



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of  
Health and Social Services

ALASKA COMMISSION ON AGING

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October 27, 2017

Commissioner Leslie Ridle  
Alaska Department of Administration  
550 West 7<sup>th</sup> Ave., Suite 1970  
Anchorage, AK 99501

Regarding: Public Comment on the Proposed Health Care Authority

Dear Commissioner Ridle:

The Alaska Commission on Aging (“ACoA and “the Commission”) is pleased to provide public comment concerning the findings from the contractor studies that examined the feasibility of creating a Health Care Authority (HCA) in Alaska. Alaska is the state with the highest costs of health care insurance and medical care in the nation due to our low population density, high transportation costs, and complicated health care delivery system. The aging of Alaska’s population also presents unique challenges to our state’s health care system as seniors, more than any other age category, are consumers of health care and their numbers are rising as well.

The ACoA is a Governor-appointed commission within the Department of Health and Social Services that is responsible for planning services for seniors, educating Alaskans about matters related to aging, and making recommendations directly to policymakers and other officials concerning policy and budget items that affect Alaska’s growing senior population. Given this role, we write to express our comments with a particular focus on State of Alaska retirees.

Alaska is the state with the fastest growing senior population of persons age 65 and older. In 2016, Alaska’s population of people age 60 and older numbered 125,886 representing 17% of our State’s population, of which 78,980 are persons age 65 years and older. In FY2016, there were an estimated total of 22,033 Alaskan public service retirees representing PERS (16,318) and TRS (5,715) beneficiaries.

We would like to take this opportunity to share with you stakeholder input that we have received in order to provide context for our comments regarding the proposed Health Care Authority as described below. The Commission regularly requests and receives feedback from seniors during public comment periods scheduled at each of its quarterly meetings; conducts senior and provider surveys as part of needs assessment activities for the Alaska State Plan for Senior Services and other planning projects; and hosts Elder-Senior Listening Sessions/community forums for older adults, family caregivers, senior service providers, and other public members to provide opportunities for stakeholders to offer input on topics related to aging.

Access to primary health care and long-term supports are particularly critical for those who may experience, or are at risk for developing chronic health conditions, physical disabilities, and cognitive impairments such as Alzheimer’s disease and related dementias. Based on senior survey findings that were reported in the current Alaska State Plan for Senior Services, *access to health care* was identified as the most pressing concern for Alaska seniors according to 48% of the 2,280 survey respondents age 55 years and older. Over the years,

seniors insured by Medicare, particularly those living in the Railbelt, have informed the Commission about their challenges in finding primary care providers who offer medical and behavioral health care services for Medicare patients in their communities. The Commission has heard about this issue repeatedly through public comment and senior survey responses in addition to similar concerns expressed by the Alaska State Medical Association and the Alaska State Hospital and Nursing Home Association concerning Medicare administration requirements and low reimbursement rates as barriers to the provision of care.

Moreover, the availability of in-home services is also “very important” for seniors. Sixty-five percent of seniors responding to the last senior survey identified the need for community-based long-term supports. These lower cost, effective services support senior health and well-being by providing in-home supports to older adults who require assistance with activities of daily living so that they may live safely and comfortably at home and in the community. Alaska’s annual cost of nursing home is significant. The Genworth Cost of Care Survey 2017 reports the state annual median cost at \$292,000 for nursing home care. For a Medicaid patient, the annual cost per resident is \$153,009 (Division of Senior and Disabilities Services 2017). Community-based services are considerably less costly, provide caregiver support, and serve seniors at home.

The Commission recognizes the gravity of the State’s fiscal situation, the increasing costs of health care, and appreciates the Division’s efforts to engage stakeholders and encourage public discourse concerning the future for publicly funded health care in Alaska. The ACoA offers the following comments for consideration based on the information reviewed:

- Adopt PRM Consulting Group’s consolidated purchase recommendations for the Employer Group Waiver Plan (EGWP) in the AlaskaCare Retiree Plan in order to maximize cash savings for the retiree health care trust, achieve a reduction in the actuarial liability, and lower the requirements for funding the benefits by reducing the “normal cost” for these benefits. Based on our understanding, the proposed consolidated purchasing strategies would result in no change to pooling beneficiaries except for the purchase of prescription drugs and providing travel benefits for health care services when appropriate so that beneficiaries are in a better position to recover travel expenses paid out of pocket.
- Move forward with adopting “model 2” as proposed by PRM Consulting Group to coordinate plan administration and increase purchasing power in order to maximize savings over time for three separate pools: Retirees, school district employees, and all other government employees.
- Adopt “value-based insurance design” and “reference based pricing,” as recommended in the MAFA report, by providing incentive payment for primary care utilization as well as safe and efficacious treatment plans to reduce fragmentation, enhance patient health and wellness, replace fee for service models, and maximize savings to the state and individuals. Based on our understanding, many seniors use specialty care providers for the treatment of their chronic conditions as well as for primary care as specialty care providers receive a higher Medicare reimbursement and thus are more likely to accept Medicare patients. There could be some cost savings if patients needing primary care used primary care providers instead of specialists for their primary care needs, however, that may require incentives such as easier reimbursement for health care professionals (such as primary care doctors, nurse practitioners, and physician assistants) as well as behavioral health care professionals (psychologists and clinical MSWs). The Commission also recommends the inclusion of “geriatric health care” as an added specialty care for value-based insurance under the retiree plan premised on the increasing numbers of public service retirees.
- Implement a comprehensive health and wellness program as part of the proposed Health Care Authority (HCA) to lower costs and insure better health outcomes. This approach, used successfully in the City and Borough of Juneau for the last twenty years, has worked to keep premium costs and

health care expenses low and is a model worth considering for the state. Further, a comprehensive wellness program could be used to buy down premiums. ACoA also recommends that the HCA develop multiple plan options for dental, vision, prescription drugs, behavioral health, and other health care services to provide consumer options for whole person, integrated health care. Routine dental, vision, and hearing services are not covered by Medicare.

- Incorporate a phase-in approach of the proposed HCA, pending its approval, with an emphasis on limiting disruption to patients and providers. This “go-slow” approach should include education/training for providers and public members regarding the new health care delivery system and allow time for providers to adapt to a new delivery system while continuing to provide quality services during a potentially disruptive transition.
- Explore options not addressed in the HCA report findings to include an affordable, sustainable, and modernized long-term care insurance plan for public employees. This option, structured as a public-private partnership, could potentially save the state and individuals significant funds in long-term care costs. Currently, Alaska offers long-term, care insurance to public employees only on their last day of employment prior to retirement. The plan is expensive and provides limited coverage for community-based long-term supports, especially in-home care and adult day services. In comparison to assisted living and nursing home care, community-based services are significantly less expensive and serve seniors at home, where most prefer to be. Many soon-to-be retired employees may opt to purchase a long-term care insurance plan if it is affordable, provides coverage for services across the continuum of care, and is offered earlier in their employment which would fortify the plan’s resource base. By increasing the number of Alaskans using long-term care insurance, the financial burden on Medicaid services could also be reduced.

In closing, we would also like to recognize and personally thank Emily Ricci, Chief Health Policy Administrator, Division of Retirements and Benefits for her proficient review of the studies’ findings with ACoA members and providing follow-up to questions. We greatly appreciate the time she took to personally explain this complex subject matter with us. Thank you for this opportunity to provide comment.

Sincerely,



David Blacketer  
Chair, Alaska Commission on Aging

Sincerely,



Denise Daniello  
ACoA Executive Director

