



March 26, 2021

Senator Wilson,

This letter is written in support of SB93 – Health Insurance All-Payer Claims Database. The purpose of the bill is to establish an all-payer health claims database in the state of Alaska which would allow researchers, policymakers, employers, and the general public access to timely and accurate healthcare cost and quality data on which to make informed health care decisions and reduce unnecessary healthcare costs.

We know that Alaska has some of the highest healthcare costs in the United States which puts pressure on Alaska healthcare consumers, employers, and strains the state's budget; however, we lack reliable and current statewide data to determine and strategically address the cost drivers. In more than 20 states, an all-payer claims database (APCD) has been used to generate actionable information which has directed purchasing and reduced overall healthcare spending. Given the capacity of APCD data to provide better information, support individuals' health care decision-making, and inform important state health policy decisions that directly impact all citizens, there is clear value to a state APCD.

The AK Healthcare Transformation Project, a cross sector collaborative effort of over 175 payers, providers, policymakers, and patient advocates, has been working for several years to address, among other things, the high cost of healthcare in Alaska. We see the APCD as one of the strategies to assist us in our endeavor by providing reliable, current, and accurate healthcare data that can be used to analyze how much we are truly spending on healthcare, the cost drivers, and inform healthcare policy. Our contractor, NORC - University of Chicago, in 2019 reviewed over 300 reports and studies that have been completed in the past ten years on the Alaska healthcare system. These reports provided information on many of the issues facing

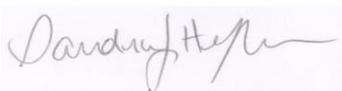
Alaskans yet provided limited generalizable information that could be used to address systemic solutions. Further, as we explored the costs of Alaskan healthcare and the drivers of the high costs, a glaring gap in available data was found. National data reported in the aggregate was well over 4 years old and more recent datasets were not representative of a large enough swath of the Alaska population to be statistically significant. NORC recommended a starting point would be to implement an APCD in Alaska which has been used in other states as a tool to understand their healthcare costs.

The concept of an Alaska APCD is not new having been a recommendation of the Health Care Commission in 2014. The AK Healthcare Transformation Project sought updated information on APCDs by contracting in 2020 with Freedman Healthcare to explore the feasibility of an Alaska APCD specifically addressing questions related to structure, cost, and funding. Freedman's report supported Alaska implementing an APCD with the assistance of an experienced Lead Organization to manage the day-to-day operations including an external Data Management Vendor. We issued a Request for Information for a Lead Organization and received detailed responses that will be instrumental in assisting the Division of Insurance in the development of a request for proposal and scope of work for these services.

We recognize that an APCD will not in and of itself lower the cost of healthcare; however, having access to a single repository of healthcare claims data representing over 68% of Alaskan covered lives will be invaluable as we strive to improve Alaskan's health while also enhancing patient and health professionals experience of care, and lowering the per capita healthcare growth rate. An Alaskan APCD would support analysis of healthcare cost, utilization, quality, and population health based on comprehensive, Alaska specific data.

We fully support this legislation as a step in the right direction for Alaska to effectuate change in controlling the high cost of healthcare in our state. Please feel free to contact me directly if you have additional questions.

Regards,



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