

March 26, 2025

Senator Forrest Dunbar, Chair
Senate HSS Committee Members
Senate Health & Social Services Committee
State Capitol Room 205
Juneau, AK 99801

Senator.Forrest.Dunbar@akleg.gov
Senate.Health.And.Social.Services@akleg.gov

RE: AHHA Supports SJR 15 – Opposing Medicaid Cuts

Dear Chair Dunbar and Committee Members,

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 supports SJR 15 and its call for Alaska's Congressional Delegation to oppose cuts to federal spending on Medicaid.

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 U.S. 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 seemingly 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 premium 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.

Advancing Healthcare for Alaska

www.alaskahha.org

1007 W 3rd Ave, Suite 301 | Anchorage, AK 99501
426 Main St. | Juneau, AK 99801



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.

In closing, we thank you for considering these impacts and the importance of Medicaid to the state's healthcare system, communities, citizens, and economy. We urge you to adopt SJR 15.

Sincerely,

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

Jared C. Kosin, JD, MBA
President & CEO