ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE LABOR AND COMMERCE STANDING COMMITTEE
HOUSE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE
February 20, 2020
3:09 p.m.

MEMBERS PRESENT

House Labor and Commerce Standing Committee

Representative Ivy Spohnholz, Chair
Representative Sara Hannan
Representative Mel Gillis
Representative Zack Fields
Representative Louise Stutes

House Health and Social Services Standing Committee

Representative Tiffany Zulkosky, Chair
Representative Geran Tarr
Representative Lance Pruitt
Representative Sharon Jackson
Representative Matt Claman

MEMBERS ABSENT

House Labor and Commerce Standing Committee

Representative Andi Story
Representative Sara Rasmussen

House Health and Social Services Standing Committee

Representative Harriet Drummond

COMMITTEE CALENDAR

HOUSE BILL NO. 229
"An Act establishing the Alaska Health Care Transformation Corporation; relating to an all-payer claims database; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 229
SHORT TITLE: HEALTH INFORMATION/DATABASE/PUBLIC CORP.
SPONSOR(s): REPRESENTATIVE(s) SPOHNHOLZ

01/27/20	(H)	READ THE FIRST TIME - REFERRALS
01/27/20	(H)	L&C, FIN
02/20/20	(H)	L&C AT 3:00 PM DAVIS 106

WITNESS REGISTER

SCOTT LEITZ, Project Director
NORC
University of Chicago
Chicago, Illinois
POSITION STATEMENT: Testified during discussion of the Alaska Healthcare Transformation Project.

ACTION NARRATIVE

3:09:10 PM

CHAIR IVY SPOHNHOLZ called the joint meeting of the House Labor and Commerce Standing Committee and the House Health and Social Services Standing Committee to order at 3:09 p.m. Representatives Spohnholz, Hannan, Gillis, and Fields from the House Labor and Commerce Standing Committee and Representatives Zulkosky, Pruitt, and Jackson from the House Health and Social Services Standing Committee were present at the call to order. Representatives Stutes from the House Labor and Commerce Standing Committee and Representatives Claman and Tarr from the House Health and Social Services Standing Committee arrived as the meeting was in progress.

HB 229-HEALTH INFORMATION/DATABASE/PUBLIC CORP.

3:09:50 PM

CHAIR SPOHNHOLZ announced that the only order of business would be HOUSE BILL NO. 229, "An Act establishing the Alaska Health Care Transformation Corporation; relating to an all-payer claims database; and providing for an effective date."

CHAIR SPOHNHOLZ noted that that the committees would hear a "Healthcare Transformation Project Update" [in conjunction with the scheduled hearing of HB 229].

[Chair Spohnholz passed the gavel to Chair Zulkosky.]

3:10:09 PM

The committee took an at-ease from 3:10 p.m. to 3:11 a.m.

3:11:02 PM

CHAIR ZULKOSKY noted that HB 229 was referred to the House Labor and Commerce Standing Committee and the House Health and Social Services Standing Committee had been invited to the meeting.

3:11:25 PM

REPRESENTATIVE SPOHNHOLZ reported that, according to the Kaiser Family Foundation, in 1991 Alaska health care spending per capita was $2,558, lower than the rest of the United States average of $2,672. However, by 2014, Alaska was spending $11,064 per capita for health care, a 38 percent higher cost per capita in Alaska, while the rest of the United States averaged about $8,045. She added that the health care cost inflation in Alaska was 7.9 percent, while in the Lower 48, this inflation was 5.5 percent, according to the Centers for Medicaid and Medicare. Even though Alaska has the most expensive health care in the United States, the state has some of the worst health outcomes in the country. She pointed out that health care was a huge cost to state government; in Alaska, the cost of Medicaid was about $1.2 billion, even as this was "just a fraction of our total health care spend." She shared an ISER (Institute of Social and Economic Research) report from September 21, 2018, which estimated about $8.2 billion was spent in the State of Alaska on health care.

