



Transforming Health Care in Alaska

February 11, 2015
Alaska House Finance
HSS Subcommittee



Presentation Overview

- I. Background
- II. Key Concepts
- III. Recommendations
- IV. Next Steps



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; Established as an agency in DHSS
 - 14 members; appointed by Governor except for House & Senate
 - Policy recommendations due to Governor and Legislature every January 15



Members (Seats designated in statute)

- **Voting Members**

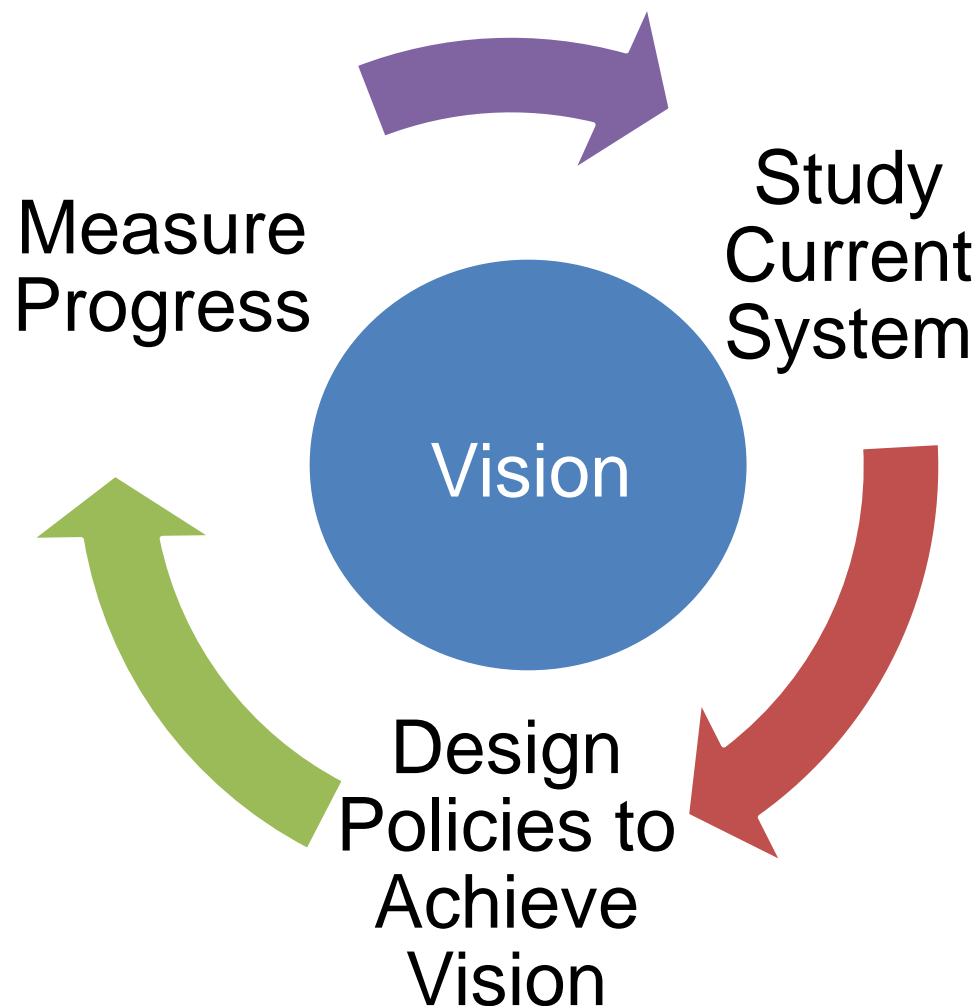
- **Jay Butler, MD:** DHSS Chief Medical Officer (designated Chair)
- **C. Keith Campbell:** Health care consumer
- **Lincoln Bean:** Tribal health community
- **Greg Loudon:** Health insurance industry
- **Emily Ennis:** Alaska Mental Health Trust Authority
- **Susan Yeager:** U.S. Dept. of Veterans' Affairs health care
- **Allen Hippler:** Statewide chamber of commerce
- **Becky Hultberg:** 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**

- **Vacant:** House of Representatives
- **John Coghill:** Senate
- **Jim Puckett:** Office of the Governor



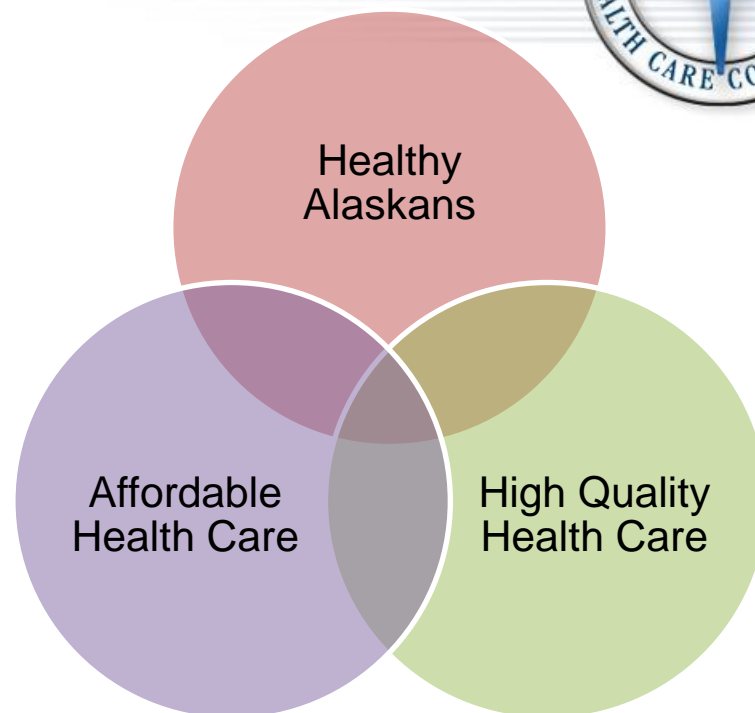
Planning Process





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 (2nd highest)



Focus (Mission)

To foster State government policies that promote increased value – enhanced quality and outcomes at affordable cost – in Alaska's acute medical care delivery system.

Studies of Current System



Study	Consultants	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
Survey of Alaskan Employer Health Benefit Practices	ISER and AK DoL&WD	2014 ⁸



Recommended Core Strategies

with over 75 specific policy recommendations

- 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 ill patients
- VII. Focus on prevention
- VIII. Build the foundation of a sustainable health care system

Communication with the Legislature



- House & Senate Ex-Officio Commission Members
 - Regularly participate in Commission's quarterly meetings
 - Have sponsored legislation based on certain Commission findings or recommendations
- Annual Reports Submitted January 15 each year
- Committee Testimony – numerous, on bills directly related to the Commission and Commission Recommendations
- Committee Presentations (all on the findings and recommendations of the Commission unless otherwise noted)
 - 02/03/10: SHSS
 - 03/30/10: HHSS-hosted Legislative Forum (*PPACA Overview*)
 - 02/07/11: SHSS
 - 02/08/11: HHSS
 - 02/16/11: HFIN HSS Sub
 - 02/16/11: SFIN HSS Sub
 - 02/01/12: SHSS
 - 02/07/12: HHSS
 - 02/20/13: HFIN HSS Sub
 - 02/28/13: HHSS
 - 03/14/13: HHSS (*PPACA Overview*)
 - 06/07/13: HFIN HSS Sub
 - 06/25/13: Admin Reg Rvw Cmte (*PPACA Overview*)
 - 12/02/13: HFIN HSS Sub
 - 01/24/14: HFIN HSS Sub



