

Health and Health Care in Alaska

Alaska Health Care Commission
October 14, 2010
Ward B. Hurlburt

- February 15, 2007
- 24 hours of meetings
- Implementation plans beyond the scope of this short lived group
- Time limitations precluded the group being able to address the Administrative order's directive to present fiscal information

**Alaska Health Care Strategies
Planning Council**

- Statewide plan to address (Sec 18.09.010):
 - Quality
 - Accessibility
 - Availability

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- Reduce health care costs by using savings from (Sec. 18.09.070):
 - Enhanced market forces
 - Fraud reduction
 - Health Information technology
 - Management efficiency
 - Preventive medicine
 - Successful innovations identified by other states
 - Other cost saving measures

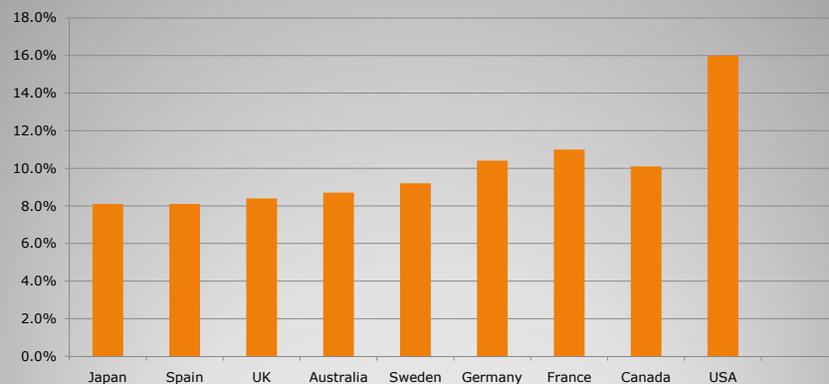
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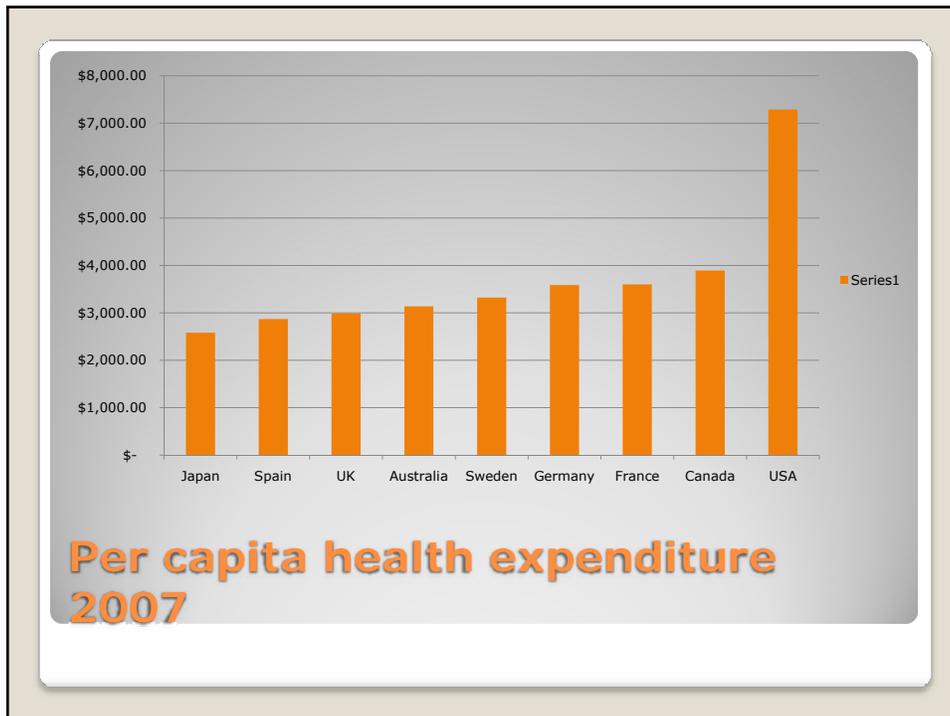
- Data show Alaska has the highest medical care costs in the country
- The United States spends 50% to 100% more as a percent of GDP and in dollars on health care than other industrialized countries
- Alaska may overall have the most costly health care

Cost of Health Care

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Percent GDP spent on health care 2007



- Is it a big deal for America?
 - Is it a big deal for Alaska?
 - Are we addressing the issue of the cost of health care either nationally or as Alaskans?
- Cost of Health Care**
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- Medical care costs increased 275% nationally between 1982 and 2001 – Alaska greater rate
- Premera paid 40% more in Anchorage than Seattle in 2007 (good old days)
- Medically driven bankruptcies increased 2,300% between 1980 and 2001

Increase in Health Care Costs

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- Expands Medicaid enrollment
- Provides health insurance subsidies
- Requires employers to provide health insurance coverage
- Requires individuals to buy health insurance
- Directs health insurance companies to have certain operating policies
- So far - largely a change in payment rather than health care reform

Patient Protection and Affordable Care Act

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- **"So far"** – an open door
 - The laws say "The Secretary shall" a thousand times
 - Broad scope of decisions yet to come
- The HCC will need to be knowledgeable about PPACA and its impacts on Alaska – but this is not health care reform for Alaska
- I believe the HCC should guard against being consumed with dealing with these 2,000 pages of federal legislation and focus on what can make a difference for Alaska

Patient Protection and Affordable Care Act

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- We can impact the cost, effectiveness, and appropriateness of health care
 - Evidence based clinical and policy practice
 - Prevention
 - Unit cost

ALASKA/AMERICA

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United States	Other industrialized countries
<ul style="list-style-type: none"> • 18% of GDP currently forecast to be >21% by end of decade by CMS • Comparable year USA \$5711 per person • Current year about \$9,000 	<ul style="list-style-type: none"> • 7% to 12% of GDP. Switzerland next highest at 12% • Switzerland \$3847 • Canada \$2988 • Japan \$2249

