

Anchorage School District
Cost Drivers & Solutions
In the Search for High Value Benefits to
Sustain A Competitive Economy

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Alaska Health Care Commission
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Overview

- Quick Overview of Anchorage School District
- Anchorage School District Cost Driver Challenges
 - Review of basic cost drivers/allocations
 - Health Coverage/Medical Care price escalation challenges
 - K-12 Education Investment Benchmarks
 - Anchorage School District Response to Cost Driver Analysis
- Health Coverage Opportunities
 - Distribution of Medical Costs & Value Opportunities
 - Employer/Employee/Retiree Life Cycle Value Alliances
 - Separating Promising from Unpromising Approaches
 - Alaska's Challenge

Anchorage School District

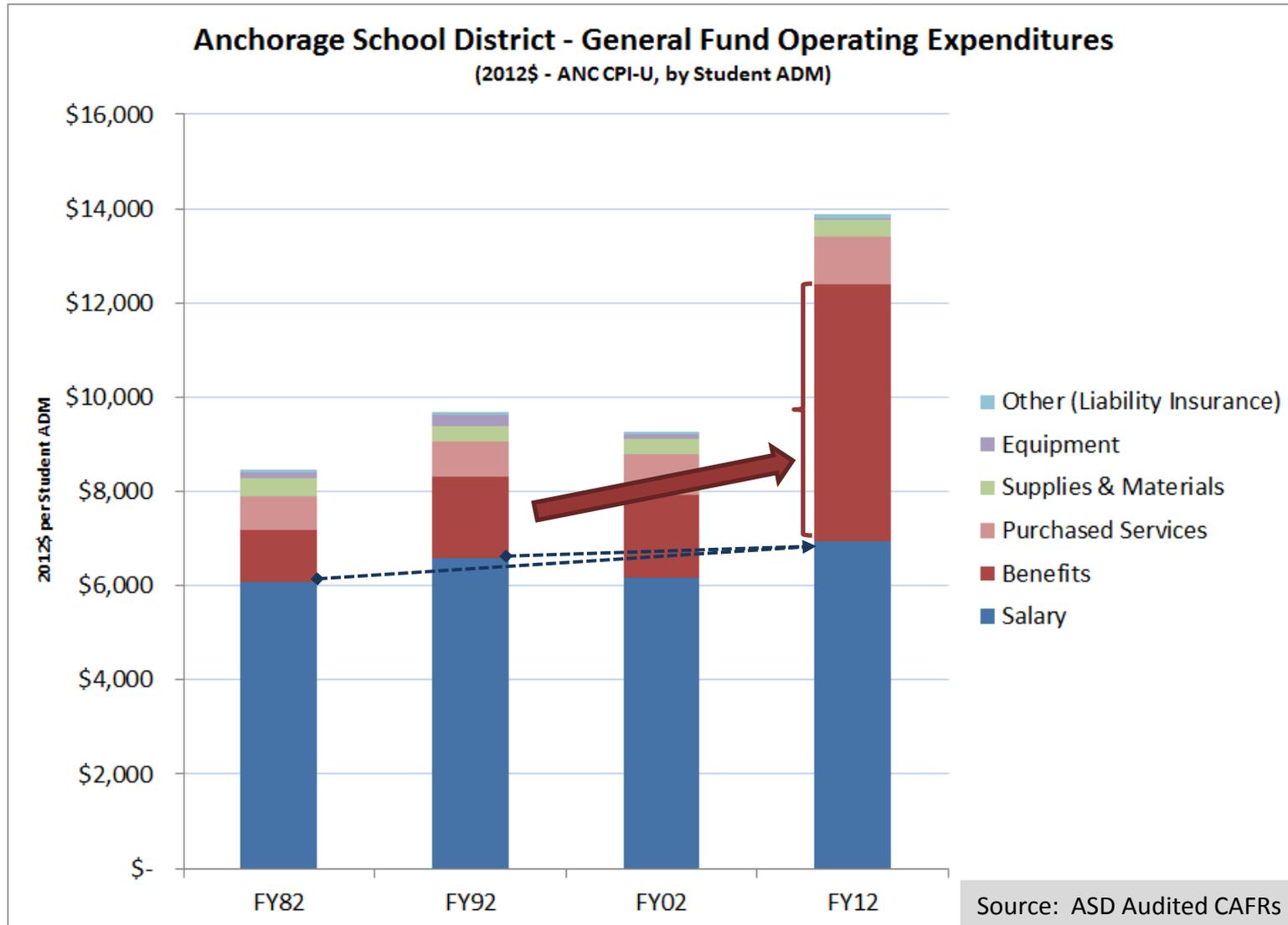
Quick Overview

Job Classification	Full Time Equivalent Positions (All Funds)				3 - Year Trend		TREND LINE
	FY1011	FY1112	FY1213	FY1314	Amount	Pct	
<i>Admin + Professional + Technical Support Subtotal</i>	521.91	506.19	491.28	476.65	(45.26)	-9%	
Clerical	397.59	394.99	372.93	367.81	(29.78)	-7%	
Principals (incl. Asst Principals)	151.50	148.80	149.30	152.05	0.55	0%	
Teachers*	3,635.23	3,557.87	3,481.98	3,424.85	(210.38)	-6%	
Teacher Assistants	878.91	875.39	863.25	763.55	(115.36)	-13%	
Maintenance & Warehouse	187.50	184.00	181.00	174.00	(13.50)	-7%	
Custodians	370.30	370.30	367.80	331.30	(39.00)	-11%	
Drivers & Attendants	111.00	112.00	111.00	95.15	(15.85)	-14%	
Noon Duty Attendants	75.39	75.94	73.42	73.19	(2.20)	-3%	
Total	6,329.33	6,225.48	6,091.96	5,858.55	(470.78)	-7%	

