

ALASKA STATE LEGISLATURE
SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE

February 29, 2012

1:36 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Dennis Egan
Senator Kevin Meyer
Senator Fred Dyson

MEMBERS ABSENT

Senator Johnny Ellis

COMMITTEE CALENDAR

PRESENTATION: ALASKA STATE HOSPITAL AND NURSING HOME ASSOCIATION
REPRESENTATIVES

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

MIKE POWERS, Administrator
Fairbanks Memorial Hospital
Fairbanks, Alaska

POSITION STATEMENT: Presented information related to the Alaska
State Hospital and Nursing Home Association (ASHNHA).

PATRICK BRANCO, Past Chair
PeaceHealth Ketchikan Medical Center
Ketchikan, Alaska

POSITION STATEMENT: Presented information related to the Alaska
State Hospital and Nursing Home Association (ASHNHA).

ANNIE HOLT, Chair Elect
Alaska Regional Hospital
Anchorage, Alaska

POSITION STATEMENT: Presented information related to the Alaska
State Hospital and Nursing Home Association (ASHNHA).

RICK DAVIS, Administrator
Central Peninsula General Hospital
Soldotna, Alaska

POSITION STATEMENT: Presented information related to the Alaska State Hospital and Nursing Home Association (ASHNHA).

MILLIE DUNCAN, Administrator
Wildflower Court
Juneau, Alaska

POSITION STATEMENT: Presented information related to the Alaska State Hospital and Nursing Home Association (ASHNHA).

ACTION NARRATIVE

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CHAIR BETTYE DAVIS called the Senate Health and Social Services Standing Committee meeting to order at 1:36 p.m. Present at the call to order were Senators Egan, Dyson, Meyer, and Chair Davis.

Presentation: Alaska State Hospital and Nursing Home Association Representatives

CHAIR DAVIS announced the business before the committee was a presentation by the Alaska State Hospital and Nursing Home Association.

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MIKE POWERS, Administrator, Fairbanks Memorial Hospital presented information related to the Alaska State Hospital and Nursing Home Association (ASHNHA). He introduced the members of ASHNHA.

He recognized health care as an economic anchor in communities. In the last 10 years, 10,000 jobs were added in health care in Alaska. He shared statistics related to the numbers of members in ASHNHA.

He thanked the committee for their support of training programs at the University of Alaska. He stressed the importance of the sacredness of hospitals due to births, passages, and deaths.

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MR. POWERS continued to discuss the economic anchors that health care provides. He pointed out that Alaska is "beyond rural" when compared to other states. The bed density is 3.4 patients per 1,000 square miles, which is important when considering resources.

PATRICK BRANCO, Past Chair, PeaceHealth Ketchikan Medical Center, presented information related to the Alaska State Hospital and Nursing Home Association (ASHNHA). He commented on the largeness of Alaska and the small population density.

MR. POWERS explained that one way Alaska deals with providing health care to such a large area is by receiving a special federal designation in the form of critical access hospitals, tribal hospitals, sole community hospitals, and military hospitals.

SENATOR DYSON asked what a tertiary hospital was.

MR. POWERS replied that it is the third level of care beyond primary care, such as a center of excellence with specialty areas. Alaska Regional Hospital is an example.

MR. POWERS continued to discuss critical access hospitals, which are hospitals in a rural community area. He stressed the economic importance of the hospital to its area. It is typically limited to a bed size of 25 or less. There are 13 critical access hospitals in Alaska and 50 percent of all Alaskan hospitals are critical access.

MR. POWERS related that health care is a major employer in Alaska. One out of every ten jobs in Alaska relates to health care. The 2010 payroll was \$1.53 billion.

He pointed out that half of all health care employment is in hospitals and nursing homes; 40 percent in hospitals; 32 percent in doctor's offices; 11 percent long-term care.

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He noted that health care employment is throughout the state with the bulk of it being in Southcentral Alaska.

He said that health care costs impact health care facilities. Health care costs tend to run about 135 percent of the U.S. average, according to the cost of living index. Alaska's hospital costs run about 38 percent higher than the national average.

MR. POWERS addressed the cost drivers that impact the cost of health care in Alaska. He said that Alaska pays more for health care practitioners than eight comparison states. He stressed the

importance of education programs to help address this higher cost.

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MR. POWERS spoke of "The Silver Tsunami," a challenge of the tremendous growth of Alaska seniors who are large consumers of health care services. He addressed the fact that some patients must travel far distances to receive care, especially trauma care.

SENATOR DYSON asked what AMI is.

MR. POWERS said it was acute myocardial infarction.

He continued to say that hospitals must serve all who need care. The total for uncompensated care in 2009 was \$178 million.

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MR. BRANCO related information about PeaceHealth Ketchikan Medical Center. He said he changed the hospital from an acute care hospital to a critical access hospital. He listed the communities that the Medical Center serves.

He discussed the economic impact to Ketchikan of the Medical Center's payroll of \$28 million a year. He listed the special challenges of the Medical Center, such as physician recruitment, shipping logistics, the fact that it is a rainforest, first year turnover, workforce availability and skill levels, and competition with Seattle.

