

HB

234

<TARGET><BILL>HB 234</BILL><SUBJECT>HB
234</SUBJECT><COMM>HHSS30</COMM></TARGET>

Session:
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Alaska House of Representatives
David Guttenberg



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HB 234: An Act extending the termination date of the Alaska Health Care Commission; and providing for an effective date

30-LS0370\A

SPONSOR STATEMENT

The Alaska Health Care Commission was first established by Governor Palin on December 4, 2008 under Administrative Order #246. In 2010, the legislature passed SB172, establishing the Alaska Health Care Commission in Statute. The legislature's intent was that the Commission would be a permanent instrument to address the need for health care reform in our state. The Commission worked to identify opportunities, as well as a broad set of strategies, to improve the quality, accessibility and availability of health care for all citizens of the State. These strategies and recommendations can be found in the Commission's reports that were issued annually from 2009-2014.

In 2015 the Commission was defunded. Alaska's need for health care reform remains one of the most critical challenges we face. At \$10 billion in total spending annually—25% of which is administered by the state government—health care is one of Alaska's largest consumer product industries. When this enormous scale is considered in conjunction with the fact that that the state government is the largest single payer for those services, there is a clear need for an instrument that identifies the costs and benefits of the health care system, and identifies strategies for ensuring sustainability therein. Extending the Alaska Health Care Commission will give the state a tool to address this crucial priority.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: HB 234
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB234-DHSS-COM-04-21-17
Title: EXTEND ALASKA HEALTH CARE COMMISSION
Sponsor: GUTTENBERG
Requester: House HSS

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)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) 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? na

Why this fiscal note differs from previous version:

Not applicable; initial version.

Prepared By: Deborah Erickson	Phone: (907)334-2474
Division: Departmental Support Services	Date: 04/20/2017 04:30 PM
Approved By: Shawnda O'Brien, Asst. Commissioner	Date: 04/21/17
Agency: Health and Social Services	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. HB234

Analysis

HB 234 extends the Alaska Health Care Commission's (AS 18.09.010) sunset date by six years, from June 30, 2017 to June 30, 2023.

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. The Commission met through FY2015 and then was defunded in the first round of budget cuts, following the decline in oil revenues. While it was active, the Commission's approach was to study current conditions of Alaska's health care market, and design strategies and recommend state policies to improve value in health care spending. The Commission prepared an annual report for the legislature and Governor that included the studies, findings and recommendations from that year for each of the years it was active.

A zero fiscal note is presented with the understanding and expectation that HB 234 is intended to maintain the Health Care Commission's legislative authority, while maintaining its inactive status until a future date at which the legislature or Governor deems it necessary to fund and reactivate the body.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
Health and Social Services**

OFFICE OF THE COMMISSIONER

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April 24, 2017

The Honorable David Guttenberg
Alaska State House of Representatives
State Capitol, Room 501
Juneau, AK 99801

Dear Representative Guttenberg:

Thank you for your efforts to improve health care in Alaska. The Alaska Health Care Commission, established in FY 2011, contributed to knowledge and understanding of our health care system during the five years it was funded and active. House Bill (HB) 234 would extend the Commission's sunset date by six years to June 30, 2023, and provide the opportunity to quickly reactivate the Commission in the event the legislature or Governor deems it necessary.

Health care access and a viable and sustainable health care system are essential to the strength of our society and our economy. Alaskans cannot work, fish, hunt, or succeed in school if they are not healthy. Access to high quality affordable health care is necessary for maintaining health through preventive services, and for treatment and healing in the event of an injury or illness.

Alaska's health care providers not only deliver high quality care, but they are also employers and important contributors to our economy. Alaska needs a viable and efficient health care sector. The threat of the repeal of the Affordable Care Act at the federal level, the current state fiscal crisis, and growing concerns over the cost of care in our state, are all placing incredible pressures on our health care providers and health care system.

There currently is no formal body actively engaged in studying and developing recommendations to improve health care in Alaska. A number of the Health Care Commission's former studies are still referenced by policy leaders, stakeholders and the media, but are quickly becoming outdated. Several of the Commission's policy recommendations have been implemented or are in the process of being implemented, but there is not a public forum to facilitate updates and further development of those policies.

HB 234 Extension of Health Care Commission
April 24, 2017
Page 2

The Department of Health & Social Services supports HB 234. This bill would provide the opportunity and ability to respond quickly if and when the needs arise to fund and reactivate the Alaska Health Care Commission to continue contributing to the knowledge base about health care in our state, and to develop strategies to improve health care for all Alaskans.

Sincerely,



Valerie Nurr'araaluk Davidson
Commissioner

cc: Darwin Peterson, Legislative Director, Office of Governor Bill Walker



Sarah Palin
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

December 04, 2008

ADMINISTRATIVE ORDER NO. 246

I, Sarah Palin, Governor of the State of Alaska, under the authority of art. III, secs. 1 and 24, of the Alaska Constitution, and in accordance with AS 44.19.145(c), establish the Alaska Health Care Commission (commission) in the Department of Health and Social Services.

PURPOSE

The purpose of the commission is 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.

DUTIES OF THE COMMISSION

The commission's duties are to:

1. serve as the state health planning and coordinating body;
2. consistent with state and federal laws, provide recommendations for and foster the development of a:
 - A. comprehensive statewide health care policy;
 - B. strategy for improving the health of Alaskans that includes
 - i. encouraging personal responsibility in prevention and healthy living for all residents of the state;
 - ii. a reduction in health care costs for all residents of the state to be below the national average;
 - iii. access in communities of the state to safe water and wastewater systems;

- iv. the development of a sustainable health care workforce in the state;
 - v. quality health care being accessible for all residents of the state; and
 - vi. increasing the number of residents of the state who are covered by health care insurance; and
3. submit a report to the Governor and the Legislature on or before January 15, 2010 regarding the commission's recommendations and activities.

MEMBERSHIP

The commission consists of seven voting members appointed by the Governor, and the voting members serve at the pleasure of the Governor.

Voting members are:

1. the chief medical officer of the Department of Health and Social Services, who shall serve as the chair of the commission;
2. a representative from the tribal health community in this state;
3. a representative from the Alaska State Chamber of Commerce;
4. a representative from the Alaska State Hospital and Nursing Home Association;
5. a health care provider, who is
 - A. actively practicing the provider's profession in this state;
 - B. licensed in this state; and
 - C. not affiliated with the Alaska State Hospital and Nursing Home Association;
6. a representative of the health insurance industry in this state; and
7. a health care consumer who is a resident of this state.

Non-voting members are:

1. an ex officio, non-voting member from the executive branch, appointed by the Governor;

2. an ex officio, non-voting member from the Alaska House of Representatives, appointed by the speaker of the house; and
3. an ex officio, non-voting member from the Alaska Senate, appointed by the president of the senate.

ADMINISTRATIVE SUPPORT

The commission shall employ an executive director, who may not be a member of the commission. The executive director serves at the pleasure of the commission. The commission shall establish the duties of the executive director.

The Department of Health and Social Services may assign employees of the Department of Health and Social Services to serve as staff to the commission. The commission shall prescribe the duties of the staff.

The commission shall, upon approval of a majority of its members and consistent with state law, adopt and amend, as necessary, bylaws governing its proceedings and all other activities.

GENERAL PROVISIONS

Commission members do not receive compensation as members of the commission. Members of the commission who are not state or federal employees are entitled to per diem and travel expenses in the same manner permitted for members of state boards and commissions. Per diem and travel expenses for members of the commission who are representatives of a state or federal agency are the responsibility of that agency.

To reduce costs, the commission may use teleconferencing and other electronic means to the extent practicable, in order to gain the widest public participation at minimum cost.

Meetings of the commission shall be conducted in accordance with AS 44.62.310 and 44.62.320 (Open Meetings of Governmental Bodies).

Records of the commission are subject to inspection and copying as public records under AS 40.25.110 - 40.25.220.

This Order takes effect immediately.

DATED at Anchorage, Alaska this 4th day of December, 2008.

/s/Sarah Palin
Governor

WWW.GOV.STATE.AK.US

[Administrative Orders 201-present](#) | [Contact the Governor](#) | [Webmaster](#) | [State of Alaska](#)

Report Highlights

Why DLA Performed This Audit

The purpose of this audit was to determine if there is a need for the commission's continued existence and whether its termination date should be extended. The commission is set to sunset on June 30, 2017, and will have one year from that date to conclude its administrative operations.

What DLA Recommends

There were no new recommendations as part of the current sunset audit.

A Sunset Review of the Department of Health and Social Services (DHSS), Alaska Health Care Commission (commission)

October 17, 2016

Audit Control Number 06-20098-17

REPORT CONCLUSIONS

Overall, the audit found the commission failed to operate in the public's interest by not developing a statewide health plan. The prior sunset audit dated May 6, 2013, concluded that, without a statewide health plan, the actions of the commission may not effectively impact health care in Alaska. The prior audit recommended the commission coordinate with DHSS on development of a plan and to clearly define roles and responsibilities of the commission. Subsequent to the audit, no significant progress was made towards development of an actionable plan. The commission has been inactive since July 2015 due to a lack of funding.

In accordance with AS 44.66.010(a)(9), the commission is scheduled to terminate on June 30, 2017. We do not recommend extending the commission's termination date.

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@akleg.gov

November 15, 2016

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 activities of the Alaska Health Care Commission and the attached report is submitted for your review.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
ALASKA HEALTH CARE COMMISSION
SUNSET REVIEW

October 17, 2016

Audit Control Number
06-20098-17

The audit was conducted as required by AS 44.66.050(c) and under the authority of AS 24.20.271(1). Per AS 44.66.010(a)(9), the commission is scheduled to terminate on June 30, 2017. We recommend the commission not be extended.

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 findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

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

Kris Curtis, CPA, CISA
Legislative Auditor

ABBREVIATIONS

AAC	Alaska Administrative Code
ACN	Audit Control Number
AO	Administrative Order
AS	Alaska Statute
CISA	Certified Information Systems Auditor
commision	Alaska Health Care Commission
CPA	Certified Public Accountant
DHSS	Department of Health and Social Services
DLA	Division of Legislative Audit
FY	Fiscal Year
SLA	Session Laws of Alaska
U.S.	United States

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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 active State-licensed primary care physician;
- One active State-licensed health care provider, not affiliated with the Alaska State Hospital and Nursing Home Association;
- One public member;
- One member who represents the tribal health community;
- One member who represents community health care centers;

Exhibit 1

Alaska Health Care Commission Members As of January 1, 2015

Dr. Jay Butler, M.D., *Chair
Chief Medical Officer*

Becky Hultberg
*Alaska State Hospital and Nursing
Home Association*

C. Keith Campbell
Public Member

Lincoln Bean
Tribal Health Community

Greg Loudon
Health Insurance Industry

Emily Ennis
Mental Health Trust Authority

Susan Yeager
*United States Department
of Veterans 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

Vacant
House of Representatives

-
-
- One member who represents the health insurance industry;
 - One member who represents the Alaska State Hospital and Nursing Association;
 - One member who represents the statewide chamber of commerce who is not financially associated with the health care industry;
 - One member who represents the Alaska Mental Health Trust Authority; and
 - One member who is involved in the U.S. Department of Veterans Affairs health care industry.

Except for the two legislative seats, all members are appointed by the governor to serve 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 January 1, 2015.

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 bylaws to conduct efficient commission operations.
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 DHSS' Office of the Commissioner, but the commission establishes their duties.

In accordance with adopted bylaws, the commission must meet at least four times annually.

Costs for commission operations for FY 13 through FY 15 are shown in Exhibit 2.

Exhibit 2

Alaska Health Care Commission Expenditures FY 13 through FY 15			
	FY 13	FY 14	FY 15
Personal Services	\$ 206,256	\$ 229,978	\$ 221,615
Travel	28,144	30,219	33,101
Services	204,773	166,721	89,853
Commodities	13,463	16,516	7,534
	<u>\$ 452,636</u>	<u>\$ 443,434</u>	<u>\$ 352,103</u>

Source: Alaska State Accounting System.

