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THE VOICE FOR HEALTH CARE CONSUMERS

The Budget Bill Is Bad for Alaska

The "One Big Beautiful Bill Act" terminates health coverage, drives up costs and cuts care across the country – eliminating health coverage for nearly 16 million people[1] and resulting in over 51,000 preventable deaths nationwide.[2] **If Congress charges ahead with either the Senate or House version of the bill, at least 26,000 Alaskans will lose health coverage**[3] **and Alaska's uninsured rate will increase by 35%.**[4]

The Act threatens the health and financial security of Alaskans in every community:

- **Makes the largest cut to Medicaid in history,** gutting a whopping **$859 billion** from Medicaid[5] and the low-income families, workers, veterans, and people with disabilities who rely on it for their care – including 244,000 children and adults in Alaska.[6]
- **Drains $349 billion from Marketplace coverage,**[7] jeopardizing small businesses and entrepreneurs in Alaska.
- **Forces another $500 billion in mandatory cuts to Medicare** by triggering federal spending laws – on top of the Medicaid cuts that will already impact seniors and people with disabilities who are also covered by Medicare (dual-eligibles).

The Act will wreak havoc on Alaska's health system and economy:

Alaska will be forced to offset budget holes caused by this bill by terminating coverage for families, eliminating essential health services, and cutting provider rates so drastically that doctors and hospitals are forced to close their doors – particularly in rural communities. **Hospitals like Ketchikan Medical Center and Providence Kodiak Island Medical Center will be at greater financial risk of closing due to Medicaid cuts in the bill.**[8]

Congress should reject these harmful cuts and instead take steps to protect health coverage programs that serve as lifelines for Alaskans.

The budget bill would roll back the last decade of improvements to Alaska health coverage and care

DenaliCare (Alaska's version of Medicaid) will face major cuts, forcing the state to make tough decisions about rolling back the services it provides – including things like dental care, prescription drugs, and mental health. The bill would also raise costs for Alaska's low-income seniors and people with disabilities who have Medicare coverage but also rely on DenaliCare to help pay for out-of-pocket costs and access services not covered by Medicare. These cuts undermine the core financial backbone of Alaska's health care system, as DenaliCare pays for a significant portion of care and services at local clinics and hospitals and serves as a critical engine for the state's economy.

DenaliCare covers 244,000 children and adults:

1 in 4 Alaska residents.[9]

96,000 children — 55% of all children in Alaska[10]

27,000 seniors and **people with disabilities** in Alaska.[11]

The Marketplace will be undermined in its mission to provide access to health care for Alaskans who do not qualify for DenaliCare and do not have affordable coverage through their employers. The bill would make it harder for Alaskans to buy their own health coverage through the Marketplace without pre-existing condition exclusions. Marketplace coverage provides comprehensive health benefits, including things like cancer screenings and treatment for diabetes and high blood pressure. The bill was also written with the assumption that Congress will allow enhanced premium tax credits to expire, which will make coverage even more unaffordable for Alaskans.

The Marketplace provides:

Coverage for **28,000 Alaska residents.**[12]

Coverage for **2,300 small business owners** in Alaska and **4,100 self-employed** Alaska residents.[13]

Premium tax credits to help **87% of enrollees** pay their premiums.[14]

The budget bill will harm Alaska families, workers, and small businesses by wrapping health coverage and care in red tape, undermining critical consumer protections, and making health care unaffordable.

✓ Making public and private coverage more expensive, harder to get and keep

The bill imposes higher out-of-pocket costs and cumbersome verification procedures for both DenaliCare and the Marketplace. It will also eliminate automatic enrollment and shorten the annual open enrollment period for the Marketplace, threatening coverage for the **6,600 people in Alaska who will no longer be able to automatically re-enroll** in their Marketplace plans from year to year.[15] Around 3,000 additional Alaskans will become uninsured if Congress fails to renew enhanced premium tax credits that help them afford plans offered through the Marketplace.[16]

✓ Kicking working people off coverage by creating bureaucratic barriers

The Act will attack Alaska's successful Medicaid expansion, which covers 70,000 Alaskans.[17] In 2017, Alaska expanded Medicaid coverage to residents who earn less than $26,979 per year.[18] The Act will make it hard for these Alaskans to keep their coverage, requiring them to re-verify they are eligible every 6 months.

