

RESOLUTION 2015-10

**A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA
URGING THE ALASKA LEGISLATURE TO EXPAND MEDICAID COVERAGE TO
IMPROVE THE HEALTH OF ALASKANS AND TO IMPROVE
THE ALASKAN ECONOMY.**

WHEREAS, nearly 42,000 of our family members, friends and neighbors have the opportunity to gain health care coverage under expansion; and

WHEREAS, Medicaid expansion will improve health outcomes by reducing the number of uninsured Alaskans by half, improving preventive and primary care access, providing substance abuse treatment and mental health counseling, and reducing the mortality rate; and

WHEREAS, Medicaid expansion brings over \$1 billion in new federal revenue into Alaska over the first five years; and

WHEREAS, studies project expansion will likely yield 4,000 new jobs, \$1.2 billion more in wages and salaries paid to Alaskans, and \$2.49 billion in increased economic activity throughout the state; and

WHEREAS, with expansion the State would save \$6.1 million in FY2016 by using federal funds to pay for health services currently paid for with state general funds; and,

WHEREAS, federal funds will pay for 100% of services provided to the expansion population through 2016 and will transition to 90% in 2020 and beyond; and

WHEREAS, the State's continued participation is contingent upon maintaining the 90% match; and

WHEREAS, Medicaid expansion will significantly reduce the burden of uncompensated care, which was over \$90 million at non-tribal Alaska hospitals in 2013; and

WHEREAS, Medicaid expansion will serve as a catalyst for meaningful Medicaid reform; and

WHEREAS, leveraging the federal resources that come with expansion is the State's biggest opportunity to finance reform efforts; and

WHEREAS, the State has the option of various Medicaid expansion demonstration projects it may also consider as part of reform; and

NOW THEREFORE BE IT RESOLVED, the Assembly of the City and Borough of Sitka endorses Medicaid expansion, recognizing we all have an interest in ensuring that Alaskans are as productive as possible so they can contribute to our communities and economy; and

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48 BE IT FURTHER RESOLVED, that the Assembly of the City and Borough of Sitka strongly
49 urges the Alaska Legislature to expand Medicaid for the benefit of Alaskans and the Alaska
50 economy to take effect in July 2015 and, though reform efforts should be of utmost importance,
51 this work should not delay health care coverage for those Alaskans who would be eligible for
52 Medicaid under expansion.

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54 **PASSED, APPROVED AND ADOPTED** by the assembly of the City and Borough of
55 Sitka, Alaska on this 10th day of March 2015.

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Matt Hunter, Deputy Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk

THE HEALTHY ALASKA PLAN

Medicaid expansion — Saves Alaska money. Saves Alaska lives.

healthy for Alaskans;

healthy for the economy;

healthy for the state's budget;

a catalyst for reform.



Medicaid expansion provides thousands of Alaskans the opportunity to get the health care they need. Federal Medicaid dollars will generate jobs and economic activity in our state, save the state money, and provide a catalyst for Medicaid reform for Alaska.

GOOD FOR ALASKANS

Nearly 42,000 Alaskans between ages 19 and 64 will be eligible for health coverage under Medicaid expansion. An expected 20,000 will sign up the first year.

Here's who would be eligible:

- Single adults earning up to \$20,314 a year or less — that's \$9.76 an hour based on a 40-hour work week
- Married couples earning up to a combined income of \$27,490 a year or less.

Expanding Medicaid coverage

- Cuts the number of uninsured Alaskans by half,
- Improves access to preventive and primary care,
- Improves access to substance abuse treatment and mental health counseling, and
- Saves lives.

GOOD FOR ALASKA'S ECONOMY

Studies project that Medicaid expansion will bring more than \$1 billion in new federal money to Alaska over the first five years. That means Alaska would gain:

- 4,000 new jobs,
- \$1.2 billion in wages and salaries paid to Alaskans,
- \$2.5 billion in increased economic activity throughout the state, and
- Fewer lost work days and less employee turnover.

Expanding Medicaid will bring Alaska tax dollars back to Alaska. It could help stabilize rising insurance premiums and medical prices by reducing uncompensated care that health providers currently provide to Alaskans with no insurance coverage.

Learn more about the Healthy Alaska Plan at:
dhss.alaska.gov/healthyalaska

THE HEALTHY ALASKA PLAN

Medicaid expansion — Saves Alaska money. Saves Alaska lives.



nearly **42,000**
uninsured
ALASKANS
eligible for basic health
care coverage*



\$1.1
BILLION
in new federal
revenue for Alaska*



4,000
new
JOBS**



\$1.2
BILLION
more in wages
and salaries
paid to Alaskans**

GOOD FOR ALASKA'S BUDGET

Expanding Medicaid reduces the state's budget. Federal funds will pay for some health services currently paid for with state funds. State savings are estimated at \$6.1 million the first year.

