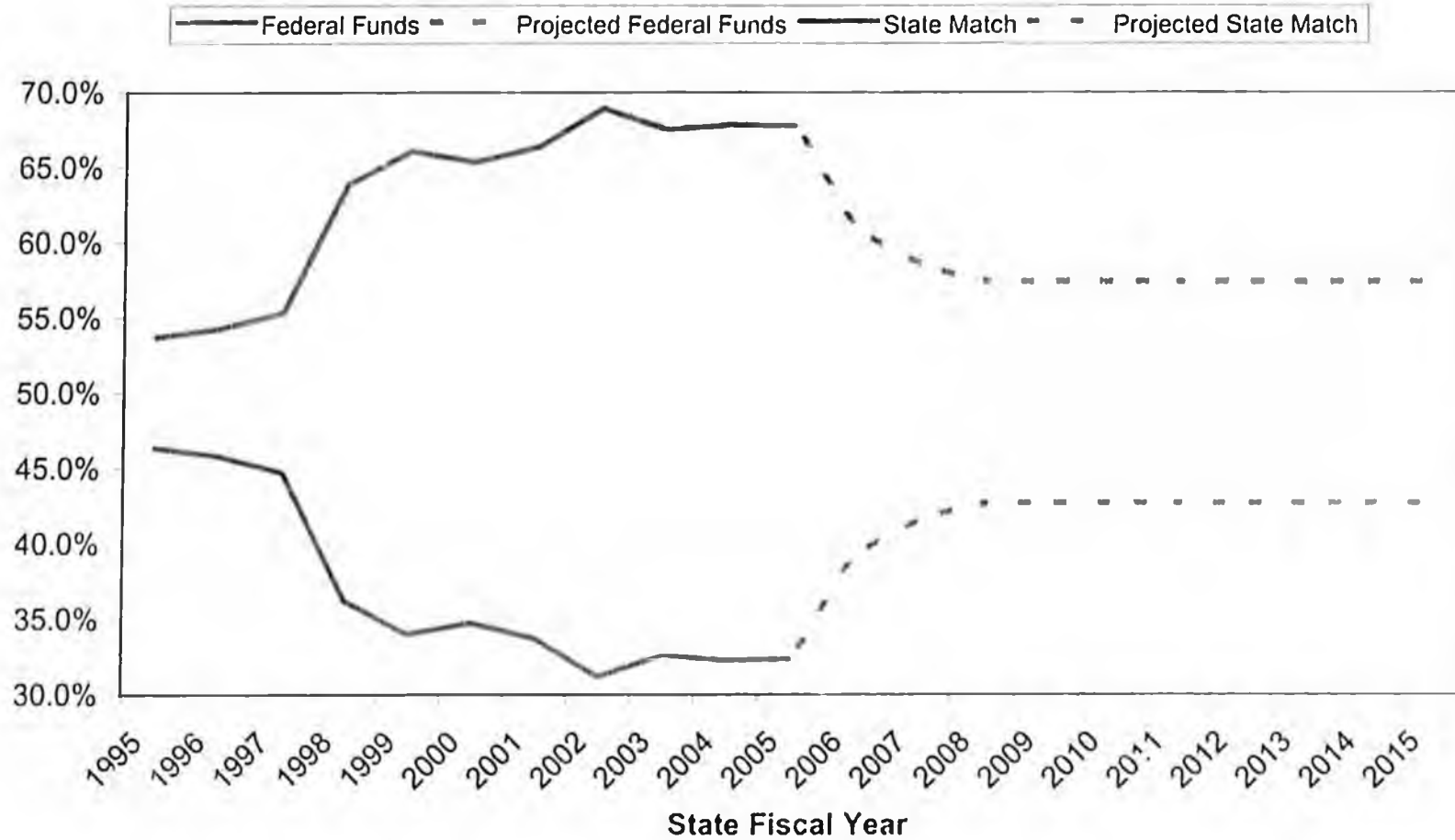
FFY2005 to FFY2015 are actual quarterly claim payments (Jan. 1998-Dec. 2004) projected using a linear trend.

The announced FMAP for FFY2007 and forward is assumed to be the minimum allowed rate.

No changes to program services or eligibility are included except a 3% reduction in pharmacy costs for Medicare Part D coverage beginning in 2006.

Past trends in inflation and population growth are expected to continue and are therefore already included in the projection. No additional adjustments are made.

