

**2/3/10  
REPORT:  
ALASKA  
HEALTH  
CARE  
COMMIS-  
SION**

# Transforming Health Care in Alaska

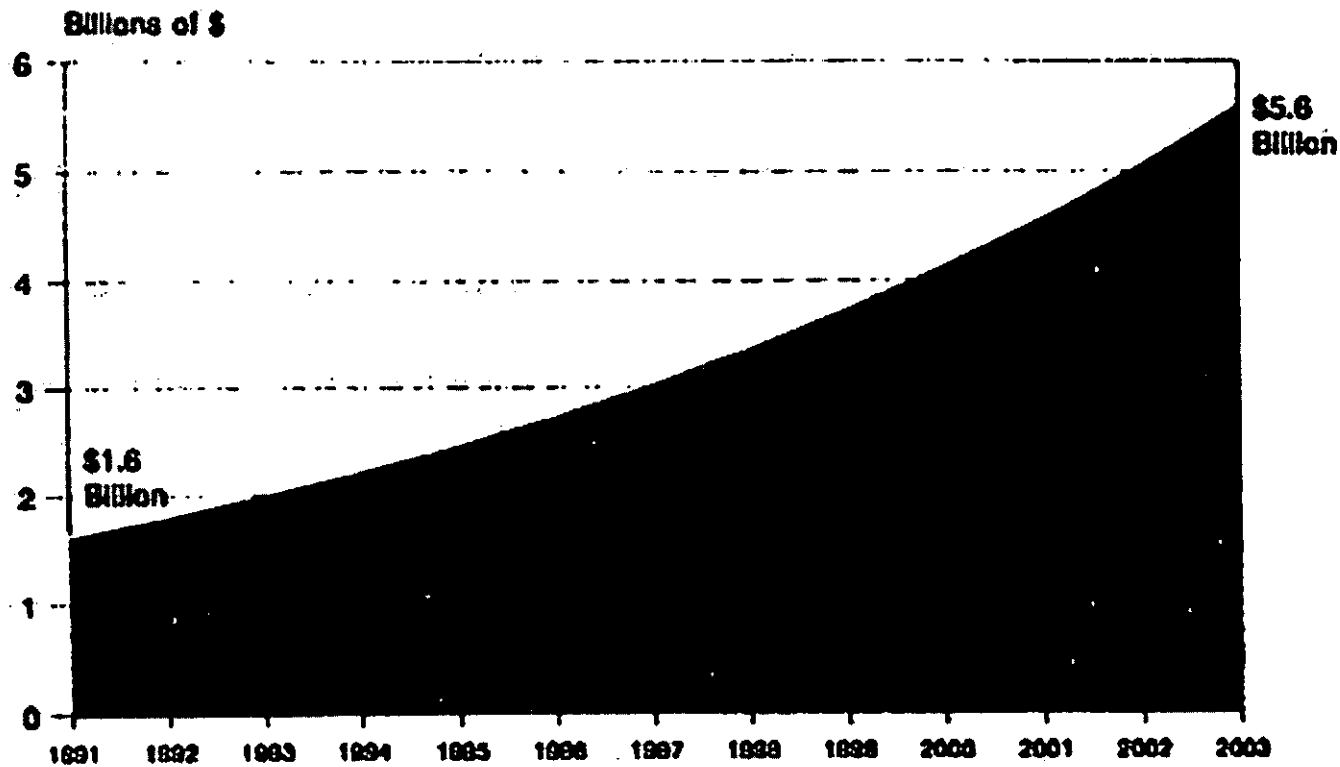
## Alaska Health Care Commission 2009 Report & 2010-2014 Strategic Plan

Presentation to  
House and Senate Health & Social Services Committees  
February 3, 2010

# A Brief History...

- 1987-1988 Governor's Interim Health Care Commission
- 1991-1993 Health Resources and Access Task Force
- 2003-2005 CWN Alaska Health Care Roundtable
- 2007 AK Health Strategies Planning Council

**Figure 2-1**  
**Projections of Health Care Expenditures in**  
**Alaska under the Current System, 1991-2003**



Source: Health Systems Research, Inc.

From Health Resources and Access Task Force 1993 Report

## And Today...

*with AK Health Care Expenditures over \$6 Billion  
Health Care Costs Pose a Significant Threat to Alaska's  
Economy and the Sustainability of State Government*

### The Alaska Health Care Commission

- Created by Gov. Palin under Administrative Order 246
- Members appointed January 2009
- Purpose: Foster development of statewide plan to address quality and accessibility of health care

