



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

ALASKA COMMISSION ON AGING

P.O. Box 110693
Juneau, Alaska 99811-0693
Main: 907.465.3250
Fax: 907.465.1398

December 1, 2017

The Honorable Senator Dan Sullivan
United States Senate
702 Hart Senate Office Building
Washington D.C. 20510

Regarding: Public Comment Regarding Senate's Tax Cuts and Jobs Act Legislation and Older Alaskans

Dear Senator Sullivan:

The Alaska Commission on Aging ("the Commission") is a Governor-appointed board within the Department of Health and Social Services responsible for planning services for seniors, educating Alaskans about senior issues, and making recommendations directly to elected officials regarding policy and budget items that affect Alaska's growing senior population who now number close to 126,000 people age 60 and over. The Commission is writing to share concerns about the possible impacts from the proposed Senate's Tax Cuts and Jobs Act legislation for older Alaskans that is currently being considered by Congress.

The Tax Cuts and Jobs Act bill is of concern to Alaska's older people not only because it will increase taxes on many taxpayers age 65+ living on fixed incomes between \$10,000 and \$30,000, but also because of the unintended consequences this legislation may have on our nation's ability to fund critical priorities including Medicare, Medicaid, and other important programs serving seniors. Based on our understanding, the Senate tax proposal would add \$1.5 trillion to the federal deficit over the next ten years that would require the government to cut \$150 billion in spending every year for the next ten years. According to the Congressional Budget Office, this legislation, if passed as is, will result in automatic federal funding reductions of \$136 billion in FFY2018, **\$25 billion of which would come from Medicare**, resulting from prompting the "pay-as-you-go" law (PAYGO passed in 2010) that requires spending cuts to mandatory federal programs for measures approved by Congress that increase the deficit without additional revenues being in-place. Future annual cuts to Medicare are possible in subsequent years depending on the size of the deficit and Medicare's budget. Such reductions would be extremely detrimental to an already vulnerable population.

As Congress moves forward with deliberations of the Tax Cuts and Jobs Act Legislation, the Commission respectfully requests your consideration of the following:

- Seek Congressional approval for a waiver to prevent automatic cuts to Medicare and other safety net programs as the result of the PAYGO law. Many older Americans have paid into Medicare their entire working lives and it is unfair for them to be on the financial hook for this tax cut bill, especially when many of them do not make sufficient incomes to qualify for an income tax reduction as proposed by this legislation. As the Commission has heard many times over the years, seniors in Alaska already have significant challenges finding primary health care providers who will accept their Medicare insurance due to low reimbursement rates and Medicare administrative requirements.

- Re-instate the tax incentive to encourage private contributions to nonprofit agencies, such as senior centers and other charitable programs that serve seniors, disabled persons, and vulnerable community members. According to the Foraker Group (November 2017), the loss to Alaska’s nonprofit organizations under the Senate’s proposed tax plan would result in a reduction of \$5.5 million to \$15 million annually – which would greatly reduce the ability of charitable organizations to serve Alaska’s communities, especially during these challenging fiscal times for our state’s budget.
- Maintain the current 7.5 percent income threshold for the medical expense deduction. Nearly 75% of older people who claim this medical expense deduction live with a chronic health condition or illness, and an estimated 70% of those senior filers have incomes below \$75,000. This deduction is critical for helping seniors of modest incomes with high health care costs.

Alaska is proud to be the state with the fastest-growing senior population. While Alaska is facing serious economic challenges, it is important to note that Alaska seniors continue to contribute significantly to the social and economic well-being of our state through their volunteer work, unpaid caregiving, as well as retirement and health care spending. Although diverse and unique, many Alaska seniors share a common desire of wanting to pass on a legacy to their children and grandchildren. In looking forward, the Commission is concerned that growing federal deficits may result in reduced value from Medicare and other safety net programs which are central to our health and well-being, now and into the future.

Thank you for your leadership and work on behalf of Alaska. We appreciate your continued support of programs serving Alaska’s seniors. As always, please feel free to contact our office for further information by email (denise.daniello@alaska.gov) or phone (907-465-4879).

Sincerely,



David Blacketer
Chair, Alaska Commission on Aging

Sincerely,



Denise Daniello
ACoA Executive Director
denise.daniello@alaska.gov
907-465-4879

Cc: Valerie Nurr’araaluk Davidson, Commissioner
Department of Health and Social Services

Jon Sherwood, Deputy Commissioner
Department of Health and Social Services

Duane Mayes, Director
DHSS Division of Senior and Disabilities Services