

# Alaska Health Care Commission

## Meeting Discussion Guide

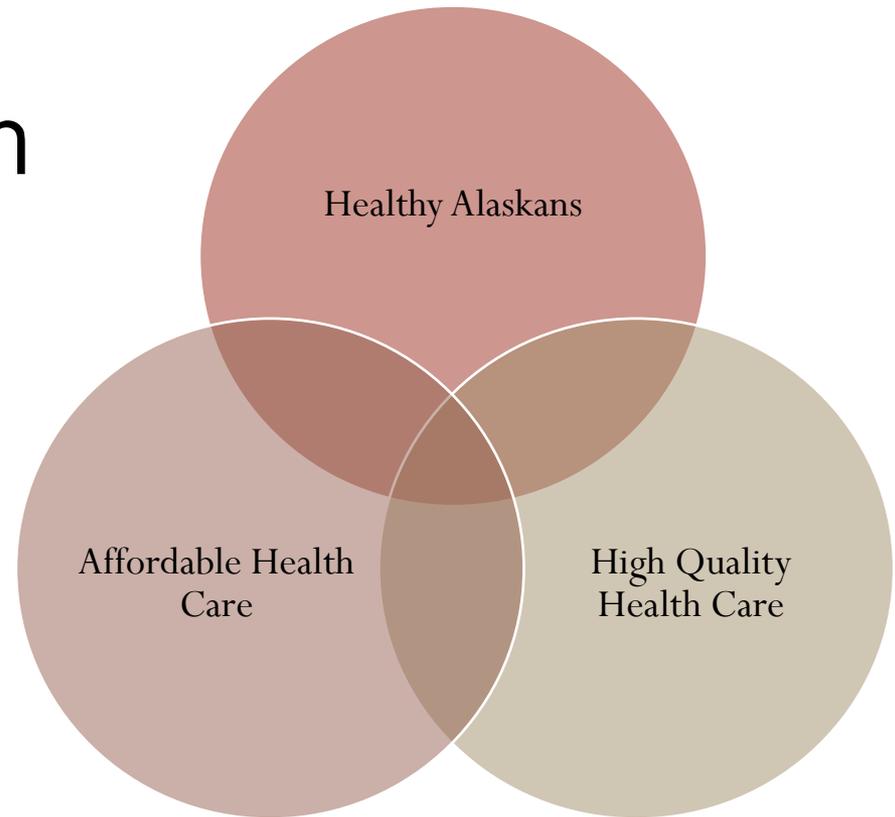
June 20-21, 2013

With NOTES TAKEN DURING THE MEETING



# Commission's Vision

*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 attained this vision when, compared to the other 49 states, Alaskans have:

1. The highest life expectancy (currently 29<sup>th</sup>)
2. The highest percentage population with access to primary care (27<sup>th</sup> )
3. The lowest per capita health care spending (49<sup>th</sup>)

5% of the U.S. population required 50% of health care spending in 2009\*



50% of the population required 3% of health care spending in that same year



# Focus on Health & Value

*Provide high quality, evidence-based efficient, effective care; prevent conditions from worsening and prevent hospitalizations if possible*

