

ASHNHA

Alaska State Hospital and
Nursing Home Association

Guiding Principles for Health Care Reform

2009



Foreword:

Access to quality, affordable health care for all is vital to Alaska's social and economic future. That is why the Alaska State Hospital and Nursing Home Association (ASHNHA) is committed to health care reform in Alaska. ASHNHA, in conjunction with key hospital personnel and community stakeholders from across the state, has initiated the identification of health care reform issues most important to the continued and improved health of our communities.

As providers of medical services, hospitals are well positioned to designate reform priorities which will have the maximum impact on the future of Alaska's health care industry and on the health care status of our residents. As consumers of medical services, community stakeholders offer a critical patient-centered approach to potential reform and assure that identified priorities ultimately serve the best interests of our communities. For the benefit of the uninsured, the underinsured, our businesses, employees and society as a whole, we have an obligation to address health care reform now.

This document is the foundation of our efforts to become discussion leaders in our communities and to develop community consensus on what elements of health care reform the public supports.

The following principles have been identified in a collaborative effort between ASHNHA, Alaska hospitals and community stakeholders, and will guide the organization's health care reform efforts in 2009:

- ▶ Continue to improve health care quality and efficiency
- ▶ Establish health care accountability
- ▶ Improve and expand health care coverage and access
- ▶ Strengthen public and private health care programs

A vital component to advancing the reform discussion and drafting proposed changes to our existing health care system is the establishment of a Statewide Health Care Commission. The commission, comprised of health care leaders from across the state, will be tasked with reviewing these and other reform issues to assess the viability of positive long-term solutions. Ultimately, this body will be responsible for implementing reform priorities supported by Alaskans in order to define the roles of the state, businesses, providers and individuals regarding future health care funding and delivery.

Principle 1:

Continue to improve health care quality and efficiency.

As health care providers, we must ensure that consumers have access to critical information when choosing their medical provider. Under this principle, the following actions should be considered in an effort to improve health care quality and efficiency, and to make information available to the ultimate consumer of health care services.

Quality and efficiency in health care:

- ▶ Define “quality” and “efficiency” and what constitutes best practices.
- ▶ Develop relevant quality and efficiency measures which appropriately reflect Alaska’s uniqueness.
- ▶ Develop a system to capture the data.
- ▶ Develop a system to analyze the data against previously identified quality and efficiency measures.
- ▶ Develop a system to report the data and make it available to the consumer.

Mandates and incentives:

- ▶ Consider a statewide mandate for reporting health care acquired infection incidents.
- ▶ Consider a statewide mandate for reporting incidents of serious medical error (“never events”).
- ▶ Detail the cost of quality initiative implementation and the financial impact of data reporting.
- ▶ Consider potential incentives rewarding facilities for improved quality over the short and long term.
- ▶ Outline potential incentives for voluntary participation in programs such as the 5 Million Lives Campaign and other quality-driven improvement programs.

Efficiency considerations:

- ▶ Develop a uniform billing process with coordination of benefits between payors in order to reduce consumer confusion and provider/insurer administrative costs.
- ▶ Establish an Electronic Health Record (EHR) data standard and implementation timeline.
- ▶ Detail the potential role of telemedicine in Alaska and how the state could leverage improved efficiency and accessibility as a result.

Shortage of health care providers:

- ▶ Address the shortage of health care professionals and its effect on quality and efficiency.
 - How would expediting licensure of health care providers impact quality and efficiency?
- ▶ Develop a plan of action to close the workforce gaps. Some considerations:
 - Recruitment and retention
 - Relocation costs
 - Incentives
 - Rural Alaska
 - Lack of instructors/training facilities

Other important factors critical to quality and efficiency:

- ▶ Develop a program similar to the Mayo Clinic in order to acquire valuable consumer input and two-way communication between provider and patient.
- ▶ Refine Alaska’s Certificate of Need program to improve overall health care quality and efficiency.

Principle 2:

Establish health care accountability.

Health care providers must be transparent about their cost and quality, giving patients information to empower them to make informed health care decisions. The following recommendations constitute measures identified to increase health care accountability and openness with regard to these attributes.

Price and quality reporting:

- ▶ Adopt a uniform, statewide reporting of price and quality data for inpatient and outpatient procedures.
 - Adopt a set of measures that are applicable to urban and rural Alaska
 - Ensure integrity and comparability of data
 - Involve payors to acquire cost data
 - Quality measures should focus on patient outcomes
 - Outline who should be required to report
 - Outline what data should be reported
 - Develop a system for data collection
 - Develop a system for making the information available to the consumer
 - Develop educational material and communication plans about the availability of information resources
- ▶ Adopt a uniform pricing estimate system for all services and providers.

Incentives and non-reimbursable services:

- ▶ Develop modified pay for performance reimbursement incentives.
- ▶ Adopt a non-reimbursement policy for incidents of serious medical error (“never events”).

Other considerations:

- ▶ Should facilities receive a financial offset for uncompensated care?

Principle 3:

Improve and expand health care coverage and access.

While consumers should have the option to purchase additional coverage, a basic plan should include preventative services that encourage good health management and consumer financial involvement. This principle focuses on consumer wellness and prevention, incentive programs that encourage businesses to offer health care coverage, and potential state subsidies to make health care affordable to the uninsured.