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. DHSS also provides 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, and information technology support.

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BACKGROUND INFORMATION

Administrative Order (AO) 246 first established the commission in December 2008.

The Alaska Health Care Commission's (commission) original 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 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.

The commission’s statutory purpose¹ is similar to the purpose established in AO 246. However, the current commission has more specific requirements regarding the statewide health plan.² 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; and
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.

¹Alaska Statute 18.09.010.

²Alaska Statute 18.09.070.

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. The commission also established general priorities which later 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; and
- Identify strategies to transform the health care delivery system to be more efficient, effective, and accessible.

The framework is summarized in the commission's 2014 document, *Transforming Health Care in Alaska*. 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 expected the vision to be achieved through consumer-focused innovations in patient-centric health care and support for healthy lifestyles. To that end, the commission identified eight core strategies and 76 recommendations³ addressing four overarching priorities:

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.

³The commission had issued 31 recommendations while operating under AO 246 and 45 recommendations as of January 2015 since operating under Alaska Statutes.

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

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(c) (included as Appendix A of this report). 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 audit found the commission failed to operate in the public's interest by not developing a statewide health plan. The prior sunset audit dated May 6, 2013, concluded that, without a statewide health plan, the actions of the commission may not effectively impact health care in Alaska. The prior audit recommended the commission coordinate with the Department of Health and Social Services (DHSS) to identify each agency's role and responsibilities regarding development of a statewide health plan and pursue development accordingly. Subsequent to the audit, no significant progress was made towards development of an actionable plan. The commission has been inactive since July 2015 due to a lack of funding.

In accordance with AS 44.66.010(a)(9), the commission is scheduled to terminate on June 30, 2017. We do not recommend extending the commission's termination date.

Detailed report conclusions are as follows.

The commission failed to fulfill its purpose.

The prior sunset audit found the commission failed to collaborate with DHSS to develop a statewide health plan and instead focused on developing high level strategies and policies, and issuing related recommendations. Subsequent to the audit, the commission discussed shifting its attention away from issuing policy recommendations and refocusing its efforts on how to implement recommendations. Despite its initial momentum, the commission made no real progress in developing a plan.

Its FY 16 budget request was not approved amid frustration with the

Commission operations generally complied with requirements in statutes and bylaws.

commission's lack of progress and the general budgetary constraints faced by the State as a whole. Due to lack of funding, the commission ceased operations June 2015.

Apart from the sunset extension of the commission in 2014, no other commission-specific statutory changes were made during the audit period. However, some of the changes enacted by Senate Bill 74, which was signed into law July 2016, reflect recommendations issued by the commission such as changes to telemedicine and aspects of medical assistance reform.

During the period June 2013 through June 2015,⁴ at least four meetings were held each year as statutorily required. With the exception of the last meeting to discuss termination, the meetings were generally public noticed adequately and allowed for public comment. All meetings had a quorum of commission members with which to conduct business. The commission also compiled and submitted the statutorily required annual report.

⁴The commission met only twice in 2015 prior to ceasing operations.

FINDINGS AND RECOMMENDATIONS

Current Status of Prior Recommendations

The prior audit made three recommendations as follows:

- The Alaska Health Care Commission (commission) should coordinate with the Department of Health and Social Services (DHSS) commissioner to identify each agency's roles and responsibilities regarding development of a statewide health plan and pursue development accordingly;
- The commission chair should implement a policy to utilize established DHSS public noticing procedures for commission meetings; and
- The commission chair should implement procedures to ensure annual reports include all statutorily required components.

The prior audit recommendation for coordination between the commission and DHSS to define roles and responsibilities for development of a statewide health plan was not implemented. During 2014, the commission prioritized recommendations to begin facilitating implementation. However, no measurable progress was made to develop an actionable statewide plan; instead, the commission continued to develop high level policies and recommendations. Therefore, this recommendation remains unresolved.

The recommendation to implement a policy to use DHSS-established public noticing procedures for commission meetings was not adopted. Although the commission improved their public noticing of meetings, three of 12 meetings held were not adequately noticed at least 15 days in advance of the meeting or were not advertised in media as required by statute.⁵ We consider this recommendation partially resolved.

The recommendation to ensure reports include all statutorily required components was implemented; however, two commissioner financial reporting forms did not include the required signatures.

⁵One meeting was public noticed 14 days in advance and not in all required media. One other meeting was not advertised in all required media. The close out meeting in June 2015 was called on short notice and had no planned public involvement. This meeting was noticed only four days in advance of the meeting, and not advertised in all required media.

One commissioner for each annual report for 2013 and 2014 did not sign the certification page for the financial disclosures. Although improvements were made, we consider this recommendation partially resolved.

OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and 44 of the Alaska Statutes, we have reviewed the activities of the Alaska Health Care Commission (commission) 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, 2017, and will have one year from that date to conclude its administrative operations.

Objectives

The three central, interrelated objectives of our report are:

1. To determine if the termination date of the commission should be extended;
2. To determine if the commission is operating in the public's interest; and
3. To determine the status of recommendations made in the prior sunset audit.

Scope

The assessment of operations and performance of the commission was based on criteria set out in AS 44.66.050(c). Criteria set out in this statute relates to the determination of a demonstrated public need for the commission. We reviewed the commission's activities from May 1, 2013 through June 30, 2015, when the commission was deactivated.

Methodology

During the course of our audit we reviewed and evaluated the following:

- The prior sunset audit report (ACN 06-20086-13) to identify

issues affecting the commission and to identify prior sunset audit recommendations.

- Applicable statutes and by-laws to identify commission functions and responsibilities, determine whether statutory or bylaw changes enhanced or impeded board activities, and help ascertain if the commission operated in the public interest.
- The State's online public notice system and media advertisement documentation to verify the commission meetings and recommendations proposed by the commission were adequately public noticed.
- Commission meeting transcripts and annual reports to gain an understanding of commission proceedings and activities, goals and objectives, the nature and extent of public input, whether a quorum was maintained, and whether commission vacancies impeded operations.
- Expenditures of the commission to gain an understanding of commission operations.
- Various state and news related websites to identify complaints against the commission or other commission related concerns.
- Various state and federal websites containing information for potential duplication of commission activities.
- No internal controls were deemed significant to the audit objectives.

To identify and evaluate the various issues relating to commission activities, we conducted interviews with Department of Health and Social Services staff and commission members. Specific issues of inquiry included commission operations, duplication of effort, and complaints against the commission. Additional inquiry was performed regarding the commission's progress on developing a statewide health.

Additionally, we reviewed and evaluated the House Finance Health and

Social Services subcommittee meeting on February 11, 2015, where the 2014 annual commission report was presented, to understand the reasons for defunding the commission.

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APPENDIX SUMMARY

In developing our conclusion regarding whether the Alaska Health Care Commission's termination date should be extended, we evaluated its operations using the 11 factors set out in AS 44.66.050(c). 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.

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APPENDIX A

Analysis Of Public Need Criteria (AS 44.66.050(c))

A determination as to whether a board or commission has demonstrated a public need for its continued existence must take into consideration the following factors:

- (1) the extent to which the board or commission has operated in the public interest;
- (2) the extent to which the operation of the board or commission 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;
- (3) the extent to which the board or commission has recommended statutory changes that are generally of benefit to the public interest;
- (4) the extent to which the board or commission 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;
- (5) the extent to which the board or commission has encouraged public participation in the making of its regulations and decisions;
- (6) the efficiency with which public inquiries or complaints regarding the activities of the board or commission 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;
- (7) the extent to which a board or commission that regulates entry into an occupation or profession has presented qualified applicants to serve the public;

-
-
- (8) the extent to which state personnel practices, including affirmative action requirements, have been complied with by the board or commission to its own activities and the area of activity or interest;
 - (9) the extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the board or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection;
 - (10) the extent to which the board or commission has effectively attained its objectives and purposes and the efficiency with which the board or commission has operated;
 - (11) the extent to which the board or commission duplicates the activities of another governmental agency or the private sector.

Agency Response from the Department of Health and Social Services



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Health and Social Services

OFFICE OF THE COMMISSIONER

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3601 C Street, Suite 902
Anchorage, Alaska 99503-5923
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Juneau, Alaska 99801-1149
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RECEIVED
DEC 29 2016
LEGISLATIVE AUDIT

December 29, 2016

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

Dear Ms. Curtis:

RE: Response to confidential preliminary audit report on: Department of Health and Social Services (DHSS), Alaska Health Care Commission, October 17, 2016

Thank you for the opportunity to respond to your preliminary findings and recommendations based on the Division of Legislative Audit's sunset audit of the Alaska Health Care Commission. Below is our response for each section of the preliminary report received in your correspondence dated December 13, 2016.

Report Sections:

Organization and Function:

We concur with the information presented in this section.

Background Information:

We concur with the information presented in this section. In addition, we believe there is other pertinent information that should be included.

- AS 18.09.070(c) requires the Commission to submit an annual report to the governor and legislature on January 15 of each year. The Commission submitted an annual report on the required due date during each of the years for which it was funded. Each annual report included a strategic plan for reforming Alaska's health care system, updated with new findings and recommendations to augment those produced in the previous year.
- The Commission procured numerous studies that provide the public and the legislature with valuable information about Alaska's health care system. These studies continue to be referenced by legislators and the media to the present day. Studies the Commission purchased include:
 - An analysis of medical payment levels and cost drivers in Alaska, conducted by Milliman, Inc. (available at: <http://dhss.alaska.gov/ahcc/Pages/focus/healthcarecosts.aspx>)

Ms. Kris Curtis, CPA, CISA
December 29, 2016
Page 2 of 3

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- An early analysis of the economic effects in Alaska of the Patient Protection and Affordable Care Act, developed by ISER (available on this page: <http://dhss.alaska.gov/ahcc/Pages/nhcr/default.aspx>)
- A study on the business use case for an All-Payer Claims Database for Alaska, conducted by Freedman Health Care (available on this page: <http://dhss.alaska.gov/ahcc/Pages/focus/all-payer.aspx>)
- A survey of employer health benefits in Alaska, conducted by ISER (available on this page: <http://dhss.alaska.gov/ahcc/Pages/focus/employersrole.aspx>)

Report Conclusion:

Conclusion #1 The commission failed to fulfill its purpose.

We disagree with this conclusion. The department previously disputed the prior Legislative Audit finding in 2013 that “there is no statewide health plan,” providing the perspective that establishing a vision, priorities, core strategies, and numerous detailed and specific policy recommendations provided the framework for a statewide health plan, and is in essence a strategic plan. Legislators’ testimony during sunset audit hearings held during 2014 reinforced the Commission’s and department’s interpretation that the legislature’s intent was not focused on production of a document with actionable steps, which had been and continues to be the Division of Legislative Audit’s interpretation. The strategic plan for health care reform in Alaska produced by the Commission, titled “Transforming Health Care in Alaska: Core Strategies & Policy Recommendations,” is attached.

In addition, numerous policy changes have been enacted that implement recommendations of the Commission, and publication of a document titled “a statewide health plan” with actionable steps was not necessary to affect this success. Recommendations that have been implemented include those related to:

- Immunization against Vaccine-Preventable Disease (through HB 310 passed in 2012)
- Health Data and the Hospital Discharge Database (through DHSS regulation change in 2014)
- Workers’ Compensation Payment Reform (through HB 316 and HB 141 passed in 2014)
- Opioid Abuse Prevention & Control (through SB 74 passed in 2016)
- Telehealth (through SB 74 passed in 2016)
- Payment Reform in the Medicaid program (through SB 74 passed in 2016)
- Fraud & Abuse Reduction (through SB 74 passed in 2016)
- Public Health Data Access (through DHSS policy in 2010 and beyond)

Conclusion #2 Commission operations generally complied with requirements in statutes and bylaws.

