

SB

135

<TARGET><BILL>SB 135</BILL><SUBJECT>SB
135</SUBJECT><COMM>HF IN28</COMM></TARGET>

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 135
Fiscal Note Number: 1
(S) Publish Date: 2/5/14

Identifier: SB135-DHSS-CO-01-31-14
Title: EXTEND ALASKA HEALTH CARE COMMISSION
Sponsor: OLSON
Requester: Senate HSS Committee

Department: Department of Health and Social Services
Appropriation: Departmental Support Services
Allocation: Commissioner's Office
OMB Component Number: 317

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services		244.5	244.5	244.5			
Travel		40.0	40.0	40.0			
Services		205.5	205.5	205.5			
Commodities		10.0	10.0	10.0			
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	500.0	500.0	500.0	0.0	0.0	0.0

Fund Source (Operating Only)

1002 Fed Rcpts		165.0	165.0	165.0			
1003 G/F Match		335.0	335.0	335.0			
Total	0.0	500.0	500.0	500.0	0.0	0.0	0.0

Positions

Full-time		2.0	2.0	2.0			
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By: Deborah Erickson, Executive Director
Division: Alaska Health Care Commission/Commissioner's Office
Approved By: Sarah Woods
Agency: Finance and Management Services

Phone: (907)334-2474
Date: 01/30/2014 03:45 PM
Date: 01/31/14

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB 135

Analysis

SB 135 extends the Alaska Health Care Commission's (AS 18.09.010) sunset date by three years, from June 30, 2014 to June 30, 2017.

Analysis:

The commission was established in FY2011 to recommend policies to improve quality, affordability and access to health care and to identify strategies for improving the health of all Alaskans. Their approach has been to study current conditions of Alaska's health care market, and design market-based strategies and policies that enhance the consumer's role in health and health care.

Assumptions:

- Current appropriation level of \$500.0 (\$165.0 Fed/\$335.0 GF match) will remain the same;
- Current staff levels (2) will be maintained; and
- Annual expenditures for Personal Services, Travel, Contractual, and Supplies will remain relatively constant for FY2015 through FY2017.

ALASKA STATE LEGISLATURE

SENATOR DONALD C. OLSON SENATE DISTRICT T

Session

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Fax (907) 465-4821
Sen.Donny.Olson@akleg.gov



Interim

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SPONSOR STATEMENT

SB 135-AN ACT EXTENDING THE TERMINATION OF THE OF THE ALASKA HEALTH CARE COMMISSION; AND PROVIDING FOR AN EFFECTIVE DATE

SB 135 extends the sunset of the Alaska Health Care Commission until June 30, 2017. The Legislative Auditor has concluded that the Alaska Health Care Commission is serving the public's interest and should continue its statutory obligation by continuing to develop a statewide health care plan.

The Commission serves the public interest by providing recommendations for and fosters the development of a statewide plan to address the quality, accessibility and availability of health care for all citizens of the state. The framework for the Alaska Health Care Commission describes a vision, identifies core strategies, and makes various policy recommendations for improving health care.

The Commission consists of 14 members; 11 are voting members, and 3 are non-voting ex-officio members representing the Alaska House of Representatives, the Senate, and the Office of the Governor. The 11 voting members, appointed by the governor, are: the State's chief medical officer, one state-licensed health care provider, one health care provider, one public member, and 7 members representing various Alaskan health care industry stakeholders.

The Commission has consistently proven to be efficient and effective in its progress to develop a strategic framework for improving statewide health care and I ask for your support in the passage of this bill.



Alaska Health Care Commission

Background

Authority: Established in statute (AS 18.09.010) in 2010 to recommend policies to improve quality, affordability and access to health care and to identify strategies for improving the health of all Alaskans. Sunsets June 30, 2014 if not extended. Legislative audit recommends extension.

Role: Study and advisory group — advising Governor and legislature on state health policy.

Membership: Seats designated in statute represent major stakeholder groups; voting members appointed by the Governor to 3-year terms; Sen. Coghill and Rep. Keller represent the legislature.

Reports: Annual Report including policy recommendations submitted to Governor and Legislature January 15 each year and available on the commission's website.

Approach: Study current conditions of Alaska's health care market, and design market-based strategies and policy recommendations that enhance the consumer's role in health and health care. All meetings are open to the public and time for public testimony is provided, and all materials are posted on the commission's website.

Accomplishments:

- 1) Created a strategic framework including a time-specific vision with measurable objectives;
- 2) Conducted numerous studies, increasing knowledge and understanding of current problems in the health care system;
- 3) Designed a comprehensive body of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality. Recommended policies are designed to implement eight core strategies for improving value:
 - 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/terminally ill patients
 - VII. Focus on prevention
 - VIII. Build the foundation of a sustainable health care system
- 4) Created a template for a Statewide Health Plan based on the recommendations of the Commission, and is facilitating development of the Plan.

What does implementation of commission recommendations look like?

Examples of state agency action that would implement policy recommendations include:

- “Low-Hanging Fruit” (shorter term return-on-investment (ROI)):
 - Use more competitive pricing and rate setting strategies in public programs (e.g., Medicaid, state employee health plans)
 - Modify Division of Insurance payment regulation that creates market imbalance
 - Create consumer-driven health plan option(s) in state employee health plans
 - Implement pharmaceutical payment reforms to incentivize use of generics and modernize reimbursement methodologies
 - Require Hospital Discharge Database participation through regulation
- Longer term, with greater ROI potential:
 - Make coverage and authorization changes to improve value in state employee health plan and Medicaid spending
 - Reform payment mechanisms to improve value:
 - Primary care per-member per-month payment to support increased care coordination/case management, patient-centered medical homes, and primary care-behavioral health integration.
 - Primary care clinic and Centers of Excellence contracts
 - Bundled payment models
- Examples of legislative action that would implement policy recommendations:
 - Establish an All-Payer Claims Database in DHSS to increase transparency and provide information on price and utilization of health care services in Alaska.
 - Require health care providers to make information on price and quality of their services more readily available to the public.
 - Reform the Workers’ Compensation Act to modernize and delegate the medical fee schedule, and make more efficient use of medical resources.
 - Fund operation of the prescription drug controlled substances database, and support upgrade to real-time.
 - Increase choice, dignity and quality of care for seriously and terminally ill patients
 - Evolve Comfort One legislation to include medical treatment orders
 - Establish an advance directives electronic registry

What would continuation of the commission mean?

Excessive health care costs and medical inflation in Alaska threaten the sustainability of the health care system and create a burden on families and public and private employers. Continuation of the commission would promote accountability and evaluation of public program implementation through finalization of the Statewide Health Plan, increased transparency in the health care system, and continuing consultation and coordination with private sector employers in support of their health care value improvement strategies.



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of
Health and Social Services

ALASKA COMMISSION ON AGING

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March 17, 2014

Senator Donald Olson
Alaska State Capitol, Room 508
Juneau, AK 99801-1182

Subject: Support for SB 135, Sunset Extension for the Alaska Health Care Commission

Dear Senator Olson:

The Alaska Commission on Aging (ACoA) is pleased to offer our support for SB 135, authored by you, to continue the Alaska Health Care Commission until 2017 with responsibilities to plan and implement strategies related to health care reform for all Alaskans across the life span.

Since its inception, the Alaska Health Care Commission (AHHC) has conducted multiple efforts to increase knowledge and understanding of the challenges in Alaska's health care system and created a strategic framework to improve our health system with measurable objectives and strategies. To address the needs of older Alaskans, AHHC has examined the effectiveness in Alaska's continuum of long-term care and provided recommendations to improve planning and evidence-based strategies for palliative and end-of-life care. Given their expertise in health care planning, the ACoA believes that the AHHC could play an important advisory role to the newly formed Governor's Medicaid Reform Advisory Group by providing information to assist this task force with their reform mandates to (1) improve budget predictability and stability; (2) increase ease for providers to navigate the health care system; and (3) to implement the patient-centered medical home model to provide whole person care.

Older Alaskans represent one of the largest consumer groups of health care services of all age categories. Access to primary care is of utmost importance for many Alaskan seniors insured by Medicare who are challenged to find a primary care provider if they live in Anchorage, Fairbanks or the Mat-Su Borough. Limited access to essential health care services for older individuals can put these persons at greater health risk who may postpone going to a provider until their medical conditions become serious. Workforce shortages of primary health care providers pose a serious problem that affects all Alaskans, especially for people age 65 years and older. The ACoA looks forward to working with the Alaska Care Commission to strengthen the role of primary care providers, increase the dignity and quality of care for seriously ill patients, and provide support that emphasizes prevention and healthy lifestyles as identified in AHHC's 2013 annual report.

The Alaska Commission on Aging supports SB 135 to extend the sunset for the Alaska Health Care Commission. Please feel free to contact Denise Daniello, ACoA's executive director (465-4879 or denise.daniello@alaska.gov) should you have questions and need additional information.

Sincerely,

Handwritten signature of Mary E. Shields in cursive.

Mary E. Shields
Chair, Alaska Commission on Aging

Sincerely,

Handwritten signature of Denise Daniello in cursive.

Denise Daniello
ACoA Executive Director

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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SUMMARY OF: A Sunset Review on the Department of Health and Social Services, Alaska Health Care Commission, May 6, 2013

PURPOSE OF THE REPORT

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Alaska Health Care Commission (commission). The purpose of this audit was to determine if there is a demonstrated public need for its continued existence and if it has been operating in an effective manner. As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the commission should be reestablished. Currently, under AS 44.66.010(a)(9), the commission will terminate on June 30, 2014, and will have one year from that date to conclude its administrative operations.

REPORT CONCLUSIONS

Overall, the commission is operating in the public's interest, but improvements in the development of a statewide health plan are needed to justify its continued existence. Without a statewide health plan, the actions of the commission may not effectively impact health care in Alaska. (See Recommendation No 1.) Deficiencies related to public notices and annual reports were also noted. (See Recommendation Nos. 2 and 3.)

We recommend the commission's termination date be extended three years to June 30, 2017, to provide adequate time to develop a statewide health plan.

FINDINGS AND RECOMMENDATIONS

1. The commission should coordinate with DHSS' commissioner to identify each agency's roles and responsibilities regarding developing a statewide health plan and pursue development accordingly.
2. The commission chair should implement a policy to utilize DHSS public noticing procedures for commission meetings.
3. The commission chair should implement procedures to ensure annual reports include all statutorily required components.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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July 22, 2013

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the Alaska Health Care Commission's (commission) activities, and the attached report is submitted for your review.

DEPARTMENT OF HEALTH
AND SOCIAL SERVICES
ALASKA HEALTH CARE COMMISSION

May 6, 2013

Audit Control Number
06-20086-13

The audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists the criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Per AS 44.66.010(a)(9), the commission is scheduled to terminate on June 30, 2014. In our opinion, the commission's termination date should be extended. We recommend the commission's termination date be extended three years to June 30, 2017.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the conclusions and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and 44 of the Alaska Statutes, we have reviewed the Alaska Health Care Commission's (commission) activities to determine if there is a demonstrated public need for its continued existence and if it has been operating in an efficient and effective manner.

As required by AS 44.66.050(a), this report shall be considered by the committee of reference during the legislative oversight process in determining whether the commission should be reestablished. Currently, under AS 44.66.010(a)(9), the commission will terminate on June 30, 2014, and will have one year from that date to conclude its administrative operations.

Objectives

The three, central, interrelated audit objectives were:

1. Determine if the commission's termination date should be extended.
2. Determine if the commission is operating in the public's interest.
3. Determine if the commission has developed a statewide health plan.

The assessment of the commission's operations and performance was based on the 11 criteria set out in AS 44.66.050(c). Under the State's "sunset" law, these criteria are to be used in assessing whether an agency has demonstrated a public policy need for continuing operations.

