Transforming Health Care in Alaska

2013

2013 Annual Report of the Alaska Health Care Commission

2010 – 2014 Strategic Plan Update

This page intentionally left blank

Transforming Health Care in Alaska

2013 Report/2010-2014 Strategic Plan Update

Alaska Health Care Commission

Ward Hurlburt, MD, MPH, Chair
Patrick Branco
C. Keith Campbell
Valerie Davidson
Jeffrey Davis
Emily Ennis
Col. Thomas Harrell, MD
Allen Hippler
David Morgan
Lawrence Stinson, MD
Robert Urata, MD
Ex Officio Members:
Jim Puckett
Senator John Coghill
Representative Wes Keller

Deborah Erickson, Executive Director

Sean Parnell
Governor
State of Alaska

William J. Streur
Commissioner
Department of Health & Social Services

THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Health and Social Services

ALASKA HEALTH CARE COMMISSION
Anchorage

3601 C Street, Suite 902
Anchorage, Alaska 99503-5924
Main: 907.334.2474
Fax: 907.269.0060

January 15, 2014

To: The Honorable Sean Parnell, Governor, State of Alaska
The Honorable Charlie Huggins, President, Alaska State Senate
The Honorable Mike Chenault, Speaker of the Alaska House of Representatives

We are pleased to present the 2013 annual report of the Alaska Health Care Commission in accordance with AS 18.09.070. The Commission was established in 2010 to address issues concerning cost, quality and access to health care. This Governor's appointed advisory body is committed to identifying market-based policy options for transforming Alaska's health care system so that it delivers high quality affordable care for Alaska's families and employers.

The Commission has documented that Alaska fares poorly when it comes to the cost of health care for our citizens. For a relatively young population we spend more per capita on health care than every other state in the nation but one. The Commission has heard repeatedly that 30% or more of all health care spending is waste – primarily due to unnecessary (ineffective or harmful) care or inefficient service delivery.

The good news is that there are strategies available that can help control the increasing cost of health care, improve quality, and foster informed patient choice. The Commission's policy recommendations focus on increasing patient engagement and choice, facilitating transparency of prices and quality for health care services, applying evidence-based medicine principles in both clinical decision making and coverage determinations, moving towards new payment methods that reward quality and outcomes, and emphasizing delivery of primary care services and prevention.

Alaska's business community and public employers have a central role in fostering the climate change needed to improve health and health care. The State of Alaska is already demonstrating leadership in development of new policies to improve employee health and better manage health benefit spending. The Commission intends over the coming year to continue partnering with employers to identify strategies that will help them implement these new business models.

Thank you for this opportunity to present solutions for transforming Alaska's health care system so that it focuses on delivering health and high quality, affordable care.

Sincerely,

Ward B. Hurlburt, MD, MPH
Chair, Alaska Health Care Commission
Chief Medical Officer, Dept. of Health & Social Services

Deborah Erickson
Executive Director
Alaska Health Care Commission

Table of Contents

Acknowledgements

The Commission benefited from the knowledge and experience of numerous experts from across the country as well as within Alaska who made presentations and participated on panels to help educate us on the various issues and potential solutions we studied this year. The Commission would like to acknowledge the gracious contributions of the following individuals and thank them for sharing their time and expertise.

Oral Health & Dental Services in Alaska

- Brad Whistler, DMD, Dental Officer, Division of Public Health, Alaska Department of Health & Social Services
- Mary Williard, DDS, Director, Department of Oral Health Promotion and DHAT Educational Program, Division of Community Health Services, Alaska Native Tribal Health Consortium

Health Information Infrastructure (Health Data & Analytics)

- William Streur, Commissioner, Alaska Department of Health & Social Services
- Andrea Fenaughty, PhD, Deputy Chief, Section of Chronic Disease Prevention & Health Promotion, Division of Public Health, DHSS
- Jim Puckett, Director, Division of Retirement & Benefits, Alaska Department of Health & Social Services
- Jeff Davis, President, Premera Blue Cross Blue Shield of Alaska
- Mike Hirst, Director of Data Services, Southcentral Foundation
- Michael Acarrequi, MD, Chief Medical Officer, Providence Health & Services Alaska

Health Care Finance & Pricing

- Ken Tonjes, CFO, PeaceHealth Ketchikan Medical Center
- Brandon Ousley, Practice Manager, Medical Park Family Care
- John C. Cates, DO, Anchorage private practice physician
- Seth Krauss, MD, Anchorage private practice physician
- Mike Powers, CEO Fairbanks Memorial Hospital
- Liz Woodyard, CEO, Petersburg Medical Center

Health Insurance Costs & Cost Drivers

- Jeff Davis, President, Premera Blue Cross/Blue Shield of Alaska
- Bret Kolb, Director, Alaska Division of Insurance

Employers' Role in Health & Health Care

- Michael Monagle, Director, Alaska Division of Workers' Compensation
- Becky Hultberg, Commissioner, Alaska Department of Administration
- Mark Foster, Chief Financial Officer, Anchorage School District
- Gaye Fortner, President/CEO HealthCare 21 Business Coalition
- Gunnar Knapp, PhD, Director, Institute for Social & Economic Research, University of Alaska Anchorage
- Mouhcine Guettabi, Assistant Professor of Economics, Institute for Social & Economic Research, University of Alaska Anchorage
- Dan Robinson, Chief, Labor Research & Analysis Unit, Alaska Department of Labor & Workforce Development

All-Payer Claims Databases

- Patrick Miller, Founding Partner, All-Payer Claims Database Council, University of New Hampshire
- Amy Lishko, D.Sc., MSPH, Freedman Healthcare, LLC
- Linda Green, MPA, Freedman Healthcare, LLC

Alaska Hospital Discharge Database

- Jeannie Monk, Senior Program Officer, Alaska State Hospital & Nursing Home Association
- John Lee, CEO, Mat-Su Regional Medical Center
- Richard Mandsager, MD, CEO, Providence Alaska Medical Center

Evidence-Based Medicine

- Mike Stuart, MD, Delfini
- Sheri Strite, Delfini

State Price & Quality Transparency and Public Reporting Laws

- Suzanne Delbanco, PhD, Executive Director, Catalyst for Payment Reform

Healthy Alaskans 2020

- Beverly Wooley, Community Health Systems Performance Improvement Director, Division of Community Health Services, Alaska Native Tribal Health Consortium
- Lisa Aquino, Division of Public Health, Alaska Department of Health & Social Services

Affordable Care Act

- William Streur, Commissioner, Alaska Department of Health & Social Services (DHSS)
- Bret Kolb, Director, Division of Insurance, Alaska Department of Commerce, Community & Economic Development
- Josh Applebee, Deputy Director for Health Policy, DHSS

Also, to the many Alaskans who took the time to testify before the Commission during public hearings, comment on the Commission's draft findings and recommendations, and attend Commission meetings, the Commission is grateful for your interest in improving the health of Alaskans and Alaska's health care system.

Executive Summary

Introduction

The Alaska Health Care Commission was established by the Legislature in 2010 to advise the state on policies for improving health and health care for all Alaskans. Members are appointed by the Governor, and represent stakeholder groups specified in statute. The purpose of this report is to convey the 2013 findings and recommendations of the Commission to Governor Parnell and the legislature as required under Alaska Statute 18.09.070.

