SB 135

<TARGET><BILL>SB 135</BILL><SUBJECT>SB 135</SUBJECT><COMM>SHSS28</COMM></TARGET>

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/24/14

FURTHER: RULES /FIN

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 2/3/14

Health and Social Services Committee considered SENATE BILL NO. 135

SB 135-EXTEND ALASKA HEALTH CARE COMMISSION

"An Act extending the termination date of the Alaska Health Care Commission; and providing for an effective date."

and recommends:

[ ] be **replaced** with **CS** _____ (_____) *[ ] Same Title [ ] New Title*

[ ] adopt **previous CS** _____ (_____) *[ ] Same Title [ ] New Title*

[ ] attached amendment(s)

[ ] adopt _____Letter of Intent

[ ] further referral to _____Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
HSS	✓			1

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	MICCICHE			✓	
	Kelly	✓			
	Meyer	✓			
CHAIR:	Stedman	✓			

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 135
Fiscal Note Number:
() Publish Date:

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				
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							

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 — Phone: (907)334-2474
Division: Alaska Health Care Commission/Commissioner's Office — Date: 01/30/2014 03:45 PM
Approved By: Sarah Woods — Date: 01/31/14
Agency: Finance and Management Services

FISCAL NOTE ANALYSIS

STATE OF ALASKA **BILL NO.** SB135
2014 LEGISLATIVE SESSION

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

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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.

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

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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

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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.

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.

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[1]Mark 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 purpose[2] 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 recommendations[4] addressing four overarching priorities:

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[2]Alaska Statute 18.09.010.
[3]Alaska Statute 18.09.070.
[4]The 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]

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

(Intentionally left blank)

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.

[6]Alaska Statute 18.09.010.
[7]Alaska 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.

[8]For 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 statements[9] 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 disclosures[10] 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.

[9]The commission refers to the conflict of interest statements as *Ethics Supervisor Quarterly Statistical Summary* in the annual reports.
[10]As of May 7, 2013, the 2012 financial disclosures had not been obtained and were not available for review.
[11]The 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.

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 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?*

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

[12]Vision: "*By 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care.*"
[13]Alaska 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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Transforming Health Care in Alaska

Core Strategies & Policy Recommendations

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.

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

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)

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)

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)

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:
   - 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 *Also included under Focus on Prevention* (2011)

<u>Alaska's Trauma System</u>

1. The Alaska Health Care Commission recommends the State of Alaska support a strong trauma system for Alaska that:
   - 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
   - Is integrated, aligning existing resources to efficiently and effectively achieve improved patient outcomes.
   - Is designed to meet the unique requirements of the population served.
   - Provides evidence-based medical care to achieve the best possible outcomes for the patient.
   - 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)

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)

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)

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)

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)

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)

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

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Main: 907.465.3030
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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

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

RECEIVED
SEP 11 2013
LEGISLATIVE AUDIT

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

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

Transforming Health Care in Alaska

2013

2013 Annual Report of the Alaska Health Care Commission

2010 – 2014
Strategic Plan
Update

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Transforming Health Care in Alaska

2013 Report/2010-2014 Strategic Plan Update

Alaska Health Care Commission

Ward Hurlburt, MD, MPH, Chair
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William J. Streur
Commissioner
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THE STATE of ALASKA
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Department of Health and Social Services

ALASKA HEALTH CARE COMMISSION
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January 15, 2014

To: The Honorable Sean Parnell, Governor, State of Alaska
The Honorable Charlie Huggins, President, Alaska State Senate
The Honorable Mike Chenault, Speaker of the Alaska House of Representatives

We are pleased to present the 2013 annual report of the Alaska Health Care Commission in accordance with AS 18.09.070. The Commission was established in 2010 to address issues concerning cost, quality and access to health care. This Governor's appointed advisory body is committed to identifying market-based policy options for transforming Alaska's health care system so that it delivers high quality affordable care for Alaska's families and employers.

The Commission has documented that Alaska fares poorly when it comes to the cost of health care for our citizens. For a relatively young population we spend more per capita on health care than every other state in the nation but one. The Commission has heard repeatedly that 30% or more of all health care spending is waste – primarily due to unnecessary (ineffective or harmful) care or inefficient service delivery.

The good news is that there are strategies available that can help control the increasing cost of health care, improve quality, and foster informed patient choice. The Commission's policy recommendations focus on increasing patient engagement and choice, facilitating transparency of prices and quality for health care services, applying evidence-based medicine principles in both clinical decision making and coverage determinations, moving towards new payment methods that reward quality and outcomes, and emphasizing delivery of primary care services and prevention.

Alaska's business community and public employers have a central role in fostering the climate change needed to improve health and health care. The State of Alaska is already demonstrating leadership in development of new policies to improve employee health and better manage health benefit spending. The Commission intends over the coming year to continue partnering with employers to identify strategies that will help them implement these new business models.

Thank you for this opportunity to present solutions for transforming Alaska's health care system so that it focuses on delivering health and high quality, affordable care.

Sincerely,

Ward B. Hurlburt, MD, MPH
Chair, Alaska Health Care Commission
Chief Medical Officer, Dept. of Health & Social Services

Deborah Erickson
Executive Director
Alaska Health Care Commission

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Appendix A: Transforming Health Care in Alaska: Core Strategies & Policy Recommendations

Appendix B: Transforming Health Care in Alaska: Plan to Implement Commission Recommendations

Appendix C: Inventory of Alaska Health Plans and Reports

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Appendix E: Alaska All-Payer Claims Database Study, Freedman Healthcare, LLC

Appendix F: Affordable Care Act Overview & Implementation Update

Appendix G: 2013 Voting Record, Financial Disclosure Forms, and Ethics Reports

Acknowledgements

The Commission benefited from the knowledge and experience of numerous experts from across the country as well as within Alaska who made presentations and participated on panels to help educate us on the various issues and potential solutions we studied this year. The Commission would like to acknowledge the gracious contributions of the following individuals and thank them for sharing their time and expertise.

