Dear Borough and City Officials,

As we move to regain Fairbanks’ footing to a new normal, it is imperative that we guarantee the residents of Fairbanks and the Interior access to a reliable and financially stable healthcare system inclusive of an excellent hospital. Our communities record of success in bending the curve in COVID-19 was and is commendable and we thank you for your participation in that major accomplishment. We are proud of the effort undertaken by you and FHP in protecting the health and welfare of our community.

We appreciate the challenges you face as you navigate through a fair distribution of CARES Act funding received by our local governments from the State of Alaska. We are grateful for the many health care services and providers that care for our residents. Foundation Health Partners (FHP) is the backbone of that healthcare system. It is with that intent that we ask you to provide financial assistance necessary to ensure FHP recovers its costs of COVID preparedness to maintain solid financial stability well into the future.

Over the past three months Foundation Health Partners has continued to request assistance from every possible source; Federal, State and now our Local Governments. FHP spent what was necessary during the height of the COVID crisis to protect our residents while preparing for a potential surge in the COVID-19 pandemic. To prepare for this surge State Mandate #5 required freeing up all existing hospital beds while maintaining all medical professional and support staff at FMH, TVC and Denali Center. Mandate #5 also required closing all non-emergent and elective service lines of business; the revenues that support a significant portion of the FHP healthcare system.

While it was the right thing to do, the cost of COVID preparedness averaged $9 million per month, March through June, totaling $35 million. Of that amount only $5.6 million in Federal Funds and $7.5 million in State Funds has been awarded to FHP. A financial hole of nearly $22 million remains. (see attached FHP impact summary).

A Federal allocation of $10 billion for Rural Hospitals nationwide was not distributed to Fairbanks because of FMH’s unique Federal status as a dual designation hospital; Sole Community Hospital (SCH) and Rural Referral Center (RRC). Eleven rural Sole Community Hospitals in Alaska received funds through their designation as Sole Community Hospitals. This included Juneau, Kenai, Ketchikan, Mat-Su, and others. Many of these SCH’s also qualified for PPP funds because their employment base was less than 500. Unfortunately, FMH’s dual designation eliminated their eligibility for the Rural Hospital funds. The Federal funding distribution formula purposefully excluded RRC’s to prevent large institutions like Mayo Clinic
(also an RRC) from qualifying for small Rural Hospital Funding. FMH’s unique federal dual-designation is shared by only 145 other hospitals nationwide. While twenty corporate nationwide hospital systems, including some in Anchorage, received more than $5 billion in federal grants while also maintaining $100 billion in cash reserves, FMH is a community-owned institution with minimal reserves necessary to ensure financial stability.

FHP cannot be assured of additional Federal funds to cover their remaining costs of $22 million. On the State level, Governor Dunleavy recognized FHP’s financial strains and provided some State assistance although there is no commitment for additional funds. Meanwhile, Foundation Health Partners employs over 1,960 people; 7% of the workforce in Fairbanks. They are now having to consider furloughs and reduced hours for employees during one of the greatest health threats our nation, state, and community have ever faced.

Our community has been impacted by COVID-19, but without Foundation Health Partners system-wide leadership and quick response to protect our residents, the health crisis could have escalated. While we do not entirely know what future awaits FHP and the community as a whole, we know that we have not seen the last of the COVID pandemic and that the need for our hospital services will continue. We encourage you to provide financial assistance to Foundation Health Partners to cover costs incurred in their effort to protect our community.

Signed by the Interior Delegation members,

Adam Wool
Representative, District 5
Chair, Interior Delegation

Grier Hopkins
Representative, District 4

Steve Thompson
Representative, District 2

Bart LeBon
Representative, District 1

Dave Talerico
Representative, District 6

John Coghill
Senator, District B

Scott Kawasaki
Senator, District A

Click Bishop
Senator, District C

Mike Prax
Representative, District 3