MR. BRANCO pointed out that PeaceHealth is a member of HealthStrong, and is the sixth strongest critical access hospital in the nation. He showed a picture of the new building which will shift services to out-patient care.

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MR. BRANCO talked about physician integration. He recalled that Ketchikan had very few specialists years ago. He related how the hospital integrated practices.

SENATOR DYSON asked if doctors are burdened by high costs of liability insurance.

MR. BRANCO said they are. He spoke highly of tort reform as a recruiting tool.

SENATOR DYSON asked if doctors moved their practices under the hospital's umbrella due to high insurance costs.

MR. BRANCO said it was not the primary factor; reimbursement from Medicare was the main reason for doctors' moving their practices.

SENATOR EGAN asked if there was a problem in Ketchikan recruiting nurses with degrees.

MR. BRANCO said no.

SENATOR EGAN thought there was a 2-year delay for students who want to enter the nursing program.

MR. BRANCO replied that he has been fortunate to be able to recruit new nurses. He explained the supervision needed for training new hires.

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ANNIE HOLT, Chair Elect, Alaska Regional Hospital, commented that experienced nurses were retiring and there was a lack of nursing instructors.

SENATOR EGAN spoke of changes in Medicare affecting the health care profession.

MR. POWERS said that Medicare represents about 35 percent of health care business. In Phoenix that figure would be 70 percent to 90 percent. Most hospitals are aiming to break even on Medicare, which is a huge challenge in Alaska. For those who do not break even, costs will be shifted to "the commercial side."

SENATOR EGAN asked for clarification of "the commercial side."

MR. POWERS defined it as a surcharge or cost shifting to the commercial payers.

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SENATOR MEYER said health care costs are 38 percent higher in Alaska. He asked if Alaska is reimbursed for Medicare at the same rate as Arizona is.

MR. POWERS explained that in Fairbanks, Medicare is reimbursed at a higher rate than Phoenix because it has a "sole community rural referral status."

SENATOR MEYER asked if Fairbanks is being reimbursed 38 percent more than Arizona is.

MR. POWERS said clearly not; maybe 5 percent more.

MR. BRANCO pointed out that there is a disparity in Medicare reimbursement across the nation.

At Ease from 2:06 p.m. to 2:09 p.m.

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MR. POWERS called Fairbanks Memorial Hospital a sole community provider in a vast area with 1,350 employees. He said that the top diagnoses were normal deliveries, psychoses, alcohol abuse, and pneumonia. He spoke of the economic impact, challenges, and sources of pride for the hospital. He talked about the problems of "niche" providers, assisted living, chronic inebriates, and aging surgery facilities.

MR. POWERS addressed the physician integration issue. He said in the last five years 55 physicians were recruited to Fairbanks. There is an on-going dialogue with independent physicians who are not affiliated with the large multi-specialty clinic, the Tanana Valley Clinic.

SENATOR EGAN asked how many beds Fairbanks Memorial Hospital and Tanana Clinic have.

MR. POWERS said the hospital is licensed for 155 acute beds and 90 long-term beds. Tanana has no beds, but 45 providers.

SENATOR EGAN asked where 4-year nursing degrees are offered.

MR. POWERS said they were offered at UAA.

SENATOR MEYER asked about behavioral health positions.

MR. POWERS replied that it was a challenge to keep independent psychiatrists in Fairbanks. He spoke of the "Juneau Model" for retaining staff.

SENATOR MEYER suggested having a psychiatric residency program.

MR. POWERS said that was a \$75,000 request this year. He stressed the importance of providing residency settings.

SENATOR MEYER inquired if Providence was the only hospital with a residency program.

MR. POWERS explained that Fairbanks was currently going through a feasibility study to be jointly accredited by WAMI and Pacific Northwest for a doctor of osteopathic medicine residency program.

SENATOR MEYER suggested having residency programs for other health care positions.

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MS. HOLT related information about the Alaska Regional Hospital (ARH), which provides inpatient and outpatient care for all surgical and medical specialties. She said that the primary service area is Anchorage. ARH is the second largest hospital in Alaska and has 832 employees. She detailed the economic impact of ARH.

She listed sources of pride for ARH: a community partner for 49 years, rated #1 in Alaska in orthopedic services, joint replacements, and spine surgery, meets all national quality standards for patient care, hospital-based fixed wing air ambulance program, certified cancer program, and first certified stroke center in Alaska.

MS. HOLT listed ARH's goals going forward: enhancement and expansion of core services, continued free public services such as health fairs and monthly health education programs, partnerships with non-profit community providers such as Alaska Medicare Clinic and Anchorage Neighborhood Health Center, and Alaska Regional employee health clinic opening in 2012.

SENATOR EGAN asked who contracts for treatment of Pioneer Home patients.

MS. HOLT explained that there is a contractual arrangement for each agency, such as the jail or skilled-nursing facilities. If patients can't pay, funding is found.

SENATOR EGAN asked if ARH holds contracts.

MS. HOLT gave an example of ARH having the contract for the Department of Corrections.

