Transforming Health Care in Alaska

2013

Draft #3: This Draft reflects final changes made to the Public Comment Draft by the Commission at their 12/6/13 meeting

2010 – 2014
Strategic Plan
Update

Transforming Health Care in Alaska

2013 Report/2010-2014 Strategic Plan

Alaska Health Care Commission

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STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

ALASKA HEALTH CARE COMMISSION

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All changes are highlighted in yellow. Deleted text is struck-through, and added text is underlined.

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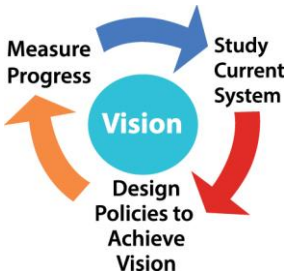
Part I. Background

A. Strategic Planning Process

The Commission's planning framework started with identification of a vision — a picture of the ideal future for Alaska related to health and health care. Work continues with effort devoted each year to studying the current condition of the health care system, and to identifying strategies and recommending policies for moving the system from the current state toward the envisioned future.

The Commission defines health and health care broadly (definitions are available on the Commission's web site). Work has focused primarily on strategies for increasing value in acute medical care as it represents the largest component of health care spending, and is the one area of Alaska's health system that does not already have an existing planning or advisory body in place.



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

The Commission's vision is aspirational, imagining a future in which Alaskans are the healthiest people in the United States and Alaska's health care system delivers the greatest value — the highest quality at the most affordable price.

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 (Alaska currently ranks 29th)*
2. *The highest percentage population with access to primary care (Alaska currently ranks 27th)*
3. *The lowest per capita health care spending level (Alaska currently ranks 49th)*

C. Understanding Alaska's Current Health Care System

Following are the topics and issues the Commission has studied over the past three years to develop a better understanding of Alaska's health care system, as a foundation for developing strategies for attaining the vision. Information on these areas is available on the Commission's website as indicated.

Alaska's Health Care System
http://dhss.alaska.gov/ahcc/Pages/Reports/2009commissionreport.aspx
- Description of Alaska's health care system structure and financing
- Discussion of health care system challenges

Health Care Costs
http://dhss.alaska.gov/ahcc/Pages/focus/healthcarecosts.aspx
http://dhss.alaska.gov/ahcc/Pages/focus/insurance.aspx
http://dhss.alaska.gov/ahcc/Pages/focus/finance.aspx
- Economic analysis of health care spending and cost drivers in Alaska
- Actuarial analysis of physician, hospital, durable medical equipment, and prescription drug prices comparing reimbursement levels in Alaska to other states and between payers
- Drivers of health care reimbursement differences between Alaska and other states
- Health insurance cost drivers
- Health care accounting and finance

Federal Reform
http://dhss.alaska.gov/ahcc/Pages/Reports/2010commissionreport.aspx
http://dhss.alaska.gov/ahcc/Pages/nhcr/default.aspx
- Overview of the Affordable Care Act
- Impact of the Affordable Care Act in Alaska

Government Regulation of the Health Care Industry
http://dhss.alaska.gov/ahcc/Documents/2012Report1-15-13FINAL.pdf
http://dhss.alaska.gov/ahcc/Pages/focus/malpracticereform.aspx
- Government health care regulation overview
- Impact of medical malpractice reforms in Alaska

Other health services
- Long term care services http://dhss.alaska.gov/ahcc/Pages/focus/longterm.aspx
- Behavioral health services http://dhss.alaska.gov/ahcc/Pages/focus/behavioral.aspx
- Oral health and dental services http://dhss.alaska.gov/ahcc/Pages/focus/dentalservices.aspx
- Population-based prevention http://dhss.alaska.gov/ahcc/Pages/focus/populationbased.aspx

D. Alaska Health Care System Transformation Strategies

Following are the strategies the Commission has identified to date for improving value. A compilation of the policy recommendations made to-date associated with these strategies is available at: http://dhss.alaska.gov/ahcc/Documents/meetings/201303/HC-CommissionStrategiesRecommendationsThru2012.pdf

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. **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.

