



August 5, 2014

Dear Alaska HR Leadership Network Members,

I write in response to your request for information on policy recommendations made by the Alaska Health Care Commission which would require legislative action to implement. As you know, the Commission shares your concern about health care cost growth in Alaska and the resulting impact on health care access here, as well as the challenges it creates for our business community and economy. It is our vision that by 2025 Alaskans will be the healthiest people in the nation and have access to the highest quality, most affordable health care.

Commission recommendations are primarily focused on improving health care value through increased quality and transparency and new payment methodologies. We are charged with advising the Governor and legislature on state government policy change, and the emphasis has been on market-based solutions. Policy recommendations are intended to minimize state government intervention and management directly in the practice of medicine, and to provide appropriate government supports in the health care system that enable payers, providers and consumers to drive improved cost and quality of care in our state.

A copy of all the Commission's core strategies and policy recommendations made to-date is attached as reference. From among the policy recommendations there are five distinct areas that require new state legislation for implementation:

1. Price and Quality Transparency
2. All-Payer Claims Database
3. Workers' Compensation Reform
4. Control of Opioid Drugs
5. Dignity and Choice for Seriously Ill Patients

The Commission recommends a new policy in a sixth area that would require a change in insurance regulation, not statute, but for which a new law could provide policy direction. Additional concerns related to state insurance law are noted in the Commission's formal findings. I would combine and characterize all these issues as needs related to:

6. Insurance Market Modernization.

## 1. Price and Quality Transparency

Medical prices in Alaska are among the highest in the nation. Medical price inflation here outpaced medical inflation nationally during the last decade, increasing 46% compared to 27% nationwide. A study conducted for the Commission in 2011 found that prices paid in our state through commercial insurance are 69% higher on average for physician services and 37% higher for hospital services compared to other states in our region. The price variance is particularly high for some specialties, where charges can be as much as four to five times higher for certain procedures here than in other states.

Increased transparency of prices and quality of health services could help by providing patients and referring clinicians with information they need to identify high value providers. It could also help by increasing general awareness of price variations among payers, policy makers and the public. Transparency can take many forms and occur at a variety of levels. Self-insured employers and health insurance carriers are beginning to offer tools that help their employees and health plan members understand their out-of-pocket costs. There is also a role for state legislation in enhancing transparency.

Alaska is one of very few states that currently have no transparency laws on the books. Examples of legislation from other states include requirements that providers make their pricing information available to their patients upon request, and/or make their pricing information publicly available. Some states require a government agency to gather data from providers on price and quality metrics and to publicly report that information as well as the financial performance of health care entities they regulate. These various approaches taken together can not only increase public awareness of price levels and variations, but also improve understanding of health care market function for all stakeholders.

The Commission has three recommendations related to increasing transparency in Alaska's health care market (paraphrased here – see attached for specific recommendations):

- 1) Investigate and support legislation that would increase transparency
- 2) Mandate participation in the Hospital Discharge Database
- 3) Create an All-Payer Claims Database

The second recommendation above is currently being implemented in regulation by the Department of Health & Social Services. The third recommendation is addressed separately in this letter, as an All-Payer Claims Database is intended to support numerous strategies for improving health care value, not just the transparency strategy. The first recommendation could be addressed through an All-Payer Claims Database, but additional complexities involved with legislating and implementing such a system could take some time, and there are other potential legislative solutions that could be implemented in a shorter term to start Alaska on the road to transparency.

While the Commission has not yet developed more specific guidance for our first recommendation in support of transparency legislation, I would offer a number of suggestions based on review of other states' laws. The following recommended solutions aren't magic

bullets to alleviate the opacity of health care costs and pricing, but taken together would be a meaningful step in the right direction.

- A) **Require Health Care Providers to Share Price Information Upon Request.** Providers are the best source of price information for their services, and patients should be able to get the information they need to make informed decisions when they ask. The Commission has heard testimony from patients asserting they have been unable to obtain requested price information.
  
- B) **Require Hospitals and Physicians to Publicly Post Charges for Their Most Frequent Diagnoses and Procedures.** Require hospitals to post on-line the price they charge and the average price paid for both the top 100 most utilized procedures in their facility, for the 100 procedures that generate the most revenue annually for their facility, and for their 100 most common discharge diagnoses. Require physicians to publicly post in their offices the price they charge for the 25 most common office visit codes in their practice and the top 25 office visit codes by amount of revenue generated.
  