Federal funds pay for 100 percent of expansion costs through 2016 and transition to 90 percent in 2020. Savings to the state will offset its share of the costs.

Federal financing of Medicaid expansion:

Calendar year	Federal match rate
2014-2016	100%
2017	95%
2018	94%
2019	93%
2020 and beyond	90%

The state's continued participation is contingent upon maintaining the 90 percent match.

The state currently pays virtually 100 percent of the health costs for Alaskans in our corrections system. Through Medicaid expansion, we will be able to bill some inmate health care costs to federal Medicaid, saving the state an estimated \$4 to \$7 million annually.

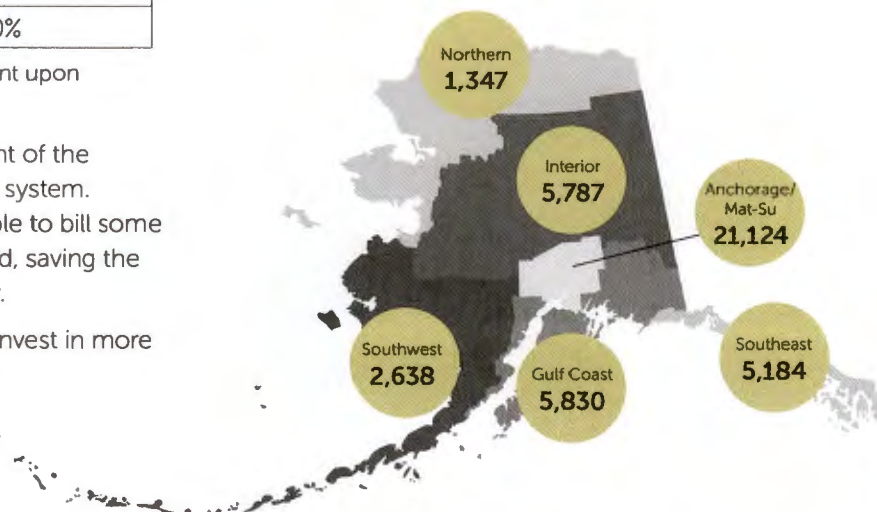
The state can invest in healthy Alaskans or invest in more prisons. Alaska's *2015 Recidivism Reduction Plan* states that Medicaid expansion provides substance abuse treatment and other critical health care services that help keep ex-prisoners out of jail.

A CATALYST FOR REFORM

Some Medicaid reforms are already underway. Leveraging the federal resources that come with expansion is our biggest opportunity to finance our reform efforts. The state will redesign Medicaid through a plan that makes sense for Alaska by evaluating options like:

- Payment reform
- Strengthened primary care
- Care management
- Workforce innovation
- Maximizing federal matching fund opportunities
- Improved telehealth capability

Nearly 42,000 Alaskans would be eligible for Medicaid after expansion:



* Projected Population, Enrollment, Service Cost and Demographics of Medicaid Expansion Beginning in FY2016, A memorandum prepared by Evergreen Economics for the Alaska Department of Health and Social Services

** Fiscal and Economic Impacts of Medicaid Expansion in Alaska, A report prepared by Northern Economics for the Alaska Native Tribal Health Consortium



Healthy Alaska Plan

Reform is Necessary

Reform is necessary

- State of the Budget Address
 - Identify 25% cuts of the next several years
- Minimize the impact to those we serve
- Efficiencies, Improvements and Innovations are critical to bend the cost curve

DHSS Budget = \$2.7B

- Medicaid = \$1.7B

The current Medicaid program is not sustainable



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Catalyst for Reform

Building on Reforms Underway

- Control overutilization of hospital emergency room services
- Increased fraud and abuse prevention and control efforts
- Activities to reduce waste
- Home and community-based service improvements
- Coordination with Patient-Centered Medical Home initiatives
- Coordination with the Alaska tribal health system
- Investigating waiver options



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Catalyst for Reform

Additional Reform Options

Building blocks to achieving meaningful reform

- Payment Reform
- Strengthened Primary Care
- Care Management
- Workforce Innovation
- Maximizing federal matching fund opportunities
- Improved Telehealth Capability



