Transforming Health Care in Alaska

2012

Draft #2: This Draft shows the revisions made to the Public Comment Draft during the 12-10-12 Commission meeting

2010 – 2014
Strategic Plan
Update

Transforming Health Care in Alaska

2012 Report/2010-2014 Strategic Plan

Alaska Health Care Commission

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STATE OF ALASKA

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ALASKA HEALTH CARE COMMISSION

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December 11, 2012

Changes made by the Commission to the 2012 Public Comment Draft during their December 10, 2012 meeting are highlighted in yellow. Deleted text is struck-through, and added text is underlined. Commission member votes to make each change are recorded in the Commission's voting record.

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Part I: Introduction

A. 2010–2014 Strategic Plan Framework

The following graphic depicts the framework the commission is using to guide the process for improvement of Alaska's health care system, and includes updates on the status of each step in the process.

Describe the main characteristics of the ideal future health care system for Alaska; develop goals for health care system transformation; identify values of the transformed system. *Accomplished 2009; Redefined Vision 2012. See Part I.B. of this report.*

Accurately describe Alaska's health care challenges to understand why the current system is not achieving the vision. *Accomplished: System Description & Issue Identification (2009). Impact of Federal Reform (2010). Cost Analysis; Physician/Hospital/DME Reimbursement Comparison (2011). Drug Reimbursement Comparison; Regulation of the Health Care Industry; Impact of Alaska Tort Reforms (2012). 2013-2014 TBD. See Part II of this report.*

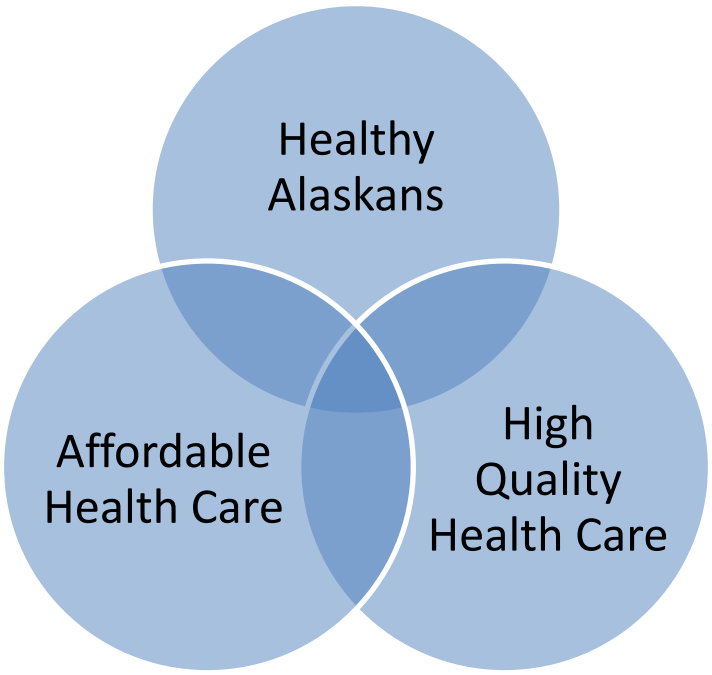
Ensure the building blocks for a sustainable health care delivery system are in place to provide a strong foundation for transforming the current system. *Accomplished (2009): Recommendations for Workforce, Health IT, & Leadership. See Part III of this report.*

Design the elements necessary to achieve the health care system vision. *Accomplished: Promoting Healthy Lifestyles, Patient-Centered Primary Care, and Medicare Access (2009). Evidence-Based Medicine (2010). Patient-Centered Primary Care (con't.); Price & Quality Transparency; Payment Reform; Trauma System; Obesity; Immunization; Behavioral Health (2011). Telehealth; End-of-Life Care; Employers' Role in Health & Health Care (2012). See Part III of this report.*

Track implementation of recommendations, and establish an indicator set (including benchmarks and targets) for measuring progress of health care system improvement. *Updates on implementation of prior year recommendations included in annual reports. Indicators for measuring system improvement to be established in 2013 to align with Healthy Alaskans 2020.*

B. The Commission's Vision for Transformation of Alaska's Health Care System

The Commission redefined their vision during 2012 to simplify it and make it more focused, understandable, and memorable; and also to make it more compelling and to provide an audacious "stretch" vision of the future.



<u>Vision</u>

By 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care.

We will know we have attained this vision when, compared to the other 49 states, Alaskans have:

1. ***The highest life expectancy***
2. ***The highest percentage population with access to primary care***
3. ***The lowest per capita health care spending level***

Health Care Goals

I. Improved Access
II. Contained Cost
III. Safe, High Quality Care
IV. Prevention-Based

The Commission is crafting strategies focused on attainment of the following four goals for a transformed health care system:

I. **Access:** Access to affordable health care coverage and to a viable and vital health care delivery system is improved.

II. **Cost:** The cost of health care is controlled so that the medical inflation rate in Alaska is below the national rate.

III. **Quality:** Alaskans can be assured that health care services they receive in Alaska meet the highest quality and safety standards.

IV. **Prevention:** A focus on preventive services, both clinical preventive services for individuals and community-based prevention policies, will support improved health status and control costs by reducing the burden of preventable disease and injury.

Values

- Sustainability
- Efficiency
- Effectiveness
- Individual Choice
- Personal Engagement

The Commission applies the following values to guide planning and policy recommendation decisions for transformation of Alaska's health care system:

Sustainability: A redesigned health care system for Alaska must be sustainable in terms of: 1) government, private sector, and individual ability to financially support implementation over the long term; and, 2) health care provider ability to deliver quality care while maintaining a sound business operation.

Efficiency: A redesigned health care system for Alaska will minimize waste in clinical care and administrative processes.