- C) **Require the Alaska Department of Health & Social Services and the Division of Insurance to Report Financial Performance of Health Care Provider Organizations and Health Insurance Carriers.** Many states provide the public with information on the financial performance of health care organizations that deliver services within their state, such as hospitals and health insurance carriers. State of Alaska agencies already responsible for reviewing financial information from health insurers and health care facilities could be required to make information on the financial health of those organizations publicly available as one mechanism for increasing understanding of Alaska's health care market.

## 2. All-Payer Claims Database

Employee health benefit costs in the U.S. more than doubled in the past decade, increasing 125% since 2003 compared to the rise in overall inflation of 29% and workers' earnings of 36% over the same period, creating difficult choices for employers and a burden on employees who share in the cost. Alaska's average annual per employee premiums for employer-based health insurance are the highest in the nation, at \$17,902 for family coverage and \$7,420 for individual coverage. A 2013 survey of Alaskan employers revealed that the proportion of those offering health benefits is declining due to the unaffordable costs.

Access to data for help with understanding and addressing health care costs and to support benchmarking and decision-making is something employers could benefit greatly from. An increasing number of States are creating statewide All-Payer Claims Databases to collect and aggregate medical claims data from private and public payers, providing information on utilization and cost for employers and price and quality for consumers. An All-Payer Claims Database (APCD) can provide a much more robust picture of the cost of health care services than individual employers can gain from reviewing claims reports on just their own employees. It can

also support increased transparency by providing the public with reports on the ranges of pricing and reimbursement levels for various services by community or regional market.

Another problem predominant in Alaska's health care market is fee-for-service payment methods that discourage efficiency in health care delivery. Information is needed to support design of new payment models to shift payment structures from outputs to outcomes and focus on value, not volume of services provided. Design of new payment methods requires an independent, trusted data source to assist all parties — providers, employers and other payers — with information needed to do financial modeling. Provision of such a data source would greatly facilitate these efforts, and provide an appropriate form of government support for a free market approach to driving down costs and improving quality.

The Commission recommends the legislature establish an APCD (see attachment for specifics), and has drafted a paper on essential elements for State APCD legislation.

### 3. Workers' Compensation Reform

Workers' compensation premiums in Alaska are the highest in the nation, primarily due to high medical benefit costs. While the number of occupational injuries in Alaska has declined by four to five percent per year over the past 15 years; over that same period our worker's compensation premiums have been steadily increasing. The average worker's compensation medical claim cost in our state is \$48,200 per case compared to the national average of \$28,000, and at 76% of total worker's compensation claim costs is substantially higher here than the national average of 59%.

The high cost of workers' compensation medical claims in Alaska is due in part to a medical fee schedule that has been paying the highest rates in the nation, and that in design is inherently inflationary and interferes with market function that might otherwise contain costs. The methodology for the fee schedule, set in state statute, was just changed by two bills that passed the legislature in April — HB 141 and HB 316 — both introduced by Representative Kurt Olson of Soldotna. The Division of Workers' Compensation and the Workers' Compensation Board are now working on implementing those new laws.

Another factor in the program's high medical claims costs is inadequate management of prescription drugs, which comprised 19% of total workers' compensation medical claims costs in Alaska in 2011. A 2011 National Council on Compensation Insurance report on our program identified over-prescription of opioid narcotics, and also drug repackaging and dispensing by physicians, as the primary cost drivers for the high level of pharmaceutical spending here.

A final and significant factor in driving higher costs is inefficient use of medical resources. Application of evidence-based medical treatment guidelines has demonstrated improved patient outcomes and cost reduction in other states' workers' compensation programs that have adopted this practice. Application of such guidelines in Alaska's program would increase effectiveness of medical treatment, improve quality of care, promote injury recovery and return to

employment, and reduce wasteful spending.

The Commission recommends that the 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.

While the legislation noted above will address problems created by the current fee schedule (recommendation d), the other three recommendations remain unresolved.

#### 4. Control of Opioid Drugs

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. Alaska ranked 5th in the nation in 2008 in the death rate due to prescription drug overdose, and the escalating costs associated with employee suffering, lost productivity, and treatment is a growing concern for Alaskan employers.

