Transforming Health Care in Alaska

2014

Draft #3: This draft reflects the final approved version, as passed by the Commission 1-5-15, of the Commission's Fraud and Abuse Findings & Recommendations, 2015 Priorities & Proposed Activities, APCD Legislation Brief, and Health Benefit Recommendations, for inclusion in the 2014 Draft Report.

2010 – 2014
Strategic Plan
Update

Transforming Health Care in Alaska

2014 Report/2010-2014 Strategic Plan

Alaska Health Care Commission

Ward Hurlburt, MD, MPH/Jay Butler, MD, Chair
Lincoln Bean
C. Keith Campbell
Jeffrey Davis/Greg Loudon
Emily Ennis
Allen Hippler
Becky Hultberg
David Morgan
Lawrence Stinson, MD
Robert Urata, MD
Susan Yeager
Ex Officio Members:
Jim Puckett
Senator John Coghill
Representative Wes Keller/Pete Higgins

Deborah Erickson, Executive Director

Draft #3: This draft reflects the final approved version, as passed by the Commission 1-5-15, of the Commission's Fraud and Abuse Findings & Recommendations, 2015 Priorities & Proposed Activities, APCD Legislation Brief, and Health Benefit Recommendations, for inclusion in the 2014 Draft Report.

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Health and Social Services
ALASKA HEALTH CARE COMMISSION
Anchorage
3601 C Street, Suite 902
Anchorage, Alaska 99503-5924
Main: 907.334.2474
Fax: 907.269.0060

January 5, 2015

This version reflects the final, approved version of the direct products of the Commission from CY 2014, as approved by the Commission during their January 5 meeting.

The first round of changes made to the original draft released for public comment during November, reflected in Version 2 dated December 31, 2014, are highlighted in pink. Changes made to Version 2 by the Commission during their January 5 meeting are highlighted in blue.

Added text is underlined.

Deleted text is ~~struck-through~~.

Please be advised that the final Annual Report for CY 2014 will also include a more detailed description of Commission activities, the ISER employer health benefits reports (full and summary) conducted under contract for the Commission (as Appendices), and the Commission's 2014 voting records and financial disclosure statements as required by our statute (also as an Appendix).

Table of Contents

Part I. Introduction 1

Part II. Background 2

A. Strategic Planning Process 2

B. Vision for Transformation of Alaska's Health Care System 2

C. Understanding Alaska's Current Health Care System 3

D. Alaska Health Care System Transformation Strategies 4

Part III. 2014 DRAFT Commission Findings & Recommendations 5

A. CORE STRATEGY III: Pay for Value – Reduce Fraud and Abuse in Alaska's Medicaid Program 5

Part IV. Proposed Commission Activities for 2015 8

CORE STRATEGY I: Ensure the Best Available Evidence is Used for Making Decisions 11

CORE STRATEGY II: Increase Price and Quality Transparency 12

CORE STRATEGY III: Pay for Value 13

CORE STRATEGY IV: Engage & Support Employers to Improve Health Plans and Employee Wellness 14

CORE STRATEGY VII: Focus on Prevention 15

CORE STRATEGY VIII: Build the Foundation of a Sustainable Health Care System 16

APPENDICES 18

A. DRAFT Policy Brief on Key Provisions for All-Payer Claims Database Legislation 18

B. DRAFT Health Benefit Recommendations for Alaskan Employers 18

Part I. Introduction

2014 has been a transition year for the Commission. Originally scheduled to Sunset on June 30, we began this year concurrently making plans to wrap up our work of the past three years in a final deliverable for the Governor and legislature, while at the same time envisioning and planning for a second phase of work in the event we were continued. In April the legislature unanimously passed SB 135, extending the Commission's Sunset date by three years to June 30, 2017. With the signing of the bill into law by the Governor in September, the Commission's preparations for the next phase of work began in earnest.

During this transition year the Commission primarily focused on redefining what their role and priorities should be in Phase II, and on receiving updates on various health care issues. Less time than usual was spent on developing new recommendations, which this year focused exclusively on improving fraud and abuse prevention and investigation in the State's Medicaid program. With a fairly comprehensive set of policy recommendations in place from Phase I, the Commission determined that in Phase II we should shift from a study and advisory role, to one of facilitator to foster implementation of existing recommendations.

Presented in this draft report for public review and feedback are:

1. Findings & Recommendations related to prevention and control of fraud and abuse in the State's Medicaid program (Part III, pages 5-7).

2. Seven policy priorities selected by the Commission for facilitation during 2015, and proposed activities to foster implementation of those priorities (Part IV, pages 8-17).

3. A draft policy paper on key elements that would be required in state legislation to create a statewide All-Payer Claims Database for Alaska (Appendix A).

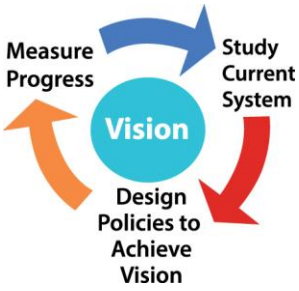
4. A draft set of health benefit recommendations for Alaskan employers (Appendix B).

Part II. Background

A. Strategic Planning Process

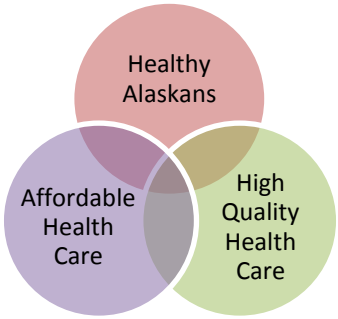
The Commission's planning framework started with identification of a vision — a picture of the ideal future for Alaska related to health and health care. Work continues with effort devoted each year to studying the current condition of the health care system, and to identifying strategies and recommending 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 topics the Commission has studied over the past few years to develop a better understanding of Alaska's health care system as a foundation for developing strategies for attaining the vision. Information the Commission has compiled on these topics is available on the Commission's website and may be accessed by clicking on the topic below, or by visiting the Focus Areas index page at: http://dhss.alaska.gov/ahcc/Pages/focus/default.aspx.

Topics for which new information was presented during 2014 (and ~~new information~~ is newly available on our website) are highlighted in yellow below. The most substantial new research the Commission sponsored this year was a study of employer health benefit practices in Alaska. The Commission funded the Department of Labor & Workforce Development, with consultation by the Department of Health & Social Services, to design and conduct the survey, to which over 1,300 employers responded. The Commission funded the Institute for Social & Economic Research (ISER) at the University of Alaska Anchorage to analyze the survey data. The final reports on that study were published this past month.

Alaska's Health Care System

- Description of Alaska's health care system structure and financing
- Discussion of health care system challenges (see Part II of the report at this link)
- Employer sponsored health insurance coverage (Includes new ISER Reports)
- Workers' Compensation Program
- Veteran's Affairs and military health care systems
- Clinical quality improvement

Health Care Costs

- 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

- Overview of the Affordable Care Act (see Part II of the report at this link)
- Impact of the Affordable Care Act in Alaska

Government Regulation of the Health Care Industry

- Government health care regulation overview (see Part II of the report at this link)
- Impact of medical malpractice reforms in Alaska

Other Health Related Services & Systems

- Long term care services
- Behavioral health services
- Oral health and dental services
- Public health and prevention
- Rural sanitation

D. Alaska Health Care System Transformation Strategies

Following are the Core Strategies the Commission has identified as necessary for improving value in Alaska's acute medical care system. Detailed policy recommendations associated with these strategies are available on-line at: http://dhss.alaska.gov/ahcc/Documents/HCCStrategies-%20Recommendation-2013v3.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 prices and quality ~~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. Reduce fraud, waste and abuse.