Effectiveness: A redesigned health care system for Alaska will support practices best known to produce the best outcomes.

Individual Choice: A redesigned health care system for Alaska will provide information and options for Alaskans in terms of health care coverage and service providers.

Personal Engagement: A redesigned health care system for Alaska encourages and empowers Alaskans to exercise personal responsibility for healthy living and for obtaining and participating in their health care. It also recognizes that individual investment is a vital part of a robust health care system.

C. Core Transformation Strategy

The figure below depicts in graphic form the core strategies identified by the Commission for transforming Alaska's health care system to achieve their vision, and the relationship of those strategies to one another and to the planning process.

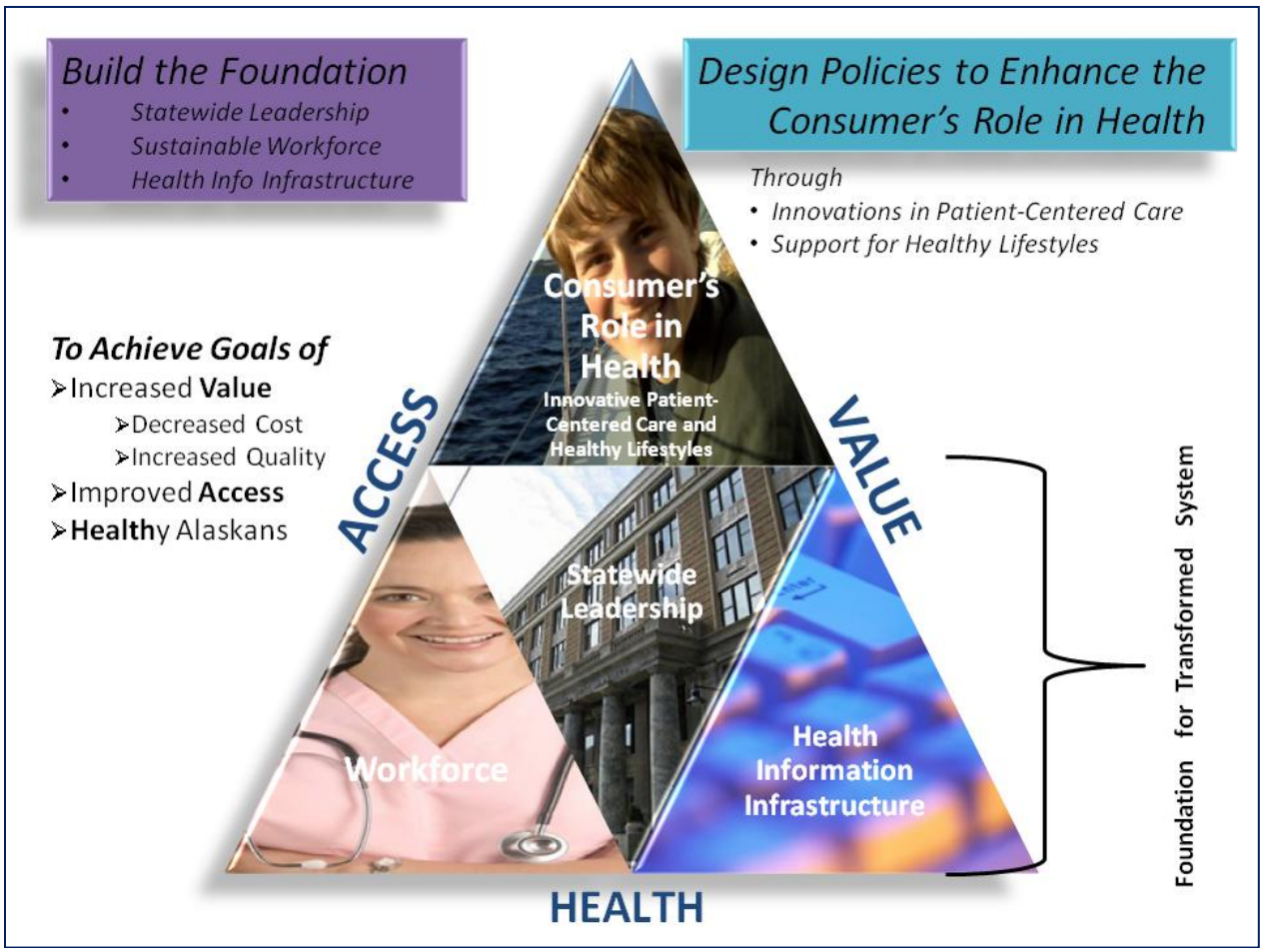


Figure 1: Alaska Health Care Commission's Core Strategy for Health Care System Transformation

Understanding and supporting the consumer's role in health care is the central focus of the Commission's strategic approach to transformation of Alaska's health care system. Two aspects of the consumer's role are critical to addressing the goals of increased access, improved value (cost and quality), and a focus on prevention – 1) individual lifestyle choices and the impact those choices have on health outcomes and demand for health care services; and 2) the individual's central position in their health care experience. Support for healthy lifestyles and new innovations in patient-centered care are the pinnacle of the Commission's health care transformation strategy.

A vital health care workforce and modern information management tools are the foundation upon which support for healthy lifestyles and an innovative patient-centered system depend. And the journey to a transformed health care system cannot continue without statewide leadership to see it through. On-going study, planning, and policy development is necessary to create a regulatory and reimbursement environment that supports the health care industry while it redesigns itself.

D. Definitions of Health & Health Care

The commission adopted the following definitions as a tool for providing a common understanding for group discussion and for guiding planning efforts. These definitions are not meant to imply certain roles for government or health care providers.

Health & Healing

- Optimal health is a dynamic balance of physical, emotional, social, spiritual, and intellectual health.

