



Memorandum

The Honorable Pete Kelly, President
Alaska Senate
State Capitol Room 111
Juneau, AK 99801

The Honorable Bryce Edgmon, Speaker
Alaska House of Representatives
State Capitol Room 208
Juneau, AK 99801

Date: December 22, 2017

Re: SB 74 (2016) Health Care Authority Feasibility Study Public Comment

Dear President Kelly and Speaker Edgmon;

The Department of Administration (DOA) was directed by the legislature to evaluate the feasibility of establishing a Health Care Authority (HCA) in SB 74. Entities to be evaluated include: State of Alaska employees and retirees, school districts, state corporations, University of Alaska, Medicaid, and political subdivisions. The study consisted of several reports provided by three separate contractors evaluating differing aspects of developing an HCA.

The study was released on August 30, 2017, with a public comment period beginning September 1, 2017. During this period DOA hosted a series of public webinars providing each of the contractors an opportunity to review their findings and recommendations. Recordings of the webinars and all associated materials including the reports are available at <http://doa.alaska.gov/hca.html>.

The public comment period closed on November 13, 2017, following a two-week extension. Attached is a report addendum with a summary of the comments received. In general, comments were diverse and articulated important questions regarding the impact of an HCA and considerations for policy makers to evaluate. One theme was repeated across stakeholder comments: the cost of health care poses an increasingly difficult challenge to employers, and employers are eager to find solutions to address this issue.

The ideas described in the HCA studies provide considerable opportunity, but are complex impacting billions of dollars in annual spend and hundreds of thousands of individuals. The adoption of recommendations of this magnitude require time and analysis to ensure there is no harm to public employees, employers, or that they do not unfavorably distort the market.

To this end, the FY 19 budget includes funding to continue to assess the potential benefits of consolidated health plan management among public employers.

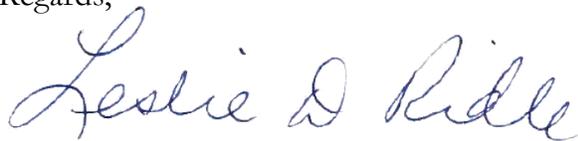
In the meantime, some of the recommendations described in the reports are actions the state can either implement independently, or begin to incorporate within existing programs. These include:

- Implementation of an Employer Group Waiver Plan (EGWP), anticipated to take effect January 1, 2019.
- Integration of value-based benefits, enhanced travel benefit, and reference-based pricing through the AlaskaCare plan design.

DOA is continuing to move forward in adopting the recommendations within the reports that can be implemented independently of an HCA, and is committed to work with the legislature to find creative solutions to solve health care costs in Alaska.

If you have further questions regarding this report please contact Emily Ricci, Chief Health Policy Administrator at Emily.Ricci@alaska.gov or Natasha Pineda, Deputy Health Official at Natasha.Pineda@alaska.gov.

Regards,



Leslie Ridle
Commissioner

CC: Senator Lyman Hoffman, Co-Chair, Senate Finance Committee
Senator Anna MacKinnon, Co-Chair, Senate Finance Committee
Representative Neal Foster, Co-Chair, House Finance Committee
Representative Paul Seaton, Co-Chair, House Finance Committee
Darwin Peterson, Legislative Director, Office of the Governor
Pat Pitney, Director, Office of Management and Budget

Enclosures:

- 1) Alaska Health Care Authority Feasibility Studies Summary of Public Comments Received, December 2017