The Commission has found that a number of other states, such as Oklahoma and Washington, have implemented legislative solutions that are demonstrating success in impacting the problem of prescription drug abuse. Elements of these programs include state-run databases that track prescriptions for painkillers, help identify problems with overprescribing, and provide a tool for prescribing clinicians and pharmacists to identify patients who might be abusing their services. Some states also assess their state-run health plans (such as with Workers' Comp, noted above) to detect and address inappropriate prescribing of painkillers.

The Commission has made a number of recommendations to state agencies and prescribing clinician licensure boards to improve understanding, guidelines, and payment practices related to opioid control. The Commission also recommends the legislature strengthen the Alaska Prescription Drug Monitoring Program by providing support for on-going operation of the controlled substances prescription database, and by upgrading the system to real-time.

#### 5. Dignity and Choice for Seriously Ill Patients

Research demonstrates that improving quality of care and choice for seriously ill or frail patients improves their quality of life, decreases inappropriate use of medical resources and associated costs, and lengthens patients' life span. The Commission studied this issue during 2012, and developed a series of recommendations aimed at increasing education for patients and providers

and facilitating and documenting treatment decisions. Two recommendations specifically require legislative action is to implement: creation of a “POLST” program, and establishment of an electronic registry for advanced directives.

POLST (“Physician Orders for Life Sustaining Treatment”) is a program that provides a standardized process designed to improve the quality of care for people who have advanced progressive illness or are medically frail. It provides tools for facilitating a shared decision-making process between clinicians and their patients and for documenting agreement on medical treatment plans. Signing a POLST form is voluntary, but state legislation is required to ensure it will be honored in all care settings and to provide legal immunity to health care providers who honor a POLST document. These documents go beyond Living Wills, which are not medical orders but express a person’s desire for care in the event they are not able to make a decision at a future point.

Availability of an electronic registry for advanced directives and POLST orders would overcome barriers to implementing such directives and orders by providing timely access to these documents in a medically urgent or emergent situation when they are most needed.

## 6. Insurance Market Modernization

Lack of competition and fragmentation in Alaska’s healthcare delivery system combined with our small and dispersed populations enhance provider leverage to set prices and limit Alaskan employers’ and insurers’ purchasing power. According to an analysis conducted for the Commission by Milliman, Inc., an international health care actuarial firm, market forces are also influenced by certain state insurance laws and regulations that have the effect of driving prices higher for consumers:

- Division of Insurance regulation 3 AAC 26.110 requires usual and customary charge payments by insurers to providers to be at least equal to the 80<sup>th</sup> percentile of charges by geographic area. Providers who have over 20% of the market share in their geographic area will always be below the 80<sup>th</sup> percentile and therefore guaranteed payment for their full billed charges.
- A provision in state insurance law, AS 21.54.020, 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.

While state rules governing the commercial insurance industry affect a limited number of Alaskans, the influence of government controls has a significant impact on overall market prices. Prices paid by commercial insurers set the bar for the rest of the market.

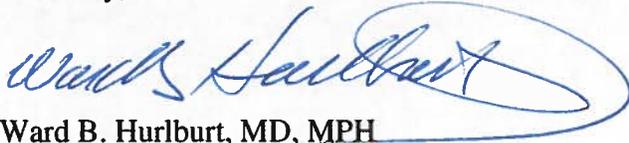
Recognizing that these rules were put in place for consumer protection purposes — to protect patients from balance billing by providers and to facilitate financial transactions — the Commission so far has limited its recommendation to the Division of Insurance’s regulation,

advising the Division to consider modifying the regulation to eliminate the unintended adverse pricing consequence.

In addition to these two specific rules, the Commission recently began discussing the possibility that other provisions in state insurance law limit innovation in health care payment structures and service delivery. The Commission will most likely choose to study all these issues further in the coming year, and may look into contracting for an independent analysis to better understand how Alaska's insurance laws have evolved and how they can be improved.

I hope you find this information helpful. I wish you the best in your efforts to improve health care cost and quality in Alaska. Please feel free to contact me with any questions you may have about this letter and about findings and recommendations of the Health Care Commission.

Sincerely,



Ward B. Hurlburt, MD, MPH  
Chair, Alaska Health Care Commission, and  
Chief Medical Officer, Department of Health & Social Services

attachment





## Core Strategies for Health Care Transformation

December 2013

### Alaskan Solutions for Better Health and Health Care

The Alaska Health Care Commission was established by the Legislature in 2010 to advise the State on policies for improving health and health care for all Alaskans. Commission members are appointed by the Governor.