Physical	Fitness. Nutrition. Medical self-care. Control of substance abuse.
Emotional	Care for emotional crisis. Stress Management
Social	Communities. Families. Friends
Intellectual	Educational. Achievement. Career development
Spiritual	Love. Hope. Charity.

- An individual's health status is largely self-defined, encompassing a broader state of well-being beyond physical health and lack of disease or infirmity.

- Healing is restoration of wholeness and unity of body, mind and spirit. It involves curing when possible, but embraces more than cure. When illness is limited to disease and health care is limited to cure, the deeper dimensions of healing are missed.

Health Care

- Health Care means any care, treatment, service, or procedure to prevent disease, injury and other physical and mental impairment; and to maintain, diagnose, or otherwise affect an individual's physical or mental condition.

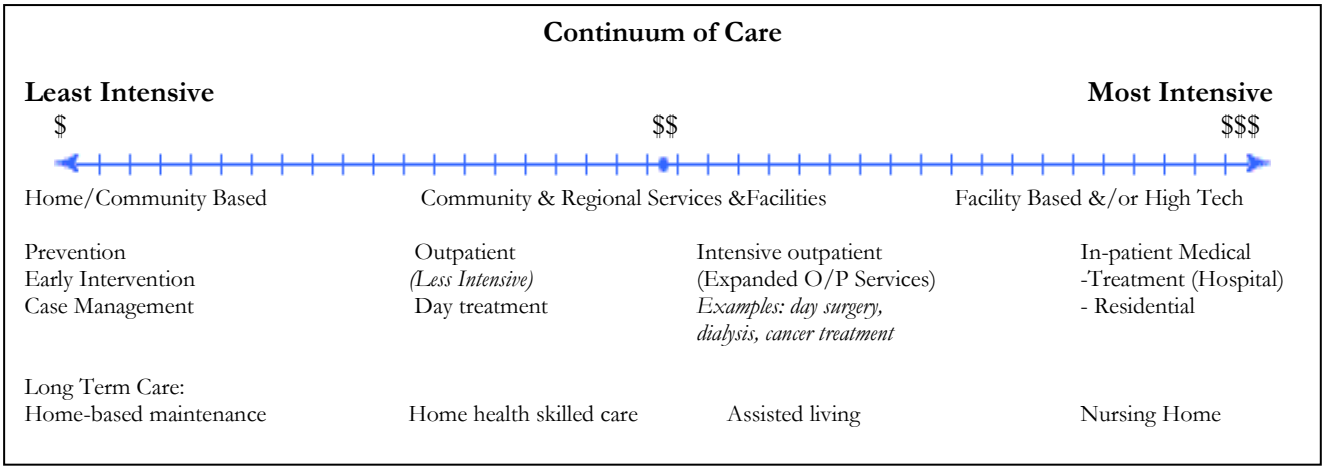
Health Care System

- A health care system is a collection of organizations, practitioners and allied workers, facilities and technologies, financing mechanisms, policies, and information that provide and support the provision of health care for a population.

- People in Alaska obtain health care through three different systems: the private sector, the military/VA, and the Alaska Tribal Health System.

Health Care Continuum

- The health care continuum is the full array of physical and behavioral health services, from prevention to treatment to rehabilitation and maintenance, required to support optimum health of a population.



Public Health

- Public health is what society does collectively to assure the conditions for people to be healthy. The two main characteristics of public health are 1) it is concerned with prevention rather than cure, and 2) it is concerned with population-level rather than individual-level health concerns.

- Public health protects and improves communities by preventing epidemics and the spread of disease; promoting healthy lifestyles for children and families; protecting against hazards in homes, worksites, communities and the environment; and preparing for and responding to emergencies.

E. 2012 Commission Focus

The Commission's efforts to better understand the current health care system and design solutions to attain their vision have been and continue to be primarily focused on:

- The problem of the rising cost of health care as the greatest challenge confronting access to care and sustainability of the health care system;
- Acute medical care as the largest component of health care spending, and one area of Alaska's health care system that does not already have an existing planning and advisory body in place;
- Strategies intended to drive increased value in health care – safe, high quality (efficient and effective) care at an affordable price.

Understanding Current Health Care System Challenges

During 2012 the Commission studied and identified findings related to:

- **Pharmaceutical Costs**: Comparing reimbursement levels in Alaska by various payers for prescription drugs with a number of other states, this study continued the analysis of reimbursement for acute medical services begun in 2011 with physician and hospital services and durable medical equipment.
- **Government Regulation of the Health Care Industry**: The range and purview of federal and state government rules that impact the health care industry.
- **Malpractice Reform**: The impact of reforms passed by the Alaska legislature in 1997 and 2005 on the medical liability environment.

The Commission also spent time learning about Alaska's behavioral health care system and tracked activities related to implementation of the federal Affordable Care Act in Alaska. Findings related to these two areas are not identified, but summaries will be included in the final 2012 report.

Health Care System Transformation Strategies for Driving Value

During 2012 the Commission studied and developed recommendations for the following strategies:

- **Use telehealth technology to facilitate access to and quality of care**
- **Improve patient choice and quality in end-of-life care**
- **Enhance the employer's role in improving health and health care**

The Commission also received updates on the status of implementation of the Commission's prior-year recommendations. These status reports will be included in the final 2012 report.

Part II: Understanding Alaska's Health Care System Challenges

A. Summary of Prior Year Findings

Concerns regarding the current condition of Alaska's health care system described in detail in past years' reports include the following. Please see the Commission's 2009, 2010, and 2011 reports for more detailed findings and discussion.

