



# Sustainable Health Care in Alaska

The journey to a healthier future

## The Alaska Health Care Roundtable

A Commonwealth North Project



# Alaska's Challenges



- Alaska faces serious health care challenges over the next decade
  - High cost of health care
  - Chronic disease
  - Substance abuse
  - Access to primary care for certain populations, like Medicare beneficiaries
  
- Thank you for the time you have committed and the work you have done to take the first step toward addressing these challenges



# About the Roundtable



## **Our beginnings:**

Recognizing the long-term significance of Alaska's health care challenges, Commonwealth North took an in-depth look at these issues in a comprehensive, year-long study.

As a result of this study, Commonwealth North realized the need for a coalition of businesses and health care stakeholders dedicated to addressing health care policy.

Out of that dialogue, the Health Care Roundtable was formed.



# About the Roundtable



## Our purpose:

*To improve the health of all Alaskans by improving access, quality and cost of healthcare in Alaska, and by fostering individual awareness and responsibility*

## Our stakeholders:

NEA Health Trust, GCI, Premera, Providence Health & Services Alaska, Municipality of Anchorage, University of Alaska, Alaska Primary Care Association, State of Alaska, Alaska Regional Hospital, Rasmuson Foundation, ODS Alaska, ANTHC, The Wilson Agency



# What we have learned



- Alaska has a complex, long-term, systemic health care challenge
- Addressing this challenge will require collaboration, commitment, and shared sacrifice on behalf of all stakeholders
- There are no simple or easy solutions
- Health care reform is a journey, not a destination that can be reached quickly or with minimal effort
- We must begin the journey in earnest



# What we have learned



- We have already submitted to you “Principles, Elements, and Specific Steps” for your review and consideration
- Now, we offer the following guiding principles for you to consider as a way to help Alaska begin the journey to a healthier future



# Reform: the journey ahead



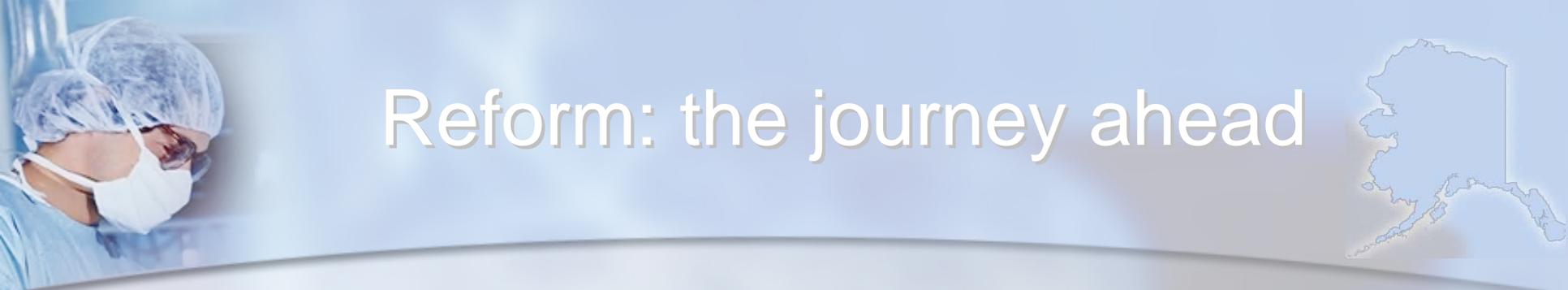
- **Principle 1:** Alaska has a complex and long-term health care problem. A final solution in the next few months is unlikely
- **Principle 2:** Alaska must deal with this issue, it will not solve itself
- **Principle 3:** Help Alaska get all the best ideas out on the table. Don't adopt a single solution too early



# Reform: the journey ahead



- **Principle 4:** Learn from state and national health care policy prevention, financial, and structural ideas
- **Principle 5:** Support an ongoing coordinating council, commission, or board with adequate resources
- **Principle 6:** Define and conduct sufficient Alaska research to evaluate policy alternatives



# Reform: the journey ahead

- **Principle 7:** Involve the right parties in the decision making process so solutions will be understood and accepted. Jointly develop solutions based on research and consensus
- **Principle 8:** Work at the federal and state levels for programs, policies and projects beneficial to Alaskans
- **Principle 9:** Encourage action where warranted based on solid health management principles and consistent with evolving long-term objectives

# Our challenge, our opportunity



- The health of Alaskans is our collective responsibility
- This is our opportunity to create a healthier Alaska together
- Thank you for your time and for the work you have done



# Principles, Elements and Specific Steps

Draft 8 August 29, 2007

Proposal by the Alaska Health Care Roundtable to help the Council achieve the goals it identified at its first meeting:

## **Health Care Strategies Planning Council Mission Statement (Approved at the June 11, 2007 meeting)**

Develop strategies, including performance measures, to provide health care access for all Alaskans by 2014 with the goal of making Alaskans the healthiest population in the nation.

