



Alaska Health Care Commission Recommendations Requiring Agency & Legislative Action

DHSS Subcommittee House Finance

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Previous Presentations to HFIN

- ▶ Health Care Costs & Cost Drivers
- ▶ Commission Background
- ▶ Prior-year Recommendations
- ▶ 2013 Findings & Recommendations



What Can the Legislature Do?

»» Recommendations Requiring
Legislative Support or
Legislative Action





Core Strategies

- I. Ensure the best available evidence is used for making decisions
- II. Increase price and quality transparency
- III. Pay for value
- IV. Engage employers to improve health plans and employee wellness
- V. Enhance quality and efficiency of care on the front-end
- VI. Increase dignity and quality of care for seriously and terminally ill patients
- VII. Focus on prevention
- VIII. Build the foundation of a sustainable health care system

Legislative Support Required

- ▶ Support State agencies as they strive for increased health care value through:
 - More competitive pricing
 - Spending strategies that drive higher quality and improved outcomes
 - Focus on prevention
- ▶ Recognize some of these changes will be a challenge for health care providers



Agency Action Required, e.g.

- ▶ **Low-Hanging Fruit** (shorter term Return-on-Investment (ROI))
 - Use more competitive pricing and rate setting strategies in public programs
 - Modify Division of Insurance payment regulation to support private employers
 - Create consumer-driven health plan options
 - Pharmaceutical payment reforms
 - Incentivize use of generics
 - Modernize reimbursement methodologies
 - Require Hospital Discharge Database participation through regulation



Agency Action Required, e.g.

- ▶ Longer Term, but greater ROI* potential
 - Use Evidence-Based Medicine
 - Coverage and authorization changes
 - Collaborative learning with employers and providers
 - Reform payment mechanisms to improve value
 - Primary Care per-member per-month payment
 - Care Coordination/Case Management
 - Patient-Centered Medical Homes
 - Primary Care – Behavioral Health Integration
 - Primary care clinic contracts
 - Centers of Excellence contracts
 - Bundled payment models

*Return on Investment



Agency Action Required, e.g.

▶ Prevention; Accountability

- Continue employee wellness program development
- Address public health prevention priorities:
 1. Obesity & overweight
 2. Tobacco
 3. Immunizations
 4. Unintentional injury
 5. Water fluoridation
- Develop Alaska Statewide Health Plan based on recommendations of the Commission
 - Transparency in public program reforms
 - Accountability for public agency action



Legislative Action Required

1. Establish All-Payer Claims Database Legislation
2. Explore additional Transparency Legislation
3. Reform the Workers' Compensation Act
4. Fund operation of current drug database; Support upgrade to real-time
5. Increase choice, dignity and quality of care for seriously and terminally ill patients
 - a) Evolve Comfort One legislation to include medical treatment orders
 - b) Establish an advance-directives electronic registry
6. Extend Health Care Commission Sunset date



1. All-Payer Claims Database

- ▶ Aggregates medical claims data from payers
 - Data collected from insurers, third-party administrators, Medicaid, Medicare, and other federal payers
 - No administrative burden on health care providers
- ▶ Important tool for patients, payers and providers to improve health outcomes, health care cost and quality. Multiple uses:
 - Price and quality transparency for the public and employers
 - Utilization and cost analyses for policy makers, employers and other payers
 - Program evaluation of public programs
 - Clinical quality improvement initiatives by and for providers
 - Understanding population health trends for public health purposes
- ▶ Cutting edge – but not “bleeding edge”
 - 13 States have live APCDs (& more coming soon)
 - National data standards already established
 - Medicare data submission protocols already implemented
- ▶ Supports several Commission Core Strategies
 - II. Increase Price & Quality Transparency
 - III. Pay for Value (Payment Reform)
 - IV. Engage Employers
 - VII. Focus on Prevention
 - VIII. Build the Foundation of a Sustainable Health Care System



1. APCD Recommendation

- ▶ DHSS Commissioner and Legislature should proceed immediately with caution to establish an All-Payer Claims Database (APCD), 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 administrators, Medicaid, and Medicare data; collaborate with other federal payers.



1. Elements Required in Legislation

- ▶ APCD Purpose; Goals of Data Collection & Use
- ▶ Data Collection Authority
- ▶ Data Privacy & Security
- ▶ Governance
- ▶ Stakeholder Committee on Data Stewardship
- ▶ Regulatory Authority to Implement Law
- ▶ Appropriation for Start-Up and Operations



1. Potential Concerns & Solutions

Potential Concerns	Solutions
Data privacy and security	<ul style="list-style-type: none">• Require rules regarding system security• Require rules regarding patient privacy protections, including data release policies that mask name and address, and reporting restrictions such as establishing a minimum number of incidents or observations for reporting within a geographic area, masking zip codes, etc.
Inappropriate use of data	<ul style="list-style-type: none">• Legislate penalties for inappropriate use or release of data
Incorrect analyses of data	<ul style="list-style-type: none">• Require rigorous formal data use application processes, including qualifications of research team, project purpose, etc.
Unfair treatment of providers based on data	<ul style="list-style-type: none">• Require collaborative process between system administrators and providers to develop a Reporting Plan, including reporting principles
Data vs. Information	<ul style="list-style-type: none">• Require annual report to legislature on core health and health care metrics using the data, and on progress towards goals stated in the legislation.
“Sticker Shock” re: operating costs	<ul style="list-style-type: none">• Consider the alternatives of addressing unsustainable cost growth