Scope

The audit evaluated the commission's operations and activities for the period June 24, 2010, through May 6, 2013.

Methodology

To gain an understanding of the commission's operations and activities, we examined and evaluated:

- Applicable commission-related statutes and by-laws to identify functions and responsibilities, including member composition and required qualifications.
- Department of Health and Social Services (DHSS) related statutes pertaining to developing, adopting, and implementing a statewide health plan based on the commission's recommendations.

- Commission meeting transcripts and annual reports to understand the nature and extent of public input. Additionally, we evaluated information for compliance with statutes and commission by-laws.
- Commission policy documents and consultant reports related to meeting statutory duties, goals, and objectives.
- Public notice documentation to ascertain whether commission meeting notices met statutory requirements and adopted by-laws.
- Various Alaskan, other states, and national organizations' websites containing health care plan information for methods regarding the development of statewide health plans and potential duplication of activities by the commission.
- Departmental budget information relating to the commission's creation and operations.

We inquired of the following organizations to determine if any complaints were filed against the commission or its members, and whether complaints were efficiently resolved:

- DHSS' Office of the Commissioner;
- Office of the Ombudsman;
- Alaska State Commission for Human Rights;
- Office of Victims' Rights;
- Department of Administration's Division of Personnel and Labor Relations; and
- United States Equal Employment Opportunity Commission.

We interviewed state agency staff and commission members to identify and evaluate various issues relating to the commission's activities. Specific issues of inquiry included commission operations, duplication of efforts, and the commission's goals and objectives during the audit period.

We also assessed the internal control procedures related to various audit objectives, including commission proceedings and the development of a statewide health plan.

ORGANIZATION AND FUNCTION

Alaska Health Care Commission (commission)

The commission is authorized by AS 18.09.010 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.”

The commission consists of 14 members; 11 are voting members, and three are non-voting ex-officio members representing the Alaska House of Representatives, the Senate, and the Office of the Governor. The 11 voting members are:

- The State’s chief medical officer who serves as chair;
- One state-licensed health care provider practicing in the State;
- One active health care provider licensed to practice in the State;
- One public member; and
- Seven members representing various Alaskan health care industry stakeholders.

Except for the two legislative seats, all members are appointed by the governor to staggered three-year terms. All members must be Alaska residents for at least one year at the time of appointment. Exhibit 1 lists commission members as of May 31, 2013.

Alaska Statutes 18.09.040 through 18.09.070 define the commission’s scope. These statutes authorize the following.

1. The commission may adopt and amend by-laws to conduct efficient commission operations.

Exhibit 1

**Alaska Health Care Commission
Members
As of May 31, 2013**

Dr. Ward Hurlburt, M.D.
Chair

Patrick Branco
*Alaska State Hospital and Nursing
Home Association*

C. Keith Campbell
Public Member

Valerie Davidson
Tribal Health Community

Jeffrey Davis
Health Insurance Industry

Emily Ennis
Mental Health Trust Authority

Col. Thomas Harrell, M.D.
United States Department of Veteran Affairs

Allen Hippler
Alaska State Chamber of Commerce

David Morgan
Community Health Centers

Larry Stinson, M.D.
Health Care Provider

Robert Urata, M.D.
Primary Care Physician

Non-Voting Members

Jim Puckett
*Division of Retirement and Benefits
Director,
Office of the Governor Designee*

Senator John Coghill
Senate

Representative Wes Keller
House of Representatives

2. The commission shall foster the development of a statewide health plan which includes a comprehensive health care policy and a strategy for improving all residents' health. As part of the development process, the commission may hold public hearings to gather information and opinions over various health care matters. The commission is required to submit an annual report containing hearing results and other plan and policy development activities to the governor and the legislature by January 15th of each year.
3. The commission may employ an executive director to carry out administrative operations. The executive director reports directly to the commission. The Department of Health and Social Services (DHSS) may also assign an employee to assist with commission activities. Both positions are employees of the DHSS' Office of the Commissioner, but the commission establishes their duties.

In accordance with adopted by-laws, the commission must meet at least four times annually.

Department of Health and Social Services

Within the statutory language which created the commission, DHSS-related statutes were also amended. Alaska Statute 18.05.010(b)(5)(A) was added containing the provision that DHSS may "*develop, adopt, and implement a statewide health plan under AS 18.09 based on recommendations of the Alaska health care commission.*"

DHSS provides administrative support services to the commission by performing:

- Budgetary and other financial support needed for commission operations;
- Personnel support for hiring and retaining two full time staff positions dedicated to commission duties; and
- Other administrative support functions such as, but not limited to, public noticing of commission activities, grants and contracts assistance, information technology support, providing office space and other office-related materials and supplies necessary to carry out commission functions.

BACKGROUND INFORMATION

According to a recent study,¹ Alaska has the highest per capita health care costs in the nation. Health care spending has tripled since 1990 and exceeded \$7 billion in 2010. At the current rate of increase, this spending is expected to double and reach \$14 billion by 2020. Recognizing this trend is unsustainable, various comprehensive health care reform workgroups were created to address health care reform.

Administrative Order (AO) 246 first established the Alaska Health Care Commission (commission) in December 2008.

The commission's purpose was 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.*" The AO required the commission to develop strategies for improving Alaskans' health that included:

1. Encouraging personal responsibility in prevention and healthy living;
2. Reducing per capita health care costs to below the national average;
3. Providing state communities access to safe water and wastewater systems;
4. Developing a sustainable state health care workforce;
5. Making quality health care accessible for all state residents; and
6. Increasing the number of state residents covered by health care insurance.

The commission met throughout 2009 and reported its findings and recommendations in January 2010. The report identified 31 recommendations; however, a statewide health plan was not developed. As documented in meeting transcripts, the commission did not consider itself responsible for producing a statewide health plan. Instead, the commission focused efforts on specific policy recommendations. The commission expired after producing the 2010 report and was reestablished by Senate Bill 172 in June 2010.

The commission was reestablished in statute.

The legislature reestablished the commission to address the State's need for health care reform. The legislature intended the commission to achieve reform through developing a statewide health plan based on "*education, sustainability, management efficiency, health care effectiveness, public private partnerships, research, personal responsibility, and individual choice.*" To promote balanced decision making, the 14-member commission is composed of public and private sector representatives from major stakeholder groups. Membership includes representatives from the legislative and executive branches of government, the business community, the health care community, and health care consumers.

¹Mark A. Foster and Associates "*Alaska's Health Care Bill: 7.5 Billion and Climbing.*" Institute for Social and Economic Research (ISER), University of Alaska. August 2011.

The commission's statutory purpose² is similar to the purpose established in AO 246. However, the current commission has more specific requirements regarding the statewide health plan.³ Whereas AO 246 did not specify plan priorities, Alaska Statutes require the commission to foster development of a plan that includes a:

1. Comprehensive statewide health care policy.
2. Strategy for improving all state residents' health that:
 - a. Encourages personal responsibility for disease prevention, healthy living, and health insurance acquisition;
 - b. Reduces health care costs;
 - c. Eliminates known health risks, including unsafe water and wastewater systems;
 - d. Develops a sustainable health care workforce;
 - e. Improves access to quality health care; and
 - f. Increases the number of insurance options for health care services.

The first commission meeting was held in October 2010. At that meeting, the commission agreed to continue the AO commission's work and use the same general approach. Rather than working on a statewide health plan, the commission collected information from various cost studies and developed high level policy recommendations. During the initial meeting, the commission also established general priorities. The priorities evolved into a strategic framework (framework) and included the following.

- Develop a vision.
- Understand and accurately describe the current health care system.
- Build a foundation to identify infrastructure support elements for the health care industry.
- Identify strategies to transform the health care delivery system to be more efficient, effective, and accessible.

The framework is summarized in the commission's 2012 document, *Transforming Health Care in Alaska*. (See Appendix A.) The commission's vision is, "By 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care." The commission anticipated its vision being achieved through consumer focused innovations in patient-centric health care and support for healthy lifestyles. To that end, the commission identified eight core strategies (shown in Exhibit 2, page 15) and 63 recommendations⁴ addressing four overarching priorities:

²Alaska Statute 18.09.010.

³Alaska Statute 18.09.070.

⁴The commission issued 31 recommendations while operating under AO 246 and 32 recommendations as of May 2010 since operating under Alaska Statutes.

1. High quality, affordable health care;
2. Accessible, innovative, patient-driven care;
3. Healthy Alaskans; and
4. A sustainable, efficient, and effective health care system.

Core strategies and recommendations focused on various policy areas with particular emphasis on cost transparency and reduction efforts, evidence based medicine, and health information technology. The latter includes use of the hospital discharge database and implementing a statewide all-payers claims database.⁵

⁵An *all-payer claims database* collects comprehensive health insurance claims information from all health care payers into a statewide information repository.

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REPORT CONCLUSIONS

In developing our conclusion regarding whether the Alaska Health Care Commission's (commission) termination date should be extended, we evaluated commission operations using the 11 factors set out in AS 44.66.050. Under the State's "sunset" law, these factors are to be used in assessing whether an agency has demonstrated a public policy need for continuing operations.

Overall, the commission is operating in the public's interest, but improvements in the development of a statewide health plan are needed to justify its continued existence. Without a statewide health plan, the actions of the commission may not effectively impact health care in Alaska. (See Recommendation No 1.) Deficiencies related to public notices and annual reports were also noted. (See Recommendation Nos. 2 and 3.)

According to AS 44.66.010(a)(9), the commission is scheduled to terminate on June 30, 2014. We recommend the commission's termination date be extended three years to June 30, 2017, to provide adequate time to develop a statewide health plan.

Neither the commission nor the Department of Health and Social Services (DHSS) coordinated efforts to develop a statewide health plan.

The legislature intended the commission and DHSS to work together to create a comprehensive statewide health plan. Though various policy recommendations were developed, the commission did not collaborate with DHSS to achieve the intended outcome.

Statutory language does not specifically assign responsibility for developing a plan. The commission's purpose is to provide recommendations for and foster the development of a statewide health plan.⁶ Additionally, DHSS' statutory language states the department may develop, adopt, and implement a statewide health plan based on the commission's recommendations.⁷ As such, it is unclear which entity is responsible for developing a comprehensive statewide health plan. Development requires collaboration and significant coordination between the commission and DHSS. As of May 2013, coordination was insufficient to produce a plan.

Rather than developing a statewide health plan, the commission focused on developing high level strategies and policies, and issuing related recommendations. From June 2010 through May 2013, the commission issued 32 recommendations for improving health care in the State. Although the work performed addresses some aspects of Alaska's health care system, it does not provide for effective implementation of the recommendations.

⁶Alaska Statute 18.09.010.

⁷Alaska Statute 18.05.010(b)(5)(A).

The recommendations issued by the commission were developed as part of the strategic framework. The strategic framework has been included in this report as Appendix A. According to the commission's 2012 annual report, the framework includes developing a vision, describes Alaska's current health system, identifies core strategies, and measures progress. Although the framework includes many elements of a comprehensive plan, it lacks the actionable components necessary for effective implementation. Currently, the framework does not identify specific actions to be taken, the timeframe for completion, the organization responsible for taking action, the definition of a successful outcome, nor does it specify how progress will be monitored and measured.

FINDINGS AND RECOMMENDATIONS

This is the Alaska Health Care Commission's (commission) first sunset audit. This sunset audit identifies three recommendations.

Recommendation No. 1

The commission should coordinate with the Department of Health and Social Services (DHSS) commissioner to identify each agency's roles and responsibilities regarding developing a statewide health plan and pursue development accordingly.

As of May 2013, there is no comprehensive statewide health plan. Absent coordination between the commission and DHSS management, the commission's strategic framework is unlikely to develop into or result in a statewide health plan. The framework does not include components necessary to take action and does not address all the elements required in Alaska Statutes.

