

Meeting the Challenge for the Next Decade

Redesigning the Alaska
Native Tribal Health Care
System



Past Challenges- Tribal Control And Revenue Growth

- Over the past decade the Alaska Tribal Health *System* has been focused primarily on:
 - Achieving full tribal control (Development of the ANTHC and contracting of ANMC)
 - Maximizing Revenue to the Alaska Native system by
 - Developing more effective business processes
 - Attracting beneficiaries with third party resources
 - Coordinating with the State and CMS to maximize Medicaid resources
 - Developing new (and needed) services-

Future Challenges

- During the next decade financial realities will force the Alaska tribal health system to add to the above objectives an intensive focus controlling costs by (hopefully) achieving more efficient, cost effective and rational delivery of care.
 - More cost effective and rational care is higher quality care
 - Failure to act now will limit the options of the Alaska Tribal Health system as resources become increasingly limited

“System” Strengths

- Shared Mission
- Shared History
- Defined population cared for over lifetime
- Emphasis on prevention and public health services
- Some shared clinical data on our patients
- Some “world class” innovative programs- SCF primary care, CHA, DHA, and more.

Barriers to Rational System Re-Design

There are also significant barriers in the ATHS to rational system re-design.

- History- *(that's the way we have always done it)*
- Financial Incentives which are not aligned with patient care incentives- *(IHS funding does not follow patients when transferred or when they move)*
- Organizational Structure- *(the ATHC system is only a loose association of providers— each member is totally independent)*

Barriers to Rational System Re-Design

There are also significant barriers in the ATHS to rational system re-design.

- Laws and Statutes (*IHS laws may prohibit certain possibly desirable activities*)
- Lack of data to support change
- Lack of “system” funding to pay for improvements and innovation targeted at the entire health system.
- Despite these barriers the Alaska Tribal Health System can and must act now to meet these new challenges

Revenue Growth In The ANTHC System Will Slow Over The Next Decade.

- Third party collections will not match increases from the past ten years which have increased by over 12% per year.
 - One time increases from improvements in pricing or collections processes have been substantially realized.
 - Increases in ANMC utilization (especially from beneficiaries w/ 3rd party resources) attributable to a new facility are already realized.
 - Employee based coverage is flat or decreasing in AK native beneficiary base.

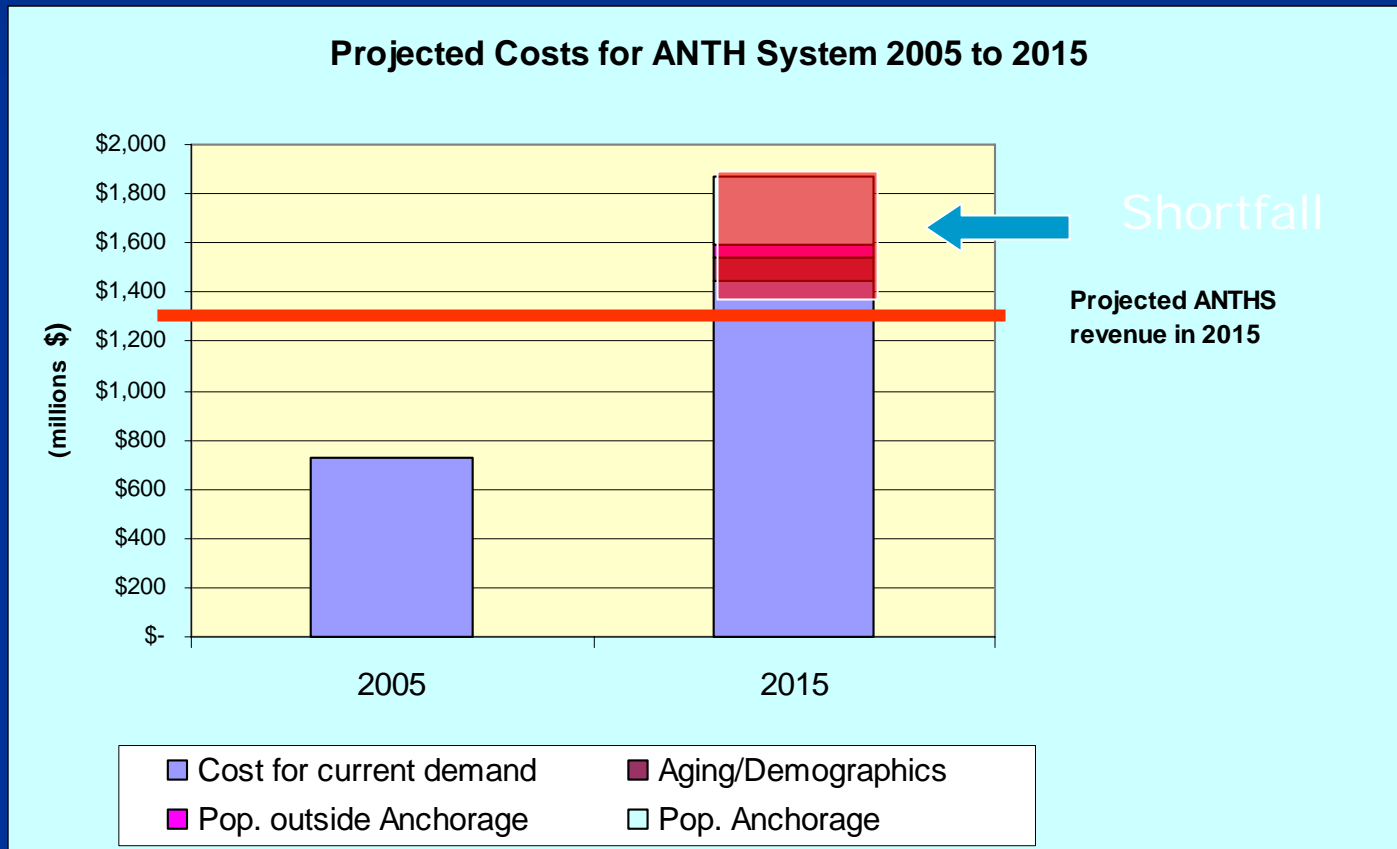
Revenue Growth In The ANTHC System Will Slow Over The Next Decade.

