

ALASKA LEGISLATURE COMMITTEE FILES

2007-2008

SHES

12

U.S. Sen. Lisa Murkowski, R-Alaska, secured a seat on the Senate Health, Education, Labor and Pensions Committee partly to work on improved Medicare coverage in Alaska, she said in an interview.

Murkowski said she'll push aggressively to get higher reimbursement rates, and thinks colleagues are coming to recognize that Alaska's situation is different. "Our facts are just that much more extreme."

Murkowski has scheduled a Senate Health Committee hearing in Anchorage Feb. 20 to allow doctors to explain how the Medicare rates affect their practices, and members of the public to share their experiences.

For Henry Taylor, any help with Medicare will come too late.

He is getting treatment, but there is no hope for a cure.

"They said from the beginning, 'We cannot save your life,'" said his daughter, Cochran. "It's in both lungs. It's inoperable. It's in his bones."

Which leaves Taylor and Cochran wondering whether his outlook could have been better, with more timely treatment.

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Daily News reporter Rosemary Shinohara can be reached at [rshinohara@adn.com](mailto:rshinohara@adn.com) or 257-4340.

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### **How it works**

Here's an example of what Medicare pays in Alaska, compared with what doctors and nurse practitioners charge other patients:

At Health Works Family Medical Clinic in Eagle River, an established patient on the most common visit would be charged \$121, said office manager Renee Blakely. Medicare allows \$59.70.

If someone comes in with a list of problems, and takes an hour, the charge would be \$281, said Blakely. Medicare pays \$122.07.

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### **Speak out**

U.S. SEN. LISA MURKOWSKI will hold a hearing on the shortage of primary care physicians in Alaska, particularly in rural areas. The hearing by the Senate's Health, Education, Labor and Pensions Committee begins at 9 a.m. Tuesday at Loussac Library.

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### **Medicare at a glance**

Medicare is health insurance for people 65 and older, and for people younger than that with certain disabilities.

• **MEDICARE PART A** covers hospital care, and everyone gets it free.

• **PART B** covers services of doctors and nurse-practioners. It is optional, and costs money -- \$93.50 per month for those who make \$80,000 or less. If you don't take Part B when you are first eligible, it can cost more.

• **PART D** is the new, optional, prescription drug coverage. Beneficiaries choose from among a variety of available plans that cost different amounts. There can also be a penalty for joining late.

#### **HOW DOCTORS GET PAID:**

**1. ASSIGNMENT:** You assign Medicare to pay your doctor directly. If a doctor accepts assignment, the doctor agrees to collect only the amount Medicare approves.

**2. NO ASSIGNMENT:** Your doctor may accept Medicare but not accept assignment. In that case, the doctor may charge more than the Medicare-approved amount. But still, doctors are generally limited to charging a maximum of 15 percent more.

Source: Centers for Medicare & Medicaid Services



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Web posted Sunday, February 25, 2007

## Diagnosis: Alaska's shortage of doctors a growing problem

By Melissa Campbell  
Alaska Journal of Commerce



Dr. Ross Tanner, president-elect of the Alaska State Medical Association, right, sitting next to Dr. Harold Johnson, director of Alaska Family Practice Residency, and Dr. Richard Neubauer, internal medicine, left, testifies during a Feb. 20 Health, Education, Labor, and Pensions Committee field hearing, chaired by Sen. Lisa Murkowski, R-Alaska, in Anchorage. AP PHOTO/AI Gnito

Alaska's health care system is nearing a crisis stage, with rising costs, lower reimbursement rates, a shortage of doctors and few methods to entice caregivers to work in the state, doctors and health care advocates told Sen. Lisa Murkowski.

Chairing a field hearing of the Senate Health, Education, Labor and Pensions Committee on Feb. 20, the state's junior senator heard from people who have trouble finding doctors and from doctors who tried to explain why

that is.

She also heard ideas on how the federal government could help ease the situation.

Health care is a major concern nationwide. In Alaska, the cost of health care is roughly 70 percent higher when compared to the Lower 48, adding to the financial burden.

Last year, Americans spent \$1.9 trillion on health care, Murkowski said. That's more than was spent on food or housing, and four times the amount spent on national defense. By 2015, that figure is estimated to balloon to nearly \$4 trillion. Alaskans spend more than

\$5 billion a year on health care, a figure that is also expected to increase in coming years.

Those rising figures are largely attributed to an aging population — assuming that the older one gets, the more often he needs to see a doctor, and the more medications he'll need to take. In 20 years, some 20 percent of the U.S. population will be 65 years old or older, Murkowski said.

In Alaska, the number of those older than 65 is expected to increase from 43,000 to 124,000 between 2005 and 2025.

At the same time, experts predict a national shortage of 200,000 physicians, with a shortage of nearly 400 in Alaska. About a third of the nation's doctors are nearing retirement age, while for the past quarter-century, medical schools have kept enrollments virtually flat.

Murkowski read off several messages from constituents detailing their troubles in finding a doctor to accept a new Medicare patient, either themselves or a family member. Some said they had made more than 100 calls to doctors in the Anchorage area and were turned down.

One was speaker Carl Berger, of the Lower Kuskokwim Economic Development Council in Bethel. Berger just turned 65 and entered into the Medicare system. His doctor of 20 years retired, and Berger can't find a general practitioner to take him as a patient.

"Lucky for me I have a heart condition," he said. "I'm able to see another doctor. But what doctor would want to see me if he get reimbursed only 40 percent of his costs?"

Speaker Frank Appel, of the Alaska Commission on Aging, recently got a letter from his doctor of 15 years saying that once Appel reaches 65, he'll have to find a new doctor.

"I believe the challenge faced by seniors and others who can't find a doctor is intolerable," Murkowski said at a Commonwealth North health care discussion held later that afternoon. "This is not a new problem, but I think people believe that it's not going to happen to me. I think people should realize that turning 65 is one of those things that happens after 64. We must help current physicians stay in the practice of medicine and increase our health care work force."

Rita Hatch, a volunteer with the Older Persons Action Group, a senior advocacy organization, said she does an ongoing survey of Anchorage doctors who accept new Medicare patients. There are currently about 20 doctors on her list.

The Anchorage Neighborhood Center is the only facility taking new patients, and it is being overwhelmed.

Doctors said they are reimbursed only 40 percent of their actual costs for services provided to Medicare patients. That doesn't cover their overhead costs.

"It seems like we are the bad guys," said Dr. Ross Tanner,

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president-elect for the Alaska State Medical Association. "But for me to remain financially soluble, I have to be paid for what I do."

He added that a plumber or engineer would not be asked to take a reduction in their fees, but that's exactly what the federal government demands when doctors treat Medicare patients.

"It's not a greed thing," he said. "I don't have a bunch of money that I go home and roll around in every day. I am the cheapest thing that Medicare could spend their money on. I am cheaper than the emergency room or any specialist."

Everyone agreed that efforts in recruitment and education need to be stepped up, but those are costly programs.

The annual cost of recruiting doctors to Alaska is more than \$24 million, said Karleen Jackson, commissioner of the state Department of Health and Social Services. The average cost to hire a physician surpassed \$74,000.

Medical school can cost from \$125,000 in a public school to \$200,000 in a private college. That's a huge debt load for a young person, Tanner said.

Alaskans have the lowest acceptance rate of applicants entering into medical school. And those entering into school now won't be ready to open their own practices for at least seven years.

Alaska needs 59 new doctors each year to approach national levels of doctor to population ratios. But Alaska has no medical school, is limited on the number residency students it can train and is limited on the number of students it can enroll into a Washington state medical school program.

That means that a number of Alaskans who want to become a doctor will have to train Outside. Statistics show that doctors practice within 100 miles of where they trained.

So how to make it better?

Doctors offered several suggestions:

- Enact federal legislation to fix the Medicare payment system to reflect the higher Alaska costs.
- Enact legislation to provide tax credits for young doctors to practice in "frontier" states, like Alaska.
- Enact legislation to revamp the funding for residencies.
- Develop programs to help medical students with the debt garnered to attend medical school.

\*

Alaska is already involved in programs that have helped train Alaskans to be doctors or to bring doctors to Alaska, including the University of Washington Medical School Partnership, known as WWAMI, for the Northwest states that are involved in the partnership. Lawmakers are working to expand the number of slots allowed for Alaskans to enter into the program.

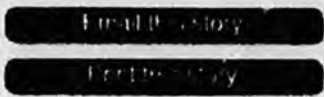
On the federal level, Murkowski and Sen. Ted Stevens continue to work for higher Medicare and Medicaid reimbursements for Alaska providers. Earlier this year, Alaska's senators introduced the Rural Physician Relief Act, a bill that provides tax incentives for doctors to practice in rural areas.

Soon, Murkowski will introduce the Physician Shortage Elimination Act, which will double the funding for the National Health Service Corp., a program dedicated to meeting the needs of the underserved. Some 80 percent of the applicants to the program are turned away each year.

The bill will allow rural and underserved residency programs to expand by removing barriers that prevent programs from developing rural training rotations, and will create programs that target disadvantaged youth in rural areas by creating a pipeline into health care careers. The bill also offers grants to community health centers to expand residency programs.