Oral Health & Dental Services in Alaska

- Brad Whistler, DMD, Dental Officer, Division of Public Health, Alaska Department of Health & Social Services
- Mary Williard, DDS, Director, Department of Oral Health Promotion and DHAT Educational Program, Division of Community Health Services, Alaska Native Tribal Health Consortium

Health Information Infrastructure (Health Data & Analytics)

- William Streur, Commissioner, Alaska Department of Health & Social Services
- Andrea Fenaughty, PhD, Deputy Chief, Section of Chronic Disease Prevention & Health Promotion, Division of Public Health, DHSS
- Jim Puckett, Director, Division of Retirement & Benefits, Alaska Department of Health & Social Services
- Jeff Davis, President, Premera Blue Cross Blue Shield of Alaska
- Mike Hirst, Director of Data Services, Southcentral Foundation
- Michael Acarrequi, MD, Chief Medical Officer, Providence Health & Services Alaska

Health Care Finance & Pricing

- Ken Tonjes, CFO, PeaceHealth Ketchikan Medical Center
- Brandon Ousley, Practice Manager, Medical Park Family Care
- John C. Cates, DO, Anchorage private practice physician
- Seth Krauss, MD, Anchorage private practice physician
- Mike Powers, CEO Fairbanks Memorial Hospital
- Liz Woodyard, CEO, Petersburg Medical Center

Health Insurance Costs & Cost Drivers

- Jeff Davis, President, Premera Blue Cross/Blue Shield of Alaska
- Bret Kolb, Director, Alaska Division of Insurance

Employers' Role in Health & Health Care

- Michael Monagle, Director, Alaska Division of Workers' Compensation
- Becky Hultberg, Commissioner, Alaska Department of Administration
- Mark Foster, Chief Financial Officer, Anchorage School District
- Gaye Fortner, President/CEO HealthCare 21 Business Coalition
- Gunnar Knapp, PhD, Director, Institute for Social & Economic Research, University of Alaska Anchorage
- Mouhcine Guettabi, Assistant Professor of Economics, Institute for Social & Economic Research, University of Alaska Anchorage
- Dan Robinson, Chief, Labor Research & Analysis Unit, Alaska Department of Labor & Workforce Development

All-Payer Claims Databases

- Patrick Miller, Founding Partner, All-Payer Claims Database Council, University of New Hampshire
- Amy Lishko, D.Sc., MSPH, Freedman Healthcare, LLC
- Linda Green, MPA, Freedman Healthcare, LLC

Alaska Hospital Discharge Database

- Jeannie Monk, Senior Program Officer, Alaska State Hospital & Nursing Home Association
- John Lee, CEO, Mat-Su Regional Medical Center
- Richard Mandsager, MD, CEO, Providence Alaska Medical Center

Evidence-Based Medicine

- Mike Stuart, MD, Delfini
- Sheri Strite, Delfini

State Price & Quality Transparency and Public Reporting Laws

- Suzanne Delbanco, PhD, Executive Director, Catalyst for Payment Reform

Healthy Alaskans 2020

- Beverly Wooley, Community Health Systems Performance Improvement Director, Division of Community Health Services, Alaska Native Tribal Health Consortium
- Lisa Aquino, Division of Public Health, Alaska Department of Health & Social Services

Affordable Care Act

- William Streur, Commissioner, Alaska Department of Health & Social Services (DHSS)
- Bret Kolb, Director, Division of Insurance, Alaska Department of Commerce, Community & Economic Development
- Josh Applebee, Deputy Director for Health Policy, DHSS

Also, to the many Alaskans who took the time to testify before the Commission during public hearings, comment on the Commission's draft findings and recommendations, and attend Commission meetings, the Commission is grateful for your interest in improving the health of Alaskans and Alaska's health care system.

Executive Summary

Introduction

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. Members are appointed by the Governor, and represent stakeholder groups specified in statute. The purpose of this report is to convey the 2013 findings and recommendations of the Commission to Governor Parnell and the legislature as required under Alaska Statute 18.09.070.

Since its inception the Commission has 1) created a strategic framework for health system improvement 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; and 4) created a template for a statewide health plan based on the recommendations of the Commission, and are currently facilitating development of that plan.

The Commission will sunset on June 30, 2014 unless legislation to extend the sunset date is enacted. The Division of Legislative Audit conducted a Sunset Audit of the Commission this year, finding that the Commission is fulfilling its intended purpose and operating in the public's interest, and recommending the termination date be extended three years to June 30, 2017 to provide adequate time to coordinate with the Department of Health & Social Services on the development of a statewide health plan.

The Commission's vision is that 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; and, 3) the lowest per capita health care spending level. Alaska is currently ranked 29th, 27th, and 49th respectively for certain indicators associated with each of these three measures.

Studies of the current condition of the health care system conducted over the past three years include a description of the delivery system structure and financing; actuarial analyses of physician, hospital, durable medical equipment, and drug prices and cost drivers; health care accounting and finance; overview and impact of the Affordable Care Act; and impact of Alaska's medical malpractice reforms.

Alaska Health Care System Transformation Strategies and 2013 Policy Recommendations

The Commission has identified the following core strategies as essential for improving value in Alaska's health care system. A compilation of the policy recommendations made to-date associated with these strategies is available in Appendix A.

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**
Design new payment structures that 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 and engage 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**
Ensure there is an appropriate supply and distribution of health care workers. Create the information infrastructure required for maintaining and sharing electronic health information and for conducting health care analytics to support improved clinical decisions, personal health choices, and public health.

During 2013 the Commission continued identification of policies to implement the core strategies related to evidence-based medicine, employer engagement, transparency, and the health information infrastructure. New policy recommendations include:

- **Ensure the best available evidence is used for making decisions:** Finding that waste in the health care system due to misused medical resources is significant and application of high grade evidence to clinical decision-making can increase effectiveness of medical treatment, improve quality of care, and reduce wasteful spending, the Commission recommends that Commissioners of State agencies responsible for purchase of medical services:
  - Incorporate high grade evidence-based medicine when making determinations relative to provider payment methods and health plan benefit design, and in so doing coordinate to create a consistent approach, support a transparent process and develop policies that do not restrict access, and ensure prior authorization processes are efficient and user friendly;
  - Provide learning and skill development opportunities in critical appraisal for staff involved in policy decision-making, and include health care providers and consumers;
  - Provide patient decision-support tools to assist plan members and public program clients make effective health care choices in consultation with their clinicians; and,

- Promote provider-patient relationships through payment and benefit design that support providers to monitor patient compliance, and patients to comply with best practices for management of chronic conditions.

- **Engage employers to improve health plans and employee wellness:** Finding that employers play an important role in the health of their employees and improving health care cost and quality; market forces in Alaska's health care system are impacted by certain state policies; Alaska's workers' compensation premiums are the highest in the nation due to high medical benefit costs; and, abuse of prescription opioid narcotics is a critical concern for employers; the Commission recommends that the:
  - Legislature and the Department of Health & Social Services (DHSS) investigate and support mechanisms for providing health care price and quality transparency;
  - Legislature and DHSS establish an All-Payer Claims Database;
  - Division of Insurance consider modifying payment regulations to eliminate unintended adverse pricing consequences;
  - Department of Administration and the State university system play a leadership role in implementing essential elements of successful employee health management programs;
  - Legislature reform the Alaska Workers' Compensation Act to modernize the medical fee schedule and improve quality of care and outcomes for injured workers through evidence-based treatment guidelines, and restrictions on reimbursement for opioid narcotics and repackaged pharmaceuticals;
  - Licensure boards of prescribing clinicians establish guidelines governing the practice of prescription medication dispensing; and,
  - The State adopt aggressive prescription opioid control policies and programs, including upgrade to real-time and ongoing operational support for the drug monitoring program database, continuing education requirements for prescribing clinicians and guidelines for appropriate dosage by licensure boards, and monitoring by agencies responsible for the purchase of medical services.