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MR. POWERS pointed out that a Pioneer Home resident would be covered by Medicare.

MS. HOLT said ARH collaborates with Providence and other hospitals.

SENATOR MEYER thanked ARH for its support for the Medicare clinic. He was glad to hear that the numbers were up at the clinic. He noted that the Alaska Neighborhood Health Center moved downtown. He wondered if Medicaid reimbursement would be adequate for that location.

MS. HOLT described Alaska's Medicaid plan and positive impact on access.

SENATOR MEYER noted the problem of recruiting locum tenen psychiatrists for winter employment. He asked if North Star is used by ARH for psychiatric services.

MS. HOLT related that North Star is an adolescent facility and ARH works closely with them as well as with Alaska Psychiatric Institute because ARH does not have a behavioral health program.

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MR. POWERS described behavioral health care program struggles in Fairbanks. He opined that the psychiatrist residency program will help to solve many problems. Another effective strategy is to provide an excellent benefit package and schedule in order to attract psychiatrists to the area.

SENATOR MEYER pointed out that those doctors are often not Alaskan residents.

MR. POWERS countered that the psychiatrist residents would be Alaskan residents.

[2:30:06 PM](#)

RICK DAVIS, Administrator, Central Peninsula General Hospital (CPGH), shared statistics about the hospital, which has 49 acute care beds, eight outpatient clinics, and 60 long-term care beds. The hospital has 720 employees and 50 active medical staff, 25 of which are independent physicians. He related that the hospital serves mainly Kenai Peninsula Borough residents.

MR. DAVIS spoke of sources of pride and special challenges. CPGH is a community-owned facility with community pride. One challenge is from competing entities moving in, such as an

ambulatory surgery center, an off-site cancer center, and an outpatient imaging center.

MR. DAVIS shared CPGH's goals: preparing for health care reform by clinically integrating 25 employed physicians, hardwiring quality and patient satisfaction processes, implementing an electronic health record, and exploring contracting possibilities beyond hospital-only services.

MR. DAVIS explained the Affordable Care Act and value-based purchasing. In January of 2011, the Centers for Medicare & Medicaid Services officials established value-based purchasing incentives for hospitals by identifying measures in five categories in order to generate payments after October 1, 2012. He addressed two specific categories of value based purchasing: quality of care and patient satisfaction using HCAPS surveys.

MR. DAVIS listed the eight core measures and the current pay for performance pieces. He maintained that core measures are important because they reflect evidence-based standardized care and are associated with better outcomes.

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MR. DAVIS showed a graph of CPH's compliance with Perfect Care scores.

MR. DAVIS discussed perspectives from the patient's experience, which were based on Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores. He addressed strategies CPGH uses to improve patients' experience. He presented a graph showing the percentage of patients rating the hospital a 9 or a 10.

MR. DAVIS listed the awards and recognition Central Peninsula General Hospital has received.

SENATOR MEYER asked if CPGH is known for the number of fish hooks it has removed from patients.

MR. DAVIS said it is.

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MILLIE DUNCAN, Administrator, Wildflower Court, shared the uniqueness of Wildflower Court, a non-profit organization which was first formed in 1977. She described the population that Wildflower Court serves; a younger and more physically capable population than state and national averages. She shared a graph

showing that 66.5 percent of admissions are for rehabilitation and 55 percent are discharged home.

MS. DUNCAN explained the economic impact to Juneau from Wildflower Court. There are 57 beds and 105 employees, \$6.7 million in wages and benefits, and \$172,000 in professional contract services.

MS. DUNCAN spoke of special challenges, such as the complexity of resident conditions, the growing number of residents with mental health diagnosis, and the difficulty of providing quality of life for a relatively young population.

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MS. DUNCAN shared a source of pride in the number of awards Wildflower Court has received. It also has future goals to obtain the Malcolm Baldrige Quality Award, the Workplace Award, and the Employer of Choice Award. She stressed the importance of the process it takes to achieve these awards.

MS. DUNCAN shared a definition of today's nursing homes. Present day nursing homes have evolved into highly skilled medical centers serving populations with complicated health issues needing treatment for longer periods than what is practical in a hospital.

MS. DUNCAN spoke of some of the challenges confronting today's nursing homes: providing quality of life for younger patients, dealing with complex mental health behaviors, keeping patients with acute conditions in the nursing homes, rather than hospitalizing the resident.

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MR. POWERS thanked the committee.

CHAIR DAVIS thanked the presenters. She said she was interested in learning more about the hospital's role in the Affordable Health Care Act.

MR. BRANCO explained that all hospitals are involved in quality programs that will help address the issues surrounding the Affordable Health Care Act. Hospitals will have to work collaboratively, and have a quality care focus. He emphasized that the bottom line is that it is all about the patients.

SENATOR MEYER thanked the presenters.

SENATOR EGAN appreciated the efforts of the presenters. He said that Pioneer Homes are a big part of compassionate care.

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There being no further business to come before the committee, Chair Davis adjourned the Senate Health and Social Services Standing Committee at 2:53 p.m.