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 Workers' Compensation program to contain costs and improve quality.

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 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~~ increasing behavioral health screening, and integrating behavioral health and primary care.

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.

Part III. 2014 DRAFT Commission Findings & Recommendations

A. CORE STRATEGY III: Pay for Value – Reduce Fraud and Abuse in Alaska's Medicaid Program

Findings

1. Fraud and abuse prevention and investigation are important business practices and should be supported, but will not reform the health care system and will not address the major cost challenges. Realignment of fee structures, creation of more even negotiating fields, and evidence-based practice and coverage are the strategies required for reforming the system to address the major cost challenges.

2. CMS estimates 3-10% of Medicaid spending is fraud. Alaska Medicaid fraud recovery, while currently less than 1%, has significantly increased in recent years. Not reflected in the 1% recovery is the deterrent effect of the increased investigation and recovery effort.

3. Active collaboration between the Alaska Department of Law, the Alaska Department of Health & Social Services, the U.S. HHS Office of Inspector General, and U.S. Immigration & Customs Enforcement is resulting in significantly increased recoveries and convictions. Since October 2012 when the two State agencies ramped-up collaborative efforts to address Medicaid fraud:
   - Prosecutors presented charges in 93 criminal cases resulting in 62 convictions and saving a total of $12 million for the State of Alaska in the first year alone;
   - The Department of Law Medicaid Fraud Control Unit provided the Department of Health & Social Services Medicaid Integrity Program with information to suspend 7 agencies, and DHSS issued a total of 65 payment suspensions in SFY 2014 based on information from a variety of sources;
   - One large case involved investigating 53 individuals, with 35 convictions and $743,000 in savings;
   - The majority of cases have been home health or personal care attendant providers; and,
   - Another large case currently pending involves a single physician accused of fraudulently billing more than $1 million over the course of four years.

4. The Medicaid Fraud Control Unit currently has a backlog of cases that could be alleviated with additional staff support.

5. The State is sometimes unable to recover public funds lost through fraud. Requiring bonding and/or strengthening state seizure law could increase the State's ability to recover funds found to be paid for fraudulent claims.

6. The new Medicaid Recovery Audit Contractor (RAC) Audit program required by CMS under the Affordable Care Act is not working in Alaska. Alaska's Medicaid RAC contractor ~~recently~~ suspended performance of audits under their contract during 2014 because they were not able to generate

income in our state due to the difficulty with aligning the DRG (Diagnosis Related Groups) payment focus of the RAC audit process with Alaska's fee-for-service payment structures.

7. State audits performed by Myers & Stauffer under AS 47.05.200 do not generally identify criminal activity, but one recently identified fraud case will result in $1 million savings for the State. These audits have identified over $5 million in overpayments since October, 2012, so this program is beneficial.

8. Fraudulent providers are exploiting vulnerabilities in the system.
   - Medicaid beneficiaries have no financial incentives to provide a check on potential fraudulent practice by their providers~~,~~; and also do not receive an Explanation of Benefits statement as do ~~a~~ patients ~~on~~ with private insurance~~,~~ ~~does~~ and so cannot verify services billed on their behalf.
   - Lack of enrollment of some rendering provider types creates avenues for fraudulent providers caught under one provider type to continue billing for services under another provider type.

9. Abuse of prescription opioid narcotics is not only a critical health concern, as documented by the Alaska Health Care Commission in 2013, but is also a significant source of fraud and abuse in the health care system. Alaska's current Prescription Drug Monitoring law creates barriers that restrict the Department of Law and the Department of Health & Social Services from accessing the data and using it to identify potentially fraudulent or abusive prescribing practices and doctor-shopping by patients.

Recommendations

I. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services increase efforts to address fraud in the Medicaid program and streamline audit processes for providers by:
   a) Establishing regulations to enroll all rendering provider types as Medicaid providers.
   b) Repurposing discretionary audits performed by Myers & Stauffer under AS 47.05.200 to target provider types that pose the greatest risk of overpayment, and to relieve providers who demonstrate compliance.
   c) Implementing procedures to reduce the cycle time from audit notification to providers through final report issuance, and to improve communication with providers so that they have on-line access to information on the status of audits.
   d) Providing Explanation of Benefits statements to Medicaid recipients, with education about their obligation to notify the department in the event of a statement of payment for services they did not receive.
   e) Requesting a waiver from CMS from the Medicaid Recovery Audit Contractor program requirement established under the Affordable Care Act.

II. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services and the State Attorney General continue to strengthen coordination and collaboration between the Medicaid Fraud Control Unit, the Medicaid Integrity Program, DHSS Medicaid operating divisions, and federal fraud investigation and control programs.

III. The Alaska Health Care Commission recommends the legislature fund and the Governor support expanded capacity in the Department of Law Medicaid Fraud Control Unit to investigate and prosecute criminal fraud cases.

IV. The Alaska Health Care Commission recommends the legislature:

a) Strengthen state seizure laws, and consider bonding requirements for certain high-risk Medicaid providers, to increase recovery of Medicaid funds lost to fraud.
b) Provide the Medicaid program the authority to adjust future payments to providers who have past-due obligations to the program.
c) Remove statutory barriers to Department of Health & Social Services and Department of Law access to and use of the Prescription Drug Database for fraud identification and statewide drug abuse prevention efforts.
d) Create a more robust prescription drug control program by ensuring financial support to continue the program, and supporting upgrade of the database to real-time functionality to identify and prevent doctor-shopping practices.

V. The Alaska Health Care Commission recommends the Commissioner of the Department of Health & Social Services continue efforts to increase medical management to address waste in the Medicaid program, such as through:

a) Expansion of prior authorization requirements for medical necessity for services, and establishment of user-friendly and efficient prior authorization processes for providers.
b) Establishing pre-payment review for providers who have billed for services inappropriately in the past, and providing education and technical assistance to assist providers with learning proper billing practices.
c) Streamlining Service Utilization Review procedures to target information gathering to outlying procedures, and discontinue the burdensome practice of requiring all patient data when an outlying procedure is identified.
d) Implementing a care coordination program for beneficiaries who over-utilize emergency room services.
e) Tightening review of Medicaid travel for compliance with program requirements.
f) Investigating beneficiaries who pay cash for prescriptions for controlled substances, potentially with the intent of making the purchase more difficult to track, to ensure the drugs were not diverted for improper or illegal use.
g) Implementing electronic verification of Personal Care Assistant and Waiver services.

Part IV. Proposed Commission Activities for 2015

As described in the Introduction, the Commission is entering a new phase during which we will shift from performing the role of a study and advisory group, and take on the role of facilitator in order to foster implementation of top priority policy recommendations. The role of facilitator can take a variety of forms, including serving as a convener of stakeholders, providing technical assistance, and sponsoring studies to gather additional information required for implementation.

During 2014, to prepare for Phase II and set the course for 2015, the Commission identified from among the current policy recommendations those they believe to be the most important for addressing the central challenge of improving value in the acute medical system, and on which they feel they could make the greatest impact by facilitating implementation. We then compiled a draft list of potential facilitation activities for each of the seven selected priorities.