- **Increase price and quality transparency; Strengthen the health information infrastructure:** Finding there is insufficient information to support health care consumers to seek value in care decisions, and to support and evaluate payment reform and delivery system improvement; that Alaska's Hospital Discharge Database is an important source of data but is incomplete due to insufficient participation; and that All-Payer Claims Databases are increasingly in use in other states to support transparency and health care system improvement; the Commission recommends that the:
  - DHSS require participation in the Hospital Discharge Database; and,
  - Legislature and DHSS establish an All-Payer Claims Database.

Next Steps

Over the past three years the Commission has identified a series of specific, relevant and measurable market-based policy recommendations for improving value in Alaska's health care system. Agency initiatives are planned or underway that would implement a number of these recommendations, and coordination has begun between these agencies and the Commission to document implementation action plans in a Statewide Health Plan (Appendix B).

Extension of the Commission's sunset date as recommended by Legislative Audit would provide for continued coordination, accountability, evaluation, and refinement of the Statewide Health Plan. Plans for 2014 also include continued identification of policies regarding the employer's role in health care and also transparency, as well as opportunities for improving fraud and abuse prevention.

Part I. Introduction

A. Purpose of this Report

The purpose of this report is to convey the 2013 findings and recommendations of the Alaska Health Care Commission to Governor Parnell and the Alaska Legislature as required under Alaska Statute 18.09.070. This report builds on the work of the original Alaska Health Care Commission (created by Administrative Order #246) which in their 2009 Report presented a 5-year strategic planning framework as a "roadmap" for strengthening Alaska's health care delivery system. The 2009 report was described as a "living" plan meant to evolve each year as problems regarding health care quality, cost and access are studied, potential solutions are analyzed, and implemented strategies are evaluated. This latest report documents the continuation of that process.

Included in this Annual Report for 2013, are:

- Part I: An introduction including background on the Commission; a summary of the Commission's 2013 activities; the Commission's strategic planning framework and vision; a listing of the areas of study regarding the current health care system addressed by the Commission; and a summary of the Core Strategies the Commission has identified as essential for improving value in Alaska's health care system.
- Part II: The Commission's 2013 recommendations for transformation of Alaska's health care system, and related findings.
- Part III: Next steps for implementation of Commission recommendations, and the Commission's plans for continued study of health care system challenges and potential transformation strategies during 2014.
- Appendices: A consolidated copy of all Commission core strategy and policy recommendations made to-date; the Statewide Health Plan template currently in use for compiling State agency initiatives that implement Commission recommendations; inventories of Alaska health reports, plans and planning groups; a consultant report assessing the business case for an All-Payer Claims Database in Alaska; an overview and update on the implementation of the Affordable Care Act in Alaska; and the Commission's 2013 Voting Record, Financial Disclosure Forms, and Ethics Reports.

B. Background on the Commission

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. Members are appointed by the Governor, and represent stakeholder groups specified in statute. The Commission originally convened during 2009 under Governor's Administrative Order #246.

Duties of the Commission prescribed by AS 18.09.070:

I. Serve as the state health planning and coordinating body;
II. Provide recommendations for and foster the development of a:
    1. Comprehensive statewide health care policy;
    2. Strategy for improving the health of Alaskans that
        i. Encourages personal responsibility for disease prevention, healthy living and acquisition of health insurance;
        ii. Reduces health care costs;

iii. Eliminates known health risks, including unsafe water and wastewater systems;
iv. Develops a sustainable health care workforce;
v. Improves access to quality health care; and,
vi. Increases the number of insurance options for health care services.

III. Submit a report to the Governor and the Legislature by January 15 of each year regarding the Commission's recommendations and activities.

Commission members are appointed by the Governor, with the exception of the two legislative representatives who are appointed by their respective bodies. Short biographies for each of the Commission members are provided on the Commission's web site. 2013 Commission members were:

- **Ward Hurlburt, MD, MPH:** Designated Chair; Chief Medical Officer for the Alaska Department of Health & Social Services; Anchorage.
- **Patrick Branco:** Representing the Alaska State Hospital & Nursing Home Association; Chief Executive Officer of Ketchikan General Hospital; Ketchikan. *Resigned July 2013; Seat Vacant.*
- **Keith Campbell:** Representing consumers; retired hospital administrator and former AARP Chair; Seward.
- **Valerie Davidson:** Representing Alaska tribal health care providers; Senior Director of Legal and Inter-Governmental Affairs for the Alaska Native Tribal Health Consortium; Anchorage.
- **Jeffrey Davis:** Representing Alaska's health insurance industry; President of Premera Blue Cross Blue Shield of Alaska; Anchorage.
- **Emily Ennis:** Representing the Alaska Mental Health Trust Authority; Executive Director of Fairbanks Resource Agency; Fairbanks.
- **Col. Thomas Harrell, MD:** Representing the U.S. Department of Veterans Affairs health care system; Commander of the Air Force/Veterans' Affairs Joint Venture Hospital at Elmendorf; Anchorage.
- **David Morgan:** Representing community health centers; Reimbursement Director for the Southcentral Foundation; Anchorage.
- **Allen Hippler:** Representing the Alaska State Chamber of Commerce; Chief Financial Officer for Faulkner Walsh Constructors; Anchorage.
- **Lawrence Stinson, MD:** Representing Alaska health care providers; anesthesiologist and co-owner of Advanced Pain Centers of Alaska; Anchorage.
- **Robert Urata, MD:** Representing primary care physicians; family medicine physician; Juneau.

Ex-Officio (non-voting members)

- **Jim Puckett:** Representing the Governor's Office; Director, Division of Retirement & Benefits, Department of Administration; Juneau.
- **Representative Wes Keller:** Representing the Alaska House of Representatives; Wasilla.
- **Senator John Coghill:** Representing the Alaska Senate; North Pole.

Since its inception the Commission has 1) created a strategic framework for health system improvement 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; and 4) created a template for a statewide health plan based on the recommendations of the Commission, and are currently facilitating development of that plan.

The Commission will sunset on June 30, 2014 unless legislation to extend the sunset date is enacted. The Division of Legislative Audit conducted a Sunset Audit of the Commission this year, finding that the Commission is fulfilling its intended purpose and operating in the public's interest, and recommending the termination date be extended three years to June 30, 2017 to provide adequate time to coordinate with the Department of Health & Social Services on the development of a statewide health plan.

C. Summary of 2013 Activities

Meetings: During 2013 the Commission held five face-to-face meetings, all in Anchorage: March 7-8; June 20-21; August 21-22; October 10-11; and December 6. All of these meetings were open to the public, and teleconferenced for members of the public unable to attend in person but interested in listening or providing testimony. Transcripts, presentations, handouts and agendas from each of these meetings are available on the Commission's website.