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# Medicare's physician payment update formula: The facts

The Congressional Budget Office recently forecast that Medicare physician payment rates would be reduced by 10 percent in 2008 under current law. The 2006 Medicare Trustees report predicts cumulative reductions in Medicare physician payment rates of nearly 40 percent by the year 2015. These successive annual reductions are due to a statutory formula governing annual Medicare payment updates that is broken beyond repair and must be replaced.

It is critical that a permanent, long-term replacement for this payment formula be identified as it is producing disastrous effects. In addition to generating the forecast 40 percent pay cuts by 2015, the formula:

- Has kept average 2007 Medicare physician payment rates about the same as they were in 2001
- Has prevented physicians from making needed investments in staff and health information technology to support quality measurement
- Punishes physicians for participating in initiatives that encourage greater use of preventive care in order to reduce hospitalizations
- Has led to a budget baseline that is widely viewed as unrealistic and that has driven policymakers to enact short-term interventions that have increased the duration of cuts and the cost of a long-term, permanent solution

The law provides for Medicare physician payment rates to be updated each year:

- The initial element in each year's update calculation is the Medicare Economic Index or MEI, a conservative government index of practice cost inflation.
- The update is then adjusted up or down from MEI based on the sustainable growth rate or SGR.
- The SGR was created by Congress in the Balanced

Budget Act of 1997 as a target rate of growth in Medicare spending for physician services.

- The key factors in setting the SGR are Gross Domestic Product (GDP) growth, changes in law and regulation, Medicare enrollment and price changes.
- If expenditures exceed the SGR targets, then annual physician payment updates are less than annual increases in practice cost inflation.

There are several fatal flaws in the SGR:

- Utilization of physician services grows more rapidly than GDP, so using GDP as the standard for utilization growth in the SGR means that the target is always set too low.
- The "law and regulation" factor has not been appropriately adjusted to reflect new Medicare coverage policies, such as macular degeneration treatment and implantable cardiac defibrillators. Omitting the costs of such treatments from the SGR targets increases the likelihood of pay cuts.
- None of the factors in the SGR recognize Medicare spending due to technological advances, shifts from care being provided in hospitals to being provided in physician offices and other medical practice trends. Services that may save money for the Medicare program as a whole or improve quality, therefore, can still lead to cuts in Medicare physician payment rates.
- Spending for Part B drugs has been improperly included in the SGR calculations and is growing much more rapidly than physician services. As a result, drug spending consumes an ever-increasing share of a target that is already too low, increasing the likelihood of SGR-driven pay cuts. The American Medical Association (AMA) continues to call for the Administration to remove drug spending from its SGR calculations.

Continued on next page...



Surveys have shown that SGR-driven pay cuts would hurt seniors' access to physician care:

- The Medicare Payment Advisory Commission has found that increasing numbers of Medicare beneficiaries report "big problems" finding new primary care and specialist physicians. The Commission is concerned that Medicare pay cuts will worsen patient access problems.
- AMA surveys of physicians have found that nearly half would have to decrease or stop accepting new Medicare patients if payments were cut.
- The Military Officers Association of America states SGR pay cuts would significantly damage military beneficiaries' access to care under TRICARE, as TRICARE payments are linked to Medicare rates.
- The congressionally-created Council on Graduate Medical Education is already predicting a shortage of 85,000 physicians by 2020. Medicare cuts will exacerbate this shortage by making medicine a less attractive career.

Physician services have extended patients' lives and improved seniors' quality of life, despite a significant rise in chronic disease among the elderly:

- The Centers for Disease Control reported 50,000 fewer deaths in 2004, the biggest single-year reduction in mortality since the 1930s.

- An August 2006 *Health Affairs* article by Kenneth Thorpe and David Howard found that "virtually all of the growth in spending from 1987 to 2002 can be traced to the twenty-percentage-point increase in the share of Medicare patients receiving medical treatment for five or more conditions during a year."
- Medical advances added about a half year to seniors' life spans between 1999 and 2002 alone. Deaths from heart and cerebrovascular disease have been falling by about 3 percent a year in recent years and the cancer death rate over the last decade has fallen by about 1 percent a year.
- An August 2006 *New England Journal of Medicine* article by David Cutler et al. concluded that, "although medical spending has increased over time, the return on spending has been high... concern about high medical costs needs to be balanced against the benefits of the care received."
- Utilization of physician services is not the cause of the Medicare program's financial predicament, and cuts in physician payment rates are not the way to improve Medicare's financial sustainability.

The time has come to replace the Medicare update formula with a new approach that will provide adequate financing for physician services.

**Support legislation in 2007 to stop Medicare physician payment cuts triggered by the SGR and replace it with a formula that provides annual updates that reflect increases in physician practice costs.**

# IMPACTS OF MEDICARE PHYSICIAN PAY CUTS IN ALASKA

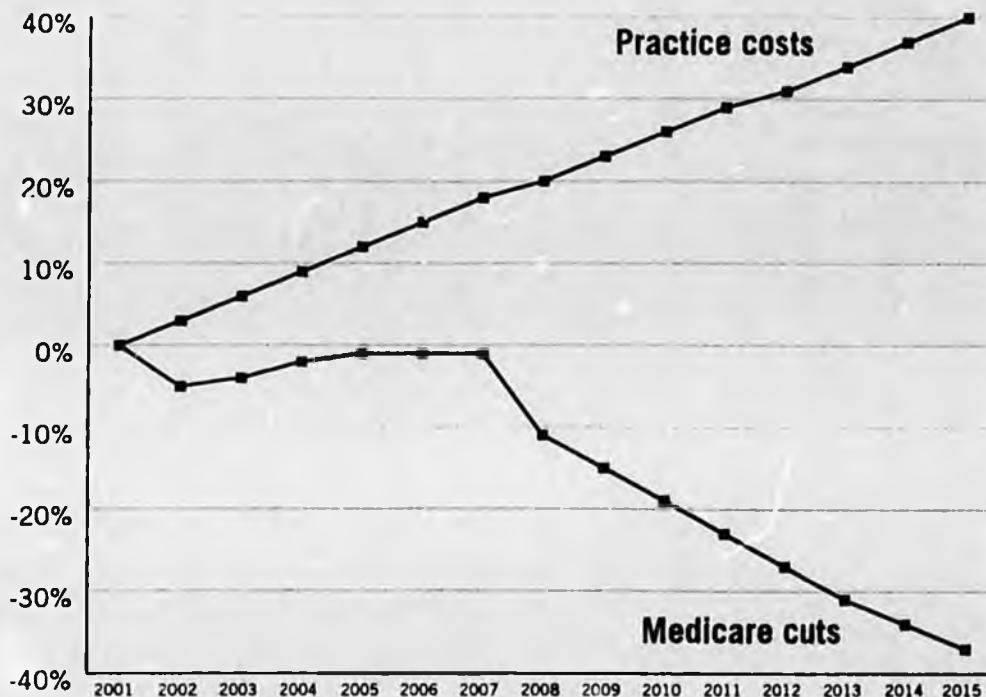
- Alaska will lose \$8 million in health care funds due to the projected 10% negative update in 2008, and the state will lose \$240 million by 2015 due to 8 years of SGR cuts.
- 6,969 employees, 47,519 Medicare patients and 78,803 TRICARE patients in Alaska will be affected by these cuts.
- Compared to the rest of the country, Alaska, at 232 practicing physicians per 100,000 population, has a below-average ratio of practicing physicians to population, even before the cuts take effect.
- 43% of Alaska's practicing physicians are over 50, an age at which surveys have shown many physicians consider reducing their patient care activities.

*Note: The special Alaska BPCI which added \$27 million per year for 2004 and 2005 expired on 1/1/06. So, the additional loss will really be more than the \$240 million cited above.*



# Future bleak for seniors, baby boomers. Medicare to cut payments as boomers enter the program

Without congressional intervention, Medicare will slash physician payments nearly 40 percent over eight years beginning in 2008, while practice costs increase almost 20 percent. These cuts come at a time when Medicare payments to physicians already lag far behind the cost of caring for seniors. In 2010, the leading edge of the baby-boom generation will start enrolling in Medicare, with enrollment growing from 43 million in 2010 to 49 million by 2015.