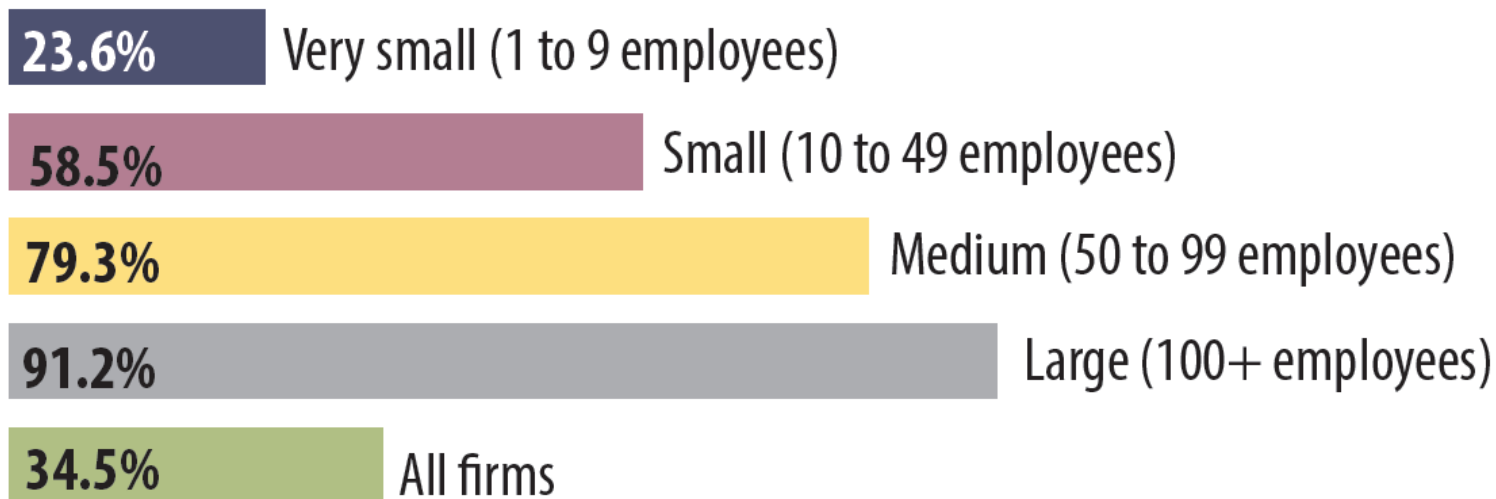
2014 Annual Report

- 2014 Study of Current System – Alaskan Employer Health Benefit Practices *(Appendices C & D)*
- 2014 Findings & Recommendations – Fraud and Abuse Control *(Part II)*
- Phase II Transition Plan – Commission’s Next Steps for 2015-2017 *(Part III)*
 - Policy Priorities for Implementation
 - Facilitation Activities
- Policy Brief: Key Provisions for State Legislation for an All-Payer Claims Database *(Appendix B)*
- Employer Collaboration
 - White paper: Health Benefit Recommendations for Alaska Employers *(Appendix E)*
 - Memo: Commission Recommendations Requiring Legislation *(Appendix F)*
 - Resolutions from the Alaska HR Leadership Network *(Appendix G)*
- Voting Record, Financial Disclosure Forms, Ethics Reports *(Appendix H)*

2014 Study: Employer Health Benefits

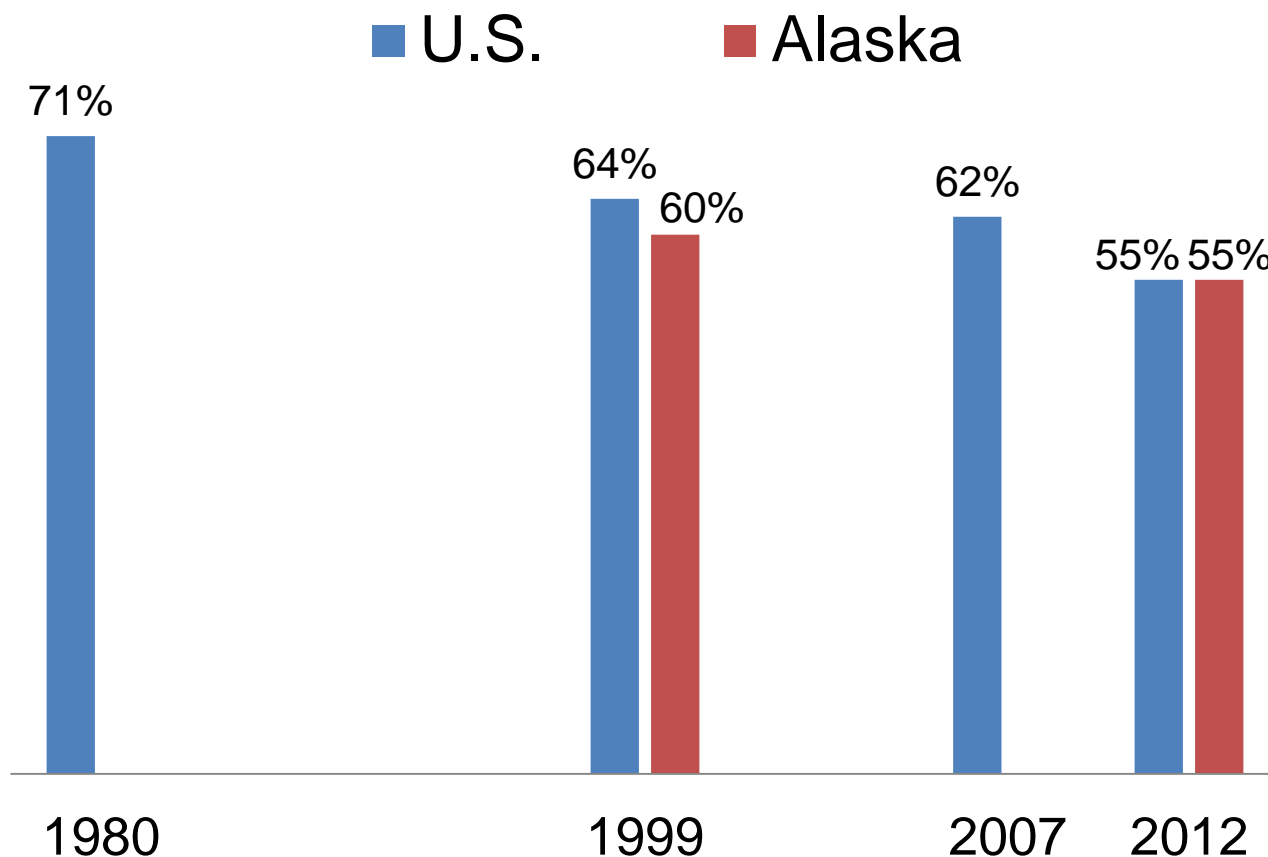


Figure 1. Estimated Percentage of Alaska Firms Offering Health Insurance to Employees, by Firm Size
(Private firms, local governments, and school districts)