III. **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.

IV. **Engage employers to improve health plans and employee wellness**
Support employers to adopt employee health and health insurance plan improvement as a business strategy. Start with price and quality transparency, and leadership by the State Department of Administration.

V. **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.

VI. **Increase dignity and quality of care for seriously/terminally ill patients**
Support Alaskans to plan in advance to ensure health care and other end of life decisions are honored. Provide secure electronic access to advance directives. Encourage provider training and education in end-of-life care. Establish a process that engages seriously and terminally ill patients in shared treatment decision-making with their clinicians. Use Telehealth and redesign reimbursement methods to improve access to palliative care.

VII. **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.

VIII. **Build 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.

Part II. 2013 ~~DRAFT~~ Commission Findings & Recommendations

A. Ensure the best available evidence is used for making decisions

Findings

A. Waste in the health care system due to misused medical resources is estimated to represent as much as 30% of health care spending.[i]

B. The application of high grade evidence in clinical decision-making can increase the effectiveness of medical treatment, improve the quality of health care, and reduce wasteful health care spending.[i]

C. Key definitions for understanding the application of evidence in medical decisions include:

- **Evidence-based medicine:** The use of the scientific method and application of valid and useful science to inform health care provision, practice, evaluation and decisions.
- **Critical appraisal**: Scientific evaluation of evidence for validity through review for clinical usefulness and for systematic errors resulting from selection bias, information bias and/or confounding.
- **High grade evidence**: Medical evidence determined through critical appraisal to be of high quality and clinically useful.

D. Public and private health care sectors have demonstrated an increasing interest in applying evidence-based medicine to policy and practice in response to high and rising costs and variations in quality of health care. Examples of federal, State, and private medical community initiatives include:

- The **Choosing Wisely Campaign**, which is an initiative of the ABIM Foundation to help physicians and patients engage in conversations to reduce overuse of tests and procedures, and support physician efforts to help patients make smart and effective care choices. Over 25 medical specialty associations have partnered with ABIM to identify tests and treatments that are overused or not effective. http://www.choosingwisely.org/
    - Consumer Reports has partnered with Choosing Wisely to convert the clinical information into patient education materials. www.ConsumerHealthChoices.org
    - The National Business Coalition on Health partnered with Choosing Wisely to develop the Choosing Wisely Employer Toolkit. http://www.nbch.org/choosing-wisely-employer-toolkit

- The **Effective Health Care Program** in the U.S. Agency for Healthcare Research & Quality, which produces effectiveness and comparative effectiveness research for clinicians, consumers and policy makers. This program produces a variety of tools and resources for patients and clinicians, including patient decision aids, research summaries for patients and for clinicians, and continuing medical education modules for clinicians. http://www.effectivehealthcare.ahrq.gov/

- The **Center for Evidence-based Policy** based in the Oregon Health & Science University. Current Center initiatives include the Drug Effectiveness Review Project, which supports the application of high grade evidence on effectiveness and safety of drugs to public policy and decision making; and the Medicaid Evidence-based Decisions Project, which makes high grade evidence available to participating State Medicaid Programs to support benefit design and coverage decisions. http://www.ohsu.edu/xd/research/centers-institutes/evidence-based-policy-center/

- **Washington State's Technology Assessment Program**, which determines if medical treatments and services purchased with state health care dollars are safe and effective. The goals of this program are to make:
    - Health care safer by relying on scientific evidence and a committee of practicing clinicians;
    - Coverage decisions of state agencies more consistent;
    - State purchased health care more cost effective by paying for medical tools and procedures that are proven to work; and,
    - Coverage decision process more open and inclusive by sharing information, holding public meetings, and publishing decision criteria and outcomes.
    - http://www.hca.wa.gov/hta/Pages/index.aspx

E. Involvement of health care providers and patients in decision-making is essential to the successful application of evidence-based medicine to clinical practice and public and private payer policies.

F. Existing mechanisms to assess patient compliance with evidence-based medical recommendations are limited.

G. Assessing the outcomes of health care interventions is challenging due to limitations on collecting and sharing data among patients, clinicians, payers, and government agencies.