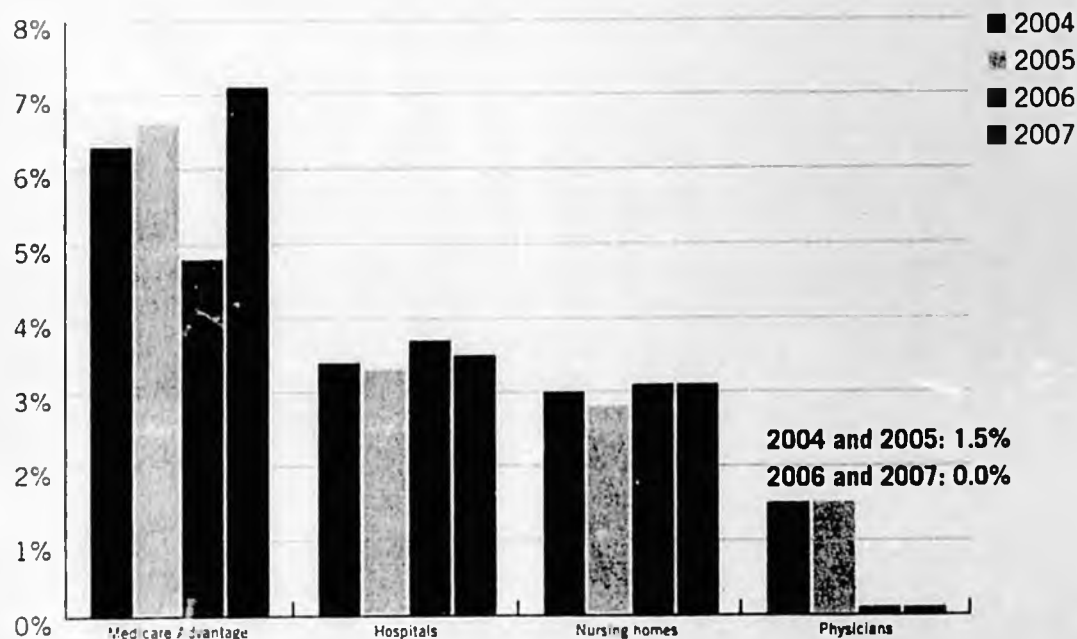
Sources: Physician cost data is from the MEI, a conservative index of practice cost growth maintained by the Centers for Medicare & Medicaid Services. Medicare physician payment updates are from the 2006 Medicare Trustees report, with adjustments for 2008 to reflect the Congressional Budget Office analysis of the "Tax Relief and Health Care Act of 2006." Any change in pay that may result from use of the \$1.35 billion "physician assistance and quality initiative fund" for 2008 is not included.

**Support legislation in 2007 to stop Medicare physician payment cuts triggered by the SGR and replace it with a formula that provides annual updates that reflect increases in physician practice costs.**



## Physicians vs other providers: 2004-2007 Medicare payment updates

Physicians received below-inflation updates in 2004 and 2005 and zero percent updates in 2006 and 2007, while other Medicare providers' payment updates have kept pace with their costs.



Source: Centers for Medicare & Medicaid Services final announcements.

**Support legislation in 2007 to stop Medicare physician payment cuts triggered by the SGR and replace it with a formula that provides annual updates that reflect increases in physician practice costs.**



# STATE OF ALASKA

## DEPT. OF HEALTH & SOCIAL SERVICES

*Alaska Commission on Aging*

SARAH PALIN, GOVERNOR

P.O. BOX 110693  
JUNEAU, ALASKA 99811-0693  
PHONE: (907) 465-3250  
FAX: (907) 465-1398

January 22, 2007

The Honorable Lisa Murkowski  
United States Senate  
709 Senate Hart Building  
Washington, D.C. 20510

Re: Support of HR 6111

Dear Senator Murkowski:

On behalf of the Alaska Commission on Aging and more than 43,000 Alaskans age 65 and older, thank you for your support of the Medicare provisions in Division B, Title 1, Section 101 of the *Tax Relief and Health Care Act of 2006, HR 6111* that sustained the 2006 physician reimbursement rates for 2007 and benefited doctors who treat Medicare patients.

We also appreciate your efforts to implement a higher reimbursement provision for Alaska physicians serving Medicare patients which Congress unfortunately failed to pass this past session. This provision, which was in place for two years (2004 and 2005) but not renewed in January 2006 and 2007, is an effective strategy to motivate doctors to serve new and existing Medicare patients and increases access to health care services for all older Alaskans. We urge you to continue your efforts to support a renewal of this provision during this Congressional session.

Over the past year, the Alaska Commission on Aging has received an increase in the number of alarming reports from older Alaskans enrolled in Medicare who are being denied medical services by their physicians because the Medicare reimbursement rate for these services is less than what doctors would receive from private payment or other insurance carriers. Some older Alaskans are having difficulty locating any provider in their area who will take new Medicare patients.

During our initial investigation of this problem, we have learned that physician refusal of Medicare patients is a situation unique to Alaska because the physician's cost of providing patient services in Alaska exceeds their Medicare reimbursement rate. The demographic situation in Alaska may be a contributing factor in that older adults comprise a smaller percentage of the state's total population as compared to other states, and therefore a smaller share of a physician's client caseload, thus providing less financial incentive for doctors to treat Medicare patients, especially when they receive a lower reimbursement rate.

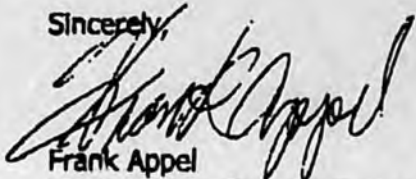
Senator Murkowski  
Page Two

We hope you will continue your efforts to promote access to medical care for older Alaskans by supporting legislation this session that increases the reimbursement rate to Alaska physicians and other providers serving seniors enrolled in Medicare. Older Alaskans also need your support for legislation that provides incentives to physicians treating Medicare beneficiaries who reside in rural, remote, and urban health professional shortage areas of Alaska.

Please feel free to call on the Alaska Commission on Aging should your legislative efforts require research and analysis of this issue or others that affect the quality of life of older Alaskans.

Thank you for your continued efforts to renew legislation that allows for a special Medicare reimbursement provision for physicians providing medical service to older Alaskans.

Sincerely,



Frank Appel  
Chair, Alaska Commission on Aging



Denise Danielle  
ACoA Executive Director

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SJR 3  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
 Title SJR 3 Medicare Rates in Alaska RDU \_\_\_\_\_  
 Component \_\_\_\_\_  
 Sponsor Senator Davis  
 Requester (S) Health, Education & Social Services Committee Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
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>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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 (Specify Type--Do not abbreviate)						
<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>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Prepared by: (S) HEALTH, EDUCATION & SOCIAL SERVICES COMMITTEE  
 Division \_\_\_\_\_  
 Approved by: /s/ Senator Bettye Davis, Chair  
 Agency \_\_\_\_\_

Phone 465-3822  
 Date/Time \_\_\_\_\_  
 Date 3/26/2007

**SJR**

**10**

# Support Assured Funding for Veterans Health Care



*Today's soldiers...  
are tomorrow's veterans*

THE PARTNERSHIP FOR

*Veterans Health Care*

**BUDGET REFORM**

# The Partnership for Veterans Health Care Budget Reform Representing America's Veterans

## This We Believe

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Washington, DC 20006  
(202) 861-2700  
[www.legion.org](http://www.legion.org)

AMVETS (American Veterans)  
4647 Furber Blvd  
Lansing, MI 48216  
(301) 456-6600  
[www.amvets.org](http://www.amvets.org)

Blind Veterans Association  
477 H Street, N.W.  
Washington, DC 20001  
(202) 371-8800  
[www.bva.org](http://www.bva.org)

Disabled American Veterans  
807 Maine Avenue, S.W.  
Washington, DC 20024  
(202) 554-1501  
[www.dav.org](http://www.dav.org)

Jewish War Veterans of the USA  
1811 R Street, N.W.  
Washington, DC 20036  
(202) 265-6200  
[www.jvw.org](http://www.jvw.org)

Military Order of the Purple Heart  
of the U.S.A., Inc.  
5413-B Backlick Road  
Springfield, VA 22151  
(703) 642-5360  
[www.purpleheart.org](http://www.purpleheart.org)

Paralyzed Veterans of America  
801 11th Street, N.W.  
Washington, DC 20006  
(202) 872-1300  
[www.pva.org](http://www.pva.org)

Veterans of Foreign Wars  
of the United States  
200 Maryland Avenue, N.E.  
Washington, DC 20002  
(202) 543-2219  
[www.vfwc.org](http://www.vfwc.org)

Vietnam Veterans of America  
8605 Cameron Street, Suite 401  
Silver Spring, MD 20910  
(301) 585-6000  
[www.vva.org](http://www.vva.org)

Americans are once again deployed around the world, answering our nation's wartime call to arms. Like so many brave men and women who honorably served before them, these soldiers are fighting to preserve freedom, liberty, and security. Many have already made the ultimate sacrifice. Also like those who fought before them, today's veterans deserve the respect of a grateful nation when they return home.

Unfortunately, without urgent changes in health care funding, our new veterans will soon discover their battles are not over. They will be forced to fight to preserve a health care system designed specifically to meet their unique needs. They will inherit an ongoing struggle to ensure that America fulfills its promise: to make the veterans health care system accessible to all veterans who need it.

The Partnership for Veterans Health Care Budget Reform—the American Legion, AMVETS (American Veterans), Blinded Veterans Association, Disabled American Veterans, Jewish War Veterans of the USA, Military Order of the Purple Heart of the U.S.A., Inc., Paralyzed Veterans of America, Veterans of Foreign Wars of the United States, and Vietnam Veterans of America—is united in the belief that no veteran should be forced to fight for the care he or she has earned by virtue of his or her military service.

We believe it is time to guarantee health care funding for all veterans who need medical care. Health care rationing must end. It is time the promise is kept.