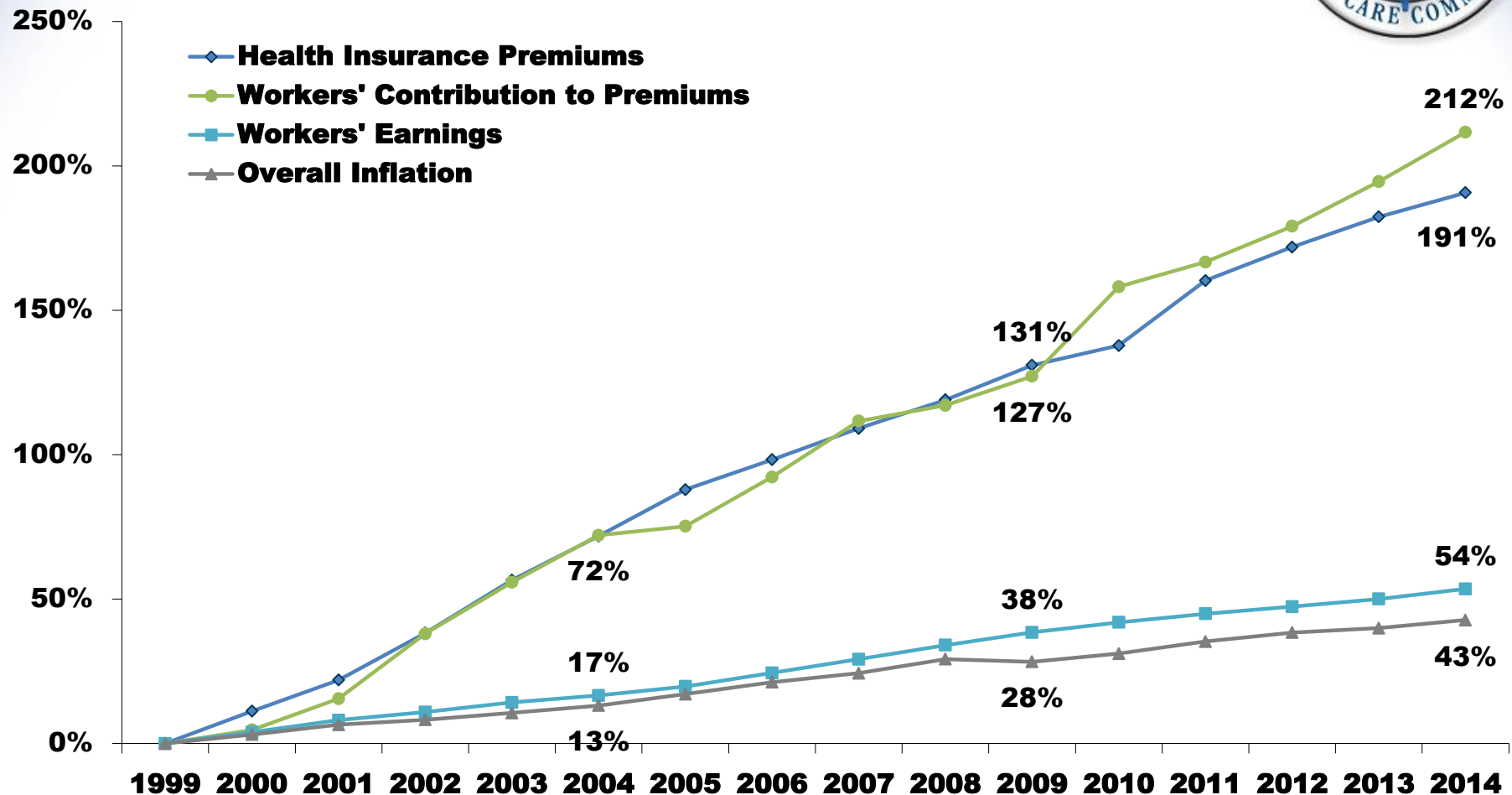
Source: ISER/UAA, Snapshot of Employer-Sponsored Health Insurance in Alaska, Sept. 2014.

Percent of Population with Employer-Sponsored Health Insurance



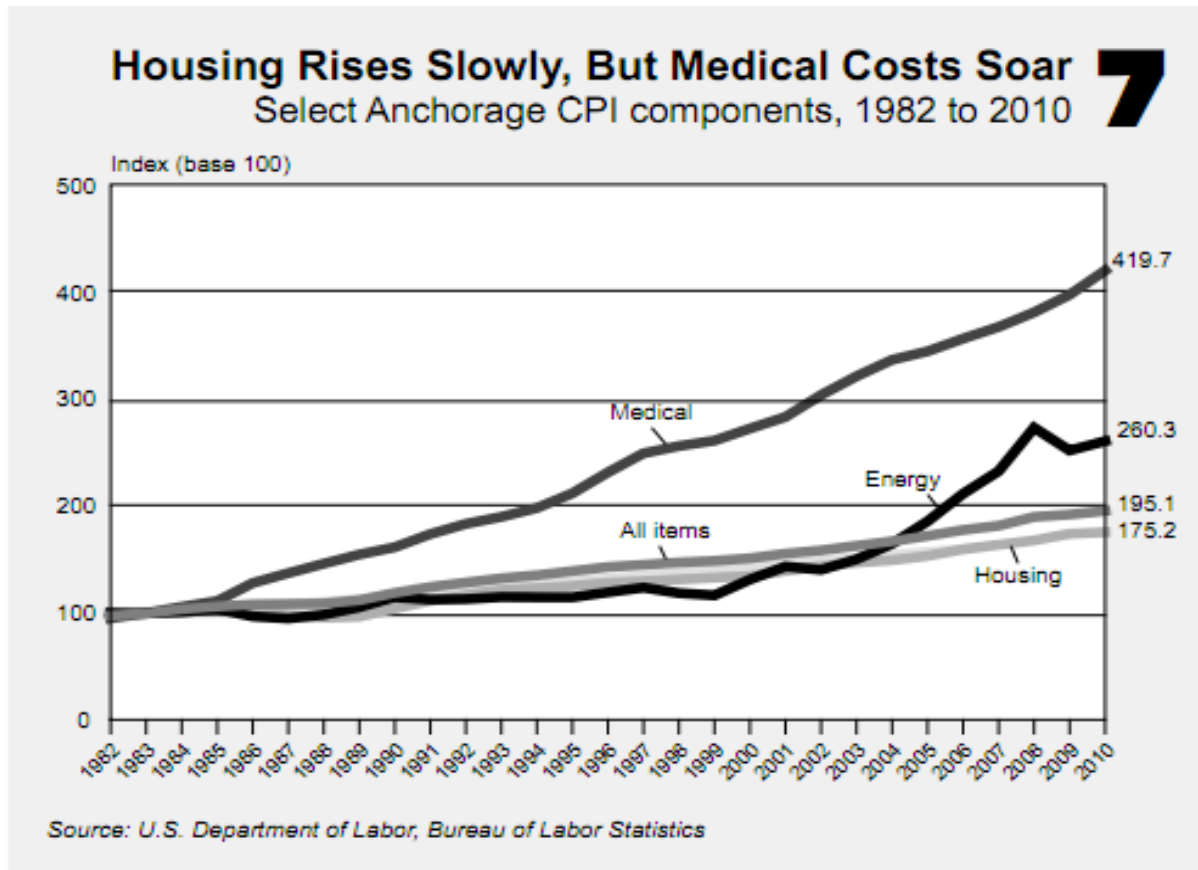
Source: U.S. Bureau of the Census, Current Population Survey; and ISER/UAA, Snapshot of Employer-Sponsored Health Insurance in Alaska, Sept. 2014.

U.S. Health Benefit Cost Increases vs. Inflation, Earnings



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2014. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2014; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2014 (April to April).