The definition of “access” includes: coverage, affordability, timely service, quality of care, prevention, managing chronic conditions, workforce issues and cost.

*Roundtable recommendations are as follows:*

### **Principles of reform — Guidelines for creating effective specific action steps**

- Creating healthier people who consume less medical services is the only major sustainable strategy to slow growth of health care costs.
- Plans, programs and policies must encourage and support the principle of individual responsibility to maintain and protect each person’s health.
- Dramatically improve value for every health care dollar.
  - Health services that effectively educate and motivate individuals underpin an effective, efficient health care system. Prevention and timely appropriate levels of care earn strong return on investment (ROI) for both employer and public programs. Examples are immunization programs, hypertension or HIV screening, promoting prenatal care, etc.
  - Organizational wellness programs, government or private, are starting to prove that improving employee health is a win/win for both employees and employers.
- Financially support carefully planned experimentation with different types of health delivery models and payment models. Alaska is a highly diverse state. The wide variety of community sizes, many in remote areas, with differing access to care and different prevailing payment systems argues towards creating a variety of solutions from which to choose. Employers are particularly concerned about quality.

- All Alaskans need quality, affordable health care that provides:
  - Physical access
  - Financial access
  - Information access
  
- Facilitate universal participation in the most appropriate fashion for each individual. Forms of coverage or care include:
  - Employer-based
  - Individual-based
  - Federal programs
  - Military programs
  - Alaska Native programs
  
- Rely on and develop the private insurance market in sectors where it is currently working and other sectors where it can be logically employed. Avoid creating costly state bureaucracies that duplicate private sector capabilities.
  
- “Grow our own” health care practitioners at all levels as much as possible.
  - In-state education and clinical training increases the likelihood of keeping graduates in Alaska.
  - In-state education stems the flow of education dollars Outside and helps generate a sustainable economy.
  - Create specialized programs to meet the needs of rural Alaska.
  
- Collaboration and cooperation is essential. The problem is larger than any one part of the system can solve. Areas to address are financing and insurance, workforce development, facilities and citizen education. Private, state, federal and Native resources will need to be coordinated so all can contribute to the solution.
  
- Generate sufficient information and research, both in Alaska and from best practices Outside, to support sound fact-based decision making.
  
- Provide sufficient and appropriate facilities where necessary around the state. Emphasize regional planning, coordination, cooperation and efficiency.
  
- Develop a statewide electronic health record network that is secure and interoperable with existing systems to improve quality of care and reduce waste by providing necessary medical information to providers.

## Elements of reform — Building blocks for a better system

- The problem is huge and complex. Businesses, individuals and governments all must contribute to managing and financing a new Alaskan health care system for it to be sustainable.
- We must stem erosion of employer-sponsored insurance. Keep what works and reshape or fill in as necessary. Reform plans should build on and improve existing parts of the system that work without harming those who are already well served.
- Information to evaluate costs and alternatives before and after treatment is an essential building block of individual financial responsibility. Information access and transparency seems like a basic need, but is elusive. Technology and disclosure requirements will help.
- Encourage adequate federal Medicare reimbursement of provider's costs, but cobble together work-arounds until that happens. This can include creative use of Medicare and Medicaid waivers. Keep track of the changing federal health care environment to uncover opportunities and influence needed change.
- Electronic health records are the cornerstone to modernizing Alaska's health care. Build on existing private and state-level initiatives.
- Develop navigation aids and fail-safe systems to help people gain access to and deal with complexities of the system. Navigation aids must take into account the human, as well as the technological networks, which build healthy lives.
- Alaska has information gaps that need to be filled to chart an optimum path to progress. Fundamental research will enable policy-makers to make sound decisions based on facts: 1. Quantify and identify the source of Alaska cost differentials vs. Outside. 2. Understand who is not covered or insufficiently covered. 3. Continue to define work force development challenges across the full job spectrum.
- Build on the many Alaskan programs that have proven effective or show promise in the areas of quality, access and cost control.
- Monitor and learn from other state's experience in coverage and cost control.
- Alaska will need an ongoing official state-wide group to monitor the ever-changing health care scene and find appropriate synergies.