Many sick and disabled veterans are forced to wait six months or longer for an appointment in a Department of Veterans Affairs (VA) facility. The VA must have a predictable, reliable funding stream to meet the specialized health care needs of veterans.

Access to quality health care for veterans has been compromised in recent years by budget shortfalls, rising medical costs and dramatically increased demand for care. The current funding formula, in which the VA must compete with other agencies for scarce budget dollars, must be replaced. The only way the VA can fulfill its mission is for Congress to guarantee the direct funding it needs to operate.

The men and women who are currently deployed must be assured the VA health care system will be there for them when they need it—now and in the future. Congress should be mindful of George Washington's words: "The willingness with which our young people are likely to serve in any war, no matter how justified, shall be directly proportional to how they perceive the veterans of earlier wars were treated and appreciated by their nation."

# Support Assured Funding for Veterans Health Care

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THE PARTNERSHIP FOR

*Veterans Health Care*

BUDGET REFORM

## **Today's VA**

The Department of Veterans Affairs (VA) is the largest integrated health care system in the United States and has four critical health care missions:

- To provide health care to veterans
- To educate and train health care personnel
- To conduct medical research
- To serve as a backup to the Department of Defense and support communities in time of emergency

The VA operates 157 hospitals, with at least one in each of the 48 contiguous states, Puerto Rico and the District of Columbia. It operates more than 850 ambulatory care and community-based outpatient clinics, 132 nursing homes, 42 residential rehabilitation treatment programs and 88 home-care programs. More than 193,000 employees support the VA health care system.

The VA provides a wide range of specialized services to meet the unique needs of veterans including spinal cord injury and dysfunction care and rehabilitation, blind rehabilitation, traumatic brain injury care, post-traumatic stress disorder treatment, amputee care and prosthetics programs, mental health and substance abuse programs, and long-term care programs. These services are incomparable resources that often cannot be duplicated in the private sector.

The VA also manages the largest medical education and health professions training program in the United States. VA facilities are affiliated with 107 medical schools, 55 dental schools and more than 1,200 colleges and universities. These affiliations foster first-rate health care and state-of-the-art medical science. Each year, about 81,000 health professionals are trained in VA medical centers. More than half of the physicians practicing in the United States today received some of their professional education in the VA health care system.

The VA also conducts research on some of the most critical health issues today. VA researchers have played key roles in

developing the cardiac pacemaker, the CT scan, the radio-immune assay technique and improvements in artificial limbs. The first liver transplant in the world was performed by a VA surgeon. VA clinical trials established the effectiveness of new treatments for tuberculosis, schizophrenia and high blood pressure. Because three out of four VA researchers are practicing physicians, their research often immediately benefits patients. Functional electrical stimulation, a technology using controlled electrical currents to activate paralyzed muscles, is being developed at VA clinical facilities and laboratories. Through this technology, paraplegic patients have been able to grasp objects, stand, and even walk short distances. VA contributions to medical knowledge benefit all Americans.

VA has proven it provides cost-effective, high quality, comprehensive health care services to our nation's veterans. In a study published in the *New England Journal of Medicine*, May 29, 2003, "Effect of the Transformation of the Veterans Affairs Health Care System on the Quality of Care," researchers found dramatic improvements in the quality of care to veterans after the system-wide reengineering in the mid-1990s, and that care in VA was significantly better than that in the Medicare fee-for-service program.

Furthermore, in the Nugent study, "Value for Taxpayers' Dollars: What VA Care Would Cost at Medicare Prices," published in the *Medical Care Research and Review*, December 2004,

### **The Federal Budget**

The entire federal budget is divided between discretionary and direct programs.

Discretionary programs are those programs which the Administration and Congress control through the budget and appropriations process. VA medical care is a discretionary program.

Direct programs are often referred to as entitlements, because all recipients of these funds meet specific criteria and are entitled to payments. Social Security, Medicare, Medicaid, VA compensation and pension, and congressional salaries are direct programs and receive guaranteed appropriations.

Currently, nearly 90 percent of all federal health care spending is already guaranteed (direct or mandatory) spending.

researchers concluded that the VA is able to provide a richer benefit package at lower cost than veterans would be able to obtain through the private sector under the Medicare fee-for-service program.



Even though the VA is unquestionably a success story, Congress typically provides an annual discretionary appropriation for veterans health care that falls far short of actual needs.

To ensure health care programs and

services are readily accessible for veterans, funding needed over the years has not kept pace with medical inflation, let alone the increased demand for services. The enrollment for VA medical care increased 134 percent between fiscal years 1996 and 2004; funding, however, only increased 34 percent during the same period when adjusted to 1996 dollars.

## **Who Uses the VA Health Care System?**

In fiscal year (FY) 2004, the VA provided care to more than 5.1 million patients, including approximately 100,000 homeless veterans, more than 20,000 veterans with catastrophic spinal cord injuries and nearly 100,000 veterans diagnosed with post-traumatic stress disorder. These veterans fall into one of eight categories:

- **Priority Group 1:** Veterans with service-connected disabilities rated 50 percent or more.
- **Priority Group 2:** Veterans with service-connected disabilities rated 30 or 40 percent.
- **Priority Group 3:** Veterans who are former POWs or were awarded a Purple Heart, veterans with disabilities rated 10 and 20 percent and veterans awarded special eligibility for disabilities incurred in treatment.
- **Priority Group 4:** Veterans receiving aid and attendance or housebound benefits and veterans determined by the VA to be catastrophically disabled, although some may be responsible for co-payments.
- **Priority Group 5:** Veterans who are determined to be unable to pay the expenses of needed care.
- **Priority Group 6:** All other eligible veterans not required to make co-payments. This includes veterans of the Mexican border period or World War I; veterans seeking care solely for certain conditions associated with exposure to radiation, for any illness associated with combat service in a war after the Gulf War or during a period of hostility after November 11, 1998, for any illness associated with participation in tests conducted by the Defense Department as part of Project 112/Shipboard Hazard and Defense; and veterans with zero percent service-connected disabilities who still receive compensation.
- **Priority Group 7:** Nonservice-connected veterans and noncompensable zero percent service-connected veterans with income above the VA's national means test threshold and below the VA's geographic means

test threshold based on the **Department of Housing and Urban Development (HUD) index.**

- **Priority Group 8: Nonservice-connected veterans and zero percent noncompensable service-connected veterans with incomes above the HUD index who agree to pay co-payments. In January 2003, the VA closed enrollment to all new Priority Group 8 veterans seeking enrollment due to insufficient resources.**



The VA is also obligated to provide two years of free health care to veterans who served in Iraq and Afghanistan. Every active-duty servicemember, Reservist or National Guard member who serves in a theater

of combat operations is eligible for the full range of VA care for injuries or illnesses he or she believes is related to combat service. Veterans who enroll with VA under this authority will retain enrollment eligibility even after their two-year post discharge period ends under current enrollment policies.



## Funding Reform Is Needed Now

Early in his first term, President Bush signed Executive Order 13214 creating the President's Task Force to Improve Health Care Delivery for Our Nation's Veterans. In its final report, the Task Force targeted health care funding reform as critical to the success of any VA-DoD collaboration of services. The Task Force also identified a significant mismatch between the demand for VA services and the availability of adequate funding which, if left unresolved, would delay veterans' access to care and threaten the quality of care provided.

In Recommendation 5.1, the Task Force noted:

*The federal government should provide full funding to ensure that enrolled veterans in Priority Groups 1 through 7 are provided the current comprehensive benefit in accordance with VA's established access standards. Full funding should occur through modifications to the current budget and appropriations process, by using a mandatory funding mechanism, or by some other changes in the process that achieve the desired goal.*

In January 2003, the Secretary of Veterans Affairs suspended the enrollment of Priority 8 veterans because of insufficient resources to accommodate all eligible veterans seeking care and treatment from the VA. These veterans, the Task Force stated, "do not know from year to year whether they will have access to VA care, and as an organization, the VA cannot effectively plan or budget, given this uncertainty." Declaring the situation regarding Priority 8 veterans unacceptable, the Task Force



recommended that the President and the Congress should work together to resolve the status of this group.

Although the Secretary of Veterans Affairs suspended the enrollment of Priority 8 veterans initially as a "temporary" measure, VA planning documents do not assume that Priority 8 veterans will ever be permitted to enroll in the system.

And as resources continue to precipitously decline and more veterans are seeking health care services, veterans from other priority groups may also be barred from the system.



It is clear the current method of funding VA medical care is flawed. We strongly urge the Administration and Congress to act on the recommendations of the Task Force, and to reform the method for funding veterans health care to ensure a predictable and reliable funding stream. Providing health care to our nation's sick and disabled veterans is part of the cost of national defense and should be a top priority for our government.

# Frequently Asked Questions

## Does direct funding create a new entitlement?

- No. Direct funding neither creates an individual health care entitlement nor changes the VA's current mission, eligibility requirements, or medical benefits package.
- Direct funding only changes the way funds are provided for VA health care.

