



Alaska State Legislature

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Fact Sheet for: Senate Joint Resolution 6

Short Title: FEDERAL MEDICAL ASSISTANCE REDUCTION

Summary:

- Urges federal action to maintain the existing ratio of 57.58 percent federal funds and 42.42 percent state funds for medical assistance expenditures, known as the Federal Medical Assistance Percentage (FMAP).
- Responds to a recent announcement from the U.S. Department of Health and Human Services that FMAP would be reduced by 7.58 percent in Alaska.
- Urges whatever additional federal action is necessary to hold Alaskans harmless from the proposed reduction.

Benefits:

- Prevents the loss of \$53 million in fiscal year 2006 and \$73 million in 2007 that would result from a 7.58 percent reduction in federal funds.
- Strengthens the efforts of the Alaska Congressional Delegation to stall or prevent the scheduled FMAP change.
- Formalizes the Alaska State Legislature's opposition.
- Elevates national understanding of the unique challenges facing the delivery of medical services in Alaska.

Background:

- Under each state's Medicaid program, the federal government pays a share of the medical assistance expenditures, known as the Federal Medical Assistance Percentage (FMAP). In 1999, a federal agency, the Bureau of Economic Analysis (BEA), changed its calculation of per capita income, a number used to determine the FMAP. This change substantially lowered Alaska's calculated FMAP.

In recognition of the higher costs of health care in Alaska, Senator Frank Murkowski successfully led an effort to stabilize the FMAP for three years at 59.8%, increasing to 60.13% in 2001. But in 2002, the percentage was reduced to 57.58%.

The Centers for Medicare and Medicaid Services in the U.S. Department of Health and Human Services recently announced that Alaska's FMAP will be reduced by 7.58% on October 1, 2005. The proposed percentage drop, due to a formula flaw, will result in an 8% reduction in federal Medicaid dollars.