

A High Performance Health System for Alaska

Healthcare is a \$5 billion industry in Alaska. It impacts every part of our economy and touches each of our lives. Yet there is widespread agreement that we have a dysfunctional, inefficient system. Solutions have remained elusive. The very wealth and reach of the industry can frustrate attempts to improve it.

The Commonwealth Fund has identified the five key dimensions of high-performance health systems. We can adapt these dimensions as a blueprint to transform Alaska's healthcare system. The five key dimensions are: 1) access, 2) affordability, 3) high-quality care, 4) efficient care, and 5) equity. Because the five dimensions are interrelated, successful transformation requires simultaneous efforts in each dimension. Affordability affects access. Quality and efficiency affect cost and affordability.

Where does Alaska stand? What are possible solutions?

1) **Access:** Alaska ranks in the bottom 15% of states with close to 18% of Alaskans uninsured.

Solutions: expand Denali Kid Care to cover kids and their parents up to 300% of the Federal Poverty Level. Promote partnerships between the state and employers. Assure that benefits cover primary and preventive care. Consider mandated subsidized health insurance. Strengthen Community Health Centers. Fund workforce training to assure an adequate supply of health professionals.

2) **Affordability:** Alaska ranks 50th of the 50 states with average health-care premiums of \$4379 for employee single coverage. The majority of this cost (88%) is borne by employers and passed on to consumers. The cost-of-living increased in Anchorage by 40% between 1991 and 2005 while the cost of medical care increased almost 100% and is projected to double again by 2013. The cost of retiree health benefits is a major factor in the crisis in unfunded pension liabilities.

Solutions: the majority of health-care spending is for hospital treatment of episodic high-cost complications of preventable chronic illness. Our healthcare must be reorganized around primary care that provides a medical home to all patients. Care must focus on behavioral change to prevent the rising epidemic of chronic disease. Alaska ranks fifth in the US with 25% of adults who smoke. Alaska ranks fourth in the US with 62% of adults who are overweight or obese. New primary care payment models must exempt preventive and primary care from deductibles.

3) **Efficiency:** the US spends more than twice per capita for health care as Canada and the other developed nations. The US has the highest percent of national health expenditures on insurance administration and overhead at 7.3%.

Solutions: encourage public private collaboration to achieve simplification such as the Minnesota "Smart Buy Alliance" that purchases health insurance for 70% of Minnesota

residents. Implement performance incentives for meeting cost efficiency indicators. Increase transparency in reporting on quality and costs.

4) **Quality**: nationally less than 50% of patients receive the recommended care for common chronic conditions. 28% of U.S. primary care doctors use electronic medical records (EMRs) compared to 92% in New Zealand and 89% in the UK.

Solutions: Redesign the office visit around the provision of quality care. EMR's are an essential part of quality health care delivery. Leverage Alaska's healthcare purchasing power to provide incentives for the use of EMRs, for meeting quality indicators and the interconnection of health information systems.

5) **Equity**: nationally the percent of diabetics receiving recommended care is lowest for patients who are rural, poor or uninsured. African American mortality rates are significantly higher for heart disease, diabetes and infant mortality. Alaska Native infant mortality rates are almost twice that of whites.

Solutions: we must assure access to care for the poor and minorities who currently slip through our safety net systems. Patient's healthcare "literacy" must be assessed and care must be responsive to it.

There are innovative healthcare transformations in Maine, Massachusetts, Rhode Island, New York and Minnesota. A successful approach will require achieving improvement in each of the five interlocking dimensions. Strategies focused on improving only one aspect of healthcare are unlikely to achieve the central goal of long, healthy productive lives for Alaskans. Alaska has an opportunity to become a national leader in developing a high-performance health system. Alaska's future may depend on it.

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