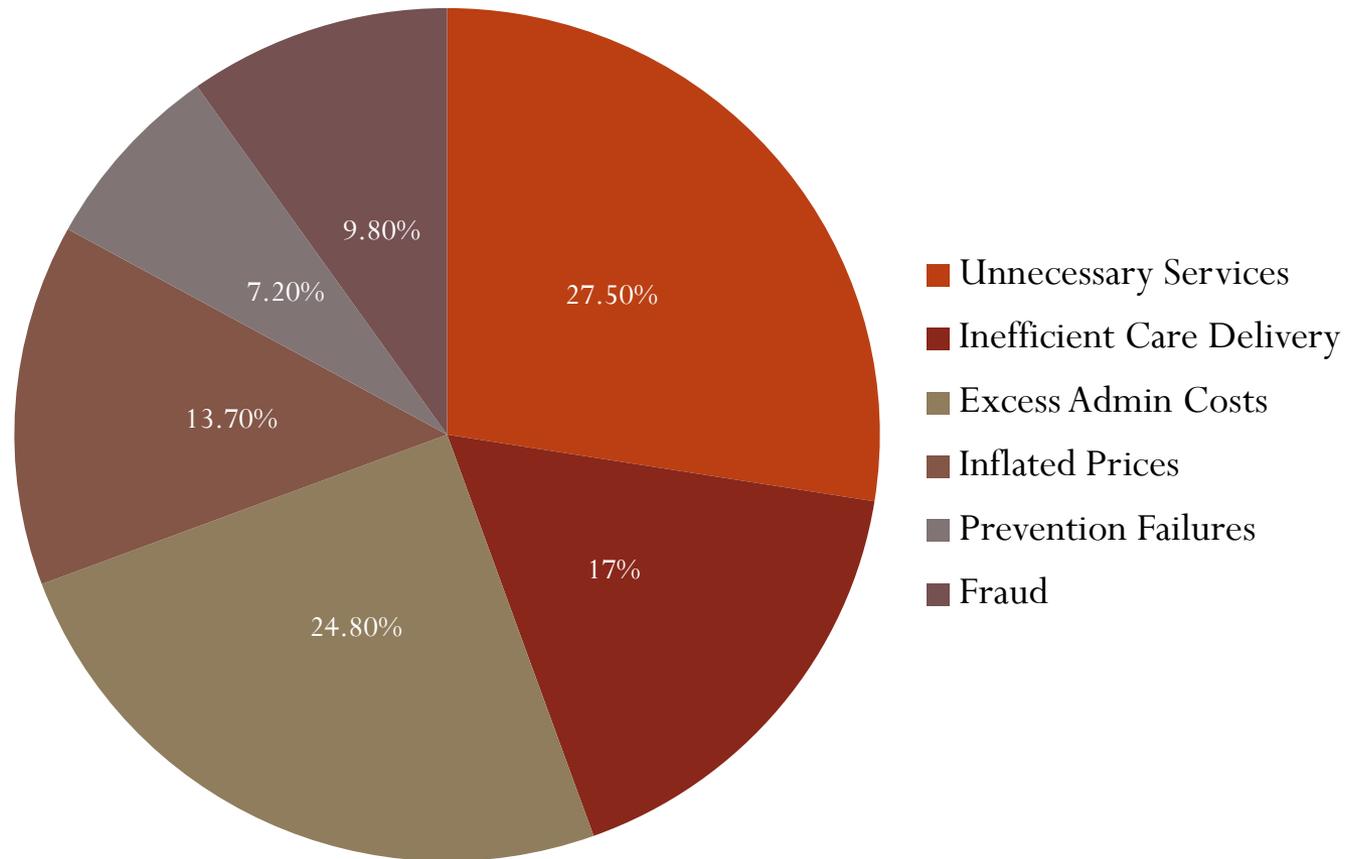
Complex Conditions

*Provide Care Coordination; Care Management; other needed Supports*

Mild to Moderate  
Illness &  
Conditions

Healthy Population  
*Focus on Prevention*

# Sources of \$750 Billion Annual Waste in U.S. Health Care System



Institute of Medicine, 2012

*Best Care at Lower Cost: The Path to Continuously Learning Health Care in America, September 6, 2012*



# Health Care Transformation Strategy

*Design Policies to Enhance the Consumer's Role in Health*

*Build the Foundation*

- *Statewide Leadership*
- *Sustainable Workforce*
- *Health Info Infrastructure*

