

ANCHORAGE DAILY NEWS

Health

Following Anchorage, Ketchikan eyes health care cost transparency rules

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Officials say they've seen benefits of a health care cost transparency ordinance passed by the Anchorage Assembly last February, and now Ketchikan is exploring a similar measure to receive price tags for care.

At its Dec. 21 meeting, the Ketchikan City Council heard from PeaceHealth Ketchikan Medical Center, its main local provider, on questions of price transparency.

In a statement, Chamber of Commerce President Chelsea Goucher called for an ordinance that would require health care practitioners to disclose estimated medical costs to patients prior to receiving treatment.

[A new Anchorage law is aimed at improving transparency in health care pricing. Here's how it works.]

The Ketchikan Chamber advocates an ordinance similar to Anchorage's to help create better market conditions for consumers, increase consumer satisfaction and to help mitigate the increasing trend of "medical tourism" to access services in other locations.

The Nov. 28 letter stated that the chamber believes the Anchorage ordinance's requirements are reasonable and can be easily met by any reputable practitioner.

"The Anchorage ordinance has been implemented successfully, and is being adhered to by a wide range of service providers, both large and small," wrote Goucher.

Another problem in Ketchikan was that, until recently, the hospital's billing questions had to be addressed in a time zone four hours away at the other end of an 800 number. That meant additional lag time in getting billing questions answered and lack of transparency, council member Janalee Gage said at the meeting.

"Then when you get the bill, it doesn't tell you what the procedure was for. They don't send receipts to verify you paid. Billing comes from various places around the country," Gage said at the Dec. 21 meeting.

PeaceHealth is a nonprofit health care system, similar to Providence Hospital, with Catholic medical centers in Washington, Oregon and Alaska.

Ed Freysinger, the new chief administrative officer for PeaceHealth Ketchikan, told the council the hospital has undergone several changes in billing since he took over in August, including relocating billing tasks to Ketchikan. He told the council he'd like to see a broad debate between all stakeholders before the council adopts a new ordinance.

No action was taken by the Ketchikan City Council at the Dec. 21 meeting, but the ordinance, proposed by member Judy Zenge, came at numerous public requests, Gage said.

"A lot of people go south for their medical; when it's cheaper to fly south and see a doctor than it is to stay in town, that tells you it's expensive," Gage said.

Gage predicts an ordinance will come.

"People in the city really want it. Many in Anchorage posted their price lists, but we haven't had anything like that in Ketchikan," she said.

Providing care for public workers brings extra pressure to bear, Gage said. The City of Ketchikan employs 50 people and pays about \$1.5 million annually for health insurance.

[Alaskans seek relief from high health care costs with medical tourism]

Powerful spotlight

DJ Wilson, executive director of State of Reform, which tracks developments in health care legislation in the Pacific Northwest and Alaska, noted that statewide legislation to create better transparency is stalled. He speculated that local ordinances would also put a powerful spotlight on transparency.

But short of a statewide law, what can municipalities achieve?

So far, the Anchorage Department of Health and Human Services hasn't levied any fines on doctors or facilities, said Melinda Freemon, director of DHHS. The ordinance went into effect on April 29 and carries with it a \$100 a day fine for non-compliance by doctors or facilities.

The Municipality of Anchorage spent \$54.5 million on health care in 2016. As one of the muni's biggest expenses, it paid that amount to insure 5,130 employees and their dependents, said Karen Norsworthy, acting employee relations director.

A big motivator for the Assembly to pass its ordinance was bringing down costs, City Manager Bill Falsey said at the time.

Employees request this information directly from their medical providers, so the MOA doesn't have data, on how many employees are requesting the pricing prior to receiving health services, Norsworthy said.

Soon after its passage, Falsey said the hope was that standard economic theory would take over. That's the theory that when price transparency is introduced, prices correspondingly go down.

And people might shop around, he added.

The ordinance requires health care practitioners and facilities in Anchorage to provide cost estimates to patients who request such information. Upon request by a patient, and within 10 business days from receiving the request, it requires health care practitioners and facilities to provide a written or electronic estimate of reasonably anticipated health care charges to treat the patient's condition when receiving non-emergency medical services.

It also requires health care practitioners and facilities to post a sign in patient waiting areas with specific language regarding requesting cost estimates.

[Anchorage looks to on-site health care clinic to drive down costs]

It's meant to help everyone in Anchorage, not just municipal employees, a resolution accompanying the ordinance stated. Providence and Alaska Regional hospitals said they are in compliance with the law by having the notice posted at sites around the hospital, according to their websites.

Then, to really put a few sharp teeth into the concept, the assembly added a notice that must be posted by at all medical facilities stating the possible fines of \$100 per day up to \$1,000 total.

Upcoming transparency bills

Wasilla Republican Sen. Shelley Hughes' Senate Bill 119 has a ways to travel, as it is currently still in the Labor and Commerce Committee where it was sent April 24 after being introduced. But SB 119 generated enthusiasm among constituents who testified for the need to enact the "Alaska Health Care Consumer's Right to Shop Act."

The bill would create a department authorized to collect, analyze and maintain databases of information related to pricing, but also risk factors for certain conditions, morbidity and mortality rates, and other public health functions.

It also seeks a price transparency requirement from medical practitioners and facilities. Hughes is hoping to see this bill advance when the Legislature reconvenes in January.

House Bill 123 made it further along, passing 34-6 in the House and it is now in the Senate Health and Social Services and Judiciary committees. That bill would require health care providers to "annually compile a list, by procedure code, including a brief description, in plain language that an individual with no medical training can understand of the 25 health care services most commonly performed by the provider in the state in the previous calendar year and the undiscounted price charged for each of those health care services."

SB 119 carries some of the same wording.

Rep. Ivy Spohnholz, D-Anchorage, sponsor of HB 123, hopes the legislation moves on to the Senate floor this session.

"It's the top of my priority list," Spohnholz said. "Health care costs make up 18 percent of the GDP (Gross Domestic Product) and it's even higher in Alaska. It's something we really need to get a handle on. This will help consumers make choices for themselves."

Comments