It also imposes the most **onerous work reporting requirements ever attempted** – requiring workers to prove that they have one or more jobs that meet the hourly minimum or they are exempted. Based on the experience of states that previously – and unsuccessfully – tried to implement work reporting requirements, an estimated 28,000 people are at risk of losing their coverage in Alaska,[19] including seasonal fishing and hospitality workers, caregivers, students, and people with disabilities. **An estimated 100 avoidable deaths will occur in Alaska each year when adults lose coverage because of work reporting requirements.**[20]

✓ Rolling back consumer protections for children

For children enrolled in the Children's Health Insurance Program (CHIP), the Act eliminates current bans on annual and lifetime caps, enrollment waiting periods, and lockout periods for families who miss a premium payment because they cannot keep up with the cost of coverage.

✓ Raising costs for the poorest and most vulnerable Alaskans covered by Medicare

DenaliCare helps about 14,000 seniors and people with disabilities afford their Medicare expenses,[21] including premiums and out-of-pocket costs when they see a doctor or need a hospital stay. The Act eliminates commonsense approaches like automatic data verification and streamlining applications that will make it harder for these Alaskans to get the help they need to pay for their health care.

ALASKA'S HEALTH CARE SYSTEM WILL LOSE AN ESTIMATED

$308 MILLION

PER YEAR IN FEDERAL FUNDING

The bill will create a crisis for Alaska's health system and state budget

With tens of thousands of Alaskans set to lose access to their DenaliCare and Marketplace coverage, **Alaska's health care system will lose an estimated $308 million per year in federal funding**, making it nearly impossible for the state to maintain current levels of coverage, benefits, and payments to providers.[22] Alaska taxpayers will have to spend at least that much each year to cover additional uncompensated care costs at hospitals and clinics that provide health care services to newly uninsured residents who lack the ability to pay. **The loss of federal funding will cause at least 3,000 total job losses (including jobs outside the health care sector) and $526 million in reduced economic output.**[23]

The Act also eliminates Alaska's flexibility to fund DenaliCare in a way that works best for the state by freezing taxes on health care providers at current rates. This will leave Alaska with few options to address budget shortfalls and meet future demands resulting from hardships caused by storms, public health emergencies, and economic downturns.

- Alaska is the only state without provider taxes in place, putting the state at a disadvantage: all other states can depend on this revenue source going forward, where Alaska will be locked out.[24]
- Should Alaska have a Medicaid budget shortfall (for example, in a recession where Medicaid enrollment is likely to increase as residents lose jobs) or face future demands on its healthcare system, the state will not have the option to turn to provider taxes as a funding source.

Cuts will make it much harder for Alaska to fund:

- 2 in 5 births for Alaska moms.[25]
- 3 in 5 Alaska nursing home residents.[26]
- At least one-eighth of all hospital services at 102 Alaska hospitals. For example, DenaliCare pays for 20% of all hospital services at Mat-Su Regional Medical Center in Palmer and and 56% of all hospital services at Norton Sound Regional Hospital in Nome.[27]

The Senate should reject this ill-conceived proposal and instead vote to protect access to DenaliCare, the Marketplace and Medicare so that:

CHILDREN IN ALASKA

Have access to newborn care, checkups, care for diabetes and asthma, and more.

Stay healthy and ready to learn, miss fewer school days, are more likely to graduate, and earn more as adults.[28]

FAMILIES IN ALASKA

Have access to cancer screenings, mental health and substance use disorder treatment, and diabetes and blood pressure medications.

Have less risk of medical debt and eviction and can better afford to buy groceries or pay rent.[29]

SENIORS IN ALASKA

Have access to nursing home care, transportation to medical appointments, and home health services.

Stay healthy and receive needed care in their homes and communities.

The bill's proposed cuts to DenaliCare, the Marketplace, and Medicare are direct attacks on the health and financial security of Alaska residents and run counter to the will of the vast majority of voters from across political parties.[30]

- **89% of Alaska voters** want a "strong, sustainable Medicaid program."[31]
- **70% of Alaska voters** oppose cutting funding for Medicaid.[32]
- **82% of adults nationwide** – including 67% of Republicans – want Congress to maintain or increase Medicaid spending.[33]

Congress has the responsibility to stand with families in Alaska and across the country by rejecting these cuts.

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