REPRESENTATIVE SPOHNHOLZ stated that recent efforts to reform health care included the Alaska Health Care Commission, the inclusion of tele-health coverage under Medicaid with its possible inclusion in the private market, and Medicaid Expansion adopted in 2015 which reduced the amount of uncompensated care in the state and included some federal match dollars. She referenced Senate Bill 74, passed in 2016, which incorporated a large series of innovative Medicaid reforms and saved the state hundreds of millions of dollars. In 2018, health care price transparency legislation was passed which required public posting of the price and estimates for the most frequently offered health care services. She acknowledged that although much had been accomplished to chip away at health care costs in the State of Alaska, there was still a lot of progress to realize.

REPRESENTATIVE SPOHNHOLZ spoke about the Alaska Healthcare Transformation Project, created in part from Senate Bill 74, as there was a need for cross sector collaboration in health care. It would require a view of the total health care environment to be able to drive down health care costs, she said. She explained that the transformation Project included members of the House of Representatives, the Senate, the administration, private providers, hospitals, tribal health, labor organizations, patient advocates, business representatives and more. She reported that the goal of the project was to reduce the cost of health care in Alaska while increasing access to health care and improving its quality.

REPRESENTATIVE SPOHNHOLZ stated that, although all the measures described were important building blocks, they were incremental, and it was necessary to determine what was needed to transform the health care delivery system in Alaska. The group decided it was necessary to have a comprehensive understanding of the costs of health care, how much was being spent, and what it was being spent on. She paraphrased from the Sponsor Statement for HB 229 [included in members' packets], which read as follows [original punctuation provided]:

> HB 229 would establish the Alaska Healthcare Transformation Corporation (AHTC), an independent, legal authority to manage an All-Payer Claims Database (APCD). Health care costs around the United States are increasing at an alarming rate. Alaskan health care costs are increasing at an even higher rate compared to other states. Alaska's health care costs 38% more than the rest of the United States. How can costs be contained while improving health care quality and outcomes across the state? The Alaska Healthcare Transformation Project, a group made up of payers, providers, policymakers, and patient advocates, has been meeting since 2017 to work together on this issue. One of their recommendations was to establish an APCD.
>
> An APCD is an aggregation of health care data. The health care data is a collection of claims data from a comprehensive range of sources such as private health insurers, state employee health benefits programs, prescription drug plans, dental insurers, Medicaid, and more. The value of an APCD is that it allows for analysis and informed decision-making for health care

consumers and policy makers. It is also a powerful tool for understanding the health care market. Additionally, analysis of geographic, demographic and other areas of potential disparity can help inform policy assessments and improvements.

Understanding the underlying cost drivers and market pressures of the cost of health care is important to developing policies and solutions. An Alaska Health Care Transformation Corporation tasked with establishing an APCD will provide a foundation for ongoing analysis, development, implementation and support for health care policy. There are 20 states that have an APCD. If passed, this legislation will provide the means to develop health care policies that can improve access and affordability for all Alaskans.

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REPRESENTATIVE SPOHNHOLZ, in response to Chair Zulkosky, reiterated that the APCD was "an aggregation of de-identified health care data; a collection of claims data from a comprehensive range of services."

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REPRESENTATIVE FIELDS asked if the aggregation of existing data bases would still allow for knowing which claims occurred in which hospitals and surgery centers and which insurance plans covered these procedures. He asked if it would be anonymous beyond this.

REPRESENTATIVE SPOHNHOLZ said that the details for the operation of APCD would be determined by the Alaska Healthcare Transformation Corporation. She opined that, as other states had already been doing this work, the Healthcare Transformation Corporation would look at those specific operations. She expressed the desire to have every health care payer in the State of Alaska contribute their information in a de-identified manner so as not to single out individuals.

REPRESENTATIVE FIELDS asked whether "paid" was defined as the amount of the bill or the amount an insurance company actually paid for a procedure. He asked if it was legal to require the insurers to share this data.

REPRESENTATIVE SPOHNHOLZ acknowledged that there was existing authority to require the data be shared, except for Employee Retirement Income Security Act (ERISA) plans, which were regulated by the federal government. She shared that currently there were discussions with U.S. Senator Lisa Murkowski for the requirement that ERISA plans participate in APCDs. She stated that the value of an APCD was that it allowed for analysis and informed decision making by different parties. Considered to be a superior data source, the APCD included actual paid claims, and not charged amounts, which was a powerful tool for understanding the health care market, she related.

