

Resolution 2-05

Support for Increase in Federal Medical Assistance Percentage

Submitted by:
Alaska Native Health Board

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

WHEREAS, the Centers for Medicare and Medicaid Services in the United States Department of Health and Human Services announced that the Alaska Federal Medical Assistance Percentage will be reduced on October 1, 2005, by 7.58 percent, changing the prior rate of 57.58 percent federal assistance and 42.42 percent state assistance to a rate of 50 percent federal assistance and 50 percent state assistance; and

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

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

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

- (1) 650,000 people live in Alaska, a state the size of Texas, California, and Montana combined, that extends over 3,000 miles from the Aleutian Islands to Canada;
- (2) most of Alaska is without roads and transportation is largely accomplished by boat, airplane, and snowmobile;
- (3) much of the health care provided in Alaska is located outside of local villages and residential areas, necessitating air transportation to larger metropolitan areas such as Anchorage, Alaska, and Seattle, Washington, that are hundreds or thousands of miles away;
- (4) gasoline prices in much of rural Alaska can be close to \$6 a gallon or higher; heating fuel, at a comparably high cost, must be used year-round; and electricity must be locally generated due to the distances between rural electrical grids relying on expensive fossil fuels;
- (5) much of Alaska food and all manufactured goods must be shipped in from the lower 48 states by barge during the brief summer months and flown in by air during the rest of the year at a high cost;
- (6) recruitment and retention of qualified health care providers is made difficult by the remoteness of the areas served and the necessity of working long hours without relief, requiring higher salaries;

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

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

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

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

Therefore the Alaska Public Health Association resolves to: urge federal action to restore the formula for the Federal Medical Assistance Percentage in Alaska in order to allow for the fiscal year 2005 rate for Alaska of 57.58 percent federal assistance and 42.42 percent State assistance to be maintained, and to take whatever additional actions are necessary to hold Alaska harmless from the proposed reduction in the Federal Medical Assistance Percentage in Alaska.

Fiscal Impact:

If this resolution is passed, ALPHA will incur minimal telephone and mailing costs to distribute the resolution.