#### 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 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

#### APPROACH

Design policies that **enhance the consumer's role in health and health care** through:

- A) Innovations in patient-centric health care; and,
- B) Support for healthy lifestyles

For more information visit the Commission's web site at:  
<http://dhss.alaska.gov/ahcc/>

### 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

Redesign payment structures to 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. Reform the Alaska Workers' Compensation Act.

### 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 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

Create the information infrastructure required for maintaining and sharing electronic health information and for analysis of health care data to drive improved quality, cost and outcomes. Support an appropriate supply and distribution of health care workers. Provide statewide leadership to facilitate health care system transformation.

## Priorities, Core Strategies, and Desired Outcomes

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### **PRIORITY A. High Quality, Affordable Health Care**

#### **CORE STRATEGY I Ensure the best available evidence is used for making decisions**

- Outcome 1:** Clinicians understand and apply grades of evidence in clinical decision-making
- Outcome 2:** Patients and their clinicians partner in a shared decision-making model on clinical decisions
- Outcome 3:** Payers apply evidence-based medicine principals in health plan design and management

#### **CORE STRATEGY II Increase price and quality transparency**

- Outcome 1:** Alaskans can easily access and compare prices charged by providers and reimbursable by payers
- Outcome 2:** Alaskans can easily access and compare clinical quality and outcome of providers
- Outcome 3:** Financial performance of corporate health care entities is reported to the public on an annual basis

#### **CORE STRATEGY III Design payment structures to incentivize quality, efficiency, effectiveness**

- Outcome 1:** State agencies that purchase health care work together to align payment strategies
- Outcome 2:** Health care payers partner together and with providers to test innovative payment models
- Outcome 3:** Health care payment structures evolve away from payment for individual services to pay for outcomes

#### **CORE STRATEGY IV Engage employers to improve health plans and employee wellness**

- Outcome 1:** Alaskan employers adopt health improvement and health care value as a business strategy
- Outcome 2:** Employers increase health care price sensitivity, transparency, primary care, & healthy lifestyle support
- Outcome 3:** Employees participate as active partners in health care decisions and living healthy lifestyles

### **PRIORITY B. Accessible, Innovative, Patient-Driven Care**

#### **CORE STRATEGY V Enhance quality and efficiency of care on the front-end**

- Outcome 1:** All Alaskans have regular and ongoing access to a primary care provider
- Outcome 2:** Alaskans coordinate their health care needs through their primary care provider
- Outcome 3:** Primary care providers are appropriately reimbursed for complex care management and coordination
- Outcome 4:** Behavioral health and primary care services are integrated and available in either setting
- Outcome 5:** Alaskans have access to high quality, comprehensive, coordinated trauma care

#### **CORE STRATEGY VI Increase dignity and quality of care for seriously and terminally ill patients**

- Outcome 1:** Alaskans plan in advance to ensure health care and other end of life decisions are honored
- Outcome 2:** Palliative care is available to every patient from the time of diagnosis of a serious illness or injury
- Outcome 3:** Clinicians and seriously ill patients use a standard form for documenting shared treatment decisions
- Outcome 4:** Patients and providers have access to information and resources on end-of-life care

### **PRIORITY C. Healthy Alaskans**

#### **CORE STRATEGY VII Focus on prevention**

- Outcome 1:** Alaskans are a healthy weight
- Outcome 2:** Children and seniors are appropriately immunized against vaccine preventable diseases
- Outcome 3:** Behavioral health and primary care needs can be addressed in either clinical setting
- Outcome 4:** Providers screen patients for depression, alcohol/substance abuse, and adverse childhood events
- Outcome 5:** Employers facilitate employees' ability to make healthy lifestyle choices

### **PRIORITY D. Sustainable, Efficient, Effective Health Care System**

#### **CORE STRATEGY VIII Build the foundation of a sustainable health care system**

- Outcome 1:** Health data is maintained in private, secure electronic form to facilitate proper access to information
- Outcome 2:** Telehealth technologies are used to facilitate access to and quality of health care
- Outcome 3:** Real-time electronic reporting is used for rapid identification of public health threats
- Outcome 4:** Health data is used to improve quality, efficiency, and effectiveness of health care, and public health
- Outcome 5:** Communities have the telecommunications infrastructure necessary to optimize telehealth technologies
- Outcome 6:** There is an appropriate distribution and supply of qualified health care workers available to Alaskans
- Outcome 7:** Statewide health policy development is evidence-based and coordinated