We concur with this conclusion.

Current Status of Prior Recommendations:

Prior Recommendation #1. The commission should coordinate with the DHSS commissioner to identify each agency’s roles and responsibilities regarding development of a statewide health plan and pursue development accordingly:

Ms. Kris Curtis, CPA, CISA
December 29, 2016
Page 3 of 3

We disagree with the conclusion that "...no measurable progress was made to develop an actionable statewide plan." Evidence was presented that 1) the DHSS Commissioner actively engaged with the Commission, and convened a joint meeting of DHSS stakeholders and the Commission to facilitate that progress; and, 2) the Commission had worked through a planning process to effectively prioritize their body of recommendations for action step development, documented in the final annual report for 2014.

We believe it would be more accurate to state that progress was being made towards production of a joint action plan that would have detailed steps for implementation of Commission recommendations when the Commission was defunded in 2015.

Prior Recommendation #2. The commission chair should implement a policy to utilize established DHSS public noticing procedures for commission meetings:

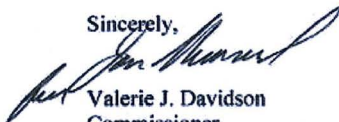
We concur with the finding related to this prior recommendation.

Prior Recommendation #3. The commission chair should implement procedures to ensure annual reports include all statutorily required components.

We concur with the finding related to this prior recommendation.

Please contact Deborah Erickson or Linnea Osborne if you have any questions or require additional information.

Sincerely,



Valerie J. Davidson
Commissioner

Cc: Dr. Jay Butler, Chief Medical Officer and Director of Public Health
Jon Sherwood, Deputy Commissioner
Shawnda O'Brien, Acting Assistant Commissioner
Monique Martin, Deputy Director
Deborah Erickson, Project Coordinator
Linnea Osborne, Accountant V



THE STATE
-of
ALASKA
GOVERNOR BILL WALKER

**Department of
Health and Social Services**

OFFICE OF THE COMMISSIONER

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Fax: 907.465.3068

MEMORANDUM

DATE: December 22, 2016

TO: *File*

FROM: Valerie Davidson
Commissioner

A handwritten signature in blue ink, appearing to be "V. Davidson", written over the printed name and title.

SUBJECT: Delegation Memo

Effective December 22, 2016, I will be on leave returning January 9, 2017. During that time frame the following delegations will be in place.

Effective December 22, 2016, through January 8, 2017, Deputy Commissioners Jon Sherwood and Karen Forrest, will have full authority to assume the responsibilities of this office. In the event that both Jon and Karen are out of the office, the delegation will fall to Dr. Jay Butler, Chief Medical Officer and Public Health Director. In this capacity, Jon, Karen and Jay are authorized to sign/approve batch documents, leave slips, correspondence and other documents prepared for my signature.

cc: Jon Sherwood
Karen Forrest
Jay Butler

Agency Response from the Alaska Health Care Commission



THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Health and Social Services

OFFICE OF THE COMMISSIONER

Anchorage
3601 C Street, Suite 902
Anchorage, Alaska 99503-5923
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Fax: 907.465.30

RECEIVED

DEC 29 2016

LEGISLATIVE AUDIT

December 29, 2016

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

Dear Ms. Curtis:

RE: Response to confidential preliminary audit report on: Department of Health and Social Services (DHSS), Alaska Health Care Commission, October 17, 2016

Thank you for the opportunity to respond to your preliminary findings and recommendations based on the Division of Legislative Audit's sunset audit of the Alaska Health Care Commission. Below is our response for each section of the preliminary report received in your correspondence dated December 13, 2016.

Report Sections:

Organization and Function:

We concur with the information presented in this section.

Background Information:

We concur with the information presented in this section. In addition, we believe there is other pertinent information that should be included.

- AS 18.09.070(c) requires the Commission to submit an annual report to the governor and legislature on January 15 of each year. The Commission submitted an annual report on the required due date during each of the years for which it was funded. Each annual report included a strategic plan for reforming Alaska's health care system, updated with new findings and recommendations to augment those produced in the previous year.
- The Commission procured numerous studies that provide the public and the legislature with valuable information about Alaska's health care system. These studies continue to be referenced by legislators and the media to the present day. Studies the Commission purchased include:
 - An analysis of medical payment levels and cost drivers in Alaska, conducted by Milliman, Inc. (available at: <http://dhss.alaska.gov/ahcc/Pages/focus/healthcarecosts.aspx>)

Ms. Kris Curtis, CPA, CISA
December 29, 2016
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- An early analysis of the economic effects in Alaska of the Patient Protection and Affordable Care Act, developed by ISER (available on this page: <http://dhss.alaska.gov/ahcc/Pages/nhcr/default.aspx>)
- A study on the business use case for an All-Payer Claims Database for Alaska, conducted by Freedman Health Care (available on this page: <http://dhss.alaska.gov/ahcc/Pages/focus/all-payer.aspx>)
- A survey of employer health benefits in Alaska, conducted by ISER (available on this page: <http://dhss.alaska.gov/ahcc/Pages/focus/employersrole.aspx>)

Report Conclusion:

Conclusion #1 The commission failed to fulfill its purpose.

We disagree with this conclusion. The department previously disputed the prior Legislative Audit finding in 2013 that “there is no statewide health plan,” providing the perspective that establishing a vision, priorities, core strategies, and numerous detailed and specific policy recommendations provided the framework for a statewide health plan, and is in essence a strategic plan. Legislators’ testimony during sunset audit hearings held during 2014 reinforced the Commission’s and department’s interpretation that the legislature’s intent was not focused on production of a document with actionable steps, which had been and continues to be the Division of Legislative Audit’s interpretation. The strategic plan for health care reform in Alaska produced by the Commission, titled “Transforming Health Care in Alaska: Core Strategies & Policy Recommendations,” is attached.

In addition, numerous policy changes have been enacted that implement recommendations of the Commission, and publication of a document titled “a statewide health plan” with actionable steps was not necessary to affect this success. Recommendations that have been implemented include those related to:

- Immunization against Vaccine-Preventable Disease (through HB 310 passed in 2012)
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- Workers’ Compensation Payment Reform (through HB 316 and HB 141 passed in 2014)
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- Telehealth (through SB 74 passed in 2016)
- Payment Reform in the Medicaid program (through SB 74 passed in 2016)
- Fraud & Abuse Reduction (through SB 74 passed in 2016)
- Public Health Data Access (through DHSS policy in 2010 and beyond)

Conclusion #2 Commission operations generally complied with requirements in statutes and bylaws.

We concur with this conclusion.

Current Status of Prior Recommendations:

Prior Recommendation #1. The commission should coordinate with the DHSS commissioner to identify each agency’s roles and responsibilities regarding development of a statewide health plan and pursue development accordingly:

Ms. Kris Curtis, CPA, CISA
December 29, 2016
Page 3 of 3

We disagree with the conclusion that "...no measurable progress was made to develop an actionable statewide plan." Evidence was presented that 1) the DHSS Commissioner actively engaged with the Commission, and convened a joint meeting of DHSS stakeholders and the Commission to facilitate that progress; and, 2) the Commission had worked through a planning process to effectively prioritize their body of recommendations for action step development, documented in the final annual report for 2014.

We believe it would be more accurate to state that progress was being made towards production of a joint action plan that would have detailed steps for implementation of Commission recommendations when the Commission was defunded in 2015.

Prior Recommendation #2. The commission chair should implement a policy to utilize established DHSS public noticing procedures for commission meetings:

We concur with the finding related to this prior recommendation.

Prior Recommendation #3. The commission chair should implement procedures to ensure annual reports include all statutorily required components.

We concur with the finding related to this prior recommendation.

Please contact Deborah Erickson or Linnea Osborne if you have any questions or require additional information.

Sincerely,


Jay C. Butler, MD
Chairman, Alaska Health Care Commission

Cc: Valerie J. Davidson, Commissioner
Jon Sherwood, Deputy Commissioner
Shawnda O'Brien, Acting Assistant Commissioner
Monique Martin, Deputy Director
Deborah Erickson, Project Coordinator
Linnea Osborne, Accountant V

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Legislative Auditor's Additional Comments

ALASKA STATE LEGISLATURE LEGISLATIVE BUDGET AND AUDIT COMMITTEE



Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@akleg.gov

January 5, 2017

Members of the Legislative Budget
and Audit Committee:

We have reviewed the Department of Health and Social Services' response to the audit report. Nothing contained in the response causes us to revise or reconsider the report conclusions and recommendations. Without a plan for implementing its recommendations, the Alaska Health Care Commission may not effectively impact health care in Alaska and does not demonstrate a need for its continued existence.

Sincerely,

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

Kris Curtis, CPA, CISA
Legislative Auditor

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
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legaudit@akleg.gov

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

PURPOSE OF THE REPORT

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

REPORT CONCLUSIONS

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

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

FINDINGS AND RECOMMENDATIONS

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

ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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July 22, 2013

Members of the Legislative Budget
and Audit Committee:

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

DEPARTMENT OF HEALTH
AND SOCIAL SERVICES
ALASKA HEALTH CARE COMMISSION

May 6, 2013

Audit Control Number
06-20086-13

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

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

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

Kris Curtis, CPA, CISA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

Objectives

The three, central, interrelated audit objectives were:

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

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

Scope

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

Methodology

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

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

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

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

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

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

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

ORGANIZATION AND FUNCTION

Alaska Health Care Commission (commission)

The commission is authorized by AS 18.09.010 to “provide recommendations for and foster the development of a statewide plan to address the quality, accessibility, and availability of health care for all citizens of the state.”

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

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

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

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

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

Exhibit 1

Alaska Health Care Commission Members As of May 31, 2013

Dr. Ward Hurlburt, M.D.
Chair

Patrick Branco
*Alaska State Hospital and Nursing
Home Association*

C. Keith Campbell
Public Member

Valerie Davidson
Tribal Health Community

Jeffrey Davis
Health Insurance Industry

Emily Ennis
Mental Health Trust Authority

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

Allen Hippler
Alaska State Chamber of Commerce

David Morgan
Community Health Centers

Larry Stinson, M.D.
Health Care Provider

Robert Urata, M.D.
Primary Care Physician

Non-Voting Members

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

Senator John Coghill
Senate

Representative Wes Keller
House of Representatives

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

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

Department of Health and Social Services

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

DHSS provides administrative support services to the commission by performing:

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

BACKGROUND INFORMATION

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

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

The commission's purpose was to "*provide recommendations for and foster the development of a statewide plan to address the quality, accessibility, and availability of health care for all citizens of the State.*" The AO required the commission to develop strategies for improving Alaskans' health that included:

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

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

The commission was reestablished in statute.

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

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

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

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

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

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

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

²Alaska Statute 18.09.010.

³Alaska Statute 18.09.070.

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

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

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

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

REPORT CONCLUSIONS

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

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

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

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

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

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

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

⁶Alaska Statute 18.09.010.

⁷Alaska Statute 18.05.010(b)(5)(A).

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

FINDINGS AND RECOMMENDATIONS

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

Recommendation No. 1

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

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

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

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

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

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

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

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

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

Recommendation No. 2

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

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

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

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

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

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

Recommendation No. 3

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

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

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

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

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

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

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

A ANALYSIS OF PUBLIC NEED D

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

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

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

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

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

Exhibit 2

Commission Core Strategies for Health Care Transformation

- I. Ensure the best available evidence is used for making decisions.
- II. Increase price and quality transparency.
- III. Pay for value.
- IV. Engage employers to improve health plans and employee wellness.
- V. Enhance quality and efficiency of care on the front-end.
- VI. Increase dignity and quality of care for seriously/terminally ill patients.
- VII. Focus on prevention.
- VIII. Build the foundation of a sustainable health care system.

