ASHNHA

ALASKA STATE HOSPITAL & NURSING HOME ASSOCIATION

May 18, 2017

The Honorable Ivy Spohnholz, Alaska State House of Representatives
The Honorable Jonathan Kreiss-Tomkins, Alaska State House of Representatives
Alaska State Capitol
Juneau, Alaska, 99801

Re: Follow-up to May 11 testimony

Dear Rep. Spohnholz and Rep. Kreiss-Tomkins,

Thank you for the opportunity to testify on the cost drivers in health care at the May 11 joint House Labor & Commerce and House Health & Social Services Committee meeting. Committee members made several information requests during the question and answer session and I wanted to provide responses to those requests.

1. **Information on the difference between the utilization rate of medical technology in the United States and other countries.**

Following is a graph from a Commonwealth Fund issue brief [1] comparing the cost of U.S. healthcare to healthcare costs in other industrialized countries. The graph shows the prevalence of and usage of common diagnostic imaging equipment in select OECD countries.

Exhibit 5. Diagnostic Imaging Supply and Use, 2013

	Magnetic resonance imaging		Computed tomography		Positron emission tomography	
	MRI machines per million pop.	MRI exams per 1,000 pop.	CT scanners per million pop.	CT exams per 1,000 pop.	PET scanners per million pop.	PET exams per 1,000 pop.
Australia	13.4	27.6	53.7	110	2.0	2.0
Canada	8.8	52.8	14.7	132	1.2[a]	2.0
Denmark	–	60.3	37.8	142	6.1	6.3
France	9.4	90.9	14.5	193	1.4	–
Japan	46.9[b]	–	101.3[b]	–	3.7[b]	–
Netherlands	11.5	50.0[b]	11.5	71[b]	3.2	2.5[a]
New Zealand	11.2	–	16.6	–	1.1	–
Switzerland	–	–	36.6	–	3.5	–
United Kingdom	6.1	–	7.9	–	–	–
United States	35.5	106.9	43.5	240	5.0[a]	5.0
OECD median	11.4	50.6	17.6	136	1.5	–

[1] U.S. Health Care from a Global Perspective: Spending, Use of Services, Price and Health in 13 Countries. *The Commonwealth Fund*. Retrieved May 18, 2017.

2. Details about the Emergency Medical Treatment and Labor Act (EMTALA) and its requirements

The American Academy of Emergency Physicians (ACEP) has extensive resources on its website regarding EMTALA, a federal statute passed in 1986, and its implementation. EMTALA requires hospitals that participate in Medicare and have emergency departments to screen and treat an emergency medical condition for any patient presenting at the emergency department, regardless of their ability to pay.

According to ACEP, hospitals have three main obligations under EMTALA:

1. Any individual who comes and requests must receive a medical screening examination to determine whether an emergency medical condition exists. Examination and treatment cannot be delayed to inquire about methods of payment or insurance coverage. Emergency departments also must post signs that notify patients and visitors of their rights to a medical screening examination and treatment.
2. If an emergency medical condition exists, treatment must be provided until the emergency medical condition is resolved or stabilized. If the hospital does not have the capability to treat the emergency medical condition, an "appropriate" transfer of the patient to another hospital must be done in accordance with the EMTALA provisions.
3. Hospitals with specialized capabilities are obligated to accept transfers from hospitals who lack the capability to treat unstable emergency medical conditions.

3. Economic studies regarding the impact of low deductibles, third party payment and employer-based insurance on health care costs

There is an extensive body of information addressing these issues, which are related. The tax treatment of health insurance encourages employers to put dollars into health benefits (which are not taxable) rather than wages (which are taxable). This creates overly-generous and expensive benefit plans. Employer-based insurance is essentially a form of third-party payment. Third party payment impacts demand for and utilization of health care services because when patients do not pay the full cost of the service, they consume more of it. Many studies underscoring this point evaluate the impact of increased coinsurance and deductibles on utilization.

The Bipartisan Policy Center produced a paper in 2012, outlining cost drivers in health care.[2] The paper found that, "the employer-sponsored health insurance tax exclusion encourages increasingly generous benefit designs and represents a significant loss in revenue for the

[2] Ginsberg, P. (2012). What is driving U.S. health care spending? Bipartisan Policy Center.

federal government." Regarding utilization of care, it found that "access to health care services with little cost-sharing encourages higher care utilization and leads to increased spending." (Ginsberg, p. 14)

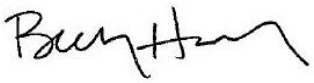
A 2008 Kaiser Family Foundation briefing paper addressed similar issues. Both papers are attached for your reference.

4. Prescription drug costs

Attached is a report from the American Hospital Association on prescription drug costs and policies that could help address them.

Please let me know if I can answer any additional questions or be of further assistance to the Committees.

Sincerely,



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