REPRESENTATIVE SPOHNHOLZ stated that these could help identify areas of practice where prices were increasing, or utilization was growing in an unhealthy way, to better drive policy reform. She shared that the vision was for a public interface for Alaska consumers to better understand the cost for certain health care services. She stated that some values had been incorporated into this concept. She relayed that, as health care operated in multiple jurisdictions in the state, within several different departments, the creation of a health care transformation corporation would allow a certain amount of independence, with a clear focused charge, for long term results. She suggested that the board of the health care transformation corporation be appointed by the governor and then confirmed.

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CHAIR ZULKOSKY asked about the Health Care Commission.

REPRESENTATIVE SPOHNHOLZ explained that the Health Care Commission had been started by former Governor Sarah Palin and had reviewed a broad range of topics, including elements of the Patient Protection and Affordable Care Act and its role, along with Medicaid Expansion, in health care transformation in the state. She noted that, as both Medicaid Expansion and the Patient Protection and Affordable Care Act were unpopular in the state, the Health Care Commission was defunded, and its work was ended. She declared that it was necessary to have some "sideboards" on what a health care corporation could do, and to also allow the corporation to execute.

3:24:56 PM

REPRESENTATIVE STUTES asked who would fund the new corporation.

REPRESENTATIVE SPOHNHOLZ directed attention to the fiscal notes, which she noted could change as they went through the process as it was still too soon to know the final costs. She pointed out that the cost of health care in Alaska was expensive and accelerating. A stated goal of the health care transformation project was to reduce this cost of healthcare inflation to 2.5 percent. She shared that there were various workgroups of the project.

REPRESENTATIVE STUTES opined that the State of Alaska would pay for the project.

REPRESENTATIVE SPOHNHOLZ replied that the project would be paid for by both the state and the private sector.

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REPRESENTATIVE STUTES asked for an example of private sector partners.

REPRESENTATIVE SPOHNHOLZ said there had been funding from the Mat-Su Health Foundation, the Rasmussen Foundation, Providence Health Systems, and others.

REPRESENTATIVE STUTES asked what would prevent this project from becoming de-funded.

REPRESENTATIVE SPOHNHOLZ offered her belief that those working on the project would try to learn from the mistakes of the Health Care Commission, specifically that a project needed sideboards. She declared that the project had no authority beyond the creation of the APCD.

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REPRESENTATIVE JACKSON asked who would own the corporation.

REPRESENTATIVE SPOHNHOLZ replied that this would be a public corporation and the owners would be the State of Alaska. She offered examples of other such public entities, including the Alaska Housing Finance Corporation and the Alaska Railroad.

REPRESENTATIVE JACKSON asked if this was a medical databank.

REPRESENTATIVE SPOHNHOLZ explained that it would be a database for paid healthcare claims in Alaska, and that it would not hold individual patient information.

REPRESENTATIVE JACKSON asked what product the State would receive for its investment in the corporation.

REPRESENTATIVE SPOHNHOLZ explained that the State would receive information to use for policy reforms. She said that it was not possible to know how to solve a problem until you understood the problem. She acknowledged that, although a lot was known about Alaskan healthcare data through individual lenses, 20 other states were using an APCD as a foundational building block for healthcare reform.

REPRESENTATIVE JACKSON asked if there had been conversations with Senator Murkowski and whether pharmacists were included in this databank.

REPRESENTATIVE SPOHNHOLZ replied that pharmacy payments would be part of this database.

REPRESENTATIVE JACKSON suggested a volunteer approach.

REPRESENTATIVE SPOHNHOLZ relayed that there was interest in working with the Alaska federal delegation to ensure the federal health care claims paid in Alaska could also be contributed to the database.

3:34:04 PM

REPRESENTATIVE HANNAN asked for a definition of ERISA.

REPRESENTATIVE SPOHNHOLZ explained that an ERISA plan was a self-funded, self-insured plan, offering the State of Alaska and the University of Alaska as examples. She pointed out that, as they were regulated by the federal government, these plans were not required to comply with state law.

REPRESENTATIVE HANNAN offered her belief that, as most Alaskans were in ERISA plans, it would be important to include them.