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

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

¹³Alaska Statute 18.09.070(2)(B).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX

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

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Core Strategies for Health Care Transformation

January 2013

Alaskan Solutions for Better Health and Health Care

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

VISION

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

We will know we have attained this vision when, compared to the other 49 states, Alaskans have:

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

APPROACH

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

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

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

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

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

II. Increase price and quality transparency

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

III. Pay for value

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

IV. Engage employers to improve health plans and employee wellness

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

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

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

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

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

VII. Focus on prevention

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

VIII. Build the foundation of a sustainable health care system

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

Appendix A
(Continued)

Priorities, Core Strategies, and Desired Outcomes

PRIORITY A. High Quality, Affordable Health Care

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

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

CORE STRATEGY II Increase price and quality transparency

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

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

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

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

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

PRIORITY B. Accessible, Innovative, Patient-Driven Care

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

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

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

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

PRIORITY C. Healthy Alaskans

CORE STRATEGY VII Focus on prevention

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

PRIORITY D. Sustainable, Efficient, Effective Health Care System

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

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

Appendix A
(Continued)

Commission Recommendations

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

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

Evidence-Based Medicine

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

II. Increase price and quality transparency

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

Appendix A
(Continued)

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

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

IV. Engage employers in health and health care improvement

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

Appendix A
(Continued)

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

Primary Care Innovation

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

Patient-Centered Primary Care

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

Appendix A (Continued)

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

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

Also included under Focus on Prevention (2011)

Alaska's Trauma System

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

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

Appendix A
(Continued)

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

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

Appendix A
(Continued)

VII. Focus on Prevention

Healthy Lifestyles

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

Obesity in Alaska

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

Immunization against Vaccine-Preventable Disease

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

Population-based Prevention & Behavioral Health

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

Appendix A
(Continued)

VIII. Build the foundation of a sustainable health care system

A. Health Information Infrastructure

Health Information Technology – General

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

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

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

Health Information Technology – Telehealth/Telemedicine

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

Appendix A (Continued)

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

Health Information Infrastructure – Health Data & Analytics

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

B. Health Workforce

Workforce - General

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

Appendix A (Continued)

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

Workforce – Physician Supply

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

C. Statewide Leadership

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

Appendix A
(Continued)

Access to Primary Care for Medicare Patients - 2009

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

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



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of
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September 10, 2013

Kris Curtis, CPA, CISA
Legislative Auditor
Division of Legislative Audit
Legislative Budget and Audit Committee
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Juneau, AK 99811-3300

RECEIVED

SEP 11 2013

LEGISLATIVE AUDIT

Dear Ms. Curtis:

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

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

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

Recommendation No. 1

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

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

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

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

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

Recommendation No. 2

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

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

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

Recommendation No. 3

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

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

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

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

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

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

Report Conclusion

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

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

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

Sincerely,



William J. Streur
Commissioner

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

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THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of
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September 10, 2013

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Legislative Budget and Audit Committee
P.O. Box 113300
Juneau, AK 99811-3300

RECEIVED

SEP 11 2013

LEGISLATIVE AUDIT

Dear Ms. Curtis:

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

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

Recommendation No. 1

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

I will implement the plan outlined below:

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

Kris Curtis, CPA, CISA
September 10, 2013
Page 2

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

2014

2014 Annual Report of the Alaska Health Care Commission

2010 – 2014
Strategic Plan
Update



Transforming Health Care in Alaska

2014 Report/2010-2014 Strategic Plan

Alaska Health Care Commission

Ward Hurlburt, MD, MPH/Jay Butler, MD, Chair

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Jeffrey Davis/Greg Loudon

Emily Ennis

Col. Thomas Harrell, MD/Susan Yeager

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David Morgan

Lawrence Stinson, MD

Robert Urata, MD

Ex Officio Members:

Jim Puckett

Senator John Coghill

Representative Wes Keller/Pete Higgins

Deborah Erickson, Executive Director



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
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January 15, 2015

To: The Honorable Bill Walker, Governor, State of Alaska
The Honorable Kevin Meyer, President, Alaska State Senate
The Honorable Mike Chenault, Speaker of the Alaska House of Representatives

We are pleased to present the 2014 annual report of the Alaska Health Care Commission. The Commission is a Governor's appointed advisory body established by the legislature in 2010 to recommend strategies for improving health care cost, quality and access. Since its inception the Commission has identified significant opportunities, as well as a broad set of strategies, for improving value in Alaska's acute medical care delivery system. In this report we present a new set of recommendations for strengthening fraud and abuse prevention and detection in the State's Medicaid program.

Originally slated to expire this year, the Commission's sunset date was extended by the legislature to 2017. Up until now the Commission has functioned primarily as a study and advisory group, but this year began the transition to a facilitator role to foster implementation of its policy recommendations. We have prioritized recommendations made to-date, and selected those for which we believe we can make the greatest impact. In the coming year we will be working with State agencies, private sector employers, health care providers, and other stakeholders on payment reform, transparency, evidence-based medicine, Workers' Compensation reform, wellness and prevention, opioid control, and Telehealth. We also look forward to identifying opportunities for supporting the Department of Health & Social Services with Medicaid reform planning.

Thank you for this opportunity to present solutions for transforming Alaska's health care system to deliver health and high quality, affordable care.

Sincerely,

Jay C. Butler, MD
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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Acknowledgements

The Commission benefited from the knowledge and experience of numerous experts 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.

Fraud, Waste & Abuse Prevention & Control

- Margaret Brodie, Director, Division of Health Care Services, Alaska Department of Health & Social Services
- Douglas Jones, Medicaid Program Integrity Manager, Alaska Department of Health & Social Services
- Andrew Peterson, Assistant Attorney General, Director, Medicaid Fraud Control Unit, Alaska Department of Law
- Gordon Grundy, MD, Medical Director, Special Investigations Unit, Aetna
- Lydia Bartholomew, MD, MHA, FACPE, Senior Medical Director, West Region Patient Management, Aetna

Workers' Compensation Reform

- Michael Monagle, Director, Division of Workers' Compensation, Alaska Department of Labor & Workforce Development

Alaskan Employer Health Benefits Practices

- 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

Employers' Role in Health & Health Care

- Todd Allen, VP Human Resources, Carlisle Transportation Systems
- Thomas Showalter, HR Director, Ukpeagvik Inupiat Corporation
- Florian Borowski, HR Director, CH2M Hill
- Rick Harwell, HR Director, Doyon Universal Services
- Tom Redmond, HR Director, SolstenXP
- Bill Popp, President & CEO, Anchorage Economic Development Corporation
- Mark Foster, Chief Financial Officer, Anchorage School District

Rural Sanitation in Alaska

- Thomas Hennessy, MD, MPH, Director, Arctic Investigations Program, U.S., Centers for Disease Control & Prevention
- Bill Griffith, Facility Programs Manager, Alaska Department of Environmental Conservation
- Mike Black, Director, Program Development, Division of Environmental Health & Engineering, Alaska Native Tribal Health Consortium

Alaska's Veterans Affairs and Department of Defense Health Systems and Services

- Susan Yeager, Director, Alaska VA Healthcare System
- Col. Teresa Bisnett, MD, Commander, DoD-VA Joint Venture Hospital, JBER, and Alaskan Command Surgeon

Alaska's Behavioral Health System & Services

- Albert Wall, Director, Division of Behavioral Health, Alaska Department of Health & Social Services
- Kate Burkhart, Executive Director, Alaska Mental Health Board, Advisory Board on Alcoholism and Drug Abuse, and Suicide Prevention Council
- Thomas Chard, Executive Director, Alaska Behavioral Health Association
- Xiomara Owens, Program Manager, Behavioral Health Aide Program, Alaska Native Tribal Health Consortium

Alaska Public Health System Assessment

- Jay Butler, MD, Senior Director, Division of Community Health Services, Alaska Native Tribal Health Consortium
- Ward Hurlburt, MD, MPH, Chief Medical Officer, Alaska Department of Health & Social Services

Clinical Quality Improvement

- Greta Wade, Quality & Patient Safety Project Director, Alaska State Hospital & Nursing Home Association
- Ellie Hogenson, MD, Medical Director, Fairbanks Memorial Hospital
- Jackie Collins, RN, Unit Director, Fairbanks Memorial Hospital
- Matt Eisenhower, Program Director, PeaceHealth Ketchikan
- Steve Tierney, MD, Medical Director for Quality Improvement, Southcentral Foundation

State Health Planning

- William Streur, Commissioner, Alaska Department of Health & Social Services
- Margaret Brodie, Director, Division of Health Care Services, Alaska Department of Health & Social Services
- Michael Monagle, Director, Division of Workers' Compensation, Alaska Department of Labor & Workforce Development
- Lori Wing-Heier, Director, Division of Insurance, Department of Commerce, Community, and Economic Development
- Michael Barnhill, Deputy Commissioner, Department of Administration

Healthy Alaskans 2020

- Emily Read, Director of Operations, Division of Community Health Services, Alaska Native Tribal Health Consortium
- Lisa Aquino, Community Health Improvement Manager, Division of Public Health, Alaska Department of Health & Social Services

Affordable Care Act Implementation Updates

- William Streur, Commissioner, Alaska Department of Health & Social Services (DHSS)
- Lori Wing-Heier, 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 and health care in our great state.

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 2014 findings and recommendations of the Commission to the Governor and 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 studies to increase knowledge and understanding of current problems in the health care system; 3) developed a series of specific, relevant and measurable market-based policy recommendations for improving health care cost and quality; and 4) collaborated with private and public sector partners to foster greater understanding of issues and recommended policy changes.

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 since 2010 include a description of the structure and financing of the system; an actuarial analyses of physician, hospital, durable medical equipment, and drug prices and cost drivers; an overview of health care accounting and finance; an overview and impact analysis of the Affordable Care Act; and a study of health insurance and other health benefit practices of Alaskan employers.

Health Care Transformation Strategies and 2014 Policy Recommendations

The Commission has identified the following core strategies as essential for improving value in Alaska's health care system:

- 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 on the "front-end" of the health care experience
- VI. Increase dignity and quality of care for seriously ill patients
- VII. Focus on prevention
- VIII. Build the foundation of a sustainable health care system

A compilation of all of the Commission's policy recommendations made to-date associated with these strategies is available in Appendix A.

During 2014 the Commission limited identification of new policies for implementing the core strategies to a single focus on reduction of fraud, waste and abuse in the State's Medicaid program. Finding that fraud and abuse prevention and investigation are important business practices that should be supported and strengthened in Alaska's Medicaid program, Commission recommendations to the Commissioner of Health & Social Services include:

- Enrolling all rendering provider types, and engaging recipients in helping to identify fraud by providing them with Explanation of Benefits statements;
- Streamlining audit and investigation processes for providers by focusing resources on provider types that pose the greatest risk of over payment, reducing audit cycle time and improving communication on audit status, and seeking a waiver of certain federal audit requirements;
- Continued strengthening of coordination and collaboration with the Department of Law's Medicaid Fraud Control Unit; and,
- Improving medical management to reduce waste by expanding prior authorization requirements and making the process more efficient for providers, streamlining Service Utilization Review, implementing care coordination for over-utilizers of emergency room services, tightening review of travel for compliance with program requirements, investigating cash transactions for controlled substance prescriptions, and implementing electronic verification of certain services.

Commission recommendations to the legislature include:

- Strengthening state seizure laws and considering bonding requirements for high-risk providers; and,
- Creating a robust prescription drug control program, including financial support for and upgrade of the Prescription Drug Database to real-time functionality and removing statutory barriers to state agency access to the database to facilitate fraud identification and drug abuse prevention.