Patient cost savings incentive:

- ▶ Develop a proposed cost savings incentive program for consumers who live a healthy lifestyle.
 - Define “healthy lifestyle”
 - Outline parameters for eligibility
 - Develop a plan to educate consumers on the importance of wellness and prevention
 - Design a system to track healthy lifestyle factors
 - What will the incentive consist of? Lower insurance cost? Improved benefits? Lower co-pays/deductibles?
 - Who will pay to offset the incentives?

Employer cost savings incentive:

- ▶ Develop a proposed cost savings incentive program for small employers to offer health care insurance.
 - Design a program conducive to provider collaboration
 - What will the incentive consist of? Lower insurance cost? Improved benefits? Lower co-pays/deductibles?
 - Who will pay to offset the incentives?

Mandate considerations:

- ▶ Research the political viability of an individual mandate to carry basic insurance coverage.
- ▶ Research the political viability of an employer mandate to offer a basic benefit package to employees.
 - Adopt a uniform definition of a “basic benefits” package for employers and insurers

State intervention considerations:

- ▶ Develop state subsidies to make health insurance affordable for low-income families.
- ▶ Discuss the viability of state funding for loan repayment programs.

Other important factors critical to expanding coverage and access:

- ▶ Adopt mechanisms to more equitably spread the burden of cost shifting across all purchasers.
- ▶ Adopt mental health parity legislation.
- ▶ Propose a program providing for dependant coverage to those age 26 and younger on their parents’ policy.

Principle 4:

Strengthen public and private health care programs.

Government funded health insurance programs play a large role in the health status of seniors, children and low-income families. Those programs, including Medicare and Medicaid, must become more patient-centered and focus on meeting consumers' medical needs, whatever their stage in life.

Inherent to this principle is the role that uncompensated care plays in the cost of health coverage, and employers' inability to offer health insurance as a result. One important component of the cost of commercial premiums is the extent to which these premiums are used to pay for care that is provided to uninsured (or underinsured) individuals who cannot or do not pay their bills. This uncompensated care is ultimately paid for by those with private commercial insurance in the form of higher premium rates.

Seniors, Medicare and Medicaid:

- ▶ Assess the full range of long-term care services needed by Alaska's elderly through 2025 (including, but not limited to, Alaska's Medicaid program).
- ▶ Develop strategies for improving access to Medicare for the eligible population.
- ▶ Design a plan to better facilitate coordination between Medicaid and the Tribal Health programs.
- ▶ Expand the public health nurse program to promote prevention and early diagnosis.

Alaska's Denali Kid Care program (Alaska's SCHIP program):

- ▶ Develop a program expanding the reach of the Denali Kid Care program by increasing the age threshold for eligibility.
 - What should the age threshold be?
 - Should all children have access to health care regardless of family income?
 - Design a plan to educate the legislature about the importance of supporting change to the program
 - What type of budget increase would this program require and does the state have the ability and willingness to fund it?
- ▶ Streamline the application process by reducing barriers in order to encourage more eligible people to apply.

Uncompensated care and cost shifting:

- ▶ Discuss state funding to help support uncompensated care and reduce the cost shifting to employers.
 - Define "uncompensated care"
 - An emphasis should be placed on long-term program sustainability
 - What would a state-funded program for uncompensated care look like?
 - How do you ensure a balanced system?
 - How would state funding be distributed?
 - Consider the true cost of uncompensated care as opposed to charges, which increase annually
 - Design a plan to educate the legislature about the importance of supporting change
 - What type of budget increase would this program require and does the state have the ability and willingness to fund it?

Conclusion:

Alaska has the nation's highest health care costs, most expensive insurance and ranks 49th among states in availability of medical services. Meanwhile, Alaskans post staggering statistics regarding heart disease and stroke, cancer and diabetes – tens of thousands of Alaskans currently suffer from these diseases and the state's death rates rank above the national average. These factors are hurting Alaska families, putting health care insurance out of economic range for individuals and businesses, and threatening the effectiveness and sustainability of our health care system.

ASHNHA, in collaboration with Alaska communities and hospitals, supports the development of a Statewide Health Care Commission that is willing, able and ready to take a leadership role in developing innovative improvements to the state's health care system.

Less than half of Alaska's private employers offer health insurance, and more than 123,000 residents (including 21,000 children) are without ongoing health care coverage. These are signs that Alaska is not gaining ground in assuring that its residents have access to affordable and appropriate medical services. Alaska's ability to recruit and retain physicians is inadequate and the lack of cost and quality data available to consumers prevents them from making informed health care decisions.

The Statewide Health Care Commission, comprised of industry leaders with experience and an understanding of the current health care structure, will be designed to most effectively promote enduring change beginning with the identified reform principles summarized in this document. They will be tasked with developing feasible and sustainable legislative proposals that support quality and access improvements while producing a more efficient health care delivery system for Alaska.

It's imperative that we plan for future health system needs by continuing to improve health care quality and efficiency; establishing health care accountability; improving and expanding coverage and access; and strengthening public and private health care programs. These are complex issues that should be addressed by those who can most appropriately recommend adaptive solutions. The commission will be well-positioned to identify, analyze and recommend viable changes to our existing system and lay the foundation upon which positive health care reform can be built.

We have an obligation to address health care reform now. States with far less resources have instituted health care commissions with great success and achieved measurable reform results. A similar body to represent Alaska's best interests is vital to the sustainability and future advancement of our health care system, and to the health care status of our residents.

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