- The high and rising cost of health care in Alaska is unsustainable.
    - Health care cost increases in Alaska continue to outpace inflation.
    - Health care is increasingly unaffordable for our employers and families.
    - Health care prices paid in Alaska are much higher than in comparison states.
- Health insurance coverage in Alaska is inadequate.
- Providers and patients experience logistical challenges in the delivery of and in accessing health care services.
- Fragmentation and duplication in Alaska's health care system creates inefficiencies.
- Alaska suffers from shortages and maldistribution of health care workers.
- Health status, health risk behaviors and changing demographics contribute to high utilization of health care services.
- Use of modern health information technology is taking hold in Alaska, but much remains to be done.
- Alaskan Medicare enrollees living in urban areas have trouble accessing primary care.

B. 2012 Study: Cost of Health Care in Alaska - *Pharmaceuticals*

The Commission began an in-depth analysis of the cost of health care in Alaska during 2011 to better understand cost drivers and inform policy recommendations aimed at improving affordability and access to care. These studies began with an economic analysis conducted by the Institute of Social & Economic Research (ISER)/MAFA of health care spending in the state, including estimates of total spending levels by payer and types of services. That same year Milliman, Inc., an international health care actuarial consulting firm, conducted an analysis comparing prices paid for hospital and physician services and for durable medical equipment in Alaska with a number of other states.

Hospital and physician services were the first two areas selected for actuarial study because they represent the highest proportion of spending for health care in Alaska at 31.5% and 28% (respectively), compared to 9% for prescriptions and equipment, 3% for nursing home and home health care services, 5.5% for dental services, 10% for administrative costs, and 13% for all other services. These are also the two main components of spending for acute medical care. The commission continued the price comparison analysis of acute medical spending this year with a study (also conducted by Milliman) of prescription drug reimbursement levels.

The 2012 actuarial analysis of pharmaceutical payment rates compares average prices paid for the top 50 prescribed (on a per-unit basis) generic drugs, top 50 brand named drugs, and a select group of 20 specialty drugs in Alaska with five other states: Washington, Oregon, Idaho, Wyoming, and North Dakota. The analysis includes a comparison of allowed charges for commercial payers and fees for Medicare, Medicaid, Workers' Compensation, the Veteran's Health Administration, and TRICARE. The following findings statements are based on the Milliman analysis, which concluded that for all payers combined, Alaska's pharmaceutical reimbursement is 1% higher on average than the comparison state average.

Findings

- Prices for pharmaceuticals do not appear to be a significant driver of higher health care costs in Alaska relative to the comparison states of Idaho, Washington, Oregon, Wyoming, and North Dakota.[1]

- Worker's Compensation payment rates for pharmaceuticals are higher in Alaska than the average of the Worker Compensation rates of the five comparison states by approximately 17%.[2]

- Medicare and Medicaid dispensing fees for Alaska are higher than Medicare and Medicaid dispensing fees in all the comparison states.

[1] Milliman, Inc., *Pharmaceutical Reimbursement in Alaska and Comparison States*, October 16, 2012.

[2] Workers' compensation reimbursement for pharmaceuticals is estimated to be 0.4% of total reimbursement by all payers combined based on national prescription drug expenditure data.

- There is significant variation in reimbursement levels between payers within Alaska. For example, Medicaid pays 15% more on average than the all-payer average within Alaska, while TRICARE pays 7% less on average.

- Price, while similar in Alaska on average relative to comparison states, and utilization of pharmaceuticals are critically important factors to consider in containing cost growth and improving quality of care and health outcomes.

C. 2012 Study: Government Regulation

The Commission compiled summary information on the breadth and complexity of the health care regulatory environment, and had a presentation by the State Insurance Director on the role of state government in regulation of the health insurance industry.

Findings

- The regulatory environment within which the health care industry operates is significant and complex. Extensive federal, state and local government policies affect such things as licensure and certification of health care workers and facilities, staffing requirements, allowable costs and services, prices for services, ownership and development of facilities, privacy and security of information, and business practices and relationships.

- Government regulation of health care impacts the cost to providers of delivering health care services, the prices paid by purchasers of health care, access to services, and quality and safety of services.

- The federal regulatory environment impacting the financing and delivery of health care includes (but is not limited to) the following federal laws and their implementing regulations:
  - SSA – Social Security Act (Medicare and Medicaid laws)
  - PPACA – Patient Protection & Affordable Care Act
  - ARRA/HITECH – American Recovery & Reinvestment Act/Health Information Technology & Clinical Health Act
  - ERISA – Employee Retirement Income Security Act
  - COBRA – Consolidated Omnibus Budget Reconciliation Act
  - HIPAA – Health Insurance Portability and Accountability Act
  - EMTALA – Emergency Medical Treatment and Active Labor Act
  - MHPAEA – Mental Health Parity and Addiction Equity Act
  - ADA – Americans with Disability Act
  - FDA – Food and Drugs Act
  - GINA – Genetic Information Nondiscrimination Act
  - FSHCAA – Federally Supported Health Centers Assistance Act
  - IHCIA – Indian Health Care Improvement Act
  - FTCA – Federal Tort Claims Act
  - Antitrust Laws (including the Sherman, Clayton, and Federal Trade Commission Acts)
  - Tax Laws
  - Labor Laws

- The State regulatory environment impacting the financing and delivery of health care includes (but is not limited to) the State Constitution and laws and regulations addressing:
  - the private insurance market
  - the Medicaid program
  - provider licensure and certification
  - facility certification
  - the Certificate of Need program
  - the Workers' Compensation program
  - public health functions and programs
  - civil legal procedure

- Regulation of the private health insurance market is predominantly a state government function.

  - State of Alaska insurance laws and regulations apply only to the private insurance market. Excluded are:
    - Public insurance programs (Medicare and Medicaid)
    - Federal and tribal health care delivery systems (DOD, VA, Indian Health Service, Tribal Health System)
    - Self-insured employer plans protected under ERISA

  - Approximately 15% of Alaskans are members of private insurance market health plans regulated by the State of Alaska.