Recommendations

1. The Commission recommends that Commissioners of State agencies responsible for purchase of medical services (Health & Social Services, Administration, Labor & Workforce Development, and Corrections) and the President of the State University System:

   a. ~~Engage in the application of~~ Incorporate high grade evidence-based medicine ~~in~~ when making determinations ~~about~~ relative to provider payment methods and health plan benefit design (such as covered services, prior authorization requirements, and patient cost-sharing differentials); and in so doing:

      - Coordinate development and application of evidence-based medicine policies across programs and departments to create a consistent approach ~~to~~ supporting improved quality and efficiency in Alaska's health care system.

      - Support a transparent policy development process.

      - Develop policies that do not restrict access to appropriate treatment, but foster informed discussions between patients and clinicians to support individualized, evidence-based choices to improve the quality of health care.

      - Ensure prior authorization processes are efficient, prompt, and user-friendly for providers and patients.

   b. Provide learning and skill development opportunities in critical appraisal concepts and techniques for all staff involved in analysis, consultation, or decision-making related to payment for medical services.

   c. Involve health care providers and consumers in training opportunities and decision-making ~~related to the application of~~ applying evidence-based medicine ~~to~~ in public policy.

   d. Provide patient decision-support tools to assist State health insurance plan members and public program clients to make effective care choices in consultation with their clinicians.

   e. Promote provider-patient relationships through payment structures and benefit designs that support providers in monitoring patient compliance, and support patients to comply with best practices for managing chronic conditions such as asthma, diabetes, hypertension, and hyperlipidemia.

2. The Commission recommends the University of Alaska President incorporate evidence-based medicine and critical appraisal principles in clinical and health service administration academic curricula.

B. Engage employers to improve health plans and employee wellness.

Findings

A. 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.

B. 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.

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

- **Evidence-Based Medicine.** The application of high-grade medical evidence in clinical decision-making can increase the effectiveness of medical treatment, improve quality of care, and reduce wasteful health care spending.[i] Employers can apply evidence-based medicine through provider payment methodologies and health plan benefit design including covered services, pre-certification processes, and patient co-sharing differentials.

- **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~~ providing 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.

D. **Employer-led health coalitions in other states are actively engaged in leading health and health care improvement initiatives in their communities.** The National Business Coalition on Health includes 52 state, regional and community coalitions of public and private sector employers from across the U.S involved in initiatives to empower consumers and improve value and health.[ii]

- Large employer partnerships and union trust partnerships present opportunities for aligning interests and strategies aimed at improving employee health and value in health purchasing.
- Employer coalitions can partner with health care providers in their regions and communities to collaborate on health and health care improvement initiatives.
- All-Payer Claims Databases provide a potential data source for employer coalitions to study information about utilization, quality, preventive services, and pricing.

E. **Market forces affecting pricing for health care services are influenced by the size and structure of Alaska's health care market.** Lack of health care provider competition, and fragmentation and small populations among employer groups, enhance provider leverage to set prices and limits employers' purchasing power to negotiate health care prices in Alaska.

- Partnerships among large employers and/or among union health trusts can enable opportunities for aligning interests and strategies aimed at improving employee health and improving value in health care purchasing.
- Aggregation of enough covered lives sufficient to leverage purchasing power for price negotiation purposes would be a challenge in Alaska. Additionally, combining public insurance program plan membership could potentially negatively impact prices for private payers if private employers are not included in the aggregation strategy.
- Aggregation of covered lives presents an opportunity for implementing other important strategies for improving value.
- Private insurers provide scale through aggregation of their plan members and are able to leverage implementation of value improvement strategies.
- ~~The State of Alaska Department of Administration has 17,000 active employees and dependents on the active employee health plan and 31,000 early retirees (under 65 years of age) and dependents on the retiree health plan. The non-diminishment clause pertaining to retirement benefits in the State Constitution restricts the Department of Administration's ability to implement strategies that could help to improve the retiree plan and contain costs.~~
- The State of Alaska, Department of Administration, has 62,000 covered lives in the AlaskaCare retiree health plan. This population consists of 16,000 under 65 retirees, 22,000 Medicare and 24,000 dependents. The non-diminishment clause of the Alaska State Constitution and subsequent decisions of the Alaska Supreme Court limit changes to the retiree health plan. Four billion dollars of the retirement systems' unfunded liability is attributed to retiree health care costs. Due to this unfunded liability any changes that add to retiree health plan expense must be balanced with cost-saving measures.