Since its inception the Commission has 1) created a strategic framework for health system improvement including a time-specific vision with measurable objectives; 2) conducted numerous studies, increasing knowledge and understanding of current problems in the health care system; 3) designed a comprehensive body of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality; and 4) created a template for a statewide health plan based on the recommendations of the Commission, and are currently facilitating development of that plan.

The Commission will sunset on June 30, 2014 unless legislation to extend the sunset date is enacted. The Division of Legislative Audit conducted a Sunset Audit of the Commission this year, finding that the Commission is fulfilling its intended purpose and operating in the public's interest, and recommending the termination date be extended three years to June 30, 2017 to provide adequate time to coordinate with the Department of Health & Social Services on the development of a statewide health plan.

The Commission's vision is that by 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care. We will know we have attained this vision when, compared to the other 49 states, Alaskans have: 1) the highest life expectancy; 2) the highest percentage population with access to primary care; and, 3) the lowest per capita health care spending level. Alaska is currently ranked 29th, 27th, and 49th respectively for certain indicators associated with each of these three measures.

Studies of the current condition of the health care system conducted over the past three years include a description of the delivery system structure and financing; actuarial analyses of physician, hospital, durable medical equipment, and drug prices and cost drivers; health care accounting and finance; overview and impact of the Affordable Care Act; and impact of Alaska's medical malpractice reforms.

Alaska Health Care System Transformation Strategies and 2013 Policy Recommendations

The Commission has identified the following core strategies as essential for improving value in Alaska's health care system. A compilation of the policy recommendations made to-date associated with these strategies is available in Appendix A.

I. **Ensure the best available evidence is used for making decisions**
   Support clinicians and patients to make clinical decisions based on high grade medical evidence regarding effectiveness and efficiency of testing and treatment options. Apply evidence-based principles in the design of health insurance plans and benefits.

II. **Increase price and quality transparency**
   Provide Alaskans with information on how much their health care costs and how outcomes compare so they can become informed consumers and make informed choices. Provide clinicians, payers and policy makers with information needed to make informed health care decisions.

III. **Pay for value**
Design new payment structures that incentivize quality, efficiency and effectiveness. Support multi-payer payment reform initiatives to improve purchasing power for the consumer and minimize the burden on health care providers.

IV. **Engage employers to improve health plans and employee wellness**
Support employers to adopt employee health and health insurance plan improvement as a business strategy. Start with price and quality transparency, and leadership by the State Department of Administration.

V. **Enhance quality and efficiency of care on the front-end**
Strengthen the role of primary care providers, and give patients and their clinicians better tools for making health care decisions. Improve coordination of care for patients with multiple providers, and care management for patients with chronic health conditions. Improve Alaska's trauma system.

VI. **Increase dignity and quality of care for seriously/terminally ill patients**
Support Alaskans to plan in advance to ensure health care and other end of life decisions are honored. Provide secure electronic access to advance directives. Encourage provider training and education in end-of-life care. Establish a process that engages seriously and terminally ill patients in shared treatment decision-making with their clinicians. Use Telehealth and redesign reimbursement methods to improve access to palliative care.

VII. **Focus on prevention**
Create the conditions that support and engage Alaskans to exercise personal responsibility for living healthy lifestyles. High priorities include reducing obesity rates, increasing immunization rates, and improving behavioral health status.

VIII. **Build the foundation of a sustainable health care system**
Ensure there is an appropriate supply and distribution of health care workers. Create the information infrastructure required for maintaining and sharing electronic health information and for conducting health care analytics to support improved clinical decisions, personal health choices, and public health.

During 2013 the Commission continued identification of policies to implement the core strategies related to evidence-based medicine, employer engagement, transparency, and the health information infrastructure. New policy recommendations include:

- **Ensure the best available evidence is used for making decisions:** Finding that waste in the health care system due to misused medical resources is significant and application of high grade evidence to clinical decision-making can increase effectiveness of medical treatment, improve quality of care, and reduce wasteful spending, the Commission recommends that Commissioners of State agencies responsible for purchase of medical services:
  - Incorporate high grade evidence-based medicine when making determinations relative to provider payment methods and health plan benefit design, and in so doing coordinate to create a consistent approach, support a transparent process and develop policies that do not restrict access, and ensure prior authorization processes are efficient and user friendly;
  - Provide learning and skill development opportunities in critical appraisal for staff involved in policy decision-making, and include health care providers and consumers;
  - Provide patient decision-support tools to assist plan members and public program clients make effective health care choices in consultation with their clinicians; and,

- Promote provider-patient relationships through payment and benefit design that support providers to monitor patient compliance, and patients to comply with best practices for management of chronic conditions.

- **Engage employers to improve health plans and employee wellness:** Finding that employers play an important role in the health of their employees and improving health care cost and quality; market forces in Alaska's health care system are impacted by certain state policies; Alaska's workers' compensation premiums are the highest in the nation due to high medical benefit costs; and, abuse of prescription opioid narcotics is a critical concern for employers; the Commission recommends that the:
  - Legislature and the Department of Health & Social Services (DHSS) investigate and support mechanisms for providing health care price and quality transparency;
  - Legislature and DHSS establish an All-Payer Claims Database;
  - Division of Insurance consider modifying payment regulations to eliminate unintended adverse pricing consequences;
  - Department of Administration and the State university system play a leadership role in implementing essential elements of successful employee health management programs;
  - Legislature reform the Alaska Workers' Compensation Act to modernize the medical fee schedule and improve quality of care and outcomes for injured workers through evidence-based treatment guidelines, and restrictions on reimbursement for opioid narcotics and repackaged pharmaceuticals;
  - Licensure boards of prescribing clinicians establish guidelines governing the practice of prescription medication dispensing; and,
  - The State adopt aggressive prescription opioid control policies and programs, including upgrade to real-time and ongoing operational support for the drug monitoring program database, continuing education requirements for prescribing clinicians and guidelines for appropriate dosage by licensure boards, and monitoring by agencies responsible for the purchase of medical services.

- **Increase price and quality transparency; Strengthen the health information infrastructure:** Finding there is insufficient information to support health care consumers to seek value in care decisions, and to support and evaluate payment reform and delivery system improvement; that Alaska's Hospital Discharge Database is an important source of data but is incomplete due to insufficient participation; and that All-Payer Claims Databases are increasingly in use in other states to support transparency and health care system improvement; the Commission recommends that the:
  - DHSS require participation in the Hospital Discharge Database; and,
  - Legislature and DHSS establish an All-Payer Claims Database.

Next Steps

Over the past three years the Commission has identified a series of specific, relevant and measurable market-based policy recommendations for improving value in Alaska's health care system. Agency initiatives are planned or underway that would implement a number of these recommendations, and coordination has begun between these agencies and the Commission to document implementation action plans in a Statewide Health Plan (Appendix B).

Extension of the Commission's sunset date as recommended by Legislative Audit would provide for continued coordination, accountability, evaluation, and refinement of the Statewide Health Plan. Plans for 2014 also include continued identification of policies regarding the employer's role in health care and also transparency, as well as opportunities for improving fraud and abuse prevention.