REPRESENTATIVE SPOHNHOLZ acknowledged that a good number of Alaskans were covered by ERISA plans, with the State of Alaska the largest of these. She declared that the state would want to participate and, here in the state, it would not be necessary to ask the federal government for permission to put the state's own data into the database. She acknowledged that there was not the authority to tell the Veterans' Administration or [Indian Health Service] to comply.

REPRESENTATIVE HANNAN asked if other ERISA plans could voluntarily choose participation without any changes to federal law.

REPRESENTATIVE SPOHNHOLZ opined that they could voluntarily comply.

REPRESENTATIVE HANNAN noted that most other health trusts discussed the inability to keep up with the growth rate for plan occupants and asked if any other ERISA plans were interested. She shared the concept of "medical tourism" which encouraged people to leave Alaska for health care somewhere cheaper and suggested that all services for Alaskans be included in the database, whether delivered in or out of state.

REPRESENTATIVE SPOHNHOLZ said that she could not speak for the other ERISA plans, although there were active conversations through the Alaska Healthcare Transformation Project.

3:37:55 PM

CHAIR ZULKOSKY asked whether the tribal health plans would be compelled to provide data.

REPRESENTATIVE SPOHNHOLZ replied they would not be compelled.

CHAIR ZULKOSKY asked if the many Alaska Native organizations participating in federal employee health benefits be compelled to provide information.

REPRESENTATIVE SPOHNHOLZ replied that she had not yet explored this.

3:39:48 PM

REPRESENTATIVE FIELDS asked if there were other corporations in other states with regulatory powers which included the collection of information from private parties. He pointed out that the proposed bill allowed penalties to be established to ensure compliance with mandatory healthcare data reporting requirements. He asked if employer funded plans were potentially subject to fines and if there was any precedent. He asked who could be fined if there was failure to provide the requested healthcare data.

REPRESENTATIVE SPOHNHOLZ said she was not yet prepared to answer all these questions as the project was still in its early phases, although there was an expert to provide invited testimony on APCDs. Regarding the authority, it would be necessary to see what authority other corporations in Alaska had to fine people.

REPRESENTATIVE FIELDS asked what additional data would be captured that was not currently available.

REPRESENTATIVE SPOHNHOLZ said that she would follow up in detail, that they wanted other perspectives, and that they did want employer plans to participate.

3:43:53 PM

REPRESENTATIVE STUTES asked who would interpret the data and how would that lower health care costs. She asked if tribal health had been engaged.

REPRESENTATIVE SPOHNHOLZ replied that tribal health had been involved with the process from the beginning and was represented on the project management committee. She opined that, although reducing health care costs may not be possible, bending the cost curve downward was a goal. She suggested that there would be rules and guidelines for access to the information, although it would be available to policy analysts, researchers, and policy makers in the legislature and government, as well as the community at large for analysis in ways to reform the health care system. She acknowledged that there was not clear evidence that all payer claims databases "absolutely lower health care costs." She emphasized that, although the reduction of healthcare costs "might be pie in the sky," it was her hope to bend the cost growth curve. She reiterated that the current health care cost inflation was 7.9 percent in Alaska. She offered her belief that a recognition for the cost of services would identify outliers who were overcharging. She shared that her focus on healthcare reform policy was because she had seen the impact on individuals and families from a health care crisis. She stated that an APCD would remove the ongoing finger pointing in the medical industry and allow for movement forward.

REPRESENTATIVE STUTES asked for clarification that a statewide database could determine which areas were too expensive.

REPRESENTATIVE SPOHNHOLZ explained that this database was for specific healthcare services and was not regional. She added

that preventative care could keep people healthier and that a review for the costs to the range of provided services could reveal the opportunity for health care reform. She pointed out that the cost of services in Alaska could be as much as ten times those same services in the Lower 48.

3:51:02 PM

REPRESENTATIVE SPOHNHOLZ, in response to Representative Jackson, explained that the corporation was proposed to be a public, private partnership with state funding, and potentially some federal and private sector funding. In further response to Representative Jackson, she explained that an APCD would allow for fact checking with comprehensive information for the spending on health care.

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REPRESENTATIVE FIELDS reported that the increase to the state health care insurance plan had been less than 2 percent, and that, since 2015, even with an increase of insurance for more than 50,000 people, the state was spending less on Medicaid. He asked where there had been success for arresting the cost curve and what were the reductions for ERISA plans.