2. Transparency Legislation

- ▶ Recent State Transparency Law Report Card*
 - Alaska got an “F”
 - Provides suggested criteria for laws that optimize transparency for the public
 - Provides links to current transparency laws for each state
- ▶ Potential legislative provisions
 - Require hospitals and physicians to post charges and paid amounts for top utilized procedure codes
 - Require hospitals and physicians to provide charge information when requested by potential patient
 - Prohibit gag clauses in payer–provider contracts
 - Require DHSS to publicly report financial performance of hospitals and health plans annually

* By Catalyst for Payment Reform, an independent national nonprofit for employers and purchasers



3. Workers' Comp Act Reform

- ▶ Modernize and delegate medical fee schedule
- ▶ Make more efficient use of medical resources
 - Implement evidence-based treatment guidelines for improving patient outcomes
 - Control opioid use and abuse
 - Prevent pharmaceutical repackaging overcharges



4. Opioid Control

- ▶ Fund on-going operation of current controlled substance prescription drug database
- ▶ Support upgrade of current drug database to real-time



5. Improve End-Of-Life Care

- ▶ Evolve Comfort One Law to include Medical Treatment Orders
- ▶ Establish advance directives electronic registry



6. Extend Commission Sunset

- ▶ To provide for:
 - Transparency of public program execution of initiatives to improve health care quality and costs
 - Accountability for state agency follow-through and evaluation
 - Continued coordination with State agencies on implementation of the Alaska Statewide Health Plan
 - Consultation and coordination with Alaskan employers
- ▶ Legislative Audit recommendation:
 - Extend by three years to June 30, 2017





Thank You!



NEXT COMMISSION MEETING

March 21–22, 2014
in Juneau

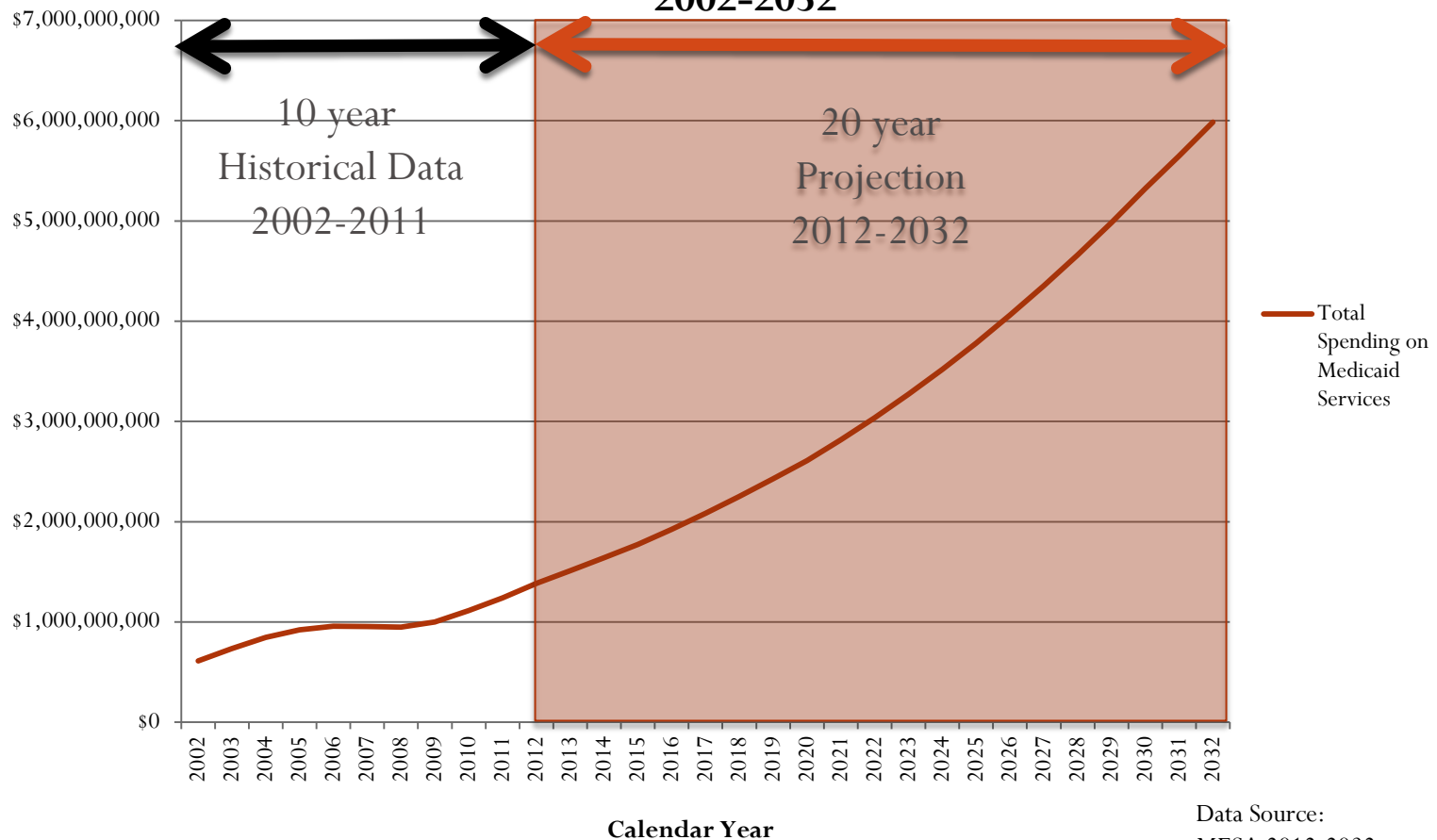
For more information, visit the Commission's
website <http://dhss.alaska.gov/ahcc/>