Part I. Introduction

A. Purpose of this Report

The purpose of this report is to convey the 2013 findings and recommendations of the Alaska Health Care Commission to Governor Parnell and the Alaska Legislature as required under Alaska Statute 18.09.070. This report builds on the work of the original Alaska Health Care Commission (created by Administrative Order #246) which in their 2009 Report presented a 5-year strategic planning framework as a "roadmap" for strengthening Alaska's health care delivery system. The 2009 report was described as a "living" plan meant to evolve each year as problems regarding health care quality, cost and access are studied, potential solutions are analyzed, and implemented strategies are evaluated. This latest report documents the continuation of that process.

Included in this Annual Report for 2013, are:

- Part I: An introduction including background on the Commission; a summary of the Commission's 2013 activities; the Commission's strategic planning framework and vision; a listing of the areas of study regarding the current health care system addressed by the Commission; and a summary of the Core Strategies the Commission has identified as essential for improving value in Alaska's health care system.
- Part II: The Commission's 2013 recommendations for transformation of Alaska's health care system, and related findings.
- Part III: Next steps for implementation of Commission recommendations, and the Commission's plans for continued study of health care system challenges and potential transformation strategies during 2014.
- Appendices: A consolidated copy of all Commission core strategy and policy recommendations made to-date; the Statewide Health Plan template currently in use for compiling State agency initiatives that implement Commission recommendations; inventories of Alaska health reports, plans and planning groups; a consultant report assessing the business case for an All-Payer Claims Database in Alaska; an overview and update on the implementation of the Affordable Care Act in Alaska; and the Commission's 2013 Voting Record, Financial Disclosure Forms, and Ethics Reports.

B. Background on the Commission

The Alaska Health Care Commission was established by the Legislature in 2010 to advise the state on policies for improving health and health care for all Alaskans. Members are appointed by the Governor, and represent stakeholder groups specified in statute. The Commission originally convened during 2009 under Governor's Administrative Order #246.

Duties of the Commission prescribed by AS 18.09.070:

I. Serve as the state health planning and coordinating body;
II. Provide recommendations for and foster the development of a:
    1. Comprehensive statewide health care policy;
    2. Strategy for improving the health of Alaskans that
        i. Encourages personal responsibility for disease prevention, healthy living and acquisition of health insurance;
        ii. Reduces health care costs;

iii. Eliminates known health risks, including unsafe water and wastewater systems;
iv. Develops a sustainable health care workforce;
v. Improves access to quality health care; and,
vi. Increases the number of insurance options for health care services.

III. Submit a report to the Governor and the Legislature by January 15 of each year regarding the Commission's recommendations and activities.

Commission members are appointed by the Governor, with the exception of the two legislative representatives who are appointed by their respective bodies. Short biographies for each of the Commission members are provided on the Commission's web site. 2013 Commission members were:

- **Ward Hurlburt, MD, MPH:** Designated Chair; Chief Medical Officer for the Alaska Department of Health & Social Services; Anchorage.
- **Patrick Branco:** Representing the Alaska State Hospital & Nursing Home Association; Chief Executive Officer of Ketchikan General Hospital; Ketchikan. *Resigned July 2013; Seat Vacant.*
- **Keith Campbell:** Representing consumers; retired hospital administrator and former AARP Chair; Seward.
- **Valerie Davidson:** Representing Alaska tribal health care providers; Senior Director of Legal and Inter-Governmental Affairs for the Alaska Native Tribal Health Consortium; Anchorage.
- **Jeffrey Davis:** Representing Alaska's health insurance industry; President of Premera Blue Cross Blue Shield of Alaska; Anchorage.
- **Emily Ennis:** Representing the Alaska Mental Health Trust Authority; Executive Director of Fairbanks Resource Agency; Fairbanks.
- **Col. Thomas Harrell, MD:** Representing the U.S. Department of Veterans Affairs health care system; Commander of the Air Force/Veterans' Affairs Joint Venture Hospital at Elmendorf; Anchorage.
- **David Morgan:** Representing community health centers; Reimbursement Director for the Southcentral Foundation; Anchorage.
- **Allen Hippler:** Representing the Alaska State Chamber of Commerce; Chief Financial Officer for Faulkner Walsh Constructors; Anchorage.
- **Lawrence Stinson, MD:** Representing Alaska health care providers; anesthesiologist and co-owner of Advanced Pain Centers of Alaska; Anchorage.
- **Robert Urata, MD:** Representing primary care physicians; family medicine physician; Juneau.

Ex-Officio (non-voting members)

- **Jim Puckett:** Representing the Governor's Office; Director, Division of Retirement & Benefits, Department of Administration; Juneau.
- **Representative Wes Keller:** Representing the Alaska House of Representatives; Wasilla.
- **Senator John Coghill:** Representing the Alaska Senate; North Pole.

Since its inception the Commission has 1) created a strategic framework for health system improvement including a time-specific vision with measurable objectives; 2) conducted numerous studies, increasing knowledge and understanding of current problems in the health care system; 3) designed a comprehensive body of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality; and 4) created a template for a statewide health plan based on the recommendations of the Commission, and are currently facilitating development of that plan.

The Commission will sunset on June 30, 2014 unless legislation to extend the sunset date is enacted. The Division of Legislative Audit conducted a Sunset Audit of the Commission this year, finding that the Commission is fulfilling its intended purpose and operating in the public's interest, and recommending the termination date be extended three years to June 30, 2017 to provide adequate time to coordinate with the Department of Health & Social Services on the development of a statewide health plan.

C. Summary of 2013 Activities

Meetings: During 2013 the Commission held five face-to-face meetings, all in Anchorage: March 7-8; June 20-21; August 21-22; October 10-11; and December 6. All of these meetings were open to the public, and teleconferenced for members of the public unable to attend in person but interested in listening or providing testimony. Transcripts, presentations, handouts and agendas from each of these meetings are available on the Commission's website.

The general format of each of the four quarterly two-day meetings included presentations by experts on the various topics studied, panels of Alaskan health care stakeholders on their perspectives regarding the relevant issues, and work sessions for the Commission to identify and discuss potential findings and recommendations. Time was also provided for public testimony during each of these meetings. Formal Commission decisions are documented in the 2013 Voting Record included in Appendix G.

The Commission's 2013 findings and recommendations were released in draft for written comment during November, and the Commission reviewed public comments, made final changes, and approved the findings and recommendations for inclusion in the annual report at their December meeting.

Evidence-Based Medicine Workshop: On August 21 the Commission hosted a learning session on critical appraisal of medical literature, inviting members of the hospital and physician community and other health care stakeholders to a day-long workshop titled *"Empowering Patients, Providers and Payers to Improve Quality and Safety in Health Care"*. The joint learning session and subsequent discussion informed the Commission's new policy recommendations for implementing evidence-based medicine principles in State programs responsible for purchasing medical services.

Coordination & Statewide Health Plan Development:
Department of Health & Social Services Commissioner William Streur hosted a half-day meeting on September 9 with approximately 30 health care system stakeholders and members of the Commission to invite input in a facilitated group discussion on the Commission's recommendations and plans for the future. Information from that meeting is available on the Commission's website, and was considered by the Commission at their October meeting.