*Teachers includes elementary, middle and high school classroom teachers, librarians, counselors, nurses, teacher experts, curriculum & instruction teachers

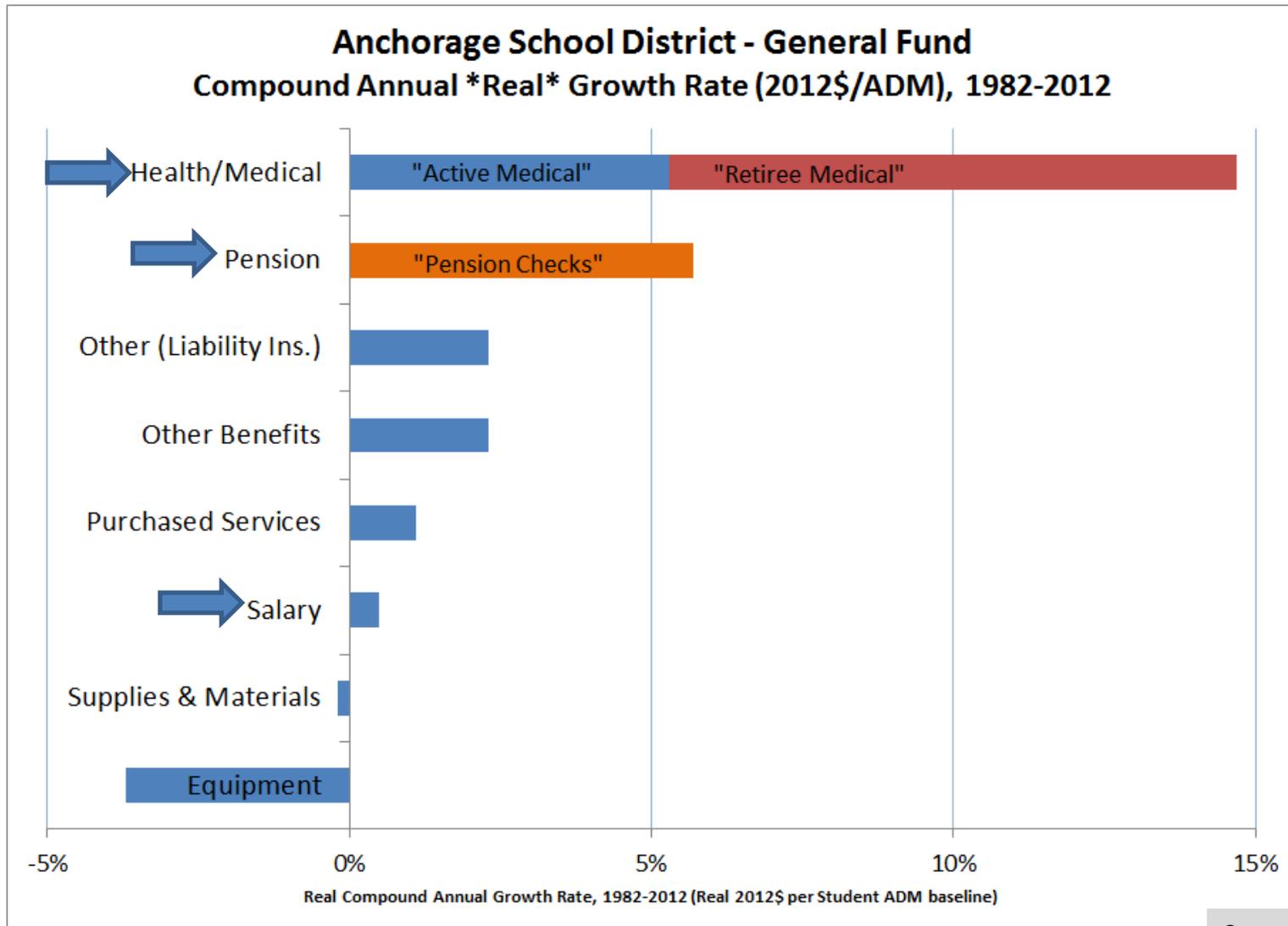
History of Educational Investments in Anchorage

K-12 Education Investment Levels (2012\$/student ADM, cpi-u adj.)