As set out in AS 18.09.070, the commission is the State's health planning and coordinating body. The commission is required to provide recommendations for and foster the development of a statewide health plan containing (1) a comprehensive statewide health care policy and (2) a strategy for improving all state residents' health. When creating the commission, the legislature also amended AS 18.05.010(b)(5)(A), so that DHSS may develop, adopt, and implement a statewide health plan based on recommendations from the commission. Therefore, achieving the overall goal of developing and implementing a statewide health plan requires coordination between the commission and DHSS management.

Due to the ambiguous language of "*foster the development*" of a statewide health plan, the commission determined actual development was not its responsibility. Instead, the commission focused on studying and issuing recommendations regarding specific high level policy solutions as part of the strategic framework.

While the framework contains some necessary elements, it lacks actionable components essential for effective implementation as part of a comprehensive statewide health plan, such as:

- Desired and realistic outcomes;
- Specific actions to be performed to meet those outcomes;
- Necessary resources to complete identified actions;
- A designated entity to ensure actions are performed;
- A timeframe for completion; and
- Processes to monitor and measure progress to ensure outcomes are achieved.

Furthermore, due to commission-established priorities, the framework does not address all statutorily required elements. Missing elements include fraud reduction, unsafe water and wastewater issues, and increasing the number of insurance options.

Public benefit from commission activities was diminished due to the lack of coordination between the commission and DHSS management. Without actionable components, the strategic framework and policy recommendations developed by the commission may not effectively impact health care in Alaska.

We recommend the commission coordinate with DHSS' commissioner to determine respective responsibilities in developing a statewide health plan. Once responsibilities are clarified, the existing strategic framework's elements should be incorporated into an actionable plan.

Recommendation No. 2

The commission chair should implement a policy to utilize established DHSS public noticing procedures for commission meetings.

Commission meetings and hearings were not public noticed timely, and hearings were not published in at least three statewide news media. Of the 15 meetings held from October 2010 through March 2013, 12 were advertised as public meetings and three as hearings. Two of the 12 meetings were not advertised timely. Two of the three hearings were not published timely, and all three notices were not published in statewide news media.

The commission does not have standardized procedures for public noticing and did not utilize resources available through DHSS. Adequate notice is essential to maximize public participation in commission meetings.

Alaska Statute 44.62.310 requires "*reasonable*" public notice be given for all public meetings; however, it does not define *reasonable* in quantifiable terms such as days or weeks.⁸ Alaska Statute 18.09.070(b) requires that *hearings* be published at least 15 days prior to the hearing and be published in at least three statewide news media.

We recommend the commission chair implement a policy to utilize DHSS' existing public noticing procedures.

⁸For audit purposes, *reasonable* was defined as seven days in advance of the meeting.

Recommendation No. 3

The commission chair should implement procedures to ensure annual reports include all statutorily required components.

Required financial disclosures and conflict of interest statements⁹ were absent from the commission's annual reports. Alaska Statute 18.09.070(c) requires four components in the commission's annual reports: activities and recommendations, voting records, financial disclosures, and conflict of interest statements. The 2010 through 2012 annual reports did not contain financial disclosures¹⁰ and the 2011 and 2012 reports did not include conflict of interest statements.¹¹ Furthermore, the commission website did not include the required report components or identify where they could be obtained.

The executive director obtained annual financial disclosures for 2010 and 2011 and conflict of interest statements for the period October 2010 through December 2012. These financial disclosures were not published due to confidentiality concerns even though financial disclosures are public information. The conflict of interest statements were not published due to lack of procedures. Financial disclosures and conflict of interest statements are essential to ensure transparency and accountability. Absent transparency, confidence and trust in the public process is diminished.

We recommend the commission chair develop and implement procedures to ensure annual reports contain all statutorily required components.

⁹The commission refers to the conflict of interest statements as *Ethics Supervisor Quarterly Statistical Summary* in the annual reports.

¹⁰As of May 7, 2013, the 2012 financial disclosures had not been obtained and were not available for review.

¹¹The 2010 report, issued January 2011, contained conflict of interest statements.

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ANALYSIS OF PUBLIC NEED

The following analyses of Alaska Health Care Commission's (commission) activities relate to the public need factors defined in AS 44.66.050(c). These analyses are not intended to be comprehensive but to only address those areas we were able to cover within the scope of our audit. The Department of Health and Social Services (DHSS) is included in the following analyses where commission activities rely on the department's participation.

Determine the extent to which the board, commission, or program has operated in the public interest.

The commission benefited the public by developing a strategic framework for improving health care in Alaska. The framework describes a vision,¹² identifies core strategies, and makes various policy recommendations for improving health care. (See Appendix A.) The core strategies are listed in Exhibit 2.

The commission prioritized cost issues over addressing issues of health care quality, accessibility, and availability. Cost reduction is a required part of the commission's statutory duties.¹³ Five studies and analyses of various health care topics were conducted on behalf of the commission as follows:

1. Milliman, *Alaska Health Care Pricing Analysis*.
2. Milliman, *Pricing and Reimbursement Study for Prescription Drugs*.
3. Freedman HealthCare, LLC, *All Payer Claims Database Feasibility Study*.
4. Institute of Social and Economic Research (ISER), *Preliminary Review of Economic Impacts of Federal Health Reform for Alaska Chart Book Update and Report*.
5. ISER, *Alaska Health Care Spending – What do we get for our money and how do we reign-in spending without harming our welfare?*

Exhibit 2

Commission Core Strategies for Health Care Transformation

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

The studies and other commission activities focused on cost and feasibility of implementing an all-payer claims database. These two areas address multiple core strategies for improving health care in the State. Cost study topics included: identifying the nature of health care

¹²Vision: "By 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care."

¹³Alaska Statute 18.09.070(2)(B).

spending in Alaska; identifying specific health care cost drivers in Alaska; and comparing facility care, prescription drugs, and physician services costs in Alaska to other western states.

The commission envisions an all-payer claims database as a powerful tool to improve decision-making and to increase price and quality transparency. The database is viewed as an important part of an improved health information infrastructure and should contribute to building a sustainable health care system foundation. The database could affect three of the eight core strategies to transform health care in Alaska. The commission further believes the database will help address the statutory duty to leverage health information technology and successful innovations identified by other states to reduce health care costs.

Determine the extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices that it has adopted, and any other matter, including budgetary, resource, and personnel matters.

The commission has been impeded by ambiguous statutory language. Alaska Statutes require the commission to provide recommendations for and foster the development of a statewide health plan. Additionally, statutes state that DHSS may develop, adopt, and implement a statewide health plan based on commission recommendations. Consequently, responsibility for developing a plan is unclear. (See Recommendation No. 1.)

From October 2010 through March 2013, two administrative activities, public noticing and compilation of annual reports, did not meet statutory requirements. Both deficiencies were due to a lack of procedures to ensure compliance. (See Recommendation Nos. 2 and 3.)

The commission developed and adopted statutorily required by-laws. The by-laws govern meeting proceedings and operational activities such as the minimum number of meetings held each year, chair and member responsibilities, and ethical standards. The by-laws assist in ensuring commission operations comply with state laws and meetings are run as efficiently as possible. A comparison of statutory language to adopted by-laws identified three minor discrepancies. These discrepancies include annual ethics reporting, specific components of the annual report, and per diem. By-laws should be updated to reflect statutory requirements.

Determine the extent to which the board, commission, or agency has recommended statutory changes that are generally of benefit to the public interest.

Although there were no changes to commission statutes during the audit period, the commission supported other statutory changes that were consistent with commission recommendations. Three examples are:

- House Bill (HB) 78, effective June 2012, established a loan repayment and employment incentive program for certain health care professionals employed in the

State. The program is intended to ensure that state residents, including medical assistance and Medicare recipients, may access health care.

- Proposed HB 44 would require DHSS to establish and maintain an advanced health care directives registry with names of individuals who have made written directives on end of life decisions. DHSS would establish the directory via regulation. The bill stipulates when and to whom DHSS may release a directive, mandates that the registry be accessible online, and allows the department to charge a fee for establishing and maintaining the registry.
- House Bill 310, effective June 2012, temporarily reinstated DHSS' child and adult immunization program and provided additional state funding to fill the gap left by a reduction in federal funding. The purpose of HB 310 is to ensure that vaccines are made available to underinsured children and uninsured and underinsured adults.

Each of these recommended actions benefits the public as they address specific commission core strategies, findings, and priorities.

Determine the extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service that it has provided.

The commission held at least four meetings per year in compliance with adopted by-laws. Between July 2010 and March 2013, the commission held 15 meetings. Twelve of the meetings were advertised as public meetings, and three were advertised as hearings. Different public noticing requirements apply to each type of meeting. Two of the 12 public meetings, and two of the three hearings, did not meet public noticing requirements. (See Recommendation No. 2.)

Determine the extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.

Each year, the December meeting is reserved for members to review written comments on the draft annual report which were solicited in November. No oral public comment is obtained at these meetings. The commission, via its website, offers individuals the ability to subscribe to an electronic mailing list to receive various commission activities notifications. The commission allotted time for public comment at 13 of 15 meetings. Meeting minutes and other documents, such as studies and reports, are available on the commission's website.

Determine the efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the office of victims' rights or the office of the ombudsman have been processed and resolved.

No commission-related complaints were filed with the Office of Victims' Rights and the State's Office of the Ombudsman. Two commission-related complaints were filed with DHSS' Office of the Commissioner and resolved timely.

Determine the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public.

This criterion does not apply to the commission as it is not an occupational licensing organization.

Determine the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity or interest.

From July 2010 through March 2013, no commission-related complaints were filed with the Alaska State Commission for Human Rights, the United States Equal Employment Opportunity Commission, and the Department of Administration's Division of Personnel and Labor Relations.

Determine the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.

To better serve the public's interest, the commission should refocus its efforts towards developing an actionable statewide health plan in coordination with DHSS. The plan should include timelines, resources needed, and methods of measuring and evaluating progress. (See Recommendation No. 1.)

An analysis of the commission's operational activities identified administrative deficiencies in public meeting notifications and inclusion of all required elements in the annual report. (See Recommendation Nos. 2 and 3.)

Determine the extent to which the board, commission, or agency has effectively attained its objectives and purposes and the efficiency with which the board, commission, or agency has operated.

While the commission developed a strategic framework that includes core strategies and many policy recommendations, it did not consider itself responsible for creating a state plan.

As discussed above, the commission should proactively coordinate efforts with DHSS to meet its statutory mandate.

Determine the extent to which the board, commission, or agency duplicates the activities of another governmental agency or the private sector.

Nothing came to our attention to indicate the commission was duplicating other private, state, or federal agencies' efforts in coordinating the development of a statewide health plan. Where commission mandated duties are addressed by other work groups, such as the health care workforce coalition, the commission remained informed through the executive director's participation in those work groups.

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APPENDIX

Appendix A includes a document titled *Transforming Health Care in Alaska: Core Strategies and Policy Recommendations* developed by the Alaska Health Care Commission. The document describes the commission's vision and specifies its approach to fulfilling its statutorily mandated purpose. The document includes 63 commission recommendations. As discussed in the Background Information section of this report, the commission refers to this document as their "*strategic framework.*"

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Core Strategies for Health Care Transformation

January 2013

Alaskan Solutions for Better Health and Health Care

The Alaska Health Care Commission was established by the Legislature in 2010 to advise the State on policies for improving health and health care for all Alaskans. Commission members are appointed by the Governor.

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 have attained this vision when, compared to the other 49 states, Alaskans have:

1. The highest life expectancy
2. The highest percentage population with access to primary care
3. The lowest per capita health care spending level

APPROACH

Design policies that **enhance the consumer's role in health and health care** through:

- A) Innovations in patient-centric health care; and,
- B) Support for healthy lifestyles

For more information visit the Commission's web site at:
<http://dhss.alaska.gov/ahcc/>

I. Ensure the best available evidence is used for making decisions

Support clinicians and patients to make clinical decisions based on high grade medical evidence regarding effectiveness and efficiency of testing and treatment options. Apply evidence-based principles in the design of health insurance plans and benefits.