Commission staff participated in numerous meetings of the Commonwealth North Health Care Study Group throughout the year to learn more about employee health benefit issues and concerns from the employer community. The Commission also collaborated with Commonwealth North to host a luncheon forum speaker from a Tennessee business coalition on health who shared their experiences with employer–health care sector collaboration. Most recently the Commission Chair and staff have been invited to share information and recommendations for employers with the Alaska HR Leadership Network, a coalition of HR Directors from large Alaska-based companies in the energy, finance, telecommunications, construction, and engineering sectors that convened this year to address concerns regarding employee health benefit issues.

The Commission Chair and staff met frequently throughout the year with leaders from the Department of Health & Social Services, Department of Administration, Division of Insurance/Department of Commerce, Community & Economic Development, and Division of Workers' Compensation/Department of Labor & Workforce Development to consult on topics related to Commission policy recommendations, and to begin documenting agency initiatives that implement recommendations of

the Commission. The template for the Statewide Health Plan was designed this year and is being used to facilitate and compile information from the planning discussions. That template including the current list of agency initiatives is included in Appendix B. The first edition of the Statewide Health Plan is scheduled to be completed by July 2014.

Sunset Audit: Commission staff spent considerable time between January and April of this year responding to requests from the Division of Legislative Audit during their fieldwork on the operations of the Commission for the sunset audit required by AS 44.66.050. The auditors completed their report in May, concluding the Commission is fulfilling its intended purpose and serving in the public's interest, and recommending the sunset date be extended by three years to June 30, 2017 to allow time for coordination with the Department of Health & Social Services on the statewide plan to implement the recommendations of the Commission.

Consultant Contracts: The Commission contracted with Freedman HealthCare through a competitive bid process to conduct a study of the business use case for an All-Payer Claims Database for Alaska during 2012, and the final report from that study was completed in February of this year (included in Appendix E). The Commission contracted with the Delfini Group, a consulting firm that specializes in training health care providers and payers on critical appraisal of medical literature to conduct the evidence-based medicine workshop in August. Materials, presentations and transcripts from that workshop are available on the Commission's website. The Commission also contracted with the Institute for Social & Economic Research at UAA and the Department of Labor & Workforce Development on a collaborative initiative to study employer health benefit practices in Alaska. That study is scheduled to be completed by June 2014.

Communication: The Commission maintained a website for posting meeting information, reports, and reference materials related to their priority focus areas. The listserv established to communicate with system stakeholders and members of the public interested in receiving periodic updates was also enhanced, and by the end of 2013 there were over 1,100 subscribers. The Commission also maintained an inventory of boards, committees, coalitions, and other organizations in Alaska involved in health planning in some way, as well as a list of published statewide health reports and plans (included in Appendices B and C).

The Commission Chair and staff made several presentations to legislative committees this year on the work and recommendations of the Commission, including:

- House Finance DHSS Subcommittee on February 20, June 17, and December 2.
- House Health & Social Services Committee on February 28

In addition two legislative committees requested special presentations by Commission staff on the Affordable Care Act:

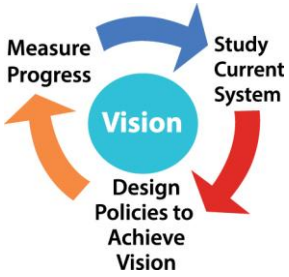
- House Health & Social Services Committee on March 14
- Administrative Regulation Review Committee on June 25

Administration: The Commission's by-laws were amended this year to comply with recommendations from legislative auditors. A copy of the current by-laws and also the Commission's ethics handbook are available on the Commission's website. Copies of members' 2013 Financial Disclosure forms and the Commission's 2013 quarterly Ethics Reports are included in Appendix G.

D. Strategic Planning Framework

The Commission's planning framework started with identification of a vision — a picture of the ideal future for Alaska related to health and health care. Work continues with effort devoted each year to studying the current condition of the health care system, and to identifying strategies and recommending policies for moving the system from the current state toward the envisioned future.

The Commission defines health and health care broadly (definitions are available on the Commission's web site). Work has focused primarily on strategies for increasing value in acute medical care as it represents the largest component of health care spending, and is the one area of Alaska's health system that does not already have an existing planning or advisory body in place.



E. Vision for Transformation of Alaska's Health Care System

The Commission's vision is aspirational, imagining a future in which Alaskans are the healthiest people in the United States and Alaska's health care system delivers the greatest value — the highest quality at the most affordable price.

By 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care.

We will know we have attained this vision when, compared to the other 49 states, Alaskans have:

1. *The highest life expectancy (Alaska currently ranks 29th)*
2. *The highest percentage population with access to primary care (Alaska currently ranks 27th)*
3. *The lowest per capita health care spending level (Alaska currently ranks 49th)*

F. Understanding Alaska's Current Health Care System

Following are the topics and issues the Commission has studied over the past three years to develop a better understanding of Alaska's health care system as a foundation for developing strategies for attaining the vision. Information on these topics is available on the Commission's website as indicated.

Alaska's Health Care System
http://dhss.alaska.gov/ahcc/Pages/Reports/2009commissionreport.aspx
- Description of Alaska's health care system structure and financing
- Discussion of health care system challenges

Health Care Costs
http://dhss.alaska.gov/ahcc/Pages/focus/healthcarecosts.aspx
http://dhss.alaska.gov/ahcc/Pages/focus/insurance.aspx
http://dhss.alaska.gov/ahcc/Pages/focus/finance.aspx
- Economic analysis of health care spending and cost drivers in Alaska
- Actuarial analysis of physician, hospital, durable medical equipment, and prescription drug prices comparing reimbursement levels in Alaska to other states and between payers
- Drivers of health care reimbursement differences between Alaska and other states
- Health insurance cost drivers
- Health care accounting and finance

Federal Reform
http://dhss.alaska.gov/ahcc/Pages/Reports/2010commissionreport.aspx
http://dhss.alaska.gov/ahcc/Pages/nhcr/default.aspx
- Overview of the Affordable Care Act
- Impact of the Affordable Care Act in Alaska

Government Regulation of the Health Care Industry
http://dhss.alaska.gov/ahcc/Documents/2012Report1-15-13FINAL.pdf
http://dhss.alaska.gov/ahcc/Pages/focus/malpracticereform.aspx
- Government health care regulation overview
- Impact of medical malpractice reforms in Alaska

Other health services
- Long term care services http://dhss.alaska.gov/ahcc/Pages/focus/longterm.aspx
- Behavioral health services http://dhss.alaska.gov/ahcc/Pages/focus/behavioral.aspx
- Oral health and dental services http://dhss.alaska.gov/ahcc/Pages/focus/dentalservices.aspx
- Population-based prevention http://dhss.alaska.gov/ahcc/Pages/focus/populationbased.aspx

G. Alaska Health Care System Transformation Strategies

Following are the core strategies the Commission has identified as essential for improving value in Alaska's health care system. A compilation of the policy recommendations made to-date associated with these strategies is available in Appendix A.

I. **Ensure the best available evidence is used for making decisions**
Support clinicians and patients to make clinical decisions based on high grade medical evidence regarding effectiveness and efficiency of testing and treatment options. Apply evidence-based principles in the design of health insurance plans and benefits.

