

**2/29/12**  
**ALASKA'S**  
**HOSPITALS**  
**AND**  
**NURSING**  
**HOMES**

<TARGET><BILL></BILL><SUBJECT>2-29-12 ALASKA'S  
HOSPITALS AND NURSING  
HOMES</SUBJECT><COMM>SHSS27</COMM></TARGET>

# Overview of Alaska's Hospitals and Nursing Homes

Senate HSS Committee  
February 29, 2012

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## Alaska Hospital and Nursing Homes Testifying Today

PeaceHealth Ketchikan Medical Center – Patrick Branco

Fairbanks Memorial Hospital – Mike Powers

Alaska Regional Hospital – Annie Holt

Central Peninsula Hospital – Rick Davis

Wildflower Court – Millie Duncan

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# Alaska is Beyond Rural when compared to other States

DISTRIBUTION OF ALASKA HOSPITALS 2011



	LAND AREA miles <sup>2</sup>	POP DENSITY miles <sup>2</sup>	BED DENSITY 1,000 miles <sup>2</sup>
→ AK	571,951	1.2	3.4 ←
HI	6,423	211.8	576.5
ID	82,747	18.9	48.7
MT	145,552	6.8	34.4
ND	68,976	9.8	55.9
OR	95,997	39.9	83.3
WA	66,544	101.1	211.97
WY	97,100	5.8	27.5

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# 78% of Health Facilities in Alaska have Special Federal Designation

ALASKA HOSPITALS AND NURSING HOMES

	NUMBER	PERCENT
Critical Access Hospitals (CAH)	9	33%
Tribal Hospitals <sup>1</sup>	6	22%
Sole Community Hospitals	4	15%
Military/Veterans Hospitals	2	7%
<b>SUBTOTAL</b>	<b>21</b>	<b>78%</b>
Tertiary Hospitals	3	11%
Psychiatric/BH Hospitals	2	7%
Long Term Acute Hospitals	1	4%
<b>TOTAL ALASKA HOSPITALS</b>	<b>27</b>	
STAND ALONE NURSING HOMES	3	

13, 5090

<sup>1</sup> Includes 4 Tribal CAH

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## Critical Access Hospital - CAH

- Minimum 35 miles to another hospital
- Rural area
- Limited bed size – 25 or less
- < 96 hours annual average length of stay
- 24 hour emergency and nursing services
- Participate in a rural health network
- Established credentialing and quality assurance agreements with a fellow hospital



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## Critical Access Hospitals in Alaska

- 13 hospitals in Alaska designated Critical Access Hospital (48% of Alaska hospitals)
- Health Strong Index Awards “Top 100 Critical Access Hospitals”
  - South Peninsula Hospital, Homer
  - Ketchikan General Hospital, Ketchikan
- Valuable part of Community
  - Economic Engines
  - Charity Care

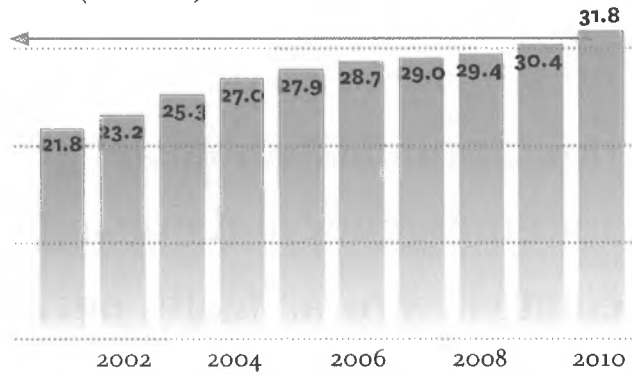


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# Health Care is a Major Employer in Alaska

HEALTH CARE EMPLOYMENT (thousands)

2010 payroll = \$1.53 billion

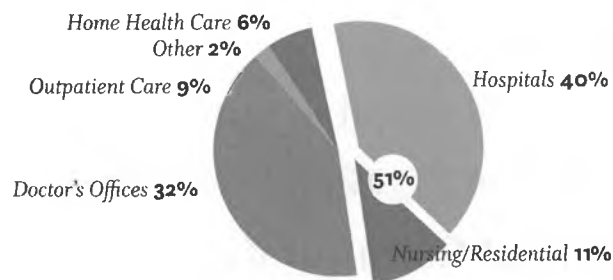


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## Half of all Health Care Employment is in Hospitals & Nursing Homes