The general format of each of the four quarterly two-day meetings included presentations by experts on the various topics studied, panels of Alaskan health care stakeholders on their perspectives regarding the relevant issues, and work sessions for the Commission to identify and discuss potential findings and recommendations. Time was also provided for public testimony during each of these meetings. Formal Commission decisions are documented in the 2013 Voting Record included in Appendix G.

The Commission's 2013 findings and recommendations were released in draft for written comment during November, and the Commission reviewed public comments, made final changes, and approved the findings and recommendations for inclusion in the annual report at their December meeting.

Evidence-Based Medicine Workshop: On August 21 the Commission hosted a learning session on critical appraisal of medical literature, inviting members of the hospital and physician community and other health care stakeholders to a day-long workshop titled *"Empowering Patients, Providers and Payers to Improve Quality and Safety in Health Care"*. The joint learning session and subsequent discussion informed the Commission's new policy recommendations for implementing evidence-based medicine principles in State programs responsible for purchasing medical services.

Coordination & Statewide Health Plan Development:
Department of Health & Social Services Commissioner William Streur hosted a half-day meeting on September 9 with approximately 30 health care system stakeholders and members of the Commission to invite input in a facilitated group discussion on the Commission's recommendations and plans for the future. Information from that meeting is available on the Commission's website, and was considered by the Commission at their October meeting.

Commission staff participated in numerous meetings of the Commonwealth North Health Care Study Group throughout the year to learn more about employee health benefit issues and concerns from the employer community. The Commission also collaborated with Commonwealth North to host a luncheon forum speaker from a Tennessee business coalition on health who shared their experiences with employer–health care sector collaboration. Most recently the Commission Chair and staff have been invited to share information and recommendations for employers with the Alaska HR Leadership Network, a coalition of HR Directors from large Alaska-based companies in the energy, finance, telecommunications, construction, and engineering sectors that convened this year to address concerns regarding employee health benefit issues.

The Commission Chair and staff met frequently throughout the year with leaders from the Department of Health & Social Services, Department of Administration, Division of Insurance/Department of Commerce, Community & Economic Development, and Division of Workers' Compensation/Department of Labor & Workforce Development to consult on topics related to Commission policy recommendations, and to begin documenting agency initiatives that implement recommendations of

the Commission. The template for the Statewide Health Plan was designed this year and is being used to facilitate and compile information from the planning discussions. That template including the current list of agency initiatives is included in Appendix B. The first edition of the Statewide Health Plan is scheduled to be completed by July 2014.

Sunset Audit: Commission staff spent considerable time between January and April of this year responding to requests from the Division of Legislative Audit during their fieldwork on the operations of the Commission for the sunset audit required by AS 44.66.050. The auditors completed their report in May, concluding the Commission is fulfilling its intended purpose and serving in the public's interest, and recommending the sunset date be extended by three years to June 30, 2017 to allow time for coordination with the Department of Health & Social Services on the statewide plan to implement the recommendations of the Commission.

Consultant Contracts: The Commission contracted with Freedman HealthCare through a competitive bid process to conduct a study of the business use case for an All-Payer Claims Database for Alaska during 2012, and the final report from that study was completed in February of this year (included in Appendix E). The Commission contracted with the Delfini Group, a consulting firm that specializes in training health care providers and payers on critical appraisal of medical literature to conduct the evidence-based medicine workshop in August. Materials, presentations and transcripts from that workshop are available on the Commission's website. The Commission also contracted with the Institute for Social & Economic Research at UAA and the Department of Labor & Workforce Development on a collaborative initiative to study employer health benefit practices in Alaska. That study is scheduled to be completed by June 2014.

Communication: The Commission maintained a website for posting meeting information, reports, and reference materials related to their priority focus areas. The listserv established to communicate with system stakeholders and members of the public interested in receiving periodic updates was also enhanced, and by the end of 2013 there were over 1,100 subscribers. The Commission also maintained an inventory of boards, committees, coalitions, and other organizations in Alaska involved in health planning in some way, as well as a list of published statewide health reports and plans (included in Appendices B and C).

The Commission Chair and staff made several presentations to legislative committees this year on the work and recommendations of the Commission, including:

- House Finance DHSS Subcommittee on February 20, June 17, and December 2.
- House Health & Social Services Committee on February 28

In addition two legislative committees requested special presentations by Commission staff on the Affordable Care Act:

- House Health & Social Services Committee on March 14
- Administrative Regulation Review Committee on June 25

Administration: The Commission's by-laws were amended this year to comply with recommendations from legislative auditors. A copy of the current by-laws and also the Commission's ethics handbook are available on the Commission's website. Copies of members' 2013 Financial Disclosure forms and the Commission's 2013 quarterly Ethics Reports are included in Appendix G.

D. Strategic Planning Framework

The Commission's planning framework started with identification of a vision — a picture of the ideal future for Alaska related to health and health care. Work continues with effort devoted each year to studying the current condition of the health care system, and to identifying strategies and recommending policies for moving the system from the current state toward the envisioned future.

The Commission defines health and health care broadly (definitions are available on the Commission's web site). Work has focused primarily on strategies for increasing value in acute medical care as it represents the largest component of health care spending, and is the one area of Alaska's health system that does not already have an existing planning or advisory body in place.

E. Vision for Transformation of Alaska's Health Care System

The Commission's vision is aspirational, imagining a future in which Alaskans are the healthiest people in the United States and Alaska's health care system delivers the greatest value — the highest quality at the most affordable price.

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 (Alaska currently ranks 29th)*
2. *The highest percentage population with access to primary care (Alaska currently ranks 27th)*
3. *The lowest per capita health care spending level (Alaska currently ranks 49th)*

F. Understanding Alaska's Current Health Care System

Following are the topics and issues the Commission has studied over the past three years to develop a better understanding of Alaska's health care system as a foundation for developing strategies for attaining the vision. Information on these topics is available on the Commission's website as indicated.

Alaska's Health Care System
http://dhss.alaska.gov/ahcc/Pages/Reports/2009commissionreport.aspx
- Description of Alaska's health care system structure and financing
- Discussion of health care system challenges

Health Care Costs
http://dhss.alaska.gov/ahcc/Pages/focus/healthcarecosts.aspx
http://dhss.alaska.gov/ahcc/Pages/focus/insurance.aspx
http://dhss.alaska.gov/ahcc/Pages/focus/finance.aspx
- Economic analysis of health care spending and cost drivers in Alaska
- Actuarial analysis of physician, hospital, durable medical equipment, and prescription drug prices comparing reimbursement levels in Alaska to other states and between payers
- Drivers of health care reimbursement differences between Alaska and other states
- Health insurance cost drivers
- Health care accounting and finance

Federal Reform
http://dhss.alaska.gov/ahcc/Pages/Reports/2010commissionreport.aspx
http://dhss.alaska.gov/ahcc/Pages/nhcr/default.aspx
- Overview of the Affordable Care Act
- Impact of the Affordable Care Act in Alaska

Government Regulation of the Health Care Industry
http://dhss.alaska.gov/ahcc/Documents/2012Report1-15-13FINAL.pdf
http://dhss.alaska.gov/ahcc/Pages/focus/malpracticereform.aspx
- Government health care regulation overview
- Impact of medical malpractice reforms in Alaska

Other health services
- Long term care services http://dhss.alaska.gov/ahcc/Pages/focus/longterm.aspx
- Behavioral health services http://dhss.alaska.gov/ahcc/Pages/focus/behavioral.aspx
- Oral health and dental services http://dhss.alaska.gov/ahcc/Pages/focus/dentalservices.aspx
- Population-based prevention http://dhss.alaska.gov/ahcc/Pages/focus/populationbased.aspx

G. Alaska Health Care System Transformation Strategies

Following are the core strategies the Commission has identified as essential for improving value in Alaska's health care system. A compilation of the policy recommendations made to-date associated with these strategies is available in Appendix A.

