



Petersburg
MEDICAL CENTER

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Senator Dan Sullivan
706 Hart Senate Office Building
Washington, DC 20510

Dear Senator Sullivan,

On behalf of the staff, patients, and families of Petersburg Medical Center (PMC), I am writing with deep concern and urgency regarding proposed federal Medicaid reductions that would devastate healthcare access in our community. We ask you to stand with Alaskans and oppose these harmful cuts.

As a Critical Access Hospital and Long Term Care facility serving a remote island community, PMC is acutely vulnerable to Medicaid funding changes. One in three Alaskans depends on Medicaid for access to essential care. In Petersburg, approximately 20% of our population—roughly 650 to 700 residents—relies on Medicaid for basic and preventive healthcare. If that coverage disappears, patients will delay treatment until their conditions become emergencies, leading to ER visits, hospitalizations, and costly medevac flights. In our region, a single medevac often costs tens of thousands of dollars—many times more expensive than preventative care at a local clinic.

In an age of increasing healthcare consolidation across the nation, our rural non-profit hospital is one of Alaska's last three independent, community-owned Critical Access Hospitals. PMC is already doing everything possible to provide cost-effective, high-quality care in the face of an increasingly challenging cost environment and deepening workforce shortages. We've built programs to train and retain local nurses, to partner with specialty providers that simply do not exist in our region, and to bring vital diagnostic care through MRI services to our service area for the first



time. We already face constant challenges with the complexity of Medicaid eligibility and redetermination – a person’s urgent health needs don’t disappear just because their coverage is unclear or denied. When this happens, a non-profit hospital like ours must provide the care, even indefinitely board the patient, and find somewhere to absorb that cost. In the last three years, PMC contributed over \$685,000 in income-based financial assistance and matching funds to our patients

But we cannot absorb the impact of the massive Medicaid cuts that will hit our state if the budget reconciliation you are considering voting for moves forward. Where we are already stretching to maintain essential services as the sole primary, emergency, and Long Term Care provider in our Borough, this bill offers no solution, no assistance to our providers or our patients. Instead, it adds layers of bureaucracy and tighter Medicaid restrictions that threaten to choke off care entirely.

There are no real savings here. Rural hospitals like ours will bear the shifting financial weight while our patients and local economies suffer. I see it in the data, but more importantly, I see it in the families walking through our doors.

In 2024, Medicaid revenue accounted for nearly one-third of PMC’s income – approximately \$7.1 million. That funding supported:

- \$3.8 million for Long Term Care (the only local nursing home for our elders)
- \$0.8 million for outpatient services
- \$0.76 million for inpatient hospital care
- \$0.55 million for primary care
- \$0.35 million for emergency care

Losing any significant portion of this reimbursement for services would inevitably force cuts to services and staffing. Our healthcare workers, already carrying the weight of staffing shortages, would face wage freezes or job loss. Discretionary budget programs like our local nurse training pathway and CNA partnership with the Petersburg School District, which help us grow our workforce from within, would likely disappear. Once losses like these occur, they are incredibly difficult to reverse. If our Long Term Care unit or outpatient services close, they may never return.



These effects will not stop at our hospital doors. We are one of the largest employers in our community. Layoffs and service losses would reverberate through families, businesses, and schools. These cuts risk not only the health of our people, but the stability of our entire community – at a time when costs are ballooning in every remote Alaskan village and town.

Some in Washington claim these Medicaid changes are reforms. But the Congressional Budget Office has estimated they would result in nearly 11 million Americans losing coverage by 2034. In our state alone, with the potential rollback of enhanced premium tax credits, over 60,000 Alaskans could lose healthcare coverage. These are not just numbers—they are our neighbors, elders, children, and veterans. They deserve better.

Senator Sullivan, we deeply appreciate your long-standing support of rural healthcare and your recognition of these risks. We urge you—and Senator Murkowski—to continue speaking out, just as Senators Collins and Hawley have done. Alaska needs your leadership now more than ever.

Please, oppose this legislation and protect the healthcare systems that rural communities depend on. What's at stake is nothing less than access, dignity, and survival.

Sincerely,

Phillip Hofstetter, AuD
Chief Executive Officer
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Petersburg, Alaska