History of Educational Investments in Anchorage

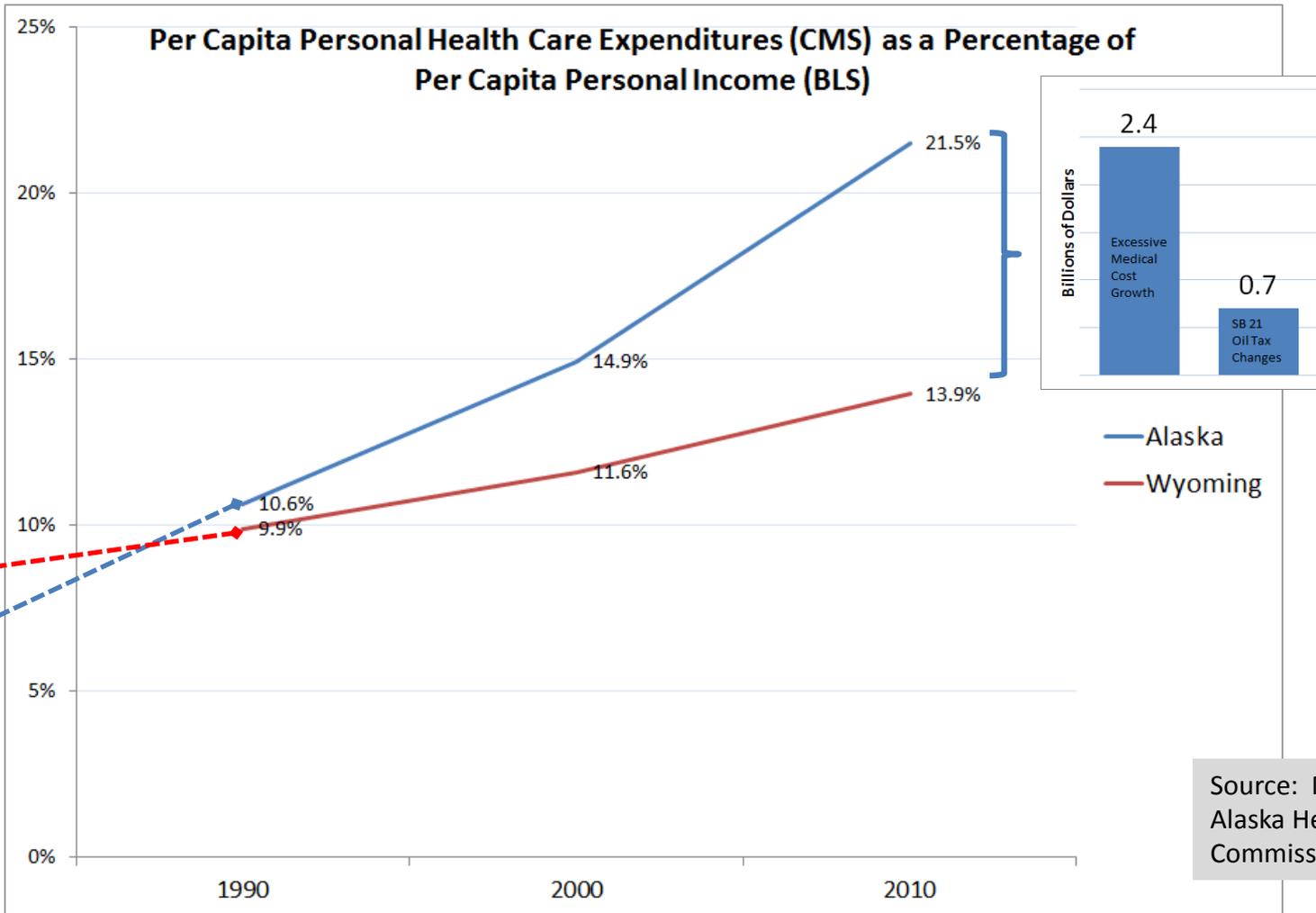
Compare Cost Drivers – Real Compound Annual Growth Rate (2012\$/student baseline)