II. Increase price and quality transparency

Provide Alaskans with information on how much their health care costs and how outcomes compare so they can become informed consumers and make informed choices. Provide clinicians, payers and policy makers with information needed to make informed health care decisions.

III. Pay for value

Redesign payment structures to incentivize quality, efficiency and effectiveness. Support multi-payer payment reform initiatives to improve purchasing power for the consumer and minimize the burden on health care providers.

IV. Engage employers to improve health plans and employee wellness

Support employers to adopt employee health and health insurance plan improvement as a business strategy. Start with price and quality transparency, and leadership by the State Department of Administration.

V. Enhance quality and efficiency of care on the front-end

Strengthen the role of primary care providers, and give patients and their clinicians better tools for making health care decisions. Improve coordination of care for patients with multiple providers, and care management for patients with chronic health conditions. Improve Alaska's Trauma system.

VI. Increase dignity and quality of care for seriously/terminally ill patients

Support Alaskans to plan in advance to ensure health care and other end of life decisions are honored. Provide secure electronic access to advance directives. Encourage provider training and education in end-of-life care. Establish a process that engages seriously and terminally ill patients in shared treatment decision-making with their clinicians. Use telehealth and redesign reimbursement methods to improve access to palliative care.

VII. Focus on prevention

Create the conditions that support Alaskans to exercise personal responsibility for living healthy lifestyles. High priorities include reducing obesity rates, increasing immunization rates, and improving behavioral health status.

VIII. Build the foundation of a sustainable health care system

Create the information infrastructure required for maintaining and sharing electronic health information and for analysis of health care data to drive improved quality, cost and outcomes. Support an appropriate supply and distribution of health care workers. Provide statewide leadership to facilitate health care system transformation.

Appendix A
(Continued)

Priorities, Core Strategies, and Desired Outcomes

PRIORITY A. High Quality, Affordable Health Care

CORE STRATEGY I Ensure the best available evidence is used for making decisions

- Outcome 1:** Clinicians understand and apply grades of evidence in clinical decision-making
- Outcome 2:** Patients and their clinicians partner in a shared decision-making model on clinical decisions
- Outcome 3:** Payers apply evidence-based medicine principals in health plan design and management

CORE STRATEGY II Increase price and quality transparency

- Outcome 1:** Alaskans can easily access and compare prices charged by providers and reimbursable by payers
- Outcome 2:** Alaskans can easily access and compare clinical quality and outcome of providers
- Outcome 3:** Financial performance of corporate health care entities is reported to the public on an annual basis

CORE STRATEGY III Design payment structures to incentivize quality, efficiency, effectiveness

- Outcome 1:** State agencies that purchase health care work together to align payment strategies
- Outcome 2:** Health care payers partner together and with providers to test innovative payment models
- Outcome 3:** Health care payment structures evolve away from payment for individual services to pay for outcomes

CORE STRATEGY IV Engage employers to improve health plans and employee wellness

- Outcome 1:** Alaskan employers adopt health improvement and health care value as a business strategy
- Outcome 2:** Employers increase health care price sensitivity, transparency, primary care, & healthy lifestyle support
- Outcome 3:** Employees participate as active partners in health care decisions and living healthy lifestyles

PRIORITY B. Accessible, Innovative, Patient-Driven Care

CORE STRATEGY V Enhance quality and efficiency of care on the front-end

- Outcome 1:** All Alaskans have regular and ongoing access to a primary care provider
- Outcome 2:** Alaskans coordinate their health care needs through their primary care provider
- Outcome 3:** Primary care providers are appropriately reimbursed for complex care management and coordination
- Outcome 4:** Behavioral health and primary care services are integrated and available in either setting
- Outcome 5:** Alaskans have access to high quality, comprehensive, coordinated trauma care

CORE STRATEGY VI Increase dignity and quality of care for seriously and terminally ill patients

- Outcome 1:** Alaskans plan in advance to ensure health care and other end of life decisions are honored
- Outcome 2:** Palliative care is available to every patient from the time of diagnosis of a serious illness or injury
- Outcome 3:** Clinicians and seriously ill patients use a standard form for documenting shared treatment decisions
- Outcome 4:** Patients and providers have access to information and resources on end-of-life care

PRIORITY C. Healthy Alaskans

CORE STRATEGY VII Focus on prevention

- Outcome 1:** Alaskans are a healthy weight
- Outcome 2:** Children and seniors are appropriately immunized against vaccine preventable diseases
- Outcome 3:** Behavioral health and primary care needs can be addressed in either clinical setting
- Outcome 4:** Providers screen patients for depression, alcohol/substance abuse, and adverse childhood events
- Outcome 5:** Employers facilitate employees' ability to make healthy lifestyle choices

PRIORITY D. Sustainable, Efficient, Effective Health Care System

CORE STRATEGY VIII Build the foundation of a sustainable health care system

- Outcome 1:** Health data is maintained in private, secure electronic form to facilitate proper access to information
- Outcome 2:** Telehealth technologies are used to facilitate access to and quality of health care
- Outcome 3:** Real-time electronic reporting is used for rapid identification of public health threats
- Outcome 4:** Health data is used to improve quality, efficiency, and effectiveness of health care, and public health
- Outcome 5:** Communities have the telecommunications infrastructure necessary to optimize telehealth technologies
- Outcome 6:** There is an appropriate distribution and supply of qualified health care workers available to Alaskans
- Outcome 7:** Statewide health policy development is evidence-based and coordinated

Appendix A
(Continued)

Commission Recommendations

Following is a compilation of all recommendations made by the Commission since its earlier inception in 2009 under a Governor's Administrative Order. The recommendations are grouped around the most relevant core strategy, and may be repeated if they directly impact more than one strategy. The year each recommendation was made is noted in parenthesis. For the findings supporting each recommendation please see the Commission's annual report for that year.

I. Ensure the best available evidence is used for making decisions.

Evidence-Based Medicine

1. The Commission recommends that the Governor and Alaska Legislature encourage and support State health care programs to engage in the application of high grade evidence-based medicine in making determinations about benefit design (covered services, prior authorization requirements, patient cost-sharing differentials) and provider payment methods. (2010)
2. The Commission recommends that the Governor require State health care programs to coordinate development and application of evidence-based medicine policies to create a consistent approach to supporting improved quality and efficiency in Alaska's health care system. (2010)
3. The Commission recommends that the Governor require State health care programs to involve health care providers and consumers in decision making related to the application of evidence-based medicine to public policy. The purpose of such involvement is to support a transparent process leading to policies that avoid restricting access to appropriate treatment and that foster informed discussions between patients and clinicians in which individualized, evidence-based choices improve the quality of health care. (2010)
4. The Commission recommends that the Governor direct State health care programs to seek to incorporate data on patient compliance in developing new provider payment methods and benefit design. (2010)
5. The Commission recommends that the Alaska Department of Health & Social Services implement a web-based data system for public health information. (2010)

II. Increase price and quality transparency

1. The Alaska Health Care Commission recommends the State of Alaska encourage full participation in the Hospital Discharge Database by Alaska's hospitals. (2011)
2. The Alaska Health Care Commission recommends the State of Alaska study the need for and feasibility of an All-Payers Claims Database. (2011)
3. The Alaska Health Care Commission recommends the Department of Health & Social Services investigate and the legislature support implementation of a mechanism for providing the public with information on prices for health care services offered in the state, including information on how quality and outcomes compare, so Alaskans can make informed choices as engaged consumers.
Note: This recommendation is included under the employer engagement strategy as well. (2012)

Appendix A
(Continued)

III. Pay for Value: Design payment structures to incentivize quality, efficiency and effectiveness

1. The Alaska Health Care Commission recommends the State of Alaska utilize payment policies for improving the value of health care spending – for driving improved quality, efficiency and outcomes for each health care dollar spent in Alaska – recognizing that:
 - a. Local payment reform solutions are required for Alaska’s health care markets
 - b. Payment reform may not result in immediate cost savings, but efforts must begin immediately
 - c. Payment reform is not the magic bullet for health care reform, but is one essential element in transforming Alaska’s health care system so that it better serves patients, and delivers better value for payers and purchasers. (2011)
2. The Alaska Health Care Commission recommends the State of Alaska take a phased approach to payment reform, revising payment structures to support primary care transformation as a first step in utilizing payment policies for improving value in Alaska’s health care system. (2011)
3. The Alaska Health Care Commission recommends the State of Alaska develop health data collection and analysis capacity as a tool for quality improvement and payment reform. Data collection, analysis and use decisions should involve clinicians, payers, and patients. (2011)
4. The Alaska Health Care Commission recommends the State of Alaska support efforts by state officials responsible for purchasing health care services with public funds to collaborate on the development of common purchasing policies. These collaborative efforts should include key stakeholders, and should be used as leverage to drive improved quality, effectiveness, efficiency and cost of care in Alaska’s health care system. These efforts should endeavor to engage commercial payers and federal health care programs in alignment of payment policies in a multi-payer approach to minimize the burden on health care providers. (2011)

IV. Engage employers in health and health care improvement

1. The Alaska Health Care Commission recommends the Department of Health & Social Services investigate and the legislature support implementation of a mechanism for providing the public with information on prices for health care services offered in the state, including information on how quality and outcomes compare, so Alaskans can make informed choices as engaged consumers.
Note: This recommendation is also under the price and quality transparency strategy. (2012)
2. The Alaska Health Care Commission recommends the State of Alaska, as a major employer in the state, play a leadership role for all Alaskan employers by continuing to develop and share strategies already underway to improve employee health and productivity and increase health care value. The Commission recommends the Department of Administration take a comprehensive approach by including all the essential elements of a successful employee health management program: Price sensitivity, price and quality transparency, pro-active primary care, and healthy life-style support for employees. (2012)

Appendix A
(Continued)

V. Enhance quality and efficiency of care on the front-end

Primary Care Innovation

- The Commission recommends that the Governor and Alaska Legislature aggressively pursue development of patient-centric care models through payment reform, removal of statutory and regulatory barriers, and implementation of pilot projects. Development of pilot projects should include definition of the patient-centric model, identification of performance standards and measures, and payment models that are outcome-based. (2009)

Patient-Centered Primary Care

1. The Alaska Health Care Commission recommends the State of Alaska recognize the value of a strong patient-centered primary care system by supporting appropriate reimbursement for primary care services. (2011)
2. The Alaska Health Care Commission recommends the State of Alaska support state policies that promote the central tenet of patient-centered primary care – that it is a model of care based on a continuous healing relationship between the clinical team and the patient. (2011)
3. The Alaska Health Care Commission recommends the State of Alaska and other entities planning a patient-centered primary care transformation initiative incorporate the following strategies the Commission found to be common to start-up of successful programs studied as models. These successful models started with:
 - a) Financial investment by the initiating payer organization (whether public or private).
 - b) Strong medical leadership and management involved in planning and development.
 - c) A collaborative partnership between the payers and clinical providers.
 - d) A vision concerned with improving patient care, followed by identification of principles, definitions, criteria for participation, and tools and measures.
 - e) A focus on local (i.e., practice-level) flexibility and empowerment.
 - f) A phased approach to implementation.
 - g) A tiered approach to managing patient populations. (2011)
4. The Alaska Health Care Commission recommends the State of Alaska and other entities implementing a patient-centered primary care transformation initiative include the following attributes the Commission found to be common to successful programs studied as models:
 - a) **Resources** provided to primary care practices to support improved access and care coordination capabilities.
 - b) **New tools and skill development opportunities** provided to primary care practices to support culture and practice transformation.
 - c) **Shared learning environments** for clinical teams to support development of emergent knowledge through practice and dissemination of new knowledge.
 - d) **Timely data** provided to primary care practices to support patient population management and clinical quality improvement, including centralized analytical and reporting capability and capacity.
 - e) **Infrastructure support** for medical guidance, including a medical director for clinical management and improvement, case managers, pharmacists, and behavioral health clinicians.
 - f) **A system of review** that includes both implementation monitoring by initiative partners and evaluation of initiative outcomes by an independent third-party. (2011)