F. **Market forces affecting pricing for health care services are impacted by state laws and regulations in Alaska.** There are state laws and regulations in place that influence the market in such a way as to drive prices higher for the consumer.[iii]

- Lower physician discounts in Alaska can be at least partly explained by the relative lack of competition among providers, particularly for specialty care. In many areas, including Anchorage, there are a limited number of providers in any given specialty (sometimes only one provider group). As a result, physicians can largely dictate the fees they are paid by commercial payers.

- Relative provider leverage may be further exacerbated by Alaska's 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.[iv]

- A separate state law 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.[v]

G. **The Affordable Care Act "Cadillac Tax" on high-priced insurance plans, while not in effect until 2018, is beginning to impact employers' decisions and union negotiations regarding employee health benefits.** This new tax will impose a 40% excise tax on the portion of health plan premiums that exceed $10,200 annually for individual plans and $27,500 for family plans. The Anchorage School District reports that this impending tax was a factor in recent negotiations with district employees' unions regarding benefit packages.[vi]

H. **Workers' compensation costs in Alaska are the highest in the nation, primarily due to high medical benefit costs.** The number of occupational injuries in Alaska has declined by 4-5% per year over the past 15 years, most recently decreasing 7% between 2011 and 2012; however, Alaska's worker's compensation premiums have been increasing and were the highest in the U.S. in 2012.[vii]

- Alaska's workers' compensation premiums ranked 28th highest in the U.S. in 2000 and had increased to second highest in the nation by 2004. Since 2004 Alaska has ranked either first or second every year for the highest workers' compensation premium cost in the U.S.
- At 76% of total claim costs, the proportion of medical claims costs is substantially higher in Alaska than the national average of 59%. Alaska's average medical claim cost is $48,200 per case compared to the national average of $28,000.
- Alaska's allowable workers' compensation medical fees are the highest in the nation, according to a 2012 survey of workers' compensation medical fee schedules conducted by the Workers' Compensation Research Institute.
- Alaska's workers' compensation medical fee schedule demonstrates an inefficient allocation of resources. The current fee schedule based on usual and customary billed charges is inherently inflationary and interferes with market function that might otherwise contain cost growth.
- Prescription drug costs comprised 19% of total workers' compensation medical claims costs in Alaska in 2011. A 2011 National Council on Compensation Insurance report on Alaska's workers' compensation program identified over-prescription of opioid narcotics and drug repackaging by physicians as the primary cost drivers of pharmaceutical costs.
- Application of medical treatment guidelines has demonstrated improved patient outcomes and cost reduction in other state workers' compensation programs that have adopted this practice.

I. **Dispensing of repackaged prescription medications by prescribing clinicians can result in significantly increased consumer costs and may negatively impact patient safety and quality of care.** Prescribing clinicians who buy and dispense prescription medications from drug repackaging firms, or who themselves repackage and dispense drugs and bill for reimbursement as an ancillary cost rather than under the original National Drug Code (NDC), may significantly inflate charges. While such practice may increase patient convenience and compliance, it also limits patient choice and often significantly increases price. It may also increase risk of duplicate or harmful drug interactions for patients with multiple clinicians. In addition, such practice is not subject to State pharmacy practice standards that govern record keeping, labeling, and security of dispensed pharmaceuticals.

J. Abuse of prescription opioid narcotics is a critical personal, employer and public health concern. Drug overdose deaths now exceed motor vehicle deaths nationally and more Americans die from prescription drug related deaths than from heroin and cocaine combined.[viii] Alaska ranked 5th in the nation in 2008 for deaths due to prescription drug overdose (18.1 deaths/100,000 people; age-adjusted).[ix]