HEALTH CARE EMPLOYMENT SETTINGS 2010



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# Health Care Employment is throughout the State

HEALTH CARE'S EMPLOYMENT AND TOTAL WAGES 2010



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# Health Facilities are Impacted by Higher Costs

COST OF LIVING INDEX 2010

URBAN AREA	COMPOSITE INDEX	GROCERY ITEMS	HOUSING	UTILITIES	TRANSPOR-TATION	HEALTH CARE	MISC.
Anchorage	128.4	134.5	142.9	94.1	122.0	135.7	128.4
Fairbanks	137.4	127.9	148.5	193.1	118.7	144.9	118.8
Juneau	136.5	133.1	165.7	135.1	121.2	144.4	116.1
Kodiak	128.7	149.4	127.8	131.9	143.4	143.4	115.4

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# Alaska Costs Compared to Comparison States

Alaska's Cost of Living: 30% higher

Alaska's Hospital Costs: 38% higher



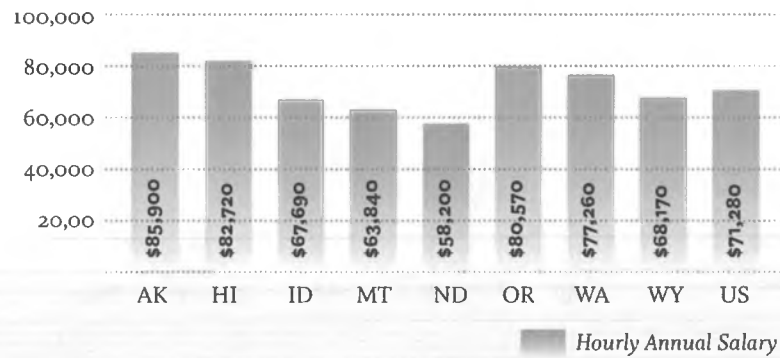
## Cost Drivers Impacting the Cost of Care in Alaska

*Below*



# Alaska Pays More for Health Care Practitioners than 8 Comparison States

STATE WAGE COMPARISONS FOR HEALTH CARE PRACTITIONERS AND TECH OCCUPATIONS 2010

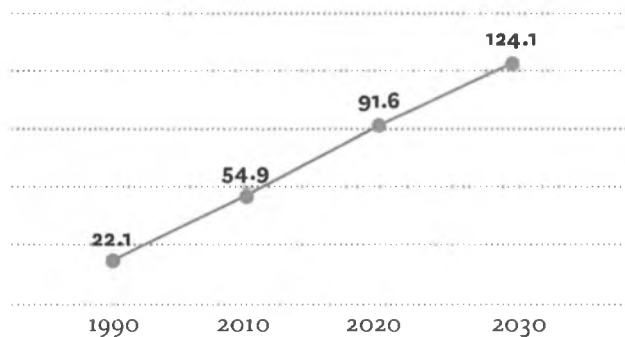


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## The Silver Tsunami

ALASKA SENIORS (thousands)

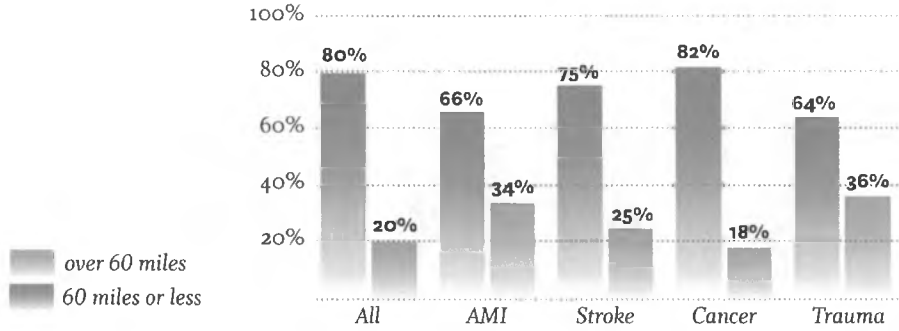


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# Patients Must Travel to Receive Care