Alaska Price Inflation

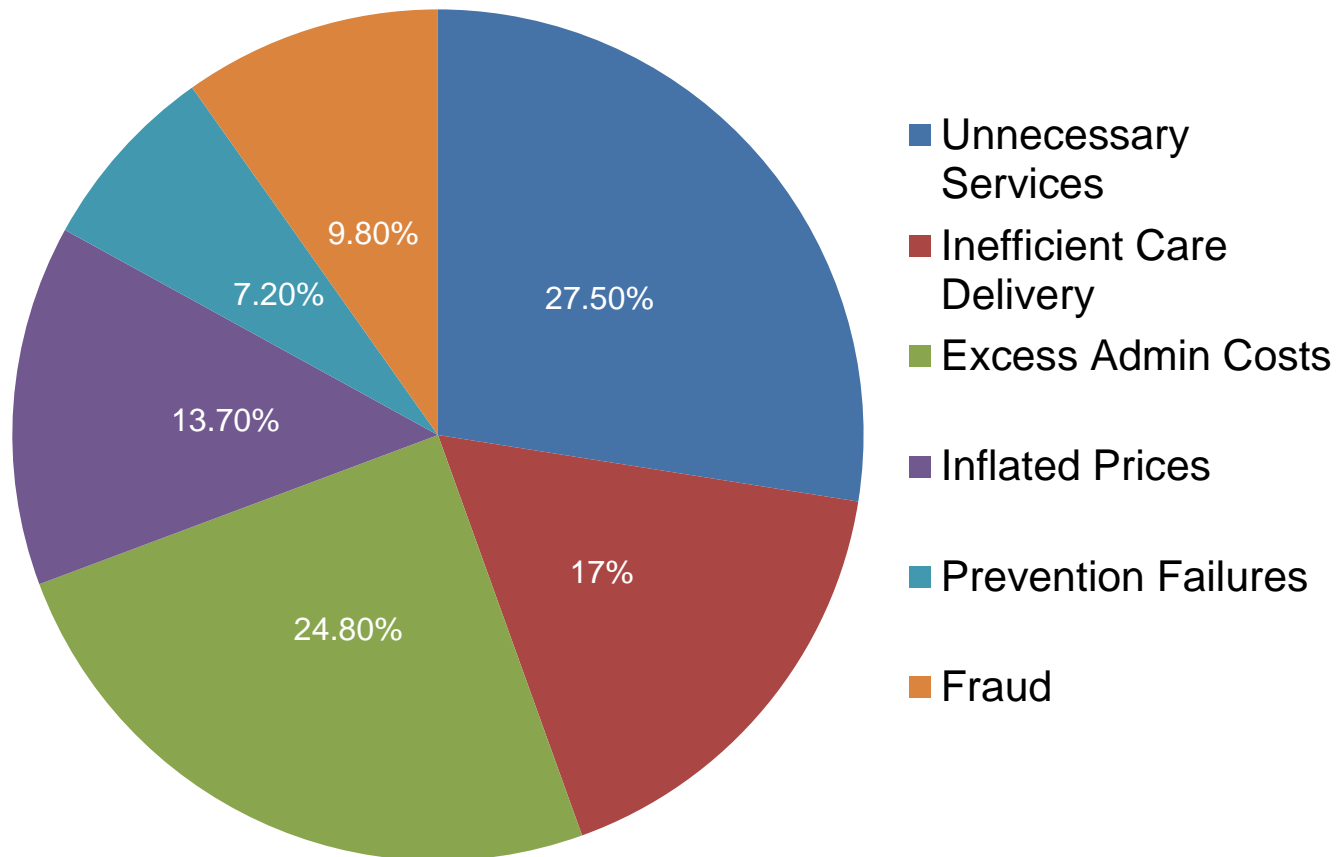


- Since 1982 Anchorage CPI increased 95% while prices for medical care increased 320%.
- Over the past decade, medical costs in Anchorage increased by 46% compared to 27% nationwide



Key Concepts

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



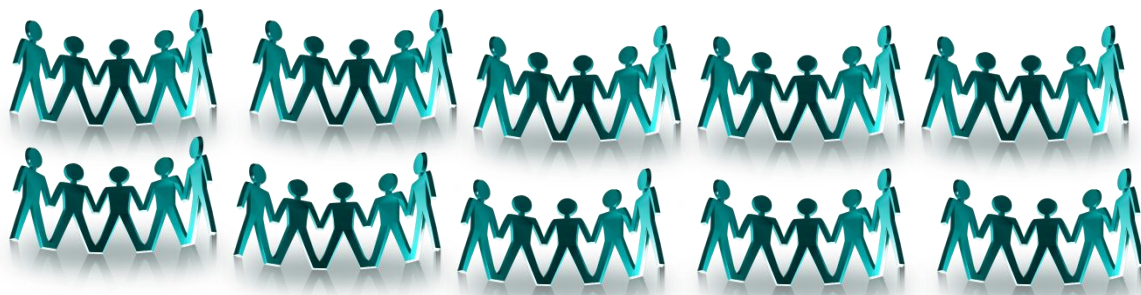
Institute of Medicine, 2012

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

50% of health care spending
is for 5% of the population



3% of health care spending is
for 50% of the population





High Performing Health System

Provide high quality, evidence-based efficient, effective care; prevent conditions from worsening and prevent hospitalizations if possible

