

ALASKA STATE LEGISLATURE



SENATOR HOLLIS FRENCH

March 11th, 2008

Senator Johnny Ellis, Chairman
Senate Labor and Commerce Committee
State Capitol, Room 9
Juneau, AK 99801

Dear Chair Ellis,

During the Senate Labor and Commerce hearing held on February 28th, 2008, committee member Senator Gary Stevens had questions regarding the interaction between Senate Bill 160 and programs administered by the Indian Health Service. The Senator's questions demonstrated a concern that Senate Bill 160 may replace federal funding with state dollars. This memo evaluates his concern, and demonstrates that the language in Senate Bill 160 will not result in a loss of federal Indian Health Service dollars.

As discussed during the hearing on February 28th, the current draft of SB 160 allows for an IHS recipient to voluntarily participate in the voucher system under the legislation. This provision has been included so that all Alaskans are offered equal health access opportunities, while acknowledging that many IHS recipients who lack private coverage are already satisfied with the services they can receive through the federal program. In the new CS, to be placed before the Senate Labor and Commerce committee on March 11th, 2008, the requirement that IHS benefits meet or exceed essential health care services, as defined under the legislation in 21.54.250, has been removed. This change ensures that satisfied IHS beneficiaries won't be subject to the individual responsibility clause in the legislation.

Senator Stevens correctly acknowledged that private health coverage is billed for health services received by IHS beneficiaries, even when care is delivered in IHS funded facilities. However, it should be noted that funds received from private health coverage do not displace federal dollars in these instances; instead, they are added to the total funds that an IHS facility can use to deliver care. Tribal and IHS facilities receive a fixed amount of funding annually, without regard to the number of hospital visits or procedures performed, and without regard to the amount of private insurance dollars received from outside coverage. In addition, if an IHS recipient elects to participate in the framework established under Senate Bill 160 *and* seeks care outside the federal framework, the IHS system will not receive fewer health care dollars from the federal government.

While it is true that the passage of Senate Bill 160 may result in state subsidized insurance dollars entering the tribal health system, such an outcome would help produce better equity for all health beneficiaries in the state. Based on government provided data from 2000-2007, the per capita personal health care expenditure for IHS recipients was \$2,158 per year; the US per capita estimate landed at \$5,291 dollars per year. Third party collections by the IHS system are estimated to bring in \$780 million this year, adding additional dollars to the proposed \$3.3 billion appropriation from Congress.

The true goal of this legislation is to ensure basic health access for all Alaskans, and I believe that the language related to IHS beneficiaries in the legislation furthers that aim. If more information is needed on this complex issue please contact my office, and I will ensure that appropriate information is gathered and distributed.

Sincerely,

A handwritten signature in black ink, appearing to read "Hollis French", with a stylized flourish at the end.

Senator Hollis French