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Catalyst for Reform

Additional Reform Options

Reform strategies for increasing prevention and shared responsibility

- Cost-sharing options
- Health Savings Accounts (HSAs) for certain enrollees
- Services to direct patients to the appropriate level of care
- Incentives for healthy behaviors
- Increased access to preventative services
- Work assistance benefits for the expansion group



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Catalyst for Reform
Designing Reform

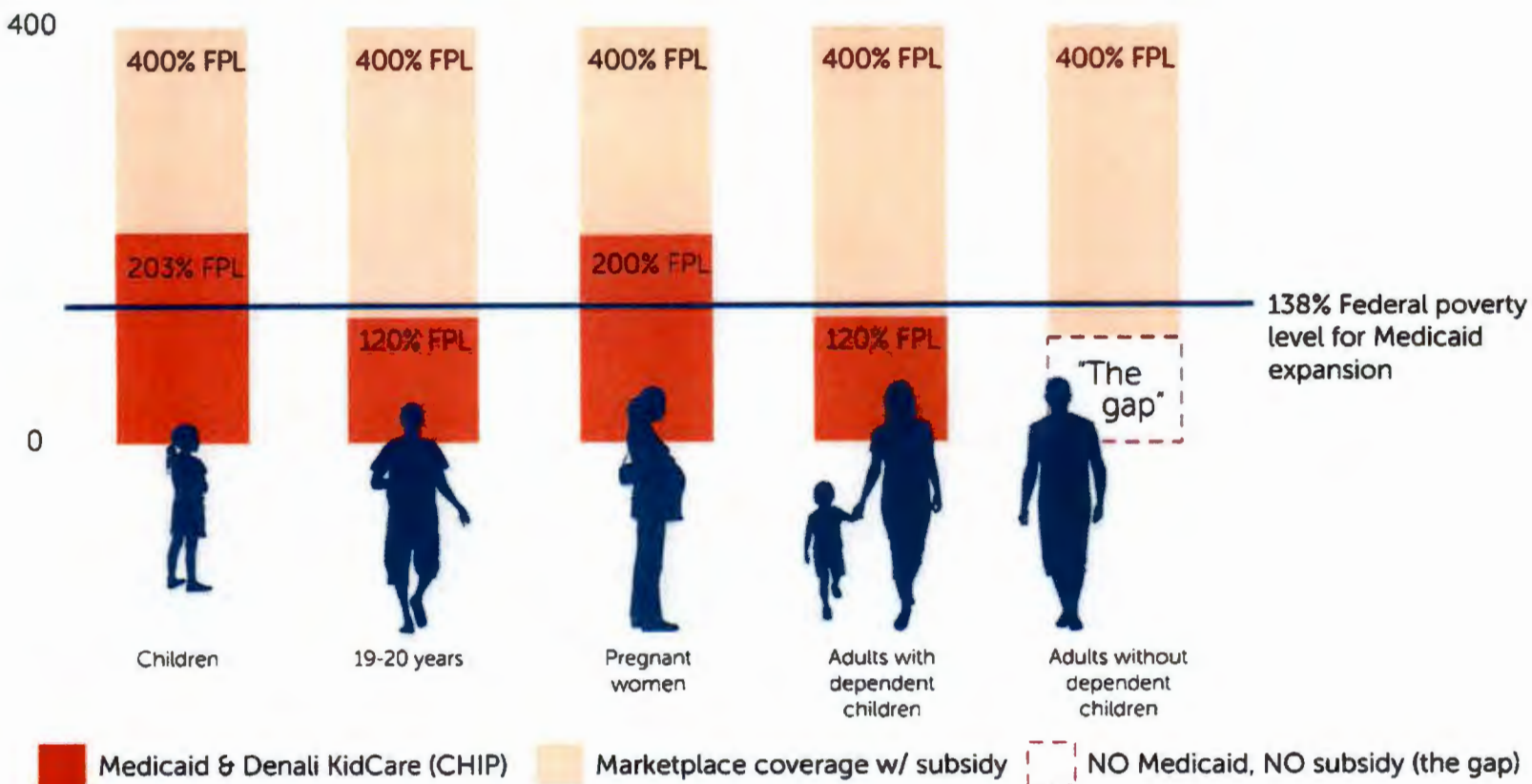
- Funding from the Alaska Mental Health Trust Authority
 - Trustees approved funding for an RFP
- Technical Assistance for Reform
 - Reform efforts in other states
 - Stakeholder process
 - Building An Alaskan Model



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Healthy Alaskans

Who is covered now?