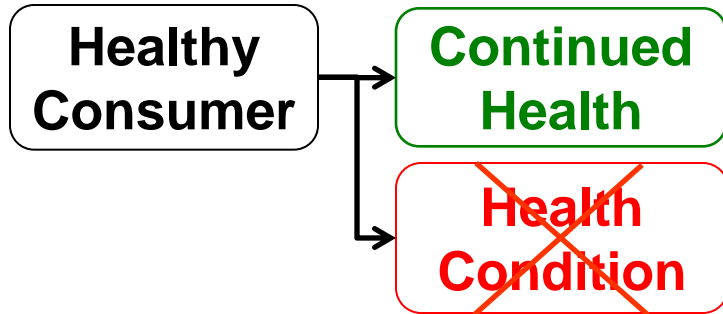
Complex Conditions

Provide Care Coordination; Care Management; other needed Supports

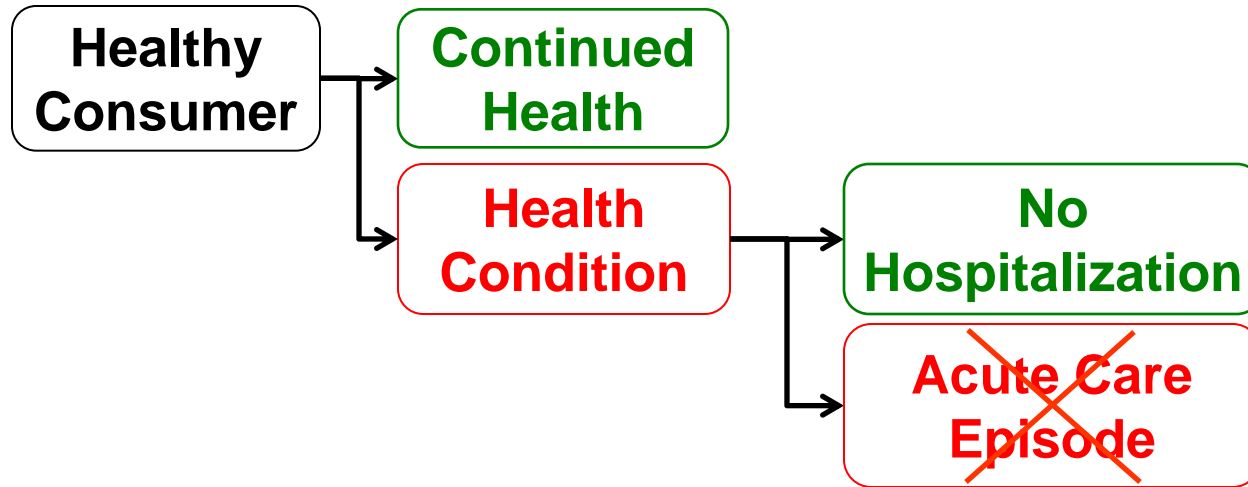
Mild to Moderate Illness & Conditions

Healthy Population
Focus on Prevention

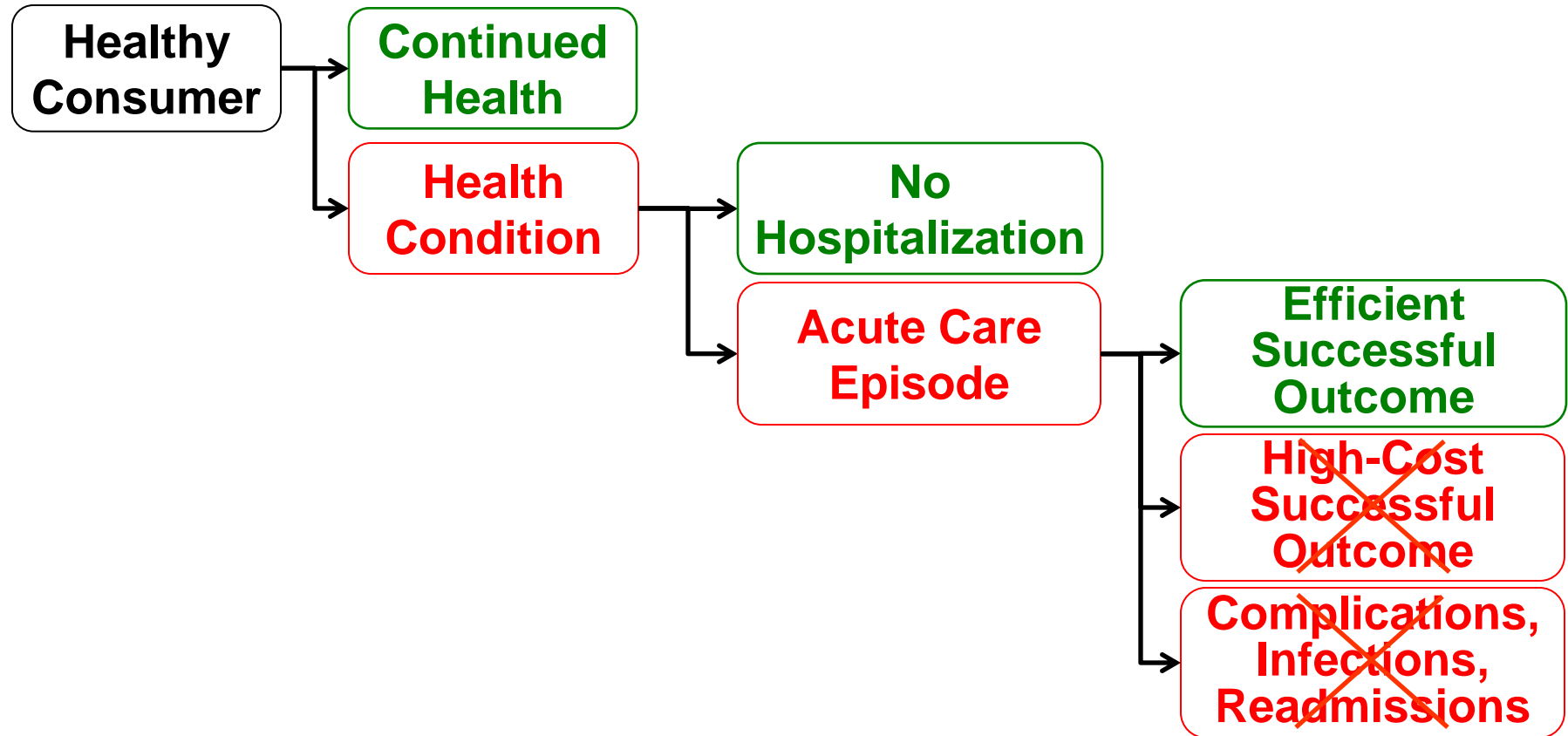
nrhi Reducing Costs Without Rationing: Prevention and Wellness



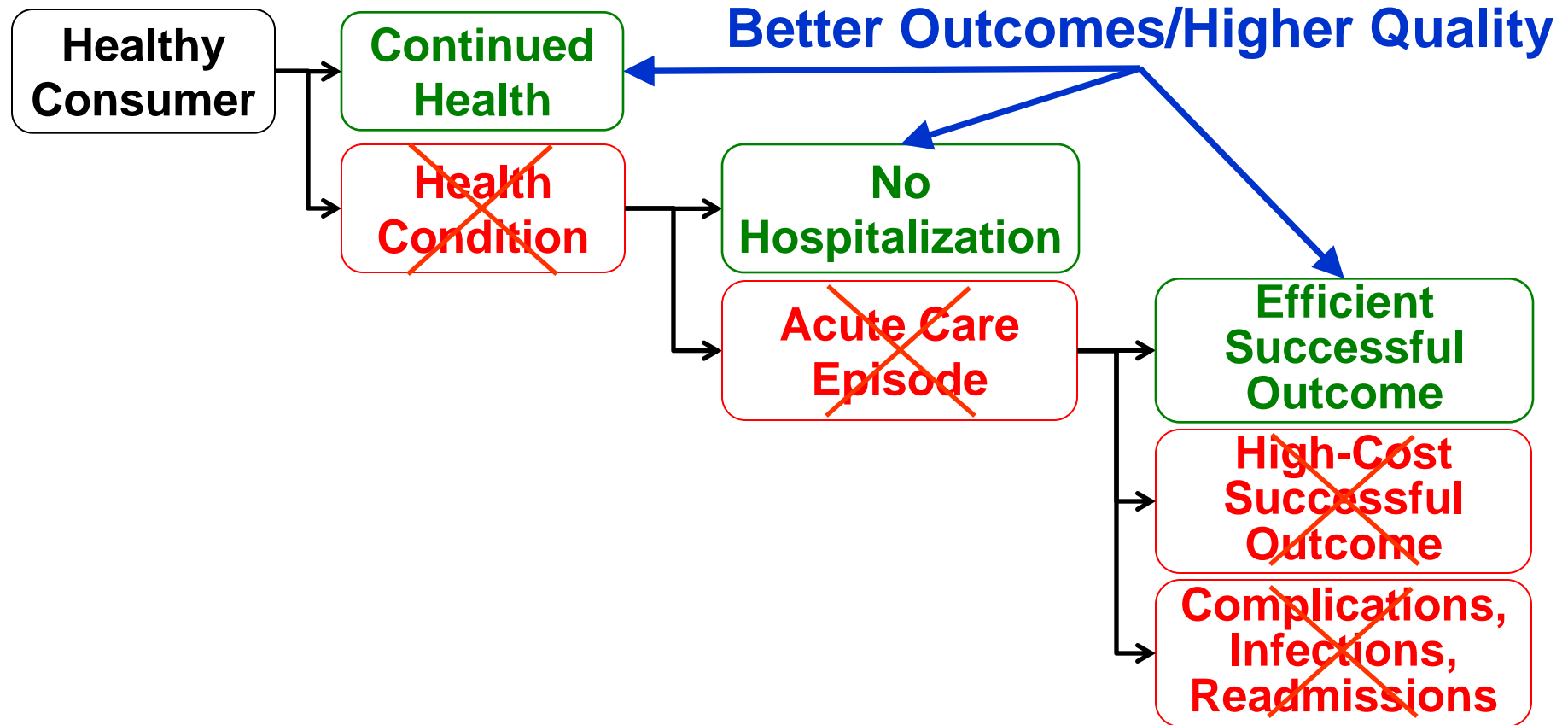
nrhi Reducing Costs Without Rationing: Avoiding Hospitalizations