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**
Design new payment structures that 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 and engage 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**
Ensure there is an appropriate supply and distribution of health care workers. Create the information infrastructure required for maintaining and sharing electronic health information and for conducting health care analytics to support improved clinical decisions, personal health choices, and public health.

Part II. 2013 Commission Findings & Recommendations

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

Findings

A. Waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending.[1]

B. The application of high grade evidence in clinical decision-making can increase the effectiveness of medical treatment, improve the quality of health care, and reduce wasteful health care spending.[1]

C. Key definitions for understanding the application of evidence in medical decisions include:
- **Evidence-based medicine:** The use of the scientific method and application of valid and useful science to inform health care provision, practice, evaluation and decisions.
- **Critical appraisal**: Scientific evaluation of evidence for validity through review for clinical usefulness and for systematic errors resulting from selection bias, information bias and/or confounding.
- **High grade evidence**: Medical evidence determined through critical appraisal to be of high quality and clinically useful.

D. Public and private health care sectors have demonstrated an increasing interest in applying evidence-based medicine to policy and practice in response to high and rising costs and variations in quality of health care. Examples of federal, State, and private medical community initiatives include:

- The **Choosing Wisely Campaign**, which is an initiative of the ABIM Foundation to help physicians and patients engage in conversations to reduce overuse of tests and procedures, and support physician efforts to help patients make smart and effective care choices. Over 25 medical specialty associations have partnered with ABIM to identify tests and treatments that are overused or not effective. http://www.choosingwisely.org/
  - Consumer Reports has partnered with Choosing Wisely to convert the clinical information into patient education materials. www.ConsumerHealthChoices.org
  - The National Business Coalition on Health partnered with Choosing Wisely to develop the Choosing Wisely Employer Toolkit. http://www.nbch.org/choosing-wisely-emplover-toolkit

- The **Effective Health Care Program** in the U.S. Agency for Healthcare Research & Quality, which produces effectiveness and comparative effectiveness research for clinicians, consumers and policy makers. This program produces a variety of tools and resources for patients and clinicians, including patient decision aids, research summaries for patients and for clinicians, and continuing medical education modules for clinicians. http://www.effectivehealthcare.ahrq.gov/

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

- The **Center for Evidence-based Policy** based in the Oregon Health & Science University. Current Center initiatives include the Drug Effectiveness Review Project, which supports the application of high grade evidence on effectiveness and safety of drugs to public policy and decision making; and the Medicaid Evidence-based Decisions Project, which makes high grade evidence available to participating State Medicaid Programs to support benefit design and coverage decisions. http://www.ohsu.edu/xd/research/centers-institutes/evidence-based-policy-center/

- **Washington State's Technology Assessment Program**, which determines if medical treatments and services purchased with state health care dollars are safe and effective. The goals of this program are to make:
    - Health care safer by relying on scientific evidence and a committee of practicing clinicians;
    - Coverage decisions of state agencies more consistent;
    - State purchased health care more cost effective by paying for medical tools and procedures that are proven to work; and,
    - Coverage decision process more open and inclusive by sharing information, holding public meetings, and publishing decision criteria and outcomes.
    - http://www.hca.wa.gov/hta/Pages/index.aspx

E. Involvement of health care providers and patients in decision-making is essential to the successful application of evidence-based medicine to clinical practice and public and private payer policies.

F. Existing mechanisms to assess patient compliance with evidence-based medical recommendations are limited.

G. Assessing the outcomes of health care interventions is challenging due to limitations on collecting and sharing data among patients, clinicians, payers, and government agencies.

Recommendations

1. The Commission recommends that Commissioners of State agencies responsible for purchase of medical services (Health & Social Services, Administration, Labor & Workforce Development, and Corrections) and the President of the State University System:

    a. Incorporate high grade evidence-based medicine when making determinations relative to provider payment methods and health plan benefit design (such as covered services, prior authorization requirements, and patient cost-sharing differentials); and in so doing:

        - Coordinate development and application of evidence-based medicine policies across programs and departments to create a consistent approach supporting improved quality and efficiency in Alaska's health care system.

        - Support a transparent policy development process.

        - Develop policies that do not restrict access to appropriate treatment, but foster informed discussions between patients and clinicians to support individualized, evidence-based choices to improve the quality of health care.

        - Ensure prior authorization processes are efficient, prompt, and user-friendly for providers and patients.

    b. Provide learning and skill development opportunities in critical appraisal concepts and techniques for all staff involved in analysis, consultation, or decision-making related to payment for medical services.

    c. Involve health care providers and consumers in training opportunities and decision-making applying evidence-based medicine in public policy.

    d. Provide patient decision-support tools to assist State health insurance plan members and public program clients to make effective care choices in consultation with their clinicians.

    e. Promote provider-patient relationships through payment structures and benefit designs that support providers in monitoring patient compliance, and support patients to comply with best practices for managing chronic conditions such as asthma, diabetes, hypertension, and hyperlipidemia.

2. The Commission recommends the University of Alaska President incorporate evidence-based medicine and critical appraisal principles in clinical and health service administration academic curricula.

B. Engage employers to improve health plans and employee wellness.

Findings

A. Employers play an important role in the health of their employees, and in the value — the cost, quality and outcomes — of health care services purchased through employee health plans.

B. CEOs who take control of health care like any other supply chain issue and adopt health and health care improvement as a business strategy are improving employee wellness and productivity, containing health care cost growth and improving health care quality for their companies.

C. Essential elements of employee health management programs that demonstrate success in driving down health care costs and improving quality and employee health outcomes include:

- **Evidence-Based Medicine.** The application of high-grade medical evidence in clinical decision-making can increase the effectiveness of medical treatment, improve quality of care, and reduce wasteful health care spending.[1] Employers can apply evidence-based medicine through provider payment methodologies and health plan benefit design including covered services, pre-certification processes, and patient co-sharing differentials.

- **Price Sensitivity.** Traditional health plans with low deductible and co-payment requirements insulate the plan member/patient from experiencing the direct cost of a service; providing little incentive for the covered patient to engage as an informed consumer and as a partner with their health care provider in addressing questions regarding the need, efficacy and price for a service. Consumer-driven health plans that include employer-supported Health Savings or Health Reimbursement Accounts, off-set by higher deductibles and co-insurance, engage members to shop for price, service and quality, and demonstrate cost savings.