As part of the prioritization process we created a "Strategic Map" to depict in graphic form the strategies identified for guiding health care improvement and the associated policy recommendations. The Strategic Map is presented on the next two pages. The seven top priority policy recommendations selected for facilitation by the Commission (highlighted in yellow on the Map) are:

- Incorporate Evidence-based Medicine in Payment & Benefit Design and Provide Decision-Support Tools (I.1a,d,e)
- Investigate Transparency Legislation (II.1)
- Implement Payment Reform (III.1)
- Reform Workers' Compensation Laws (IV.4)
- Encourage & Support Healthy Lifestyles (VII.1)
- Adopt Opioid Control Policies & Programs (VII.6)
- Foster Telehealth (VIII.A.3)

To see the complete policy recommendation associated with each box on the Strategic Map, please refer to the Commission's Core Strategies & Policy Recommendations on-line at: http://dhss.alaska.gov/ahcc/Documents/HCCStrategies-%20Recommendation-2013v3.pdf

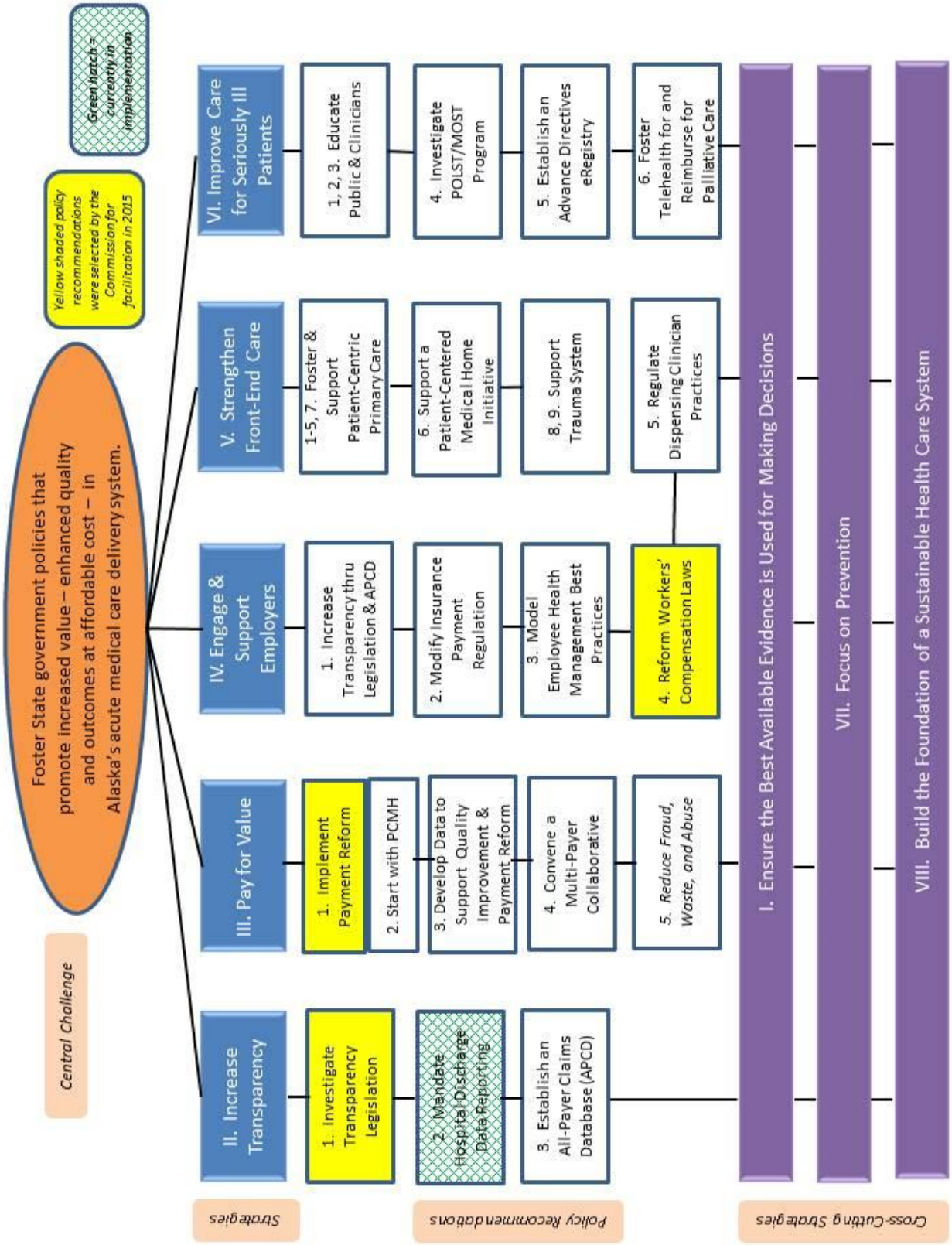
The proposed facilitation activities that follow the Strategic Map on the next two pages constitute a menu from which Commission priorities and agendas will be developed during 2015. Activities will be selected based on available resources, and on stakeholder priorities and readiness. These priorities and activities may be adapted to accommodate requests from the Department of Health & Social Services for assistance with Medicaid reform planning.

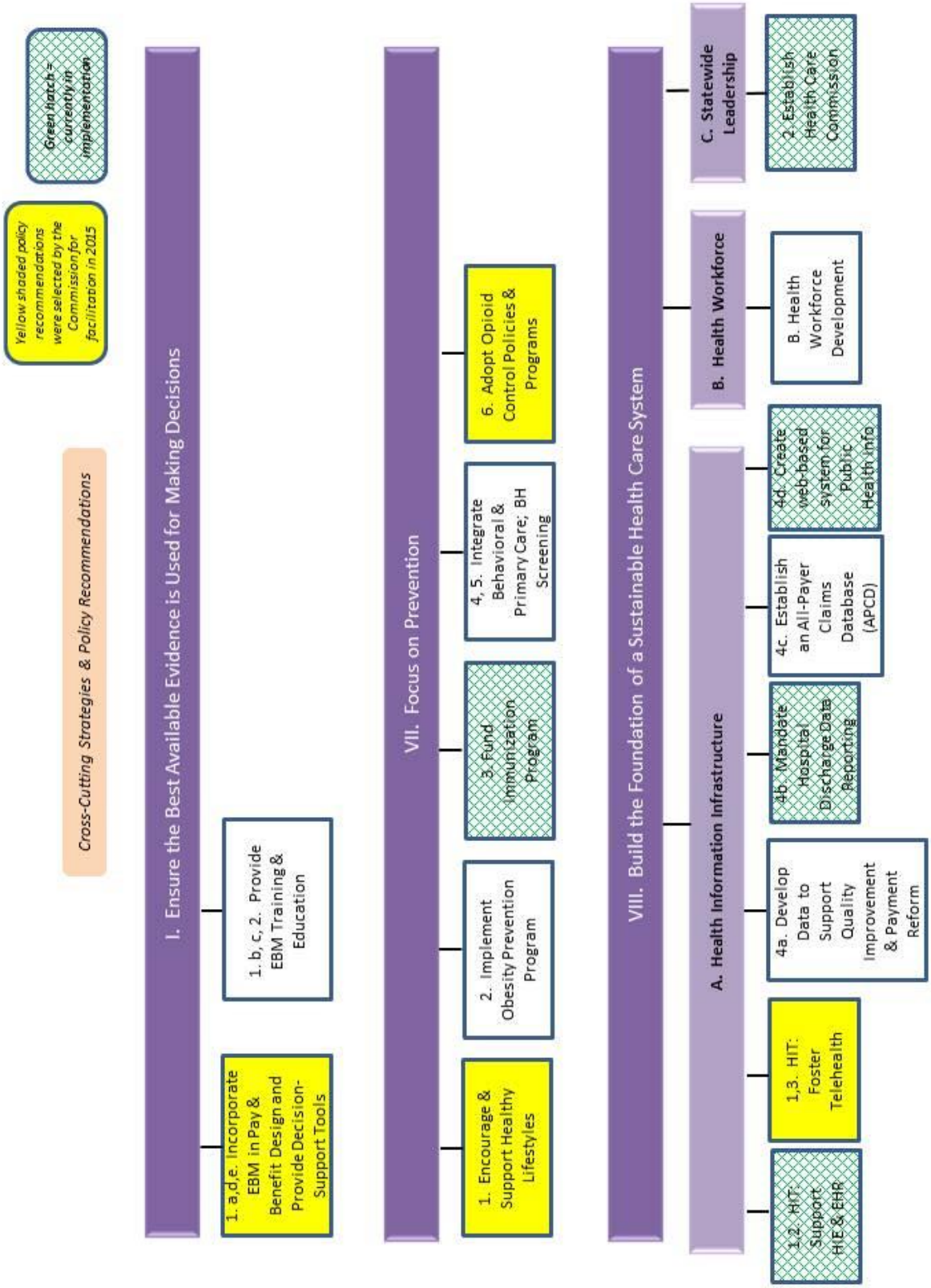
~~During this public comment period the Commission invites feedback on:~~