- Drug overdose death rates in the U.S. have more than tripled since 1990. In 2008 more than 36,000 people died from drug overdoses, and most of these deaths were caused by prescription drugs. Nearly three out of four prescription drug overdoses are caused by prescription opioid painkillers.[x]
- The number of emergency department visits in the U.S. due to misuse and abuse of prescription painkillers nearly doubled between 2004 and 2009.[x]
- For every one death due to prescription painkillers there are an additional 10 treatment admissions for abuse, 130 people abusing or dependent, and 825 non-medical users. More than 3 out of 4 people who misuse prescription painkillers use drugs prescribed to someone else. [x]
- Misuse and abuse of prescription painkillers is estimated to cost the nation $53.4 billion annually in lost productivity, medical costs and criminal justice costs. [viii]
- Clinicians who know and follow evidence-based guidelines for safe and effective use of prescription painkillers are less likely to unintentionally contribute to the problem of opioid misuse and abuse.[xi]
- Clinician access to patient-specific up-to-date information at the point of care is a valuable tool for supporting appropriate prescribing practices. [xi]
- Other states, such as Washington and Oklahoma, have implemented legislative solutions that are demonstrating success at impacting the problem of prescription drug abuse.

Recommendations

1. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services investigate and the Alaska 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.

    a. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and Alaska Legislature immediately proceed with caution to establish an All-Payer Claims Database and take a phased approach. As part of the process:
        - Address privacy and security concerns
        - 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 insurer, third-party administrator, Medicaid and Medicare data collection first, then collaborate with other federal payers
        - ~~Address privacy and security concerns~~

2. The Alaska Health Care Commission recommends the Division of Insurance consider modifying the current ~~UCR~~ usual and customary charge payment regulation to eliminate the unintended adverse pricing consequence. [iv]

3. 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 and the University of Alaska system take a comprehensive approach by including all the essential elements of a successful employee health management program: Evidence-based medicine, ~~P~~price sensitivity, price and quality transparency, pro-active primary care, and healthy life-style support for employees.

4. The Alaska Health Care Commission recommends the Alaska Legislature enact changes in the State Workers' Compensation Act to contain medical costs in the program and improve quality of care and outcomes for injured workers, including:
    a. Implementation of evidence-based treatment guidelines;
    b. Restriction of reimbursement for repackaged pharmaceuticals;
    c. Restriction of reimbursement for opioid narcotic prescriptions exceeding a maximum appropriate dosage; and,
    d. Revision of the fee-for-service fee schedule.

5. The Alaska Health Care Commission recommends the Alaska Medical Board, Board of Nursing, Board of Dental Examiners, and Board of Pharmacy in the Department of Commerce, Community & Economic Development ~~regulate~~ establish guidelines governing the practice of ~~dispensing of~~ prescription medication~~s~~ dispensing by prescribing clinicians.

6. The Alaska Health Care Commission recommends the State of Alaska adopt aggressive prescription opioid control policies and programs, including:

    a. The Commission recommends the Alaska Board of Pharmacy in the Department of Commerce, Community & Economic Development and the Alaska Legislature strengthen the Alaska Prescription Drug Monitoring Program by upgrading the controlled substances prescription database to real-time and providing support for on-going operation of the database.

    b. The Commission recommends the Alaska Medical Board, Board of Nursing, and Board of Dental Examiners in the Department of Commerce, Community & Economic Development require one-time Continuing Medical Education Credits on over-prescription of opioids and how to spot potential abusers as a condition of licensure or re-licensure for clinicians with prescription authority.

    c. The Alaska Health Care Commission recommends the Alaska Medical Board, Board of Nursing, Board of Dental Examiners, and Board of Pharmacy in the Department of Commerce, Community & Economic Development work together to identify and adopt ~~in the regulations governing medical practice of prescribing clinicians and licensed pharmacists a maximum~~ guidelines regarding appropriate dosage for prescription of opioid narcotics

    d. The Commission recommends the Commissioners of State agencies responsible for purchase of medical services (Health & Social Services, Administration, Labor & Workforce Development, and Corrections) and the President of the State University System track adoption of opioid control regulations by Alaska's professional licensing boards for prescribing clinicians, and collaborate to adopt common payment practices for reimbursement for opioid narcotics should the professional boards decide against regulation of their professions.

C. Increase price and quality transparency; and, strengthen the health information infrastructure

Findings

A. 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.

B. 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).

C. 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.

D. 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 and does not include other facilities such as ambulatory surgery centers or other provider types.