## Commission Recommendations

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*Following is a compilation of all recommendations made by the Commission since its earlier inception in 2009 under a Governor's Administrative Order. The recommendations are grouped around the most relevant core strategy, and may be repeated if they directly impact more than one strategy. The year each recommendation was made is noted in parenthesis. For the findings supporting each recommendation please see the Commission's annual report for that year.*

### I. Ensure the best available evidence is used for making decisions.

#### Evidence-Based Medicine

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: (2013)
  - a. Incorporate high grade evidence-based medicine when making determinations 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 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. (2013)
  - 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. (2013)
  - c. Involve health care providers and consumers in training opportunities and decision-making applying evidence-based medicine in public policy. (2013)
  - 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. (2013)
  - 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. (2013)
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. (2013)

## II. Increase price and quality transparency

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. *Also under Employer Engagement Strategy* (2013)
2. 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. *Also under Health Info Infrastructure* (2013)
3. 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. (2013)*Also under Employer Engagement, and Health Information Infrastructure*

## III. Pay for Value: Design payment structures to incentivize quality, efficiency and effectiveness

1. The Alaska Health Care Commission recommends the State of Alaska utilize payment policies for improving the value of health care spending – for driving improved quality, efficiency and outcomes for each health care dollar spent in Alaska – recognizing that:
  - a. Local payment reform solutions are required for Alaska’s health care markets
  - b. Payment reform may not result in immediate cost savings, but efforts must begin immediately
  - c. Payment reform is not the magic bullet for health care reform, but is one essential element in transforming Alaska’s health care system so that it better serves patients, and delivers better value for payers and purchasers. (2011)
2. The Alaska Health Care Commission recommends the State of Alaska take a phased approach to payment reform, revising payment structures to support primary care transformation as a first step in utilizing payment policies for improving value in Alaska’s health care system. (2011)
3. The Alaska Health Care Commission recommends the State of Alaska develop health data collection and analysis capacity as a tool for quality improvement and payment reform. Data collection, analysis and use decisions should involve clinicians, payers, and patients. (2011)
4. The Alaska Health Care Commission recommends the State of Alaska support efforts by state officials responsible for purchasing health care services with public funds to collaborate on the development of common purchasing policies. These collaborative efforts should include key stakeholders, and should be used as leverage to drive improved quality, effectiveness, efficiency and cost of care in Alaska’s health care system. These efforts should endeavor to engage commercial payers and federal health care programs in alignment of payment policies in a multi-payer approach to minimize the burden on health care providers. (2011)

## IV. Engage employers in health and health care improvement

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. *Also under Price & Quality Transparency* (2013)
  - 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. (2013)*Also under Price & Quality Transparency, and Health Information Infrastructure*
2. The Alaska Health Care Commission recommends the Division of Insurance consider modifying the current usual and customary charge payment regulation to eliminate the unintended adverse pricing consequence. (referencing 3 AAC 26.110) (2013)
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, price sensitivity, price and quality transparency, pro-active primary care, and healthy life-style support for employees. (2013)
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. (2013)
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 establish guidelines governing the practice of prescription medication dispensing by prescribing clinicians. (2013)

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 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. (2013)

## V. Enhance quality and efficiency of care on the front-end

### Primary Care Innovation

- The Commission recommends that the Governor and Alaska Legislature aggressively pursue development of patient-centric care models through payment reform, removal of statutory and regulatory barriers, and implementation of pilot projects. Development of pilot projects should include definition of the patient-centric model, identification of performance standards and measures, and payment models that are outcome-based. (2009)

### Patient-Centered Primary Care

1. The Alaska Health Care Commission recommends the State of Alaska recognize the value of a strong patient-centered primary care system by supporting appropriate reimbursement for primary care services. (2011)
2. The Alaska Health Care Commission recommends the State of Alaska support state policies that promote the central tenet of patient-centered primary care – that it is a model of care based on a continuous healing relationship between the clinical team and the patient. (2011)