For periodic updates, join the Commission's
listserve via our website

Department of Health & Social Services



Total Spending on Medicaid Services 2002-2032



Data Source:
MESA 2012-2032

State Price Comparison – physician services

Commercial Insurance Average Payment*

Description/ Code	AK	ID	ND	OR	WA	WY
Office/outpatient visit (99214)	194.83	133.62	140.11	164.90	140.23	117.70
Obstetrical care (59400)	4704.80	2457.25	2500.69	3183.41	2601.20	3061.87
Insert intracoro- nary stent 92980	4486.68	1391.33	1524.52	1555.88	1331.22	2496.38
Total knee arth- roplasty (27447)	7264.91	2566.63	2269.14	2461.07	2288.07	5406.51
Total hip arth- roplasty (27130)	10557.38	2266.18	2175.36	2390.15	2263.44	3343.42
Diagnostic col- onoscopy 45378	1199.45	618.32	399.59	587.87	448.27	772.43

* Weighted average of actual reimbursement, including patient co-pay
(highest cost for each procedure highlighted red; lowest cost green)

Milliman, Inc., November 2011
Report for the Alaska Health Care Commission



State Price Comparison – physician services

Medicaid Fee Schedules (2011)

Description/ Code	AK	ID	ND	OR	WA	WY
Office/outpatient visit (99214)	150.83	98.08	100.41	101.63	107.25	102.45
Obstetrical care (59400)	2821.81	1539.21	2339.40	2018.09	2034.50	n/a
Insert intracoro- nary stent 92980	1398.93	775.80	1189.17	676.03	523.52	n/a
Total knee arth- roplasty (27447)	2410.07	1298.57	2009.69	1136.17	884.98	n/a
Total hip arth- roplasty (27130)	2254.09	1210.03	1879.52	1062.45	827.40	n/a
Diagnostic col- onoscopy 45378	579.70	338.69	512.69	304.18	227.86	n/a

Milliman, Inc., November 2011
Report for the Alaska Health Care Commission



State Price Comparison – physician services

Workers' Comp Fee Schedules (2011)

Description/ Code	AK	ID	ND	OR	WA	WY
Office/outpatient visit (99214)	216.25	197.74	186.44	206.48	167.13	n/a
Obstetrical care (59400)	5274.96	4515.39	3468.64	4590.19	3028.76	n/a
Insert intracoro- nary stent 92980	5295.65	1635.52	1591.86	1634.76	1394.57	n/a
Total knee arth- roplasty (27447)	9278.23	5929.68	2806.50	3589.22	2476.47	n/a
Total hip arth- roplasty (27130)	12671.59	5547.09	2625.64	3358.22	2317.09	n/a
Diagnostic col- onoscopy 45378	1494.59	962.91	721.60	956.36	646.92	n/a

Milliman, Inc., November 2011
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Price Comparison – physician services

Within Alaska – by Payer

Description/ Code	Commercial Insurance*	Medicare	TRICARE	VA	Medicaid	Work Comp
Office/outpatient visit (99214)	194.83	130.96	182.64	150.83	163.18	216.25
Obstetrical care (59400)	4704.80	2354.90	3181.81	4231.13	2821.81	5274.96
Insert intracoro- nary stent 92980	4486.68	1110.09	1626.42	3639.24	1398.93	5295.65
Total knee arth- roplasty (27447)	7264.91	1934.46	2713.06	3832.63	2410.07	9278.23
Total hip arth- roplasty (27130)	10557.38	1810.11	2537.88	3560.16	2254.09	12671.5 9
Diagnostic col- onoscopy 45378	1199.45	474.49	651.17	978.47	579.70	1494.59

* Weighted average of actual reimbursement, including patient co-pay

Milliman, Inc., November 2011
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