~~1. Whether the selected policy recommendations should be considered the highest priority for Commission facilitation during Phase II; and,~~

~~2. The proposed facilitation activities (listed along with the complete wording of each of the policy recommendations selected starting on page 11, following the Strategic Map).~~

~~Please note that the Commission is not inviting public comment on the policy recommendations themselves — public comment was solicited during the year in which the recommendations and their associated findings were developed. The year in which the individual recommendations were developed, and the Annual Report in which associated findings are included, is noted following the title of each recommendation.~~


Central Challenge
Foster State government policies that promote increased value – enhanced quality and outcomes at affordable cost – in Alaska's acute medical care delivery system.
Yellow shaded policy recommendations were selected by the Commission for facilitation in 2015
Green hatch = currently in implementation
Strategies
Policy Recommendations
Cross-Cutting Strategies
II. Increase Transparency
1. Investigate Transparency Legislation
2. Mandate Hospital Discharge Data Reporting
3. Establish an All-Payer Claims Database (APCD)
III. Pay for Value
1. Implement Payment Reform
2. Start with PCMH
3. Develop Data to Support Quality Improvement & Payment Reform
4. Convene a Multi-Payer Collaborative
5. Reduce Fraud, Waste, and Abuse
IV. Engage & Support Employers
1. Increase Transparency thru Legislation & APCD
2. Modify Insurance Payment Regulation
3. Model Employee Health Management Best Practices
4. Reform Workers' Compensation Laws
5. Regulate Dispensing Clinician Practices
V. Strengthen Front-End Care
1-5, 7. Foster & Support Patient-Centric Primary Care
6. Support a Patient-Centered Medical Home Initiative
8, 9. Support Trauma System
VI. Improve Care for Seriously Ill Patients
1, 2, 3. Educate Public & Clinicians
4. Investigate POLST/MOST Program
5. Establish an Advance Directives eRegistry
6. Foster Telehealth for and Reimburse for Palliative Care
I. Ensure the Best Available Evidence is Used for Making Decisions
VII. Focus on Prevention
VIII. Build the Foundation of a Sustainable Health Care System


Green Hatch = currently in implementation
Yellow shaded policy recommendations were selected by the Commission for facilitation in 2015
Cross-Cutting Strategies & Policy Recommendations
I. Ensure the Best Available Evidence is Used for Making Decisions
1. a,d,e. Incorporate EBM in Pay & Benefit Design and Provide Decision-Support Tools
1. b, c, 2. Provide EBM Training & Education
VII. Focus on Prevention
1. Encourage & Support Healthy Lifestyles
2. Implement Obesity Prevention Program
3. Fund Immunization Program
4, 5. Integrate Behavioral & Primary Care; BH Screening
6. Adopt Opioid Control Policies & Programs
VIII. Build the Foundation of a Sustainable Health Care System
A. Health Information Infrastructure
1,2. HIT: Support HIE & EHR
1,3. HIT: Foster Telehealth
4a. Develop Data to Support Quality Improvement & Payment Reform
4b. Mandate Hospital Discharge Data Reporting
4c. Establish an All-Payer Claims Database (APCD)
4d. Create web-based system for Public Health info
B. Health Workforce
B. Health Workforce Development
C. Statewide Leadership
2. Establish Health Care Commission

CORE STRATEGY I: Ensure the Best Available Evidence is Used for Making Decisions

Policy Recommendation I.1a,d,e: *Incorporate Evidence-Based Medicine in Payment & Benefit Design and Provide Decision-Support Tools (from 2013 Annual Report)*

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. *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.*

   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.*

Proposed Commission Facilitation Activities for Policy Recommendation I.1.a,d,e

A. Convene State of Alaska (SOA) agency leaders to facilitate mutual learning sessions and alignment of evidence-based medicine and medical management strategies.
   i. Arrange a meeting between SOA health plan administrators and administrators in other states who have successfully implemented evidence-based medicine and medical management in their Medicaid program and state employee health plans.
   ii. Prepare a white paper for SOA health plan administrators that describes nationally utilized medical management standards, such as InterQual and Milliman, and discusses opportunities for incorporating requirements for application of such standards in future third-party administrator and utilization review contracts.
   iii. Facilitate development of an interagency work plan for strengthening and aligning evidence-based medicine and medical management strategies applied in SOA administered health plans.

B. Assess whether the State of Alaska is ready to apply high grade evidence in benefit design and medical management of employee/retiree health plans and Medicaid, and if so whether benefits are to be provided consistent with a "moderately" managed health plan in terms of evidence-based criteria (options are loosely, moderately, and tightly managed).

i. Contract for an assessment of the current level of medical management provided by the current SOA utilization review and third-party administrators, Qualis and Xerox (Medicaid) and Aetna (AlaskaCare).

C. Prepare a white paper on options and opportunities for improving prior authorization procedures in State of Alaska health plans (AlaskaCare and Medicaid) to make them more user-friendly for health care providers.

D. Sponsor a series of annual seminars for state agency staff involved in health plan administration to facilitate understanding of and expertise regarding evidence based medicine. (Other states such as Washington and Oregon do this).

E. Sponsor and facilitate presentations at annual meetings of health care provider organizations such as the Alaska State Medical Association and the Alaska State Hospital & Nursing Home Association to describe evidence-based medicine and what the State of Alaska is doing in this regard.

F. Sponsor and facilitate presentations to business and policy groups, such as the Alaska State Chamber of Commerce, the Alaska HR Leadership Network, and Commonwealth North, to describe evidence based medicine and what the State of Alaska is doing in this regard.

G. Convene University of Alaska and Alaska Pacific University health program leaders and stakeholders to discuss current strategies and opportunities for strengthening integration of evidence-based medicine skill development in curricula for clinician and health care administrator training programs such as nursing, medicine, and health care management.

CORE STRATEGY II: Increase Price and Quality Transparency

Policy Recommendation II.1: *Investigate Transparency Legislation* *(from 2013 Annual Report)*

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.*

Proposed Commission Facilitation Activities for Policy Recommendation II.1.

A. Prepare a white paper on transparency legislation enacted in other states including outcomes (outcomes would include utilization of price and quality information by patients, referring clinicians, policy makers, and the general public; impact on the health care market; etc.).

B. Convene stakeholder sessions and compile input and ideas for key elements for state transparency legislation.

C. Prepare a policy brief on recommended key elements for legislation. Include experience from other states and input from stakeholder sessions, and solicit public comment on draft.

D. Convene State health plan administrators (including Department of Administration, DHSS/Medicaid, and the University of Alaska) to identify strategies and develop an action plan to increase public transparency of State agency and University administered health plan costs and accounting structures.