## Specific immediate steps to consider

- Establish an ongoing Alaska health care council/commission/board to coordinate public policy.
- Support and coordinate Alaska research and monitor national research and developments.
- Develop a variety of Alaska health care reform plans based on research to be able to compare and contrast their benefits, costs and impacts.
- Support the next step in development of Alaska electronic health records.
- Develop and monitor quantifiable health care goals for Alaska.
- Support workforce development capable of filling current and anticipated needs.
- Encourage primary care capability based on the “Medical Home” model which provides an ongoing health care point of contact. Examples are family physicians or community health centers.
- Monitor and improve liability and tort laws to help reduce malpractice insurance costs, encourage quality improvements and make Alaska a more attractive place to practice medicine.
- Encourage schools at all levels to foster healthy life styles and offer sports and exercise programs that build life long healthy habits.
- Work with the federal delegation and authorities to maximize federal support of Alaska projects and programs and to support national health care reform efforts that will benefit Alaskans.
  - E.g. Develop stand-alone Medicare clinics in major Alaska hubs via an open RFP process
- Identify pseudo-reform “myths”—things to avoid.

## **Pseudo-reform “myths” — Things to avoid**

- Continued employer transfer of health care costs to employees.
- Assuming that “market forces” alone will make health care better and more efficient. Health Savings Accounts (HSAs) may be part of a total solution, but not the only solution. Even enlightened health care consumers do not have access to information they need to “shop around” for best value.
- Freezing or reducing state funding. The State of Alaska will need to make additional financial and programmatic investments as a full partner in a comprehensive solution.
- Reliance on the federal government to solve the problem. National solutions are necessary and hopefully will be forthcoming. However, in the interim, Alaska needs to do what it can to help itself.
- Assuming, hoping or praying that the problem will solve itself and go away. Effective, creative coordination of every tool available within Alaska is the only chance for success. An ongoing, adequately resourced council, commission or board will need to continue the work of the Alaska Health Care Strategies Planning Council.

## Why we need to act now

- As a small state with significant resources, Alaska has the elements it needs to improve the health of its citizens in the long-term.
- Guiding principles will focus the creativity and coordination needed to achieve this lofty, but basic human goal.
- Unchecked, current health trends will create the first generation in 100 years that can expect a shorter life span than their parents.
- Insufficient federal reimbursements are transferring a huge financial burden to the private sector which in turn is passing costs on to employees.
- A mandatory rational system based on the strongest elements already in place can provide basic care for all Alaskans enabling a shift of emphasis towards prevention.
- Investing in prevention and individual responsibility offer high “bang for the buck.” Healthy people feel better and place less financial demands on the system.
- The aging population will increase per capita costs of health. These increases can be mitigated by effective primary prevention and health promotion.
- Everyone and all parts of society need to be part of the solution—businesses, individuals and all levels of government.
- The health care system is not a goal in and of itself. The real goal is healthy Alaskans who know they will be properly cared for if they do get sick.

## **Background — An unsustainable deteriorating situation**

- Many thanks to the Alaska Health Care Strategies Planning Council and key legislators for beginning a formal state dialogue.
- Businesses face annual double-digit increases in health care costs. This necessitates:
  - Cutting back coverage
  - Increasing employee financial contributions
  - Educating and empowering employees to develop healthier lifestyles
- The situation is bad and getting worse.
  - According to a July 2007 Commonwealth Fund report comparing states, Alaska ranks 26<sup>th</sup> overall, 36<sup>th</sup> for access and 49<sup>th</sup> in quality.
  - Medicare and Medicaid do not reimburse providers for their cost of doing business. This “pinch” is being passed on to businesses and insurers, creating an ever-escalating financial burden on them. Health care costs for businesses are a financial ball and chain not shared by international competitors.
  - Many Alaskans are without any health care coverage, or have inadequate coverage.
    - Over 90,000 Alaskans have no health care coverage—if living together, they would be the second largest city in Alaska.
    - Many more are under-insured.
  - Everyone has nominal access to some form of health care at the emergency room, but it is after-the-fact and expensive.
  - Many people in need do not know where to turn because of:
    - Lack of knowledge
    - Lack of money
    - Linguistic and cultural barriers
    - Crushing work and family schedules
  - Alaska is short 300 doctors today, with more needed to replace an aging work force. Similar shortages exist for nurses and other health practitioners.
  - Potential gas pipeline construction will further strain an already challenged Alaska health care system.
- The unhappy net result:
  - Alaska has the highest per capita state expenditures on health care in America (\$8,000 per person).
  - America has the highest per capital health care expenditures in the world (\$7,000 per person).
  - Alaska and America have poor health compared to other industrialized nations despite having greater expenditures on health care.
  - Alaskan and American businesses are becoming less competitive compared to international businesses in countries with public health care systems.
- A caring, humane and financially efficient society cannot continue this downward spiral. Serious national conversations and major state-level reform efforts are under way. Fortunately, Alaska has potential building blocks for a better system and guidelines to help use them.