Source: ASD Audited CAFRs

Educational Investments in Alaska

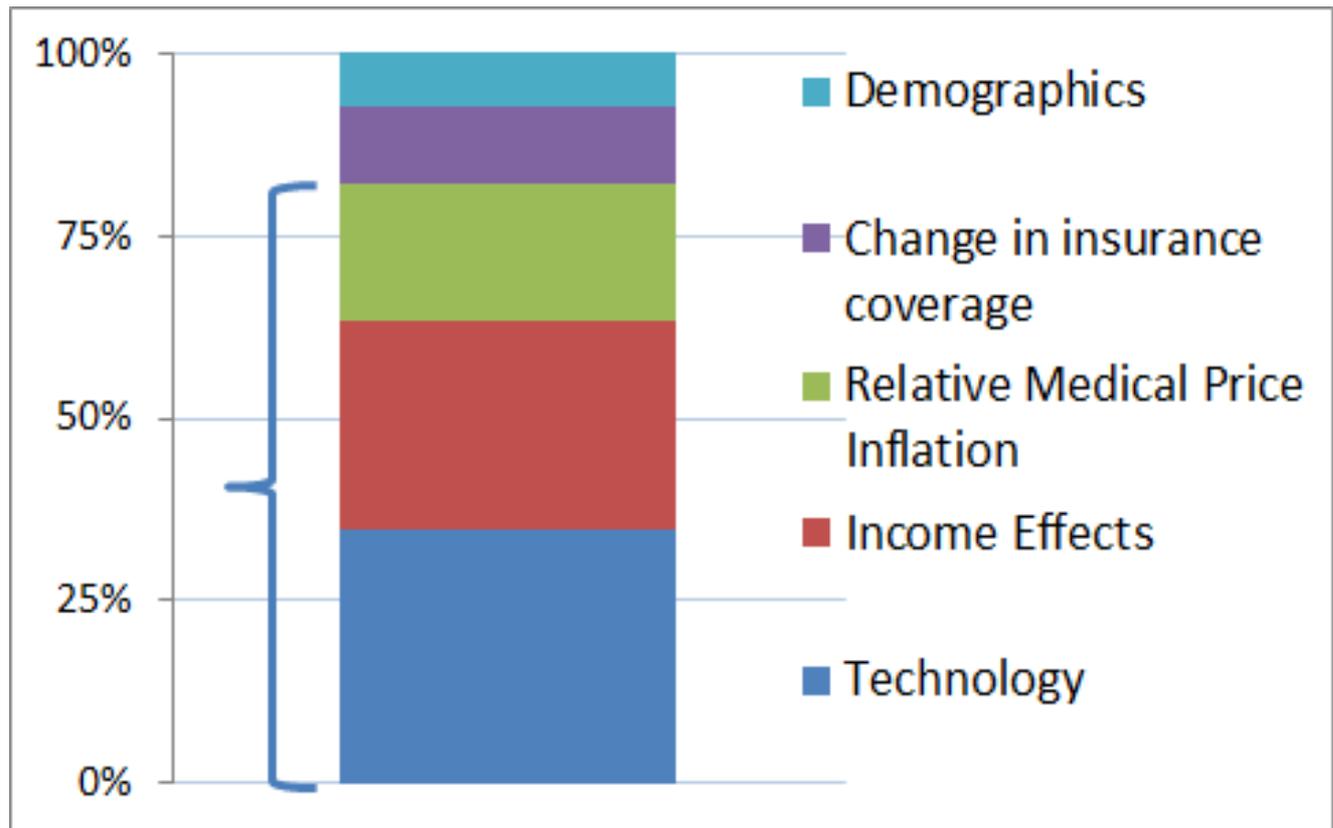
Medical Care Cost Driver Effects All Sectors and Is Well Above Benchmarks



Medical Care Cost Drivers – Decomposition of Long Run Cost Drivers

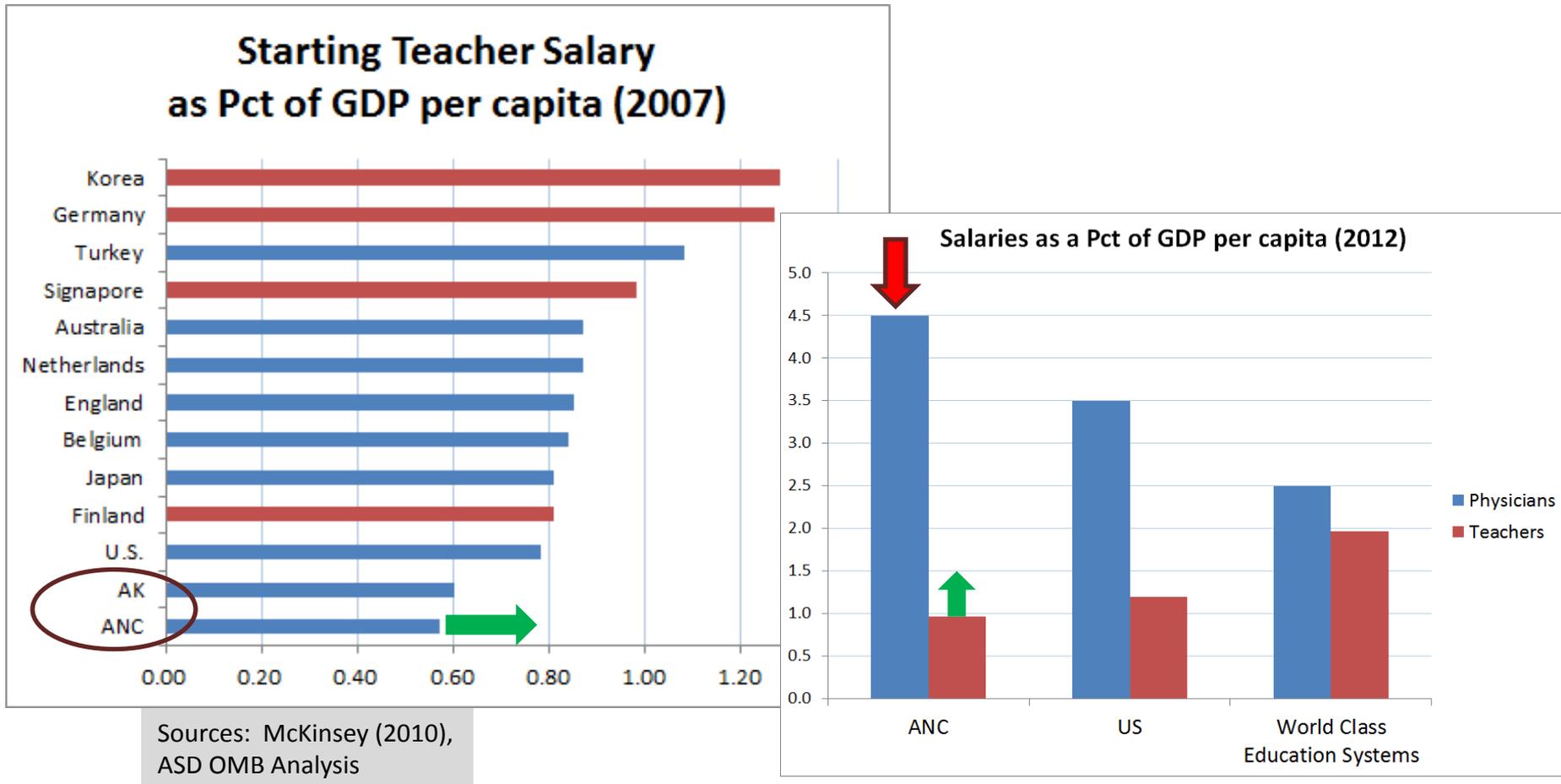
Percentage of Average Annual Growth in Real Per Capita Health Spending Attributable to Various Causal Factors, 1960-2007, Exhibit I, Medical Care Productivity = Zero (Baumol Cost Disease Model) [Smith, Newhouse & Freeland, Health Affairs, Vol. 28, No. 5 (2009), pp. 1276-1284]