  - Two examples of state insurance laws and regulations identified as potential contributors to higher prices for acute medical services in Alaska are:
    - A state law that requires payers to reimburse non-contracted providers directly instead of through the patient, removing incentives typically used by payers to encourage providers to join their networks.
    - A state regulation requiring usual and customary charge payment to be at least equal to the 80th percentile of charges by geographic area. Since many providers have over 20% of their market share, this implies that those providers can ensure that their charges are below the 80th percentile and therefore, receive payment for their full billed charges.

D. 2012 Study: Medical Malpractice Reform

The Commission had presentations by executives of the two providers of medical liability insurance in Alaska and a representative of the medical community, and studied additional background documentation to conclude the following regarding the impact of medical malpractice reforms made in Alaska over the past two decades.

Findings

- Alaska's medical malpractice environment is relatively stable, supported by:
  - The 1997 Alaska Tort Reform Act
  - The 2005 Alaska Medical Injury Compensation Reform Act
  - Alaska Civil Rule 82

- Clinicians in two of Alaska's three medical sectors, the Tribal Health System and the Department of Defense/Veterans Affairs, are covered for medical liability under the Federal Tort Claims Act (FTCA) and are not subject to state tort law when acting within the scope of their official duties.

- Alaska's malpractice reforms to-date appear to have made an impact on the cost of medical liability coverage for Alaska's private medical sector.
  - In 1996 medical professional liability rates for physicians in Alaska were approximately two times those in northern California (considered the "gold standard" in liability reform)
  - Today, in 2012, Alaska's medical liability costs are in line with those in northern California.

- Alaskan health care administrators report anecdotally a positive impact on physician recruitment due to the positive malpractice environment in the state.

- Cost savings associated with defensive medicine practices are more difficult to identify ~~as~~ because there are other contributors to these practices beyond the threat of litigation. ~~, for example,~~ Other factors that may influence defensive medicine practices include physician training and culture, fee-for-service reimbursement structures, and financing mechanisms that insulate patients from the cost of health care services.

E. Current Health Care System Challenges Prioritized for Study in 2013

The commission intends to focus on the following areas to continue learning about the current condition of Alaska's health care system during 2013:

- ~~**Cost of Skilled Nursing Facility Care in Alaska:** Complete actuarial analysis comparing pricing and reimbursement levels for acute medical services in Alaska with comparison states, and identifying drivers of cost differentials:~~
  - ~~Skilled Nursing Facility (SNF) care as the last component of acute medical services (to complement earlier studies of the other acute medical service components: Physician and Hospital Services, Durable Medical Equipment, and Pharmaceuticals).~~

- **Health Insurance Costs and Cost Drivers:** Analyze components of insurance premium prices, including medical claims, administrative costs, profit margins, and reserve requirements.

- **Health Care Accounting & Pricing:** Review key concepts in health care accounting, reimbursement, and finance, including measurement and allocation of revenue and expenses, revenue realization, depreciation, reporting of charity care and community benefit, sources of payment and payer mix, prospective payment systems and diagnosis-related group-based payment, audits and final settlements, cost reports, and the changing payment environment.

- **Hospital Readmission Rates:** Review CMS quality parameters and pay-for-performance programs recently established with the intent to drive improvements in quality of care, with a particular focus on the new Medicare Hospital Readmissions Reduction Program and its implementation in Alaska.

- **Oral Health & Dental Services:** Review oral health status and dental service delivery in Alaska.

- **Federal Reform:** Continue to track Affordable Care Act implementation activities in Alaska.

Part III: Alaska Health Care System Transformation Strategies

A. Summary of Solutions Recommended To-Date (2009 – 2011)

I. **Ensure the best available evidence is used for making decisions**
Support clinicians and patients to make clinical decisions based on high grade medical evidence regarding effectiveness and efficiency of testing and treatment options. Apply evidence-based principles in the design of health insurance plans and benefits.

II. **Enhance quality and efficiency of care on the front-end**
Strengthen the role of primary care providers, and give patients and their clinicians better tools for making health care decisions. Improve coordination of care for patients with multiple providers, and care management for patients with chronic health conditions. Improve Alaska's trauma system.

III. **Increase price and quality transparency**
Provide Alaskans with information on how much their health care costs and how outcomes compare so they can become informed consumers and make informed choices. Provide clinicians, payers and policy makers with information needed to make informed health care decisions.

IV. **Pay for value**
Design new payment structures that incentivize quality, efficiency and effectiveness. Support multi-payer payment reform initiatives to improve purchasing power for the consumer and minimize the burden on health care providers.

V. **Support the foundation of a sustainable health care system**
Ensure there is an appropriate supply and distribution of health care workers. Create the information infrastructure required for maintaining and sharing electronic health information and for conducting health care analytics to support improved clinical decisions, personal health choices, and public health.

VI. **Focus on prevention**
Create the conditions that support and engage Alaskans to exercise personal responsibility for living healthy lifestyles. High priorities include reducing obesity rates, increasing immunization rates, and improving behavioral health status.

B. Health Care System Foundation

Health Workforce

The workers who provide patient care and support all other aspects of health and health care delivery are a foundational resource for the health system. Shortages of workers in certain health occupations can increase health care costs and limit access to care. The commission initially made a series of recommendations related to the health workforce during 2009. Since that time the commission has tracked the work of the Alaska Health Workforce Coalition, a public-private partnership of leading health industry, government, academic and training organizations formed in 2010 to address Alaska's health workforce needs.