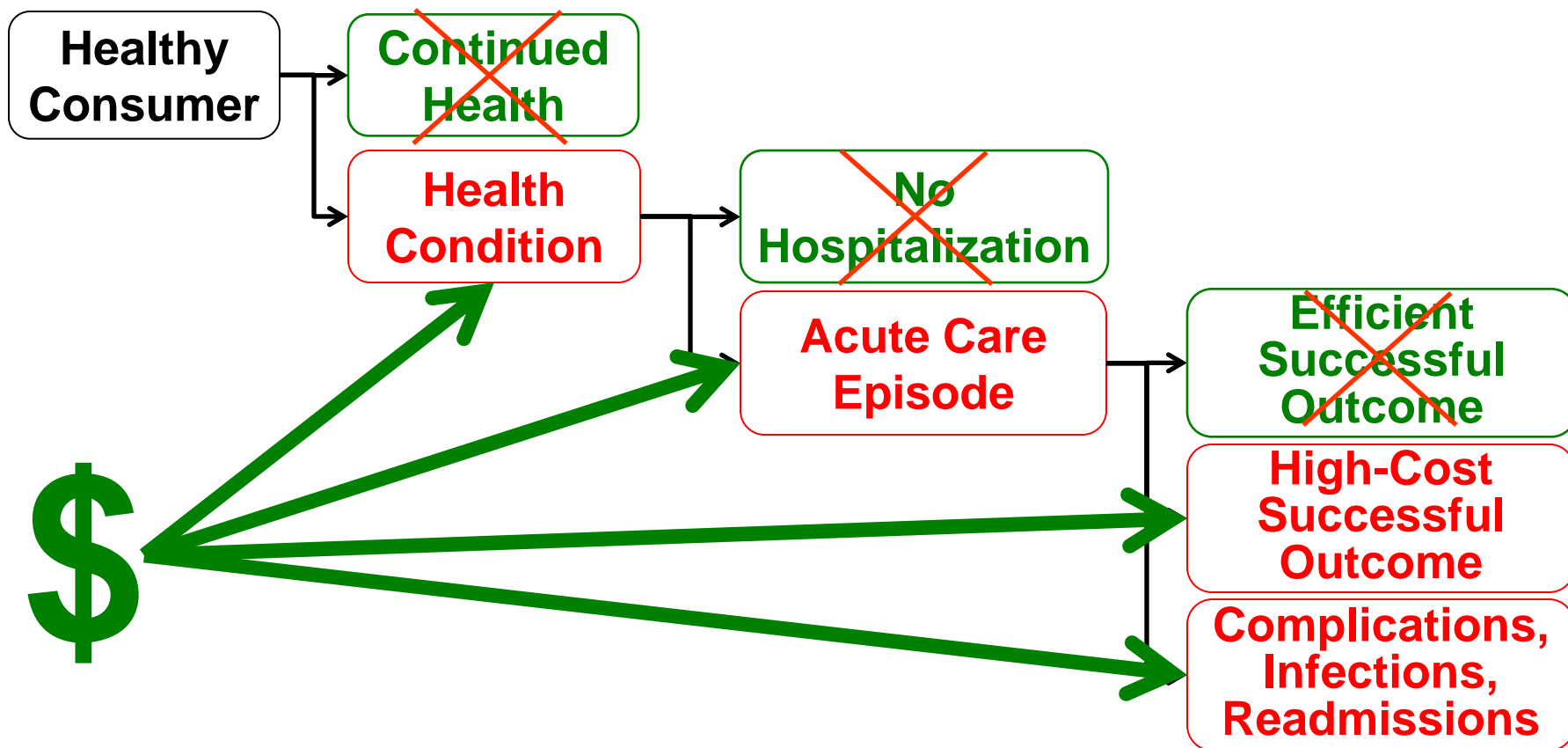
nrhi Reducing Costs Without Rationing: Efficient, Successful Treatment



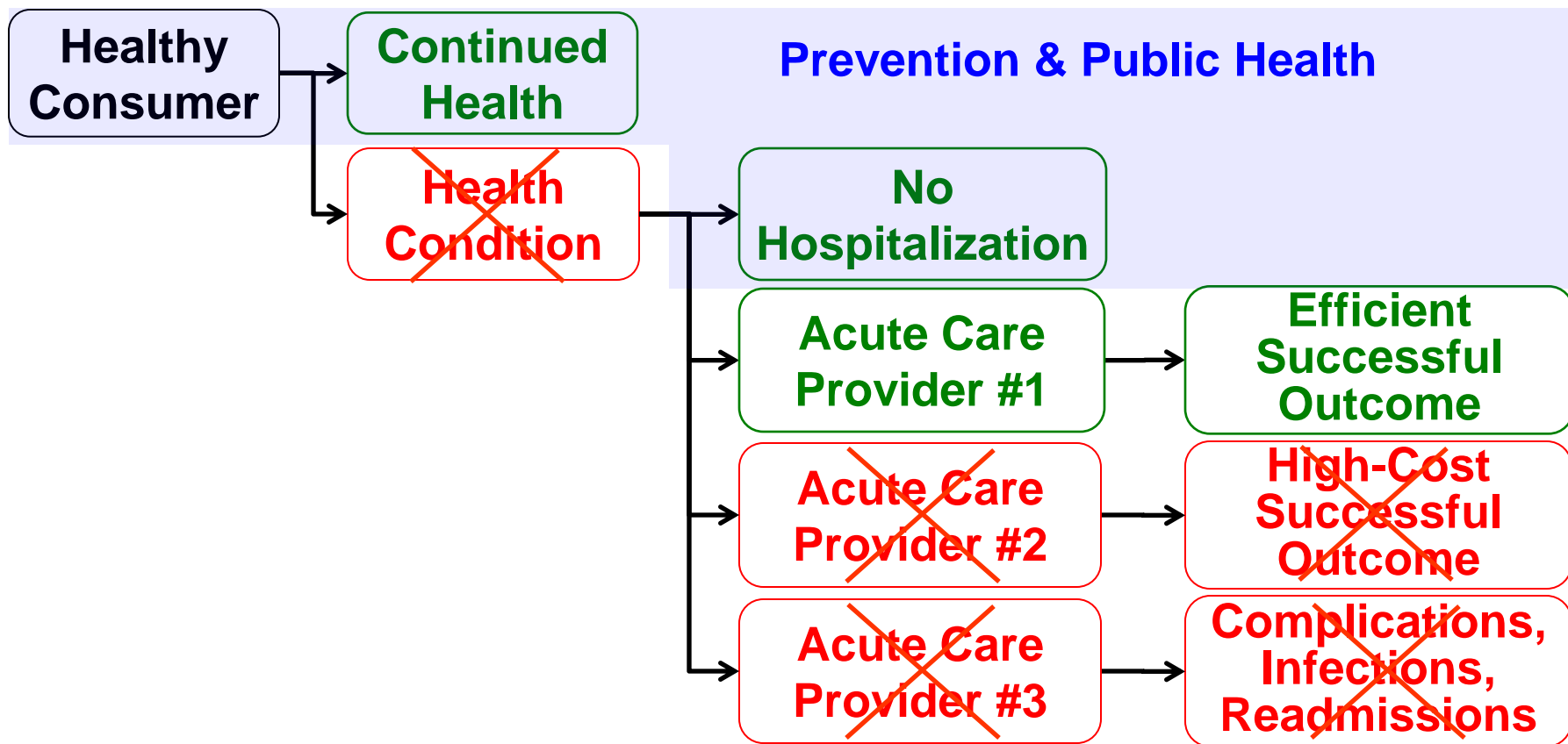
nrhi Reducing Costs Without Rationing Is Also Quality Improvement!