Appendix A
(Continued)

5. The Alaska Health Care Commission recommends the State of Alaska support a patient-centered medical home (PCMH) initiative, recognizing:
 - a) Front-end investment will be required for implementation, and it may take two to three years before a return on investment will be realized;
 - b) Collaboration between State programs that pay for health care, other health care payers and the primary care clinicians who will be responsible for implementing this model is essential to success; and,
 - c) Patient-centered primary care development is not the magic bullet for health care reform, but is an essential element in transforming Alaska's health care system so that it better serves patients, better supports providers, and delivers better value. (2011)

6. The Alaska Health Care Commission recommends the State of Alaska support efforts to foster development of patient centered primary care models in Alaska that:
 - o Integrate behavioral health services with primary physical health care services in common settings appropriate to the patient population.
 - o Assure coordination between primary care and higher level behavioral health services.
 - o Include screening for the patient population using evidence-based tools to screen for
 - A history of adverse childhood events
 - Substance abuse
 - Depression

Also included under Focus on Prevention (2011)

Alaska's Trauma System

1. The Alaska Health Care Commission recommends the State of Alaska support a strong trauma system for Alaska that:
 - o Is comprehensive and coordinated, including:
 - Public health system capacity for
 - studying the burden of injury in the local population
 - designing and implementing injury prevention programs
 - supporting the development and exercise of local and statewide emergency preparedness and response plans
 - Emergency medical service capacity for effective pre-hospital care for triage, stabilization and coordination of safe transportation of critically injured patients
 - Trauma center care for treatment of critically injured patients
 - Rehabilitation services for optimizing recovery from injuries
 - Disability services to support life management for individuals left with a permanent disability due to an injury
 - o Is integrated, aligning existing resources to efficiently and effectively achieve improved patient outcomes.
 - o Is designed to meet the unique requirements of the population served.
 - o Provides evidence-based medical care to achieve the best possible outcomes for the patient.
 - o Provides seamless transition for the patient between the different phases of care. (2011)

2. The Alaska Health Care Commission recommends the State of Alaska support continued implementation of the recommendations contained in the 2008 consultation report by the American College of Surgeons Committee on Trauma, including achievement and maintenance of certification of trauma center status of Alaskan hospitals. (2011)

Appendix A
(Continued)

VI. Increase choice, dignity and quality of care for seriously and terminally ill patients.

1. The Alaska Health Care Commission recommends the Governor or legislature foster communication and education regarding end-of-life planning and health care for seriously and terminally ill patients by supporting a program to:
 - a. Sponsor an on-going statewide public education campaign regarding the value of end-of-life planning; and,
 - b. Establish and maintain a website for end-of-life planning and palliative care resources, including Alaska-specific information, planning guides, clinical best practices and practice guidelines, and educational opportunities for the general public and for clinicians and other community-based service providers. (2012)
2. The Alaska Health Care Commission recommends the Department of Commerce, Community, and Economic Development require within current continuing medical education guidelines education in end-of-life care, palliative care, and pain management for physicians and other state-licensed clinicians as a condition of licensure renewal. (2012)
3. The Alaska Health Care Commission recommends the University of Alaska ensure end-of-life care is included within the curriculum of health practitioner training programs. (2012)
4. The Alaska Health Care Commission recommends the Department of Health & Social Services fund a process to investigate evolving the Comfort One program to a POLST/MOST program (Physician Orders for Life Sustaining Treatment/Medical Orders for Scope of Treatment). (2012)
5. The Alaska Health Care Commission recommends the legislature establish a secure electronic registry aligned with the Statewide Health Information Exchange as a place for Alaskans to securely store directives associated with end-of-life and advanced health care plans online and to give authorized health care providers immediate access to them. (2012)
6. The Alaska Health Care Commission recommends the State of Alaska partner with other payers and providers to demonstrate:
 - a. The use of telehealth technologies for delivering hospice and other palliative care services to rural and underserved urban Alaskans; and
 - b. The design of new reimbursement methodologies that improve the value equation in financing of end-of-life services. (2012)

Appendix A
(Continued)

VII. Focus on Prevention

Healthy Lifestyles

- The Commission recommends that the Governor and Alaska Legislature investigate and support additional strategies to encourage and support healthy lifestyles, including strategies to create cultures of wellness in any setting. (2009)

Obesity in Alaska

- The Alaska Health Care Commission recommends the State of Alaska implement evidence-based programs to address the growing rate of Alaskans who are overweight or obese. First efforts should focus on nutrition and physical activity for children and young people and raise public awareness of the health risks associated with being overweight and obese. (2011)

Immunization against Vaccine-Preventable Disease

- The Alaska Health Care Commission recommends the State of Alaska ensure the state's immunization program is adequately funded and supported, and that health care providers give priority to improving immunization rates in order to protect Alaskans from serious preventable diseases and their complications. (2011)

Population-based Prevention & Behavioral Health

1. The Alaska Health Care Commission recommends the State of Alaska support efforts to foster development of patient centered primary care models in Alaska that:
 - Integrate behavioral health services with primary physical health care services in common settings appropriate to the patient population.
 - Assure coordination between primary care and higher level behavioral health services.
 - Include screening for the patient population using evidence-based tools to screen for
 - A history of adverse childhood events
 - Substance abuse
 - Depression(2011)
2. The Alaska Health Care Commission recommends the State of Alaska develop with input from health care providers new payment methodologies for state-supported behavioral health services to facilitate integration of primary physical health care services with behavioral health care services. (2011)

Appendix A
(Continued)

VIII. Build the foundation of a sustainable health care system

A. Health Information Infrastructure

Health Information Technology – General

- The Commission recommends that the Governor and Alaska Legislature take an aggressive approach to supporting adoption, utilization, and potential funding of health information technology, including health information exchange, electronic health records and telemedicine/telehealth that promise to increase efficiency and protect privacy. (2009)

Health Information Technology – Health Information Exchange (HIE) & Electronic Health Records (EHRs)

1. The Commission recommends that the Governor direct the Department of Health & Social Services to explore options for assisting providers (particularly smaller primary care practices and individual primary care providers) with adoption of electronic health record systems. (2009)
2. The Commission recommends that the Governor ensure Alaska's statewide health information exchange supports providers who have not yet adopted their own electronic health record system by facilitating identification and purchase of systems that are interoperable with the state exchange. (2009)
3. The Commission recommends that the Governor ensure that HIT is utilized to protect the public's health. Alaska's health information exchange should connect with electronic public health reporting systems to enable real-time disease reporting and rapid identification of public health threats. (2009)
4. The Commission recommends that the Governor ensure that data available through the statewide health information exchange is utilized to identify opportunities for administrative efficiencies, coordination and optimization of care, and health care quality and safety improvement. (2009)
5. The Commission recommends that the 2010 Alaska Health Care Commission track the development of the Alaska Statewide Health Information Exchange, Alaska's new Medicaid Management Information System (MMIS), and the use of ARRA funds for electronic health record deployment; and the Commission should continue to identify current issues, policy choices and recommendations based on these developments. (2009)
6. The Commission recommends that the Governor designate a statewide entity with the responsibility for ensuring broad implementation of health information security and privacy protections. The entity should participate in on-going efforts at the national level to identify security and privacy standards, should oversee application of those standards to Alaska's statewide health information exchange, and should identify a process for Alaskan patients to opt out of participation in the health information exchange. (2009)

Health Information Technology – Telehealth/Telemedicine

1. The Commission recommends that the Governor and Alaska legislature work with federal and local partners to ensure all Alaskan communities have access to broadband telecommunications infrastructure that provides the connectivity and bandwidth necessary to optimize use of health information technologies. (2009)

Appendix A
(Continued)

2. The Commission recommends that the Governor direct the Alaska Department of Health & Social Services to investigate innovative reimbursement mechanisms for telemedicine-delivered services; test new payment methodologies through Medicaid, and work with other payers to encourage adoption of successful methodologies. (2009)
3. The Alaska Health Care Commission recommends the Department of Health & Social Services develop collaborative relationships across health care sectors and between payers and providers in existing telehealth initiatives to facilitate solutions to current access barriers. The Commission further recommends telehealth collaboratives:
 - Focus on increasing access to behavioral health and primary care services;
 - Target specific health conditions for which clinical improvement, health outcomes, costs and cost savings can be documented; and,
 - Include an evaluation plan and baseline measurements prior to implementation, measurable objectives and outcomes, and agreement between pilot partners on selected metrics. (2012)
4. The Alaska Health Care Commission recommends the Department of Health & Social Services develop a business use analysis for a private sector statewide brokered telehealth service including:
 - Compilation and maintenance of a directory of telehealth providers
 - Compilation and maintenance of a directory of telehealth equipment addresses
 - Coordination of telehealth session scheduling for providers and equipment
 - Facilitation of network connections for telehealth sessions
 - Provision of 24/7 technical support (2012)

Health Information Infrastructure – Health Data & Analytics

1. The Commission recommends that the Alaska Department of Health & Social Services implement a web-based data system for public health information. *Also under Evidence-based Medicine* (2010)
2. The Alaska Health Care Commission recommends the State of Alaska encourage full participation in the Hospital Discharge Database by Alaska's hospitals. *Also under Transparency* (2011)
3. The Alaska Health Care Commission recommends the State of Alaska study the need for and feasibility of an All-Payers Claims Database. *Also under Transparency* (2011)
4. The Alaska Health Care Commission recommends the State of Alaska develop health data collection and analysis capacity as a tool for quality improvement and payment reform. Data collection, analysis and use decisions should involve clinicians, payers, and patients. *Pay for Value* (2011)

B. Health Workforce

Workforce - General

1. The Commission recommends that the Governor and Alaska Legislature maintain health care workforce development as a priority on Alaska's health care reform and economic development agendas. (2009)
2. The Commission recommends that the Governor and Alaska Legislature explore strategies for strengthening the pipeline of potential future Alaska health care workers. (2009)
3. The Commission recommends that the Governor and Alaska Legislature explore strategies for ensuring Alaska's health care workforce continues to be innovative and adaptive, and that it is responsive to emerging patient care models. (2009)

Appendix A
(Continued)

4. The Commission recommends that the Governor designate a single entity with the responsibility for coordinating all health care workforce development planning activities in and for Alaska. Coordination and collaboration of funders, policymakers and stakeholders in workforce planning and development efforts should be encouraged to the greatest extent possible. (2009)
5. The Commission recommends that the 2010 Alaska Health Care Commission continue studying health care workforce needs in coordination with other organizations and coalitions addressing this issue, and identify recommendations for additional improvements. (2009)

Workforce – Physician Supply

1. The Commission recommends that the Governor and Alaska Legislature target the state's limited financial resources invested in physician workforce development to strengthening the supply of primary care physicians. (2009)
2. The Commission recommends that the Governor and Alaska Legislature support development and maintenance of an educational loan repayment and direct financial incentive program in support of recruitment and retention of primary care physicians and mid-level practitioners. (2009)
3. The Commission recommends that the Governor and Alaska Legislature support the continued expansion of the WWAMI program. Future expansion should be supported as resources allow. (2009)
4. The Commission recommends that the Governor and Alaska Legislature support graduate medical education for primary care and behavioral medicine. State financial support should continue for on-going operation of the Alaska Family Medicine Residency Program, and should be appropriated for the planning and development of in-state residency programs for pediatrics, psychiatry, and primary care internal medicine. (2009)
5. The Commission recommends that the Governor and Alaska Legislature ask Alaska's congressional delegation to pursue federal policies to address equity in the allocation and distribution of Medicare Graduate Medical Education (GME) residency slots. The exclusion of new programs is not equitable, and there should be heavier weighting for primary care GME and for shortage areas. (2009)
6. The Commission recommends that the Governor and Alaska Legislature explore strategies for improving the primary care delivery model and utilizing "physician extender" occupations as an additional approach to addressing the primary care physician shortage. (2009)

C. Statewide Leadership

1. The Commission recommends that the Governor and Alaska Legislature invest in the state health policy infrastructure required to study, understand, and make recommendations to respond to the implications of national health care reform for Alaska. (2009)
2. The Commission recommends that the Alaska Legislature establish an Alaska Health Care Commission in statute, similar in size to the Commission established under Administrative Order #246, to provide a focal point for sustained and comprehensive planning and policy recommendations for health care delivery and financing reform, and to ensure transparency and accountability for the public in the process. (2009)

Appendix A
(Continued)

Access to Primary Care for Medicare Patients - 2009

The Health Care Commission originally convened in 2009 under Administrative Order #246 also addressed the problem experienced at the time by urban Alaskan seniors with access to primary care.

