



Alaska Health Care Commission

Presentation to the House Health & Social Services Committee

Ward Hurlburt, MD, MPH, Commission Chair

Deborah Erickson, Executive Director

February 28, 2013

Statutory Authority

- ▶ “ The purpose of the commission is to provide recommendations for and foster the development of a statewide plan to address the quality, accessibility and availability of health care for all citizens of the state.” AS 18.09.010
- Temporary body 2009; Statute enacted 2010
- Advisory in nature
- 14 members; appointed by Governor (except for 2 legislators)
- Policy recommendations due annually (January 15) to Governor and Legislature

Membership (seats designated in statute)

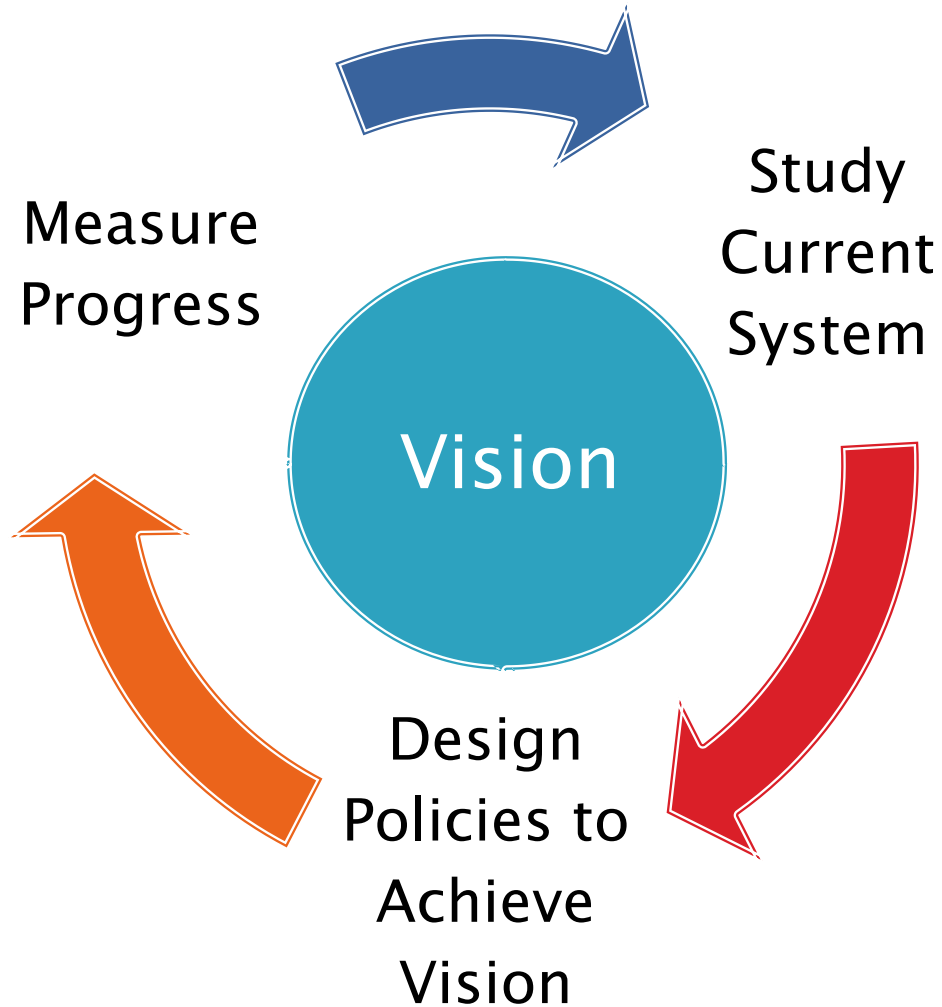
▶ Voting Members

- Ward Hurlburt, MD, MPH: DHSS Chief Medical Officer (designated Chair)
- C. Keith Campbell: Health care consumer
- Valerie Davidson: Tribal health community
- Jeffrey Davis: Health insurance industry
- Emily Ennis: Alaska Mental Health Trust Authority
- Col. Thomas Harrell, MD: U.S. Dept. of Veterans' Affairs health care
- Allen Hippler: Statewide chamber of commerce
- Patrick Branco: Alaska State Hospital & Nursing Home Association
- Lawrence Stinson, MD: Health care provider
- Robert Urata, MD: Primary care physician
- David Morgan: Community health centers

▶ 3 Ex-Officio Members

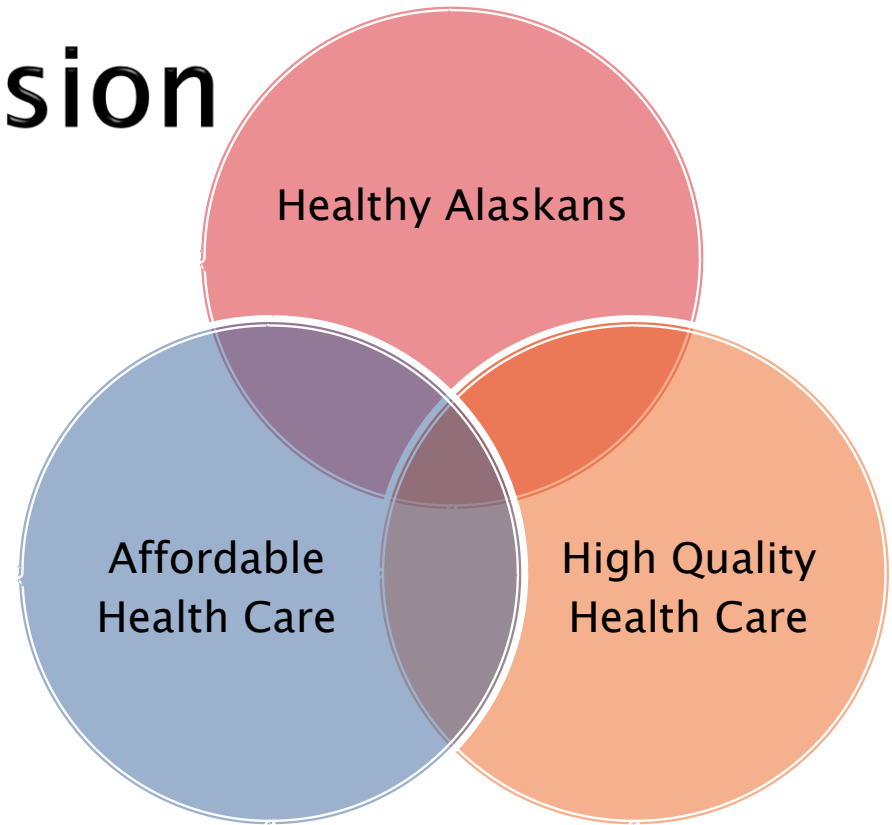
- Wes Keller: House of Representatives
- Donny Olson, MD: Senate
- Jim Puckett: Office of the Governor

