

February 14, 2025

Senator Lisa Murkowski  
522 Hart Senate Office Building  
Washington, DC 20510

Senator Dan Sullivan  
702 Hart Senate Office Building  
Washington, DC 20510

Congressman Nick Begich  
153 Cannon House Office Building  
Washington, DC 20510

**RE: Urgent Healthcare Considerations for Alaska**

Dear Senator Murkowski, Senator Sullivan, and Congressman Begich,

For over 70 years, the Alaska Hospital & Healthcare Association (AHHA) has served as a non-profit trade association representing Alaska's hospitals, nursing homes, and a growing number of healthcare partners across the continuum of care. AHHA members play an invaluable role, both as community providers and essential employers, in cities, towns, and villages across Alaska.

AHHA appreciates our close relationship with you and the work we have undertaken together on complex healthcare issues that affect our state. We write today to express significant unrest over a variety of healthcare issues being considered at the federal level.

**Immediate Issues**

The most immediate issues concern the Congressional action needed to fund the federal government. In December, Congress passed a legislative package to fund the government through mid-March and included the extension of key healthcare provisions that are now set to expire March 31.

Absent Congressional action, the Medicaid Disproportionate Share Hospital (DSH) program will be cut, key rural hospital programs will cease, and waivers that are critical to our state will end. These issues have a direct impact on our healthcare system and Alaskans across the state. The Medicaid DSH program is a vital funding source for Alaska's state-run psychiatric hospital (Alaska Psychiatric Institute), and we are concerned that the scale of cuts will disrupt the facility's ability to operate and deliver



services to some of the most complex patients that have nowhere else to receive care. We also expect an adverse ripple effect—both financially from the cuts and operationally from the disruption to capacity—on our private psychiatric hospitals that are already maxed out with patients.

Unfortunately, the same sentiment exists for the expiration of key rural programs, such as the Medicare enhanced low-volume adjustment (LVA) program. Congress established the LVA program in 2005 to help isolated, rural hospitals. Given our geography, this program is essential to our hospitals as it provides payment adjustments for Medicare to support access to services.

Telehealth is foundational to healthcare delivery in our state. Alaska has led the way for telehealth delivery for years. Use of telehealth became even more critical during the COVID-19 pandemic, and as our technology evolved with zoom, facetime, and other platforms, the federal government adopted practical flexibilities to maximize delivery and access to telehealth services. Those ingenuities, which are captured in the telehealth waivers, expire March 31. Not renewing the waivers will be a step back for healthcare and our state as we intimately rely on telehealth to deliver care in rural Alaska.

As we urge your action to extend these programs before March 31, we need to update you on the reality of our healthcare system, especially as broader funding issues are debated in Congress.

### **Functionality of Alaska's Healthcare System and Destabilizing Pressure**

AHHA recognizes the gravity of the national debt and deficit. We also acknowledge the cost of healthcare is too high and unsustainable. However, as Congress considers ways to reduce the national debt and curb the deficit, it is critical to be mindful of just how devastating some fiscal levers will be for the ability of Alaskans to access healthcare.

As we understand it, the House Majority is seeking \$880 billion in savings from Medicare and Medicaid through 2034. With the Trump Administration emphasizing that Medicare should largely be insulated from these reductions, we are gravely concerned about the implications for Medicaid.

The magnitude of these cuts undoubtedly would include reductions to the Federal Medical Assistance Percentage for Alaska, efforts to shrink the number of Alaskans covered by Medicaid, and elimination of enhanced tax credits for insurance plans on the federal marketplace.



Over 250,000 Alaskans are covered under Medicaid, with an estimated 72,000 individuals eligible through Medicaid expansion. We estimate that 23,000 Alaskans obtain insurance coverage through the federal marketplace using enhanced tax credits. This means that about 100,000 Alaskans will be uninsured if Medicaid expansion is rolled back and the tax credits are not renewed.

If the Federal Medical Assistance Percentage for Alaska is reduced, Alaska's General Fund budget deficit will instantly see a massive swing and the private insurance market in our state will be completely destabilized from loss of the enhanced tax credits and reinsurance support, causing premiums to skyrocket. Simply put, we would see loss of insurance coverage for thousands upon thousands of Alaskans.

Alaska's existing healthcare system is not stable. Exposing it to the magnitude of uncompensated care costs and budgetary pressure contemplated above would be catastrophic for Alaskans, and we do not use this word lightly.

Based on monthly surveys of Alaska's hospitals over the past year, we are finding increasing instances in which patients no longer need to be in an acute care hospital but remain at the hospital because there is no place for them to go for continued care. Cumulatively, Alaskans spent 67% longer in the hospital than the rest of the U.S.

This gridlock is a result of many factors, including workforce shortages, bed availability at post-acute care facilities, a lack of services for complex needs, delays from insurance coverage, delays in Medicaid processing and eligibility, the growing problem with homelessness, and the lack of guardianship or healthcare proxy designations.

These patients are stuck in the most complex, expensive environment in the healthcare system, and the hospitals caring for them are not paid for the added stay because the patients no longer medically require hospitalization. Across Alaska, 1 out of every 7 hospital beds is tied up with these individuals, and in 2023, patients in this situation spent 43,646 extra days in the hospital!

Not only does this tie up crucial bed capacity and patient care teams from those who need hospital services, it also puts substantial strain on healthcare costs. Remember, hospitals do not get paid for these "extra" days and, using a conservative benchmark, we estimate these costs to be \$188 million annually that effectively go unpaid and get absorbed throughout the entirety of the healthcare system, driving up the cost of care for all Alaskans.

Straining our service delivery mechanisms by cutting the Federal Medical Assistance Percentage and reducing healthcare coverage in Medicaid and the marketplace will not save money in our state. Rather, it will immediately undermine access to care at an



appropriate, lower-level setting in the community like primary care, and ultimately drive-up reliance on hospital emergency departments by thousands of individuals.

### Closing

In closing, thank you for considering our perspective as you debate budgets and programs that have a direct impact on Alaskans. We understand that sacrifices must be made, but the type of sacrifices contemplated will be real, immediate pain to us at home that will severely affect the health and well-being of Alaskans. I will be in Washington D.C. with other Alaska healthcare leaders the first week of May, and we hope to schedule time to continue this dialogue with each of you. We are also happy to answer any questions and collaborate on healthcare solutions that can work for our state.

Thank you for your leadership in prioritizing access to quality, sustainable healthcare for all Alaskans.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Kosin'.

Jared C. Kosin, JD, MBA  
President & CEO