2015 Priorities

The Commission was originally scheduled to sunset during 2014, but was extended by the legislature this year to 2017. In 2015 the Commission will shift into a second phase of work, from serving solely as a study and advisory group to acting as a facilitator to foster implementation of top priority policy recommendations. The Commission identified seven policy recommendations as the most important for increasing health care value and for which they believe they can make the greatest impact through facilitation activities:

1. Incorporation of evidence-based medicine in payment and benefit design
2. Investigation of transparency legislation options
3. Implementation of payment reform
4. Reform of Workers' Compensation laws
5. Support for healthy lifestyles
6. Adoption of opioid control policies and program
7. Fostering Telehealth

The Commission also identified a series of facilitation activities for each of these priorities, such as convening agency leaders with experts from other states in mutual learning sessions, contracting for formal assessments of agency readiness, preparing policy briefs on recommended legislation, and providing coordination for demonstration projects. These 2015 plans may be adapted to accommodate requests from the Administration for assistance with Medicaid reform planning.

Part I. Introduction

A. Purpose of this Report

The purpose of this report is to convey the 2014 findings and recommendations of the Alaska Health Care Commission to Governor Walker 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, are:

- Part I: An introduction including background on the Commission; a summary of the Commission’s 2014 activities; the Commission’s strategic planning framework and vision; the areas of study on 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 2014 recommendations for transformation of Alaska’s health care system, and related findings.
- Part III: Commission plans for 2015, including policy recommendations identified as top priority and proposed activities for facilitating implementation of those policies.
- Appendices:
 - a summary of the Commission’s recommended core strategies and compilation of policy recommendations made to-date;
 - a policy brief detailing key provisions that should be considered in drafting state legislation required for creation of a statewide All-Payer Claims Database;
 - a summary report and the full report on a survey of Alaskan employers’ health benefit practices conducted for the Commission under contract with the Alaska Department of Labor & Workforce Development and the Institute of Social & Economic Research/UAA;
 - Commission recommendations for Alaskan employers regarding health benefit practices;
 - a letter from the Chair to a group representing Alaskan employers describing Commission recommendations that require legislation for implementation;
 - copies of signed resolutions supporting Commission recommendations transmitted to the legislature by Alaskan employers; and,
 - the Commission’s 2014 Voting Record, Financial Disclosure Forms, and Ethics Reports as required under AS 18.09.070(c) .

B. Background on the Commission

The Alaska Health Care Commission was established by the Legislature in 2010 under AS 18.09.010 – AS 18.09.990 to advise the state on policies for improving health and health care for all Alaskans. Membership representing various health care stakeholders is specified in statute, which also designates the Department of Health & Social Services Chief Medical Officer as chairperson of the Commission. The Commission originally convened during 2009 under Governor’s Administrative Order #246, and is currently scheduled to sunset June 30, 2017.

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 of the current members are provided on the Commission's web site. 2014 Commission members, with this year's resignations and appointments noted, were:

- **Ward Hurlburt, MD, MPH:** Designated Chair; Chief Medical Officer for the Alaska Department of Health & Social Services; Anchorage. Resigned December 2014.
- **Jay Butler, MD:** Designated Chair; Chief Medical Officer for the Alaska Department of Health & Social Services; Anchorage. Appointed December 2014.
- **Lincoln Bean:** Representing the Alaska tribal health care system; Chairman of the Alaska Native Health Board; Kake. Appointed September 2014.
- **Keith Campbell:** Representing consumers; retired hospital administrator and former AARP Chair; Seward.
- **Valerie Davidson:** Representing the Alaska tribal health care system; Senior Director of Legal and Intergovernmental Affairs for the Alaska Native Tribal Health Consortium; Anchorage. Resigned June 2014.
- **Jeffrey Davis:** Representing Alaska's health insurance industry; President of Premera Blue Cross Blue Shield of Alaska; Anchorage. Resigned June 2014.
- **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. Resigned February 2014.
- **Becky Hultberg:** Representing the Alaska State Hospital & Nursing Home Association; President/CEO Alaska State Hospital & Nursing Home Association; Juneau. Appointed May, 2014.
- **Greg Loudon:** Representing Alaska's health insurance industry; Principal and Employee Benefits practice leader with the commercial insurance firm of Parker, Smith & Feek; Anchorage. Appointed September, 2014.
- **David Morgan:** Representing community health centers; Retired Reimbursement Director for the Southcentral Foundation; Anchorage.
- **Allen Hippler:** Representing the Alaska State Chamber of Commerce; Vice President with Northrim Bank; 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.
- **Susan Yeager:** Representing the U.S. Department of Veterans Affairs health care system; Director of the Alaska VA Healthcare System; Anchorage. Appointed June 2014.

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. Resigned September 2014.
- **Representative Pete Higgins:** Representing the Alaska House of Representatives; Fairbanks. Appointed September 2014.
- **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 studies to increase knowledge and understanding of current challenges in the health care system; 3) developed a series 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.

The Commission was originally scheduled to sunset on June 30, 2014. The Division of Legislative Audit conducted a Sunset Audit of the Commission in 2013, finding it is fulfilling its intended purpose and operating in the public’s interest, and recommending the termination date be extended to provide adequate time to coordinate with the Department of Health & Social Services on the development of a statewide health plan. State legislation passed unanimously in April 2014 and was signed into law in September extending the Commission’s sunset date by three years to June 30, 2017.

C. Summary of 2014 Activities

2014 has been a transition year for the Commission. With the scheduled sunset on June 30, the group began the year concurrently making plans to wrap up their work of the past three years in a final deliverable for the Governor and legislature, while at the same time envisioning and planning for a second phase of work in the event of continuation. In April the legislature unanimously passed SB 135, extending the Commission’s sunset date by three years to June 30, 2017. With the signing of the bill into law by the Governor in September, the Commission’s preparations for the next phase of work began in earnest. The Commission also experienced a significant turnover in membership this year, but concluded the year with a full roster.

During this transition year the Commission primarily focused on redefining what their role and priorities should be in Phase II of their work and on receiving updates on various health care issues. Less time than usual was spent on developing new recommendations, which this year focused exclusively on improving fraud and abuse prevention and investigation in the State’s Medicaid program. With a fairly comprehensive set of policy recommendations in place from Phase I, the Commission determined that in Phase II they would shift from a study and advisory role, to one of facilitator to foster implementation of existing recommendations.

Meetings & Process: During 2014 the Commission held four quarterly in-person meetings, the first in Juneau and the remainder in Anchorage, on the following dates: March 21-22; June 19-20; August 14-15; October 2-3; 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 this year's potential findings and recommendations and next year's priorities and planned activities. Time was also provided for public testimony during each of these meetings. Formal Commission decisions are documented in the 2014 Voting Record included in Appendix H.

Between their August and October meetings the Commission worked together over e-mail to organize their existing body of policy recommendations into 27 categories, and rank them for the purpose of prioritizing for Phase II (implementation activities beginning 2015). The ranking exercise included evaluation of both the importance of each priority for attaining the Commission's vision, and the ability of the Commission to impact implementation through facilitation activities. A consultant facilitated the Commission's October 2 meeting to guide the group through a final prioritization process. The results of that process are described in Part III of this report.

The Commission's 2014 findings and recommendations and 2015 priorities and plans were released in draft for written comment during November. The Commission reviewed public comments, made final changes, and approved the findings and recommendations for inclusion in the annual report at a meeting held via teleconference and webinar on January 5, 2015. This meeting had originally been scheduled for December 9, but had been postponed to accommodate the transition in administrations and subsequent change in Commission leadership.

Health Policy "Elders" Event: On October 1 the Commission hosted a special event, convening a group of Alaskans who worked in leadership positions in Alaska's health care and public health sectors during the 1960s, 1970s, and 1980s to have a conversation about the significant health and health care delivery issues of those decades, as well as their approaches to crafting solutions. The event was held in recognition of the 60th anniversary of the Parran Report — a seminal study commissioned by the federal government and published in 1954 on health conditions in the Territory of Alaska. The gathering provided an opportunity to learn from history to inform the future. Video and audio recordings and transcripts of the event are available on the Commission's website. It is intended that these recorded conversations seed a deeper understanding of the complexities of health care in Alaska in the future.

Collaboration with Alaskan Employers: The Commission Chair and Director were invited to a series of meetings this year to share information and recommendations with the Alaska Human Resources Leadership Network. The Leadership Network is a coalition of local HR Directors from companies in the energy, finance, telecommunications, construction, and engineering sectors that convened in 2013 to address concerns regarding employee health benefit costs.

During 2014 the Leadership Network made two requests of the Commission — for a description of the "Top 10" health benefit recommendations the Commission would have for Alaskans employers, and a description of policy recommendations made by the Commission to-date that would require legislative

action to implement. The paper providing recommendations for employers is included here as Appendix E, and the August 2014 letter from Dr. Ward Hurlburt, then Chair of the Commission, describing policy recommendations requiring legislation is included as Appendix F. The Leadership Network also circulated a resolution in support of the Commission's recommendations this year. A number of members signed and transmitted those resolutions (included here as Appendix G) to legislature. Representatives of the Leadership Network also participated in the Commission's October meeting to share their interests and concerns, as well as feedback on the results of the employer survey.

Coordination & Statewide Health Plan Development: 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.

The Commission also collaborated with the Healthy Alaskans 2020 (HA 2020) initiative throughout the year. HA 2020 is a partnership between the Alaska Native Tribal Health Consortium and the Alaska Department of Health & Social Services that brings together participants from many sectors to work together on prevention strategies for improving population and community health. The Commission's Chairs, Dr. Hurlburt followed by Dr. Butler, provided leadership as part of the HA 2020 Steering Team, and Commission staff participated on the Advisory Team and provided information and support for health care-related strategy workgroups. HA 2020 coordinators also presented information on their progress and results to the Commission periodically during the year.

Consultant Contracts: The Commission contracted with the Alaska Department of Labor & Workforce Development and with the Institute of Social & Economic Research at UAA during 2013 and 2014 on a collaborative initiative to study employer health benefit practices in Alaska. The DoL&WD Research and Analysis Section designed and conducted the survey of Alaskan employers, gathering over 1,300 responses from employers of all sizes and from all sectors (except federal and state government). ISER analyzed the survey data and prepared a full report and also a shorter "snapshot" summary on the results. The two reports are included here as Appendices C and D.

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 maintained, and by the end of 2014 there were nearly 1,400 subscribers.

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

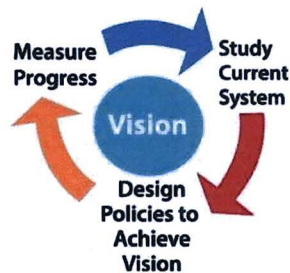
- House Finance on January 24
- Senate Health & Social Services on February 3
- Senate Finance on February 11
- House Health & Social Services on March 25
- House Finance on April 10

Administration: The Commission maintained two full-time staff support positions this year — an Executive Director and Administrative Assistant housed in the Office of the Commissioner of the Department of Health & Social Services. The Commission's by-laws and ethics handbook are available on the Commission's website. Copies of 2014 Financial Disclosure forms and quarterly Ethics Reports are included in Appendix H.

D. Strategic Planning Process

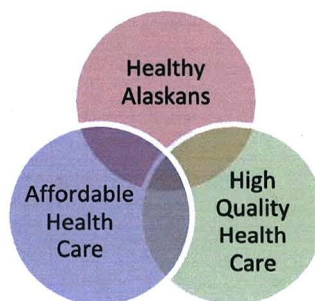
The Commission's planning framework started with identification of a vision — a picture of the ideal future for Alaska related to health and health care. Work continues with effort devoted each year to studying the current condition of the health care system, and to identifying strategies and recommending 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 topics the Commission has studied over the past few years to develop a better understanding of Alaska's health care system as a foundation for developing strategies for attaining the vision. Information the Commission has compiled on these topics is available on the Commission's website and may be accessed by clicking on the topic below, or by visiting the Focus Areas index page at: <http://dhss.alaska.gov/ahcc/Pages/focus/default.aspx>.