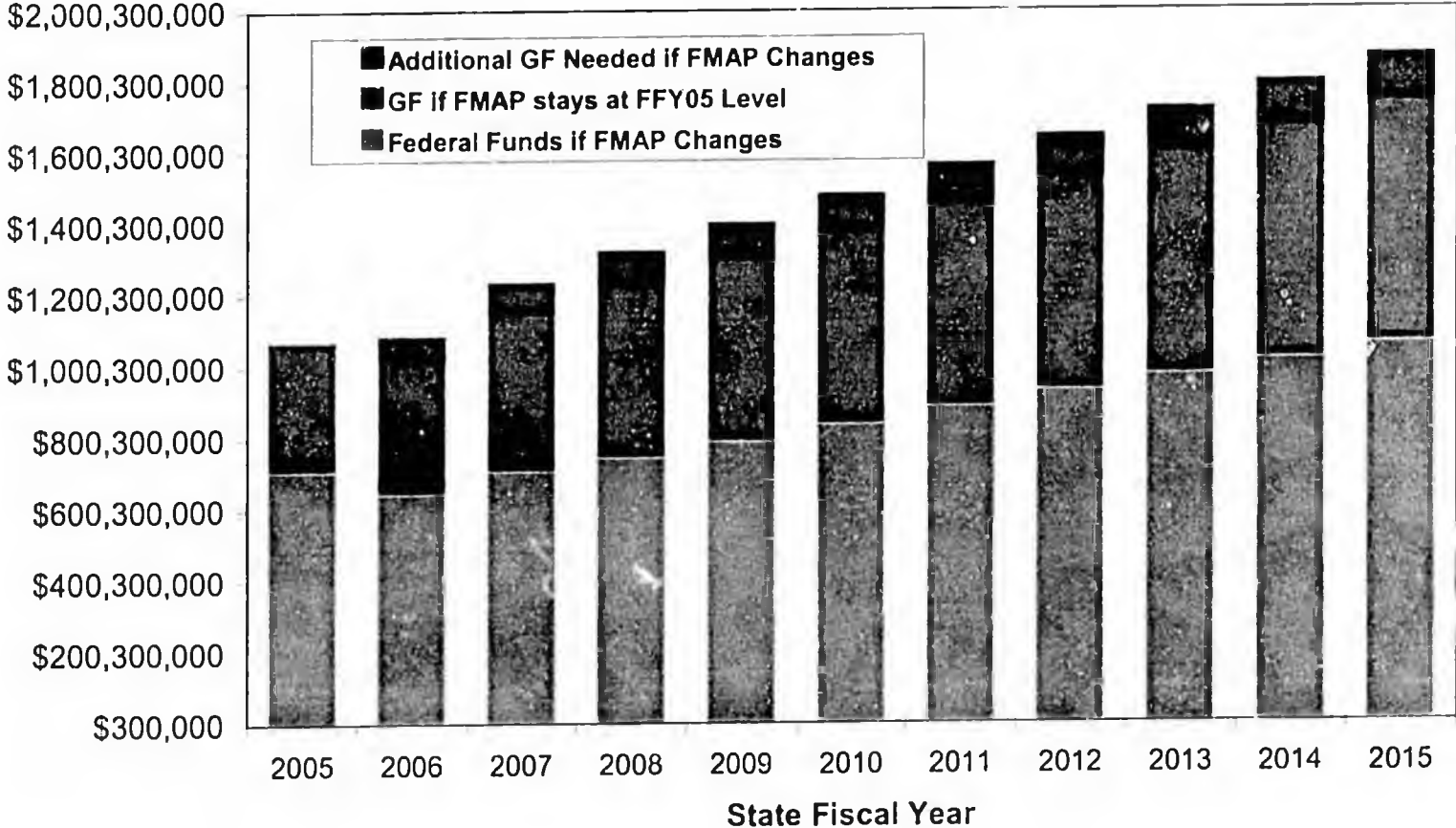
Percent of Total Medicaid Expenditures by Fund Source SFY1995 to SFY2015



SFY1995 to SFY2004 are actual quarterly claim payments; SFY2005 is from the Operating Budget; SFY2006 is from the Governor's Budget; SFY2007 to SFY2015 are actual quarterly claim payments projected using a linear trend.