In the short time since their formation the Alaska Health Workforce Coalition has made significant progress, leveraged through an impressive partnering effort and pooling of resources rarely seen between public and private sectors. The coalition identified a series of goals and strategies for strengthening the workforce and published the Alaska Health Workforce Plan in 2010, and during 2011 developed an "Action Agenda" to focus efforts on specific high-priority occupational and system improvement issues. The commission applauds the efforts of the coalition, and will continue tracking their work over the coming year. Of particular importance to the commission are the coalition's systemic change initiatives focused on improving workforce data to support needs-based planning and resource allocation, and on government policy barriers to and supports for workforce development.

Summary of current health workforce recommendations made by the commission in prior years:

- Make health workforce development a priority, and support coordinated planning
- Strengthen the pipeline of future health care workers
- Support workforce innovation and adaptation as care models evolve
- Increase the supply of primary care physicians
    - Support educational loan repayment and financial incentives for recruitment
    - Expand WWAMI Alaska medical school seats as resources allow
    - Support primary care residency program development & operation
        - Continue support for family medicine residency
        - Support development of pediatric and psychiatric residencies
        - Support planning for primary care internal medicine residency

Health Information Infrastructure

The health information infrastructure is the combination of all the people, data, policies and procedures, financial resources, facilities and technology which supports the creation, use, storage, protection and transmission of health information. Health information is required to support:

- Public health surveillance and epidemiologic studies
- Coordination and management of patient care by clinicians
- Performance management and quality improvement efforts of providers
- Decision-making by commercial payers, government policy makers, and community leaders
- Fraud and abuse prevention and control
- Consumer/patient decision-making regarding
    - Lifestyle choices
    - Purchase of health care services
    - Medical testing and treatment
    - Self-management of health conditions

Summary of current health information infrastructure recommendations made by the commission in prior years:

- Support health information technology (electronic health records, health information exchange, and telemedicine) adoption and utilization
- Ensure health information technology is utilized to protect the public's health
- Ensure data available through the health information exchange is used to improve health care
- Ensure privacy and security of health information
- Facilitate broadband telecommunications service access
- Improve reimbursement for telemedicine-delivered services

C. 2012 Commission Recommendations

1. Use telehealth technology to facilitate access to and quality of care.

Findings

- Alaskan health care providers have been pioneers and global leaders in the use of telecommunications technologies as a mechanism for enhancing access to health care and improving clinical outcomes.

- Challenges to the continued development and use of telehealth technologies in Alaska include:

  - "Silos" between health care sectors and between payers and providers. There is not a unified approach to identification of telehealth needs, goals, and barriers nor to design of telehealth solutions.
    - Some collaboration has occurred between the military, VA and tribal health system under the auspices of the Alaska Federal Health Care Partnership, but there has been minimal collaboration between the federal and private health care sectors.
    - There has also been some very limited collaboration between payers and providers, e.g., the state Medicaid program and the tribal health system, and certain commercial insurance carriers and private sector hospitals.
    - There has been no collaboration between public and private insurance programs.

  - Misalignment of payment systems between costs and benefits. Savings achieved through the use of telemedicine do not always accrue to the providers who must invest in the technological infrastructure. Reimbursement has been restructured somewhat in recent years to support funding of "presenting" site providers, but there is evidence these reimbursement opportunities are not fully utilized by providers. Questions remain, such as:
    - Are existing reimbursement mechanisms fully utilized, and if not, why not? Is under-billing the result of inadequate documentation by clinicians, insufficient training for coders, or other billing issues?
    - Can new reimbursement mechanisms be justified? Are costs and savings clearly identified and documented?

  - The use of telehealth technology is not coordinated. There are currently multiple telehealth networks operating in Alaska, a variety of equipment and software applications in use, connectivity challenges due to limited bandwidth availability and technological variability, and no consolidated service endpoint index for maintaining the IP (Internet Protocol) addresses of devices used for telehealth purposes.

  - No mechanism for coordinating and scheduling patient encounters with telehealth providers exists.

  - Alaskan licensure is required for out-of-state clinicians serving patients in Alaska. No evidence has been presented that would indicate this poses a significant barrier to telehealth. If it is found to present a significant barrier at some point in the future the question regarding whether the patient-protection function served by state licensure outweighs the telehealth needs would have to be addressed.

- Opportunities exist and recent initiatives are underway that support further development and use of telehealth solutions, including:

  - The Statewide Health Information Exchange (a public-private partnership between the non-profit Alaska eHealth Network and the Alaska Department of Health & Social Services), which is facilitating private, secure communication between health care providers and will implement a platform for the sharing of medical records later this year.

  - The Connected Nation Program (in Alaska operating as a public-private partnership between the non-profit Connect Alaska and the Alaska Department of Commerce, Community and Economic Development), which is mapping community broadband access, and working to expand access, adoption and use of high-speed Internet capacity statewide.

Recommendations

1. The Alaska Health Care Commission recommends the Department of Health & Social Services develop collaborative relationships across health care sectors and between payers and providers in existing telehealth initiatives to facilitate solutions to current access barriers. The Commission further recommends telehealth collaboratives:
   - Focus on increasing access to behavioral health and primary care services;
   - Target specific health conditions for which clinical improvement, health outcomes, costs and cost savings can be documented; and,
   - Include an evaluation plan and baseline measurements prior to implementation, measurable objectives and outcomes, and agreement between pilot partners on selected metrics.

2. The Alaska Health Care Commission recommends the Department of Health & Social Services ~~direct the Statewide Health Information Exchange entity to perform~~ develop a business use analysis for ~~offering~~ a private sector statewide brokered telehealth service including:
   - Compilation and maintenance of a directory of telehealth providers
   - Compilation and maintenance of a directory of telehealth equipment addresses
   - Coordination of telehealth session scheduling for providers and equipment
   - Facilitation of network connections for telehealth sessions
   - Provision of 24/7 technical support

2. Improve patient choice and quality in end-of-life care.

Findings

- Any public policy discussion regarding end-of-life care must start with the ethical and spiritual dimension of this issue. Conversations and decisions regarding end-of-life care must be grounded in our common humanity and shared respect for human life.