1. The Commission recommends that the Governor and Alaska Legislature improve the supply of primary care providers in order to enable increased access to care for Medicare patients by:
 - Supporting a student loan repayment and financial incentive program for primary care providers practicing in Alaska and serving Medicare patients (and including other service requirements deemed necessary to meet the needs of the underserved);
 - Supporting development of a primary care internal medicine residency program;
 - Supporting WWAMI program expansion as resources allow; and,
 - Supporting mid-level practitioner development.
2. The Commission recommends that the Governor and Alaska Legislature explore strategies for removing barriers to the development of designated Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs), facilitating development through state application for federal shortage designations for Medicare populations and supporting planning for new and expanded FQHCs/RHCs.
3. The Commission recommends that the Governor and Alaska Legislature work with Alaska's Congressional delegation to improve Medicare's reimbursement scheme to ensure the sustainability of care to Medicare patients.
4. The Commission recommends that the Governor and Alaska Legislature ask Alaska's congressional delegation to pursue federal policies to redesign the Medicare audit process so that it focuses more on identification and prosecution of fraudulent practices than on billing errors. Reported financial incentives for audit contractors should be eliminated and replaced with performance measures. Concern over billing errors should be addressed through provider training and performance reports, not through audit processes designed to weed out fraud and abuse.
5. The Commission recommends that the Governor and Alaska Legislature commission an analysis comparing Medicare to Medicaid and private insurance administrative requirements, including recommendations for streamlining public insurance administrative procedures to make them more user-friendly.
6. The Commission recommends that the Governor facilitate development of PACE programs in Alaska by directing the Department of Health & Social Services to submit a State Plan Amendment to the U.S. Centers for Medicare and Medicaid Services (CMS) to add PACE as a Medicaid service, and to identify and remove barriers to development of PACE programs.



THE STATE
of **ALASKA**

GOVERNOR SEAN PARNELL

**Department of
Health and Social Services**

OFFICE OF THE COMMISSIONER
Juneau

P.O. Box 110601
Juneau, Alaska 99811-0601
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Fax: 907.465.3068

September 10, 2013

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

SEP 11 2013

LEGISLATIVE AUDIT

Dear Ms. Curtis:

RE: Response to Preliminary Audit Report on Department of Health & Social Services,
Alaska Health Care Commission

Thank you for the opportunity to respond to the preliminary audit report on your agency's Sunset Review of the Alaska Health Care Commission.

Below is the response for the report conclusions and recommendations received with your correspondence dated August 22, 2013.

Recommendation No. 1

The commission should coordinate with the Department of Health and Social Services (DHSS) commissioner to identify each agency's roles and responsibilities regarding developing a statewide health plan and pursue development accordingly.

We partially concur with this recommendation, but believe the emphasis on the lack of a statewide health plan and lack of coordination between the department and the commission is overstated. I believe the studies, vision, priorities, core strategies, desired outcomes, and policy recommendations developed by the commission to-date represent an essential and significant step by providing nearly all the elements required for a statewide health plan. There has also been regular and ongoing communication and coordination between the department and the commission since the commission's inception.

My plan for implementing this recommendation by January 15, 2014 is as follows:

1. I will provide a memo to the commission chair delineating the roles and responsibilities of the commission and DHSS leadership on development of an actionable statewide health plan by December 31, 2013.

2. I will increasingly participate in meetings of the commission to share and discuss the roles and responsibilities of the commission and department for developing and implementing an actionable statewide health plan.
3. I will direct DHSS leadership and commission staff to collaborate on the development of a measurable action plan for implementing the commission's significant policy recommendations, including plans to address all the elements required in statute that have not yet been included, e.g., fraud and abuse.
4. I will coordinate with leadership of other state agencies addressed in policy recommendations of the commission, such as the Department of Administration and the Department of Commerce, Community and Economic Development, to collaborate on the development of action plans for their affected programs.

Recommendation No. 2

The commission chair should implement a policy to utilize established DHSS public noticing procedures for commission meetings.

We concur with this recommendation and have outlined a plan for implementation below:

1. The commission's administrative procedure manual, including the existing checklist for pre-meeting planning and preparation, will be revised to note required posting of meeting notices on the SOA public notice website and in three major newspapers at least three weeks in advance of each meeting.
2. The manual will further clarify the importance of distinguishing between oral and written public comment opportunities, public meetings, and public hearings, and will note the importance of consistent use of the appropriate terms.

Recommendation No. 3

The commission chair should implement procedures to ensure annual reports include all statutorily required components.

We concur with this recommendation and have outlined a plan for implementation below:

1. The commission's administrative procedure manual will be revised to include a checklist for annual report preparation. That checklist will include the four statutorily required components, and will include a signature line for the commission chair to note review and concurrence with inclusion of the required components in the final report.

I would like to note a few other comments related to the report conclusions on page 9 of the report. I only partially concur with the conclusion noted, "Neither the commission nor the

Department of Health and Social Services (DHSS) coordinated efforts to develop a statewide health care plan.” While I agree that the studies, vision, priorities, core strategies, desired outcomes and policy recommendations prepared by the commission do not include an implementation plan, I believe it represents an essential and significant step by providing the framework for a statewide health care plan. In addition, coordination between the commission and the department has occurred and is continuing to lead us in the direction of a complete and actionable plan. Evidence of coordination includes:

- Participation by the commission chair and executive director in all DHSS leadership team weekly meetings and monthly summits.
- Participation by senior DHSS officials, including me, in commission meetings on numerous topics. Of note, the Chief Medical Officer of the department is also the chair of the commission.
- Participation by commission staff in DHSS strategic planning and results-based accountability work sessions, and the alignment of the commission’s priorities, core strategies, and outcomes with the department’s priorities, core services, and performance measures.

Report Conclusion

We recommend the commission’s termination date be extended three years to June 30, 2017. to provide adequate time to develop a statewide health plan.

I support and welcome your recommendation to extend the commission’s termination date by three years to June 30, 2017. This will provide the time required to establish the action plan as the final element of the statewide health care plan, as well as time for accountability checks on implementation and review and refinement of the plan as it is implemented.

Thank you again for this opportunity to review and comment on the preliminary findings and recommendations from this audit. Please contact me if you require additional information or clarification regarding my response.

Sincerely,



William J. Streur
Commissioner

cc: Ward Hurlburt, MD, MPH, Chair, Alaska Health Care Commission
Deborah Erickson, Executive Director, Alaska Health Care Commission
Linnea Osborne, Financial Management Systems, Dept. of Health & Social Services

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THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of
Health and Social Services**
ALASKA HEALTH CARE COMMISSION
Anchorage

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September 10, 2013

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

SEP 11 2013

LEGISLATIVE AUDIT

Dear Ms. Curtis:

RE: Preliminary Audit Report on Department of Health & Social Services, Alaska Health Care Commission

Thank you for the opportunity to respond to the preliminary audit report on your agency's Sunset Review of the Alaska Health Care Commission. I write to convey my complete concurrence with Commissioner Streur's response to the preliminary audit report (dated September 10, 2013), and to clarify the role of the Commission in implementing the recommendations.

Recommendation No. 1

The commission should coordinate with the Department of Health and Social Services (DHSS) commissioner to identify each agency's roles and responsibilities regarding developing a statewide health plan, and pursue development accordingly.

I will implement the plan outlined below:

1. The Commission's Executive Director and I will collaborate with the department through continued participation on the DHSS leadership team on the development of a measurable action plan for implementing the commission's significant policy recommendations, including plans to address all the elements required in statute that have not yet been included, e.g., fraud and abuse.
2. I will work with Commissioner Streur to support coordination with leadership of other state agencies addressed in policy recommendations of the commission, such as the Department of Administration and the Department of Commerce, Community and Economic Development, to collaborate on the development of action plans for their affected programs.

Recommendation No. 2

The commission chair should implement a policy to utilize established DHSS public noticing procedures for commission meetings.

I will implement the plan outlined below:

1. The commission's administrative procedure manual, including the existing checklist for pre-meeting planning and preparation, will be revised to note required posting of meeting notices on the SOA public notice website and in three major newspapers at least three weeks in advance of each meeting. The checklist will include a signature line for the commission chair or executive director to verify compliance with the public notice requirements.
2. The manual will further clarify the importance of distinguishing between oral and written public comment opportunities, public meetings, and public hearings, and will note the importance of consistent use of the appropriate terms.

Recommendation No. 3

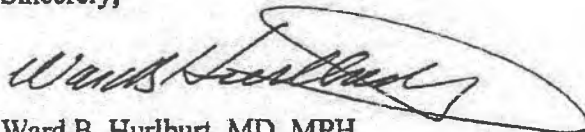
The commission chair should implement procedures to ensure annual reports include all statutorily required components.

I will implement the plan outlined below:

1. The commission's administrative procedure manual will be revised to include a checklist for annual report preparation. That checklist will include the four statutorily required components, and will include a signature line for the commission chair to note review and concurrence with inclusion of the required components in the final report.

Thank you for the opportunity to review and comment on the preliminary audit report. Please contact me if you require additional information or clarification regarding my response.