CORE STRATEGY III: Pay for Value

Policy Recommendation III.1: Implement Payment Reform *(from 2011 Annual Report)*

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.*

Proposed Commission Facilitation Activities for Policy Recommendation III.1.

A. Facilitate the development of enterprise-wide purchasing policies, negotiation strategies, and payment methodologies across State of Alaska programs involved in purchasing health care to leverage support for improved care management and coordination, clinical quality, patient outcomes, and cost efficiency and effectiveness.
   i. Convene leaders of the Department of Administration AlaskaCare employee and retiree health plan, Department of Health & Social Services Medicaid program, State employee union health trusts, Workers' Compensation program and University of Alaska employee health plans to learn how other State governments align health care purchasing strategies, and discuss how purchasing could be aligned across State of Alaska health care programs.
   ii. Assess readiness of the above listed program leaders to collaborate on the development of common health care purchasing policies and strategies.
   iii. Provide technical assistance to support development of common policies and strategies.

B. Facilitate implementation of a payment reform demonstration project focused on regional/community health improvement (designed to improve population health, care management and coordination, clinical quality, and cost efficiency and effectiveness) and planned by local health care providers, commercial insurers, third party administrators, and employers with self-funded ERISA plans.
   i. Convene providers and payers to learn about current payment reform initiatives in Alaska, and about payment reform models in other states that have the potential to work in Alaska's health care markets.
   ii. Assess readiness of payers and providers for various payment reform options.
   iii. Provide facilitation for a payment reform demonstration project (i.e., convene stakeholders in planning and problem-solving forums, identify data needs, support information and communication flow, etc.).

CORE STRATEGY IV: Engage & Support Employers to Improve Health Plans and Employee Wellness

Policy Recommendation IV.4: Reform Workers' Compensation Laws (from 2013 Annual Report)

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.*

Proposed Commission Facilitation Activities for Policy Recommendation IV.4.

A. Convene meetings with other organizations that have made formal recommendations for reforming Alaska's Workers' Compensation program that align with Commission recommendations, such as the Workers Compensation Board and the Alaska State Chamber of Commerce, to identify action steps the Commission can take to facilitate implementation of common recommendations.

B. Produce a White Paper on the experience of other states that have reformed the medical component of their Workers' Compensation program.

C. Convene stakeholders (employers, labor unions, workers, health care providers, legislators, Workers' Comp program leaders) and:
    i. Arrange for testimony to the stakeholder group by representatives from other states that have successfully implemented Workers' Comp reform;
    ii. Gather feedback from Alaska stakeholders;
    iii. Identify areas of common agreement by all stakeholders, and also areas of disagreement; and,
    iv. Identify opportunities for resolving areas of disagreement.

D. Produce a Policy Paper for the Governor and legislature that describes the Workers' Comp reform experience of other states, explains current recommendations of the Health Care Commission and other organizations with similar recommendations, identifies the areas of agreement and disagreement among Alaska Workers' Comp stakeholders, and offers potential solutions.

CORE STRATEGY VII: Focus on Prevention

Policy Recommendation VII.1: Encourage & Support Healthy Lifestyles (from 2009 Annual Report)

1. *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.*

Proposed Commission Facilitation Activities for Policy Recommendation VII.1.

A. Convene leaders of the Healthy Alaskans 2020 initiative from the Department of Health & Social Services and the Alaska Native Tribal Health Consortium (Commissioner, CEO and Division Directors) with the Healthy Alaskans 2020 Advisory Team to identify and discuss challenges to ongoing implementation of this collaborative statewide population health improvement initiative. Work together to identify options for long term sustainability.

B. Convene leaders of the Healthy Alaskans 2020 initiative from the Department of Health & Social Services and the Alaska Native Tribal Health Consortium (Commissioner, CEO and Division Directors) with the Healthy Alaskans 2020 Advisory Team to discuss options for implementing a Public Health System Improvement Process, and to discuss the cost-benefit of pursuing national accreditation of Alaska's public health agencies.

C. Convene administrators of all health insurance plans serving State of Alaska employees, and other public employers who participate in the state retirement system, to identify opportunities for joining resources to support workplace wellness and prevention efforts.

Policy Recommendation VII.6: Adopt Opioid Control Policies & Programs (from 2013 Annual Report)

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.

Proposed Commission Facilitation Activities for Policy Recommendation VII.6.

A. Convene physicians, mid-level practitioners, pharmacists, hospital and emergency department leaders, applicable state clinician licensing boards, appropriate state agency staff, and legislators to:
   i. Hear expert testimony from other states where opioid control programs have been successfully implemented.
   ii. Identify and discuss the pros and cons of upgrading Alaska's prescription drug monitoring database to real-time or near real-time, including potential Medicaid savings.
   iii. Discuss the benefits of expanding access to the prescription drug monitoring database to Department of Health & Social Services and Department of Law staff for Medicaid fraud control, utilization review and public health purposes.
   iv. Identify prescribing guidelines for Alaska (include hospice patient exemption).
   v. Compile data ~~and stories~~ on the problem of opioid abuse in Alaska.

B. Convene Department of Administration, Department of Health & Social Services, and University of Alaska health plan administrators to discuss application of controlled substances prescribing guidelines in AlaskaCare and Medicaid health plan benefit and payment policies.

C. Prepare a white paper on other states' opioid control program results, and recommendations from the FDA, CDC, and the White House Office of Drug Control Policy.

CORE STRATEGY VIII: Build the Foundation of a Sustainable Health Care System

Policy Recommendation VIII.A.3: *Foster Telehealth (a & b from 2009 and c & d from 2012 Annual Report)*
A.3. Health Information Technology – Telehealth/Telemedicine

a. *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.*

b. *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.*

c. *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.*

d. *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*

Proposed Commission Facilitation Activities for Policy Recommendation VIII.A.3.

A. Convene stakeholders (health care providers, Telehealth service providers, payers, regulators) to identify specific state policy barriers to development and utilization of Telehealth technologies in Alaska, and to design solutions to identified barriers.

B. Convene Telehealth stakeholders to:
   i. Evaluate the current state of Telehealth in Alaska;
   ii. Identify opportunities to leverage technology, business relationships, bandwidth capacity, and payer systems to improve Telehealth services;
   iii. Identify legislative, training, evaluation, and other requirements for improving Telehealth services.
   iv. Develop an actionable plan to address issues identified in stakeholder sessions. Include:
      - Potential for improving patient outcomes;
      - Potential ROI (Return on Investment) for investors;
      - Short and long-term cost benefit for medical claims payers (Medicaid, State employee/ retiree health plans, other employers, insurers); and,
      - An evaluation component that includes measurement of patient health outcomes, provider satisfaction, and cost benefit for payers.

APPENDICES

A. DRAFT Policy Brief on Key Provisions for All-Payer Claims Database Legislation

Following two years of study the Commission recommended in 2013 the Alaska legislature establish an All-Payer Claims Database (APCD) to support transparency and payment reform, and to strengthen the health information infrastructure to provide data needed to help with better understanding health care utilization and cost.

Interest expressed by legislators this year in this recommendation led to the drafting of this Policy Brief. The Commission convened stakeholders during 2012 and solicited public comment during 2012 and 2013 on the question of whether Alaska should establish an APCD, and is not considering additional public comment on this recommendation at this time, but would welcome public feedback on this Policy Brief on the essential elements that should be included in state legislation.

B. DRAFT Health Benefit Recommendations for Alaskan Employers

During 2014 the Alaska Human Resource Leadership Network made a request to the Health Care Commission Chairman for a "Top 10" list of recommendations for Alaskan employers regarding employee health benefits. This paper was drafted and provided in response, and the Commission would welcome public feedback on these suggested recommendations.