- **Price & Quality Transparency.** Employees/plan members must have easy access to information on the prices charged for health services, the amount their health plan will reimburse, and the quality of services available in order to be informed and engaged health care consumers.

- **Pro-active Primary Care Emphasis.** Primary care must be easily accessible to employees in terms of physical location and convenience, and also in terms of low or no co-insurance costs. Preventive services, easy access care for acute illness and minor injuries, and pro-active support for management of chronic conditions avoids more costly care that might otherwise require a higher level of care and also higher costs associated with later treatment of conditions that might worsen with time.

- **Support for Healthy Lifestyles.** Employers' policies and working conditions can be designed to support an employee's ability to make healthy choices, and can also provide employees with incentives to improve and maintain their personal health.

D. **Employer-led health coalitions in other states are actively engaged in leading health and health care improvement initiatives in their communities.** The National Business Coalition on Health includes 52 state, regional and community coalitions of public and private sector employers from across the U.S involved in initiatives to empower consumers and improve value and health.[2]
   - Large employer partnerships and union trust partnerships present opportunities for aligning interests and strategies aimed at improving employee health and value in health purchasing.
   - Employer coalitions can partner with health care providers in their regions and communities to collaborate on health and health care improvement initiatives.
   - All-Payer Claims Databases provide a potential data source for employer coalitions to study information about utilization, quality, preventive services, and pricing.

E. **Market forces affecting pricing for health care services are influenced by the size and structure of Alaska's health care market.** Lack of health care provider competition, and fragmentation and small populations among employer groups, enhance provider leverage to set prices and limits employers' purchasing power to negotiate health care prices in Alaska.
   - Partnerships among large employers and/or among union health trusts can enable opportunities for aligning interests and strategies aimed at improving employee health and improving value in health care purchasing.
   - Aggregation of enough covered lives sufficient to leverage purchasing power for price negotiation purposes would be a challenge in Alaska. Additionally, combining public insurance program plan membership could potentially negatively impact prices for private payers if private employers are not included in the aggregation strategy.
   - Aggregation of covered lives presents an opportunity for implementing other important strategies for improving value.
   - Private insurers provide scale through aggregation of their plan members and are able to leverage implementation of value improvement strategies.
   - The State of Alaska, Department of Administration, has 62,000 covered lives in the AlaskaCare retiree health plan. This population consists of 16,000 under 65 retirees, 22,000 Medicare and 24,000 dependents. The non-diminishment clause of the Alaska State Constitution and subsequent decisions of the Alaska Supreme Court limit changes to the retiree health plan. Four billion dollars of the retirement systems' unfunded liability is attributed to retiree health care costs. Due to this unfunded liability any changes that add to retiree health plan expense must be balanced with cost-saving measures.

F. **Market forces affecting pricing for health care services are impacted by state laws and regulations in Alaska.** There are state laws and regulations in place that influence the market in such a way as to drive prices higher for the consumer.[3]
   - Lower physician discounts in Alaska can be at least partly explained by the relative lack of competition among providers, particularly for specialty care. In many areas, including Anchorage, there are a limited number of providers in any given specialty (sometimes only one provider group). As a result, physicians can largely dictate the fees they are paid by commercial payers.

[2] National Business Coalition on Health: http://www.nbch.org/
[3] "Drivers of Health Care Costs in Alaska and Comparison States." Milliman, Inc., November 29, 2011.

- Relative provider leverage may be further exacerbated by Alaska's regulation requiring usual and customary charge payment to be at least equal to the 80th percentile of charges by geographic area. Since many providers have over 20% of their market share, this implies that those providers can ensure that their charges are below the 80th percentile and therefore, receive payment for their full billed charges.[4]
- A separate state law requires payers to reimburse non-contracted providers directly instead of through the patient, removing incentives typically used by payers to encourage providers to join their networks.[5]

G. **The Affordable Care Act "Cadillac Tax" on high-priced insurance plans, while not in effect until 2018, is beginning to impact employers' decisions and union negotiations regarding employee health benefits.** This new tax will impose a 40% excise tax on the portion of health plan premiums that exceed $10,200 annually for individual plans and $27,500 for family plans. The Anchorage School District reports that this impending tax was a factor in recent negotiations with district employees' unions regarding benefit packages.[6]

H. **Workers' compensation costs in Alaska are the highest in the nation, primarily due to high medical benefit costs.** The number of occupational injuries in Alaska has declined by 4-5% per year over the past 15 years, most recently decreasing 7% between 2011 and 2012; however, Alaska's worker's compensation premiums have been increasing and were the highest in the U.S. in 2012.[7]
   - Alaska's workers' compensation premiums ranked 28th highest in the U.S. in 2000 and had increased to second highest in the nation by 2004. Since 2004 Alaska has ranked either first or second every year for the highest workers' compensation premium cost in the U.S.
   - At 76% of total claim costs, the proportion of medical claims costs is substantially higher in Alaska than the national average of 59%. Alaska's average medical claim cost is $48,200 per case compared to the national average of $28,000.
   - Alaska's allowable workers' compensation medical fees are the highest in the nation, according to a 2012 survey of workers' compensation medical fee schedules conducted by the Workers' Compensation Research Institute.
   - Alaska's workers' compensation medical fee schedule demonstrates an inefficient allocation of resources. The current fee schedule based on usual and customary billed charges is inherently inflationary and interferes with market function that might otherwise contain cost growth.
   - Prescription drug costs comprised 19% of total workers' compensation medical claims costs in Alaska in 2011. A 2011 National Council on Compensation Insurance report on Alaska's workers' compensation program identified over-prescription of opioid narcotics and drug repackaging by physicians as the primary cost drivers of pharmaceutical costs.
   - Application of medical treatment guidelines has demonstrated improved patient outcomes and cost reduction in other state workers' compensation programs that have adopted this practice.

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[4] Alaska Administrative Code: 3 AAC 26.110

[5] Alaska Statute: AS 21.54.020

[6] Testimony by Anchorage School District Budget Director, Mark Foster, to Commission. October 10, 2013

[7] "Alaska Division of Workers' Compensation 2012 Annual Report," Department of Labor & Workforce Development; National Council on Compensation Insurance 2012 Alaska State Advisory Forum; "2012 Workers' Compensation Premium Rate Ranking Summary," Oregon Department of Consumer and Business Services, October 2012.

I. **Dispensing of repackaged prescription medications by prescribing clinicians can result in significantly increased consumer costs and may negatively impact patient safety and quality of care.** Prescribing clinicians who buy and dispense prescription medications from drug repackaging firms, or who themselves repackage and dispense drugs and bill for reimbursement as an ancillary cost rather than under the original National Drug Code (NDC), may significantly inflate charges. While such practice may increase patient convenience and compliance, it also limits patient choice and often significantly increases price. It may also increase risk of duplicate or harmful drug interactions for patients with multiple clinicians. In addition, such practice is not subject to State pharmacy practice standards that govern record keeping, labeling, and security of dispensed pharmaceuticals.