Sincerely,



Ward B. Hurlburt, MD, MPH
Chair
Alaska Health Care Commission

cc: William Streur, Commissioner, Department of Health & Social Services
Deborah Erickson, Executive Director, Alaska Health Care Commission
Linnea Osborne, Financial Management Systems, Dept. of Health & Social Services

Resolution
Support for Alaska Health Care Commission Recommendations
Sponsor: Alaska HR Leadership Network

WHEREAS the Alaska HR Leadership Network — Human Resource Directors of large employers in Alaska’s energy, financial, telecommunications, and other key industries — convened during 2013 to address concerns regarding the growth of medical costs in Alaska; and

WHEREAS employee health benefit costs in the U.S. more than doubled in the past decade, increasing 125% since 2003 compared to the rise in overall inflation of 29% and workers’ earnings of 36% over the same periodⁱ, creating difficult choices for employers and a burden on employees who share in the cost; and

WHEREAS average annual per employee premiums for employer-based health insurance in Alaska, at \$17,902 for family coverage and \$7,420 for individual coverage, are the highest in the nationⁱⁱ; and

WHEREAS per capita health care spending is higher in Alaska than any other state in the nation except for Massachusettsⁱⁱⁱ, and at 20.6% of per capita personal income makes up a far greater proportion of income than the next highest cost state in the Western United States — Wyoming at 16.2%^{iv}; and

WHEREAS medical price inflation in Alaska outpaced medical inflation nationally during the last decade, increasing 46% compared to 27% nationwide^v; and

WHEREAS medical prices paid in Alaska through commercial insurance are 69% higher on average for physician services and 37% higher for hospital services compared to other states in our region^{vi}; and

WHEREAS Workers’ Compensation premiums in Alaska are the highest in the nation, driven by the highest medical fee schedule in the nation and inefficient use of medical resources under the design of the Alaska Workers’ Compensation Act^{vii,viii,ix}; and

WHEREAS excessive health care costs in Alaska are in effect a hidden payroll tax — creating a cost disadvantage for Alaska-based employment and a competitive disadvantage for Alaskan industries regionally, nationally and globally — and it is incumbent on the Governor and legislative leaders to enact policies that facilitate market-based reforms that increase health care value and reduce costs; and

WHEREAS the high cost of health care in Alaska is a burden on public budgets, has opportunity costs in the form of financial pressure on other government services such as public education and public safety, and requires stewardship on the part of the Governor and legislative leaders to increase value and cost containment in public health care spending; and

WHEREAS changes in health insurance design are increasing cost-sharing responsibilities of health plan members through higher deductibles and co-payment levels, creating a need for greater transparency in health care prices and quality to support consumers' ability to shop for the highest value care; and

WHEREAS an increasing number of States are creating statewide All-Payer Claims Databases to collect and aggregate medical claims data from private and public payers, providing information on utilization and cost for employers and policy makers, clinical quality for health care providers, population health for public health purposes, and price and quality for consumers^x; and,

WHEREAS waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending, and the use of evidence-based medicine can increase the effectiveness of medical treatment, improve the quality of health care, and reduce wasteful health care spending^{xi}; and

WHEREAS current predominant fee-for-service payment methods discourage efficiency in health care delivery; and

WHEREAS certain state regulations create a market power imbalance in Alaska's health care sector, and a market-driven approach to improving value in Alaska's health care system is preferable to a regulatory approach; and

WHEREAS the Alaska Health Care Commission has conducted a number of important and valuable studies since its inception and has provided a series of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality;

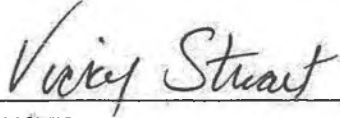
BE IT RESOLVED that participating corporations in the Alaska HR Leadership Network that are signatory to this resolution support the recommendations of the Alaska Health Care Commission to Governor Parnell and the Alaska Legislature, including:

- Increased transparency through requirements of health care providers to make prices for their goods and services available to patients and the general public,
- Creation of a statewide All-Payer Claims Database to strengthen the information base for improving health care in Alaska,
- Reform of the Workers Compensation Act to revise the medical claims payment methodology, implement evidence-based medical treatment guidelines, and restrict reimbursement for opioid narcotics and repackaged pharmaceuticals,
- Revision of state regulations that create market power imbalance in the health care sector,
- Incorporation of evidence-based medicine in publicly funded health care programs, and
- Redesign of payment models in publicly funded health care programs to strengthen primary care and incentivize efficiency and quality in health care delivery;

and be it

FURTHER RESOLVED that the members of the Alaska HR Leadership Network that are signatory to this resolution support an extension of the Alaska Health Care Commission's sunset date to allow more time for study of challenges related to health care cost and quality, identification of additional market-based solutions for improving health care value, and accountability for State government agency implementation of Commission recommendations.

COPIES of this resolution shall be sent to the Honorable Sean Parnell, Governor of Alaska; the Honorable Charlie Huggins, President of the Alaska Senate; the Honorable Mike Chenault, Speaker of the Alaska House of Representatives; and members of the Alaska Senate and House Finance, Health & Social Services, and State Affairs Committees.



Signature

Vicky Stuart

Printed Name

Senior Vice President Human Resources

Title

Afognak Native Corporation

Organization

February 14, 2014

Date

Citations

- ⁱ Kaiser Family Foundation and the Health Research & Educational Trust. *Employer Health Benefits 2013 Annual Survey*. August 2013.
- ⁱⁱ From Kaiser Family Foundation State Health Facts (<http://kff.org/other/state-indicator/family-coverage/>); data source: U.S. Agency for Healthcare Research and Quality 2012 Medical Expenditure Panel Survey (MEPS).
- ⁱⁱⁱ Centers for Medicare & Medicaid Services. National Health Expenditure Data by State of Provider. (<http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsProvider.html>)
- ^{iv} Mark Foster Presentation to Alaska Health Care Commission, October 10, 2013; adjusted for U.S. Department of Commerce, Bureau of Economic Analysis per capita personal income data.
- ^v Alaska Department of Labor & Workforce Development, "The Cost of Living in Alaska," Alaska Economic Trends, May 2011.
- ^{vi} "Drivers of Health Care Costs in Alaska and Comparison States." Milliman, Inc., November 29, 2011.
- ^{vii} "Alaska Division of Workers' Compensation 2012 Annual Report," Department of Labor & Workforce Development.
- ^{viii} National Council on Compensation Insurance 2012 Alaska State Advisory Forum.
- ^{ix} "2012 Workers' Compensation Premium Rate Ranking Summary," Oregon Department of Consumer and Business Services, October 2013.
- ^x All Payer Claims Database Council: <http://www.apcdouncil.org/>
- ^{xi} IOM (Institute of Medicine). *Best Care at Lower Cost: The Path to Continuously Learning Health Care in America*. Washington, DC: The National Academies Press. 2013.

Resolution
Support for Alaska Health Care Commission Recommendations
Sponsor: Alaska HR Leadership Network

WHEREAS the Alaska HR Leadership Network — Human Resource Directors of large employers in Alaska’s energy, financial, telecommunications, and other key industries — convened during 2013 to address concerns regarding the growth of medical costs in Alaska; and

WHEREAS employee health benefit costs in the U.S. more than doubled in the past decade, increasing 125% since 2003 compared to the rise in overall inflation of 29% and workers’ earnings of 36% over the same periodⁱ, creating difficult choices for employers and a burden on employees who share in the cost; and

WHEREAS average annual per employee premiums for employer-based health insurance in Alaska, at \$17,902 for family coverage and \$7,420 for individual coverage, are the highest in the nationⁱⁱ; and

WHEREAS per capita health care spending is higher in Alaska than any other state in the nation except for Massachusettsⁱⁱⁱ, and at 20.6% of per capita personal income makes up a far greater proportion of income than the next highest cost state in the Western United States — Wyoming at 16.2%^{iv}; and

WHEREAS medical price inflation in Alaska outpaced medical inflation nationally during the last decade, increasing 46% compared to 27% nationwide^v; and

WHEREAS medical prices paid in Alaska through commercial insurance are 69% higher on average for physician services and 37% higher for hospital services compared to other states in our region^{vi}; and

WHEREAS Workers’ Compensation premiums in Alaska are the highest in the nation, driven by the highest medical fee schedule in the nation and inefficient use of medical resources under the design of the Alaska Workers’ Compensation Act^{vii,viii,ix}; and

WHEREAS excessive health care costs in Alaska are in effect a hidden payroll tax — creating a cost disadvantage for Alaska-based employment and a competitive disadvantage for Alaskan industries regionally, nationally and globally — and it is incumbent on the Governor and legislative leaders to enact policies that facilitate market-based reforms that increase health care value and reduce costs; and

WHEREAS the high cost of health care in Alaska is a burden on public budgets, has opportunity costs in the form of financial pressure on other government services such as public education and public safety, and requires stewardship on the part of the Governor and legislative leaders to increase value and cost containment in public health care spending; and

WHEREAS changes in health insurance design are increasing cost-sharing responsibilities of health plan members through higher deductibles and co-payment levels, creating a need for greater transparency in health care prices and quality to support consumers' ability to shop for the highest value care; and

WHEREAS an increasing number of States are creating statewide All-Payer Claims Databases to collect and aggregate medical claims data from private and public payers, providing information on utilization and cost for employers and policy makers, clinical quality for health care providers, population health for public health purposes, and price and quality for consumers^x; and,

WHEREAS waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending, and the use of evidence-based medicine can increase the effectiveness of medical treatment, improve the quality of health care, and reduce wasteful health care spending^{xi}; and

WHEREAS current predominant fee-for-service payment methods discourage efficiency in health care delivery; and

WHEREAS certain state regulations create a market power imbalance in Alaska's health care sector, and a market-driven approach to improving value in Alaska's health care system is preferable to a regulatory approach; and

WHEREAS the Alaska Health Care Commission has conducted a number of important and valuable studies since its inception and has provided a series of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality;

BE IT RESOLVED that participating corporations in the Alaska HR Leadership Network that are signatory to this resolution support the recommendations of the Alaska Health Care Commission to Governor Parnell and the Alaska Legislature, including:

- Increased transparency through requirements of health care providers to make prices for their goods and services available to patients and the general public,
- Creation of a statewide All-Payer Claims Database to strengthen the information base for improving health care in Alaska,
- Reform of the Workers Compensation Act to revise the medical claims payment methodology, implement evidence-based medical treatment guidelines, and restrict reimbursement for opioid narcotics and repackaged pharmaceuticals,
- Revision of state regulations that create market power imbalance in the health care sector,
- Incorporation of evidence-based medicine in publicly funded health care programs, and
- Redesign of payment models in publicly funded health care programs to strengthen primary care and incentivize efficiency and quality in health care delivery;

and be it

FURTHER RESOLVED that the members of the Alaska HR Leadership Network that are signatory to this resolution support an extension of the Alaska Health Care Commission's sunset date to allow more time for study of challenges related to health care cost and quality, identification of additional market-based solutions for improving health care value, and accountability for State government agency implementation of Commission recommendations.

COPIES of this resolution shall be sent to the Honorable Sean Parnell, Governor of Alaska; the Honorable Charlie Huggins, President of the Alaska Senate; the Honorable Mike Chenault, Speaker of the Alaska House of Representatives; and members of the Alaska Senate and House Finance, Health & Social Services, and State Affairs Committees.

Susan Lindemuth

Signature

Susan Lindemuth

Printed Name

Director, Human Resources

Title

Alaska Railroad Corporation

Organization

2/20/14

Date

Citations

- ⁱ Kaiser Family Foundation and the Health Research & Educational Trust. *Employer Health Benefits 2013 Annual Survey*. August 2013.
- ⁱⁱ From Kaiser Family Foundation State Health Facts (<http://kff.org/other/state-indicator/family-coverage/>); data source: U.S. Agency for Healthcare Research and Quality 2012 Medical Expenditure Panel Survey (MEPS).
- ⁱⁱⁱ Centers for Medicare & Medicaid Services. National Health Expenditure Data by State of Provider. (<http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsProvider.html>)
- ^{iv} Mark Foster Presentation to Alaska Health Care Commission, October 10, 2013; adjusted for U.S. Department of Commerce, Bureau of Economic Analysis per capita personal income data.
- ^v Alaska Department of Labor & Workforce Development, "The Cost of Living in Alaska," Alaska Economic Trends, May 2011.
- ^{vi} "Drivers of Health Care Costs in Alaska and Comparison States." Milliman, Inc.; November 29, 2011.
- ^{vii} "Alaska Division of Workers' Compensation 2012 Annual Report," Department of Labor & Workforce Development.
- ^{viii} National Council on Compensation Insurance 2012 Alaska State Advisory Forum.
- ^{ix} "2012 Workers' Compensation Premium Rate Ranking Summary," Oregon Department of Consumer and Business Services, October 2013.
- ^x All Payer Claims Database Council: <http://www.apcdcouncil.org/>
- ^{xi} IOM (Institute of Medicine). *Best Care at Lower Cost: The Path to Continuously Learning Health Care in America*. Washington, DC: The National Academies Press. 2013.