*Through*

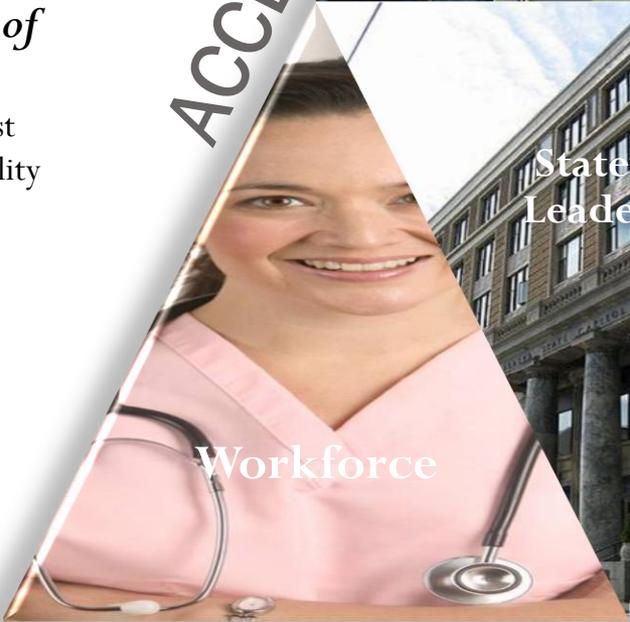
- *Innovations in Patient-Centered Care*
- *Support for Healthy Lifestyles*



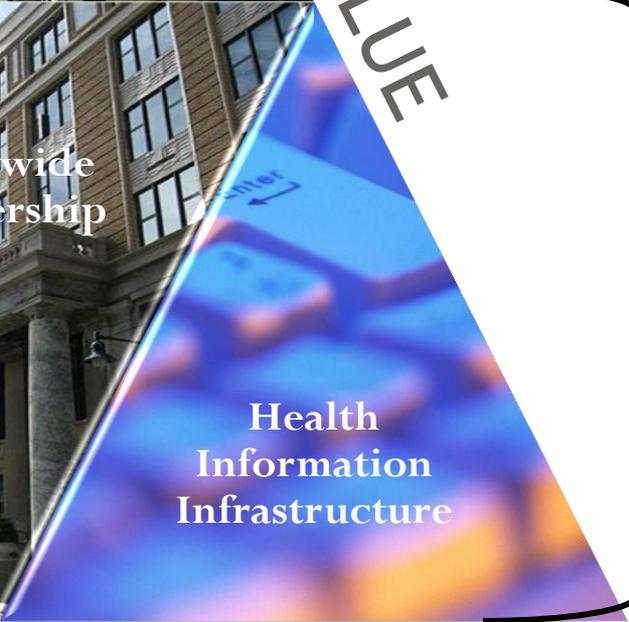
**Consumer's Role in Health**  
*Innovative Patient-Centered Care and Healthy Lifestyles*

**ACCESS**

**VALUE**



**Workforce**

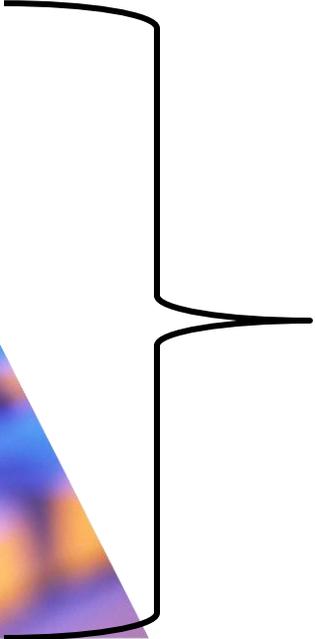


**Statewide Leadership**

**Health Information Infrastructure**

**HEALTH**

- To Achieve Goals of**
- **Increased Value**
    - Decreased Cost
    - Increased Quality
  - **Improved Access**
  - **Healthy Alaskans**



**Foundation for Transformed System**



# Recommended Strategies

- I. Ensure the best available evidence is used for making decisions
- II. Increase price and quality transparency
- III. Pay for value
- IV. Engage employers to improve health plans and employee wellness
- V. Enhance quality and efficiency of care on the front-end
- VI. Increase dignity and quality of care for seriously and terminally ill patients
- VII. Focus on prevention
- VIII. Build the foundation of a sustainable health care system