Excessive medical cost growth in Alaska appeared to lag the U.S. in the 1960s – 1980s, now it is accelerating past U.S.; key drivers to consider from the U.S. experience: imported tech, growing incomes and relative medical price inflation (>80% of real cost growth)



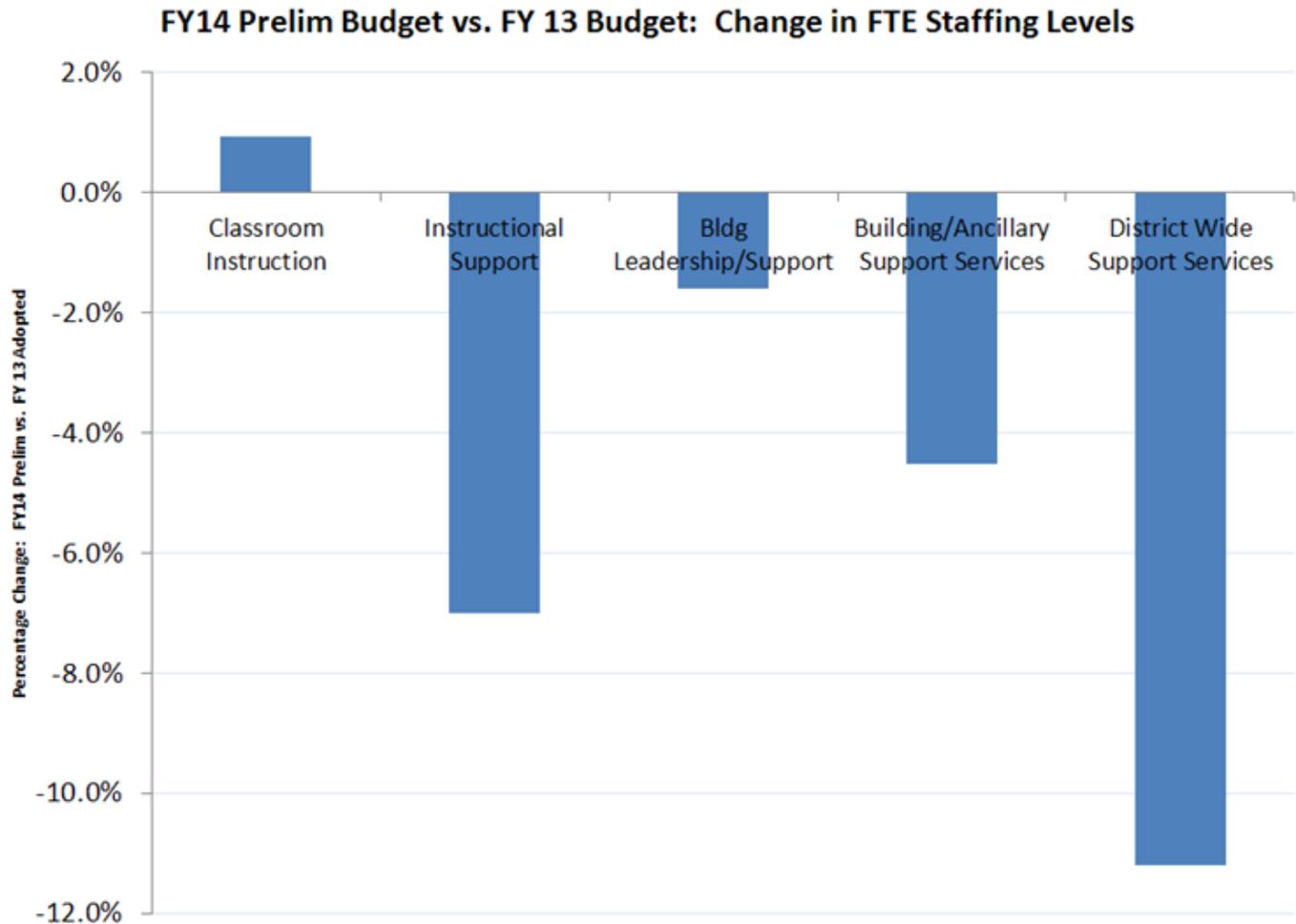
Education Investments Benchmarks