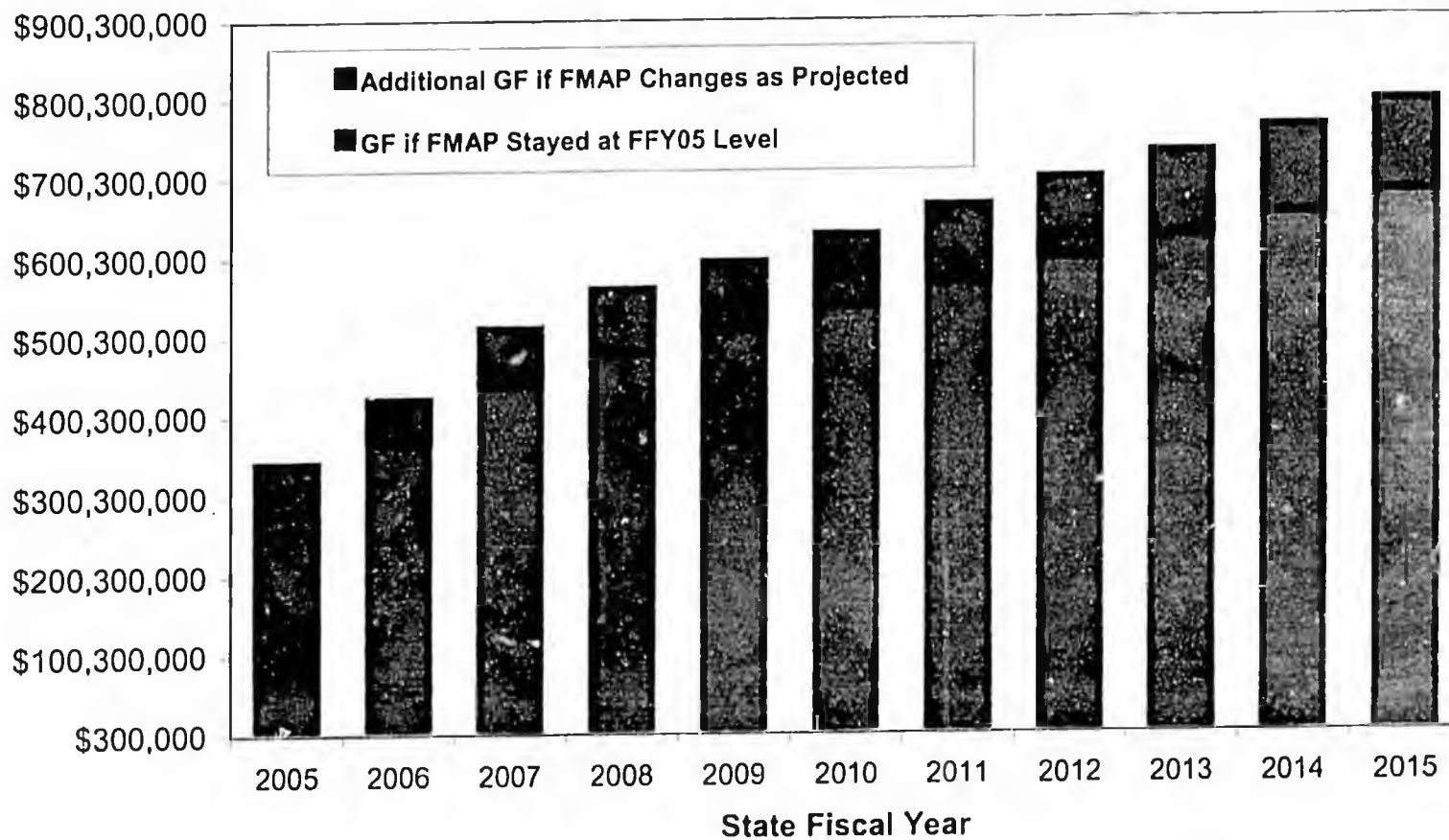
Source: DHSS, FMS, Medicaid Budget Group