DISTANCE TRAVEL BY SELECT CONDITIONS 2009



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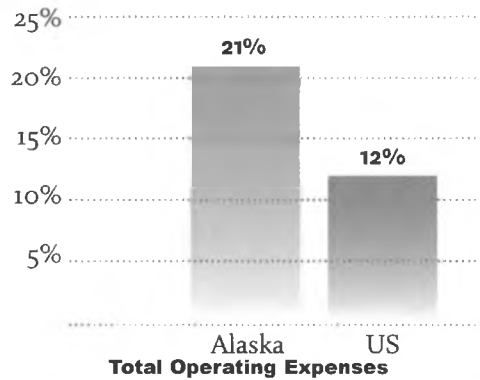
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# Hospital Must Serve All Who Need Care

UNCOMPENSATED CARE 2009

Uncompensated care in Alaska = \$178M

Lost revenue = \$410M



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# PeaceHealth Ketchikan Medical Center



*25-bed critical access hospital and 29-bed long-term care facility  
City of Ketchikan owns the building and property  
Non-profit PeaceHealth operates the medical center and clinics*

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## WHO DO WE SERVE - PeaceHealth Ketchikan



### COMMUNITIES

Ketchikan  
Saxman  
Metlakatla  
Prince of Wales Island  
Wrangell  
Petersburg



### POPULATIONS

Year-Round Residents  
Seasonal Workers  
Cruise Ship Passengers and Crew  
Native Beneficiaries

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## ECONOMIC IMPACT- PeaceHealth Ketchikan

- Serving SE Alaska since 1923
- Largest private employer locally with 450 full-time employees
- Annual payroll of \$28 million
- Annual operating budget of \$65 million
- Provided \$6.5 million in uncompensated care in FY11



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## SPECIAL CHALLENGES- PeaceHealth Ketchikan

- Physician Recruitment to an Island
- Logistics (Supplies, Oxygen, Equipment)
- Rainforest
- First Year Turnover
- Workforce Availability and Skill Levels
- Competition with Seattle (Nordstrom's)



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# PeaceHealth Ketchikan is HealthStrong™

**SIXTH**  
out of 1,325  
Critical Access  
hospitals nationwide



All Eligible  
Hospitals



Top Performing  
Hospitals



PeaceHealth  
Ketchikan Medical Center

The *spirit* of healing™

## Your Health, Your Future: Addition and Renovation Project

Designed to meet the most critical medical needs of the southern Southeast Alaska region well into the future.

PHASE 1: 3-story addition with new surgery, sterile supply and clinic with additional parking .....\$62 million

PHASE 2-4: Series of remodels within existing building. Creates new main entry, dedicated emergency entry, expands Diagnostic Imaging, Laboratory and Emergency Department.

Improves patient privacy and flow inside hospital corridors. ....\$14 million



Meeting modern operating room configuration requirements, expanding clinic office space, and offering added covered parking.

*Hire them down Doctors*

# Physician Integration

## *The New Imperative*

- Why are Physicians seeking employment with Hospitals?
- Why are Hospitals considering employment of Physicians?
- Who benefits?
- What are the realities?

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## Fairbanks Memorial Hospital



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## WHO DO WE SERVE - Fairbanks Memorial Hospital

Sole community provider for 250,000 sq miles

- 67% White, 21% AK Native, 12% Other
- 90% admissions from within 30 mile radius
- ...and Native & Military unique relationships

Top diagnoses:

- normal delivery
- psychoses,
- alcohol abuse
- Pneumonia

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## ECONOMIC IMPACT- Fairbanks Memorial Hospital

1. 1350 employees
2. Salaries/benefits: \$107M
3. Gross revenues: \$360M
4. Relentless Capital Campaign
5. 8,000 – 10,000 employees over the years

*27th August*

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# Fairbanks Memorial Hospital

## CHALLENGES

- “Niche” providers
- DET Beds
- Chronic Inebriates
- Assisted Living
- Evolving medical practice model
- Aging surgery facilities
- High Alaska cost structure
- Adolescent behavioral health services

## SOURCES OF PRIDE

- Community Owned
- Native partnership
- Military partnership
- No deferred maintenance
- “Growing our own” – focus on perioperative nursing.
- Physician recruitment
- Continuum of care
- Disaster planning

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## GOING FORWARD – Fairbanks

- Physician Integration
- Continuum of Care improvement
- Growth in Specialty Services
- Behavioral Health & “A community model”
- The “mile wide – inch deep” challenge
- 4 yr RNs and increasing certifications

*150 Beds*

*Cancer*

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# Alaska Regional Hospital



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## Who Do We Serve?