Topics for which new information was presented during 2014 (and is newly available on our website) are highlighted in yellow below. The most substantial new research the Commission sponsored this year was a study of employer health benefit practices in Alaska. The Commission funded the Department of Labor & Workforce Development, with consultation by the Department of Health & Social Services, to design and conduct the survey, to which over 1,300 employers responded. The Commission funded the Institute for Social & Economic Research (ISER) at the University of Alaska Anchorage to analyze the survey data. The final reports on that study were published this past month.

Alaska's Health Care System

- [Description of Alaska's health care system structure and financing](#)
- [Discussion of health care system challenges](#) (see Part II of the report at this link)
- [Employer sponsored health insurance coverage](#) (Includes new ISER Reports)
- [Workers' Compensation Program](#)
- [Veteran's Affairs and military health care systems](#)
- [Clinical quality improvement](#)

Health Care Costs

- [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

- [Overview of the Affordable Care Act](#) (see Part II of the report at this link)
- [Impact of the Affordable Care Act in Alaska](#)

Government Regulation of the Health Care Industry

- [Government health care regulation overview](#) (see Part II of the report at this link)
- [Impact of medical malpractice reforms in Alaska](#)

Other Health Related Services & Systems

- [Long term care services](#)
- [Behavioral health services](#)
- [Oral health and dental services](#)
- [Public health and prevention](#)
- [Rural sanitation](#)



G. Alaska Health Care System Transformation Strategies

Following are the Core Strategies the Commission has identified as necessary for improving value in Alaska's acute medical care system. Detailed policy recommendations associated with these strategies are included 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 health care costs, prices and quality so they can 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. Reduce fraud, waste, and abuse.

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. Reform the Workers' Compensation program to contain costs and improve quality.

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 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, increasing behavioral health screening, and integrating behavioral health and primary care.

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.

Part II. 2014 Commission Findings & Recommendations

CORE STRATEGY III: Pay for Value – Reduce Fraud, Waste & Abuse in Alaska’s Medicaid Program

Findings

1. Fraud and abuse prevention and investigation are important business practices and should be supported, but will not reform the health care system and will not address the major cost challenges. Realignment of fee structures, creation of more even negotiating fields, and evidence-based practice and coverage are the strategies required for reforming the system to address the major cost challenges.
2. CMS estimates 3-10% of Medicaid spending is fraud. Alaska Medicaid fraud recovery, while currently less than 1%, has significantly increased in recent years. Not reflected in the 1% recovery is the deterrent effect of the increased investigation and recovery effort.
3. Active collaboration between the Alaska Department of Law, the Alaska Department of Health & Social Services, the U.S. HHS Office of Inspector General, and U.S. Immigration & Customs Enforcement is resulting in significantly increased recoveries and convictions. Since October 2012 when the two State agencies ramped-up collaborative efforts to address Medicaid fraud:
 - Prosecutors presented charges in 93 criminal cases resulting in 62 convictions and saving a total of \$12 million for the State of Alaska in the first year alone;
 - The Department of Law Medicaid Fraud Control Unit provided the Department of Health & Social Services Medicaid Integrity Program with information to suspend 7 agencies, and DHSS issued a total of 65 payment suspensions in SFY 2014 based on information from a variety of sources;
 - One large case involved investigating 53 individuals, with 35 convictions and \$743,000 in savings;
 - The majority of cases have been home health or personal care attendant providers; and,
 - Another large case currently pending involves a single physician accused of fraudulently billing more than \$1 million over the course of four years.
4. The Medicaid Fraud Control Unit currently has a backlog of cases that could be alleviated with additional staff support.
5. The State is sometimes unable to recover public funds lost through fraud. Requiring bonding and/or strengthening state seizure law could increase the State’s ability to recover funds found to be paid for fraudulent claims.
6. The new Medicaid Recovery Audit Contractor (RAC) Audit program required by CMS under the Affordable Care Act is not working in Alaska. Alaska’s Medicaid RAC contractor suspended performance of audits under their contract during 2014 because they were not able to generate income in our state due to the difficulty with aligning the DRG (Diagnosis Related Groups) payment focus of the RAC audit process with Alaska’s fee-for-service payment structures.

7. State audits performed by Myers & Stauffer under AS 47.05.200 do not generally identify criminal activity, but one fraud case identified during 2014 will result in \$1 million savings for the State. These audits have identified over \$5 million in overpayments since October, 2012, so this program is beneficial.
8. Fraudulent providers are exploiting vulnerabilities in the system.
 - Medicaid beneficiaries have no financial incentives to provide a check on potential fraudulent practice by their providers; and also do not receive an Explanation of Benefits statement as do patients with private insurance, and so cannot verify services billed on their behalf.
 - Lack of enrollment of some rendering provider types creates avenues for fraudulent providers caught under one provider type to continue billing for services under another provider type.
9. Abuse of prescription opioid narcotics is not only a critical health concern, as documented by the Alaska Health Care Commission in 2013, but is also a significant source of fraud and abuse in the health care system. Alaska's current Prescription Drug Monitoring law creates barriers that restrict the Department of Law and the Department of Health & Social Services from accessing the data and using it to identify potentially fraudulent or abusive prescribing practices and doctor-shopping by patients.

Recommendations

- I. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services increase efforts to address fraud in the Medicaid program and streamline audit processes for providers by:
 - a) Establishing regulations to enroll all rendering provider types as Medicaid providers.
 - b) Repurposing discretionary audits performed by Myers & Stauffer under AS 47.05.200 to target provider types that pose the greatest risk of overpayment, and to relieve providers who demonstrate compliance.
 - c) Implementing procedures to reduce the cycle time from audit notification to providers through final report issuance, and to improve communication with providers so that they have on-line access to information on the status of audits.
 - d) Providing Explanation of Benefits statements to Medicaid recipients, with education about their obligation to notify the department in the event of a statement of payment for services they did not receive.
 - e) Requesting a waiver from CMS from the Medicaid Recovery Audit Contractor program requirement established under the Affordable Care Act.
- II. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and the State Attorney General continue to strengthen coordination and collaboration between the Medicaid Fraud Control Unit, the Medicaid Integrity Program, DHSS Medicaid operating divisions, and federal fraud investigation and control programs.
- III. The Alaska Health Care Commission recommends the legislature fund and the Governor support expanded capacity in the Department of Law Medicaid Fraud Control Unit to investigate and prosecute criminal fraud cases.

- IV. The Alaska Health Care Commission recommends the legislature:
- a) Strengthen state seizure laws, and consider bonding requirements for certain high-risk Medicaid providers, to increase recovery of Medicaid funds lost to fraud.
 - b) Provide the Medicaid program the authority to adjust future payments to providers who have past-due obligations to the program.
 - c) Remove statutory barriers to Department of Health & Social Services and Department of Law access to and use of the Prescription Drug Database for fraud identification and statewide drug abuse prevention efforts.
 - d) Create a more robust prescription drug control program by ensuring financial support to continue the program, and supporting upgrade of the database to real-time functionality to identify and prevent doctor-shopping practices.
- V. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services continue efforts to increase medical management to address waste in the Medicaid program, such as through:
- a) Expansion of prior authorization requirements for medical necessity for services, and establishment of user-friendly and efficient prior authorization processes for providers.
 - b) Establishing pre-payment review for providers who have billed for services inappropriately in the past, and providing education and technical assistance to assist providers with learning proper billing practices.
 - c) Streamlining Service Utilization Review procedures to target information gathering to outlying procedures, and discontinue the burdensome practice of requiring all patient data when an outlying procedure is identified.
 - d) Implementing a care coordination program for beneficiaries who over-utilize emergency room services.
 - e) Tightening review of Medicaid travel for compliance with program requirements.
 - f) Investigating beneficiaries who pay cash for prescriptions for controlled substances, potentially with the intent of making the purchase more difficult to track, to ensure the drugs were not diverted for improper or illegal use.
 - g) Implementing electronic verification of Personal Care Assistant and Waiver services.

Part III. Commission Activities for 2015

As described in the Introduction, the Commission is entering a new phase during which we will shift from performing the role of a study and advisory group, and take on the role of facilitator in order to foster implementation of top priority policy recommendations. The role of facilitator can take a variety of forms, including serving as a convener of stakeholders, providing technical assistance, and sponsoring studies to gather additional information required for implementation.

During 2014, to prepare for Phase II and set the course for 2015, the Commission identified from among the current policy recommendations those they believe to be the most important for addressing the central challenge of improving value in the acute medical system, and on which they feel they could make the greatest impact by facilitating implementation. We then compiled a draft list of potential facilitation activities for each of the seven selected priorities.

As part of the prioritization process we created a “Strategic Map” to depict in graphic form the strategies identified for guiding health care improvement and the associated policy recommendations. The Strategic Map is presented on the next two pages. The seven top priority policy recommendations selected for facilitation by the Commission (highlighted in yellow on the Map) are:

- Incorporate Evidence-based Medicine in Payment & Benefit Design and Provide Decision-Support Tools (I.1a,d,e)
- Investigate Transparency Legislation (II.1)
- Implement Payment Reform (III.1)
- Reform Workers’ Compensation Laws (IV.4)
- Encourage & Support Healthy Lifestyles (VII.1)
- Adopt Opioid Control Policies & Programs (VII.6)
- Foster Telehealth (VIII.A.3)

To see the complete policy recommendation associated with each box on the Strategic Map, please refer to the Commission’s Core Strategies & Policy Recommendations in Appendix A.

The proposed facilitation activities that follow the Strategic Map on the next two pages constitute a menu from which Commission priorities and agendas will be developed during 2015. Activities will be selected based on available resources, and on stakeholder priorities and readiness. These priorities and activities may be adapted to accommodate requests from the Department of Health & Social Services for assistance with Medicaid reform planning.

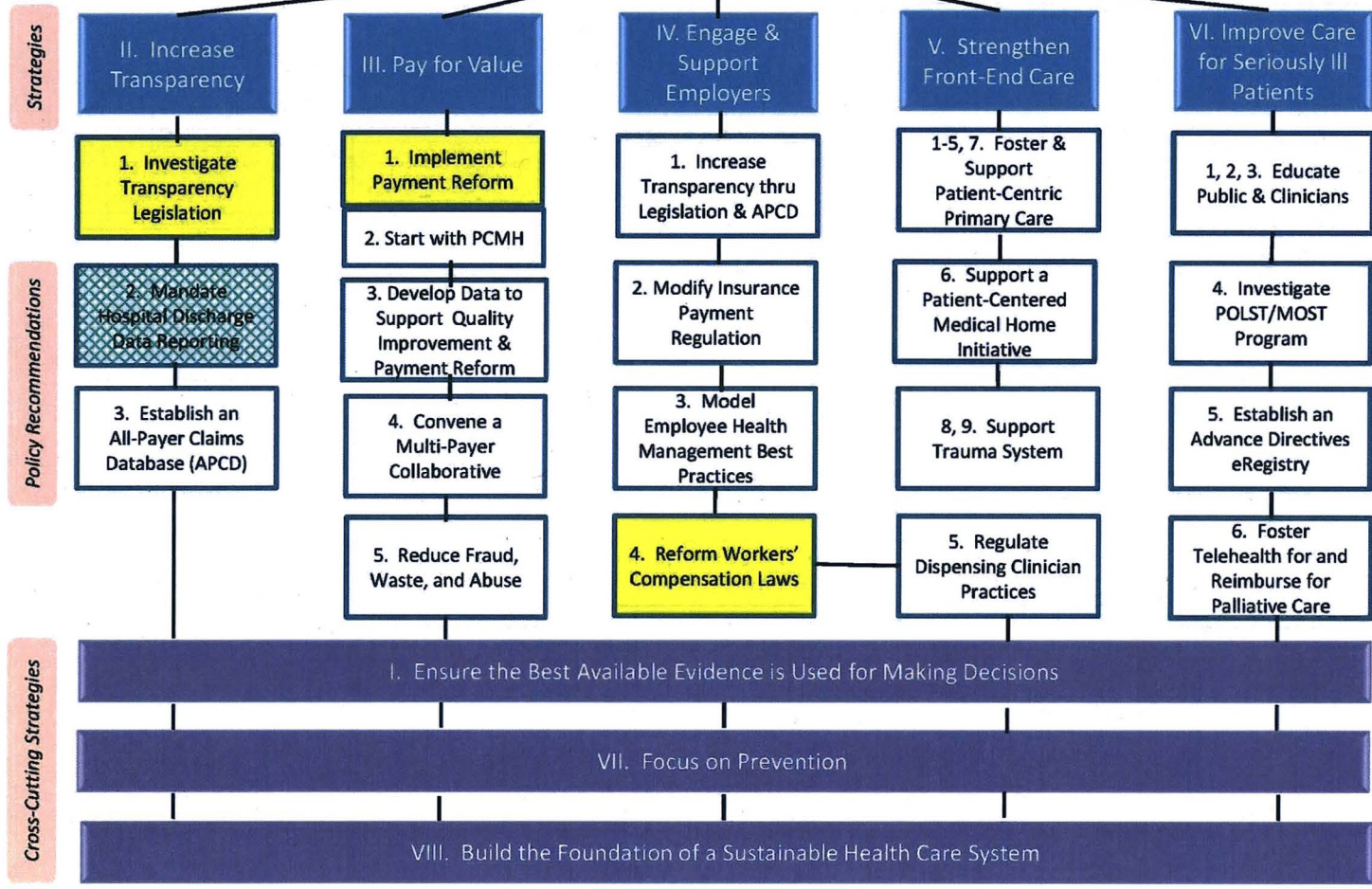


Central Challenge

Foster State government policies that promote increased value – enhanced quality and outcomes at affordable cost – in Alaska’s acute medical care delivery system.