## Will direct funding result in runaway costs?

- No. The Secretary of Veterans Affairs will retain the right to make an annual enrollment decision based on available resources.
- Although eligibility reform opened the VA health care system to all veterans, the vast majority of veterans choose other health care options.
- Direct funding will ensure that the VA receives a reliable, predictable, and consistent funding stream to provide timely, high-quality health care.

## Will Congress lose oversight if direct funding of the VA health care system is instituted?

- No. As with other direct funded federal programs, Congress would retain oversight of VA programs and health care services.
- The VA will still be accountable to Congress for how its funds are spent and how well its health care programs are managed.
- Currently, almost 90 percent of federal health care spending is direct rather than discretionary. Only funding for active duty military, Native Americans, and veterans health care are left to the discretion of Congress.



Care for veterans who have served our nation with honor—and who are by law eligible to receive medical care from the VA—must be considered part of the continuing cost of the national defense. Congress must institute a rational, reliable means of funding the medical operations of the VA. What is needed is a mechanism that will enable every VA facility to provide quality care to sick and disabled veterans in a timely, cost-effective manner.

Providing for the health care needs of veterans should not be pitted against the needs of military families, or costs of a strong national defense. Caring for veterans is an American responsibility.

Open discussion on budget reform by our elected officials is necessary to determine a viable long-term solution to the VA's funding crisis. The time to act is now.



## **Supporting Documents**

- *FY 2004 Performance and Accountability Report – Office of the Budget, Department of Veterans Affairs.* (November 2004)
- *Final Report 2003 – The President’s Task Force to Improve Health Care Delivery for Our Nation’s Veterans.* (May 2003)
- *A System Worth Saving – The American Legion.* (September 2003)
- *The Independent Budget for Fiscal Year 2006 – AMVETS, DAV, PVA, and VFW.* (February 2005)
- *White Paper: The Position of Vietnam Veterans of America on Health Care Funding for All Veterans – Vietnam Veterans of America.* (July 2003)
- *White Paper: America’s Health Care Crisis: Where Does Veteran’s Health Care Stand? – Disabled American Veterans.* (2005)

# Supportive Notes

The following notes are intended to provide additional information and support for the main text. They are organized into several sections, each addressing a specific aspect of the topic.

**Section 1: Introduction**

This section discusses the background and context of the study. It highlights the importance of understanding the underlying mechanisms and the need for further research in this area.

**Section 2: Methodology**

The methodology section describes the experimental design, data collection methods, and the statistical analysis used to interpret the results. It ensures the transparency and reproducibility of the study.

**Section 3: Results**

The results section presents the findings of the study, including key observations and trends. It provides a clear and concise summary of the data, supported by relevant figures and tables.

**Section 4: Discussion**

The discussion section interprets the results in the context of existing knowledge. It explores the implications of the findings and discusses potential limitations and future research directions.

**Section 5: Conclusion**

The conclusion summarizes the main findings and reiterates the significance of the study. It provides a final perspective on the research and its contribution to the field.



**The American Legion**  
1608 K Street, N.W.  
Washington, DC 20006  
(202) 861-2700  
[www.legion.org](http://www.legion.org)



**AMVETS (American Veterans)**  
4647 Forbes Blvd.  
Lanham, MD 20708  
(301) 459-9600  
[www.amvets.org](http://www.amvets.org)



**Blinded Veterans Association**  
477 H Street, N.W.  
Washington, DC 20001  
(202) 371-8880  
[www.bva.org](http://www.bva.org)



**Disabled American Veterans**  
807 Maine Avenue, S.W.  
Washington, DC 20024  
(202) 554-3501  
[www.dav.org](http://www.dav.org)



**Jewish War Veterans of the USA**  
1811 R Street, N.W.  
Washington, DC 20009  
(202) 285-8280  
[www.jwv.org](http://www.jwv.org)



**Military Order of the Purple Heart  
of the U.S.A., Inc.**  
5413-B Backlick Road  
Springfield, VA 22151  
(703) 642-5360  
[www.purpleheart.org](http://www.purpleheart.org)



**Paralyzed Veterans of America**  
801 18th Street, N.W.  
Washington, DC 20006  
(202) 872-1300  
[www.pva.org](http://www.pva.org)



**Veterans of Foreign Wars  
of the United States**  
200 Maryland Avenue, N.E.  
Washington, DC 20002  
(202) 543-2239  
[www.vfwdc.org](http://www.vfwdc.org)



**Vietnam Veterans of America**  
8605 Cameron Street, Suite 400  
Silver Spring, MD 20910  
(301) 585-4000  
[www.vva.org](http://www.vva.org)

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
Committee

•  
Senate Resources Committee

•  
Senate Judiciary Committee

•  
Senate Transportation Committee



*Session:*  
State Capitol, Rm. 115  
Juneau, AK 99801  
(907) 465-2435  
Fax: (907) 465-6615

*Interim:*  
716 W. 4<sup>th</sup> Ave, Ste. 540  
Anchorage, AK 99501  
(907) 269-0120

## SENATOR BILL WIELECHOWSKI

May 9, 2007

Senator Bettye Davis, Chair  
Senate Health, Education & Social Services Committee  
State Capitol, Room 30  
Juneau, Alaska 99801

Dear Senator Davis:

I am writing to request a hearing on SJR 11, "A Resolution Supporting federal funding for veterans' health care and urging the United States Congress to ensure adequate funding for veterans' health care."

While our legislatures do all we can for our vets and our returning soldiers, our federal government has the primary responsibility for meeting the needs of our veterans. We need to call on them, as a state, to adequately fund critical veteran services.

I intend to request that representatives from the appropriate departments and from legislative legal services be present to answer any questions that may arise. Further, I would like to allow public testimony to be taken statewide by electronic means.

Included with this letter you will find the latest version of this bill, a Sponsor Statement, and other background materials.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wielechowski".

Senator Bill Wielechowski

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
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## SENATOR BILL WIELECHOWSKI

### **SJR 11 – Supporting Adequate Funding for Veteran’s Health Care Sponsor Statement**

We owe our veterans a debt of gratitude that can never fully be repaid. One of the things we can, and must, do for our veterans is to honor the promises we have made to them. This starts with providing those veterans with access to the quality health care they deserve.

The press has documented the neglect of Walter Reed Army Medical Center, and former Secretary of Veterans Affairs Anthony Principi has publicly stated that the Department of Veterans Affairs has been struggling to provide health care to the rapidly rising number of veterans who require it.

As the state with the largest per capita number of veterans, it is essential that we send a clear signal of our commitment to care for our military personnel both on active duty and as veterans. While our legislature tries to do all we can for our vets and returning soldiers, our federal government has the primary responsibility of meeting the needs of our veterans. We need to call on Congress, as a state, to adequately fund critical veteran services.

We respectfully request the Alaska State Legislature to support this resolution to provide adequate federal funding for veterans’ health care. Thank you.



In Service to America

## ALASKA STATE COUNCIL

### Alaska State Legislature

The House/Senate Joint Committee on Military and Veterans Affairs will soon introduce a Joint Resolution in support of **ASSURED FUNDING FOR VETERANS' HEALTHCARE**. We request your full and impassioned support of this important official statement by Alaska for those who injured while standing guard for America. You will join over twenty other states finally speaking out on this critical issue. We hope you will carry this resolution to your respective national legislative organizations and ask for a similar action by them. You will find many there doing the same.

In 2004 nine national Veteran Service Organizations, for the first time, came together and agreed that the highest priority for veterans across the nation was moving veteran healthcare funding from the "discretionary" budget to an assured funding mechanism. Following this historic agreement these nine national veteran organizations annually call on Congress to pass a federal law changing the manner of funding for veterans healthcare. All of these bills or amendments have failed, consistently on partisan votes. Veteran healthcare must not be a partisan issue. It is a moral obligation of our nation, a "contract" signed with the blood of those willing to stand guard for America.

### What are the key questions in the minds of legislators when they consider this issue?

#### 1. Does direct funding create a new entitlement?

No. Direct funding neither creates an individual health care entitlement nor changes the VA's current mission, eligibility requirements, or medical benefits package. Remember these are "earned" rights.

#### 2. Will direct funding result in runaway costs?

No. The Secretary of Veterans Affairs will retain the right to make an annual priority enrollment decision based on available resources. The vast majority of our veterans choose other healthcare options, although many may be registered with the VA, they do not use its programs or facilities.

#### 3. Will Congress lose oversight if direct funding of the veterans healthcare system is instituted?

No. As with other direct funded federal programs, Congress will retain oversight of VA programs and healthcare services. The VA will still be accountable to Congress for how its funds are spent and how well its healthcare programs are managed. Almost 90% of federal healthcare spending is direct rather than discretionary. Only funding for our active duty military, Native Americans, and veterans healthcare are left up to the annual partisan battles. Veteran healthcare should not be a partisan issue. These are "earned" rights by men and women injured while standing guard for America.

#### 4. Why should the Alaska State Legislature support this resolution?

Alaska has the highest per capita number of veterans in America. [74,500 according to the 2000 US Census] We have already identified over \$1 Billion in **annual** federal revenue to Alaska's veterans and their families, and this does not include military retirement, National Guard, reserve, active duty.

or military contracts in Alaska. Stated simply, it is in the financial best interest of Alaska to ensure federal funding for veteran healthcare. Otherwise our state and local governments will have to cover, in many cases, the costs of medical services to our veterans.