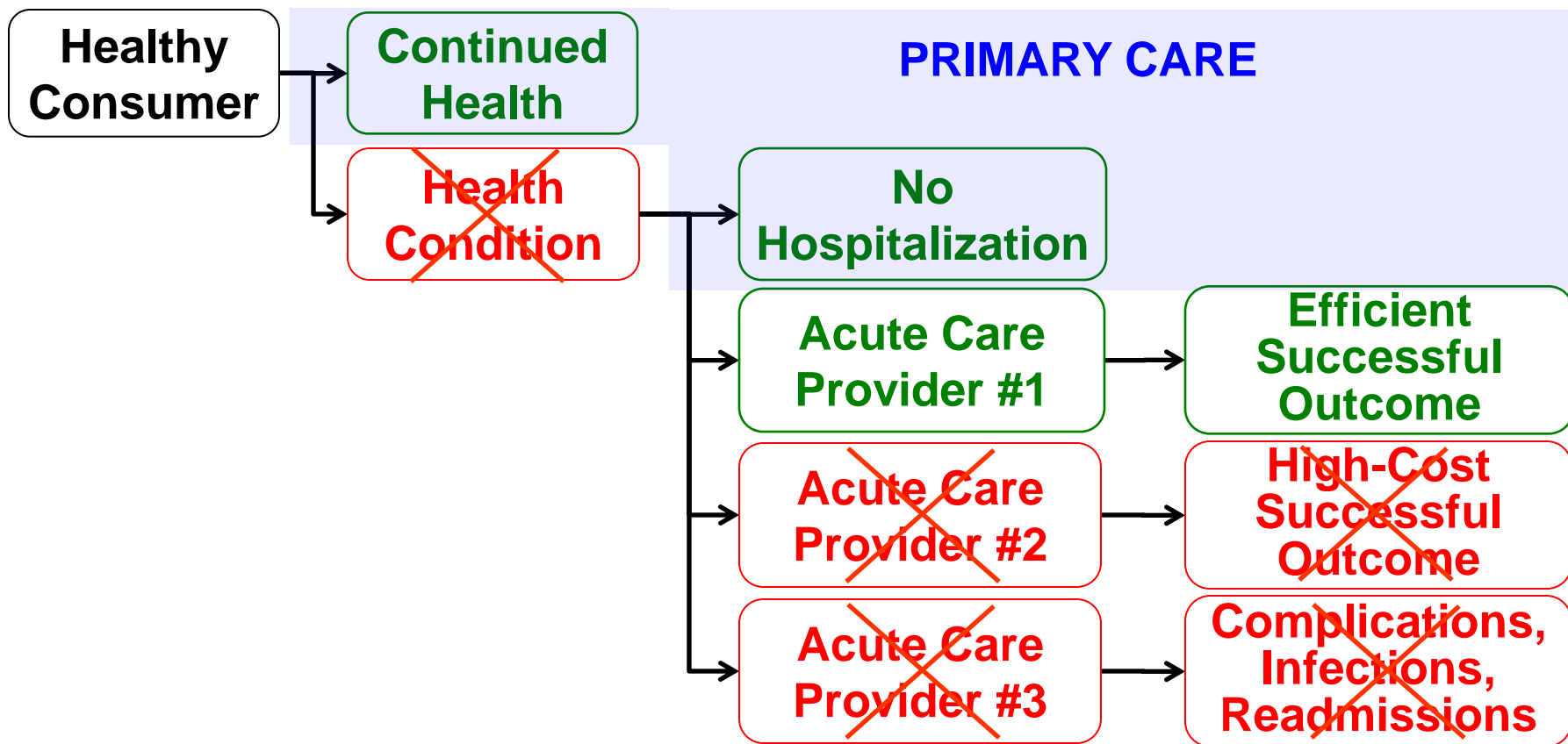
Current Payment Systems Reward Bad Outcomes, Not Better Health



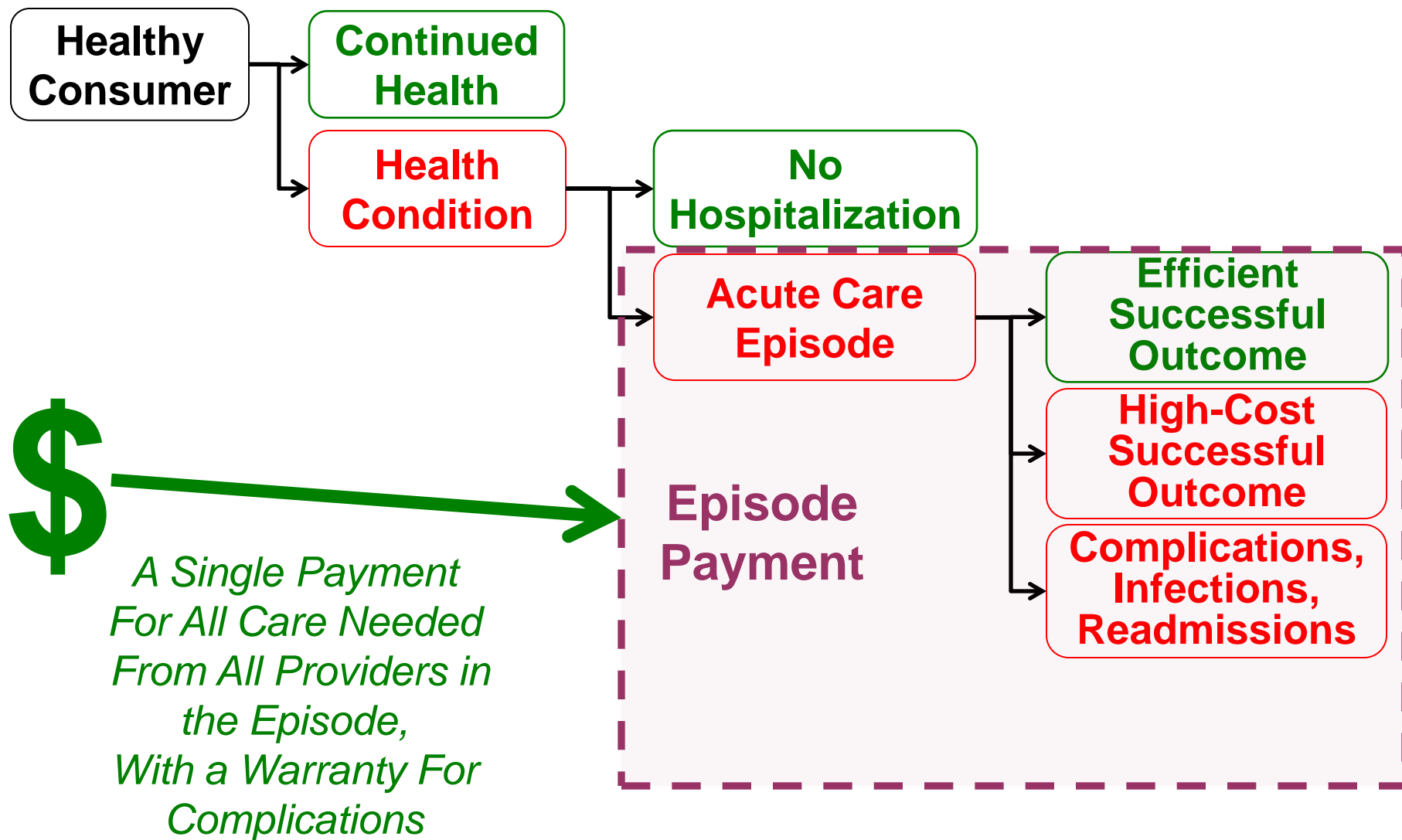
The Importance of Prevention & Public Health