REPRESENTATIVE SPOHNHOLZ said there would be some testifiers to answer those questions.

REPRESENTATIVE CLAMAN mused that, as all the federal insurance coverages were not required to participate, it seemed unlikely to collect 100 percent of the data.

REPRESENTATIVE SPOHNHOLZ reiterated that APCDs had been created in 20 other states and had proven to be useful. She relayed that there had been discussion for a nationwide all payer claims database, even as that discussion was unlikely to advance. She acknowledged that this was a big step for Alaska and pointed to various healthcare reform initiatives launched in the last five years in Alaska. She declared that the problem for healthcare cost growth had not been solved, and emphasized that it was necessary to come together for solutions. She pointed out that this draft was a conversation starter to advance a significant policy measure. She shared her hope to work together toward a better proposal.

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REPRESENTATIVE STUTES opined that it would be good for the proposed bill to have hearings in the House Health and Social Services Standing Committee.

REPRESENTATIVE SPOHNHOLZ allowed that this was the reason for the joint committee meeting. She reported that health care in Alaska was in multiple jurisdictions, including Department of Labor & Workforce Development, Department of Administration, and Department of Health and Social Services. She noted that the structure of the corporation was outside all these departments, as it would be housed in the Department of Commerce, Community & Economic Development along with the other public corporations.

REPRESENTATIVE STUTES expressed her assumption that the proposed bill would be heard again in the House Labor and Commerce Standing Committee.

4:00:13 PM

REPRESENTATIVE PRUITT asked how to pay for the corporation.

REPRESENTATIVE SPOHNHOLZ explained that it would be paid through the general fund, federal match, and private sector match.

REPRESENTATIVE PRUITT asked what was meant by private sector match.

REPRESENTATIVE SPOHNHOLZ reported that the project had been an equal match between the state and the private sector, including profits and non-profits. She offered her belief that the attached fiscal notes would change as the proposed bill evolved.

REPRESENTATIVE PRUITT suggested that there was not a guarantee for funding from the private sector. He asked how to deal with the situation when participants no longer wanted to participate.

REPRESENTATIVE SPOHNHOLZ replied that she was not currently prepared to discuss the fiscal notes in detail. She acknowledged that it would be necessary for some clarity about the relationship if the funding were to be based on private match. She declared that she was "fairly agnostic" about how the APCD was funded. She suggested that this would be discussed in more detail during the invited testimony.

REPRESENTATIVE PRUITT asked how to ensure confidentiality.

REPRESENTATIVE SPOHNHOLZ said that the invited testifiers could better answer this.

4:03:27 PM

REPRESENTATIVE CLAMAN asked whether there was an existing federal match program if the money was provided.

REPRESENTATIVE SPOHNHOLZ said that she would follow up on those specifics, noting that there were some potential options.

REPRESENTATIVE CLAMAN relayed that he would be more reassured with an existing match program. He asked about current access to the Medicaid data.

REPRESENTATIVE SPOHNHOLZ said that the State of Alaska already had access to the Medicaid data, which included about one-third of the patient population.

REPRESENTATIVE CLAMAN asked if there was currently access to any other health care data.

REPRESENTATIVE SPOHNHOLZ replied that, although data was accessible, it was not well used because the State of Alaska had to contract for analysis. In response to Representative Claman, she explained that, as the state contracted for analysis, there was not routine access to the information, which created difficulty for policy researchers to collect the data.

REPRESENTATIVE CLAMAN asked if the data from the health facilities reporting program was currently available.

REPRESENTATIVE SPOHNHOLZ said that she did not know.

4:07:41 PM

CHAIR ZULKOSKY asked if the project had performed any analysis of the existing Medicaid data.

REPRESENTATIVE SPOHNHOLZ replied, "Yes."

REPRESENTATIVE TARR asked to better understand analysis and use for the collection of data after it was aggregated.

REPRESENTATIVE SPOHNHOLZ explained that the way to define the data was determined by the amount of data, but there would still be the ability to understand from where it originated even as it

was de-identified. She stated that there was no desire to undermine any competitive advantage by revealing information in a public place. She suggested various people to discuss these questions. She noted that, as 17 percent of Alaskans were in the private marketplace, it was necessary to review the costs.