POLICY BRIEF
All-Payer Claims Database

Key Provisions for State Legislation

Following two years of study, the Alaska Health Care Commission recommended in its 2013 Annual Report to the governor and legislature that the State of Alaska establish an All-Payer Claims Database (APCD) to support health care price and quality transparency, payment reform, and strengthening the health information infrastructure. Specifically, the 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."*

This policy brief provides background information on All-Payer Claims Databases (APCDs), and guidance on key provisions that should be considered in state legislation required to establish an APCD.

Background

What is an All-Payer Claims Database (APCD)?

APCDs are data systems that aggregate medical claims data from entities that pay for medical services for the purpose of providing information to improve health care cost, quality, and outcomes.

- The data is collected from health insurers, third-party administrators for self-insured employer plans, Medicaid, Medicare, and other federal payers.
- There is no action required of health care providers — an APCD creates no administrative burden for hospitals, clinics, physicians, or other providers of medical services.

APCDs require State legislation to:

1. Specify legislative intent for the system's purpose, and the goals of data collection and use;
2. Provide data collection authority for the responsible state agency, and to require private health insurance companies and third-party administrators operating in the State to submit their paid claims data;
3. Require data privacy and security standards;
4. Establish a governance structure;
5. Ensure stakeholder participation in overseeing "stewardship" of the data — ensuring patient privacy and appropriate and accurate analyses and uses of the data;
6. Provide regulatory authority to implement the law; and,
7. Provide an appropriation for start-up and on-going operations.

Development and use of a statewide APCD is a cutting edge approach to understanding and improving cost and quality of health care in a state, but it is not at the "bleeding edge" at this point.

- 12 states currently have operational, and six more are in the process of implementing, statewide APCDs. Three additional states have limited regional or voluntary APCDs.
- National data standards have already been established by a coalition of state APCD programs in consultation with the health insurance industry.
- Medicare data submission protocols have already been implemented, and the Centers for Medicare and Medicaid Services is now providing Medicare data to APCD States requesting it.

How could an APCD benefit Alaskans?

APCDs provide a valuable tool for patients, employers and other payers, and providers to improve health outcomes and health care cost and quality. Those states that have an APCD apply the data to multiple uses, for example:

- Price and quality transparency for the public and employers to support increased value and improved outcomes.
- Utilization and cost analyses for policy makers, employers and other payers.
- Evaluation of government initiatives and programs.
- Clinical quality improvement initiatives by and for providers.
- Understanding population health trends for prevention purposes.

An APCD would provide necessary support for a market-based approach to improving health care cost, quality and access, providing information needed to implement several Core Strategies recommended by the Alaska Health Care Commission, including:

- Increase Price & Quality Transparency
- Pay for Value (Payment Reform)
- Engage & Support Employers
- Focus on Prevention
- Build the Foundation of a Sustainable Health Care System

What concerns might policy makers, health care providers, and patients have?

Potential Concerns	Solutions
Data privacy and security	• Require rules and monitoring regarding system security • Require rules regarding patient privacy protections, including data release policies to prohibit release of names and addresses, and reporting restrictions such as establishing a minimum number of incidents or observations for reporting within a geographic area, exclusion of zip codes, etc.
Inappropriate use of data	• Legislate penalties for inappropriate use or release of data, such as currently exists in Alaska's public health laws.
Incorrect analyses of data	• Require rigorous formal data use application processes, including qualifications of research team, project purpose, etc.
Unfair treatment of providers based on data	• Require collaborative process between APCD system administrators and providers to develop a Reporting Plan, including reporting principles
Data vs. Information	• Require annual report to legislature on core health and health care metrics using the data, and on progress towards goals stated in the legislation.
"Sticker Shock"	• Other States spend approximately $750K on one-time start-up and $545K - $900K on annual operating expenses. • Funding sources in addition to State general funds other States have used to support start-up costs and partial operational support include: Federal Medicaid administrative match funds and other federal grant sources; sale of de-identified data to researchers; and private funding from business coalitions interested in better understanding cost and utilization in their regions. • ~~Tie~~ Weigh cost of the system ~~to~~ against potential savings for state health care expenditures to determine estimated Return-on-Investment ~~realized through State health care expenditure savings~~.

Key Provisions for State Legislation

I. Establish the organizational home for the APCD program

A. Locate the program in the Alaska Department of Health & Social Services (DHSS) due to the department's experience and capacity to protect personal health information, maintain health data systems, and conduct health care analytics.

B. Placement options within the DHSS's statutory framework include:
   - Embedding within AS 18.15.360 – 18.15.365 Public Health Data Collection Authority, Use, and Security; or,
   - Adjacent to or embedded within AS 18.23.300 Electronic Health Information Exchange.

C. Require collaboration with DHSS by the Department of Commerce, Community & Economic Development, especially regarding enforcement of the data submission requirement for private insurance market and third-party administrators by the Division of Insurance.

II. Articulate the APCD's purpose, and goals of data collection and use

Suggested finding, purpose, and goal statements:

A. Finding
   - Effective health care data analysis and reporting is essential to improving the quality and efficiency of health care, fostering competition among health care providers, and increasing consumer and referring clinician choice with regard to health care services in the State.

B. APCD Purpose
   - To facilitate data-driven, evidence-based improvements in quality, affordability, and access of health care, and to promote and protect the health of all Alaskans through understanding of disease and injury trends in the population.

C. APCD Goals
   - Facilitate understanding of health care expenditure patterns and operation and performance of the health care system for policy makers, employers, and other payers;
   - Provide information for health care providers to facilitate provider-led clinical quality improvement efforts;
   - Provide information for the public on price and quality of health care services available in the state;
   - Provide data for providers and payers to support design and evaluation of alternative health care payment and delivery models;
   - Provide data for evaluation of publicly-funded health care and public health initiatives and programs; and,
   - Provide data that can be used to improve detection of public health threats and analysis of trends in population health status.

III. Specify data collection authority including entities required to submit data, collaboration with federal payers, and data standards

A. Entities required to report paid medical claims data to the Alaska APCD should include:
   - Commercial health insurers, i.e., issuers of individual or group health insurance policies providing hospital, medical and surgical, or major medical coverage; and corporations providing individual or group accident and sickness subscription contracts.
     - Determined by the volume of business in Alaska (through regulation)
   - Third-party administrators and any other entities that receive or collect charges, contributions, or premiums for, or adjust or settle health care claims for, Alaska residents.
     - Determined by the number of covered members in a plan (through regulation)
   - The Division of Health Care Services in the Department of Health & Social Services with respect to services provided under the State Medicaid program.
   - The Department of Administration with respect to claims paid by third-party administrators for employee and retiree health plans.

B. Direct the Alaska APCD to collaborate with federal payers to incorporate paid medical claims for services rendered in Alaska from federal funding sources. Specifically, direct the Alaska APCD to:
   - Use the protocols established by the Centers for Medicare and Medicaid Services in the U.S. Department of Health & Human Services to request and include Medicare paid medical claims data in the Alaska APCD.
   - Collaborate with the U.S. Office of Personnel Management to require submission of claims data from third-party administrators of federal employee health plans.
   - Collaborate with the U.S. Department of Veterans Affairs to collect data related to medical services provided through VA benefits.
   - Collaborate with the U.S. Indian Health Service and the Alaska Tribal Health System to collect data related to medical services provided with federal IHS funds.
   - Collaborate with the U.S. Department of Defense to collect data from TRICARE and other payers for health care services in Alaska for active duty and retired military.