**Impact of FMAP Reductions on General Funds
 Projected Medicaid Expenditures by Fund Source
 SFY2005 to SFY2015**



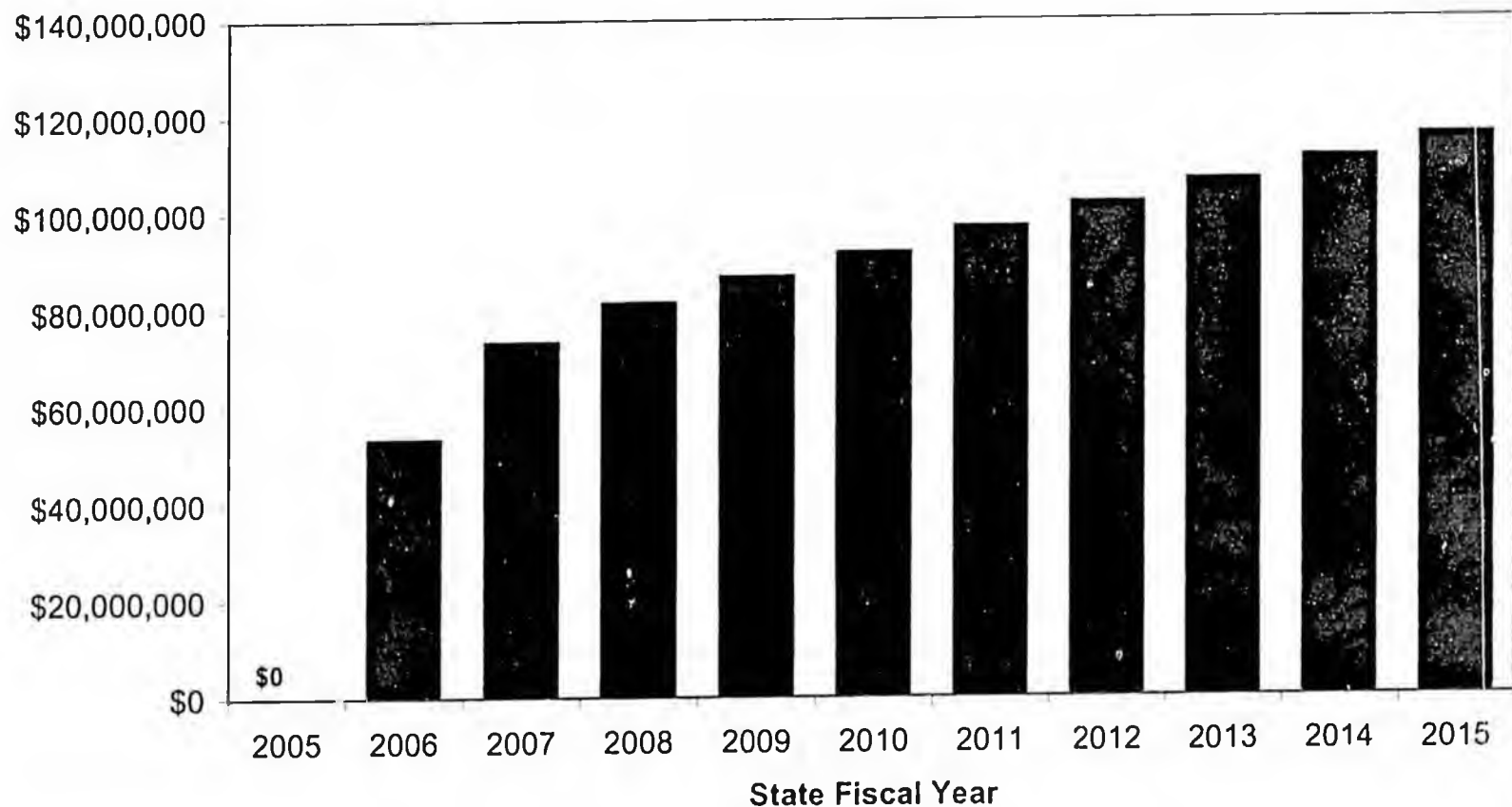
SFY2005 is from the Operating Budget; SFY2006 is from the Governor's Budget; SFY2007 to SFY2015 are actual quarterly claim payments projected using a linear trend.
 Source: JHSS, FMS, Medicaid Budget Group

**Impact of FMAP Reductions on General Funds
 Projected Medicaid General Fund Need
 SFY2005 to SFY2015**



SFY 2005 is from the Operating Budget; SFY2006 is from the Governor's Budget; SFY2007 to SFY2015 are actual quarterly claim payments projected using a linear
 Source: DHSS, FMS, Medicaid Budget Group

Impact of FMAP Reductions on General Funds
Projected *Additional* General Funds Needed for Medicaid
SFY2005 to SFY2015



SFY2005 is from the Operating Budget; SFY2006 is from the Governor's Budget; SFY2007 to SFY2015 are actual quarterly claim payments projected using a linear trend.
Source: DHSS, FMS, Medicaid Budget Group

GARY WILKEN

SENATOR
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Alaska State Legislature

Senate

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* NOTE: This sponsor statement was replaced w/ a corrected version on 2/18/05

SPONSOR STATEMENT

Senate Joint Resolution 6
Federal Medical Assistance Reduction

Senate Joint Resolution 6 urges federal action to maintain the current level of federal funding for the state's Medicaid program. The U.S. Department of Health and Human Services recently announced that the federal share of the medical assistance program, known as the Federal Medical Assistance Percentage (FMAP), will be reduced by 7.58% on October 1, 2005.

The reduction in the FMAP will result in an approximately \$53 million loss in federal Medicaid dollars in fiscal year 2006 and \$73 million in fiscal year 2007.

It is imperative that Congress and the federal administration know and understand the reasons behind the high level of health care costs in Alaska. Senate Joint Resolution 6 requests Congress to take action to correct the formula flaw that resulted in the proposed substantial FMAP reduction and to take whatever measures necessary to hold Alaska harmless from the reduction in the Federal Medical Assistance Percentage for Alaska.

Please join me in support of our state Medical program and endorse Senate Bill 1.

Gary Wilken