- Alaskan patients who are seriously or terminally ill sometimes feel they are treated more like a battlefield than a person by the health care system. Quality of end-of-life care can be improved through:
  - Health care programs, practices and standards designed to fully engage patients and their families in understanding and decision-making regarding treatment and service options;
  - Engagement by all Alaskan adults in planning in advance and documenting medical, financial and other legal decisions for end-of-life circumstances.

- Key concepts and definitions important for understanding end-of-life care:

  - "Optimal health is a dynamic balance of physical, emotional, social, spiritual, and intellectual health. Healing involves curing when possible, but embraces more than cure. When illness is limited to disease and health care is limited to cure, the deeper dimensions of healing are missed." Alaska Health Care Commission Definitions

  - "When someone is diagnosed with a disease like cancer, a long journey begins. The disease or illness may be treated and go away. It may go away and come back. In some cases the disease cannot be cured and the patient gets sicker. While a patient's body is treated and cared for to reduce pain and other symptoms, it is also important to care for the whole person at all steps of the disease journey. Palliative care pays attention to the mind, body and spirit of the patient and family. It begins with the diagnosis of a life-limiting disease." Christine DeCourtney, *Palliative Care: Easing the Journey with Care, Comfort and Choices*, 2009

  - "Palliative care means patient and family-centered care that optimizes quality of life by anticipating, preventing, and treating suffering. Palliative care thoughout the continuum of illness involves addressing physical, intellectual, emotional, social, and spiritual needs and to facilitate patient autonomy, access to information, and choice." 73 FR 32204, June 5, 2008

  - Hospice care is palliative care for ~~terminally ill patients~~ individuals approaching the end of ~~their~~ life and support for family and caregivers through the dying and grieving process. Hospice is ~~not~~ neither about slowing nor hastening death, but about providing compassionate care to ease dying, death and bereavement. Most hospice care is provided in the home setting.
    - Hospice began as a movement in the 1970s to advance the philosophy that people have a right to die pain free and with dignity.
    - Nationally, t~~T~~here are now examples of hospice organizations and hospice insurance benefits that support provision of and payment for palliative care for terminally ill patients.
    - ~~Some hospice organizations are certified by Medicare and must meet certain federal standards, and some hospice organizations are voluntary and have more flexibility in providing charity services but are limited in their ability to seek reimbursement from third-party payers.~~ Alaska regulations provide for licensing full-service hospices (which are

essentially Medicare certified hospices) and volunteer hospices. Volunteer hospices are limited to services they can provide and are prohibited from seeking reimbursement for care.

  - Medicare, Medicaid and private insurance payment policies for Hospice services vary, but generally require clinician documentation ~~regarding when the patient is likely to die~~ of life expectancy of six months or less, and does not allow curative treatment to be provided concurrent with hospice care.

- Research demonstrates that palliative care begun at the time of diagnosis of a terminal or serious illness or injury:
  - Improves the patient's experience through decreased pain, discomfort, and psychological distress;
  - Lengthens the patient's life span;
  - Increases patient and family quality of life;
  - Decreases inappropriate use of medical resources and results in cost savings to the health care system~~.~~;
  - Decreases adverse health outcomes for survivors.

- Health care system cost savings resulting from the use of palliative care and associated services, such as home health care, do not always accrue to the providing organization investing in and potentially subsidizing the services.

- Palliative care is not always reimbursable as a particular service by public and private third-party payers, but certain distinct services provided as a part of palliative care may be reimbursed, such as physician services, hospice services, and home health services. Current reimbursement methodologies do not recognize participation on the palliative care team by other essential providers such as social workers, chaplains, and care coordinators.

- A number of states have implemented or are in the process of developing a statewide POLST Program. Physician Orders for Life-Sustaining Treatment (POLST) (alternately known as Medical Orders for Scope of Treatment (MOST)) is a standardized process designed to improve the quality of care for people who have advanced progressive illness and/or frailty.
  - POLST programs provide tools for translating a patient's health care goals into medical orders. Central components include clarification and communication of patient treatment goals and wishes, documentation in the form of medical orders on a standardized and recognizable form, and an obligation of health care professionals to honor these preferences across all care settings.
  - POLST is not a living will or advanced health care directive. The latter are intended to facilitate planning in advance of a serious illness or injury and to convey wishes in the event the patient is unable to communicate. POLST/MOST is for patients who have been diagnosed with a serious illness and are able to convey their wishes and participate as a partner in their health care team.

- Alaska established the Comfort One Program in state law in 1996 to help health care providers, the Medical Examiner and First Responders identify terminally ill people who have expressed a wish to not receive life-~~saving~~prolonging measures, such as cardiopulmonary resuscitation (CPR), when they go into respiratory or cardiac arrest. Alaska's Comfort One program was based on Montana's Comfort One program, which has evolved in recent years to a POLST program. While Comfort One is primarily intended for communicating patient DNR (Do Not Resuscitate) orders to emergency

medical service personnel, POLST applies to all medical providers and conveys patient wishes regarding a broader scope of medical procedures.

Recommendations

1. The Alaska Health Care Commission recommends the Governor or legislature foster communication and education regarding end-of-life planning and health care for seriously and terminally ill patients by supporting a program to:
    a. Sponsor an on-going statewide public education campaign regarding the value of end-of-life planning; and,
    b. Establish and maintain a website for end-of-life planning and palliative care resources, including Alaska-specific information, planning guides, clinical best practices and practice guidelines, and educational opportunities for the general public and for clinicians and other community-based service providers.