School District Considerations in Responses to Excessive Medical Cost Inflation



Educational Investment in Anchorage

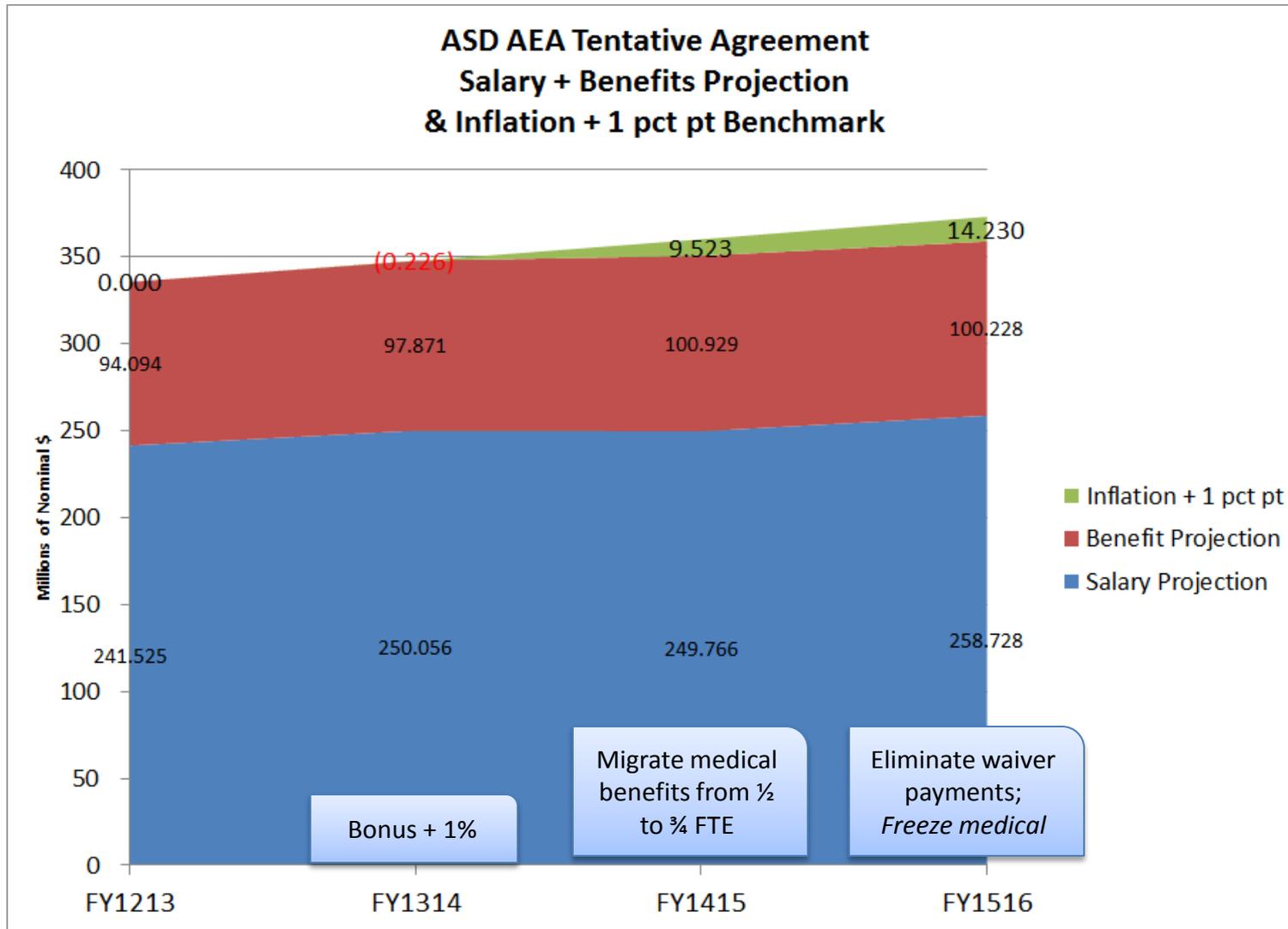
Current Realignments in Response to Anchorage Cost-Driver Analysis and Classroom Effectiveness Assessments - Strategic Pivots to Realign on High Value Direct Classroom Instruction