3. The Alaska Health Care Commission recommends the State of Alaska and other entities planning a patient-centered primary care transformation initiative incorporate the following strategies the Commission found to be common to start-up of successful programs studied as models. These successful models started with:
  - a) Financial investment by the initiating payer organization (whether public or private).
  - b) Strong medical leadership and management involved in planning and development.
  - c) A collaborative partnership between the payers and clinical providers.
  - d) A vision concerned with improving patient care, followed by identification of principles, definitions, criteria for participation, and tools and measures.
  - e) A focus on local (i.e., practice-level) flexibility and empowerment.
  - f) A phased approach to implementation.
  - g) A tiered approach to managing patient populations. (2011)
  
4. The Alaska Health Care Commission recommends the State of Alaska and other entities implementing a patient-centered primary care transformation initiative include the following attributes the Commission found to be common to successful programs studied as models:
  - a) **Resources** provided to primary care practices to support improved access and care coordination capabilities.
  - b) **New tools and skill development opportunities** provided to primary care practices to support culture and practice transformation.
  - c) **Shared learning environments** for clinical teams to support development of emergent knowledge through practice and dissemination of new knowledge.
  - d) **Timely data** provided to primary care practices to support patient population management and clinical quality improvement, including centralized analytical and reporting capability and capacity.
  - e) **Infrastructure support** for medical guidance, including a medical director for clinical management and improvement, case managers, pharmacists, and behavioral health clinicians.
  - f) **A system of review** that includes both implementation monitoring by initiative partners and evaluation of initiative outcomes by an independent third-party. (2011)
  
5. The Alaska Health Care Commission recommends the State of Alaska support a patient-centered medical home (PCMH) initiative, recognizing:
  - a) Front-end investment will be required for implementation, and it may take two to three years before a return on investment will be realized;
  - b) Collaboration between State programs that pay for health care, other health care payers and the primary care clinicians who will be responsible for implementing this model is essential to success; and,
  - c) Patient-centered primary care development is not the magic bullet for health care reform, but is an essential element in transforming Alaska's health care system so that it better serves patients, better supports providers, and delivers better value. (2011)
  
6. The Alaska Health Care Commission recommends the State of Alaska support efforts to foster development of patient centered primary care models in Alaska that:
  - o Integrate behavioral health services with primary physical health care services in common settings appropriate to the patient population.
  - o Assure coordination between primary care and higher level behavioral health services.
  - o Include screening for the patient population using evidence-based tools to screen for
    - A history of adverse childhood events
    - Substance abuse
    - Depression

*Also included under Focus on Prevention (2011)*

## Alaska's Trauma System

1. The Alaska Health Care Commission recommends the State of Alaska support a strong trauma system for Alaska that:
  - Is comprehensive and coordinated, including:
    - Public health system capacity for
      - studying the burden of injury in the local population
      - designing and implementing injury prevention programs
      - supporting the development and exercise of local and statewide emergency preparedness and response plans
    - Emergency medical service capacity for effective pre-hospital care for triage, stabilization and coordination of safe transportation of critically injured patients
    - Trauma center care for treatment of critically injured patients
    - Rehabilitation services for optimizing recovery from injuries
    - Disability services to support life management for individuals left with a permanent disability due to an injury
  - Is integrated, aligning existing resources to efficiently and effectively achieve improved patient outcomes.
  - Is designed to meet the unique requirements of the population served.
  - Provides evidence-based medical care to achieve the best possible outcomes for the patient.
  - Provides seamless transition for the patient between the different phases of care. (2011)
2. The Alaska Health Care Commission recommends the State of Alaska support continued implementation of the recommendations contained in the 2008 consultation report by the American College of Surgeons Committee on Trauma, including achievement and maintenance of certification of trauma center status of Alaskan hospitals. (2011)

## VI. Increase choice, dignity and quality of care for seriously and terminally ill patients.

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. (2012)
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. (2012)
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. (2012)

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). (2012)
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. (2012)
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. (2012)

## VII. Focus on Prevention

### Healthy Lifestyles

- The Commission recommends that the Governor and Alaska Legislature investigate and support additional strategies to encourage and support healthy lifestyles, including strategies to create cultures of wellness in any setting. (2009)

### Obesity in Alaska

- The Alaska Health Care Commission recommends the State of Alaska implement evidence-based programs to address the growing rate of Alaskans who are overweight or obese. First efforts should focus on nutrition and physical activity for children and young people and raise public awareness of the health risks associated with being overweight and obese. (2011)