II. **Increase price and quality transparency**
Provide Alaskans with information on how much their health care costs and how outcomes compare so they can become informed consumers and make informed choices. Provide clinicians, payers and policy makers with information needed to make informed health care decisions.

III. **Pay for value**
Design new payment structures that incentivize quality, efficiency and effectiveness. Support multi-payer payment reform initiatives to improve purchasing power for the consumer and minimize the burden on health care providers.

IV. **Engage employers to improve health plans and employee wellness**
Support employers to adopt employee health and health insurance plan improvement as a business strategy. Start with price and quality transparency, and leadership by the State Department of Administration.

V. **Enhance quality and efficiency of care on the front-end**
Strengthen the role of primary care providers, and give patients and their clinicians better tools for making health care decisions. Improve coordination of care for patients with multiple providers, and care management for patients with chronic health conditions. Improve Alaska's trauma system.

VI. **Increase dignity and quality of care for seriously/terminally ill patients**
Support Alaskans to plan in advance to ensure health care and other end of life decisions are honored. Provide secure electronic access to advance directives. Encourage provider training and education in end-of-life care. Establish a process that engages seriously and terminally ill patients in shared treatment decision-making with their clinicians. Use Telehealth and redesign reimbursement methods to improve access to palliative care.

VII. **Focus on prevention**
Create the conditions that support and engage Alaskans to exercise personal responsibility for living healthy lifestyles. High priorities include reducing obesity rates, increasing immunization rates, and improving behavioral health status.

VIII. **Build the foundation of a sustainable health care system**
Ensure there is an appropriate supply and distribution of health care workers. Create the information infrastructure required for maintaining and sharing electronic health information and for conducting health care analytics to support improved clinical decisions, personal health choices, and public health.

Part II. 2013 Commission Findings & Recommendations

A. Ensure the best available evidence is used for making decisions

Findings

A. Waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending.[1]

B. The application of high grade evidence in clinical decision-making can increase the effectiveness of medical treatment, improve the quality of health care, and reduce wasteful health care spending.[1]

C. Key definitions for understanding the application of evidence in medical decisions include:

- **Evidence-based medicine:** The use of the scientific method and application of valid and useful science to inform health care provision, practice, evaluation and decisions.
- **Critical appraisal**: Scientific evaluation of evidence for validity through review for clinical usefulness and for systematic errors resulting from selection bias, information bias and/or confounding.
- **High grade evidence**: Medical evidence determined through critical appraisal to be of high quality and clinically useful.

D. Public and private health care sectors have demonstrated an increasing interest in applying evidence-based medicine to policy and practice in response to high and rising costs and variations in quality of health care. Examples of federal, State, and private medical community initiatives include:

- The **Choosing Wisely Campaign**, which is an initiative of the ABIM Foundation to help physicians and patients engage in conversations to reduce overuse of tests and procedures, and support physician efforts to help patients make smart and effective care choices. Over 25 medical specialty associations have partnered with ABIM to identify tests and treatments that are overused or not effective. http://www.choosingwisely.org/
    - Consumer Reports has partnered with Choosing Wisely to convert the clinical information into patient education materials. www.ConsumerHealthChoices.org
    - The National Business Coalition on Health partnered with Choosing Wisely to develop the Choosing Wisely Employer Toolkit. http://www.nbch.org/choosing-wisely-employer-toolkit

- The **Effective Health Care Program** in the U.S. Agency for Healthcare Research & Quality, which produces effectiveness and comparative effectiveness research for clinicians, consumers and policy makers. This program produces a variety of tools and resources for patients and clinicians, including patient decision aids, research summaries for patients and for clinicians, and continuing medical education modules for clinicians. http://www.effectivehealthcare.ahrq.gov/

[1] IOM (Institute of Medicine). 2013. *Best Care at Lower Cost: The Path to Continuously Learning Health Care in America.* Washington, DC: The National Academies Press.

- The **Center for Evidence-based Policy** based in the Oregon Health & Science University. Current Center initiatives include the Drug Effectiveness Review Project, which supports the application of high grade evidence on effectiveness and safety of drugs to public policy and decision making; and the Medicaid Evidence-based Decisions Project, which makes high grade evidence available to participating State Medicaid Programs to support benefit design and coverage decisions. http://www.ohsu.edu/xd/research/centers-institutes/evidence-based-policy-center/

- **Washington State's Technology Assessment Program**, which determines if medical treatments and services purchased with state health care dollars are safe and effective. The goals of this program are to make:
    - Health care safer by relying on scientific evidence and a committee of practicing clinicians;
    - Coverage decisions of state agencies more consistent;
    - State purchased health care more cost effective by paying for medical tools and procedures that are proven to work; and,
    - Coverage decision process more open and inclusive by sharing information, holding public meetings, and publishing decision criteria and outcomes.
    - http://www.hca.wa.gov/hta/Pages/index.aspx

E. Involvement of health care providers and patients in decision-making is essential to the successful application of evidence-based medicine to clinical practice and public and private payer policies.

F. Existing mechanisms to assess patient compliance with evidence-based medical recommendations are limited.

G. Assessing the outcomes of health care interventions is challenging due to limitations on collecting and sharing data among patients, clinicians, payers, and government agencies.

Recommendations

1. The Commission recommends that Commissioners of State agencies responsible for purchase of medical services (Health & Social Services, Administration, Labor & Workforce Development, and Corrections) and the President of the State University System:

a. Incorporate high grade evidence-based medicine when making determinations relative to provider payment methods and health plan benefit design (such as covered services, prior authorization requirements, and patient cost-sharing differentials); and in so doing:

- Coordinate development and application of evidence-based medicine policies across programs and departments to create a consistent approach supporting improved quality and efficiency in Alaska's health care system.

- Support a transparent policy development process.

- Develop policies that do not restrict access to appropriate treatment, but foster informed discussions between patients and clinicians to support individualized, evidence-based choices to improve the quality of health care.

- Ensure prior authorization processes are efficient, prompt, and user-friendly for providers and patients.

b. Provide learning and skill development opportunities in critical appraisal concepts and techniques for all staff involved in analysis, consultation, or decision-making related to payment for medical services.

c. Involve health care providers and consumers in training opportunities and decision-making applying evidence-based medicine in public policy.

d. Provide patient decision-support tools to assist State health insurance plan members and public program clients to make effective care choices in consultation with their clinicians.

e. Promote provider-patient relationships through payment structures and benefit designs that support providers in monitoring patient compliance, and support patients to comply with best practices for managing chronic conditions such as asthma, diabetes, hypertension, and hyperlipidemia.

2. The Commission recommends the University of Alaska President incorporate evidence-based medicine and critical appraisal principles in clinical and health service administration academic curricula.

B. Engage employers to improve health plans and employee wellness.

Findings

A. Employers play an important role in the health of their employees, and in the value — the cost, quality and outcomes — of health care services purchased through employee health plans.

B. CEOs who take control of health care like any other supply chain issue and adopt health and health care improvement as a business strategy are improving employee wellness and productivity, containing health care cost growth and improving health care quality for their companies.