ATTACHMENT A:

**ANCHORAGE SCHOOL DISTRICT
ASDR 2013-2014-12**

**RESOLUTION IN SUPPORT OF ALASKA HEALTH CARE COMMISSION
RECOMMENDATIONS**

WHEREAS, a world class public education is essential for the future success of our nation and today's schoolchildren; and

WHEREAS, world class public education requires competitive salary and benefits in order to attract and retain high quality teachers and employees; and

WHEREAS, excessive medical cost escalation continues to plague public and private sector employers across Alaska who are seeking to provide competitive compensation in order to attract and retain a world class work force; and

WHEREAS, changes in health insurance design are increasing cost-sharing responsibilities of health plan members through changes in deductibles and co-payment levels, creating a need for greater transparency in health care prices and quality to support consumers' ability to shop for the highest value care and more fully engage in the design and implementation of effective employee wellness programs; and

WHEREAS, an increasing number of states are creating statewide All-Payer Claims Databases to collect and aggregate medical claims data from private and public payers, providing information on utilization and cost for employers and policy makers, clinical quality for health care providers, population health for public health purposes, and price and quality for consumers; and

WHEREAS, waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending, and the use of evidence-based medicine can increase the effectiveness of medical treatment, improve the quality of health care and reduce wasteful health care spending; and

WHEREAS, current predominant fee-for-service payment methods discourage efficiency in health care delivery; and

WHEREAS, certain State regulations create a market power imbalance in Alaska's health care sector; and

WHEREAS, Alaska Health Care Commission has conducted a number of important and valuable studies since its inception and has provided a series of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality across Alaska.

NOW THEREFORE, BE IT RESOLVED that the Anchorage School Board urges the governor and legislature to support an extension of the Alaska Health Care Commission's sunset date to allow more time for study of challenges related to health care cost and quality, identification of additional market-based solutions for improving health care value; and

BE IT FURTHER RESOLVED that the Anchorage School Board urges the governor and legislature to support health care market reform measures that enable school districts to more effectively shop for high value health care for their employees.

PASSED AND APPROVED by the Anchorage School Board this 20th day of February, 2014.

ANCHORAGE SCHOOL BOARD

Tam Agosti-Gisler

Tam Agosti-Gisler, President

Bettye Davis
Eric Croft
Pat Higgins

Kameron Perez-Verdia
Kathleen Plunkett
Natasha von Imhof

Ed Graff

Ed Graff, Superintendent

Resolution
Support for Alaska Health Care Commission Recommendations

Sponsor: Alaska HR Leadership Network

WHEREAS the Alaska HR Leadership Network — Human Resource Directors of large employers in Alaska's energy, financial, telecommunications, and other key industries — convened during 2013 to address concerns regarding the growth of medical costs in Alaska; and

WHEREAS employee health benefit costs in the U.S. more than doubled in the past decade, increasing 125% since 2003 compared to the rise in overall inflation of 29% and workers' earnings of 36% over the same periodⁱ, creating difficult choices for employers and a burden on employees who share in the cost; and

WHEREAS average annual per employee premiums for employer-based health insurance in Alaska, at \$17,902 for family coverage and \$7,420 for individual coverage, are the highest in the nationⁱⁱ; and

WHEREAS per capita health care spending is higher in Alaska than any other state in the nation except for Massachusettsⁱⁱⁱ, and at 20.6% of per capita personal income makes up a far greater proportion of income than the next highest cost state in the Western United States — Wyoming at 16.2%^{iv}; and

WHEREAS medical price inflation in Alaska outpaced medical inflation nationally during the last decade, increasing 46% compared to 27% nationwide^v; and

WHEREAS medical prices paid in Alaska through commercial insurance are 69% higher on average for physician services and 37% higher for hospital services compared to other states in our region^{vi}; and

WHEREAS Workers' Compensation premiums in Alaska are the highest in the nation, driven by the highest medical fee schedule in the nation and inefficient use of medical resources under the design of the Alaska Workers' Compensation Act^{vii,viii,ix}; and

WHEREAS excessive health care costs in Alaska are in effect a hidden payroll tax — creating a cost disadvantage for Alaska-based employment and a competitive disadvantage for Alaskan industries regionally, nationally and globally — and it is incumbent on the Governor and legislative leaders to enact policies that facilitate market-based reforms that increase health care value and reduce costs; and

WHEREAS the high cost of health care in Alaska is a burden on public budgets, has opportunity costs in the form of financial pressure on other government services such as public education and public safety, and requires stewardship on the part of the Governor and legislative leaders to increase value and cost containment in public health care spending; and

WHEREAS changes in health insurance design are increasing cost-sharing responsibilities of health plan members through higher deductibles and co-payment levels, creating a need for greater transparency in health care prices and quality to support consumers' ability to shop for the highest value care; and

WHEREAS an increasing number of States are creating statewide All-Payer Claims Databases to collect and aggregate medical claims data from private and public payers, providing information on utilization and cost for employers and policy makers, clinical quality for health care providers, population health for public health purposes, and price and quality for consumers^x; and,

WHEREAS waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending, and the use of evidence-based medicine can increase the effectiveness of medical treatment, improve the quality of health care, and reduce wasteful health care spending^{xi}; and

WHEREAS current predominant fee-for-service payment methods discourage efficiency in health care delivery; and

WHEREAS certain state regulations create a market power imbalance in Alaska's health care sector, and a market-driven approach to improving value in Alaska's health care system is preferable to a regulatory approach; and

WHEREAS the Alaska Health Care Commission has conducted a number of important and valuable studies since its inception and has provided a series of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality;

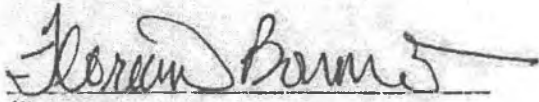
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- Reform of the Workers Compensation Act to revise the medical claims payment methodology, implement evidence-based medical treatment guidelines, and restrict reimbursement for opioid narcotics and repackaged pharmaceuticals,
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- Incorporation of evidence-based medicine in publicly funded health care programs, and
- Redesign of payment models in publicly funded health care programs to strengthen primary care and incentivize efficiency and quality in health care delivery;

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FURTHER RESOLVED that the members of the Alaska HR Leadership Network that are signatory to this resolution support an extension of the Alaska Health Care Commission's sunset date to allow more time for study of challenges related to health care cost and quality, identification of additional market-based solutions for improving health care value, and accountability for State government agency implementation of Commission recommendations.

COPIES of this resolution shall be sent to the Honorable Sean Parnell, Governor of Alaska; the Honorable Charlie Huggins, President of the Alaska Senate; the Honorable Mike Chenault, Speaker of the Alaska House of Representatives; and members of the Alaska Senate and House Finance, Health & Social Services, and State Affairs Committees.


Signature

Florian Borowski

Printed Name

Human Resources Director

Title

CH2M HILL Alaska

Organization

February 16, 2014

Date

Citations

ⁱ Kaiser Family Foundation and the Health Research & Educational Trust. *Employer Health Benefits 2013 Annual Survey*. August 2013.

ⁱⁱ From Kaiser Family Foundation State Health Facts (<http://kff.org/other/state-indicator/family-coverage/>); data source: U.S. Agency for Healthcare Research and Quality 2012 Medical Expenditure Panel Survey (MEPS).

ⁱⁱⁱ Centers for Medicare & Medicaid Services. National Health Expenditure Data by State of Provider.

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^{ix} "2012 Workers' Compensation Premium Rate Ranking Summary," Oregon Department of Consumer and Business Services, October 2013.

^x All Payer Claims Database Council: <http://www.apcdcouncil.org/>

^{xi} IOM (Institute of Medicine). *Best Care at Lower Cost: The Path to Continuously Learning Health Care in America*. Washington, DC: The National Academies Press. 2013.

Resolution

Support for Alaska Health Care Commission Recommendations

Sponsor: Alaska HR Leadership Network

Signatories: *List Corporations Here as Members Sign On*

WHEREAS the Alaska HR Leadership Network — Human Resource Directors of large employers in Alaska's energy, financial, telecommunications, and other key industries — convened during 2013 to address concerns regarding the growth of medical costs in Alaska; and

WHEREAS employee health benefit costs in the U.S. more than doubled in the past decade, increasing 125% since 2003 compared to the rise in overall inflation of 29% and workers' earnings of 36% over the same periodⁱ, creating difficult choices for employers and a burden on employees who share in the cost; and

WHEREAS average annual per employee premiums for employer-based health insurance in Alaska, at \$17,902 for family coverage and \$7,420 for individual coverage, are the highest in the nationⁱⁱ; and

WHEREAS per capita health care spending is higher in Alaska than any other state in the nation except for Massachusettsⁱⁱⁱ, and at 20.6% of per capita personal income makes up a far greater proportion of income than the next highest cost state in the Western United States — Wyoming at 16.2%^{iv}; and

WHEREAS medical price inflation in Alaska outpaced medical inflation nationally during the last decade, increasing 46% compared to 27% nationwide^v; and

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WHEREAS the Alaska Health Care Commission has conducted a number of important and valuable studies since its inception and has provided a series of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality;

BE IT RESOLVED that participating corporations in the Alaska HR Leadership Network that are signatory to this resolution support the recommendations of the Alaska Health Care Commission to Governor Parnell and the Alaska Legislature, including:

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FURTHER RESOLVED that the members of the Alaska HR Leadership Network that are signatory to this resolution support an extension of the Alaska Health Care Commission's sunset date to allow more time for study of challenges related to health care cost and quality, identification of additional market-based solutions for improving health care value, and accountability for State government agency implementation of Commission recommendations.

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Resolution
Support for Alaska Health Care Commission Recommendations

Sponsor: Alaska HR Leadership Network

WHEREAS the Alaska HR Leadership Network — Human Resource Directors of large employers in Alaska’s energy, financial, telecommunications, and other key industries — convened during 2013 to address concerns regarding the growth of medical costs in Alaska; and

WHEREAS employee health benefit costs in the U.S. more than doubled in the past decade, increasing 125% since 2003 compared to the rise in overall inflation of 29% and workers’ earnings of 36% over the same periodⁱ, creating difficult choices for employers and a burden on employees who share in the cost; and

WHEREAS average annual per employee premiums for employer-based health insurance in Alaska, at \$17,902 for family coverage and \$7,420 for individual coverage, are the highest in the nationⁱⁱ; and

WHEREAS per capita health care spending is higher in Alaska than any other state in the nation except for Massachusettsⁱⁱⁱ, and at 20.6% of per capita personal income makes up a far greater proportion of income than the next highest cost state in the Western United States — Wyoming at 16.2%^{iv}; and

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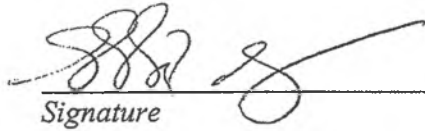
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Signature

Ellen Izer
Printed Name

SVP, HR Director
Title

Northrim Bank
Organization

2/18/14
Date

Citations

ⁱ Kaiser Family Foundation and the Health Research & Educational Trust. *Employer Health Benefits 2013 Annual Survey*. August 2013.

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Resolution
Support for Alaska Health Care Commission Recommendations

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Signature

Tom Redmond
Printed Name

Director of Human Resources
Title

SolstenXP Inc. / Jago Contracting & Management, LLC
Organization

22 January 2014
Date

Citations

ⁱ Kaiser Family Foundation and the Health Research & Educational Trust. *Employer Health Benefits 2013 Annual Survey*. August 2013.

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Resolution
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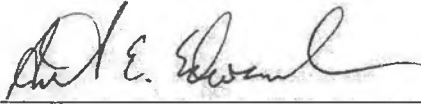
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ANTHONY E. EDWARDSEN | PRESIDENT/CEO
UKPEAGVIK IÑUPIAT CORPORATION

02 | 12 | 14

DATE

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