C. Require use of existing national data collection standards and methods, including the electronic Uniform Medical Claims Payer Reporting Standard, as adopted by the Accredited Standards Committee X 12 (ASC X12), to establish and maintain the database in a cost-effective manner and to facilitate uniformity among various All-Payer Claims Databases of other states and specification of data fields to be included in the submitted claims.

IV. Create the governance structure

A. Operational responsibility should be assigned to DHSS as the agency with the experience and capacity to protect personal health information, maintain health data systems, and conduct health care analytics.

B. Create a Stakeholder Advisory Committee to assist in the formation and operation of the APCD. The Advisory Committee should include health care stakeholders (providers, payers, consumers), individuals with expertise in health care performance reporting and measurement, individuals with expertise in public health analysis of population health status and trends, and individuals with expertise in the protection of patient and community confidentiality in health data analytics and reporting.

C. Provide DHSS with the optional authorities to:
   - House the APCD in the Health Information Exchange entity;
   - Contract with outside entities for the health data collection and maintenance function; and,
   - Contract with outside entities for the health analytics and reporting function.

V. Provide for data privacy and security

A. Use the state public health data privacy and security provisions outlined in AS 18.15.360-365 or AS 18.23.300.

B. Include reference to federal laws that also protect patient confidentiality, including:
   - Health Insurance Portability and Accountability Act (42 U.S.C. 1320d et seq., as amended);
   - Titles XIX and XXI of the Social Security Act;
   - 32.1-127.01:3;
   - Chapter 6 (38.2-600 et seq.) of Title 38.2; and, the Health Information Technology for Economic and Clinical Health (HITECH) Act, as included in the American Recovery and Reinvestment Act (P.L. 111-5, 123 Stat. 115).

C. Require that information acquired pursuant to this chapter shall be confidential and shall be exempt from disclosure by the Alaska Freedom of Information Act.

D. Require DHSS to establish rules and monitoring systems to ensure data system security.

E. Require DHSS to establish rules regarding protection of patient and community privacy, including:
   - Data release policies to prohibit release of names and addresses; and
   - Reporting restrictions such as establishing a minimum number of incidents or observations for reporting within a geographic area, and exclusion of zip codes.

VI. Provide for appropriate use and reporting of data

A. Direct the Stakeholder Advisory Committee to provide guidance on policies and standards to ensure the accuracy of data and analyses, and to ensure appropriate use and responsible reporting of APCD data.

B. Require a collaborative process between the APCD program and the Stakeholder Advisory Committee to develop a reporting plan.

C. Require rigorous formal data use application processes, including qualifications of research team, project purpose, etc.

D. Impose penalties for inappropriate use or release of data.

E. Require annual report to the legislature on core health and health care metrics using the data, and on progress towards achieving the goals of this legislation.

VII. Allow for the imposition of fees, but protect provider access for data verification

A. Allow collection of fees from those who voluntarily subscribe to approved access to the database for research and analysis purposes.

B. Prohibit charging fees to providers and insurers for access to the database for data verification purposes.

VIII. Provide regulatory authority

A. Provide the Department of Health & Social Services and the Department of Commerce, Community & Economic Development with the regulatory authority to implement the provisions of this statute.

Health Benefit Recommendations for Alaska Employers

Alaska Health Care Commission Recommendations

General Recommendations

1. **Identify the business case for improving employee health and health plan design.**
   - Effective health benefit strategies can reduce health risks and improve quality of life for employees, while lowering health care and Workers' Compensation costs for the employer.
   - These strategies can also reduce indirect employer costs related to absenteeism, productivity, recruitment and retention, employee morale, customer satisfaction, and corporate image.
   - CEOs should be intentional and actively engaged in assuring creation of a health benefits strategy for their company. Begin with a broad vision of employee health and health plan value.

2. **Take a two-pronged, integrated approach to developing a health benefits strategy:**
   I. **Employee Wellness:** Incentivize and support employees to take responsibility for their own health and health care
   II. **Health Plan Design:** Incentivize value in health care delivery through the design of your employee health plan

3. **Engage your employees.**
   a. Communicate:
      - Corporate commitment to their health and wellbeing
      - Information regarding health plan design, and any changes in the design
      - The value of their health benefit, e.g., provide total compensation or total benefit statements that reflect the cost of health insurance premiums and other health benefits
   b. Involve them in planning worksite wellness and new health plan design features.
   c. Support them to be wise health care consumers
      - Provide them with information on health care provider prices and quality.
      - Educate them on issues related to overuse of medical services, and provide easy access to information from reliable sources on the value of various medical tests and treatments.
      - Structure employee and dependent health benefits in a way that aligns the interests of the employee and the employer.

4. **Collaborate with other employers.**
   a. Share learning opportunities and best practices regarding
      - Employee wellness program design
      - Value-based health insurance plan design
   b. Align purchasing strategies to drive increased value in Alaska's health care system.
   c. Coordinate efforts to collaborate with local health care providers on Alaska health care market transformation strategies.
   d. Collaborate with other partners on community health improvement efforts.

5. **Develop the 5 main elements of effective employee health programs:**
   - Evidence-Based Medicine (see Health Plan Design Recommendations below)
   - Price & Quality Sensitivity (see Health Plan Design Recommendations below)
   - Price & Quality Transparency (see Health Plan Design Recommendations below)
   - Proactive Primary Care (see Health Plan Design Recommendations below)
   - Healthy Lifestyle Support (see Employee Wellness Recommendations below)

6. **Incorporate data-driven decision-making and actively manage your health care dollars.**
   a. Incorporate language in your 3rd Party Administrator (TPA) contract that assures you access to data on utilization and cost of services provided under your health plan.

b. Assess health improvement opportunities through continuous data-driven evidence-based medicine analyses to monitor for gaps in care for individuals and to stratify populations by risk and "impactability" through predictive modeling.
c. Identify trends early and address them before they become major cost drivers.
d. Uncover hidden cost drivers that can address the root cause of a problem.

7. **Learn about health care market dynamics.** Use your power as an important purchaser of health care to begin exploring consumerism, and appreciate hospitals' and physicians' power in shaping opinions and practices in local markets.
   a. Understand and appreciate the reality that health care costs consume approximately 20% of our State's economy and that this impacts on all other segments of our economy.
   b. Learn the basics of health care economics, financing, cost shifting, and the influence of public insurance programs (i.e., Medicare and Medicaid) on the health care market.
   c. Learn how public policy at the State and federal level influences the health care market.
   d. All health care markets are local. Understand how and where health services are delivered and by which providers in each community where you have employees. Certain strategies, such as narrow networks, won't necessarily work in small rural communities with one clinic or hospital, but other strategies will be applicable.
   e. While the status quo can no longer be sustained, recognize the value and importance of local health care providers in your community, and the incredible pressures they are under to respond to a rapidly changing health care business environment.

8. **Collaborate with Providers to Transform the Health Care Market**
   a. Develop network strategies to improve access to contracting providers
   b. Address egregious charges for high volume procedures
   c. Investigate Centers of Excellence for high-end procedures
      - Large self-insured employers: Identify top quality national and international medical centers for high-cost procedures based on severity-adjusted quality outcome metrics, then negotiate contracts directly with these centers.
      - Smaller employers: Work with health care firms that specialize in facilitating access to Centers of Excellence and/or complex case management.
   d. Support development of new coordinated care models:
      - Patient-Centered Medical Homes
      - Procedure-based integration through bundled payments

9. **Participate in the public policy process to improve State health policy.** Work with the Alaska Health Care Commission to identify and learn how to support needed improvements in State health policy, for example:
   a. Reform of the Alaska Workers' Compensation Act to modernize medical claims management.
   b. Revision of regulations that create market power imbalance in the health care market.
   c. Enactment of policies to increase price and quality transparency.
   d. Development of data to assist with understanding cost, utilization, and population health.