C. Essential elements of employee health management programs that demonstrate success in driving down health care costs and improving quality and employee health outcomes include:

- **Evidence-Based Medicine.** The application of high-grade medical evidence in clinical decision-making can increase the effectiveness of medical treatment, improve quality of care, and reduce wasteful health care spending.[1] Employers can apply evidence-based medicine through provider payment methodologies and health plan benefit design including covered services, pre-certification processes, and patient co-sharing differentials.

- **Price Sensitivity.** Traditional health plans with low deductible and co-payment requirements insulate the plan member/patient from experiencing the direct cost of a service; providing little incentive for the covered patient to engage as an informed consumer and as a partner with their health care provider in addressing questions regarding the need, efficacy and price for a service. Consumer-driven health plans that include employer-supported Health Savings or Health Reimbursement Accounts, off-set by higher deductibles and co-insurance, engage members to shop for price, service and quality, and demonstrate cost savings.

- **Price & Quality Transparency.** Employees/plan members must have easy access to information on the prices charged for health services, the amount their health plan will reimburse, and the quality of services available in order to be informed and engaged health care consumers.

- **Pro-active Primary Care Emphasis.** Primary care must be easily accessible to employees in terms of physical location and convenience, and also in terms of low or no co-insurance costs. Preventive services, easy access care for acute illness and minor injuries, and pro-active support for management of chronic conditions avoids more costly care that might otherwise require a higher level of care and also higher costs associated with later treatment of conditions that might worsen with time.

- **Support for Healthy Lifestyles.** Employers' policies and working conditions can be designed to support an employee's ability to make healthy choices, and can also provide employees with incentives to improve and maintain their personal health.

D. **Employer-led health coalitions in other states are actively engaged in leading health and health care improvement initiatives in their communities.** The National Business Coalition on Health includes 52 state, regional and community coalitions of public and private sector employers from across the U.S involved in initiatives to empower consumers and improve value and health.[2]
   - Large employer partnerships and union trust partnerships present opportunities for aligning interests and strategies aimed at improving employee health and value in health purchasing.
   - Employer coalitions can partner with health care providers in their regions and communities to collaborate on health and health care improvement initiatives.
   - All-Payer Claims Databases provide a potential data source for employer coalitions to study information about utilization, quality, preventive services, and pricing.

E. **Market forces affecting pricing for health care services are influenced by the size and structure of Alaska's health care market.** Lack of health care provider competition, and fragmentation and small populations among employer groups, enhance provider leverage to set prices and limits employers' purchasing power to negotiate health care prices in Alaska.
   - Partnerships among large employers and/or among union health trusts can enable opportunities for aligning interests and strategies aimed at improving employee health and improving value in health care purchasing.
   - Aggregation of enough covered lives sufficient to leverage purchasing power for price negotiation purposes would be a challenge in Alaska. Additionally, combining public insurance program plan membership could potentially negatively impact prices for private payers if private employers are not included in the aggregation strategy.
   - Aggregation of covered lives presents an opportunity for implementing other important strategies for improving value.
   - Private insurers provide scale through aggregation of their plan members and are able to leverage implementation of value improvement strategies.
   - The State of Alaska, Department of Administration, has 62,000 covered lives in the AlaskaCare retiree health plan. This population consists of 16,000 under 65 retirees, 22,000 Medicare and 24,000 dependents. The non-diminishment clause of the Alaska State Constitution and subsequent decisions of the Alaska Supreme Court limit changes to the retiree health plan. Four billion dollars of the retirement systems' unfunded liability is attributed to retiree health care costs. Due to this unfunded liability any changes that add to retiree health plan expense must be balanced with cost-saving measures.

F. **Market forces affecting pricing for health care services are impacted by state laws and regulations in Alaska.** There are state laws and regulations in place that influence the market in such a way as to drive prices higher for the consumer.[3]
   - Lower physician discounts in Alaska can be at least partly explained by the relative lack of competition among providers, particularly for specialty care. In many areas, including Anchorage, there are a limited number of providers in any given specialty (sometimes only one provider group). As a result, physicians can largely dictate the fees they are paid by commercial payers.

[2] National Business Coalition on Health: http://www.nbch.org/
[3] "Drivers of Health Care Costs in Alaska and Comparison States." Milliman, Inc., November 29, 2011.

- Relative provider leverage may be further exacerbated by Alaska's regulation requiring usual and customary charge payment to be at least equal to the 80th percentile of charges by geographic area. Since many providers have over 20% of their market share, this implies that those providers can ensure that their charges are below the 80th percentile and therefore, receive payment for their full billed charges.[4]
- A separate state law requires payers to reimburse non-contracted providers directly instead of through the patient, removing incentives typically used by payers to encourage providers to join their networks.[5]

G. The Affordable Care Act "Cadillac Tax" on high-priced insurance plans, while not in effect until 2018, is beginning to impact employers' decisions and union negotiations regarding employee health benefits. This new tax will impose a 40% excise tax on the portion of health plan premiums that exceed $10,200 annually for individual plans and $27,500 for family plans. The Anchorage School District reports that this impending tax was a factor in recent negotiations with district employees' unions regarding benefit packages.[6]

H. Workers' compensation costs in Alaska are the highest in the nation, primarily due to high medical benefit costs. The number of occupational injuries in Alaska has declined by 4-5% per year over the past 15 years, most recently decreasing 7% between 2011 and 2012; however, Alaska's worker's compensation premiums have been increasing and were the highest in the U.S. in 2012.[7]

- Alaska's workers' compensation premiums ranked 28th highest in the U.S. in 2000 and had increased to second highest in the nation by 2004. Since 2004 Alaska has ranked either first or second every year for the highest workers' compensation premium cost in the U.S.
- At 76% of total claim costs, the proportion of medical claims costs is substantially higher in Alaska than the national average of 59%. Alaska's average medical claim cost is $48,200 per case compared to the national average of $28,000.
- Alaska's allowable workers' compensation medical fees are the highest in the nation, according to a 2012 survey of workers' compensation medical fee schedules conducted by the Workers' Compensation Research Institute.
- Alaska's workers' compensation medical fee schedule demonstrates an inefficient allocation of resources. The current fee schedule based on usual and customary billed charges is inherently inflationary and interferes with market function that might otherwise contain cost growth.
- Prescription drug costs comprised 19% of total workers' compensation medical claims costs in Alaska in 2011. A 2011 National Council on Compensation Insurance report on Alaska's workers' compensation program identified over-prescription of opioid narcotics and drug repackaging by physicians as the primary cost drivers of pharmaceutical costs.
- Application of medical treatment guidelines has demonstrated improved patient outcomes and cost reduction in other state workers' compensation programs that have adopted this practice.

[4] Alaska Administrative Code: 3 AAC 26.110
[5] Alaska Statute: AS 21.54.020
[6] Testimony by Anchorage School District Budget Director, Mark Foster, to Commission. October 10, 2013
[7] "Alaska Division of Workers' Compensation 2012 Annual Report," Department of Labor & Workforce Development; National Council on Compensation Insurance 2012 Alaska State Advisory Forum; "2012 Workers' Compensation Premium Rate Ranking Summary," Oregon Department of Consumer and Business Services, October 2012.