### Immunization against Vaccine-Preventable Disease

- The Alaska Health Care Commission recommends the State of Alaska ensure the state's immunization program is adequately funded and supported, and that health care providers give priority to improving immunization rates in order to protect Alaskans from serious preventable diseases and their complications. (2011)

### Population-based Prevention & Behavioral Health

1. The Alaska Health Care Commission recommends the State of Alaska support efforts to foster development of patient centered primary care models in Alaska that:
    - Integrate behavioral health services with primary physical health care services in common settings appropriate to the patient population.
    - Assure coordination between primary care and higher level behavioral health services.
    - Include screening for the patient population using evidence-based tools to screen for
      - A history of adverse childhood events
      - Substance abuse
      - Depression
- (2011)

2. The Alaska Health Care Commission recommends the State of Alaska develop with input from health care providers new payment methodologies for state-supported behavioral health services to facilitate integration of primary physical health care services with behavioral health care services. (2011)

## VIII. Build the foundation of a sustainable health care system

### A. Health Information Infrastructure

#### Health Information Technology – General

- The Commission recommends that the Governor and Alaska Legislature take an aggressive approach to supporting adoption, utilization, and potential funding of health information technology, including health information exchange, electronic health records and telemedicine/telehealth that promise to increase efficiency and protect privacy. (2009)

#### Health Information Technology – Health Information Exchange (HIE) & Electronic Health Records (EHRs)

1. The Commission recommends that the Governor direct the Department of Health & Social Services to explore options for assisting providers (particularly smaller primary care practices and individual primary care providers) with adoption of electronic health record systems. (2009)
2. The Commission recommends that the Governor ensure Alaska's statewide health information exchange supports providers who have not yet adopted their own electronic health record system by facilitating identification and purchase of systems that are interoperable with the state exchange. (2009)
3. The Commission recommends that the Governor ensure that HIT is utilized to protect the public's health. Alaska's health information exchange should connect with electronic public health reporting systems to enable real-time disease reporting and rapid identification of public health threats. (2009)
4. The Commission recommends that the Governor ensure that data available through the statewide health information exchange is utilized to identify opportunities for administrative efficiencies, coordination and optimization of care, and health care quality and safety improvement. (2009)
5. The Commission recommends that the 2010 Alaska Health Care Commission track the development of the Alaska Statewide Health Information Exchange, Alaska's new Medicaid Management Information System (MMIS), and the use of ARRA funds for electronic health record deployment; and the Commission should continue to identify current issues, policy choices and recommendations based on these developments. (2009)
6. The Commission recommends that the Governor designate a statewide entity with the responsibility for ensuring broad implementation of health information security and privacy protections. The entity should participate in on-going efforts at the national level to identify security and privacy standards, should oversee application of those standards to Alaska's statewide health information exchange, and should identify a process for Alaskan patients to opt out of participation in the health information exchange. (2009)

### Health Information Technology – Telehealth/Telemedicine

1. The Commission recommends that the Governor and Alaska legislature work with federal and local partners to ensure all Alaskan communities have access to broadband telecommunications infrastructure that provides the connectivity and bandwidth necessary to optimize use of health information technologies. (2009)
2. The Commission recommends that the Governor direct the Alaska Department of Health & Social Services to investigate innovative reimbursement mechanisms for telemedicine-delivered services; test new payment methodologies through Medicaid, and work with other payers to encourage adoption of successful methodologies. (2009)
3. 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. (2012)
4. The Alaska Health Care Commission recommends the Department of Health & Social Services develop a business use analysis for 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 (2012)

### Health Information Infrastructure – Health Data & Analytics

1. The Alaska Health Care Commission recommends the State of Alaska develop health data collection and analysis capacity as a tool for quality improvement and payment reform. Data collection, analysis and use decisions should involve clinicians, payers, and patients. *Pay for Value* (2011)
2. 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. (2013)
3. 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. (2013)

4. The Commission recommends that the Alaska Department of Health & Social Services implement a web-based data system for public health information. (2010)

## B. Health Workforce

### Workforce - General

1. The Commission recommends that the Governor and Alaska Legislature maintain health care workforce development as a priority on Alaska's health care reform and economic development agendas. (2009)
2. The Commission recommends that the Governor and Alaska Legislature explore strategies for strengthening the pipeline of potential future Alaska health care workers. (2009)
3. The Commission recommends that the Governor and Alaska Legislature explore strategies for ensuring Alaska's health care workforce continues to be innovative and adaptive, and that it is responsive to emerging patient care models. (2009)
4. The Commission recommends that the Governor designate a single entity with the responsibility for coordinating all health care workforce development planning activities in and for Alaska. Coordination and collaboration of funders, policymakers and stakeholders in workforce planning and development efforts should be encouraged to the greatest extent possible. (2009)
5. The Commission recommends that the 2010 Alaska Health Care Commission continue studying health care workforce needs in coordination with other organizations and coalitions addressing this issue, and identify recommendations for additional improvements. (2009)

