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Member of the National League of Cities and the National Association of Counties

February 28, 2025

The Honorable Senator Lisa Murkowski
U.S. Senate

The Honorable Dan Sullivan
U.S. Senate

The Honorable Nick Begich
U.S. House of Representatives

RE: Impacts of Proposed Medicaid Changes on Alaska's Local Governments

Dear Senator Murkowski, Senator Sullivan, and Congressman Begich,

On behalf of Alaska's cities, boroughs, and local governments, we write to express grave concerns about proposed changes to Medicaid financing and eligibility requirements currently under consideration by Congress. These changes, including potential reductions to federal Medicaid funding and increased state cost-sharing, would have catastrophic consequences for Alaskan communities, particularly our rural and Tribal communities.

Medicaid is a critical component of Alaska's healthcare system, covering nearly one-third of our state's residents, including children, seniors, individuals with disabilities, and low-income adults. It supports half of all births in Alaska, provides access to behavioral health services, and sustains rural hospitals and healthcare providers, many of which operate on razor-thin margins. The federal government's enhanced match rate for Medicaid expansion has been instrumental in ensuring access to care, particularly for communities facing high costs of healthcare delivery.

Proposals to reduce the federal match rate, implement block grants, or cap per capita funding would shift significant financial burdens to the State of Alaska and its local governments. This could result in:

- Coverage losses for tens of thousands of Alaskans, leading to increased medical debt and uncompensated care costs.
- Severe impacts on rural hospitals and clinics, many of which already struggle to remain operational due to Alaska's high cost of healthcare delivery.
- Increased financial pressure on local governments, which are often the last line of support for residents in need of medical and behavioral health services.

Alaska's local governments are already managing declining state revenues and increasing infrastructure and public safety needs. They cannot absorb the costs of a weakened Medicaid program without substantial cuts to other essential services. The Congressional Budget Office has projected that under some of these proposed Medicaid changes, half of those who lose coverage would become uninsured, which would only compound the health and economic crises facing our communities.

We urge Congress to reject proposals that would reduce federal Medicaid funding or restrict state flexibility in program administration. Instead, we ask for continued partnership in strengthening Medicaid so that it can meet the unique healthcare needs of Alaskans, particularly in rural and high-cost environments like ours.

We appreciate your attention to this critical issue and stand ready to work with you to ensure a sustainable and effective Medicaid program for Alaska and the nation.

Sincerely,

Nils Andreassen
Executive Director