Yellow shaded policy recommendations were selected by the Commission for facilitation in 2015

Green hatch – currently in implementation

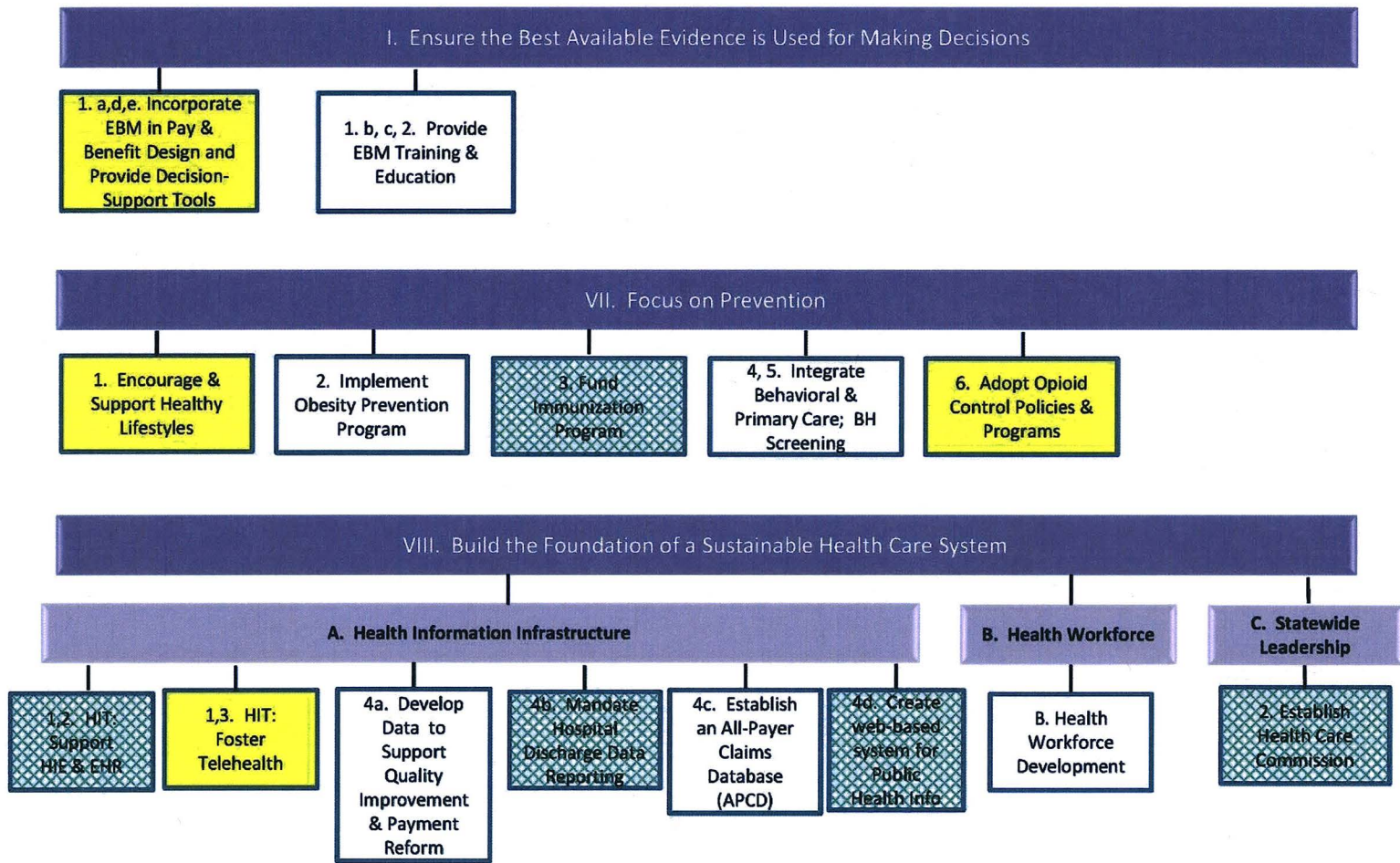




Cross-Cutting Strategies & Policy Recommendations

Yellow shaded policy recommendations were selected by the Commission for facilitation in 2015

Green hatch = currently in implementation



CORE STRATEGY I: Ensure the Best Available Evidence is Used for Making Decisions

Policy Recommendation I.1a,d,e: Incorporate Evidence-Based Medicine in Payment & Benefit Design and Provide Decision-Support Tools (from 2013 Annual Report)

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.*
 - 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.*

Proposed Commission Facilitation Activities for Policy Recommendation I.1.a,d,e

- A. Convene State of Alaska (SOA) agency leaders to facilitate mutual learning sessions and alignment of evidence-based medicine and medical management strategies.
 - i. Arrange a meeting between SOA health plan administrators and administrators in other states who have successfully implemented evidence-based medicine and medical management in their Medicaid program and state employee health plans.
 - ii. Prepare a white paper for SOA health plan administrators that describes nationally utilized medical management standards, such as InterQual and Milliman, and discusses opportunities for incorporating requirements for application of such standards in future third-party administrator and utilization review contracts.
 - iii. Facilitate development of an interagency work plan for strengthening and aligning evidence-based medicine and medical management strategies applied in SOA administered health plans.
- B. Assess whether the State of Alaska is ready to apply high grade evidence in benefit design and medical management of employee/retiree health plans and Medicaid, and if so whether benefits are to be provided consistent with a "moderately" managed health plan in terms of evidence-based criteria (options are loosely, moderately, and tightly managed).

- i. Contract for an assessment of the current level of medical management provided by the current SOA utilization review and third-party administrators, Qualis and Xerox (Medicaid) and Aetna (AlaskaCare).
- C. Prepare a white paper on options and opportunities for improving prior authorization procedures in State of Alaska health plans (AlaskaCare and Medicaid) to make them more user-friendly for health care providers.
- D. Sponsor a series of annual seminars for state agency staff involved in health plan administration to facilitate understanding of and expertise regarding evidence based medicine. (Other states such as Washington and Oregon do this).
- E. Sponsor and facilitate presentations at annual meetings of health care provider organizations such as the Alaska State Medical Association and the Alaska State Hospital & Nursing Home Association to describe evidence-based medicine and what the State of Alaska is doing in this regard.
- F. Sponsor and facilitate presentations to business and policy groups, such as the Alaska State Chamber of Commerce, the Alaska HR Leadership Network, and Commonwealth North, to describe evidence based medicine and what the State of Alaska is doing in this regard.
- G. Convene University of Alaska and Alaska Pacific University health program leaders and stakeholders to discuss current strategies and opportunities for strengthening integration of evidence-based medicine skill development in curricula for clinician and health care administrator training programs such as nursing, medicine, and health care management.

CORE STRATEGY II: Increase Price and Quality Transparency

Policy Recommendation II.1: Investigate Transparency Legislation (from 2013 Annual Report)

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.*

Proposed Commission Facilitation Activities for Policy Recommendation II.1.

- A. Prepare a white paper on transparency legislation enacted in other states including outcomes (outcomes would include utilization of price and quality information by patients, referring clinicians, policy makers, and the general public; impact on the health care market; etc.).
- B. Convene stakeholder sessions and compile input and ideas for key elements for state transparency legislation.
- C. Prepare a policy brief on recommended key elements for legislation. Include experience from other states and input from stakeholder sessions, and solicit public comment on draft.

- D. Convene State health plan administrators (including Department of Administration, DHSS/Medicaid, and the University of Alaska) to identify strategies and develop an action plan to increase public transparency of State agency and University administered health plan costs and accounting structures.

CORE STRATEGY III: Pay for Value

Policy Recommendation III.1: Implement Payment Reform (from 2011 Annual Report)

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.*

Proposed Commission Facilitation Activities for Policy Recommendation III.1.

- A. Facilitate the development of enterprise-wide purchasing policies, negotiation strategies, and payment methodologies across State of Alaska programs involved in purchasing health care to leverage support for improved care management and coordination, clinical quality, patient outcomes, and cost efficiency and effectiveness.
 - i. Convene leaders of the Department of Administration AlaskaCare employee and retiree health plan, Department of Health & Social Services Medicaid program, State employee union health trusts, Workers' Compensation program and University of Alaska employee health plans to learn how other State governments align health care purchasing strategies, and discuss how purchasing could be aligned across State of Alaska health care programs.
 - ii. Assess readiness of the above listed program leaders to collaborate on the development of common health care purchasing policies and strategies.
 - iii. Provide technical assistance to support development of common policies and strategies.

- B. Facilitate implementation of a payment reform demonstration project focused on regional/community health improvement (designed to improve population health, care management and coordination, clinical quality, and cost efficiency and effectiveness) and planned by local health care providers, commercial insurers, third party administrators, and employers with self-funded ERISA plans.
 - i. Convene providers and payers to learn about current payment reform initiatives in Alaska, and about payment reform models in other states that have the potential to work in Alaska's health care markets.
 - ii. Assess readiness of payers and providers for various payment reform options.
 - iii. Provide facilitation for a payment reform demonstration project (i.e., convene stakeholders in planning and problem-solving forums, identify data needs, support information and communication flow, etc.).

CORE STRATEGY IV: Engage & Support Employers to Improve Health Plans and Employee Wellness

Policy Recommendation IV.4: Reform Workers' Compensation Laws (from 2013 Annual Report)

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.*

Proposed Commission Facilitation Activities for Policy Recommendation IV.4.

- A. Convene meetings with other organizations that have made formal recommendations for reforming Alaska's Workers' Compensation program that align with Commission recommendations, such as the Workers Compensation Board and the Alaska State Chamber of Commerce, to identify action steps the Commission can take to facilitate implementation of common recommendations.
- B. Produce a White Paper on the experience of other states that have reformed the medical component of their Workers' Compensation program.
- C. Convene stakeholders (employers, labor unions, workers, health care providers, legislators, Workers' Comp program leaders) and:
 - i. Arrange for testimony to the stakeholder group by representatives from other states that have successfully implemented Workers' Comp reform;
 - ii. Gather feedback from Alaska stakeholders;
 - iii. Identify areas of common agreement by all stakeholders, and also areas of disagreement; and,
 - iv. Identify opportunities for resolving areas of disagreement.
- D. Produce a Policy Paper for the Governor and legislature that describes the Workers' Comp reform experience of other states, explains current recommendations of the Health Care Commission and other organizations with similar recommendations, identifies the areas of agreement and disagreement among Alaska Workers' Comp stakeholders, and offers potential solutions.