### Workforce – Physician Supply

1. The Commission recommends that the Governor and Alaska Legislature target the state's limited financial resources invested in physician workforce development to strengthening the supply of primary care physicians. (2009)
2. The Commission recommends that the Governor and Alaska Legislature support development and maintenance of an educational loan repayment and direct financial incentive program in support of recruitment and retention of primary care physicians and mid-level practitioners. (2009)
3. The Commission recommends that the Governor and Alaska Legislature support the continued expansion of the WWAMI program. Future expansion should be supported as resources allow. (2009)
4. The Commission recommends that the Governor and Alaska Legislature support graduate medical education for primary care and behavioral medicine. State financial support should continue for on-going operation of the Alaska Family Medicine Residency Program, and should be appropriated for the planning and development of in-state residency programs for pediatrics, psychiatry, and primary care internal medicine. (2009)
5. The Commission recommends that the Governor and Alaska Legislature ask Alaska's congressional delegation to pursue federal policies to address equity in the allocation and distribution of Medicare Graduate Medical Education (GME) residency slots. The exclusion of new programs is not equitable, and there should be heavier weighting for primary care GME and for shortage areas. (2009)

6. The Commission recommends that the Governor and Alaska Legislature explore strategies for improving the primary care delivery model and utilizing “physician extender” occupations as an additional approach to addressing the primary care physician shortage. (2009)

### C. Statewide Leadership

1. The Commission recommends that the Governor and Alaska Legislature invest in the state health policy infrastructure required to study, understand, and make recommendations to respond to the implications of national health care reform for Alaska. (2009)
2. The Commission recommends that the Alaska Legislature establish an Alaska Health Care Commission in statute, similar in size to the Commission established under Administrative Order #246, to provide a focal point for sustained and comprehensive planning and policy recommendations for health care delivery and financing reform, and to ensure transparency and accountability for the public in the process. (2009)

## Access to Primary Care for Medicare Patients - 2009

*The Health Care Commission originally convened in 2009 under Administrative Order #246 also addressed the problem experienced at the time by urban Alaskan seniors with access to primary care.*

1. The Commission recommends that the Governor and Alaska Legislature improve the supply of primary care providers in order to enable increased access to care for Medicare patients by:
  - Supporting a student loan repayment and financial incentive program for primary care providers practicing in Alaska and serving Medicare patients (and including other service requirements deemed necessary to meet the needs of the underserved);
  - Supporting development of a primary care internal medicine residency program;
  - Supporting WWAMI program expansion as resources allow; and,
  - Supporting mid-level practitioner development.
2. The Commission recommends that the Governor and Alaska Legislature explore strategies for removing barriers to the development of designated Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs), facilitating development through state application for federal shortage designations for Medicare populations and supporting planning for new and expanded FQHCs/RHCs.
3. The Commission recommends that the Governor and Alaska Legislature work with Alaska's Congressional delegation to improve Medicare's reimbursement scheme to ensure the sustainability of care to Medicare patients.
4. The Commission recommends that the Governor and Alaska Legislature ask Alaska's congressional delegation to pursue federal policies to redesign the Medicare audit process so that it focuses more on identification and prosecution of fraudulent practices than on billing errors. Reported financial incentives for audit contractors should be eliminated and replaced with performance measures. Concern over billing errors should be addressed through provider training and performance reports, not through audit processes designed to weed out fraud and abuse.
5. The Commission recommends that the Governor and Alaska Legislature commission an analysis comparing Medicare to Medicaid and private insurance administrative requirements, including recommendations for streamlining public insurance administrative procedures to make them more user-friendly.
6. The Commission recommends that the Governor facilitate development of PACE programs in Alaska by directing the Department of Health & Social Services to submit a State Plan Amendment to the U.S. Centers for Medicare and Medicaid Services (CMS) to add PACE as a Medicaid service, and to identify and remove barriers to development of PACE programs.