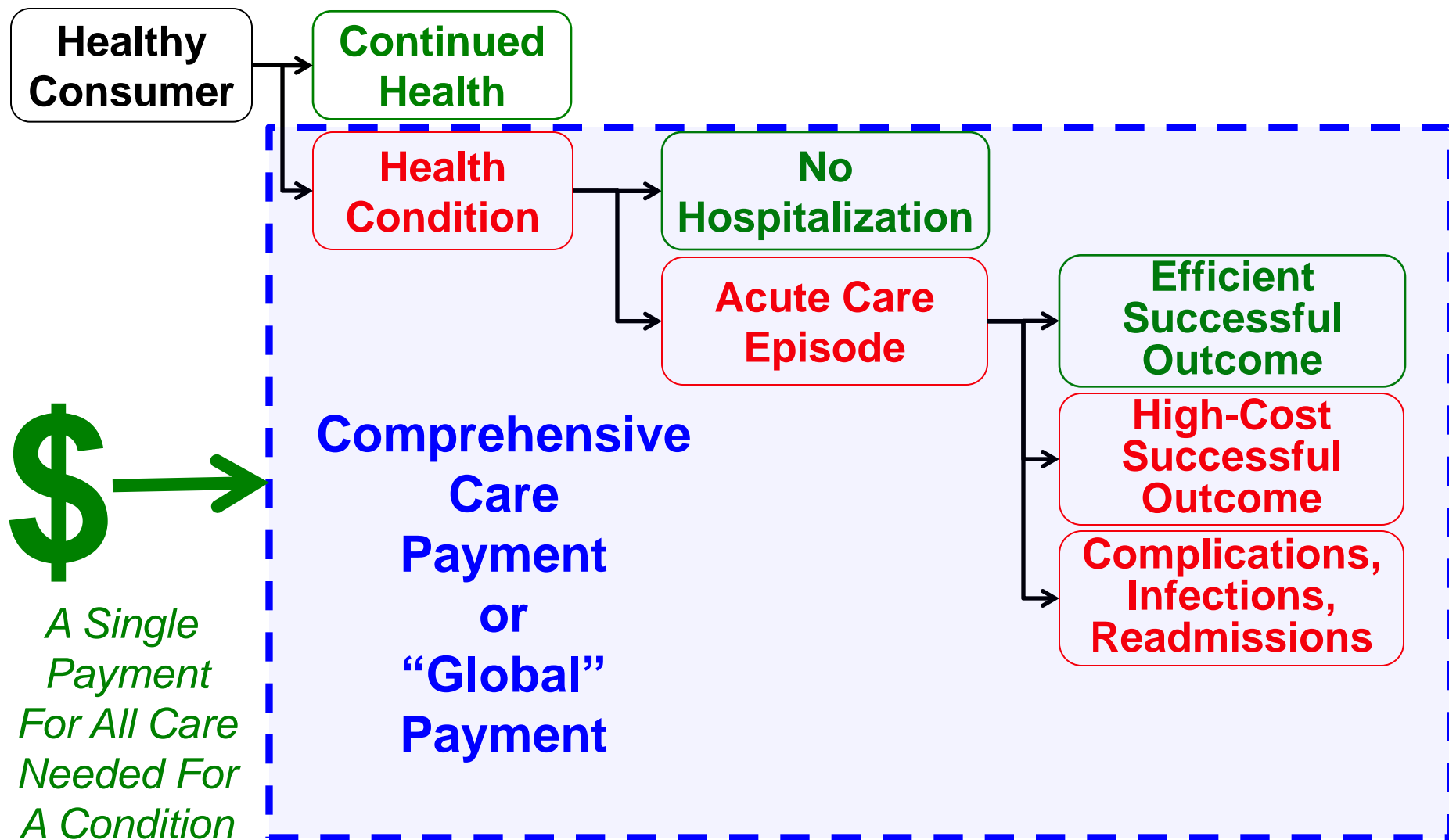
The Importance of Primary Care



“Episode Payments” to Reward Value *Within* Episodes



Comprehensive Care Payments To *Avoid* Episodes





What can State Agencies and the Legislature do to implement Commission Recommendations?

What can the Legislature do?

See Summary in Appx. F, 2014 Annual Report



1. Establish All-Payer Claims Database Legislation *See Legislative Policy Brief in 2014 Report*
2. Enact Legislation that Increases Transparency
3. Reform the Workers' Compensation Act
 - a) Revise payment methodology **DONE**
 - b) Adopt medical treatment guidelines
 - c) Adopt opioid prescription guidelines *in progress...HB 32*
 - d) Control physician prescription drug repackaging practices *in progress...HB 31*
4. Investigate modernization of insurance laws that limit flexibility and innovation ***Bill related to key finding introduced in past session did not pass***
5. Improve Medicaid Fraud & Abuse Control *New in 2014*
 - a) Expand capacity in the Department of Law Medicaid Fraud Control Unit
 - b) Strengthen state seizure laws and/or improve bonding requirements for high-risk provider types
 - c) Create a robust Opioid Control Program (see Prevention below)

What can the Legislature do?

See Summary in Appx. F, 2014 Annual Report



6. Increase quality of care for seriously and terminally ill patients

- a) Create public education program
- b) Evolve Comfort One statute to include medical treatment orders
- c) Establish an advance-directives electronic registry *Bills introduced in past session did not pass*

7. Support Prevention/Public Health, including

- a) Create a State Immunization Program **DONE**
- b) Support Obesity Control Efforts
- c) Strengthen Opioid Control Efforts
 - i. Fund operation of current prescription drug monitoring database *Bill introduced in past session did not pass*
 - ii. Support upgrade of the database to real or near real-time *Bill introduced in past session did not pass*
 - iii. Remove statutory restrictions on Dept of Law and DHSS access to the data

8. Extend Health Care Commission Sunset date **DONE**

Support State agencies as they strive for increased health care value through:

- *More competitive pricing and rate setting*
- *Payment reforms that drive higher quality and improved outcomes*
- *Focus on prevention*

Recognize some of these changes will be a challenge for health care providers



What can DHSS do?

- Use more competitive pricing and rate setting strategies in Medicaid
- Continue to strengthen medical management and the application of evidence-based medicine in Medicaid plan design *in Progress*
- Continue pharmaceutical payment reforms *in Progress*
 - Incentivize use of generics
 - Modernize reimbursement methodologies
- Strengthen primary care access and quality
 - Care Coordination/Management *in Progress*
 - Patient-Centric Medical Home Care Models
 - Integration with Behavioral Health
- Pilot test alternative reimbursement methods to move away from fee-for-service toward value-based payment.
- Investigate Contracting with Centers of Excellence
- Require Hospital Discharge Database participation through regulation *Done*



What can DHSS do?

- Strengthen Fraud, Abuse, and Waste Control:
 - Enroll all rendering provider types *in Progress*
 - Engage recipients by providing EOB (Explanation of Benefits)
 - Review travel for compliance with requirements *in Progress*
 - Investigate cash transactions for controlled substance prescriptions
 - Implement electronic verification of in-home services *in Progress*
 - Improve Processes for Providers:
 - Focus effort on provider types that pose greatest risk of over payment
 - Reduce audit cycle time
 - Improve communications on audit status
 - Seek waiver of federal RAC audit requirement *in Progress*
 - Streamline Service Utilization Review
 - Make prior authorization processes more user-friendly
 - Continue enhanced collaboration with Department of Law
 - Reduce waste:
 - Improve medical management
 - Strengthen prior authorization requirements
 - Implement care coordination for emergency room over-utilizers *in Progress*



What can DOA do?

- Use more competitive pricing and rate setting strategies in employee and retiree health plan design
- Strengthen the application of evidence-based medicine and active medical management in employee and retiree health plan design
- Create consumer-driven health plan options
- Pilot payment reform initiatives (collaborate with providers and other payers):
 - Strengthen primary care
 - Investigate tiered formularies for pharmaceuticals
 - Bundle payments for specialty care
- Investigate contracting options for:
 - Primary care clinic services
 - Centers of Excellence for certain specialty services, such as transplants and joint replacement
- Support and strengthen the employee wellness program based on employee health and well-being strategies proven effective *in progress*

What can the Division of Insurance/DCC&ED do?



- Revise regulation that drives medical inflation by requiring commercial insurers to reimburse at the 80th percentile of UCR (Usual & Customary Rates)
- Investigate modernization of insurance laws that limit flexibility and innovation in payment models



Next Steps for the Commission

- Facilitate Implementation of Commission Recommendations
- Support Governor's Medicaid Expansion with Meaningful Medicaid Reform Priority



Commission Priorities for 2015

Facilitate Implementation of recommendations related to:

- Evidence-based Medicine
- Transparency Legislation
- Payment Reform
- Workers' Comp Reform
- Prevention
- Opioid Control
- Telehealth



Commission Priorities for 2015

Support DHSS Meaningful Medicaid Reform efforts, including:

- Improve medical management strategies (evidence-based medicine)
- Support for payment reform initiatives
- Identify regulatory barriers to Telehealth



Thank You!

Deborah Erickson, Executive Director
Jay Butler, MD, Chair
Alaska Health Care Commission