J. **Abuse of prescription opioid narcotics is a critical personal, employer and public health concern.** Drug overdose deaths now exceed motor vehicle deaths nationally and more Americans die from prescription drug related deaths than from heroin and cocaine combined.[8] Alaska ranked 5th in the nation in 2008 for deaths due to prescription drug overdose (18.1 deaths/100,000 people; age-adjusted).[9]
   - Drug overdose death rates in the U.S. have more than tripled since 1990. In 2008 more than 36,000 people died from drug overdoses, and most of these deaths were caused by prescription drugs. Nearly three out of four prescription drug overdoses are caused by prescription opioid painkillers.[10]
   - The number of emergency department visits in the U.S. due to misuse and abuse of prescription painkillers nearly doubled between 2004 and 2009.[10]
   - For every one death due to prescription painkillers there are an additional 10 treatment admissions for abuse, 130 people abusing or dependent, and 825 non-medical users. More than 3 out of 4 people who misuse prescription painkillers use drugs prescribed to someone else. [10]
   - Misuse and abuse of prescription painkillers is estimated to cost the nation $53.4 billion annually in lost productivity, medical costs and criminal justice costs. [8]
   - Clinicians who know and follow evidence-based guidelines for safe and effective use of prescription painkillers are less likely to unintentionally contribute to the problem of opioid misuse and abuse.[11]
   - Clinician access to patient-specific up-to-date information at the point of care is a valuable tool for supporting appropriate prescribing practices. [11]
   - Other states, such as Washington and Oklahoma, have implemented legislative solutions that are demonstrating success at impacting the problem of prescription drug abuse.

[8] "Prescription Drug Abuse: Strategies to Stop the Epidemic," Trust for America's Health, October 2013.
[9] "Policy Impact: Prescription Drug Overdose State Rates," Centers for Disease Control & Prevention, November 2011.
[10] "Prescription Painkiller Overdoses in the US," CDC Vital Signs, US Centers for Disease Control & Prevention, November 2011.
[11] "Issue Brief: Rx Drug Abuse and Diversion," American Medical Association, 2013.

Recommendations

1. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services investigate and the Alaska 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.

    a. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and Alaska Legislature immediately proceed with caution to establish an All-Payer Claims Database and take a phased approach. As part of the process:
        - Address privacy and security concerns
        - Engage stakeholders in planning and establishing parameters
        - Establish ground rules for data governance
        - Ensure appropriate analytical support to turn data into information and support appropriate use
        - Focus on consumer decision support as a first deliverable
        - Start with commercial insurer, third-party administrator, Medicaid and Medicare data collection first, then collaborate with other federal payers.

2. The Alaska Health Care Commission recommends the Division of Insurance consider modifying the current usual and customary charge payment regulation to eliminate the unintended adverse pricing consequence. [4]

3. 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 and the University of Alaska system take a comprehensive approach by including all the essential elements of a successful employee health management program: Evidence-based medicine, price sensitivity, price and quality transparency, pro-active primary care, and healthy life-style support for employees.

4. The Alaska Health Care Commission recommends the Alaska Legislature enact changes in the State Workers' Compensation Act to contain medical costs in the program and improve quality of care and outcomes for injured workers, including:
    a. Implementation of evidence-based treatment guidelines;
    b. Restriction of reimbursement for repackaged pharmaceuticals;
    c. Restriction of reimbursement for opioid narcotic prescriptions exceeding a maximum appropriate dosage; and,
    d. Revision of the fee-for-service fee schedule.

5. The Alaska Health Care Commission recommends the Alaska Medical Board, Board of Nursing, Board of Dental Examiners, and Board of Pharmacy in the Department of Commerce, Community & Economic Development establish guidelines governing the practice of prescription medication dispensing by prescribing clinicians.

6. The Alaska Health Care Commission recommends the State of Alaska adopt aggressive prescription opioid control policies and programs, including:

    a. The Commission recommends the Alaska Board of Pharmacy in the Department of Commerce, Community & Economic Development and the Alaska Legislature strengthen the Alaska Prescription Drug Monitoring Program by upgrading the controlled substances prescription database to real-time and providing support for on-going operation of the database.

    b. The Commission recommends the Alaska Medical Board, Board of Nursing, and Board of Dental Examiners in the Department of Commerce, Community & Economic Development require one-time Continuing Medical Education Credits on over-prescription of opioids and how to spot potential abusers as a condition of licensure or re-licensure for clinicians with prescription authority.

    c. The Alaska Health Care Commission recommends the Alaska Medical Board, Board of Nursing, Board of Dental Examiners, and Board of Pharmacy in the Department of Commerce, Community & Economic Development work together to identify and adopt guidelines regarding appropriate dosage for prescription of opioid narcotics.

    d. The Commission recommends the Commissioners of State agencies responsible for purchase of medical services (Health & Social Services, Administration, Labor & Workforce Development, and Corrections) and the President of the State University System track adoption of opioid control regulations by Alaska's professional licensing boards for prescribing clinicians, and collaborate to adopt common payment practices for reimbursement for opioid narcotics should the professional boards decide against regulation of their professions.

C. Increase price and quality transparency; Strengthen the health information infrastructure

Findings

A. There currently is insufficient data and information to support consumerism in Alaska's health care market. Empowering consumers and health care providers with access to information on the cost and quality of care is an important strategy for improving value in Alaska's health care system.

B. Some patients lack incentives to seek value in their health care decisions. Normal supply-and-demand price mechanisms do not always work when consumers are insulated from the cost of a good or service, which is one effect of the third-party payer health insurance system. Consumers who share directly in the out-of-pocket cost of their health care purchases are more likely to make decisions based on value (price and quality).

C. State government and other payers require high quality health data sources and health analytics capacity to provide the information needed to guide payment reform and health care delivery improvement policies.

D. Alaska's Hospital Discharge Database is an important source of health care data, and is a good example of collaboration between a health care provider group and the State to make health care data more transparent. However, this data set is currently incomplete due to lack of full participation by all of Alaska's hospitals. It is also insufficient for supporting full cost and quality transparency in that it represents care provided only by acute care hospitals and does not include other facilities such as ambulatory surgery centers or other provider types.

E. A number of states have implemented or are in the process of planning All-Payer Claims Databases (APCDs) to complement data from their Hospital Discharge Data and Medicaid Management Information Systems.[12] APCDs:

- Are large-scale databases that systematically collect and aggregate medical, dental and pharmacy claims data from payers such as commercial insurers, third-party administrators, Medicaid and Medicare.
- Have multiple potential uses, including:[13]
  - Price and quality transparency for the public
  - Utilization and cost analyses for policy makers, employers and other payers
  - Clinical quality improvement initiatives by and for providers
  - Understanding population health trends for public health purposes
- Offer valuable sources of information about outpatient services and health care payments for those states that have implemented them.
- Minimize the burden on health care providers as the aggregated data from payers is an efficient alternative to collecting data directly from individual providers.
- Would provide a tool for supporting multiple Core Strategies recommended by the Commission, including transparency, payment reform, prevention, and the health information infrastructure.