Planning Process



Commission's Vision

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 attained this vision when, compared to the other 49 states, Alaskans have:

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



Commission Studies of Alaska's Current Health Care System

Study	Consultants	Annual Report
Description of health care system structure & financing	AK DHSS Staff	2009
Discussion of current health care system challenges	AK DHSS Staff	2009
Overview of Affordable Care Act	AK DHSS Staff	2010
Impact of Affordable Care Act on Alaska	ISER/MAFA	2010
Economic analysis of health care spending and cost drivers	ISER/MAFA	2011
Actuarial analysis of physician, hospital, and durable medical equipment prices compared to other states and between payers; cost drivers of price differentials (3 reports)	Milliman, Inc.	2011
Actuarial analysis of prescription drug prices compared to other states and between payers	Milliman, Inc.	2012
Impact of malpractice reforms enacted to-date	Expert Witnesses	2012
Government regulation of the health care industry	AK DHSS Staff	2012
Business use case analysis of an All-Payer Claims Database	Freedman Healthcare	2013 in progress

Value in Alaska's Health System

State Ranking:

- ▶ **Coverage:** 39th at 18% uninsured¹ (24th at 14%)
- ▶ **Costs:** 49th for lowest per capita expenditures²
- ▶ **Quality:** 38th for health care quality³
- ▶ **Outcomes:** 34th for health outcomes⁴

1. Varies dependent on whether IHS beneficiaries without 3rd party coverage are included in the uninsured count or not

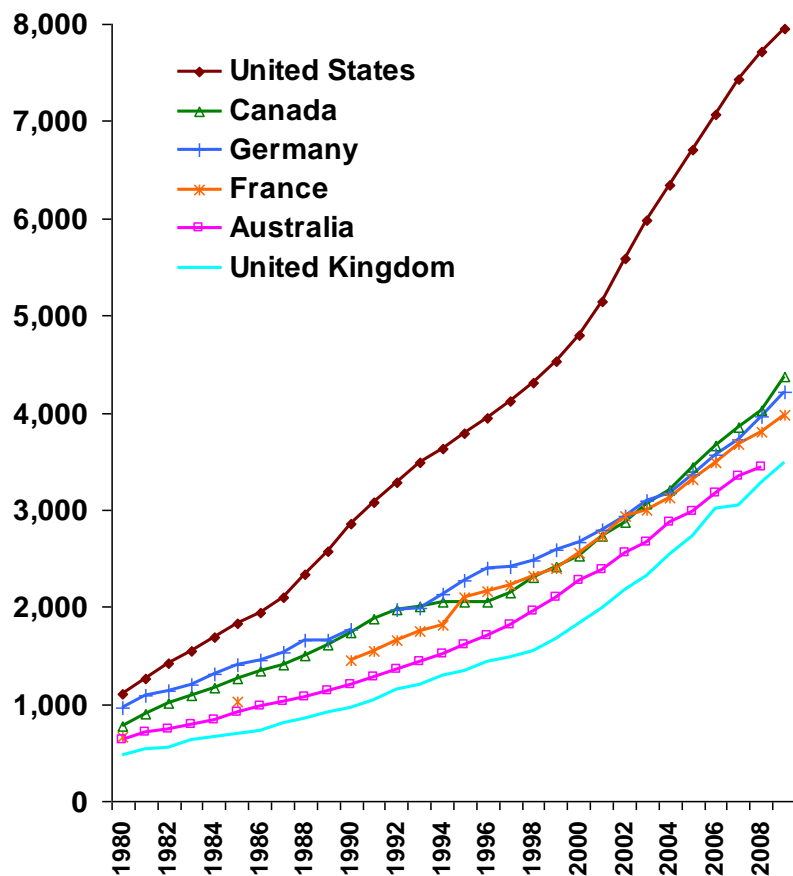
2. CMS Personal Health Expenditure Data

3. 2011 US DHHS Agency for Healthcare Research & Quality State Dashboard on Health Care Quality

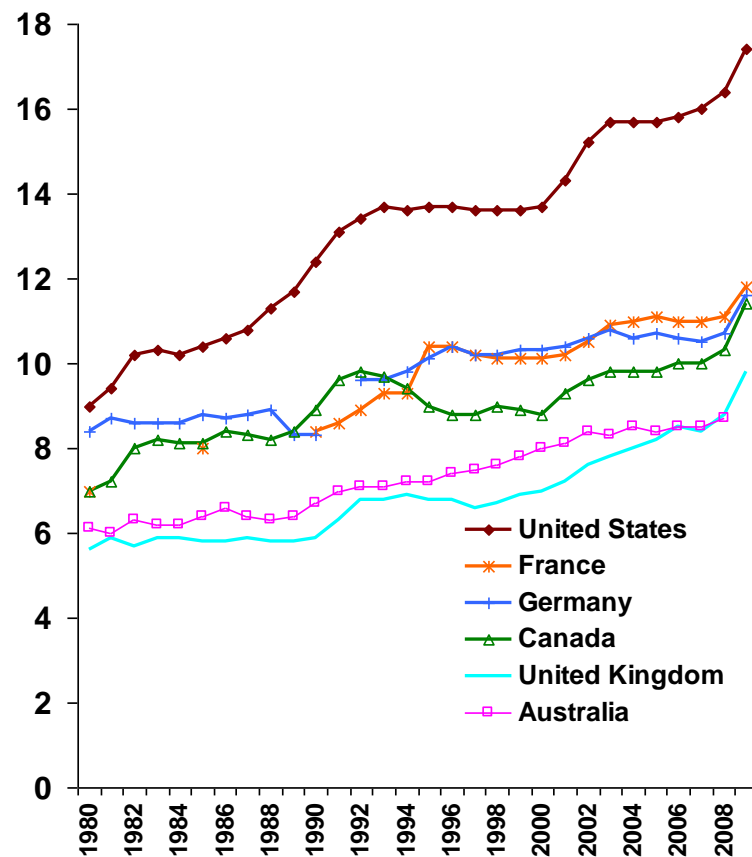
4. 2012 United Health Foundation America's Health Rankings (Health Outcomes Rank)

International Comparison of Spending on Health, 1980–2009

Average spending on health per capita (\$US PPP*)



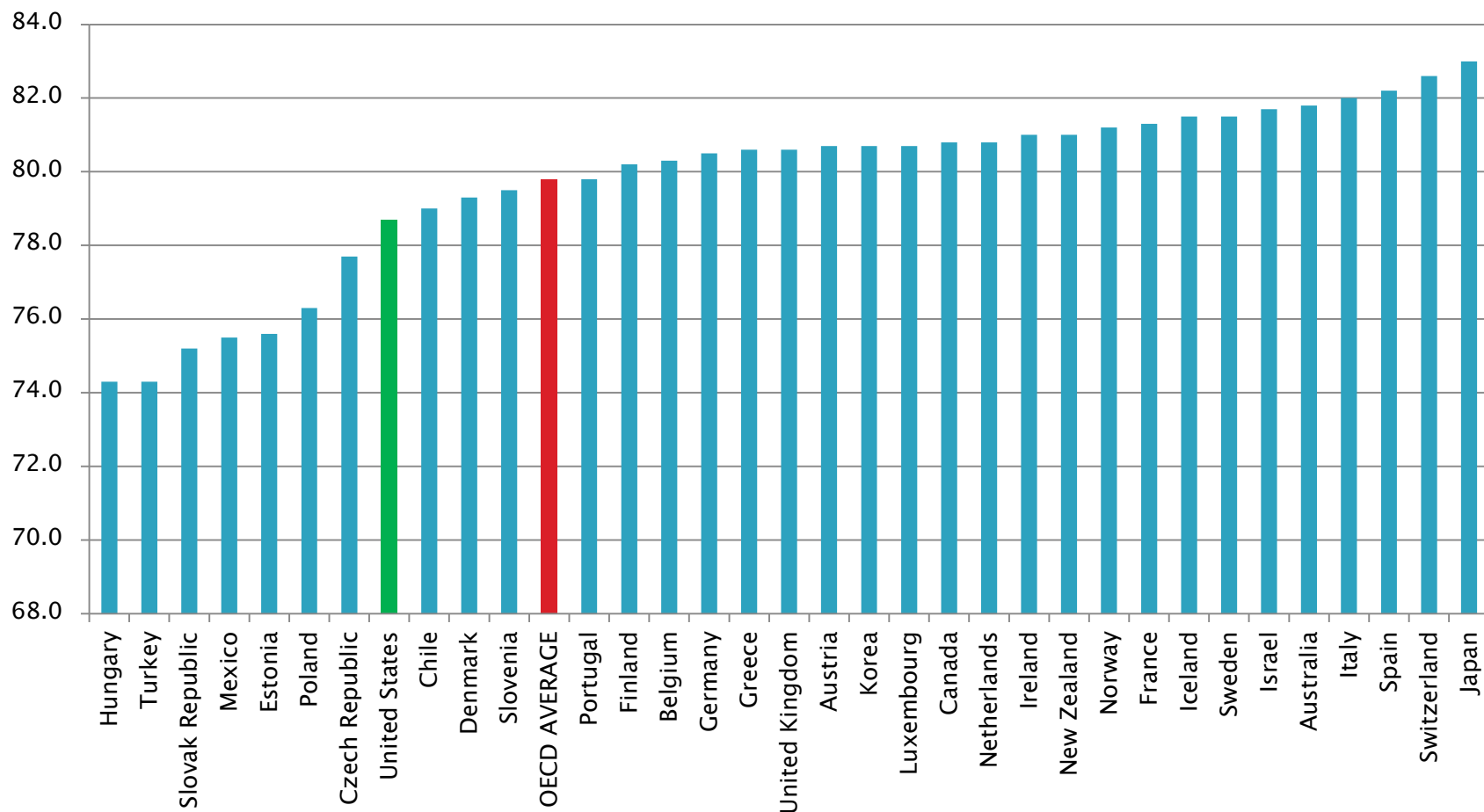
Total expenditures on health as percent of GDP



* PPP=Purchasing Power Parity.

Data: OECD Health Data 2011 (database), version 6/2011.

International Comparison of Health Status: Life Expectancy at Birth, 2010



OECD

Health Data 2012 (database), version 10/2012

Comparative Health Outcomes

United States

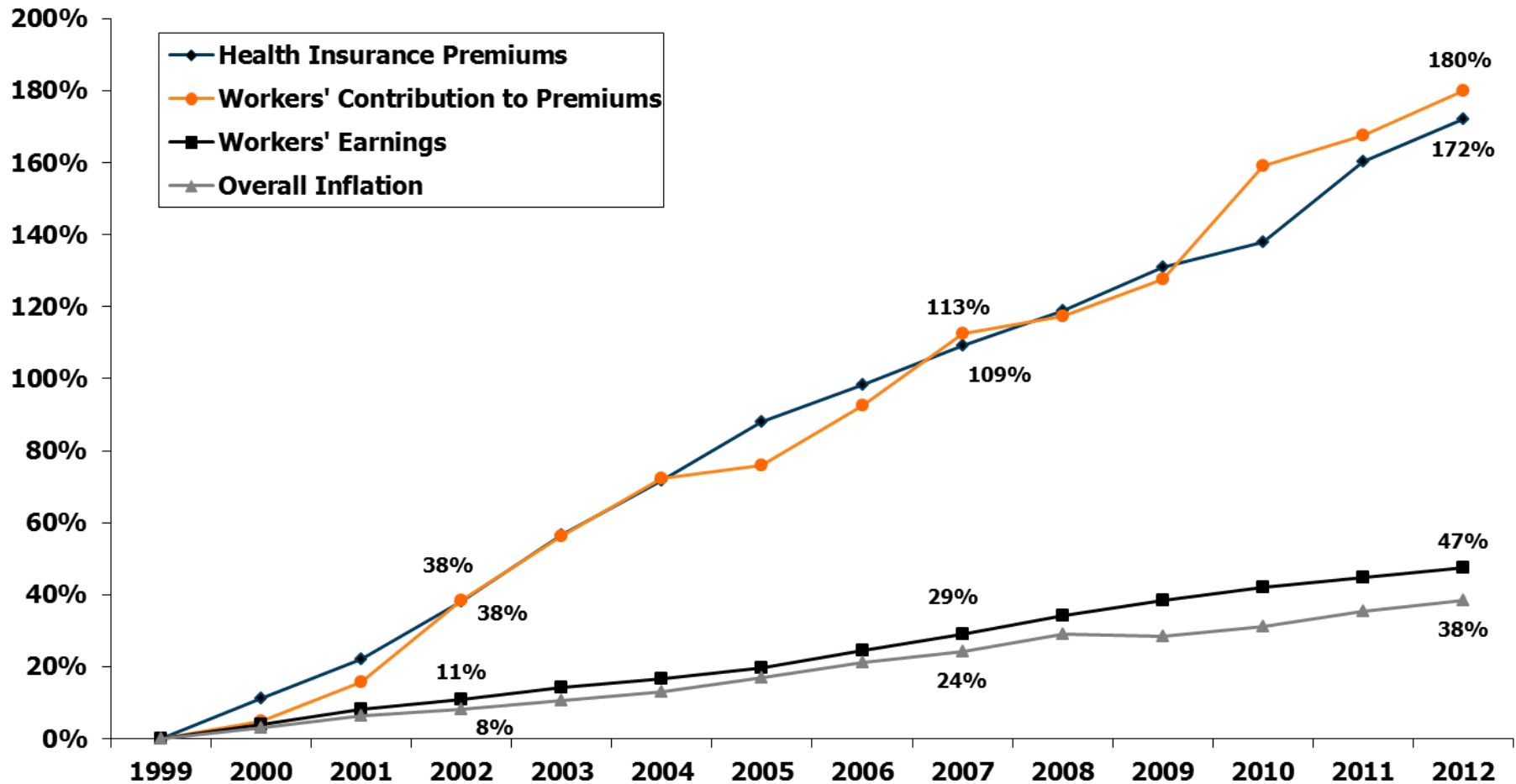
- ▶ Infant mortality 6.1 per 1000 live births
- ▶ Average life expectancy 78.7 years
- ▶ Even after reaching age 65 in the USA we don't live as long

Other Industrialized Countries

- ▶ Switzerland: 3.8
- ▶ Japan: 2.3
- ▶ Switzerland: 82.6
- ▶ UK: 80.6
- ▶ Germany: 80.5
- ▶ Japan: 83.0



Affordability - U.S. Cost vs. Inflation, Earnings



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2012. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999–2012; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999–2012 (April to April).

Affordability – U.S. Families

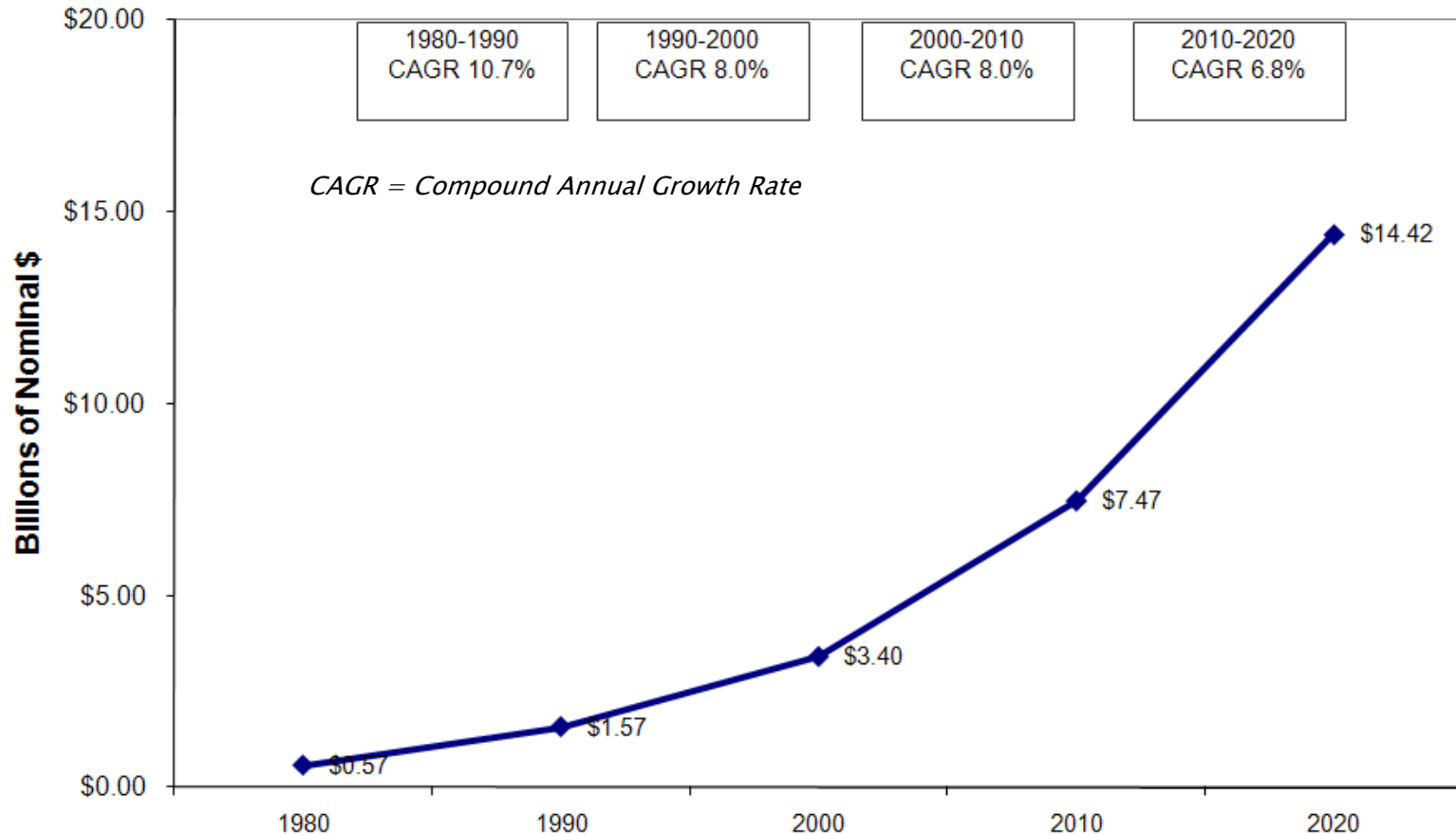
- ▶ *“By 2037, health insurance will swallow your entire paycheck.”*
 - “If health insurance premiums and national wages continue to grow at recent rates and the U.S. health system makes no major structural changes, the average cost of a family health insurance premium will equal 50% of household income by the year 2021 and surpass the average household income by the year 2033. If out of pocket costs are added the 50% threshold is crossed by 2018 and exceeds household income by 2030.”



The Washington Post, March 14, 2012

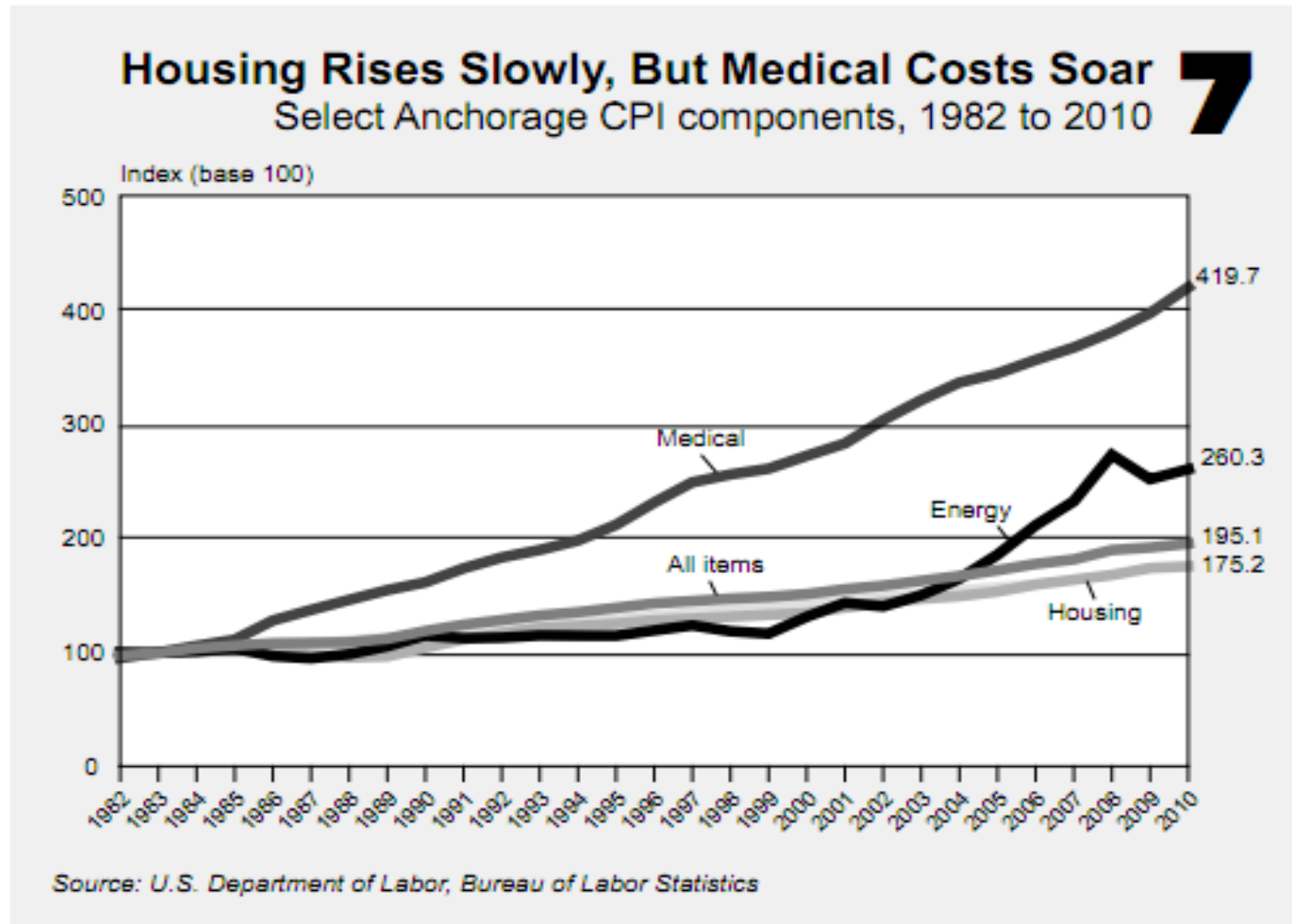
Cost of Health Care in Alaska

Alaska Health Care Expenditures History & Outlook



Institute for Social & Economic Research (ISER)
at UAA with Mark A Foster & Associates; 2010

Affordability – Alaskan Families & Employers

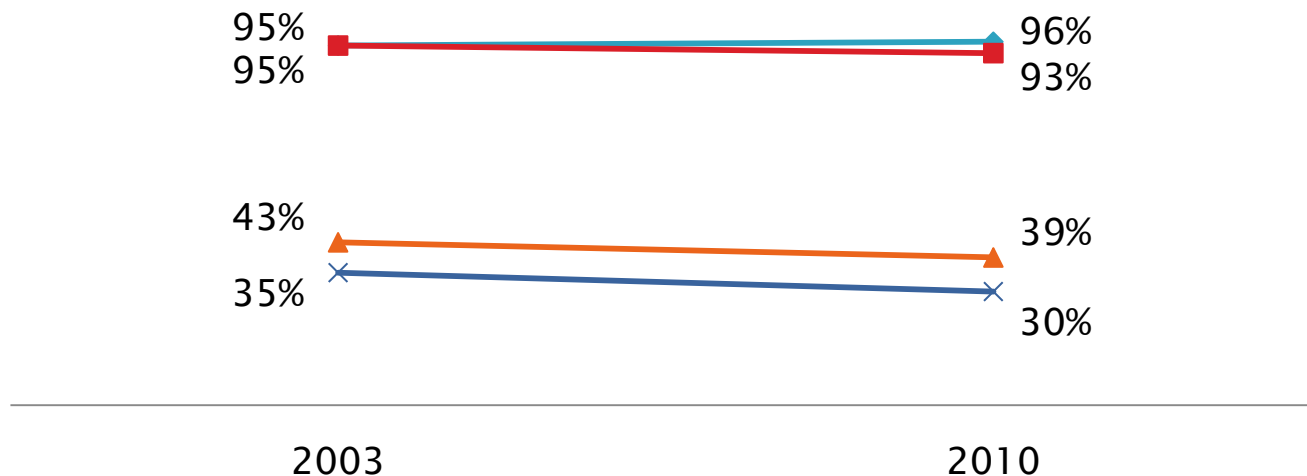


Over the past decade, medical costs in Anchorage increased by 46% compared to 27% nationwide

Affordability – Alaskan Employers

Percentage of Private Firms Offering Health Insurance

◆ U.S. Large Employers ■ Alaska Large Employers
▲ U.S. Small Employers × Alaska Small Employers



Alaska's average employee health benefits costs were the highest in the nation in 2010

Sample comparisons between States:

Average commercial insurance payment for physician services

(highest cost for each procedure highlighted red; lowest cost green)

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
Tissue exam by pathgst (88305)	226.49	72.40	65.94	77.08	64.43	127.60
Ultrasound therapy (97035)	43.54	14.27	17.48	18.59	13.73	27.93
Routine venipuncture (36415)	18.08	9.10	6.81	6.34	5.69	14.42
Insert intracoronary stent 92980	4486.68	1391.33	1524.52	1555.88	1331.22	2496.38

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

Sample comparisons between States:

Average commercial insurance payment for physician services

Description/ Code	AK	ID	ND	OR	WA	WY
Total knee arthroplasty (27447)	7264.91	2566.63	2269.14	2461.07	2288.07	5406.51
Total hip arthroplasty (27130)	10557.38	2266.18	2175.36	2390.15	2263.44	3343.42
Frag. Kidney stone (50590)	4714.96	1227.63	1058.97	1344.22	1127.18	3548.51
Diagnostic colonoscopy 45378	1199.45	618.32	399.59	587.87	448.27	772.43
Lap cholecystectomy (47562)	4012.25	1433.64	1057.07	1253.79	1186.86	2588.80
Left heart cath (93510)	2203.48	389.01	416.15	453.32	389.54	605.25

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

Sample comparisons within Alaska: By Payer

Description/ Code	Commercial	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
Tissue exam by pathgst (88305)	226.49	49.95	72.48	111.69	64.94	259.83
Ultrasound therapy (97035)	43.54	15.75	22.79	31.84	20.26	58.27
Routine venipuncture (36415)	18.08	3.00	3.00	11.76	3.00	29.03
Insert intracoro- nary stent 92980	4486.68	1110.09	1626.42	3639.24	1398.93	5295.65

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

Sample comparisons within Alaska: By Payer

Description/ Code	Commercial	Medicare	TRICARE	VA	Medicaid	Work Comp
Total knee arthroplasty (27447)	7264.91	1934.46	2713.06	3832.63	2410.07	9278.23
Total hip arthroplasty (27130)	10557.38	1810.11	2537.88	3560.16	2254.09	12671.59
Frag. Kidney stone (50590)	4714.96	1087.25	1650.32	2000.26	1468.81	5015.77
Diagnostic colonoscopy 45378	1199.45	474.49	651.17	978.47	579.70	1494.59
Lap cholecystectomy (47562)	4012.25	924.42	1297.66	1663.71	1152.54	5566.71
Left heart cath (93510)	2203.48	n/a	471.79	603.85	n/a	5657.83

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

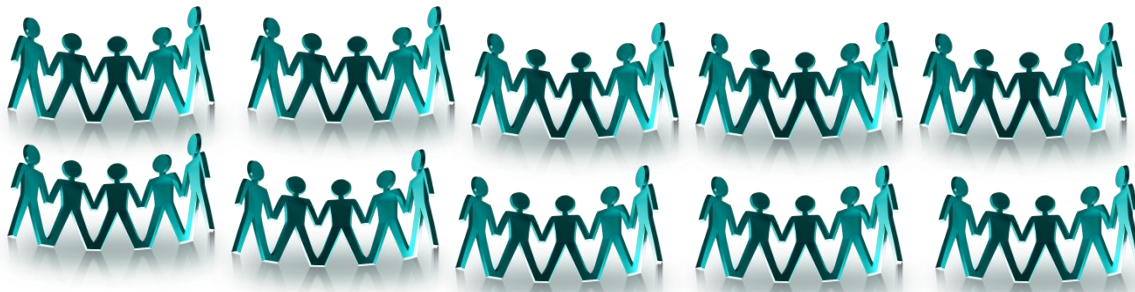


Solutions focused on Value and Health

5% of the U.S. population required 50% of health care spending in 2009*

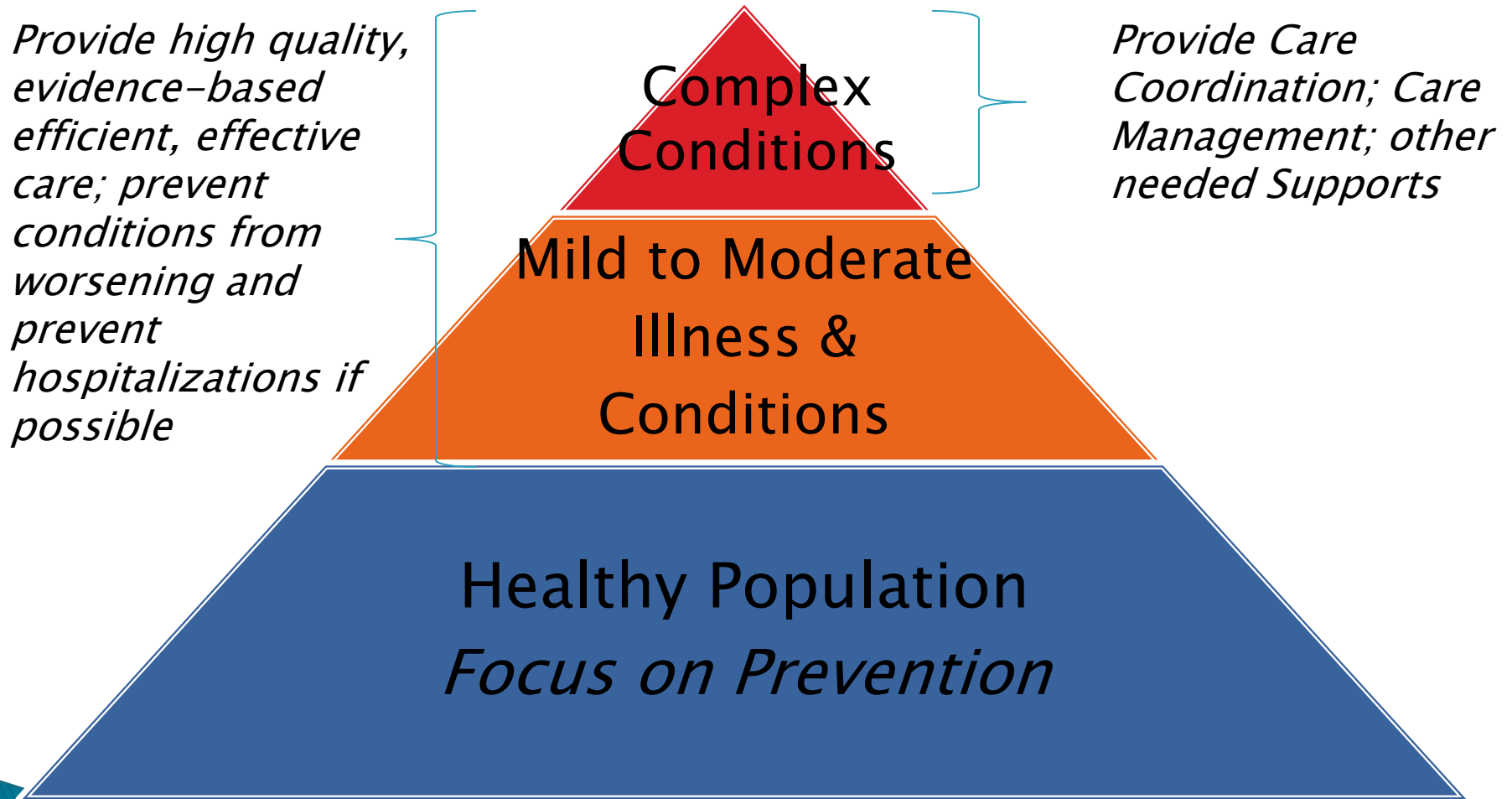


50% of the population required 3% of health care spending in that same year

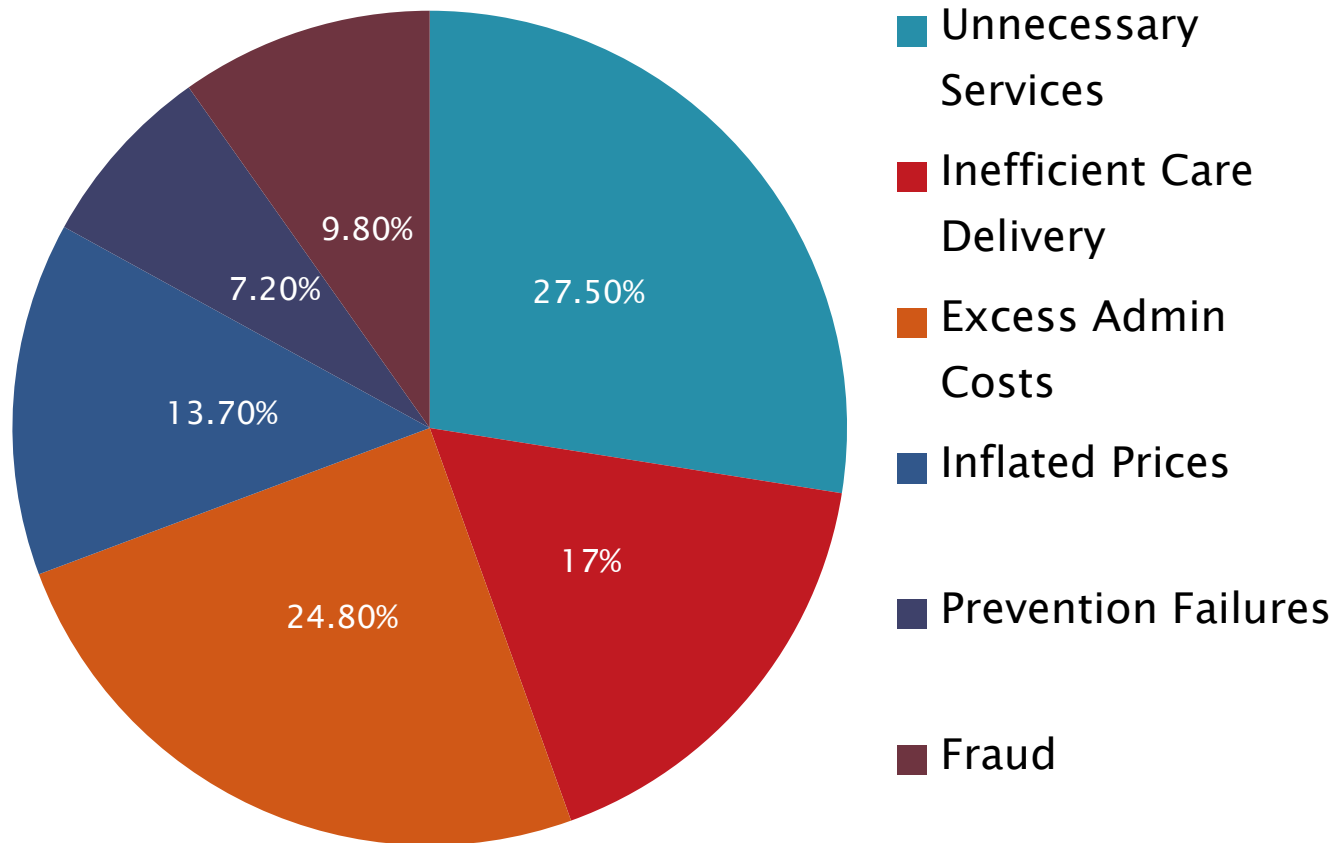


* U.S. Agency for Healthcare Research & Quality/DHHS, January 2012

Focus on Health & Value



Sources of \$750 Billion Annual Waste in U.S. Health Care System



Institute of Medicine, 2012

Best Care at Lower Cost: The Path to Continuously Learning Health Care in America, September 6, 2012



Recommended 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



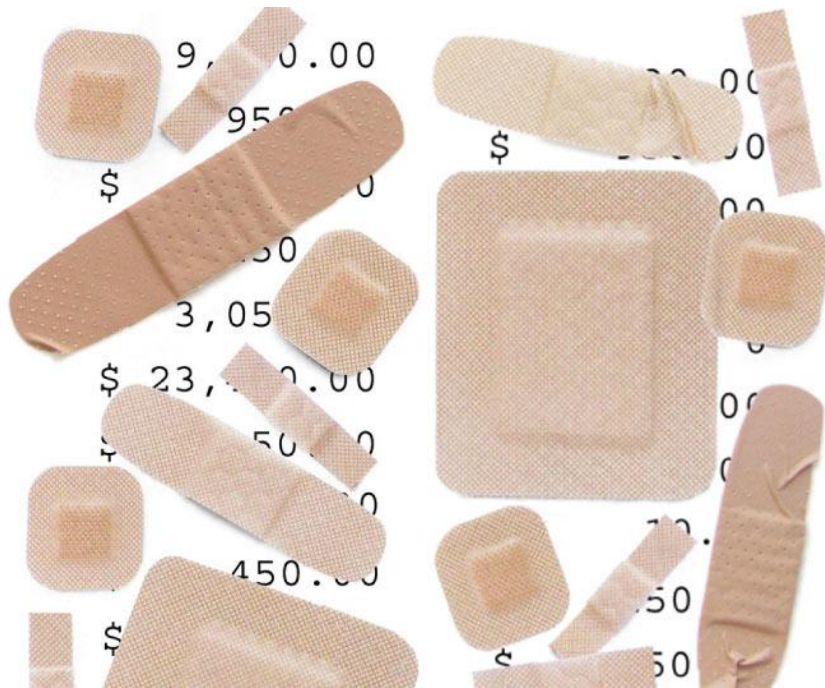
I. Ensure the best available evidence is used for making decisions

- ▶ Encourage, support and coordinate health care program application of evidence-based medicine principles to health benefit design and provider payment





II. Increase price and quality transparency



- ▶ Investigate and support mechanisms for providing the public with information on price and quality of health care services
- ▶ Encourage full participation in the Hospital Discharge Database
- ▶ Study the need and feasibility of an All-Payer Claims Database



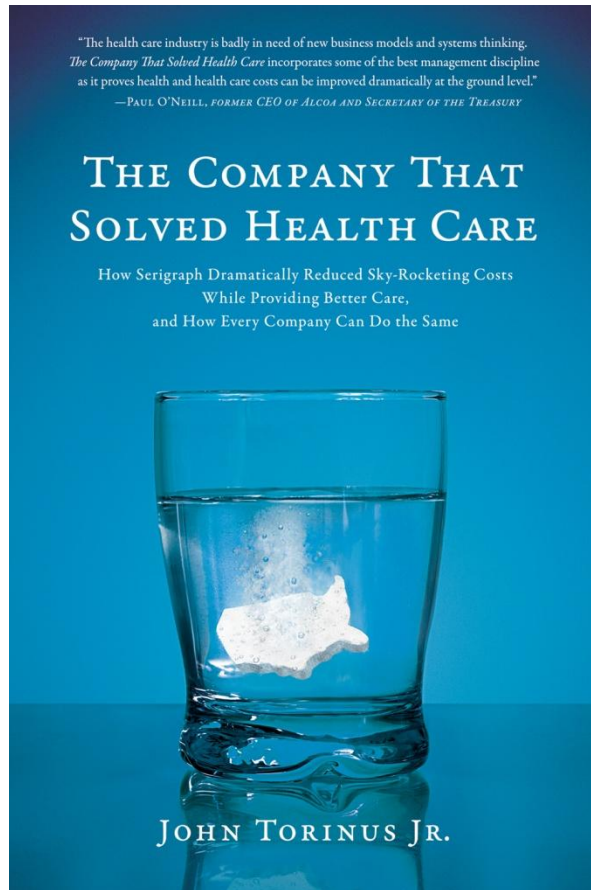
III. Pay for Value

- ▶ Redesign payment structures to incentivize quality, efficiency and effectiveness; move away from fee for service payment
- ▶ Take a phased approach; start with primary care payment enhancement
- ▶ Develop health data and analytics needed for design and negotiation of payment reform initiatives
- ▶ Support state health program collaboration in multi-payer payment reform efforts






IV. Engage employers to improve health plans and employee wellness



- ▶ Investigate and support mechanisms for providing the public with information on price and quality of health care services
- ▶ Provide leadership for Alaskan employers
- ▶ Include essential elements of successful employee health management programs:
 - Price sensitivity
 - Price and quality transparency
 - Pro-active primary care
 - Healthy lifestyle support

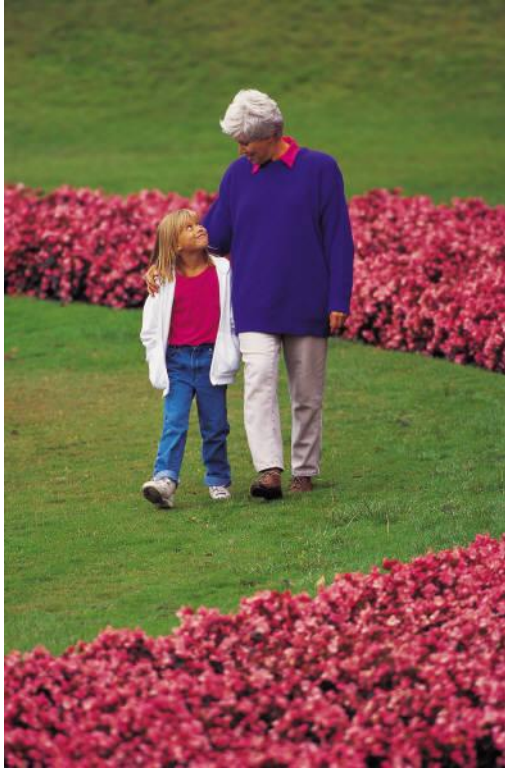


V. Enhance quality and efficiency of care on the front end

- ▶ Recognize value of primary care through appropriate reimbursement
 - ▶ Promote patient–clinician relationships
 - ▶ Support state health programs to implement patient–centric primary care models
- 
- A photograph showing a female healthcare provider with brown hair tied back, wearing a blue patterned sweater, smiling as she examines a young boy's mouth. The boy is wearing a red sweater and is holding a small white object in his mouth. The provider is using a dental mirror to look at the boy's teeth. The background shows a clinical setting with a wall-mounted device and some papers.
- ▶ Support high quality, comprehensive, coordinated trauma care system



VI. Increase dignity and quality of care for seriously and terminally ill patients



- ▶ Support communication and education regarding end-of-life planning and resources
- ▶ Require continuing education in palliative care and pain management for clinicians
- ▶ Encourage clinical training programs to address death and dying
- ▶ Evolve Comfort One program to include POLST (Physician Orders for Life Sustaining Treatment)
- ▶ Create electronic registry for directives
- ▶ Pilot:
 - Tele-palliative care
 - Payment Structures



VII. Focus on Prevention

- ▶ Implement obesity prevention programs
- ▶ Insure adequate funding and support for immunization program
- ▶ Integrate behavioral health and primary care services



- ▶ Support screening for
 - History of adverse childhood events
 - Substance abuse
 - depression

Get out and Play. Every day.



*Raising healthy kids
in Alaska!*



VIII. Build the foundation of a sustainable health care system



Alaska Native Tribal Health Consortium Telemedicine Cart

- ▶ **Health Information Infrastructure**
 - Support Electronic Health Records & Health Information Exchange
 - Foster Telemedicine
 - Encourage Hospital Discharge Data
 - Study All-Payer Claims Data

- ▶ **Health Workforce**
 - Support workforce innovation and adaptation as care models evolve
 - Target public investment to primary care workforce development





Update on Affordable Care Act

Included as Appendix C in the Commission's
2012 Annual Report



NEXT STEPS

▶ Commission's 2013 Plans

- Continue learning about current challenges
 - Health Insurance Costs & Cost Drivers
 - Health Care Accounting & Pricing 101
 - Hospital Readmission Rates (quality metrics; Pay-for-Performance)
 - Oral Health & Dental Services
 - Track Federal Health Care Reform
- Strategies for further recommendations
 - Evidence-Based Medicine
 - Price & Quality Transparency
 - Employer Engagement



Thank You!



NEXT MEETING: March 7–8, 2013

**For more information, visit the
Commission's website at:**

<http://dhss.alaska.gov/ahcc/>

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