CORE STRATEGY VII: Focus on Prevention

Policy Recommendation VII.1: Encourage & Support Healthy Lifestyles (from 2009 Annual Report)

1. *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.*

Proposed Commission Facilitation Activities for Policy Recommendation VII.1.

- A. Convene leaders of the Healthy Alaskans 2020 initiative from the Department of Health & Social Services and the Alaska Native Tribal Health Consortium (Commissioner, CEO and Division Directors) with the Healthy Alaskans 2020 Advisory Team to identify and discuss challenges to ongoing implementation of this collaborative statewide population health improvement initiative. Work together to identify options for long term sustainability.
- B. Convene leaders of the Healthy Alaskans 2020 initiative from the Department of Health & Social Services and the Alaska Native Tribal Health Consortium (Commissioner, CEO and Division Directors) with the Healthy Alaskans 2020 Advisory Team to discuss options for implementing a Public Health System Improvement Process, and to discuss the cost-benefit of pursuing national accreditation of Alaska's public health agencies.
- C. Convene administrators of all health insurance plans serving State of Alaska employees, and other public employers who participate in the state retirement system, to identify opportunities for joining resources to support workplace wellness and prevention efforts.

Policy Recommendation VII.6: Adopt Opioid Control Policies & Programs (from 2013 Annual Report)

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.*

Proposed Commission Facilitation Activities for Policy Recommendation VII.6.

- A. Convene physicians, mid-level practitioners, pharmacists, hospital and emergency department leaders, applicable state clinician licensing boards, appropriate state agency staff, and legislators to:
 - i. Hear expert testimony from other states where opioid control programs have been successfully implemented.
 - ii. Identify and discuss the pros and cons of upgrading Alaska's prescription drug monitoring database to real-time or near real-time, including potential Medicaid savings.
 - iii. Discuss the benefits of expanding access to the prescription drug monitoring database to Department of Health & Social Services and Department of Law staff for Medicaid fraud control, utilization review and public health purposes.
 - iv. Identify prescribing guidelines for Alaska (include hospice patient exemption).
 - v. Compile data on the problem of opioid abuse in Alaska.
- B. Convene Department of Administration, Department of Health & Social Services, and University of Alaska health plan administrators to discuss application of controlled substances prescribing guidelines in AlaskaCare and Medicaid health plan benefit and payment policies.
- C. Prepare a white paper on other states' opioid control program results, and recommendations from the FDA, CDC, and the White House Office of Drug Control Policy.

CORE STRATEGY VIII: Build the Foundation of a Sustainable Health Care System

Policy Recommendation VIII.A.3: Foster Telehealth (a & b from 2009 and c & d from 2012 Annual Report)

A.3. Health Information Technology – Telehealth/Telemedicine

- a. *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.*
- b. *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.*
- c. *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.*
- d. *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*

Proposed Commission Facilitation Activities for Policy Recommendation VIII.A.3.

- A. Convene stakeholders (health care providers, Telehealth service providers, payers, regulators) to identify specific state policy barriers to development and utilization of Telehealth technologies in Alaska, and to design solutions to identified barriers.
- B. Convene Telehealth stakeholders to:
- i. Evaluate the current state of Telehealth in Alaska;
 - ii. Identify opportunities to leverage technology, business relationships, bandwidth capacity, and payer systems to improve Telehealth services;
 - iii. Identify legislative, training, evaluation, and other requirements for improving Telehealth services.
 - iv. Develop an actionable plan to address issues identified in stakeholder sessions. Include:
 - Potential for improving patient outcomes;
 - Potential ROI (Return on Investment) for investors;
 - Short and long-term cost benefit for medical claims payers (Medicaid, State employee/retiree health plans, other employers, insurers); and,
 - An evaluation component that includes measurement of patient health outcomes, provider satisfaction, and cost benefit for payers.

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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 2014 Report webpage at:
<http://dhss.alaska.gov/ahcc/Pages/Reports/2014commissionreport.aspx>

Appendix B

POLICY BRIEF

All-Payer Claims Database: Key Provisions for State Legislation

Following two years of study the Commission recommended in 2013 that the Alaska legislature establish an All-Payer Claims Database (APCD) to support transparency and payment reform, and to strengthen the health information infrastructure by providing data needed to help with better understanding health care utilization and costs. Interest expressed by legislators in this recommendation during the 2014 session led to the preparation of this Policy Brief on the essential elements that should be included in state legislation to create an APCD for Alaska.

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Appendix C

Snapshot of Employer-Sponsored Health Insurance in Alaska

**Institute of Social & Economic Research
University of Alaska Anchorage**

September 2014

Study conducted under contract for the Commission during 2014

Available on the Commission's 2014 Report webpage at:
<http://dhss.alaska.gov/ahcc/Pages/Reports/2014commissionreport.aspx>

Alaska Health Care Commission 2014 Annual Report

Appendix D

Alaska Employer Health-Care Benefits: A Survey of Alaska Employers

**Institute of Social & Economic Research
University of Alaska Anchorage**

October 2014

Study conducted under contract for the Commission during 2014

Available on the Commission's 2014 Report webpage at:
<http://dhss.alaska.gov/ahcc/Pages/Reports/2014commissionreport.aspx>

Appendix E

COMMISSION COLLABORATION WITH EMPLOYERS

Health Benefit Recommendations for Alaskan Employers

During 2014 the Alaska HR Leadership Network, a coalition of Human Resource Directors of large employers working together to address common concerns regarding high and rising health care costs, requested information and assistance from the Alaska Health Care Commission. One request made by the Leadership Network was for a "Top 10" list of recommendations for employers for addressing health benefit cost concerns. This Appendix contains the paper on the Commission's recommendations that were provided to the Leadership Network.

Appendix F

COMMISSION COLLABORATION WITH EMPLOYERS

Commission Recommendations Requiring Legislation for Implementation

During 2014 the Alaska HR Leadership Network, a coalition of Human Resource Directors of large employers working together to address common concerns regarding high and rising health care costs, requested information and assistance from the Alaska Health Care Commission.

One request made by the Leadership Network was for a description of Commission policy recommendations made to-date to the Alaska Legislature. This Appendix contains the August 2014 letter Dr. Ward Hurlburt, then Chair of the Commission and Chief Medical Officer for the Department of Health & Social Services, wrote to the Leadership Network in response to their request.

Available on the Commission's 2014 Report webpage at:

<http://dhss.alaska.gov/ahcc/Pages/Reports/2014commissionreport.aspx>

Appendix G

COMMISSION COLLABORATION WITH EMPLOYERS

Employer Resolutions in Support of the Commission's Work and Recommendations

During 2014 the Alaska HR Leadership Network, a coalition of Human Resource Directors of large employers working together to address common concerns regarding high and rising health care costs, requested information and assistance from the Alaska Health Care Commission. In response to subsequent collaboration with Commission leadership and staff, a number of members of the Leadership Network signed a resolution to share with the Legislature documenting their concerns and noting their support for solutions recommended by the Commission. This Appendix contains copies of those signed resolutions.

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Appendix H

2014 Voting Record

2014 Financial Disclosure Forms

2014 Ethics Reports

Available on the Commission's 2014 Report webpage at:
<http://dhss.alaska.gov/ahcc/Pages/Reports/2014commissionreport.aspx>

Chapter 18.09 STATEWIDE HEALTH CARE

Article 01. ALASKA HEALTH CARE COMMISSION Sec. 18.09.010. Alaska Health Care Commission. The Alaska Health Care Commission is established in the Department of Health and Social Services. The purpose of the commission is 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.

Sec. 18.09.020. Composition; chair. The commission consists of 14 members as follows:

(1) 11 voting members appointed by the governor as follows:

(A) the state officer assigned the duties of medical director for the department, who shall serve as chair;

(B) one member who represents the tribal health community in the state;

(C) one member who represents a statewide chamber of commerce who is not financially associated with the health care industry;

(D) one member who represents the Alaska State Hospital and Nursing Home Association;

(E) one member who is a health care provider and (i) engaged in the active practice of the health care provider's profession in the state;

(ii) licensed to practice in the state;
(iii) not affiliated with the Alaska State Hospital and Nursing Home Association;

(F) one member who represents the health insurance industry in the state;

(G) one member who is (i) a health care consumer;
(ii) a resident of the state; and
(iii) not employed by and does not have a business interest in the health care industry;

(H) one member who is a licensed primary care physician in the state and who is in the active practice of family medicine, primary care internal medicine, or pediatric medicine;

(I) one member who represents the Alaska Mental Health Trust Authority;

(J) one member who represents community health centers in the state;

(K) one member who is involved in the United States Department of Veterans Affairs health care industry;

(2) three nonvoting members appointed as follows:

(A) one ex officio member from the house of representatives, appointed by the speaker of the house of representatives;

(B) one ex officio member from the senate, appointed by the president of the senate;

(C) an ex officio member representing the Office of the Governor.

Sec. 18.09.030. Public members' terms of office. (a) Public members of the commission serve for staggered terms of three years or until a successor is appointed.

(b) If a vacancy occurs in a public member's seat on the commission, the governor shall make an appointment for the unexpired portion of that member's term.

(c) A public member may serve not more than two consecutive terms.

(d) In this section, "public member" means those members appointed under AS 18.09.020(1)(B) - (K).

Sec. 18.09.040. Executive director. The commission may employ an executive director, who may not be a member of the commission and who may be current staff of the department. The executive director serves at the pleasure of the commission. The commission shall establish the duties of the executive director. The executive director is in the partially exempt service under AS 39.25 (State Personnel Act).

Sec. 18.09.050. Staff. The department may assign employees of the department to serve as staff to the commission. The commission shall prescribe the duties of the commission staff.

Sec. 18.09.060. Bylaws. The commission, on approval of a majority of its membership and consistent with state law, shall adopt and amend bylaws governing proceedings and other activities, including provisions concerning

(1) a quorum to transact commission business and other aspects of procedure;

(2) frequency and location of meetings;

(3) establishment, functions, and membership of committees; and

(4) conflicts of interest that require

(A) a member to declare a substantial financial interest in an official action and to request to be excused from voting in that instance;

(B) a ruling by the chair on a request by a member to be excused from voting;

(C) an opportunity to override a ruling by the

chair on a majority vote;

(D) filing of a written disclosure form with the department that lists all potential conflicts of interest of a member valued at more than \$5,000 annually if the interest is related to health care system income affecting the member or a member of the member's immediate family.

Sec. 18.09.070. Duties of the commission. (a) The commission shall serve as the state health planning and coordinating body. Consistent with state and federal law, the commission shall provide recommendations for and foster the development of a statewide health plan containing the following:

(1) a comprehensive statewide health care policy;
(2) a strategy for improving the health of all residents of the state that

(A) encourages personal responsibility for disease prevention, healthy living, and acquisition of health insurance;

(B) reduces health care costs by using savings from
(i) enhanced market forces;
(ii) fraud reduction;
(iii) health information technology;
(iv) management efficiency;
(v) preventative medicine;
(vi) successful innovations identified by other states; and

(vii) other cost-saving measures;
(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.

(b) The commission may hold public hearings to gather information and opinions from health care consumers on matters before the commission. Hearings shall be conducted under AS 44.62.210, except that the commission shall provide public notice of hearings not less than 15 days before the conduct of the hearing and include not fewer than three notices published in the statewide news media.

(c) The commission shall submit to the governor and the legislature by January 15 of each year an annual report regarding the commission's recommendations and activities. The report shall include voting records, copies of financial disclosures, and conflicts of interest statements.

Sec. 18.09.080. Compensation, per diem, and expenses. A member appointed to the commission under AS 18.09.020(1) is entitled to

per diem, reimbursement for travel, and other expenses
authorized by law for boards and commissions under AS 39.20.180.