



April 29, 2021

Honorable Click Bishop
Co-Chair, Senate Finance Committee
State Capitol Room 516
Juneau, AK 99801
Senator.Click.Bishop@akleg.gov

Honorable Bert Stedman
Co-Chair, Senate Finance Committee
State Capitol Room 518
Juneau, AK 99801
Senator.Bert.Stedman@akleg.gov

Re: Opposition to CSSB 93 (HSS)

Dear Co-Chair Bishop, Co-Chair Stedman, and Members of the Senate Finance Committee,

On behalf of the Pacific Health Coalition (PHC), we are writing to express concerns about SB 93, which is intended to create a State of Alaska All-Payer Claims Database (APCD). SB 93 is scheduled to be heard April 29, 2021, in the Alaska Senate Finance Committee.

Thank you for inviting the hearing testimony of our Executive Director, Fred Brown, and Alaska Membership representative Pat Shier, who is a former Information Technology Director, for both the State of Alaska and the University of Alaska Anchorage. We undersigned members of the PHC Executive Board represent 50 health benefit plans in Alaska and the Pacific Northwest.

The Pacific Health Coalition includes public sector groups such as the Public Employees Local 71 Trust Fund and the ASEA/AFSCME Local 52 Health Benefits Trust, of which Mr. Brown is a past Chair. Alaska boroughs, municipalities and school districts are also among our Coalition membership.

The PHC has participated in nearly all of the study sessions of the Alaska Transformation Project, which focused, in part, on evaluating the development and success of APCDs in other states. Without exception, APCD programs across the United States appeared to start benignly and innocently enough, but these programs have all grown in cost and breadth of scope and function. Moreover, they almost never demonstrated documentable cost savings, nor delivered on the promise of a positive return on investment (ROI).

For example, the State of Colorado's APCD effort, by the Center for Improving Health Care (CIVHC), began in 2010. The Colorado program started by excluding from required coverage all self-insured plans, just as is proposed in Alaska. Notably, however, by 2015, Colorado expanded its APCD to require participation by nearly all its self-insured employer sponsored health plans of 100 participants or more. (See <https://www.colorado.gov/pacific/sites/default/files/Self-Funded%20FAQs.pdf>)

The CIVHC now has a [staff of 29](#) and a [Board of 18](#), and currently costs approximately [\\$5m annually](#). The data analysis team grew from [one analyst in 2012 to five, plus two project managers, in 2016-17](#). Of the \$5 million consumed in FY 2019-2020, it includes [\\$2.5m in State General Funds](#) (page 21) and another \$1m in State CMS funds. In Alaska, even if data work is contracted out to non-employees, we can expect the workload of “what if” data collection and analysis to expand, without any specific cost saving metrics.

Moreover, Colorado staff members admit they are not directly able to affect consumer behavior. Instead, they state, “[U]ntil patients and providers are both incentivized to select the lowest cost, highest quality services, providing information may not be enough to see the changes that our system needs. Payment reform programs like bundled payments and Accountable Care Organizations begin to align incentives on the provider side to lower cost and improve quality.” (See [“Opinion: Getting patients to choose a Honda over a BMW” By Cari Frank](#), 2013, <http://www.healthpolicysolutions.org/2013/03/06/opinion-getting-patients-to-choose-a-honda-over-a-bmw/>)

Here in Alaska, a consultant for one of SB 93’s proponents similarly admitted there is no traditional ROI associated with the APCD undertaking. Additionally, in order to be minimally useful, the study’s author compared APCD initiatives in other states, and concluded the effort in Alaska needs to expand its data requests over time. Indeed, the author declared 114,000 members of Alaska “State Employee Plans” must be included for the APCD to reach a target of 68% of covered lives in the database. “State Employee Plans” is defined in the study to include all state and local governments and school districts, which indicates all Alaska public employee records must be included in the database for the program to produce meaningful results. (See “Assessing the Feasibility of a Sustainable Alaska All-Payer Claims Database,” by Freedman Healthcare, December 9, 2020, at page 31, submitted to the Alaska State Senate on March 23, 2021. http://www.akleg.gov/basis/get_documents.asp?session=32&docid=12500) This is contrary to the promise offered in prior Senate committee testimony, that union trust funds are not required to participate in the APCD contemplated in SB 93.

Considering: 1) the realistic public concerns over data security, 2) that other more timely and privately funded initiatives are currently available in the marketplace, which are intended to help consumers make optimal health care choices, and 3) the other fiscal priorities facing strained Alaska State budgets, we have serious concerns regarding the creation of an Alaska APCD at this time.

ALTERNATIVES AVAILABLE AT LITTLE OR NO COST

Multiple resources are already available to the State of Alaska for use in analyzing Alaska healthcare data. As an example of high quality regularly prepared analysis, consultants for the University of Alaska produce reports relying on existing and available healthcare data. (See, e.g., https://www.alaska.edu/files/hr/UofAK_InfoLockFY13-JHCC.pdf) This data could be collected and aggregated with other University and similar AlaskaCare reporting, and produced in a format useful to policy makers, with relatively little additional cost.

Further, Medicaid data currently available to the Alaska Department of Health and Human Services can be added for further comparison, and Medicare data is obtainable for a fee. In a small market like Alaska, these existing resources represent a statistically significant view of health care consumption and cost in Alaska, without resorting to the creation of a new entity which will continue to demand resources and further regulation and law changes to satisfy the insatiable curiosity of researchers.

We realize that the promise of federal funds to kick-start an Alaska APCD is enticing. Importantly, however, as acknowledged in prior Senate hearing testimony, the Feds have provided no current data structure requirements to date. These requirements must be met in order to qualify for the promised

grants. At best, therefore, adoption and implementation of this program is premature. At a minimum, the APCD proponents should be required to demonstrate actual healthcare cost savings before this legislation is further advanced towards adoption.

Thank you for considering these concerns. Let us know if you have any questions.

Sincerely,

Pacific Health Coalition Executive Board

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