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Healthy Alaskans

Medicaid Expansion

Higher Federal Match

An immediate economic boost

Reducing Uncompensated Care by reducing the number of uninsured

\$90M for non-tribal hospitals in 2011

Opportunities for reform and waivers

Reduce the cost of the Medicaid program



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Healthy Alaskans

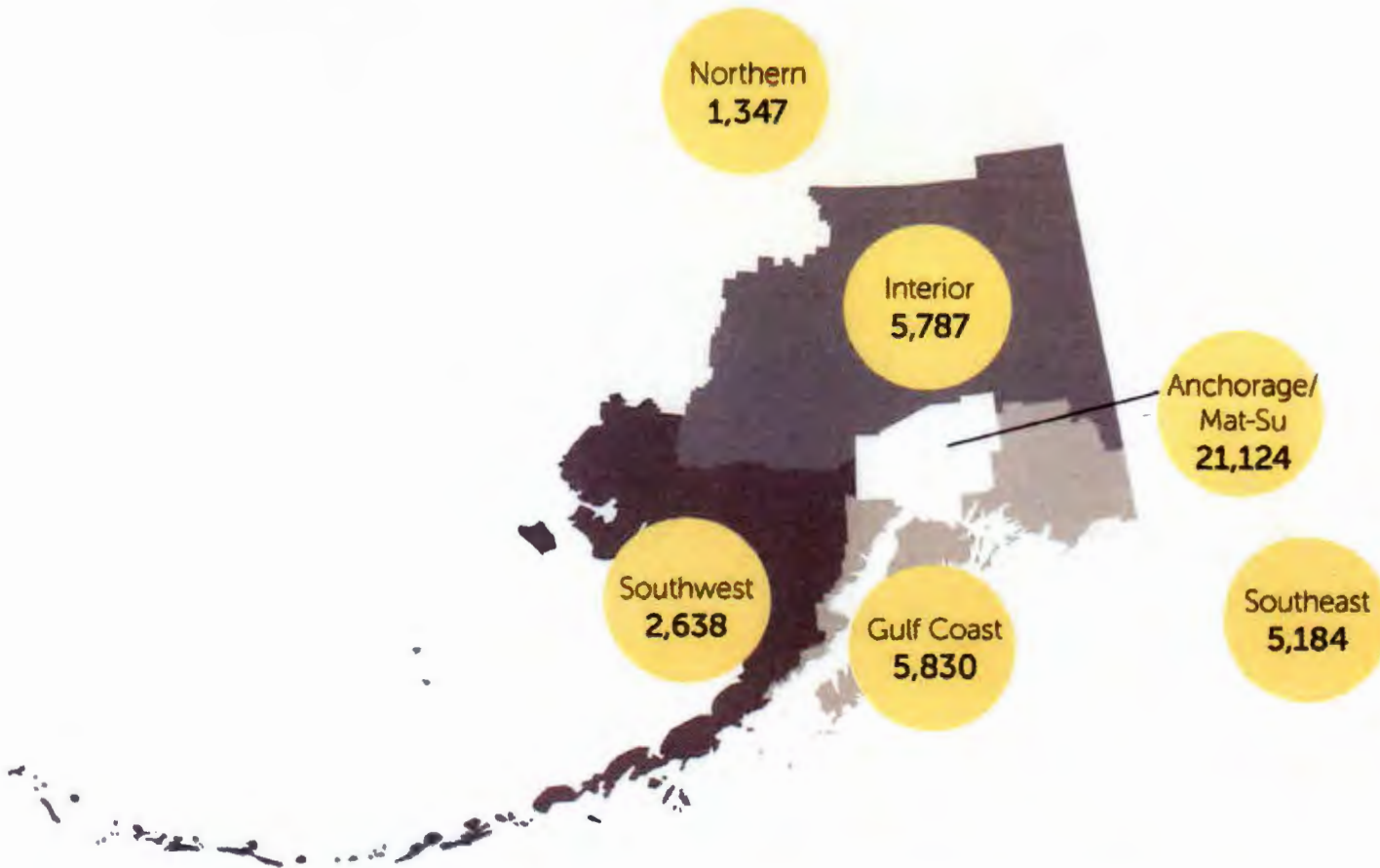
Who would be covered by Expansion?