# Commission Members

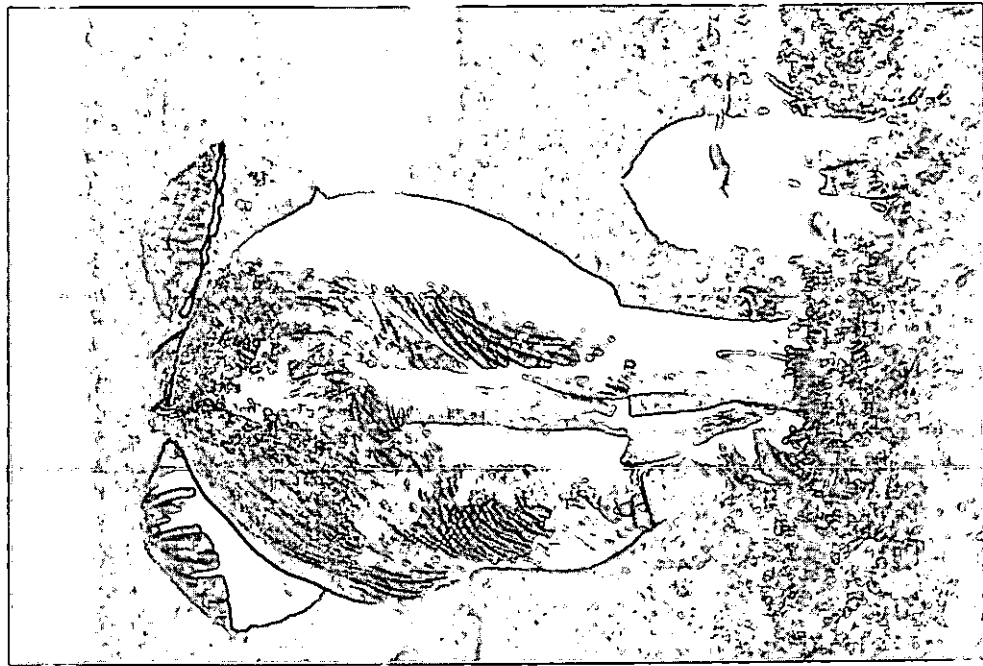
- Dr. Ward Hurlburt, Chair - DHSS CMO
- Valerie Davidson - Tribal Health System
- Jeffrey Davis - Insurance Industry
- Keith Campbell - Consumer
- Ryan Smith - ASHNHA
- Wayne Stevens - Chamber of Commerce
- Dr. Lawrence Stinson - Health Care Provider
- Ex-Officio
  - Senator Donny Olson
  - Representative Wes Keller
  - Linda Hall - State Insurance Commissioner

# Alaska Health Care Commission

## Duties

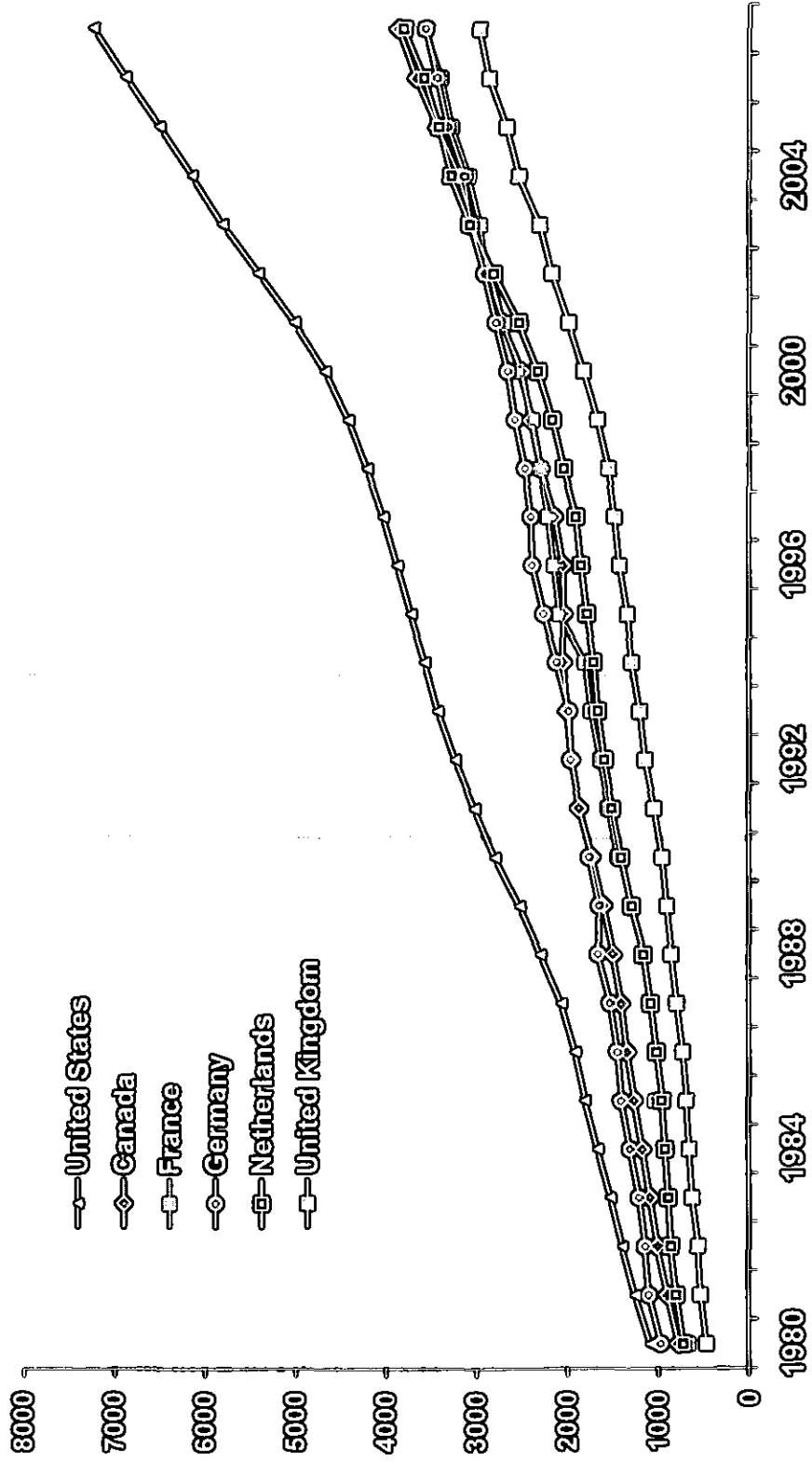
1. State health planning and coordinating body
2. Foster development of a:
  - Comprehensive statewide health care policy
  - Strategy for improving the health of Alaskans
3. Report due to Governor and Legislature  
January 15, 2010