- Inpatient & outpatient care for all surgical and medical specialties
- Primary service area is Anchorage 290,000+ people
- Secondary service area is Eagle River / Wasilla
- Specialty care for entire state of Alaska

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## Economic Impact

- Second largest hospital in Alaska, serving entire state
- \$3M paid in Alaska State and local taxes
- 823 employees
- Direct payroll \$53M, benefits additional \$13M
- \$3M annual utilities expenditures
- \$37M unfunded care

*Doc Contract*



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## SOURCES OF PRIDE



- Community partner for 49 years
- Rated #1 in Alaska: orthopedic services 2009 - 2012, joint replacements 2007- 2012 spine surgery 2012\*
- Meet or exceed all national quality standards for patient care
- US News & World Reports' "Best Regional Hospitals"
- Only Alaska facility with hospital-based fixed wing air ambulance program – AND runway to hospital doors
- American College of Surgeons certified cancer program
- First certified stroke center in Alaska

\*per HealthGrades



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*2nd largest*



## 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
- Alaska Regional employee health clinic opening in 2012

*Medical Homes*

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## Central Peninsula Hospital

Soldotna Alaska



- 49 Bed acute care
- 8 outpatient clinics
- 60 bed long term care
- Planetree affiliated *PT Focused*
- 720 Employees
- 50 Active Medical Staff  
(25 Employed MDs)

*Pay for service*

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## WHO DO WE SERVE Central Peninsula Hospital

- Kenai Peninsula Borough Residents
- 37,000 Primary Service Area
- 50,000 Secondary Service Area
- Owned by KPB, managed by the Assembly through a Lease Operating Agreement with CPGH, Inc.



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## SOURCE OF PRIDE/SPECIAL CHALLENGES Central Peninsula Hospital

- Community Owned/Community Pride
- 25 employed/25 independent physicians
- Current Challenges
  - Competing entities moving in to break off profitable services
    - Ambulatory Surgery Center
    - Off-site Cancer Center
    - Outpatient Imaging Center



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# GOING FORWARD

## Central Peninsula Hospital

- Preparing for Health Care Reform by Clinically Integrating (25 employed physicians)
- Hardwiring Quality and Patient Satisfaction processes
- Implementing EHR to hard-wire Quality and Patient Satisfaction processes throughout care continuum
- Exploring contracting possibilities beyond hospital only services *managed care*

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## Affordable Care Act

### Value Based Purchasing (AKA Pay for Performance)

- In January 2011, the Centers for Medicare & Medicaid Services officials established value-based purchasing incentives for hospitals by identifying which metrics will generate payment after Oct. 1, 2012.
- These CMS guidelines incorporate 17 clinical process-of-care measures used in five health categories, acute myocardial infarction, heart failure, pneumonia, healthcare associated infections and surgical care improvement. They also will use eight measures from the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey that reflects how patients view their care experiences.
- These 25 measures will be used to generate FY 2013 DRG payments.
- The regulations will apply to discharges at 3,000 acute care hospitals. All these hospitals will have their funding reduced starting with 1% in fiscal year 2013, rising to 2% by FY 2017, but will have a chance to earn that money back, and perhaps more, under the incentives algorithm.

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## Two Specific Categories of Value Based Purchasing

- Quality of care
  - Core Measures
- Patient Satisfaction
  - HCAPS Surveys



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## Core Measures

The Centers for Medicare and Medicaid (CMS) developed several measurements to reflect the Quality and Safety of care in hospitals.

- Pneumonia
- Surgical care improvement project (SCIP)
- Heart failure
- Heart attack (AMI)
- Obstetrical care
- Children's Asthma
- Stroke
- Vaccination rates

95% compliance



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# Core Measures

## Current Pay for Performance Pieces

- Elements of the PN, AMI, HF, and SCIP core measures
- Perfect Care Score is a composite score of these elements
- Applicable to Medicare patients
- Pay for performance is calculated based on compliance with these elements.

*ASHNHA will track back 190 of pay*

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## Why are they Important?