# 2011 Transparency Findings

- There currently is insufficient data and information to support consumerism in Alaska's health care market. Empowering consumers and health care providers with access to information on the cost and quality of care is an important strategy for improving value in Alaska's health care system.
- Some patients lack incentives to seek value in their health care decisions. Normal supply-and-demand price mechanisms do not always work when consumers are insulated from the cost of a good or service, which is one effect of the third-party payer health insurance system. Consumers who share directly in the out-of-pocket cost of their health care purchases are more likely to make decisions based on value (price and quality).
- State government and other payers require high quality health data sources and health analytics capacity to provide the information needed to guide payment reform and health care delivery improvement policies.
- Alaska's Hospital Discharge Database is an important source of health care data, and is a good example of collaboration between a health care provider group and the State to make health care data more transparent. However, this data set is currently incomplete due to lack of full participation by all of Alaska's hospitals. It is also insufficient for supporting full cost and quality transparency in that it represents care provided only by acute care hospitals.
- A number of states have implemented or are in the process of planning for All-Payers Claims Databases (APCDs) to complement data from their Hospital Discharge Data and Medicaid Management Information Systems. APCDs are large-scale databases that systematically collect and aggregate medical, dental and pharmacy claims data from public and private payers, and are valuable sources of information about outpatient services and health care payments for those states that have implemented them. They also minimize the burden on health care providers as the aggregated data from payers is an efficient alternative to collecting data directly from individual providers.

# Preliminary Draft 2013 Transparency Findings *(from March meeting discussion)*

- As the health care system moves towards greater patient engagement in bearing cost and financial risk, consumers increasingly require price and quality transparency in order to make informed decisions about where to seek health care.
- There is some early evidence that consumers do not utilize price and quality data where available in other states. Lack of utilization appears to be due to lack of price sensitivity, and lack of knowledge regarding availability of the data and/or ease of use. Price sensitivity and ease of access to price and quality data is an important factor in consumer use of this information.
- Choice depends on context of care needs. For example, in an urgent or emergent health crisis price choice may matter less.
- Transparency may help improve clinical quality of care
- One method of providing transparency is through public reporting of All-Payer Claims data. Another method is mandating providers to make prices publicly available. The two methods are not mutually exclusive.

# Current Transparency Recommendations

## 2011 Recommendations

1. The Alaska Health Care Commission recommends the State of Alaska encourage full participation in the Hospital Discharge Database by Alaska's hospitals.
2. The Alaska Health Care Commission recommends the State of Alaska study the need for and feasibility of an All-Payers Claims Database.

## 2012 Recommendation

3. 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.

# Preliminary Draft 2013 Transparency Recommendations *(from March meeting discussion)*

- Public transparency must be accompanied by public education regarding how to access and use price and quality information.
- *Should the state play a role in ensuring that consumers have access to quality and price information by implementing a law that advances transparency? If so, what should the scope and level of price transparency be?*
  - *Levels of transparency: Reported to the State; Available on Request; Available in Public Report; Posted on the Web*
  - *Scope of transparency:*
    - *Average charges; allowed amount reimbursed (3<sup>rd</sup> party + patient payment)*
    - *All medical services; inpatient services only, outpatient services only, the most common inpatient and outpatient service*
    - *Hospitals, physicians, ambulatory surgery centers, imagining centers, others?*
- *What other issues should the state consider or principles should they follow in advancing transparency through law?*
- *Should the state play a role in ensuring that consumers have access to quality and price information by creating an APCD and using the data in part to populate a public transparency website? If so, see APCD recommendations for more questions on potential details.*

# Preliminary Draft 2013 APCD Findings

*(from March meeting discussion)*

- Benefits:
  - An APCD, if done correctly, could provide a method for desired transparency for consumers, and a tool for improving population health, clinical quality and utilization and cost of care (“if you can’t measure it, you can’t manage/improve it”).
- Challenges:
  - An APCD would require legislation to mandate participation by providers, and to overcome federal legal barriers to sharing data (HIPAA and anti-trust)
  - Providers may feel they lack sufficient evidence of use of available health data within Alaska
  - Analytical capacity, including training and education of end users, must be developed
  - Concerns regarding individual privacy