10. **Know your obligations under the federal health care reform law.**
    a. Large employers are no doubt relying on their health benefit consultants and/or TPAs to learn about and respond to new employer requirements under the Affordable Care Act.
    b. Small employers may look to insurers or insurance brokers, tax advisors, state and national business associations, and/or federal information sources designed for employers to stay current.
    c. Examples of federal websites designed for providing employers with information regarding their obligations under the Affordable Care Act include:
       - Small Business Administration: www.sba.gov/healthcare
       - U.S. Department of Labor: www.dol.gov/ebsa/healthreform
       - Internal Revenue Service: www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions-for-Employers
    d. Do not rely on the popular media or organizations that do not have expertise in employment issues and federal policy for this information.

I. Employee Wellness Program Recommendations

75% of all health care costs are due to chronic conditions, such as diabetes and heart disease, which are largely preventable. Employees spend more than a third of their day, five days a week, at their workplace. While employers have a responsibility to provide a safe workplace, they also have significant opportunities to foster a healthy work environment.

Use of effective workplace programs and policies can reduce health risks and improve quality of life for employees, and also lower direct costs to the employer such as insurance premiums and worker's compensation claims. They can also positively impact indirect costs such as absenteeism, productivity, recruitment and retention, employee morale, and customer satisfaction.

1. **Create a culture of health and wellness.** A corporate culture of health establishes a workplace where employee health and safety is valued, supported and promoted through workplace health policies, programs, benefits, and environmental supports that make healthy and safe choices the easiest choices.

2. **Provide supportive environments where safety is ensured and health emerges.** Integrate strategies for protecting employees from exposure to health and safety hazards in their work environment with workplace health promotion strategies that advance employee health and well-being.

3. **Provide opportunities for employees to engage in a variety of workplace health programs.** These might include, for example:
   - Access to local fitness facilities
   - Health coaching services
   - Weight-management programs such as Weight Watchers®
   - Stress management workshops
   - Company policies that promote healthy behaviors, such as a tobacco-free campus policy, and flexible work schedules that accommodate physical activity programs
   - Provision of healthy food options in vending machines and cafeterias

4. **Work with your 3rd Party Administrator or insurer on an integrated approach to wellness program and health plan design.**

II. Health Plan Design Recommendations

Large employers: Implementing the following strategies may require multiple vendors, or an integrated multi-faceted approach through a single 3rd-party administrator or large group insurer.
Small employers: Work with your group health insurer/broker to incorporate elements described below in the design of your health insurance plan.
All employers: Keep it simple, start small, phase in changes in plan design, and build programs based on what works. Collaborate with other employers to share learning opportunities and align strategies. Work with employees, unions, and health care providers to design and implement change.

1. **Apply evidence-based medicine in health benefit design and precertification.**
   a. Support employees to be informed consumers of health care by helping them to understand and apply information regarding problems associated with overuse of medical services and effectiveness of various testing and treatment options. One tool available to assist employers with this effort is the Choosing Wisely® Employer Toolkit, jointly produced by the National Business Coalition on Health, the Pacific Business Group on Health, Consumer Reports, and the foundation that sponsors the Choosing Wisely® campaign working with physician specialty groups to identify overused medical tests and treatments. The employer toolkit is available at: http://www.nbch.org/Employer-Materials
   b. Work with your 3rd party administrator on strengthening the incorporation of evidence-based medicine in precertification lists and other plan design strategies, such as tiered formularies.

2. **Increase plan member sensitivity to price and quality.** Adopt health plan options that introduce elements of consumerism, encouraging employees to shop for non-emergent health care like they do other services and to treat health care dollars as if they were their own. When adopting this approach it is essential that plan members be provided access to price and quality information on individual providers, as well as other decision-support tools (see "Plan Member Support" below).
   - **Consumer-Driven Health Plans (CDHPs)**. These plans are designed to give members more ownership of their health care dollars and more freedom to choose how they spend them. CDHPs typically have high deductibles associated with an employer-supported Health Savings Account.
   - **Steerage.** Steerage programs identify preferred providers based on price and quality for certain services, such as hospital or imaging services, and direct plan members to the preferred providers through variable co-payment levels designed to incentivize these choices.
   - **Generic Pharmaceuticals and Tiered Formularies.** Incentivizing the use of medically appropriate generic drugs over their branded counterparts can produce significant cost savings. Incentive-based formularies categorize drugs into three or four tiers based on generic-versus-branded groupings and established medical effectiveness, charging lower co-pays for generic and preferred drugs.
   - **Reference-Based Pricing.** This approach sets a standard price the employer will pay for certain procedures for which plan members have options of providers offering that procedure, requiring the plan member to pay the difference when selecting a provider priced above the reference price. Some programs share savings with plan members who select a below-reference price provider.
     - This approach must:
       - include clear communication to plan members regarding how it works
       - only be used in communities and for procedures for which plan members will have multiple options
       - provide accurate and complete information on costs and quality of provider options
     - This approach may open the patient up to greater financial risk, which could be minimized by pairing it with bundled pricing. Alaskan employers interested in attempting this strategy would benefit from collaborating with other employers, insurers/TPAs and providers to pilot test a limited number of procedures.

- **Plan Member Support.** When exposing plan members to greater price sensitivity it is essential they also be provided with the information they need to be engaged consumers. They need education to help them understand the value equation in health care, including the lack of correlation between price and quality (i.e., more expensive care doesn't mean better care), why their own out-of-pocket costs and the full costs of their care both matter, and problems associated with overutilization of unneeded care and how to identify lower-cost options. They need a user-friendly tool that provides price and quality data, ideally including information on their out-of-pocket costs. Symptom evaluation tools, evidence-based medicine guides designed for patients, and concierge services that provide a single-point of contact to help members navigate their health care experience can also be helpful.

3. **Increase Price & Quality Transparency:** As noted above, price and quality sensitivity will only work to increase value if plan members have the information and tools they need to be informed shoppers.
   a. **Provide informational tools for your plan members.** A variety of health care transparency tools have emerged and are evolving to assist patients with understanding the cost and quality of their care options. Most major insurers and a growing number of independent vendors now offer some form of a transparency solution in a variety of forms — from web-based and smart phone apps to call-in service lines.
   b. **Push providers and insurers** to make price and quality data public, and to eliminate contractual restrictions (i.e., "gag clauses") that prevent them from sharing price information.
   c. **Advocate for State Transparency Laws**. While private sector vendors and health plans are evolving to make prices more available to consumers there are still large gaps. State legislatures can play an important role in ensuring consumers access to quality and price information through statutory requirements. The majority of states have some form of such legislation on the books. Alaska currently does not.

4. **Improve access to primary care, care coordination and case management:**
   a. Require plan members to identify their primary care provider to your 3rd-party administrator or insurer, and require your TPA/insurer to collect this information.
   b. Investigate the use of on-site or easily accessible primary care clinic services to provide plan members with free or reduced cost access to primary care.
   c. Collaborate with other large employers to investigate retail clinic opportunities. Look at national chains with stores in Alaska that offer retail clinics in other states, and engage them in discussion about opportunity for retail clinic development in Alaska.
   d. Provide disease management services for plan members with chronic conditions, and complex case management for high-risk, high-cost plan members.
   e. Collaborate with your TPA/insurer and health care providers in your community to develop new coordinated care models, such as Patient-Centered Medical Homes and procedure-based service integration through payment bundling.