I. **Dispensing of repackaged prescription medications by prescribing clinicians can result in significantly increased consumer costs and may negatively impact patient safety and quality of care.** Prescribing clinicians who buy and dispense prescription medications from drug repackaging firms, or who themselves repackage and dispense drugs and bill for reimbursement as an ancillary cost rather than under the original National Drug Code (NDC), may significantly inflate charges. While such practice may increase patient convenience and compliance, it also limits patient choice and often significantly increases price. It may also increase risk of duplicate or harmful drug interactions for patients with multiple clinicians. In addition, such practice is not subject to State pharmacy practice standards that govern record keeping, labeling, and security of dispensed pharmaceuticals.

J. **Abuse of prescription opioid narcotics is a critical personal, employer and public health concern.** Drug overdose deaths now exceed motor vehicle deaths nationally and more Americans die from prescription drug related deaths than from heroin and cocaine combined.[8] Alaska ranked 5th in the nation in 2008 for deaths due to prescription drug overdose (18.1 deaths/100,000 people; age-adjusted).[9]

- Drug overdose death rates in the U.S. have more than tripled since 1990. In 2008 more than 36,000 people died from drug overdoses, and most of these deaths were caused by prescription drugs. Nearly three out of four prescription drug overdoses are caused by prescription opioid painkillers.[10]
- The number of emergency department visits in the U.S. due to misuse and abuse of prescription painkillers nearly doubled between 2004 and 2009.[10]
- For every one death due to prescription painkillers there are an additional 10 treatment admissions for abuse, 130 people abusing or dependent, and 825 non-medical users. More than 3 out of 4 people who misuse prescription painkillers use drugs prescribed to someone else. [10]
- Misuse and abuse of prescription painkillers is estimated to cost the nation $53.4 billion annually in lost productivity, medical costs and criminal justice costs. [8]
- Clinicians who know and follow evidence-based guidelines for safe and effective use of prescription painkillers are less likely to unintentionally contribute to the problem of opioid misuse and abuse.[11]
- Clinician access to patient-specific up-to-date information at the point of care is a valuable tool for supporting appropriate prescribing practices. [11]
- Other states, such as Washington and Oklahoma, have implemented legislative solutions that are demonstrating success at impacting the problem of prescription drug abuse.

[8] "Prescription Drug Abuse: Strategies to Stop the Epidemic," Trust for America's Health, October 2013.
[9] "Policy Impact: Prescription Drug Overdose State Rates," Centers for Disease Control & Prevention, November 2011.
[10] "Prescription Painkiller Overdoses in the US," CDC Vital Signs, US Centers for Disease Control & Prevention, November 2011.
[11] "Issue Brief: Rx Drug Abuse and Diversion," American Medical Association, 2013.

Recommendations

1. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services investigate and the Alaska Legislature support implementation of a mechanism for providing the public with information on prices for health care services offered in the state, including information on how quality and outcomes compare, so Alaskans can make informed choices as engaged consumers.

    a. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and Alaska Legislature immediately proceed with caution to establish an All-Payer Claims Database and take a phased approach. As part of the process:
        - Address privacy and security concerns
        - Engage stakeholders in planning and establishing parameters
        - Establish ground rules for data governance
        - Ensure appropriate analytical support to turn data into information and support appropriate use
        - Focus on consumer decision support as a first deliverable
        - Start with commercial insurer, third-party administrator, Medicaid and Medicare data collection first, then collaborate with other federal payers.

2. The Alaska Health Care Commission recommends the Division of Insurance consider modifying the current usual and customary charge payment regulation to eliminate the unintended adverse pricing consequence. [4]

3. The Alaska Health Care Commission recommends the State of Alaska, as a major employer in the state, play a leadership role for all Alaskan employers by continuing to develop and share strategies already underway to improve employee health and productivity and increase health care value. The Commission recommends the Department of Administration and the University of Alaska system take a comprehensive approach by including all the essential elements of a successful employee health management program: Evidence-based medicine, price sensitivity, price and quality transparency, pro-active primary care, and healthy life-style support for employees.

4. The Alaska Health Care Commission recommends the Alaska Legislature enact changes in the State Workers' Compensation Act to contain medical costs in the program and improve quality of care and outcomes for injured workers, including:
    a. Implementation of evidence-based treatment guidelines;
    b. Restriction of reimbursement for repackaged pharmaceuticals;
    c. Restriction of reimbursement for opioid narcotic prescriptions exceeding a maximum appropriate dosage; and,
    d. Revision of the fee-for-service fee schedule.

5. The Alaska Health Care Commission recommends the Alaska Medical Board, Board of Nursing, Board of Dental Examiners, and Board of Pharmacy in the Department of Commerce, Community & Economic Development establish guidelines governing the practice of prescription medication dispensing by prescribing clinicians.

6. The Alaska Health Care Commission recommends the State of Alaska adopt aggressive prescription opioid control policies and programs, including:

a. The Commission recommends the Alaska Board of Pharmacy in the Department of Commerce, Community & Economic Development and the Alaska Legislature strengthen the Alaska Prescription Drug Monitoring Program by upgrading the controlled substances prescription database to real-time and providing support for on-going operation of the database.

b. The Commission recommends the Alaska Medical Board, Board of Nursing, and Board of Dental Examiners in the Department of Commerce, Community & Economic Development require one-time Continuing Medical Education Credits on over-prescription of opioids and how to spot potential abusers as a condition of licensure or re-licensure for clinicians with prescription authority.

c. The Alaska Health Care Commission recommends the Alaska Medical Board, Board of Nursing, Board of Dental Examiners, and Board of Pharmacy in the Department of Commerce, Community & Economic Development work together to identify and adopt guidelines regarding appropriate dosage for prescription of opioid narcotics.

d. The Commission recommends the Commissioners of State agencies responsible for purchase of medical services (Health & Social Services, Administration, Labor & Workforce Development, and Corrections) and the President of the State University System track adoption of opioid control regulations by Alaska's professional licensing boards for prescribing clinicians, and collaborate to adopt common payment practices for reimbursement for opioid narcotics should the professional boards decide against regulation of their professions.

C. Increase price and quality transparency; Strengthen the health information infrastructure

Findings

A. There currently is insufficient data and information to support consumerism in Alaska's health care market. Empowering consumers and health care providers with access to information on the cost and quality of care is an important strategy for improving value in Alaska's health care system.

B. Some patients lack incentives to seek value in their health care decisions. Normal supply-and-demand price mechanisms do not always work when consumers are insulated from the cost of a good or service, which is one effect of the third-party payer health insurance system. Consumers who share directly in the out-of-pocket cost of their health care purchases are more likely to make decisions based on value (price and quality).

C. State government and other payers require high quality health data sources and health analytics capacity to provide the information needed to guide payment reform and health care delivery improvement policies.

D. Alaska's Hospital Discharge Database is an important source of health care data, and is a good example of collaboration between a health care provider group and the State to make health care data more transparent. However, this data set is currently incomplete due to lack of full participation by all of Alaska's hospitals. It is also insufficient for supporting full cost and quality transparency in that it represents care provided only by acute care hospitals and does not include other facilities such as ambulatory surgery centers or other provider types.