[12] All Payer Claims Database Council: http://www.apcdcouncil.org/

[13] APCD Showcase Website, providing examples and case studies of State APCD uses: http://www.apcdshowcase.org/

Recommendations

1. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services mandate participation in the Hospital Discharge Database for the purpose of providing data that will lead to health care policy decisions that will improve the health of Alaskans, and to encourage federal facility participation in that database.

2. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and the Alaska Legislature immediately proceed with caution to establish an All-Payer Claims Database and take a phased approach. As part of the process:
   - Address privacy and security concerns
   - Engage stakeholders in planning and establishing parameters
   - Establish ground rules for data governance
   - Ensure appropriate analytical support to turn data into information and support appropriate use
   - Focus on consumer decision support as a first deliverable
   - Start with commercial insurer, third-party administrator, Medicaid and Medicare data collection first, then collaborate with other federal payers.

Part III. Next Steps

A. Implementation of Commission Recommendations

The Commission has designed a comprehensive body of specific, relevant and measurable market-based policy recommendations for improving value in Alaska's health care system. Some agency initiatives that implement these recommendations are already planned or underway. Coordination between relevant State agencies and the Commission began this year to document implementation action plans in the Statewide Health Plan template (included in Appendix B). If the Commission's sunset date is extended it will provide a venue for continued coordination of health planning and implementation, accountability for tracking and evaluating implementation activities, and continued analysis of strategies required for improving health care cost, quality and access, and the health of all Alaskans.

State Agency Action Required

Examples of agency actions that would implement Commission policy recommendations include:

- Modification of the Alaska Division of Insurance payment regulation (3 AAC 26.110) that creates market imbalance in the health care sector.
- Require health care facilities participate in the Hospital Discharge Database as a condition of Medicaid participation.
- Incorporate evidence-based medicine principles in purchasing decisions through coverage and authorization changes in employee health plans and Medicaid.
- Create consumer-driven health plan options in State employee health plans.
- Implement health plan purchasing preferences in employee health plans and Medicaid for generic pharmaceuticals and control of opioids.
- Request clinician licensing boards implement or strengthen guidelines regarding opioid prescribing practices and repackaging and dispensing of pharmaceuticals.
- Redesign payment models for health care reimbursement to strengthen primary care, and to shift from fee-for-service reimbursement towards outcome and performance-based payment models.
- Collaborate with community partners to improve Alaskans' health through the Healthy Alaskans 2020 initiative.
- Drive health care delivery system improvement through Medicaid and employee health programs:
    - Strengthen care coordination and complex case management services
    - Develop and support Patient-Centered Medical Homes
    - Integrate primary care and behavioral health services

Legislative Action Required

Examples of legislative action required to implement Commission policy recommendations include:

- Establish an All-Payer Claims Database in the Department of Health & Social Services to provide information on cost and utilization of health care services in Alaska
- Consider legislation to require health care providers to make information on price and quality of their services more readily available to the public.
- Reform the Alaska Workers' Compensation Act to modernize the medical fee schedule and make more efficient use of medical resources through evidence-based treatment guidelines and restrictions on reimbursement for opioid narcotics and repackaged pharmaceuticals.
- Support an upgrade to real-time and on-going operation of the controlled substances database.
- Increase dignity and quality of care for seriously and terminally ill patients:
    - Evolve Comfort One legislation to include Physician Orders for Life Sustaining Treatment
    - Establish an electronic registry for advance directives
- Appropriate funds for population-based prevention to reduce obesity and increase immunization rates
- Extend the Health Care Commission's sunset date as recommended by Legislative Audit.

B. Commission Plans for 2014

I. **Continue Analysis of Strategies for Improving Health Care Value**
   - **Employer's Role in Health & Health Care — Employee Health Benefit/Plan Design & Worksite Wellness:** Complete study by the Institute for Social & Economic Research and the Department of Labor on employer health offerings in Alaska. Continue engagement with the business community and public employers regarding evolving business models to drive improved health, increased health care quality, and decreased health care costs. Study innovative approaches employers in Alaska and across the country are utilizing to create cultures of wellness and promote the health and safety of their employees.
   - **Price & Quality Transparency:** Evaluate transparency legislation enacted in other states and consider possible recommendations for making information more publicly available for patients.
   - **Fraud & Abuse Prevention:** Study current programs for fraud and abuse detection, investigation and prosecution in Alaska's Medicaid program, Medicare, and the private insurance industry, and identify areas for potential improvement.
   - **Track Developments in Alaska Related to Previous Recommendations:**
     - Evidence-Based Medicine
     - Price & Quality Transparency
     - Value-Based Purchasing (Payment Reform)
     - Employer's Role in Health & Health Care
     - Patient-Centric Primary Care
     - End-of-Life Care
     - Prevention

II. **Continue Study of Current Conditions in Alaska's Health Care System**
   - **Behavioral health services**
   - **Health insurance coverage and access**
   - **Quality and safety of medical services**
   - **Rural sanitation**
   - **Alaska's military and veterans' health care system**
   - **Medevac transportation**
   - **Pharmacy benefit management**
   - **Track:**
     - Implementation of the Affordable Care Act
     - Implementation of Healthy Alaskans 2020
     - Status of statewide long term care planning

III. **Develop the Alaska Statewide Health Plan**
   - Continue to collaborate with the Alaska Department of Health & Social Services and other State agencies on challenges and strategies for improving health care value.
   - Identify and document action steps State agencies have planned and underway to implement the Commission's recommended core strategies and policy recommendations, including responsible parties and implementation timelines.

Appendix A

Transforming Health Care in Alaska: Core Strategies & Policy Recommendations

Compilation of Alaska Health Care Commission Recommendations made to-date

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix B

Transforming Health Care in Alaska: Agency Plans to Implement Recommendations of the Alaska Health Care Commission

December 2013 Draft

Template in use for coordinating with State agency leaders to compile information on initiatives aligned with the recommendations of the Commission

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix C

Inventory of Alaska Health Reports & Plans

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix D

Inventory of Alaska Health Planning Groups

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix E

Alaska All Payer Claims Database Study

Freedman HealthCare, LLC

February 14, 2013

Study conducted under contract for the Commission during 2012 and 2013

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix F

Affordable Care Act Overview & Update

December 2013

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx

Appendix G

2013 Voting Record

2013 Financial Disclosure Forms

2013 Ethics Reports

Available on the Commission's 2013 Report webpage at:
http://dhss.alaska.gov/ahcc/Pages/Reports/2013commissionreport.aspx