Americans believe this is a "contract" a moral obligation of our nation to those who voluntarily step forward to stand guard for America. We MUST honor this service, we must care for those injured while in service.

Unfortunately both of our national political parties have played the smoke and mirrors game on veteran healthcare funding. Claims of significant increases in funding do not honestly report that most of it is to keep up with medical cost inflation and new demands as a result of the war we are now engaged in. It does not honestly report on these distortions of the VA healthcare system nor candidly place this care in the context of our overall national healthcare needs or system costs.

One of the greatest problems in Alaska is that we do not know where our veterans are. VVA supports a volunteer group of private retired military pilots and planes that go into rural Alaska to find our veterans and "connect" them to the services they legally are due. The VA is currently serving less than 20% of our veterans. We have again asked for legislation that would allow the voluntary registration of all Alaskan veterans through the Permanent Fund Application form, so that our Alaska Department of Military and Veterans Affairs and our Congressionally Chartered Veteran Service Organizations can find and advise our veterans on their, and their families, legal rights. If we could but double the percentage of Alaska veterans served, we would significantly increase the annual federal injection of funds and service far beyond the current \$1 Billion each year. Please consider this other legislative item soon. It's in Alaska's best interest and in the best interest of thousands of our veterans and their families.

With the recent national media attention to the problems of veteran healthcare highlighted by a facility at Walter Reed Hospital, now is the time to act.

We are asking state legislatures, national legislative organizations, the National Conference of Mayors, the National Governor's Association and any other national organization that cares about veterans to pass a simple resolution calling for Congress to act on assured funding for veteran healthcare.

We ask you to join, the nine national Veteran Service Organizations and states across America, in calling upon Congress to change the way veteran healthcare is funded. It is time we honored the "contract" and assured funding for veteran healthcare. They deserve nothing less.

We have been working closely with the Alaska State Legislature's Joint Military and Veterans Affairs Committee Chairs and their staff to craft an appropriate resolution for Alaska.

It is an honor.

**Ric Davidge, President, Alaska State Council  
& Chairman/CEO, Alaska Veterans Foundation, Inc**

PS- Legislators and staff have an open invitation to attend any of our monthly business meetings, held the first Tuesday of each month at 6:30pm in the John Thomas Building on 3<sup>rd</sup> and Cordova.

## **FYI - some recent happenings/examples:**

On 8 MAR 07 Senator Charles Schumer (D-NY) told a Washington, DC newspaper; "Nationwide, veterans are facing a healthcare funding shortfall of more than \$2.8 billion in the midst of a growing nationwide scandal over inadequate treatment of wounded soldiers returning from Iraq and Afghanistan". He pledged to promote, support, and vote for full mandatory funding of veteran's healthcare and services. Full funding for Veterans Healthcare is something all veterans would like to see achieved. A group of veterans has initiated "Operation Firing for Effect" (OFFE) to help achieve that goal. On 19 MAR, while visiting the VA Medical Center in Canandaigua New York, Sen. Schumer took time to meet with Operation Firing For Effect representatives and to sign their Resolution calling for full mandatory funding of veteran's healthcare and services. This Resolution posted at [http://offe2008.org/public\\_html/resolution.htm](http://offe2008.org/public_html/resolution.htm) has been adopted and passed by several U.S. northeast cities and townships, including the Mayor of Chicago, Illinois, Richard Daley, the Governor of Oregon, Ted Kulongoski, plus over 500,000 labor union members in New York State.

The healthcare system is essential to provide vets with adequate healthcare. The links shown provide documentation on the conditions noted:

On 22 AUG 86, the VAMC in Atlanta Georgia released a Memorandum changing their procedures for self injections for diabetic insulin users. The change in policy was as follows; "Effective for new prescriptions written after 2 SEP 86, you should use each disposable insulin syringe two times before throwing it away". The only possible reason for this new policy was budgetary. This change in procedure was an attempt to cut the year's insulin syringe budget in half. Apparently, the VA needed funds elsewhere, and decided this very questionable and risky injection procedure was a good idea. Well known Georgia veterans rights advocate Jere Beery led a successful public campaign to have this unsafe practice stopped immediately. This one small example illustrates how budget restraints affect the quality of healthcare our veterans receive. Mandatory full funding would guarantee that our veterans would never be asked to use a dirty syringe again. Documentation; <http://jerebeery.com/va-syringe-useage.htm>

Although the telephone has been around for well over a century, it wasn't until 1996 that all VA hospitals nationwide were equipped with bedside telephones. Up until that time, unless you could make it to the pay phone down the hall, patients made no calls, much less received any. In 1995, Mr. Francis Dosio of PT Phone Home and the Communication Workers of America Union took up the concept veterans activist Jerry Beery had started several years earlier and launched a nationwide project to install bedside phones in every VA hospital in the country. All of the labor and equipment was donated but the story was never publicized as it highlighted the failure of our Congress to provide such necessities for our hospitalized veterans. The VA didn't have to pay anything for the bedside phone project as all of the funds were donated from the private sector. Assured funding would ensure that our veterans do not have to depend on public donations of this magnitude for the most basic of amenities and services. Documentation; [http://jerebeery.com/bedside telephones in va hospita.htm](http://jerebeery.com/bedside_telephones_in_va_hospita.htm).

In 1998, the VAMC in Atlanta attempted to implement parking fees for all veterans visiting the facility. Vietnam combat veteran Jere Beery openly challenged the parking plan and stimulated public outrage which halted the idea before it was enforced. Mandatory full funding would guarantee that our veterans are never again ask to pay to access the healthcare services they have earned. Documentation; <http://jerebeery.com/va%20parking%201.htm>.

In 2006, two veterans died after they were refused entrance and lifesaving treatment at the VA hospital in Spokane Washington. The reason; they arrived after the emergency room had closed. Mandatory full funding would insure that all VA hospitals with a pre-existing emergency room could maintain 24/7 emergency services for critically ill veterans. Documentation; [http://jerebeery.com/offe\\_extremely\\_concerned\\_about\\_d.htm](http://jerebeery.com/offe_extremely_concerned_about_d.htm).

In 1978, travel reimbursement for veterans traveling to a VA hospital for a scheduled appointment was 11 cents per mile, which was when gas was 49 cents a gallon. This reimbursement amount has remained unchanged for 29 years. In this case, Mandatory full funding would provide the funds to increase this allowance and allow for the payment of travel pay to fluctuate with the rising cost of fuel.

Currently, the VA has a backlog of over 90,000 claims waiting processing. Many veterans are required to wait well over a year for their VA rating decision. Under-staffing is the primary reason for these delays. Mandatory funding would make it possible for the VA to hire additional staff to process and expedite claims.

Low wages offered by the VA make it difficult to entice and retain high quality medical professionals. Doctors, nurses, dentist, psychiatrist, counselors, and nutritionist all make significantly more money in the private sector. Mandatory funding would allow for increases in salaries which would attract more medical professionals into the VA healthcare system.

Mandatory funding would also insure that future medical research done by the VA would not be restricted by budget constraints.

For additional info on OFFE refer to Refer to [http://offe2008.org/public\\_html/index.htm](http://offe2008.org/public_html/index.htm). [Source: OFFE Gene Sims msg. 29 Mar 07 ++]

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_

Bill Version: SJR 10

( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Title SJR 10 Reuse Galena Air Base

Dept. Affected: \_\_\_\_\_

RDU \_\_\_\_\_

Component \_\_\_\_\_

Sponsor Senator Wielechowski

Requester (S) Health, Education & Social Services Committee

Component No. \_\_\_\_\_

**Expenditures/Revenues**

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
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>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
<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>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Prepared by: (S) HEALTH, EDUCATION & SOCIAL SERVICES COMMITTEE

Phone 465-3822

Division \_\_\_\_\_

Date/Time \_\_\_\_\_

Approved by: /s/ Senator Battya Davis, Chair

Date 5/8/2007

Agency \_\_\_\_\_



# GALENA CITY SCHOOL DISTRICT

GALENA, ALASKA 99741

PHONE (907) 656-1205

FAX (907) 656-2238

SUPERINTENDENT

Jim Smith

May 8, 2007

To: Health, Education, and Social Services Committee  
Re: Proclamation of Support for Senate Joint Resolution No. 10

Serving in my eighth year here in Galena and as an Alaska School Administrator I present support for the educational options provided through high school boarding schools of choice.

**Rural Alaska Educational Challenges:**

- Declining Enrollments
- Teacher Shortages
- Increased Native Drop-out rates
- Low Rural Student Test Scores
- Access to Health Services
- Increased Energy Costs
- Increased Retirement Costs
- Rising Village Social Problems
- Need for Available Vocational Training

**Regional Learning Center Solutions Presented in the Galena Facilities:**

- Availability of Excellent Facilities, Infrastructure with Minimal Costs
- Four Hundred Beds Available with Potential of More
- Supportive Community Positioned in the Center of the Alaskan Interior
- Controlled Living Environment and Support of Native Culture
- Presents a High Graduation Rate
- Strong AYP Student Test Scores
- Available Post Secondary Certified Training Programs
- Supports Family Choice
- Minimal Drop-out Rate
- Currently serving One-hundred Students from Forty-five Alaska Communities
- Operates a Successful Resiliency Life Program in Student Residence Halls
- Provides Safe Harbor for Students in Need
- Supports Cultural Focus from all Areas of the State of Alaska

On behalf of the Galena City School District, we offer our sincere appreciation for this consideration of support on behalf of the children of Alaska.