REPRESENTATIVE TARR pointed out that none of the smaller-population Western states had APCDs.

REPRESENTATIVE SPOHNHOLZ offered her belief that putting together the APCD was determined by the benefits versus the economics. She stated that the goal was to buy access to another existing database and populate it with information, as it was the functionality that was required.

4:13:52 PM

REPRESENTATIVE STUTES asked if there were experts to interpret the data.

REPRESENTATIVE SPOHNHOLZ replied that this would be dependent on how the corporation was structured. She referenced a proposed fiscal note from the Division of Insurance which estimated proposed staffing by seven people. She added that she was unsure if this was the correct number and that she was open to discussion.

4:15:19 PM

REPRESENTATIVE FIELDS asked how to collect the data and what was the correct structure for analysis. He reported that there had been a 40 percent reduction in workers' compensation cost and asked if collaboration was being reviewed for the project.

REPRESENTATIVE SPOHNHOLZ reiterated that there was indeed a "pretty significant health care cost problem in this state." She pointed out that the collaborative process used by the Medical Services Review Panel was a different kind of process, as it looked at individual claims to make determinations for appropriate care. She declared that this was far beyond the authority that had been proposed to give to the health care transformation council. She explained that this council would allow analysts to comb through the data to better understand ways to re-design the health care system. She stated that this was an important building block to better understand the picture for health care expenses.

REPRESENTATIVE FIELDS asked if she had viewed the Medical Services Review Panel as a potential structure without the bureaucracy.

REPRESENTATIVE SPOHNHOLZ replied that she had not.

4:17:21 PM

REPRESENTATIVE PRUITT asked who could access and analyze the data. He offered his belief that the proposed corporation would be extensive and do more than simply house a database. He reminded the committee about the issues of confidentiality.

REPRESENTATIVE SPOHNHOLZ stated that she did not mean to suggest there would be unfettered access to the data. The APCD would, instead, be a structure from which to request data on a regular basis. She explained that the proposed corporation would identify safe, secure, and de-identified processes by which researchers and policy analysts could request the data. She directed attention to page 3, [lines 21-28], of the proposed bill, which listed the purpose of the corporation as follows:

> (1) collect and analyze existing health care cost and quality data;
>
> (2) create an objective, reliable, and comprehensive central repository of health care information;
>
> (3) provide researchers, policy makers, and the public timely and transparent access to health care information while protecting individual privacy and proprietary data;
>
> (4) enable researchers, policy makers, and the public to make informed health care decisions and reduce unnecessary health care costs.

REPRESENTATIVE SPOHNHOLZ pointed out that this draft legislation was an opening conversation as conceived by the cross-sector stakeholder committee. She stated that she welcomed further suggestions or "sideboards that you'd like to put on it."

REPRESENTATIVE PRUITT said that he wanted to understand the scope. He asked if the idea was for only the researchers to analyze. He questioned the associated costs for different structures.

REPRESENTATIVE SPOHNHOLZ acknowledged that these were good questions for discussion.

4:23:37 PM

REPRESENTATIVE SPOHNHOLZ, in response to Representative Jackson, reiterated that the project cost had been split equally between the government allocated appropriation and the private sector through the non-profit community. She added that a bending of the Medicaid cost curve down from its current inflation of 4.4 percent to 2.5 percent would result a savings of more than $30 million in one year, adding that this was only about 20 percent of the total healthcare spend. She reported that, of the $8.2 billion spent on health care in Alaska, most was from the public, from Medicaid, state employees and retirees, and that a bend of the cost curve would result in a huge savings with a minor investment.

REPRESENTATIVE JACKSON stated that currently every Alaskan was paying for this cost bend and asked how far down the road this was from a reality.

REPRESENTATIVE SPOHNHOLZ shared an analogy for the decision to make a house repair for water dripping into the living room. A person could continue to replace the carpet annually or they could fix the roof and create annual savings. She declared that this was "a matter of getting our fiscal house in order for the state." She emphasized that it was necessary to resolve health care cost growth, restating it was outrageous how much money Alaskans were spending on health care.

REPRESENTATIVE JACKSON offered her belief that it was necessary to resolve the issue for all Alaskans.

