Resolution
Support for Alaska Health Care Commission Recommendations

Sponsor: Alaska HR Leadership Network

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and be it

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

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

T.S. Redmond

Signature

Tom Redmond
Printed Name

Director of Human Resources
Title

SolstenXP Inc. / Jago Contracting & Management, LLC
Organization

22 January 2014
Date

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

Signature

Florian Borowski
Printed Name

Human Resources Director
Title

CH2M HILL Alaska
Organization

February 16, 2014
Date

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

Thomas R. Kean

Thomas R. Kean, President
Doyon Universal Services

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

02/12/14

ANTHONY E. EDWARDSEN | PRESIDENT/CEO
UKPEAGVIK IÑUPIAT CORPORATION

DATE

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

Signature

Ellen Izer
Printed Name

SVP HR Director
Title

Northrim Bank
Organization

2/18/14
Date

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

Vicky Stuart
Signature

Vicky Stuart
Printed Name

Senior Vice President Human Resources
Title

Afognak Native Corporation
Organization

February 14, 2014
Date

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

Susan Lindemuth
Signature

Susan Lindemuth
Printed Name

Director, Human Resources
Title

Alaska Railroad Corporation
Organization

2/20/14
Date

Citations

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

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

[iii] Centers for Medicare & Medicaid Services. National Health Expenditure Data by State of Provider. (http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsStateHealthAccountsProvider.html)

[iv] Mark Foster Presentation to Alaska Health Care Commission, October 10, 2013; adjusted for U.S. Department of Commerce, Bureau of Economic Analysis per capita personal income data.

[v] Alaska Department of Labor & Workforce Development, "The Cost of Living in Alaska," Alaska Economic Trends, May 2011.

[vi] "Drivers of Health Care Costs in Alaska and Comparison States." Milliman, Inc., November 29, 2011.

[vii] "Alaska Division of Workers' Compensation 2012 Annual Report," Department of Labor & Workforce Development.

[viii] National Council on Compensation Insurance 2012 Alaska State Advisory Forum.

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

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

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

ATTACHMENT A:

ANCHORAGE SCHOOL DISTRICT
ASDR 2013-2014-12

RESOLUTION IN SUPPORT OF ALASKA HEALTH CARE COMMISSION RECOMMENDATIONS

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

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

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

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

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

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

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

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

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

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

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

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

ANCHORAGE SCHOOL BOARD

Tam Agosti-Gisler

Tam Agosti-Gisler, President

Bettye Davis
Eric Croft
Pat Higgins

Kameron Perez-Verdia
Kathleen Plunkett
Natasha von Imhof

Ed Graff

Ed Graff, Superintendent