Respectfully Submitted,

James E. Smith  
Superintendent

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
Committee

•  
Senate Resources Committee

•  
Senate Judiciary Committee

•  
Senate Transportation Committee



*Session:*  
State Capitol, Rm. 115  
Juneau, AK 99801  
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*Interim:*  
716 W. 4<sup>th</sup> Ave, Ste. 540  
Anchorage, AK 99501  
(907) 269-0120

## SENATOR BILL WIELECHOWSKI

### **SJR 10 – Supporting Facility Reuse of Galena Air Base Sponsor Statement**

In 2005, the Defense Base Realignment and Closure Commission began the process of closing the Air Base in Galena, AK. The facilities, valued at more than \$150 million, must be reused, or they face demolition. The United States Air Force departure is to be completed in October 2008.

The Galena Economic Development Council, which includes the City of Galena, the Loudon Village Council, and the Galena City School District, has proposed that the facilities be used for regional educational services. These include regional and statewide boarding schools, an interior military youth academy, and a correspondence school. An integral part of the community and the economy, the Air Base would house and educate students from all over Alaska.

The Alaska State Legislature should support Galena's reuse of United States Air Force facilities for educational services and urge the governor, the United States Air Force, and the Alaska Congressional Delegation to assist the City of Galena in its effort to implement a viable and long-lasting reuse of the Galena Air Base. Thank you.

**SENATE JOINT RESOLUTION NO. 10**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-FIFTH LEGISLATURE - FIRST SESSION**

**BY SENATORS WIELECHOWSKI, Kookesh**

**Introduced: 5/2/07**

**Referred: Health, Education and Social Services**

**A RESOLUTION**

1 **Supporting the reuse of facilities at the Galena Air Base to provide regional educational**  
2 **services.**

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

4 **WHEREAS**, in 2005, the Defense Base Realignment and Closure Commission  
5 demonstrated a willingness to close the Galena Air Base in place of Eielson Air Force Base,  
6 thereby eliminating one important forward operating location and severing ties with the  
7 community; and

8 **WHEREAS** the Galena Air Base constitutes a critical aspect of Galena's economy and  
9 culture; and

10 **WHEREAS** the economic vitality of Galena is also important to the economic health  
11 of the Fairbanks North Star Borough and adjacent communities; and

12 **WHEREAS** the Defense Base Realignment and Closure Commission recommended a  
13 2011 deadline for the community to achieve economic viability, but the United States Air  
14 Force set a new, earlier closure date of October 2008; and

15 **WHEREAS** the United States Air Force will be leaving facilities with a value greater  
16 than \$150,000,000 for reuse or mandatory demolition; and

1           **WHEREAS**, the Galena Economic Development Council, which includes the City of  
2 Galena, the Loudon Village Council, and the Galena City School District, have proposed that  
3 the United States Air Force facilities left behind when the Galena Air Base is closed be used  
4 for regional educational services; and

5           **WHEREAS** the state has contributed resources and property in support of Galena's  
6 reuse plan; and

7           **WHEREAS** in 2005, the State Board of Education and Early Development, asked the  
8 legislature, the governor, and the education community to collaborate on a system of  
9 statewide boarding schools that meet the needs of Alaska's students; and

10          **WHEREAS** the Association of Alaska School Boards has resolved to support school  
11 districts operating regional boarding high schools; and

12          **WHEREAS**, because of increased enrollment demands, the Department of Military  
13 and Veterans' Affairs is seeking a location for an interior military youth academy; and

14          **WHEREAS** the community operates a successful vocational high school boarding  
15 program and the Galena City School District operates a statewide correspondence school  
16 serving more than 3,800 children; and

17          **WHEREAS** Galena has demonstrated a record of success in education and the ability  
18 to reuse Air Force facilities; and

19          **WHEREAS**, under AS 24.20.675, the Joint Armed Services Committee has a duty to  
20 review the effect on communities of and work on specific realignment activities;

21          **BE IT RESOLVED** that the Alaska State Legislature supports Galena's reuse of  
22 United States Air Force facilities for regional educational services and urges the governor, the  
23 United States Air Force, and the Alaska Congressional delegation to join with the Alaska  
24 State Legislature in assisting the City of Galena in its effort to implement a viable and long-  
25 lasting reuse of the Galena Air Base.

26          **COPIES** of this resolution shall be sent to the Honorable Michael W. Wynne,  
27 Secretary of the Air Force; and the Honorable Ted Stevens and the Honorable Lisa  
28 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of  
29 the Alaska delegation in Congress.

**SJR**

**11**

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
Committee

•  
Resources Committee

•  
Judiciary Committee

•  
Transportation Committee



State Capitol, Rm. 115  
Juneau, AK 99801  
(907) 465-2435  
Fax: (907) 465-6615

716 W. 4<sup>th</sup> Ave, Ste. 440  
Anchorage, AK 99501  
(907) 269-0102  
Fax: (907) 269-6122

## SENATOR BILL WIELECHOWSKI

January 25, 2008

Senator Bettye Davis, Chair  
Senate Health, Education Social Services Committee  
Room 30, State Capitol  
Juneau, Alaska 99801

I respectfully request a hearing on SJR 11, a resolution supporting federal funding for veterans' health care and urging the United States Congress to ensure adequate funding for veterans' health care.

This simple resolution expresses gratitude for and recognizes the sacrifices made by veterans who suffer from medical and mental problems resulting from injuries sustained while serving in the U.S. Armed Forces. It urges the United States Congress to increase funding for veteran's health care, in light of the deplorable funding inadequacies that exist today.

Thank you for your speedy consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wielechowski".

Senator Bill Wielechowski

# ALASKA STATE LEGISLATURE

Co-chair, Joint Armed Services  
Committee

•  
Senate Resources Committee

•  
Senate Judiciary Committee

•  
Senate Transportation Committee



*Session:*  
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Juneau, AK 99801  
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*Interim:*  
716 W. 4<sup>th</sup> Ave. Ste. 540  
Anchorage, AK 99501  
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## SENATOR BILL WIELECHOWSKI

### **SJR 11 – Supporting Adequate Funding for Veteran’s Health Care Sponsor Statement**

We owe our veterans a debt of gratitude that can never fully be repaid. One of the things we can, and must, do for our veterans is to honor the promises we have made to them. This starts with providing those veterans with access to the quality health care they deserve.

The press has documented the neglect of Walter Reed Army Medical Center, and former Secretary of Veterans Affairs Anthony Principi has publicly stated that the Department of Veterans Affairs has been struggling to provide health care to the rapidly rising number of veterans who require it.

As the state with the largest per capita number of veterans, it is essential that we send a clear signal of our commitment to care for our military personnel both on active duty and as veterans. While our legislature tries to do all we can for our vets and returning soldiers, our federal government has the primary responsibility of meeting the needs of our veterans. We need to call on Congress, as a state, to adequately fund critical veteran services.

We respectfully request the Alaska State Legislature to support this resolution to provide adequate federal funding for veterans’ health care. Thank you.

**SJR**

**18**

# ALASKA STATE LEGISLATURE



Co-chair, Joint Armed Services  
Committee

•  
Senate Resources Committee

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Senate Judiciary Committee

•  
Senate Transportation Committee

*Session:*

State Capitol, Rm. 115  
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## SENATOR BILL WIELECHOWSKI

### **SJR 11: Toxic Toys Sponsor Statement**

Numerous recalls of children's toys and other products have filled the headlines in recent years. These recalls have also illuminated a weakness in consumer protection and child safety: the regulatory agency, the Consumer Product Safety Commission (CPSC) does not analyze toys or children's products for the presence of chemicals linked to harmful health and developmental impacts, like lead. SJR 18 requests the federal government to test of children's toys for these dangerous chemicals.

The CPSC conducts tests to determine if a toy presents a choking, aspiration or ingestion hazard but relies on toy and child product manufacturers to self-regulate the materials used (and thus toxicity levels) in their products.

Recalls are mostly voluntary and occur when a company alerts the agency of a problem. This past summer, millions of toys were recalled because of dangerous levels of lead paint. The only federal law applies only to lead in paint—it does not regulate it in other materials, making lead in vinyl (PVC) products (like teething rings and baby bibs) legal.

SJR 18 requests that the materials used in toys and other children's products be tested for toxicity and to make the results publicly available to protect children, the public, and workers who handle the products. Please join us in protecting our children's health.