Source: ASD OMB Analysis

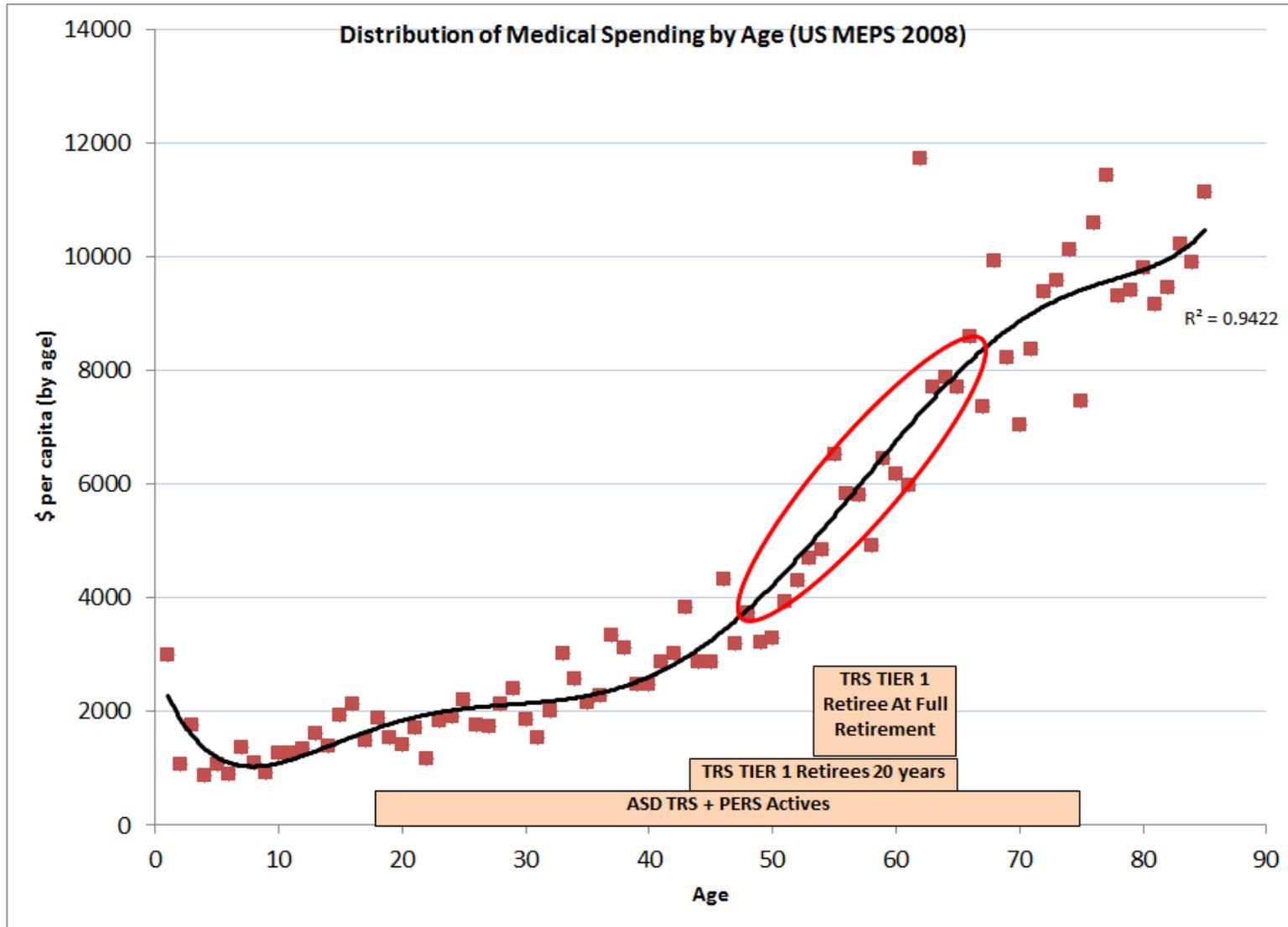
Educational Investments in Anchorage

Near Term Strategic Realignment in Response to ASD Cost-Driver Analysis



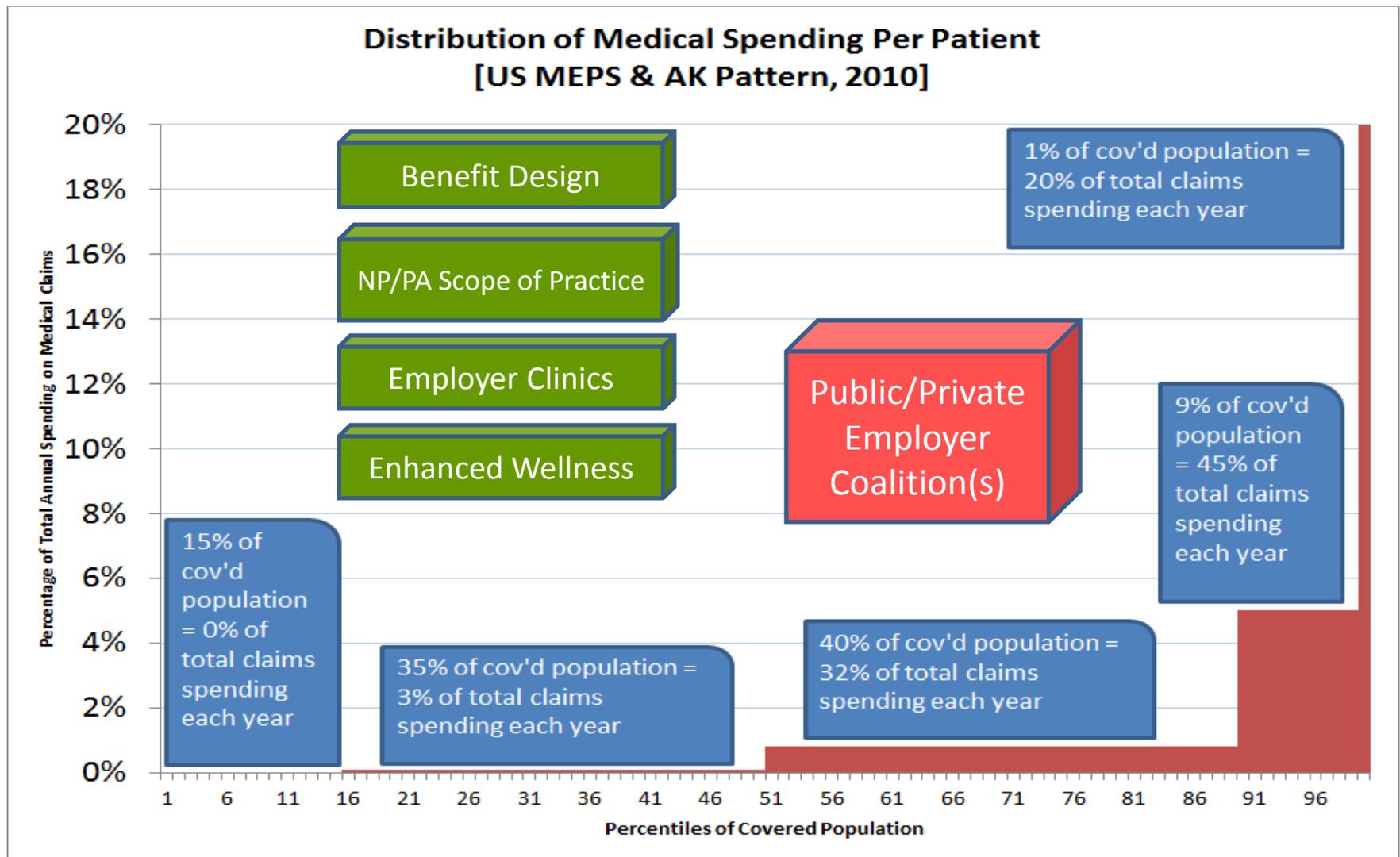
High Value Health Coverage Opportunities

Distribution of Cost/Value across the covered population by age



High Value Health Coverage Opportunities

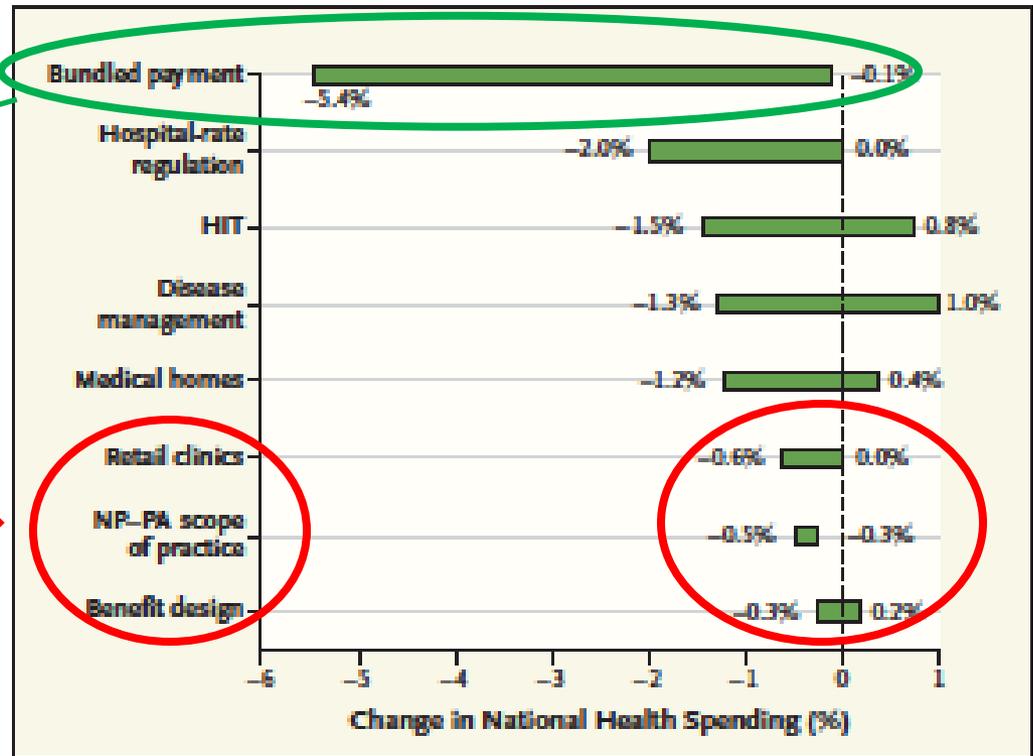
Distribution of Cost/Value across the covered population



High Value Health Coverage Opportunities

New England Journal of Medicine/RAND (November 26, 2009), Controlling U.S. Health Care Spending – Separating Promising from Unpromising Approaches, Hussey, Eibner, Ridgely and McGlynn

How do we shift the market to reasonably priced bundled payments? Build serious & substantial alliances on the buy side.



Estimated Cumulative Percentage Changes in National Health Care Expenditures, 2010 through 2019, Given Implementation of Possible Approaches to Spending Reform.

HIT denotes health information technology, NP nurse practitioner, and PA physician assistant.