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REPRESENTATIVE FIELDS asked how explicitly providers and employers had bought into this significant change in the rate structure. He asked if the proposed corporation would ultimately have the power to dictate changes in rates to a wide range of employers.

REPRESENTATIVE SPOHNHOLZ said that she was not advocating for a capitated payment structure in the proposed bill.

4:30:16 PM

SCOTT LEITZ, Project Director, NORC, University of Chicago, explained that NORC [formerly called the National Opinion

Research Center] was one of the largest social science research organizations in the country. He reported that over the past year he was the project director for NORC during its work with the Alaska Healthcare Transformation Project. He stated that the research had resulted in a series of recommendations to the project steering committee, which fell into four larger scopes: conduct some meta-analyses of previous Alaska studies; do an historic scan of previous work in Alaska around Alaska health care innovation; conduct a national scan of promising models which other states were exploring; and then, based on this work, create a roadmap with recommendations for how to best move forward to consider revising and revamping some issues around Alaska's healthcare system. He relayed that these reports had confirmed that the cost of health care in Alaska was high on a relative basis compared to the rest of the United States. He noted that the costs were driven by a variety of complicated, interrelated factors.

MR. LEITZ stated that a lack of more recent, detailed data hindered efforts to better understand what was happening in the health care system and what was driving costs. Those findings formed a core for two central recommendations: (1) the state should establish an APCD; (2) the information needed to be analyzed by a trusted entity, in order to bring forth recommendations in a collaborative, stakeholder way. He shared that much of the work to correctly orient the health care system was built around the availability of data and information to drive those decisions. The policy decisions were greatly informed by the information available to the public and would allow discussions based on the data. He noted that almost all the institutions studied had APCDs. These databases enabled them to better understand the cost drivers, and to allow policy to be crafted around focused issues. The analysis of data had to be performed by an entity who was broadly trusted among the stakeholders and had the capacity to conduct analysis. He pointed out that, as reform of health care was a long road, it was necessary for the trusted entities to continue work across multiple administrations.

REPRESENTATIVE FIELDS asked for an explanation to the "sea change" for the changing rate in health care costs in Alaska from the fastest-growing rates between 2000 - 2014, to the slowest in the country since then.

MR. LEITZ said that it was multi-factorial. He explained that a review of the data compared the overall costs for Alaska health care spending relative to the rest of the country. He

acknowledged that the costs were significantly higher in Alaska both on a per capita and an aggregate basis. He expressed his agreement that efforts had slowed the health care cost spending in Alaska. Regardless of which measure, the spending levels were higher in Alaska. He noted that, although there would be year-to-year changes based on negotiations and changes in the state Medicaid program that might temporarily slow growth, the overall trend was for rates of growth still higher than the national rates.

4:39:44 PM

CHAIR ZULKOSKY asked if the APCDs in the other 20 states were similarly structured, with a corporation managing the databases.

MR. LEITZ stated that this varied with each state. He emphasized that it was most important that people felt the structure led to independence of the organization, that the data produced was neutral, and that the information was trusted to be valid, neutral, reliable, and not biased by stakeholders.

CHAIR ZULKOSKY asked about the results if it was not possible to compel a significant number of providers to share information.

MR. LEITZ acknowledged that Alaska did have some unique characteristics, as there was a higher proportion of individuals with TRICARE and Indian Health Service. He said it was possible to glean an enormous amount of information from commercial claims, as well as Medicare and Medicaid claims which were available to the state. He noted that, as many large employers dealt with healthcare costs, there was a lot of interest in participation in APCDs and that a great deal of information was available to form much better healthcare policy. He suggested that "the guiding star shouldn't necessarily be getting to 100 percent; it should be making sure that you have representative data that allows you to say things about the commercial market, the Medicaid market, and other markets that exist within your state."

4:45:13 PM

REPRESENTATIVE CLAMAN asked about results if only 30 or 40 percent of data was available, instead of in the 80 percent range, and whether this would change the perspective for the value of that data.