## **ALASKA CENTER *for the* ENVIRONMENT**

807 G Street, Suite 100 \* Anchorage, Alaska 99501

907-274-3621 phone \* 907-274-8733 fax \* [ace@akcenter.org](mailto:ace@akcenter.org) \* [www.akcenter.org](http://www.akcenter.org)

March 3, 2008

The Honorable Bill Wielechowski  
Alaska State Senate  
Alaska State Capitol  
Juneau, Alaska 99801-1182

Dear Senator Wielechowski,

I am writing to offer our support for SJR 18, "Requesting the President of the United States to direct the United States Consumer Product Safety Commission to test the materials used in children's toys and other children's products for toxicity and to make the results publicly available."

As you know, ACE is a non-profit environmental education and advocacy organization. Founded by a group of concerned Alaskans in 1971, ACE is the largest grassroots conservation organization in Alaska with over 6,000 members a vast majority of which are Alaskan residents. Thousands of Alaskans find expression for their conservation values through membership in ACE's values of balance, common sense, and long-range stewardship in managing our natural resources.

SJR 18 is an important statement that addresses a significant, yet clearly avoidable threat to our kids. Children are more susceptible to toxics in toys because of their size in comparison to adults. Children's organs are still forming and are more vulnerable to chemicals. Therefore, the dose needed to see the negative impacts of toxics in toys are less than it is in adults. Exposure to these toxics can cause serious health issues including interference with hormonal systems, disrupt testosterone production, cause malformed sex organs. Additionally, certain types of toxics are found to alter functions of the thyroid gland, brain, pancreas and prostate gland.

On behalf of our staff, board, and members thank you for introducing this important piece of legislation to protect Alaska's communities.

Sincerely,

Randy Virgin  
Executive Director

**SR**

**3**

**Use of Corporate Seal**

**P02.01.05**

The president will be the custodian of the University of Alaska corporate seal and is authorized to delegate custody of the seal to the registrars of the University of Alaska with authority to use the seal for certification of transcripts and execution of academic diplomas.

(06-08-96)



Official Business

# ALASKA STATE LEGISLATURE

## **SENATOR THOMAS H. WAGONER**

- Member, Senate Resources Committee
- Member, Community & Regional Affairs
- Member, World Trade

Session: January - May  
State Capitol, #423  
Juneau, AK 99801  
Phone: 907-465-2828 Fax: 907-465-4779

Interim: May - December  
145 Main Street Loop; Suite 226  
Kenai, AK 99611  
Phone: 907-283-7996 Fax 907-283-8127

February 26, 2007

### MEMORANDUM

To: Senator Bettye Davis, Chair  
Senate Health, Education and Social Services Committee

From: Senator Tom Wagoner *Tom*

Subject: Senate Resolution 3 Committee Hearing

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I would like to request a hearing be scheduled in the Senate Health, Education and Social Services Committee and your earliest convenience.

I am attaching back up information with this hearing request.

The issue of the impeachment of Regent Hayes should be addressed speedily. The Board of Regents needs a member that is able to put their time and energy into University issues; Jim Hayes needs to put his time and energy into defending himself.

If you should have any questions, please contact Amy Seitz, 2828.

Thank you



Official Business

# ALASKA STATE LEGISLATURE

## **SENATOR THOMAS H. WAGONER**

- Member, Senate Resources Committee
- Member, Community & Regional Affairs
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## **Sponsor Statement Senate Resolution 3**

Ethical standards for public officials have been a central focus of recent political discussions. Members of the Alaska Legislature are under investigation, and members of the executive branch have been under scrutiny regarding their ethical practices for the past few years. The Legislature is considering several ethics bills this session in the hope that tighter restrictions will compel public officials to conduct themselves in a more ethical fashion.

With public officials under heightened scrutiny, it is important to do what we can to remove even the appearance of questionable behavior. James C. Hayes was indicted in January on federal fraud and money laundering charges. If a public official is under investigation for a major offense, such as Regent Hayes, that person should voluntarily step down from office until the matter is resolved.

Senate Resolution 3 is not an indication that the Legislature believes Mr. Hayes is guilty, only that he should step down and remove the appearance of unethical behavior from his public office and also take the time he needs to defend himself in this case. This would allow a person who can commit time to the Board of Regents; time which Regent Hayes has demonstrated he does not have.

The Board of Regents for the University of Alaska is a crucial and distinguished body of the State of Alaska, and members of the public should be able to trust that regents are not in a position to abuse that position of authority.



April 28, 2001

Office of Juvenile Justice and Delinquency Prevention  
810 Seventh Street, NW  
Washington, DC 20531

Mr. Eric Stansbury  
Program Director  
Office of Juvenile Justice and Delinquency Prevention

As former Mayor of the City of Fairbanks, I am aware of the importance of having a meeting place for our youth. As a member of the Board of Directors for the LOVE Social Services Center, Inc. and as a Board of Regents for the University of Alaska, I can think of nothing but praise for the organization.

As students leave high school, we find that they are ill prepared for university life and academics. It is my hope and the hope of others in this community that an organization such as LOVE Social Services Center, Inc. will help prepare young people to succeed. The remedial assistance that the organization gives is invaluable.

What a wonderful opportunity the youth of our community have to be able to have a place such as LOVE Social Services to go and receive help in the basic education steps as reading, writing and mathematics. In addition, it is beneficial to have after school activities available to teach them socialization skills.

It is without hesitation that I offer my support to this organization.

Best regards,

*James C. Hayes*

James C. Hayes,

Board of Regents  
University of Alaska

**FAIRBANKS**  
**Daily News - Miner**

## Hayes used UA seal to back grant proposal

By Robinson Duffy  
 Published January 20, 2007

Jim Hayes used his title of University of Alaska regent as well as the university's official seal on a document to help secure federal grant money for LOVE Social Services, the nonprofit organization run by his wife, Chris Hayes, that is at the center of a federal case. This week, the Hayeses were indicted on multiple charges of theft, conspiracy and money laundering.

Alaska law and university policy prohibit public officials from using their positions for personal gain or the gain of their family.

In 2003, when LOVE Social Services was trying to secure a \$745,000 grant from the U.S. Office of Juvenile Justice and Delinquency Prevention, Jim Hayes, who serves on LOVE Social Services' board of directors, supplied a letter of support for the agency.

In the letter, which was included among several documents obtained by the Daily News-Miner last year through a federal Freedom of Information Act request, Hayes lists his credentials as a former mayor of Fairbanks and as a member of the Board of Regents.

"As a member of the Board of Directors for the LOVE Social Services Center, Inc. and as a Board of Regents [sic] for the University of Alaska, I can think of nothing but praise for the organization," Hayes wrote in the letter.

The letter is signed "James C. Hayes, Board of Regents, University of Alaska." In the top left hand corner of the single-page letter is the official seal of the University of Alaska.

"The seal is supposed to be used for official university business. That is in our policy and in our regulations," university spokeswoman Kate Ripley said.

The university's seal is typically used to designate that something is an official university document. It also appears on T-shirts and mugs but only those authorized by the president's office. "Unauthorized use or reproduction of the university seal is prohibited," the regulations state.

The process of obtaining permission to use the official seal is an informal one, Ripley said. It is not uncommon for people to create their own letterhead using the seal and then get it approved by the president's office, she said. No paperwork is required, so there would be no record showing that Hayes obtained permission to use the seal in this case.

Ripley would not comment on Hayes' use of the seal on this particular document or whether or not it was appropriate, only noting that the letter does not appear to be on official university letterhead. She again emphasized that the university seal is only to be used for official university business.

Jim Hayes, in the letter, does not mention his relationship to Chris Hayes, who serves as the director of LOVE Social Services. As director, Chris Hayes earns a salary, which records indicated would have been paid by the grant for which Jim Hayes had provided the letter of support. According to the grant application accompanying Jim Hayes' letter, the LOVE Social Service's director's yearly salary is \$60,000.

State law holds that "a public officer may not use, or attempt to use, an official position for personal gain, and may not intentionally secure or grant unwarranted benefits or treatment for any person."

Hayes is not being investigated by the university for his actions, Ripley said.

"At this point I don't know what we would be investigating," she said.

When asked if Hayes' use of the seal or his position as a regent to help obtain funds for LOVE Social Services would be something the university would investigate, Ripley said, "If that came forward as a complaint, we would have to evaluate it at that point."

Mark Morones, spokesman for the state Department of Law, would not comment on the case or the letter in question as to whether or not Hayes violated the state law, known as the Executive Branch Ethics Act. He would only say that Hayes, as a public official, is subject to the ethics act and that his department would only investigate such matters if a formal complaint were submitted.

Hayes' term as a regent expires in 2011. Regents are appointed by the governor for eight-year terms and, according to Ripley, may only be removed by an act of the governor ratified by the Legislature.

Gov. Sarah Palin's office has not been in contact with Hayes, Deputy Press Secretary Charles Fedullo said, but has been talking with officials at the university about the issue and what steps, if any, the university would be taking in the matter. University officials, Fedullo said, were interested in knowing if the governor's office would be pursuing any action. The governor had not yet made any decisions on the matter, he said.

"It is something that is of concern and we are watching the legal process," Fedullo said.

Attempts to reach Hayes were unsuccessful Friday.

Contact staff writer Robinson Duffy at 459-7523 or [rduffy@newsminer.com](mailto:rduffy@newsminer.com).

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