For the record, my name is Jocelyn Pemberton and I am the executive director for The Alaska Hospitalist Group, a large physician practice as well as a founding member of Alaska Innovative Medicine (AIM), a local physician driven, care coordination company. More importantly, I was born and raised in Alaska, I'm raising my three beautiful girls in Anchorage and I am watching my parents grow old in Alaska.

I agree with the other comments that we need to bend the cost curve and that the pure fee for service model ultimately needs to change. Financial incentives need to be aligned between patients, providers and payers, in this case, the State. As you know, this is much easier said than done.

The vast majority of our provider community are in private practice; Alaskan physicians and nurse practitioners running small businesses to provide medical care in their community. To make sweeping changes in the payment model is extremely risky and could be a hugely damaging to our industry, especially in pediatrics which often have 50% or greater percentage of Medicaid patients. However, there are models that would allow physicians that are willing to take risk and participate in shared savings to do so, thereby aligning the incentives.

The model that we have experience with is the Bundled Payment for Care Improvement, or BPCI, which is a demonstration project we are participating in with Medicare. Essentially, BPCI sets a cost, based on historical data, for the episode of care initiated from a hospitalization plus 90 days post discharge and aligns incentives to provide better care at a lower cost. For example, the total cost for a patient with a hip fracture might be $20,000 on average. If we are able to provide services for less, by working to avoid readmissions for example, there are shared savings back to the providers who are working to reduce cost and improve outcomes. BPCI allows for utilization management by incentivizing models of care the prevent re-hospitalizations, over-utilization of the ER or duplicative testing, rather than merely slashing payments to providers or restricting access for patients.

We appreciate the work that the legislature has done and the recognition of the impact care coordination can bring to the Medicaid program. As physicians, we have recognized this as well and have created Alaska Innovative Medicine or AIM for short. AIM is a local, physician driven care coordination company, a result of a collaboration between primary care physicians and hospitalists. AIM has initially contracted with Premera Blue Cross to improve the care of their high risk members. AIM has a multi-disciplinary approach including case managers, social workers, a clinical nursing staff, dieticians etc.

Think of AIM as a mobile patient centered medical home deploying services as needed. AIM social workers collaborate with Primary Care Physicians as well as specialists to best support the health plan for the patient. Our clinical nursing staff, as well as our physicians are able to meet patients in their home to avoid over ER utilization, educate on medications and nutrition to promote health. With the local provider relationships and Alaskan experience, the AIM model has the ability to have huge impact to improve patient care and reduce cost in our state.