E. A number of states have implemented or are in the process of planning ~~for~~ All-Payer~~s~~ Claims Databases (APCDs) to complement data from their Hospital Discharge Data and Medicaid Management Information Systems.[xii] APCDs:

- ~~APCDs~~ Are large-scale databases that systematically collect and aggregate medical, dental and pharmacy claims data from ~~public and private~~ payers such as commercial insurers, third-party administrators, Medicaid and Medicare.
- Have multiple potential uses, including:[xiii]
  - Price and quality transparency for the public
  - Utilization and cost analyses for policy makers, employers and other payers
  - Clinical quality improvement initiatives by and for providers
  - Understanding population health trends for public health purposes
- ~~APCDs~~ Offer valuable sources of information about outpatient services and health care payments for those states that have implemented them.
- ~~APCDs~~ Minimize the burden on health care providers as the aggregated data from payers is an efficient alternative to collecting data directly from individual providers.
- Would provide a tool for supporting multiple Core Strategies recommended by the Commission, including transparency, payment reform, prevention, and the health information infrastructure.

Recommendations

1. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services mandate participation in the 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 in that database.

2. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and the Alaska Legislature immediately proceed with caution to establish an All-Payer Claims Database and take a phased approach. As part of the process:
    - Address privacy and security concerns
    - 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 insurer, third-party administrator, Medicaid and Medicare data collection first, then collaborate with other federal payers

Part III. ~~DRAFT~~ Commission Plans for 2014

I. **Continue Analysis of Strategies for Improving Health Care Value**
   - **Employer's Role in Health & Health Care — Employee Health Benefit/Plan Design & Worksite Wellness:** Complete study by the Institute for Social & Economic Research and the Department of Labor on employer health offerings in Alaska. 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. 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.
   - **Price & Quality Transparency:** Evaluate transparency legislation enacted in other states and consider possible recommendations for making information more publicly available for patients.
   - **Fraud & Abuse Prevention:** Study current programs for fraud and abuse detection, investigation and prosecution in Alaska's Medicaid program, Medicare, and the private insurance industry, and identify areas for potential improvement.
   - **Track Developments in Alaska Related to Previous Recommendations:**
     - Evidence-Based Medicine
     - Price & Quality Transparency
     - Value-Based Purchasing (Payment Reform)
     - Employer's Role in Health & Health Care
     - Patient-Centric Primary Care
     - End-of-Life Care
     - Prevention

II. **Continue Study of Current Conditions in Alaska's Health Care System**
   - **Quality and safety of medical services**
   - **Health insurance coverage and access**
   - **Rural sanitation**
   - **Alaska's military and veterans' health care system**
   - **Medevac transportation**
   - **Pharmacy benefit management**
   - **Behavioral health services**
   - **Track:**
     - Implementation of the Affordable Care Act
     - Implementation of Healthy Alaskans 2020
     - Status of statewide long term care planning

III. **Develop the Alaska Statewide Health Plan**
   - Continue to collaborate with the Alaska Department of Health & Social Services and other State agencies on challenges and strategies for improving health care value.
   - Identify and document action steps State agencies have planned and underway to implement the Commission's recommended core strategies and policy recommendations, including responsible parties and implementation timelines.

End Notes

[i] IOM (Institute of Medicine). 2013. *Best Care at Lower Cost: The Path to Continuously Learning Health Care in America.* Washington, DC: The National Academies Press.
[ii] National Business Coalition on Health: http://www.nbch.org/
[iii] "Drivers of Health Care Costs in Alaska and Comparison States." Milliman, Inc., November 29, 2011.
[iv] Alaska Administrative Code: 3 AAC 26.110
[v] Alaska Statute: AS 21.54.020
[vi] Testimony by Anchorage School District Budget Director, Mark Foster, to Commission. October 10, 2013
[vii] "Alaska Division of Workers' Compensation 2012 Annual Report," Department of Labor & Workforce Development; National Council on Compensation Insurance 2012 Alaska State Advisory Forum; "2012 Workers' Compensation Premium Rate Ranking Summary," Oregon Department of Consumer and Business Services, October 2012.
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