2. The Alaska Health Care Commission recommends the Department of Commerce, Community, and Economic Development require within current continuing medical education guidelines education in end-of-life care, palliative care, and pain management for physicians and other state-licensed clinicians as a condition of licensure renewal.

3. The Alaska Health Care Commission recommends the University of Alaska ensure end-of-life care is included within the curriculum of health practitioner training programs.

4. The Alaska Health Care Commission recommends the Department of Health & Social Services fund a process to investigate evolving the Comfort One program to a POLST/MOST program (Physician Orders for Life Sustaining Treatment/Medical Orders for Scope of Treatment).

5. The Alaska Health Care Commission recommends the legislature establish a secure electronic registry aligned with the Statewide Health Information Exchange as a place for Alaskans to securely store directives associated with end-of-life and advanced health care plans online and to give authorized health care providers immediate access to them.

6. The Alaska Health Care Commission recommends the State of Alaska partner with other payers and providers to demonstrate:
    a. The use of telehealth technologies for delivering hospice and other palliative care services to rural and underserved urban Alaskans; and
    b. The design of new reimbursement methodologies that improve the value equation in financing of end-of-life services.

3. Enhance the employer's role in health & health care.

Findings

- Employers play an important role in the health of their employees, and in the value – the cost, quality and outcomes – of health care services purchased through employee health plans.

- CEOs who take control of health care like any other supply chain issue and adopt health and health care improvement as a business strategy are improving employee wellness and productivity, containing health care cost growth and improving health care quality for their companies.

- Essential elements of employee health management programs that demonstrate success in driving down health care costs and improving quality and employee health outcomes include:

  - **Price Sensitivity.** Traditional health plans with low deductible and co-payment requirements insulate the plan member/patient from experiencing the direct cost of a service; therefore there is little incentive for the covered patient to engage as an informed consumer and as a partner with their health care provider in addressing questions regarding the need, efficacy and price for a service. Consumer-driven health plans that include employer-supported Health Savings or Health Reimbursement Accounts, off-set by higher deductibles and co-insurance, engage members to shop for price, service and quality, and demonstrate cost savings.

  - **Price & Quality Transparency.** Employees/plan members must have easy access to information on the prices charged for health services, the amount their health plan will reimburse, and the quality of services available in order to be informed and engaged health care consumers.

  - **Pro-active Primary Care Emphasis.** Primary care must be easily accessible to employees in terms of physical location and convenience, and also in terms of low or no co-insurance costs. Preventive services, easy access care for acute illness and minor injuries, and pro-active support for management of chronic conditions avoids more costly care that might otherwise require a higher level of care and also higher costs associated with later treatment of conditions that might worsen with time.

  - **Support for Healthy Lifestyles.** Employers' policies and working conditions can be designed to support an employee's ability to make healthy choices, and can also provide employees with incentives to improve and maintain their personal health.

Recommendations

1. The Alaska Health Care Commission recommends the Department of Health & Social Services investigate and the legislature support implementation of a mechanism for providing the public with information on prices for health care services offered in the state, including information on how quality and outcomes compare, so Alaskans can make informed choices as engaged consumers.
   - To support this strategy the Commission is currently studying the business use case for a statewide All-Payer Claims Database for Alaska, and investigating health care price and quality transparency legislation enacted in other states.

2. The Alaska Health Care Commission recommends the State of Alaska, as a major employer in the state, play a leadership role for all Alaskan employers by continuing to develop and share strategies already underway to improve employee health and productivity and increase health care value. The Commission recommends the Department of Administration take a comprehensive approach by including all the essential elements of a successful employee health management program: Price sensitivity, price and quality transparency, pro-active primary care, and healthy life-style support for employees.
   - To support this strategy the Commission will continue to engage the business community and public employers in learning about opportunities for increasing value in health care and improving health outcomes.

D. Strategies under Consideration for Study in 2013

- **Design policies to enhance the consumer's role in health and health care - A) Innovate to improve quality, affordability and access to care:**
  - **Employer's Role in Health & Health Care – Employee Health Benefit and Plan Design:** Continue engagement with the business community and public employers regarding evolving business models to drive improved health, increased health care quality, and decreased health care costs.
  - **Price & Quality Transparency:** Consider final report from the Commission's All-Payer Claims Database consultants, inventory of transparency legislation from other states, and additional strategies for providing health care price and quality transparency.
  - **Evidence-Based Medicine:** Delve deeper into how state government policy should support the application of high grade evidence by patients, clinicians, and payers to improve value. Discuss the application of evidence-based medicine principles in insurance company policy (benefit design, pre-authorization, and utilization review).
  - **Track Developments in Alaska Related to Previous Recommendations:**
    - Evidence-Based Medicine
    - Value-Based Purchasing (Payment Reform)
    - Patient-Centered Primary Care
    - Trauma System
    - Price & Quality Transparency
    - Telehealth
    - End-of-Life Care
    - Employer's Role in Health & Health Care

- **Design policies to enhance the consumer's role in health and health care - B) Support Healthy Lifestyles**
  - **Employer's Role in Health & Health Care – Worksite Wellness:** Identify the roles Alaska's employers play in their employees' health and access to health care, and study innovative approaches employers in Alaska and across the country are utilizing to create cultures of wellness and promote the health and safety of their employees.
  - **Track Developments in Alaska Related to Previous Recommendations:**
    - Obesity
    - Immunizations
    - Behavioral Health
  - **Track Development of Healthy Alaskans 2020**

- **Build the foundation of a sustainable health system**
  - **Statewide Leadership:**
    - Identify indicators for measuring statewide health care delivery system improvement
  - **Sustainable, Innovative Health Workforce**
    - Track developments in Alaska related to previous recommendations
  - **Health Information Infrastructure**
    - Track developments in Alaska related to previous recommendations