MR. LEITZ estimated that 23 percent of the Alaska population was covered by Medicaid and about 12 percent was covered by Medicare, equaling more than a third of the state's population, and that this data was available. He opined that this combined with the individual marketplace would offer data for about 60 percent, even if none of the ERISA plans chose to participate, and that this was a "pretty representative group of being able to look at what cost trends look like within the state." He offered his belief that this would provide deep and solid information about the Alaska marketplace as many of the same insurers contracted with many of the same provider organizations cutting across the sectors. He acknowledged that, although more data was better than less data, there was solid information available.

REPRESENTATIVE CLAMAN asked for clarification that the value of the data dropped if there was less than 50 percent available.

MR. LEITZ replied that given the nature of the union trusts in Alaska, there would hopefully be a willingness to participate in this database to gain more broad information about health care costs to allow them to better manage their plans. He added that any data from portions of the private market that were not currently captured would still give a lot more information to better form public policy than what was currently available. He stated: "I don't know what the magical number is; I wish I did, and I don't know that there is such a thing." He declared that it was highly likely to capture substantially more than 50 percent of the market with this database.

REPRESENTATIVE CLAMAN declared that he had real questions about participation and the expense until he had greater confidence for the level of participation. He stated that there was not a compelling case for the benefit of the cost if the percentage of available data was lower than 50 percent.

4:50:39 PM

REPRESENTATIVE FIELDS expressed his doubt that there would be 50 percent of data if only Medicaid, Indian Health Service, and ERISA plans were available.

MR. LEITZ offered his belief that TRICARE was about 10 percent of the state population, Medicare and Medicaid were about 35 percent of the state population, and he was not sure of the employer sponsored insurance population. He declared that about 50 percent of the state population was covered by private

insurance through an employer, although he did not know how many of these were self-insured versus fully insured. He stated that the individual market in Alaska was about 8 percent. Therefore, the combined total of Medicare, Medicaid, and the private directly purchased insurance accounted for about 40 percent of the market. As the employer sponsored insurance was about 50 percent of the market, and it was assumed that half of that was fully insured, that would allow availability of data from about 60 percent of the market.

4:52:45 PM

REPRESENTATIVE SPOHNHOLZ clarified that the total amount of money spent on Medicaid was about $2.2 billion and had grown from $1.3 billion in 2012 per the report from the Department of Health and Social Services.

REPRESENTATIVE TARR pointed out that Vermont was the only other small population state that had an APCD, and she asked how the database would work with such small populations.

MR. LEITZ said that, regardless of state population and given the diversity of Alaska, the information from the database allowed the ability to look at regional differences. He offered his belief that states had to make individual decisions for how they wished to analyze the information and, regardless of population, be able to "really dig in; look at the more local level of what's driving health care cost growth and patterns of use and other things, and then make those decisions at a local level" for what made sense to address it. He noted that there was not a perfect correlation between size and an interest in an APCD, but it was instead driven by cost growth and an interest in understanding patterns of utilization for policy decisions.

REPRESENTATIVE TARR said that she would appreciate any additional thoughts.

4:57:04 PM

REPRESENTATIVE HANNAN asked what state the highest percentage of data had reported to the APCD and how that state got to that.

MR. LEITZ said that another testifier could have that information.

REPRESENTATIVE HANNAN asked about the data for retirees, as they were the fastest growing demographic in Alaska, and whether the

databases could account for this demographic and the effect on health care costs.

MR. LEITZ replied that the APCD, collected in a de-identified way, would allow an analyst to see age groupings and patterns of utilization for those groups, as well as costs associated with the services delivered to those groups. He added that the APCD revealed variations in service use and patterns, showed high utilization areas in a state, why they existed, and if they were prevalent in specific demographic groups. That would allow these to be addressed and get the system oriented to reduce those variations. He explained that the APCDs allowed the breakdown for analysis by ages, by geographic areas, and by time of insurance coverage, to allow deeper research to better understand how to solve some of the challenges to the high cost of healthcare.

5:00:17 PM

CHAIR ZULKOSKY passed the gavel to Chair Spohnholz.

5:00:33 PM

REPRESENTATIVE CLAMAN opined that because of the complexity of the proposed bill, it should include a referral to [the House Health and Social Services Standing Committee].

[HB 229 was held over.]

5:01:15 PM

ADJOURNMENT

There being no further business before the committee, the House Health and Social Services Standing Committee and the House Labor and Commerce Standing Committee joint meeting was adjourned at 5:01 p.m.