Spending on Health Care

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United States	Other industrialized countries
<ul style="list-style-type: none"> • Infant mortality 6.8 per 1000 live births • Average life expectancy 77 years • Even after reaching age 65 in the USA we don't live as long 	<ul style="list-style-type: none"> • Switzerland 4.2 • Japan 2.8 • Switzerland 81.3 • UK and Germany 79 • Japan 82.1

Spending on Health Care/Outcomes

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- Alaska's GDP \$30 billion
- Alaska's private sector employee payroll and benefit costs \$12.5 billion (ADN)
- HCC has used an Alaskan health care cost of \$6 billion (20% of Alaska's GDP) - but

Spending on Health Care/Alaska

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- Alaska monthly Medicaid enrollment is 110,000 (16% of state's 2010 population)
- Next FY Alaska Medicaid will spend \$1.5 billion
- Medicaid population is largely TANF – relatively healthy young women and children
- Extrapolation of \$1.5 billion to other 5/6 of population = \$9 billion (30% of Alaska GDP)

Spending on Health Care/Alaska

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- Sponsored by Governor and Legislature
- Six meetings September - March
- Projections are for states to be spending 30% to 50% of their entire budgets on Medicaid

Spending on Health Care/Alaska Medicaid Task Force

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Alaska

- Code 99213
- Alaska pays \$108.29
 - 172% of Washington
 - 229% of Oregon
 - 188% of Idaho
- 262,107 (99213) visits last year
 - If Alaska paid what OR does we would have saved \$16 million just for this kind of visit

Other Northwest

- Code 99213
- Washington \$63.02
- Oregon \$47.29
- Idaho \$57.45

Medicaid Pricing

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- At Rasmussen/Providence health care reform seminar at UAA Premera reported
 - In 1998 they paid prices for comparable visit to providers in the Anchorage area that were 35% greater than in the Puget Sound area.
 - In 2010 the differential is significantly more than 100% greater.
 - Commercial populations are comparable – Alaska's may be a little younger.

Commercial Health Insurance Pricing

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- Do we know what is coming?
 - January 2009 Palin administration projected FY 2013 Medicaid cost of \$1.367 billion and run rate of \$1.5 billion sometime during FY 2014
 - Current expectation for FY 2012 is \$1.5 billion
 - Price escalation (other states have been reducing rates)
 - Increased enrollment
 - National economy
 - PPACA
 - Increased utilization by new enrollees

Alaska Medicaid Costs

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- Not a major component in PPACA beyond the erroneous assumption that health insurers can absorb increases in numbers of individuals covered and benefits without raising premium rates
- PPACA's limitation on administrative costs (including positive margin) for health insurers can actually drive health care cost increases

Spending on Health Care in Alaska Does PPACA Offer Relief?

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- Diseases of choice
 - Three examples
 - Overweight/obesity
 - Tobacco use
 - Unintentional injury

What are we dying from in Alaska and paying most of our medical care dollars for?

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- More than one third of American adults are obese
- An additional one third of American adults are overweight
- These findings get worse each year
- As many as 40% of Alaska's children are overweight or obese
- Rates of U.S. childhood overweight and obesity have tripled over the past four decades

**Overweight/obesity
Magnitude of the problem**

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- One third of all American children born in 2000 are expected to develop diabetes during their lifetime (CDC, JAMA, 2004)

**Overweight/obesity
An impact of medical complications**

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- The current generation of American children may be on track to have a shorter lifetime than their parents – an historic first
- More than one quarter of all Americans ages 17 – 24 are unqualified for military service because they are too heavy
- Obesity and inactivity causes 365,000 premature deaths a year in the U.S.

Overweight/obesity Impact of medical complications

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- Single most preventable cause of disease and premature death in the U.S.
- Cigarette smoking causes 443,000 premature deaths annually in the U.S.
- 21% of adult Alaskans smoke - #41 among the states (Utah <10%, California <13%)
- 39.3% of Alaska Native people smoke
- Smokeless tobacco use is common in rural Alaska – especially among the very young

Tobacco use – the bad news

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- Cigarette smoking among adult Alaskans has declined by about 50%
- 9.7% of Alaskan youth ages 12 – 17 report smoking – 14th among the states
- Gov. Sean Parnell as Senate Finance chair assured that a significant portion of the tobacco company settlement money was protected for anti-smoking efforts

Tobacco use – the good news

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- More than half of Alaskans now live in jurisdictions where there are strict clean indoor air laws
- A major push to extend clean indoor air laws state-wide will commence this fall
- Rep. Herron is sponsoring increased taxation of smokeless tobacco products

Tobacco use – the good news

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- Leading cause of death in Alaska ages one through 44
 - Occupation
 - Recreation
 - Geography
 - Climate
 - Alcohol and other drug associations
 - Guns a part of living and culture

Unintentional Injury (formerly Accidents)

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- Substantial reduction in mortality rates
 - Safer highway design and construction
 - Teaching swimming and water safety
 - Kids don't float
 - Highway speed, DUI seatbelt laws toughened and safe driving enforcement
 - Gun safety instruction
 - Improved medical care and transportation
 - Pre-hospital care, > 4000 EMTs, Code Blue funding, improved communications capabilities

Unintentional Injury (formerly Accidents)

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- Greater use of Evidence Based Medicine for policy determinations and clinical decision making
- Prevention
- Price and quality transparency
- Negotiations on pricing
- Remove legislative limitations on free market negotiating related to pricing
- Greater focus on appropriate utilization
- Greater allocation of providers toward primary care
- Concepts such as the medical home

Some of Alaska's Opportunities

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