# APCD Q&A *(from March meeting discussion)*

- ***Could state legislation mandate participation by self-insured employers? What about ERISA?***

8 of the 10 states with operational APCDs include self-insured plan member claims by requiring third-party administrators (TPAs) to submit medical claims paid for state residents. The 8 states requiring submission by TPAs are: New Hampshire, Maine, Vermont, Massachusetts, Maryland, Tennessee, Minnesota and Utah. In addition, three states with APCDs under development and scheduled to go live in the next few months – Virginia, Connecticut, and Oregon – require reporting by TPAs in the legislation that created their new APCDs.

- ***What about federal payers (in addition to Medicare)? A higher proportion of Alaskans are on federal health programs than most other states. Now that Medicare is participating in state APCDs, are there efforts underway to include VA, DOD, Indian Health Service, and federal employee health plan data?***

Virginia is currently working with the VA, and Oregon with IHS, to explore opportunities for including data on patient encounters from those systems in their APCDs. The Commission's APCD consultants (Freedman) suggested that Alaska could provide a leadership role nationally as well in working with these additional federal programs to facilitate inclusion in an Alaska APCD.

- ***Are the cost estimates provided by the consultants (Freedman) accurate? Would an APCD cost more in Alaska than in other states?***

Early drafts of Freedman's estimates were increased to align better with current salary levels for similar positions in Alaska. The final estimates align with findings from a recent study by the APCD Council and the National Association of Health Data Organizations (see attached report).

- ***Is the implementation of Alaska's new MMIS an issue? Should the development of an APCD wait until MMIS goes live?***

Alaska's new Medicaid Management Information System (MMIS) is currently on schedule to go live on October 1, 2013, and so would not create a delay in development of an APCD (should Alaska choose to create one).

- ***How have existing APCDs demonstrated value? What are some real life, concrete examples of how the data has been used to decrease health care costs, improve health care quality, and improve public health?***

This will be the focus of Patrick's presentation on June 21.

# Preliminary Draft 2013 APCD

## Recommendations *(from March meeting discussion)*

- An APCD, if done correctly, could provide a method for desired transparency for consumers, and a tool for improving population health, clinical quality and utilization and cost of care (“if you can’t measure it, you can’t manage/improve it”).
- Proceed with caution and take a phased approach to developing an APCD:
  - Engage stakeholders in planning
  - Establish ground rules for data governance
  - Ensure appropriate analytical support to turn data into information and support appropriate use
  - Focus on consumer decision support as a first deliverable
  - Start with Commercial, Medicaid and Medicare first, then collaborate with other federal payers
  - Address privacy and security concerns

# Preliminary Draft 2013 APCD

## Recommendations *(from June meeting discussion)*

- *Recommend the state immediately proceed with caution to establish an APCD and take a phased approach to developing an APCD, and include in the process:*
  - *Engage stakeholders in planning and establishing parameters*
  - *Establish ground rules for data governance*
  - *Ensure appropriate analytical support to turn data into information and support appropriate use*
  - *Focus on consumer decision support as a first deliverable*
  - *Start with Commercial, Medicaid and Medicare first, then collaborate with other federal payers*
  - *Address privacy and security concerns*

# Hospital Discharge Database – preliminary 2013 RECOMMENDATIONS

- *Should the commission's current Hospital Discharge Database recommendation be strengthened to require a statutory or regulatory mandate, or should it be allowed to stand as is with a periodic report from DHSS on progress?*
- *If strengthened to recommend a state mandate, are there certain principles you would like to recommend?*

## Hospital Discharge/Service Reporting Database

- Providers Report
- Charge Data

## All Payer Claims Database

- Payers Report
- Paid Claims Data

# Transparency – more preliminary FINDINGS *(from June Meeting)*

- *Patient needs to know the right question to ask – fundamental shift in how consumers engage in their health care. How do providers help their patients.*
- *Need a sophisticated payer to negotiate with providers.*