# The Elephant in the Room



# National Health Expenditures per Capita, 1980-2007

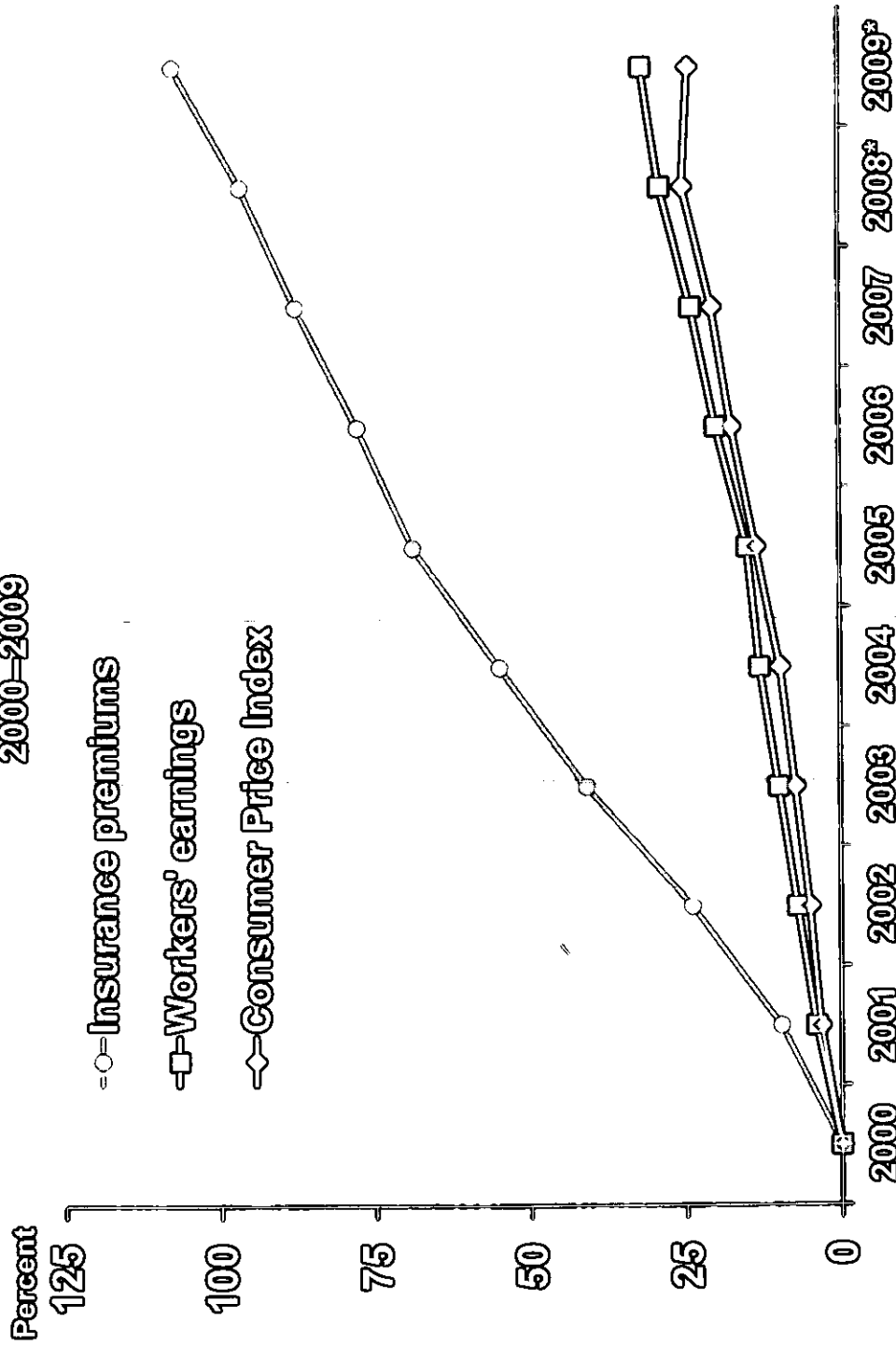
## Average spending on health per capita (\$US PPP)



Data: OECD Health Data 2009 (June 2009); from the Commonwealth Fund (Nov 2009)

# Premiums Rising Faster than Wages and Inflation

Cumulative Changes in Components of U.S. National Health Expenditures and Workers' Earnings, 2000-2009



Commonwealth Fund, November 2009

# The High Cost of Care in Alaska

- Alaska has the highest annual Medicaid expenditure level per enrollee in the nation at \$10,417 (2004)
- Alaska has ranked first in the nation for cost of Workers' Comp premium rates since 2005
  - Alaska has the highest Worker's Comp medical fee schedule rates in the nation
    - on average 3.5 times higher than the state with the lowest rates (2006)
  - Medical costs make up 72% of total Worker's Comp benefit claims in Alaska, compared to the national average of 58% (2008)
  - Alaska's average medical cost per Workers' Comp claim is \$40K per injury compared to the national average of \$26K (2008)
- The average cost per hospital stay in Alaska is \$27,171 compared to the national average of \$15,455 (2007)
- The price for medical care in Anchorage doubled between 1991 and 2005, while the Anchorage CPI for all items increased 38% during that same period

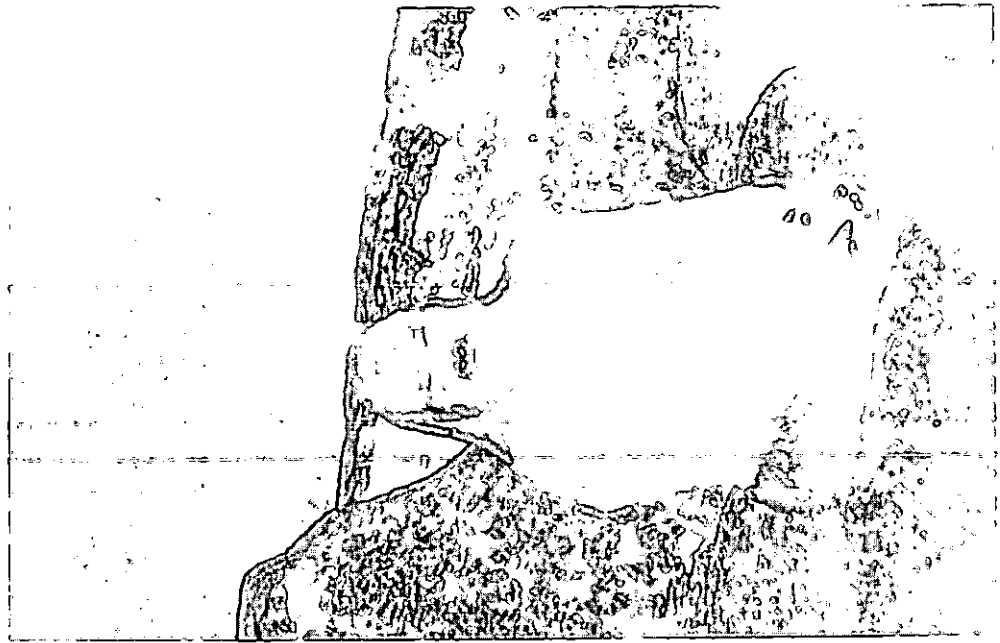
## Differences in Medicaid Fees, 2009

Description	Code	AK Fee	WA Fee	% Difference
Outpatient Office Visit – Lower Level	99212	\$62.46	\$22.69	175%
Outpatient Office Visit – Highest Level	99215	\$221.58	\$76.00	192%
Emergency Department Visit	99283	\$109.14	\$37.48	191%
Knee Arthroscopy/Surgery	29881	\$976.77	\$358.08	173%
Gall Bladder Removal, Laparoscopic	47563	\$1,175.10	\$412.29	185%
Cataract Surgery w/Lens Implant	66984	\$1,141.23	\$394.44	189%

## Differences in Workers' Comp Fees, 2006

Description	Code	AK Fee	WA Fee	HI Fee
Outpatient Office Visit – Mid Level	99213	\$127.00	\$76.00	\$61.00
Radiology (MRI, spinal canal cervical)	72141	\$2,339.00	\$769.00	\$634.00
General Medicine (nerve conduction)	95904	\$219.00	\$81.00	\$66.00
Knee Arthroscopy/Surgery	29881	\$4,181.00	\$869.00	\$693.00
Physical Medicine (therapeutic proc)	97110	\$83.00	\$40.00	\$32.00

# The 800 lb. Gorilla



# Determinants of Health

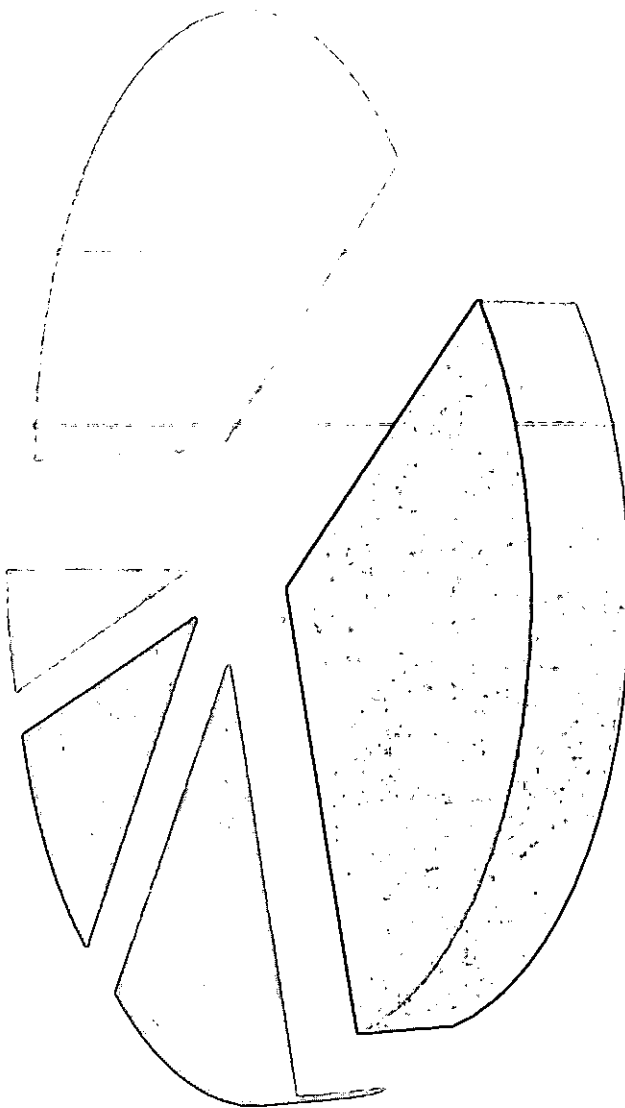
40% Behavior

30% Genetics

15% Social  
Circumstances

10% Health Care

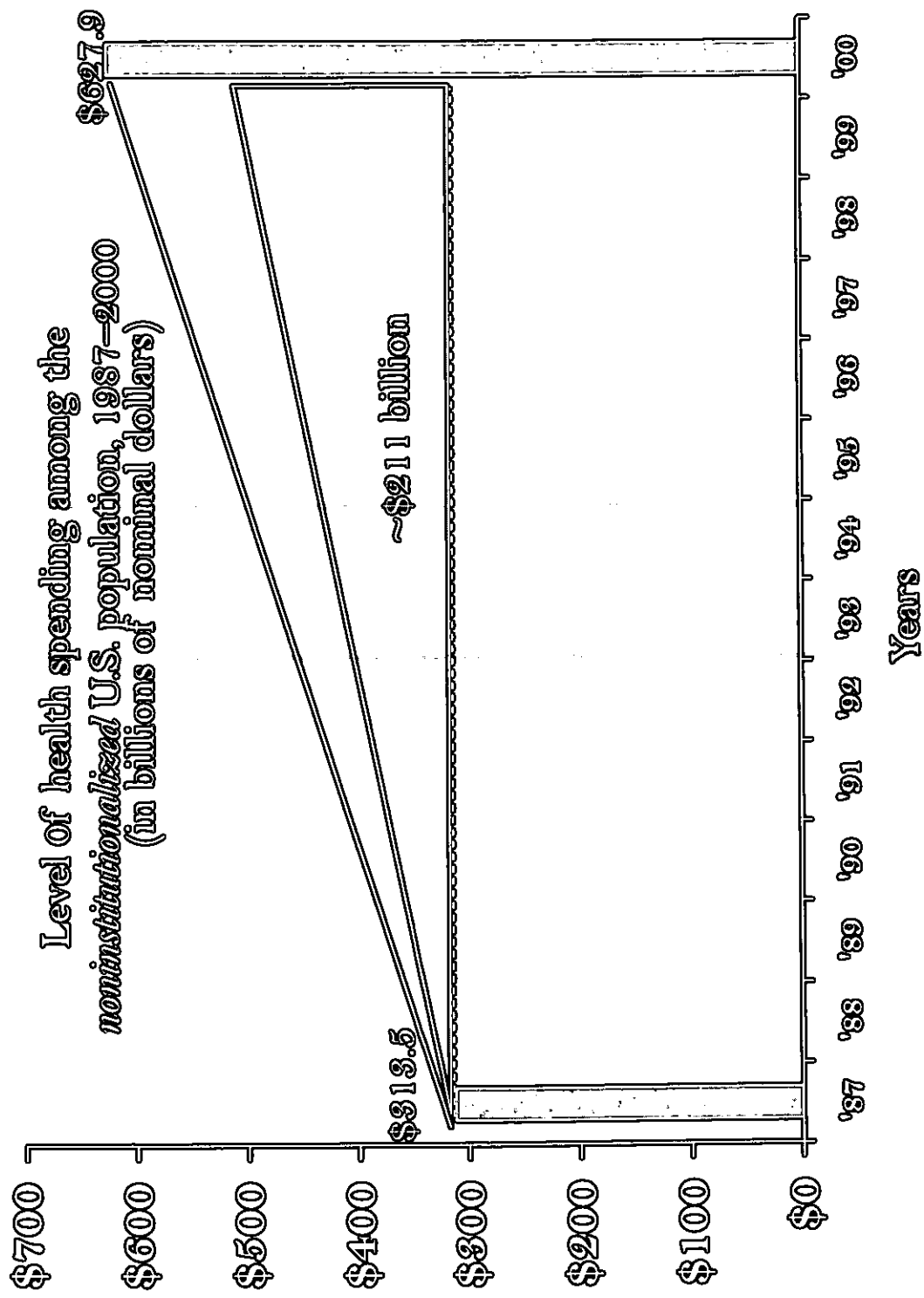
5% Environment



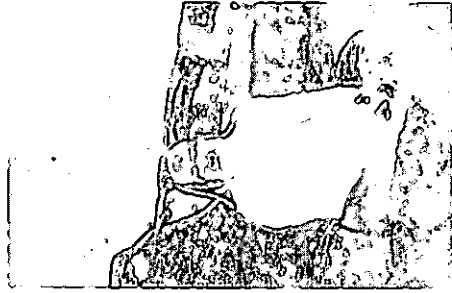
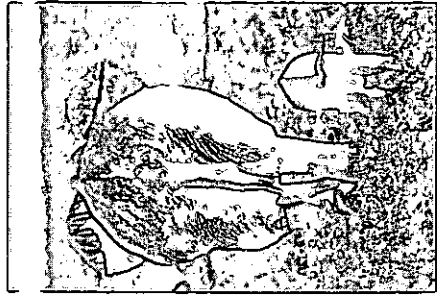
# Chronic Disease accounts for

- 70% of all deaths in the U.S.
- 4 of the 5 leading causes of death in AK
- 75% of all health care expenditures

# Health Expenditure Increase Due to Chronic Disease

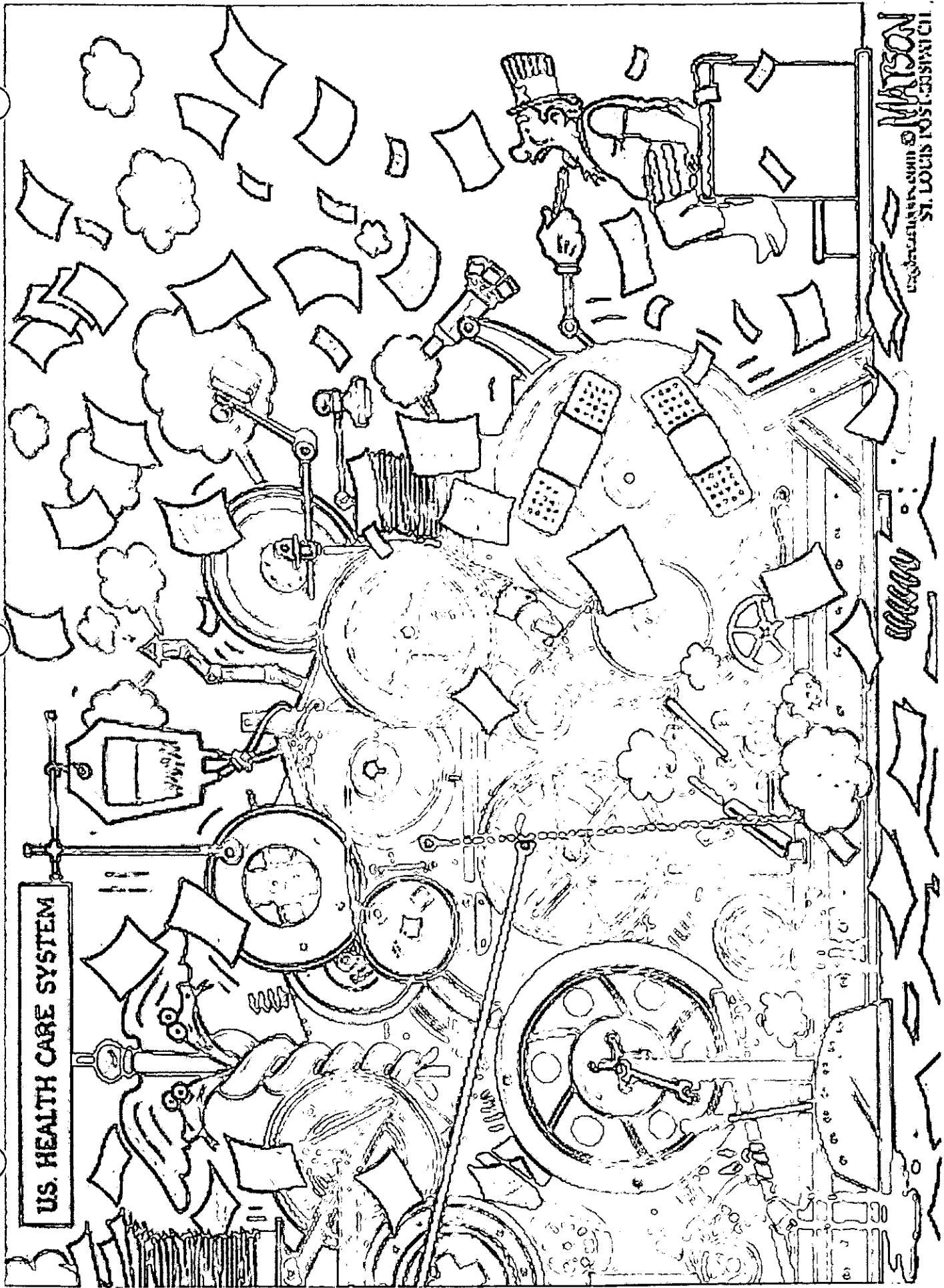


COST =



Price x Utilization

*Thank you Mr. Foster*



WATSON  
ST. LOUIS POST-DESCRIPTIVE

# Diagnosis of Alaska's Health Care System

- ❑ Costs are unaffordably high and continue to climb
- ❑ The delivery of health care services is fragmented
- ❑ Financing and payment mechanisms are complex
- ❑ Many Alaskans lack health insurance
- ❑ Some Alaskans cannot find a doctor to care for them
- ❑ There are high vacancy rates in Alaska's health care workforce
- ❑ Levels and variations in quality of care are not well understood
- ❑ Consumers and health care providers are frustrated
- ❑ The system as currently designed is not sustainable

# Commission's Strategic Plan

- 5-Year Planning Framework
  - I. Develop Vision
  - II. Accurately Describe Current System
  - III. Build the Foundation
  - IV. Design Transformation Elements
  - V. Measure Progress
  - VI. Engage Public & Stakeholders
- Action Plan for 2009 Recommendations
- 2010 Commission Work Plan

# Vision & Values

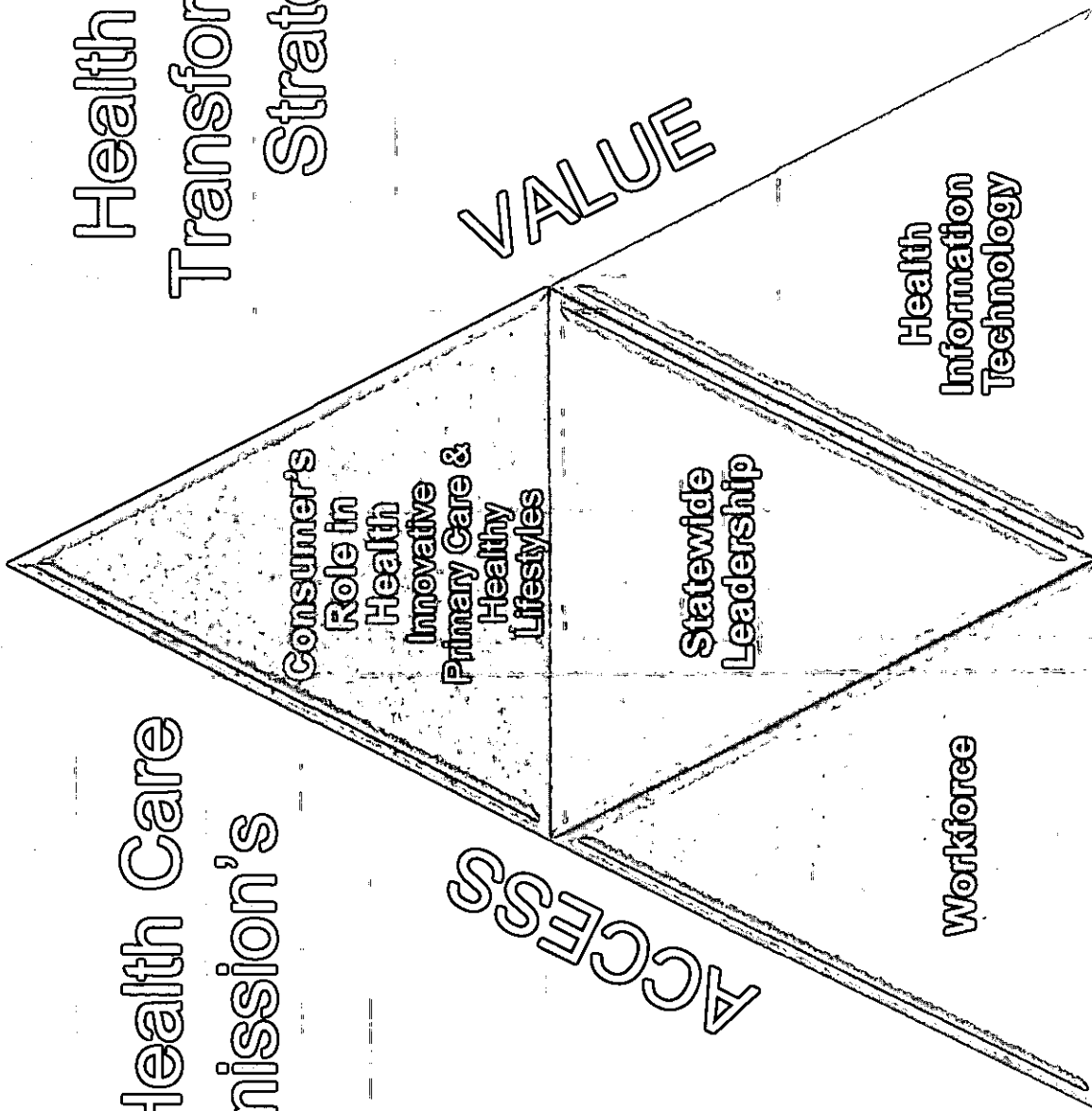
- **Vision**
  - *Alaska's health care system produces improved health status, provides value for Alaskans' health care dollar, delivers consumer and provider satisfaction, and is sustainable.*
  
- **Reform Goals**
  - Improved Access
  - Controlled Costs
  - Improved Quality
  - Prevention-Based
  
- **Values**
  - Sustainability
  - Efficiency
  - Effectiveness
  - Individual Choice
  - Personal Engagement