- Reflect evidence based-standardized care
- Associated with better outcomes
- Publicly reported
- Allow systematic comparison of hospitals by consumers. This information is available publicly on <http://www.hospitalcompare.hhs.gov>
- Associated with Value Based Purchasing payments

*Outline*

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# Central Peninsula Hospital



## Patient Experience

- Based on HCAHPS scores (Hospital Consumer Assessment of Healthcare Providers and Systems)
  - How well nurses communicated with patients
  - How well doctors communicated with patients
  - How responsive hospital staff were to patients' needs
  - How well caregivers managed patients' pain
  - How well caregivers explained patients' medications to them
  - How clean and quiet the hospital was
  - How well caregivers explained the steps patients and families need to take to care for themselves outside of the hospital (i.e., discharge instructions)
  - Overall rating of the hospital
- Publicly reported

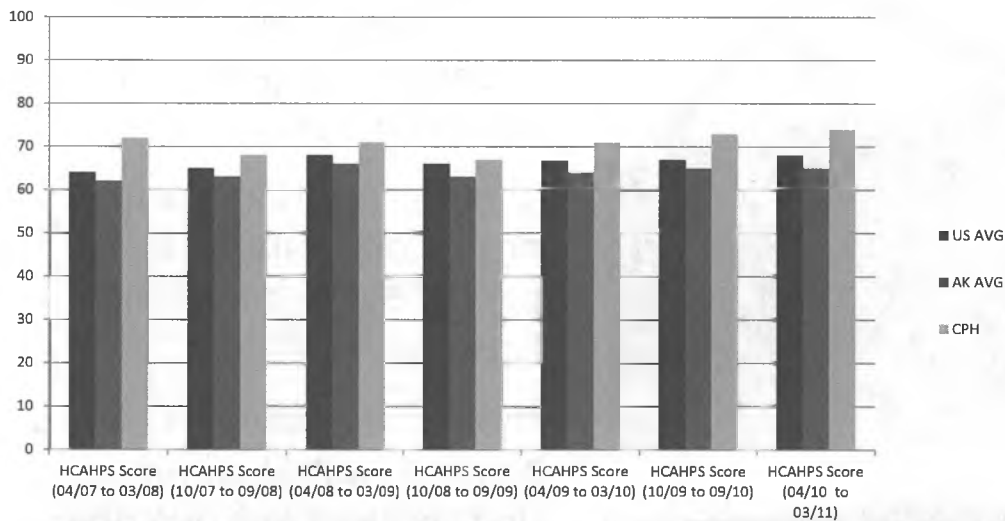
## Strategies to Improve the Patient Experience

- Review all patient satisfaction data at an administrative level each week.
- Follow up phone call to address all patient concerns
- Hourly nursing rounds
- Management rounds
- Address specific problem areas
  - Quiet environment *night*

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## Percentage of patients rating the hospital 9 or 10



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## Awards and Recognition

- Received Mountain Pacific Commitment to Quality award in 2008
- Received Mountain Pacific Quality achievement awards in 2009, 2010, and 2011.
- Named as the top hospital for CMS core measures compliance in the State of Alaska in 2011.
- Recognized as a Joint Commission Top Performer in 2010 for excellence in key indicators which is the top 14% of hospitals in quality in the nation and the only hospital in Alaska to be recognized.

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## Wildflower Court



Wildflower Court is a nursing home providing a high level of care for long-term or acute illnesses.

The organization is a non-profit corporation. It is not a part of Bartlett Regional Hospital.

Wildflower Court (St. Ann's Nursing Home) admitted it's first resident in November 1977.

*Non Profit*

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## WHO DO WE SERVE - Wildflower Court

	Wildflower Court	State Average	National Average
<54 years old	15.3%	7.3%	6.2%
55-64 years old	15.3%	10.1%	8.5%
65-74 years old	16.7%	21.6%	14.7%
75-84 years old	31.9%	28.6%	29.8%
85+ years old	20.8%	32.4%	40.8%

	Wildflower Court	State Average	National Average
Needs assistance or assistive device for ambulation	16.6%	38.8%	29.9%
Requires assistance for eating	22.2%	41.3%	39.4%
Needs staff assistance for transfer	35.1%	52.8%	58.6%
Dependent on staff for bathing	14.8%	29.1%	34.8%
Needs staff assistance for toileting	42.5%	54.9%	57.2%
Dependent on staff for dressing	11.1%	23.25%	24.5%