# Hospital Discharge Data – more preliminary RECOMMENDATIONS *(from June Meeting)*

- *Recommend a mandatory hospital discharge database for the purpose of providing data that will lead to health care policy decisions that will improve the health of Alaskans, and to encourage federal facility participation.*



# Commission Business

1. Vote on By-Laws Change Proposed at March 2013 Meeting
2. 2013 Financial Disclosure Form Distribution
3. Status of Sunset Audit



# NEXT STEPS

- Commission's 2013 Plans
  - Continue learning about current challenges
    - Health Insurance Costs & Cost Drivers – *June meeting*
    - Health Care Accounting & Pricing 101 – *June meeting*
    - Hospital Readmission Rates (quality metrics; Pay-for-Performance) - *?Oct?*
    - Oral Health & Dental Services – *March meeting*
    - Track Federal Health Care Reform – *all meetings*
  - Strategies for further recommendations
    - Evidence-Based Medicine – *August meeting*
    - Price & Quality Transparency – *March & June meetings*
      - Health Information Infrastructure – *March & June meetings*
    - Employer Engagement – *October meeting*



# NEXT STEPS

- State Health Plan coordination with DHSS
  - RBA/RBB, HB 30, HA 2020
  - Stakeholder Discussion August 9
- Evidence-based Medicine Collaborative Learning Session
- Employer Engagement – Survey Plans
- October Meeting Ideas
- Technical Writer



# Statutory Responsibility Alignment

- “The commission shall serve as the state health planning and coordinating body.”

AS 18.09.070(a)

- “ In performing its duties under this chapter, AS 18.09, and AS 18.15.355-18.15.395, the department (*DHSS*) may develop, adopt, and implement a statewide health plan under AS 18.09 based on recommendations of the Alaska Health Care Commission established in AS 18.09.010.”

AS 18.05.010(b)(5)(A)



# Statewide Health Plan Components

- AS 18.09.070 directs that the statewide health plan contain the following:
  - 1) A comprehensive statewide health care policy;
  - 2) A strategy for improving the health of all residents of the state that:
    - A. Encourages personal responsibility for disease prevention, healthy living, and acquisition of health insurance;
    - B. Reduces health care costs by using savings from
      - i. Enhanced market forces;
      - ii. Fraud reduction;
      - iii. Health information technology;
      - iv. Management efficiency;
      - v. Preventive medicine;
      - vi. Successful innovations identified by other states; and
      - vii. Other cost-saving measures;
    - C. Eliminates known health risks, including unsafe water and waste water systems;
    - D. Develops a sustainable health care workforce
    - E. Improves access to quality health care; and
    - F. Increases the number of insurance options for health care services.



# Commission's Role in State Health Plan Development

- I. Frame
- II. Coordinate
- III. Monitor
- IV. Refresh



# Commission's State Health Planning Responsibilities

- I. Frame:** Provide framework for State Health Plan
  - Vision, Priorities, Core Strategies, Measures
  - Analysis of the current condition of the health system
  - Key Findings and Policy Recommendations
  
- II. Coordinate:** Engage partners and align statewide health planning activities
  - Collaborate with DHSS and other State agencies to:
    - Identify areas of alignment between State Health Plan and agency missions, measures, and business plans;
    - Develop Implementation Plan - include specific action steps and measures.
  - Collaborate with health system stakeholders to:
    - Identify and align activities of other organizations that contribute to achievement of State Health Plan vision, priorities, and core strategies.
  
- III. Monitor:** Convene State agencies and health system stakeholders to facilitate sharing of progress toward vision and outcomes from strategies
  
- IV. Refresh:** Conduct periodic review to evaluate results and improve strategies



# 2013 Meeting Schedule

- Thursday, March 7 – Friday, March 8
- Thursday, June 20 – Friday, June 21
- *Friday, August 9, 9:00-12:00 noon: State Health Plan Stakeholder Discussion; Anchorage. Commission Members invited - participation not required.*
- Wednesday, August 21 – Thursday, August 22
- Thursday, October 10 – Friday, October 11
- Friday, December 6