Alaska Primary Care ASSOCIATION

House Finance Committee
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Testimony, Nancy Merriman

Testimony, SB 74. House Finance Committee

Good afternoon, Co-Chairs Thompson and Neuman, and members of the House Finance Committee. For the record, my name is Nancy Merriman, and I am the Executive Director of the Alaska Primary Care Association. APCA is a statewide membership organization of Alaskan Community Health Centers. Across our system of 29 organizations and about 170 clinics, 1 in 7 Alaskans receive primary medical, dental and behavioral health care. A little over 24% of Community Health Center patients are enrolled in the Medicaid program.

Thank you for the opportunity to provide comments today on Senate Bill 74 on medical assistance reform. We appreciate the time the House Finance Committee is spending to learn about the details of the Medicaid program and the complexities of the healthcare landscape. We share the goals of providing quality care and improving health outcomes, while making the system more sustainable.

Today my comments center on Accountable Care Organizations (ACOs), and primary care's role in them.

ACOs are formal, legal networks of healthcare providers who take responsibility for a defined patient population's health. They align their clinical programs to focus on getting patients the most efficient care possible, and are incentivized to reduce the total cost of care and to maximize clinical outcomes for an assigned patient population. Often, they do this with the addition of new data sets that allow them to target high-risk, high-cost patients who are using the healthcare system inefficiently. For example, in a very successful Medicare ACO program, the providers receive half of the savings they create against a target established by Medicare.

Safety Net primary care providers, especially Community Health Centers, are well-positioned to lead and coordinate ACO formation and operation, and addressing the healthcare needs of Medicaid patients for the following reasons:

1. Health Centers have served these populations historically. There is a trust between patients and providers, and Health Centers are situated in communities where high-risk and high-cost patients are likely to live.
2. They have the know-how, infrastructure and operating principles to most effectively plan for the population health outcomes of these groups.
3. Health Centers have the EHR data – and are continually improving their data analytics capabilities – to be accountable for performance and quality.
4. Value-based payments, such as Medical Home payments or shared savings payments, will allow for the key component for ACOs: primary care case management.
5. Care coordination in Health Centers involves a team-based approach and relies on good electronic and other communication with patients' other providers.

ACOs are being fostered across the country by CMS for Medicare patients. And about 10 states now have Medicaid ACOs.

The characteristics of successful State-run ACO programs that lead to successful Safety Net ACOs are:

1. The program does not alter the base compensation for the Safety Net providers, nor the hospitals, in its initial years.
2. The program allows for ACOs to operate state-wide or across geographies larger than a single region.
3. The program does not require a hospital to be the sponsor of the ACO, but does allow for the ACO to enter into participation agreements and gain-sharing agreements with hospitals and other providers.
4. The program offers some financial incentives to provide the primary care case management function, which can include care coordination payments and/or shared savings payments.
5. The State commits to providing key data on the attributed Medicaid population to the Safety Net ACO so that it can prioritize the use of its resources.

We hope that as the Alaska State House considers the ongoing development of an ACO or ACO-like program, it will leave room for innovation in the healthcare provider delivery system that would include the emergence of Safety Net- or Health Center-led ACOs.