# Year 1 Priorities

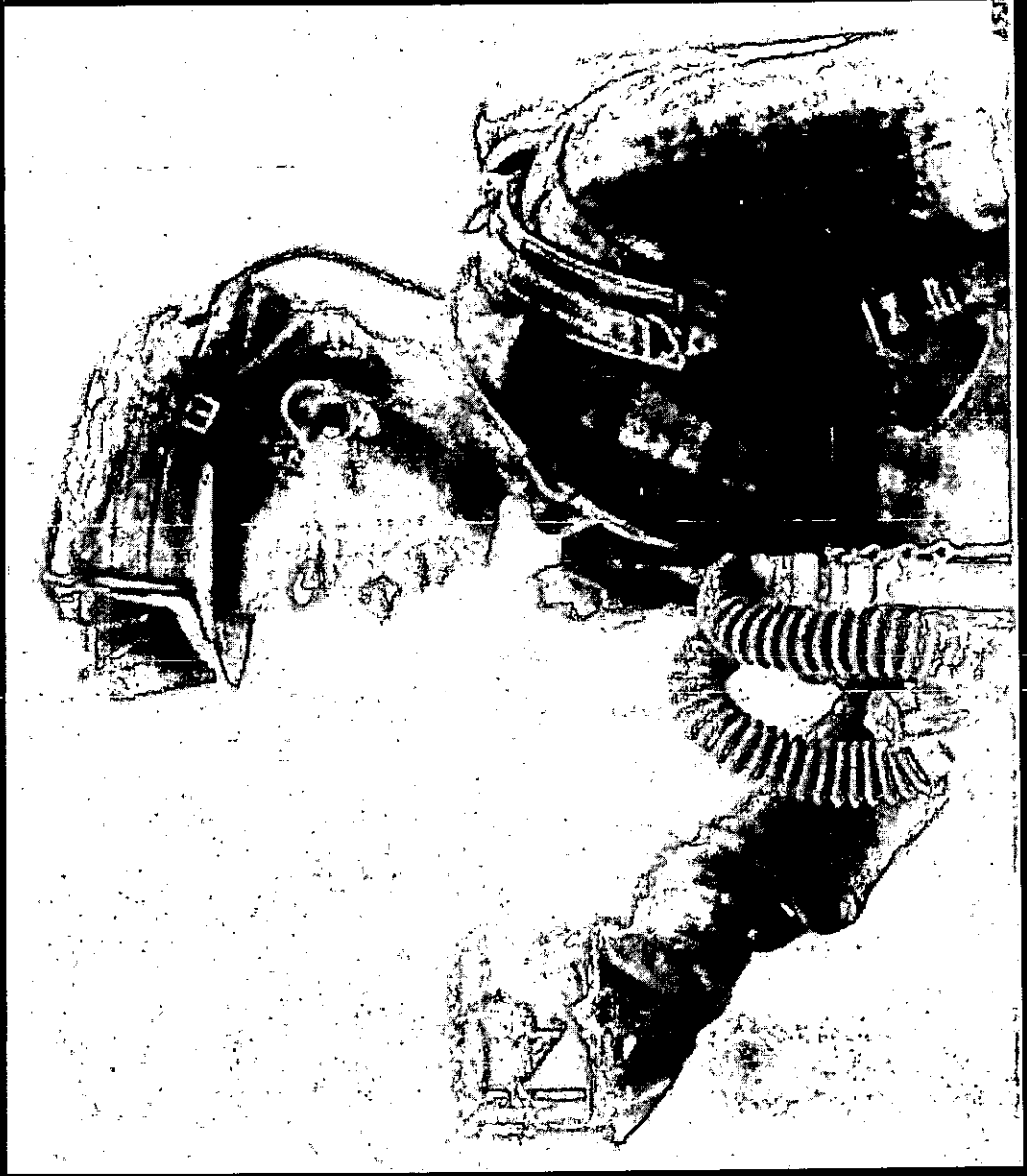
- **Consumer's Role in Health Care**
  - Healthy Lifestyles
  - Innovative Primary Care
- **Statewide Leadership**
  - Response to National Health Reform
  - Permanent State Health Planning Board
- **Health Care Workforce Development**
  - Physician Supply and Distribution
- **Health Information Technology**
  - Health Information Exchange/EHR
  - Telemedicine
- **Primary Care Access for Medicare Enrollees**

# Health Care Transformation Strategy

# Alaska Health Care Commission's



# Medicare Access Problem - The Canary in the Coal Mine?



# Recommendations

## Strengthen Consumer's Role

- Support Healthy Lifestyles and Create Culture of Wellness
- Develop Patient-Centered Primary Care Model
  - Payment Reform
  - Removal of Statutory/Regulatory Barriers
  - Pilot Projects

# Recommendations

## Foster Statewide Leadership

- Invest in Health Policy Infrastructure to Respond to National Reform
- Permanent State Health Planning Board

# Recommendations

## Develop Health Care Workforce

- Priority for Health Care Reform and Economic Development Agendas
- Strengthen the Workforce “Pipeline”
- Innovation and Adaptation
- Coordinated Planning
- Target Physician Development \$\$ to Primary Care
  - Loan Repayment & Financial Incentives for R&R
  - WWAMI Expansion as Resources Allow
  - GME for Peds, Psych, and Primary Care Internal Medicine

# Recommendations

## Deploy Health Information Technology

- Support HIT Adoption and Utilization
- Ensure Privacy and Security
- Broadband Telecom Infrastructure Access
- Reimbursement for Telemedicine

# Recommendations

## Improve Medicare Access

- Increase Supply of Primary Care Providers
  - Loan Repayment & Financial Incentives for R&R
  - WWAMI Expansion
  - GME for Primary Care Internal Medicine
  - Mid-Level Practitioners
- Support FQHCs and RHCs
- Request Relief from Federal Reimbursement Inequities and Administrative Burden
- Develop PACE Program

# Transformation Elements

- I. Access to Care
  - Health Insurance Coverage
  - Health Care Workforce Development
  - Physical Health Care Services
  - Behavioral Health & Long Term Care

# Transformation Elements

## II. Cost & Quality (VALUE)

- Analyze Cost of Care in Alaska
- Foster Primary Care Innovation
- Move to Value Driven Purchasing
  - o Leverage State Purchasing Power
  - o Transparency - Cost and Quality
  - o Evidence-Based Medicine
  - o Pay-for-Performance
  - o Bundled Payment Systems
  - o Medical Error and Infections Reporting & Non-Payment
- Fraud & Abuse Control
- Tort Reform
- Support Process & Quality Improvement Mgmt Strategies<sup>30</sup>

# Transformation Elements

## III. Prevention

- Public Health & Community-Based Prevention
- Safe Water & Sanitation Systems
- Employee Health Risk Management

# Commission's Future

- ❖ A.O. 246 expires 04/30/10 if not extended
- ❖ Creation of Commission in Statute
  - Bills Pending – 2010 Legislative Session
    - SB 172 Olson
    - HB 25 Hawker
    - HB 75 Cissna

# Thank You

*For more information please visit the  
Commission's web site at:*

<http://hss.state.ak.us/healthcommission/>

## Question? Comments?