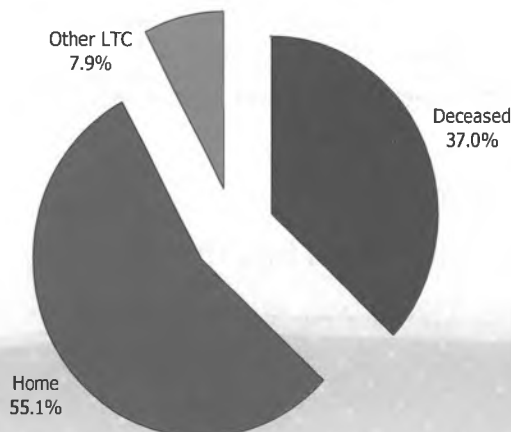
- A younger population than the state and national averages.
- A more physically capable population than the state and national averages

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## WHO DO WE SERVE - Wildflower Court

	Wildflower Court	State Average	National Average
Residents receiving specialized rehabilitative services	37%	22%	23.7%
Residents with pressure sores on admission	7.4%	3.4%	3.6%



- 66.5% of admissions are for rehabilitation and/or wound care
- 55.1% are discharged home

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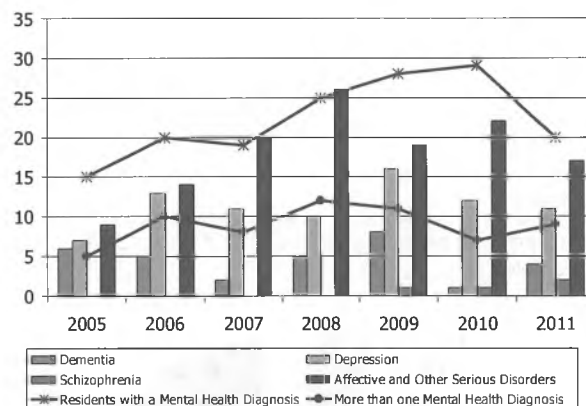
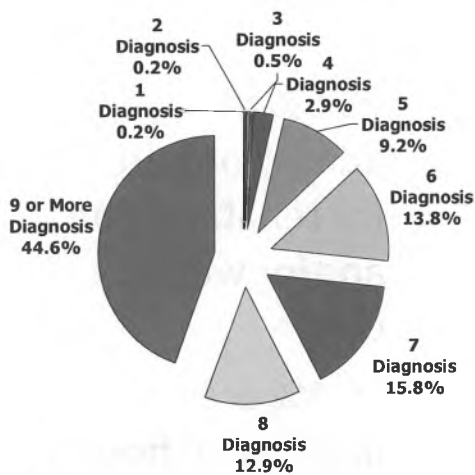
## ECONOMIC IMPACT- Wildflower Court

- 105 employees
- \$6.7M in wages and benefits
- \$172,000 in professional contracted services
- \$1M in locally purchased supplies & equipment
- Licensed for 57 beds
- Provide services for an average of 100 individuals per year.

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## SPECIAL CHALLENGES- Wildflower Court



- Complexity of residents conditions
- Growing number of residents with mental health diagnosis.
- Providing quality of life for a relatively young population

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## SOURCES OF PRIDE - Wildflower Court



- Bronze Quality Award by the American Health Care Association
- Recipient of My Innerview Excellence in Action Award for ranking in the top 10% of the nation for Staff, Resident, & Family Satisfaction Surveys for two years
- Recipient of Mountain-Pacific Quality Health's Excellence in Care Award & Quality in Care Award
- Achieved Milestone 1 of The Path to Mastery™: The Art of Creating a Caring Community awarded by The Eden Alternative®

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## GOING FORWARD - Wildflower Court

- Malcolm Baldrige Quality Award
- Well Workplace Award
- Employer of Choice Award



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## Nursing Homes: Confronting Today's Challenges

- Present day nursing homes have evolved, in response to new medical approaches, higher health care cost, and restrictions by payor sources, into a multiple process health care delivery system providing subacute care, long term nursing care for the chronically ill, and terminal care for those near the end of life.



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## Nursing Homes: Confronting Today's Challenges

- Quality of Life
- Mental Health
  - Complex Behaviors Collaborative
- Treating Acute Conditions in the Nursing Home rather than Hospitalizing the Resident



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Questions?



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