

STATE OF ALASKA

DEPT. OF HEALTH & SOCIAL SERVICES

Alaska Commission on Aging

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March 28, 2009

The Honorable Bob Herron, Co-Chair
The Honorable Wes Keller, Co-Chair
House Health & Social Services Committee
Alaska State Capitol, Room 415 and 13
Juneau, AK 99801-1182

Subject: Support for HB 178, “Doctors for Seniors Act”

Dear Chair Herron and Chair Keller:

The Alaska Commission on Aging (ACoA) supports HB 178, the “Doctors for Seniors Act,” a bill that would allow State payments to physicians who provide health care services to Medicare beneficiaries at no cost to the recipient, pending approval of this practice by the federal government. This bill is authored by Representative Les Gara and co-sponsored by Representatives Holmes, Kawasaki, and Harris.

Alaska now has the fastest growing population of people 65 years and older; they number 47,495 according to 2007 population estimates from the Alaska Department of Labor. The Alaska senior population is expected to double over the next 15 years. There were 41,469 aged 65 years and older enrolled in the Medicare program in 2005, according to the Department of Health and Social Services (2007).

In recent years, seniors living in Anchorage, the Mat-Su Borough, and Fairbanks have reported difficulty finding primary care physicians who will accept Medicare patients because of Medicare’s low reimbursement rates. Thanks to the efforts of Alaska’s Congressional delegation, changes in federal law that went into effect January 1, 2009 enhanced Medicare reimbursement rates. However, according to the recent report published by the UA Institute of Social and Economic Research (ISER 2009), this increased reimbursement rate has largely failed to motivate doctors in these areas to accept a significant number of new Medicare patients. ISER contends that the majority of doctors they surveyed will continue to see their established patients, although few doctors in the designated urban areas say they will accept new ones.

Medicare pays primary care physicians about two-thirds of what private insurance pays, even taking into account the new enhanced reimbursed rate. In comparison, Medicare pays specialists close to what they would receive from private insurance and there is no evidence of specialists refusing Medicare patients. The problem is not with specialists but with primary care physicians accepting Medicare payments, which is of major concern for seniors who experience multiple medical problems and chronic health conditions.

Although the problem of limited primary care access for Medicare beneficiaries is confined to Alaska’s larger urban areas, this is where the majority of older Alaskans live. Nearly 70% of non-Native Alaskans over the age of 65 live in Anchorage, the Mat-Su, and Fairbanks areas, according to the ISER report. Many of these individuals who are unable to find physicians utilize the services of their local community health centers for primary care.

Because Medicare is a federally-mandated program, persons aged 65 and older (including those with employer-sponsored retiree health insurances) are required to use Medicare as their primary insurance. Medicare sets the

maximum allowed fees for various services. Even if a senior has private health insurance or desires to pay their health provider more from out-of-pocket, doctors cannot be paid higher than what Medicare allows. States have few options to ameliorate this growing problem.

Pending federal approval, HB 178 would authorize the State to provide financial incentives to physicians who provide quality services to Medicare-eligible patients, demonstrated by their acceptance of new Medicare patients or continued service to existing ones, using a scale of payment incentives calibrated to the number of medical visits. Providing bonus payments to primary care physicians is one step to improve primary care access for Medicare-eligible patients. Another problem on the horizon is the growing shortage of primary care physicians as current practitioners retire and fewer new providers become available as the Alaska senior population increases.

ACoA supports HB 178 and respectfully encourages our legislators to address this growing problem of improving access to primary health care for older Alaskan Medicare beneficiaries. Limited access to primary care puts older persons at greater risk of developing serious health conditions that could have been held in check with timely medical care. Many older Alaskans are struggling to keep up with the rising costs of health care, which threatens their health and financial security. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879), should you have any questions regarding our position. Thank you for your consideration.

Sincerely,

Sharon Howerton-Clark
Chair, Alaska Commission on Aging

CC: Representative John Coghill
Representative Sharon Cissna
Representative Lindsey Holmes

Sincerely,

Denise Daniello
ACoA Executive Director

CC: Representative Bob Lynn
Representative Paul Seaton