E. A number of states have implemented or are in the process of planning All-Payer Claims Databases (APCDs) to complement data from their Hospital Discharge Data and Medicaid Management Information Systems.[12] APCDs:

- Are large-scale databases that systematically collect and aggregate medical, dental and pharmacy claims data from payers such as commercial insurers, third-party administrators, Medicaid and Medicare.
- Have multiple potential uses, including:[13]
  - Price and quality transparency for the public
  - Utilization and cost analyses for policy makers, employers and other payers
  - Clinical quality improvement initiatives by and for providers
  - Understanding population health trends for public health purposes
- Offer valuable sources of information about outpatient services and health care payments for those states that have implemented them.
- Minimize the burden on health care providers as the aggregated data from payers is an efficient alternative to collecting data directly from individual providers.
- Would provide a tool for supporting multiple Core Strategies recommended by the Commission, including transparency, payment reform, prevention, and the health information infrastructure.

[12] All Payer Claims Database Council: http://www.apcdcouncil.org/
[13] APCD Showcase Website, providing examples and case studies of State APCD uses: http://www.apcdshowcase.org/

Recommendations

1. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services mandate participation in the Hospital Discharge Database for the purpose of providing data that will lead to health care policy decisions that will improve the health of Alaskans, and to encourage federal facility participation in that database.

2. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and the Alaska Legislature immediately proceed with caution to establish an All-Payer Claims Database and take a phased approach. As part of the process:
   - Address privacy and security concerns
   - Engage stakeholders in planning and establishing parameters
   - Establish ground rules for data governance
   - Ensure appropriate analytical support to turn data into information and support appropriate use
   - Focus on consumer decision support as a first deliverable
   - Start with commercial insurer, third-party administrator, Medicaid and Medicare data collection first, then collaborate with other federal payers.

Part III. Next Steps

A. Implementation of Commission Recommendations

The Commission has designed a comprehensive body of specific, relevant and measurable market-based policy recommendations for improving value in Alaska's health care system. Some agency initiatives that implement these recommendations are already planned or underway. Coordination between relevant State agencies and the Commission began this year to document implementation action plans in the Statewide Health Plan template (included in Appendix B). If the Commission's sunset date is extended it will provide a venue for continued coordination of health planning and implementation, accountability for tracking and evaluating implementation activities, and continued analysis of strategies required for improving health care cost, quality and access, and the health of all Alaskans.

State Agency Action Required

Examples of agency actions that would implement Commission policy recommendations include:

- Modification of the Alaska Division of Insurance payment regulation (3 AAC 26.110) that creates market imbalance in the health care sector.
- Require health care facilities participate in the Hospital Discharge Database as a condition of Medicaid participation.
- Incorporate evidence-based medicine principles in purchasing decisions through coverage and authorization changes in employee health plans and Medicaid.
- Create consumer-driven health plan options in State employee health plans.
- Implement health plan purchasing preferences in employee health plans and Medicaid for generic pharmaceuticals and control of opioids.
- Request clinician licensing boards implement or strengthen guidelines regarding opioid prescribing practices and repackaging and dispensing of pharmaceuticals.
- Redesign payment models for health care reimbursement to strengthen primary care, and to shift from fee-for-service reimbursement towards outcome and performance-based payment models.
- Collaborate with community partners to improve Alaskans' health through the Healthy Alaskans 2020 initiative.
- Drive health care delivery system improvement through Medicaid and employee health programs:
    - Strengthen care coordination and complex case management services
    - Develop and support Patient-Centered Medical Homes
    - Integrate primary care and behavioral health services

Legislative Action Required

Examples of legislative action required to implement Commission policy recommendations include:

- Establish an All-Payer Claims Database in the Department of Health & Social Services to provide information on cost and utilization of health care services in Alaska
- Consider legislation to require health care providers to make information on price and quality of their services more readily available to the public.
- Reform the Alaska Workers' Compensation Act to modernize the medical fee schedule and make more efficient use of medical resources through evidence-based treatment guidelines and restrictions on reimbursement for opioid narcotics and repackaged pharmaceuticals.
- Support an upgrade to real-time and on-going operation of the controlled substances database.
- Increase dignity and quality of care for seriously and terminally ill patients:
    - Evolve Comfort One legislation to include Physician Orders for Life Sustaining Treatment
    - Establish an electronic registry for advance directives
- Appropriate funds for population-based prevention to reduce obesity and increase immunization rates
- Extend the Health Care Commission's sunset date as recommended by Legislative Audit.

B. Commission Plans for 2014

I. **Continue Analysis of Strategies for Improving Health Care Value**
   - **Employer's Role in Health & Health Care — Employee Health Benefit/Plan Design & Worksite Wellness:** Complete study by the Institute for Social & Economic Research and the Department of Labor on employer health offerings in Alaska. Continue engagement with the business community and public employers regarding evolving business models to drive improved health, increased health care quality, and decreased health care costs. Study innovative approaches employers in Alaska and across the country are utilizing to create cultures of wellness and promote the health and safety of their employees.
   - **Price & Quality Transparency:** Evaluate transparency legislation enacted in other states and consider possible recommendations for making information more publicly available for patients.
   - **Fraud & Abuse Prevention:** Study current programs for fraud and abuse detection, investigation and prosecution in Alaska's Medicaid program, Medicare, and the private insurance industry, and identify areas for potential improvement.
   - **Track Developments in Alaska Related to Previous Recommendations:**
     - Evidence-Based Medicine
     - Price & Quality Transparency
     - Value-Based Purchasing (Payment Reform)
     - Employer's Role in Health & Health Care
     - Patient-Centric Primary Care
     - End-of-Life Care
     - Prevention

II. **Continue Study of Current Conditions in Alaska's Health Care System**
   - **Behavioral health services**
   - **Health insurance coverage and access**
   - **Quality and safety of medical services**
   - **Rural sanitation**
   - **Alaska's military and veterans' health care system**
   - **Medevac transportation**
   - **Pharmacy benefit management**
   - **Track:**
     - Implementation of the Affordable Care Act
     - Implementation of Healthy Alaskans 2020
     - Status of statewide long term care planning

III. **Develop the Alaska Statewide Health Plan**
   - Continue to collaborate with the Alaska Department of Health & Social Services and other State agencies on challenges and strategies for improving health care value.
   - Identify and document action steps State agencies have planned and underway to implement the Commission's recommended core strategies and policy recommendations, including responsible parties and implementation timelines.

Appendix A

Transforming Health Care in Alaska: Core Strategies & Policy Recommendations

Compilation of Alaska Health Care Commission Recommendations made to-date

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix B

Transforming Health Care in Alaska: Agency Plans to Implement Recommendations of the Alaska Health Care Commission

December 2013 Draft

Template in use for coordinating with State agency leaders to compile information on initiatives aligned with the recommendations of the Commission

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix C

Inventory of Alaska Health Reports & Plans

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix D

Inventory of Alaska Health Planning Groups

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix E

Alaska All Payer Claims Database Study

Freedman HealthCare, LLC

February 14, 2013

Study conducted under contract for the Commission during 2012 and 2013

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix F

Affordable Care Act Overview & Update

December 2013

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix G

2013 Voting Record

2013 Financial Disclosure Forms

2013 Ethics Reports

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx