

February 8, 2016

Jon Geselle  
Contracts & Procurement Manager  
Alaska Department of Health & Social Services  
[jon.geselle@alaska.gov](mailto:jon.geselle@alaska.gov)

Dear Mr. Geselle:

Attached is SouthEast Alaska Regional Health Consortium's (SEARHC) response to the request for interest (RFI #160000006) to privatize the Alaska Pioneer Home System.

Firm Name:	SouthEast Alaska Regional Health Consortium (SEARHC)
Authorized Individual:	Charles Clement, CEO/President
Mailing Address:	3100 Channel Drive, Juneau, AK 99801
Physical Address:	3100 Channel Drive, Juneau, AK 99801
Phone Number:	907-463-4000
Email Address:	<a href="mailto:cclement@searhc.org">cclement@searhc.org</a>

### Background

The SouthEast Alaska Regional Health Consortium (SEARHC) is a nonprofit, Native-administered health consortium established in 1975 to represent the health care needs of Tlingit, Haida, Tsimshian and other Native and rural residents of Southeast Alaska. Through resolutions from 18 Tribal governments, SEARHC functions as a Public Law 93-638 (Indian Self-Determination Act) Tribal organization. SEARHC is governed by a Board of Directors made up of elected Native representatives from each of the 18 communities served by the Consortium.

The SouthEast Alaska Regional Health Consortium (SEARHC) is often the sole health care provider in smaller Southeast Alaska communities where no other care is available. SEARHC programs and facilities serve a beneficiary (Alaska Native/American Indian) population of over 14,000 individuals in Southeast Alaska and over 9,700 non-Natives. SEARHC offers a full array of comprehensive state-of-the-art medical, dental, behavioral health, community-based prevention, health promotion, environmental health and safety, and various health training programs throughout the region. SEARHC operates Mt. Edgecumbe hospital in Sitka and the Ethel Lund Medical Center in Juneau, one of the largest ambulatory facilities in the state. SEARHC also operates sub-regional clinics in Haines and Klukwan, and on Prince of Wales Island (Klawock, Craig, Hydaburg, Kasaan, Thorne Bay), and seven village clinics: Kake, Petersburg, Wrangell, Angoon, Pelican, Hoonah, and Skagway.

The mission of SEARHC is *"Alaska Native People working in partnership to provide the best healthcare for our communities."* During the past 40 years, SEARHC has made dramatic improvements in the quality of care available to Southeast Alaska residents in fulfillment of this mission. In order to address significant

health disparities of Southeast Alaskan's, it is important to provide health care options within each community.

Expanding on SEARHC's commitment to providing the best healthcare in our communities, as a strategic initiative, SEARHC is also committed to addressing the needs of our elderly population. As part of a multi-faceted approach to addressing the healthcare needs of our "aging" population, assessing assisted living and long term care options is a necessity. SEARHC has actively engaged in this process. In support of SEARHC's strategic plan and overall mission, this request for interest is very timely.

#### Model Identified

In response to this request for interest, if SEARHC were to bid on the privatization and service provision of the Pioneer home system, it would be SEARHC's intention to fully purchase for privatization. However, once purchased, SEARHC would contract out a portion, if not all, of the services that are currently provided. SEARHC is firmly committed to the Triple Aim model: Improving the patient experience, improving the health of the population, and reducing the per capita cost of healthcare. Just as SEARHC is committed to the Triple Aim model, all contracts would have to elicit the same level of commitment and have proven their expertise in providing quality care/services.

#### Projected Revenue

Due to the short turnaround of this request for interest, at this time SEARHC is unable to comprehensively project revenues. However, it appears from the FY16 Division overview as presented to the legislature in February 2015, there are currently 68 Medicaid Waiver recipients at Level 3 on the continuum of care. These residents currently are billed at a rate of \$6,170 a month or \$74,040 annually. Although I was unable to identify the number of residents that identify as Alaska Native/American Indian, any tribal beneficiary who is on a Medicaid Waiver for services and is in a tribally run facility would receive 100% federal financing. Not knowing the breakdown of current and/or potential Pioneer home residents by ethnicity, it is difficult to project revenues at this time.

It appears from the FY16 Division overview to the legislature that over 55% of all residents at each level of care is private pay. Additionally, roughly 35% of all residents at each level of care have some sort of payment assistance. Being intimately familiar with the intricacies of the healthcare business, SEARHC's Finance Division is very adept at working with a multitude of third party payers including private insurance, Medicaid, and Medicare, as well as private pay clients. If the State decides to move forward with the bidding process of privatizing the Pioneer home system, SEARHC will provide a comprehensive summary of revenue projections and anticipated savings to the State of Alaska.

#### Business Care Model Comparison

It would be the intention of SEARHC to continue the State's commitment of providing quality of life in a safe living environment through supportive and compassionate care to all residents. Although the proposed business care model of contracting is different from the current model of internal comprehensive service delivery, SEARHC is confident that contracting services can lead to not only a cost savings but also the best practices in long term care delivery. SEARHC fully supports an engaging and supportive environment that seeks to eliminate loneliness, helplessness, and boredom.

In addition to contracting with leaders in assisted living and long term care delivery, SEARHC would also consider utilizing its current partnerships with vendors for food service, laundry, housekeeping, etc. SEARHC is part of a larger tribal health network. This partnership would be most beneficial in assisting

---

SEARHC with enhanced service delivery throughout the State of Alaska. By partnering with tribal facilities in Fairbanks, Anchorage, and Kodiak, SEARHC could utilize these partners to provide a local connection point for families and/or Pioneer Home residents. Utilizing partnerships, contracting services, and centralization of administration, operations, and finance capabilities will help assist SEARHC in meeting its Triple Aim goals of quality care, improving health, and reducing cost.

### Savings Realized

As the State moves towards the bidding process in privatizing the Pioneer Home system and as SEARHC can identify more data, SEARHC will at that time provide a more comprehensive savings projection. However, we do know that there will be a savings to the State due to a shift to federal financing as opposed to State financing of Alaska Native/American Indian clients. Also, we can identify that by contracting for services, SEARHC will see an immediate savings in cost of care per client. As an example, NANA as a contractor for food services is able to harness the best food pricing due to being a member of the global company Sysco. This enables the reduction in food prices through this network to be realized as a savings to the end user. Each contractor specializes in their service line and is able to not only provide quality products but also provide it for a reasonable cost. Between the reduction in cost through contracting and the maximization of the federal reimbursement rate, immediate savings will not only benefit the State of Alaska but also SEARHC and the larger tribal health network.

### Conclusion

SEARHC is pleased to submit this request for interest and looks forward to working with the State of Alaska. This is an opportune time to assess the viability of privatization. As our population continues to age, we must be responsive to their needs for quality and supportive care.

---