- IHS increases on base budgets which averaged 3% per year over the past decade probably will not increase and may decline.
- “Staffing package” increases for Nome and Barrow hospitals are unlikely to match the increases received in the past decade (ANMC, Maniilaq, St Paul and, MIC).
- Community Health Center revenue will stabilize

Expenses Will Continue To Increase Faster Than Revenue Growth

- Medical inflation alone will likely double the cost of providing care in the next decade
- Changes in age structure will increase demand (and cost) by another 6% over the decade
- Increases in population will add another 22 percent to the demand for care across the state
 - Over 80% of the population increase will take place in Anchorage- shifting a significant burden for care from the regions to Anchorage

Resource Growth Will Not Keep Pace With Demand For Care And Medical Inflation



Projected Revenue Shortfall

- Even with optimistic revenue growth of 6% annually shortfalls will be half a billion dollars a year by 2015 if the ANTHC system of care is not redesigned to reduce costs.
- Will be greatest in Anchorage due to population growth.
- Survival requires reducing cost of providing care for beneficiaries by system redesign.

Revenue Enhancement Opportunities Will Be Limited - But Important

- Many revenue enhancement opportunities may raise significant issues of fairness and some others may be counter to other efforts to rationalize care.
 - Increasing charges for care is perhaps the largest potential source of new revenue. This could include:
 - Premiums, Co-pay, Sliding Fee Scales, Charging Penalties for No-shows
 - Reducing utilization for certain types of services will impact revenue from 3rd parties.
 - Others (Medicaid Managed Care, etc)

System Redesign is Inevitable

- Will we redesign our system with either:
 - An axe
 - Or a scalpel
- The longer we wait to begin the more likely we will have to use an axe.

Rational Design

- The challenge is to continue to meet the need and provide high quality services while reducing costs- to do this the Alaska Native Health System-
 - Must prioritize allocation of medical care resources to the most effective care.
 - Must increase *system wide* coordination efficiency and effectiveness in care delivery.
 - Must provide to the extent possible for rational design in delivery of care.

Redesign by Axe

- Takes place in an atmosphere of financial crisis. It includes.
 - Laying off employees
 - Eliminate some services- reduce access to remaining services
 - Try to shift costs to other elements of system (Region or ANMC)
 - Reduced preventative services
 - Diminished ability to support healthy lifestyles and healthy communities

Redesign by scalpel

- Redesign by scalpel is rational, innovative and evidence based it:
 - Increases safety and quality of care
 - Requires more time and more investment to be effective
 - Focuses on more effective coordinated primary care to reduce utilization of IP and higher levels of care
 - Focuses on prevention
 - Provides for a system definition of the benefit package

Redesign by scalpel- cont.

- Redesign by scalpel is rational innovative and evidence based it:
 - Case manages high cost cases across the entire system to reduce system wide cost.
 - Begins changes to align financial incentives with improvements in system efficiency and the demand for care.
 - Strengthen the “system of care” with improved coordinate IT systems, more transparency on costs of care at every level of the system, and resources to support system wide innovation training and improvements.

Rational Redesign is Supported By Current Efforts In The ANTH System Including:

- Increasing focus on patient safety
- Primary Care Redesign efforts (SCF)
- Common training in many areas including
CHA and DHA
- Increased efforts at case management in
local regions
- Increasing focus on information
technology and EHR.

Opportunities for Rational System Development-

- Define benefit package- Reach agreement on common benefits and at what level each benefit should be delivered under optimal conditions
- Develop system wide objectives and criteria and capacity for medical case management
- Need for improved integrated medical and case management information and communication across all levels of care from the village to ANMC
- Need to open access to primary care and break down silo's between different types of health care providers throughout the system (SCF open access)

Additional opportunities for Rational System Development-

- Opportunity to reduce statewide the use of Inpatient care in the system.
- Increase system wide financial transparency and appropriately designed financial incentives to improve cost management
- Enhance system wide training capacity for innovation and standardizing of cost management activities

Additional opportunities for Rational System Development-

- Medicaid Managed Care Process-
 - Opportunities to enhance Medicaid revenue
 - Opportunities to align incentives in Medicaid revenue with prevention and managed care activities
 - Opportunities to identify a potential source of revenue to support “system wide” care management, innovation and training activities

Time to act is now

- The Alaska Tribal Health System has led the way in providing prevention based care on the public health model.
- The time is ripe to again lead the way to improve coordination and management of care across the Alaska Tribal Health System
- The time to act is now!

Time to act is now