- Adults without dependent children
- Ages 19 – 64
 - Not otherwise eligible for Medicaid or Medicare
- Earning up to 138% of the Federal Poverty Level (FPL)
 - Single adults earning up to \$20,314 per year
 - Married couples earning up to \$27,490 per year



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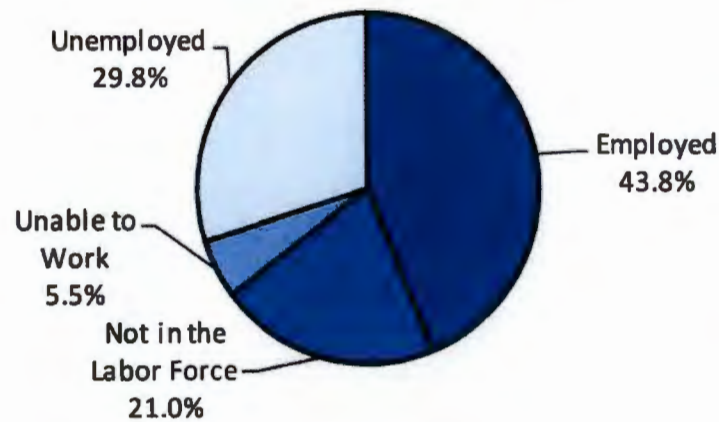
Healthy Alaskans



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Healthy Alaskans The Expansion Population

**Employment Status of Alaska's
Medicaid Expansion Population**



Health Coverage	Percent of Responses
None	43.3%
Employer	19.6%
Purchased	4.3%
Partial Coverage*	29.3%
Not Sure, Don't Know, Refused	3.4%

Source: Analysis by Evergreen Economics of data from the BRSS survey
 *Partial coverage includes health insurance coverage through TRICARE and the U.S. Military, as well as healthcare services provided by tribal health facilities, and possibly other sources.



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Healthy Alaskans

How many will sign up?

	2016	2017	2018	2019	2020	2021
Newly Eligible Adults	41,910	41,980	42,050	42,120	42,190	42,260
Take-up Rate*	47.90%	55.40%	63%	63%	63%	63%
New Enrollees	20,066	23,273	26,492	26,535	26,580	26,623



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Healthy Alaskans Cost Per Enrollee

Projected Cost of Service Per Newly Eligible Medicaid Enrollee by Fiscal Year,
Weighted by Expected Gender and Age Distribution of the Expansion Population

	2016	2017	2018	2019	2020	2021
Per Enrollee Cost	\$7,248	\$7,495	\$7,752	\$8,018	\$8,293	\$8,433

Estimated Distribution of Expansion Group With Respect to Gender and Age

Gender	Ages 19-34	Ages 35-44	Ages 45-54	Ages 55-64	All Ages
Male	20.1%	5.2%	13.6%	14.4%	54%
Female	12.6%	5.8%	13.8%	14.5%	46%
Total	32.7%	11.0%	27.4%	28.9%	100%



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Healthy Economy
New Federal Dollars

- Higher Federal Contribution under Expansion

	2014	2015	2016	2017	2018	2019	2020 & Beyond
FMAP under Expansion	100%	100%	100%	95%	94%	93%	90%

- \$1.12B from FY2016 – FY2021

	2016	2017	2018	2019	2020	2021
Federal Match*	\$145,435	\$170,633	\$195,514	\$200,683	\$204,087	\$204,928

* Costs in Thousands of Dollars



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Healthy Economy
Impact to the Economy



40,000
uninsured
ALASKANS
will be eligible for basic
health care coverage



\$1.1
BILLION
in new federal
revenue for Alaska



4,000
new
JOBS



\$1.2
BILLION
more in wages
and salaries
paid to Alaskans



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Healthy Budgets

State Spending on Expansion

\$38M in Savings (FY2016 – FY2021)

		2016	2017	2018	2019	2020	2021
C O S T S	State Match for Health Care Costs	\$0	\$3,804	\$9,854	\$12,064	\$16,346	\$19,587
	Administrative Costs for Medicaid expansion	\$0*	\$1,392	\$1,478	\$1,499	\$1,600	\$1,625
Costs:		\$0	\$5,196	\$11,332	\$13,563	\$17,946	\$21,212
O F F S E T S	Chronic & Acute Medical Assistance (CAMA)	\$1,000	\$1,300	\$1,400	\$1,500	\$1,500	\$1,500
	Corrections	\$4,100	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
	Behavioral Health Grants	\$1,000	\$5,000	\$9,000	\$13,000	\$16,000	\$16,000
Offsets		\$6,100	\$13,300	\$17,400	\$21,500	\$24,500	\$24,500
Savings to State GF		(\$6,100)	(\$8,104)	(\$6,068)	(\$7,937)	(\$6,554)	(\$3,288)
Federal Match		\$145,435	\$170,633	\$195,514	\$200,683	\$204,087	\$204,928

* FY16 Administrative Cost is being funded by the Alaska Mental Health Trust Authority



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Questions?

Thank You



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