

Project Authorization Amendment

Date February 9, 2011



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Project Number

Project Title

Performance Period

Commission Amount

Match Source(s)

Match Amount

1265-M-01

ASHNHA - Health Care Outlook in Alaska

October 14, 2010 to September 30, 2012

\$100,000.00

ASHNHA

Pursuant to the terms and conditions of the Grant/Award, this Authorization:

Amends Project Authorization 1265-M to increase the amount by \$25,000 to \$100,000.

This increase is in conjunction with an expanded scope of work related to the gathering, analysis, and synthesizing of data and information about the Affordable Care Act's implementation in Alaska. The Commission foresees that ASHNHA will conduct some of this work with internal staff resources and some through contractual mechanisms. A Memorandum of Understanding and Budget projections are included by reference.

Outcomes of this project include:

- Coordination of activities through a coalition of statewide organizations, such as Alaska Mental Health Trust Authority, Mat-Su Health Foundation, Rasmuson Foundation, AARP, Alaska Primary Care Association.
- White papers on a variety of Affordable Care Act (ACA) provisions and impacts, such as
 1. Estimates of the newly insured and their health care requirements along with associated workforce requirements in Alaska (2011-2019) and potential challenges faced by health care providers and their patients
 2. Estimates of the Indian Health Care Improvement Act on beneficiaries and Alaska's health care delivery system
 3. Description of the impact of changes on Medicare, Medicaid, Exchange and Employer-sponsored insurance reimbursement systems and rates
 4. Impact of rural health provisions in Alaska
 5. Impact of provisions related to mental health providers and beneficiaries in Alaska
 6. Impact of CLASS Act and Community Care Provisions in Alaska
 7. Feasibility of Accountable Care Organizations in Alaska
- Narrative analysis on ACA impacts specific to Alaska, such as:
 1. Descriptions of current reimbursement systems, challenges of changes, potential mitigation strategies
 2. Impacts on rural health systems and consumers
 3. The value of health insurance coverage and health care services for Alaskans

Project deliverables will be submitted through the progress report mechanism of the Project Database.

Memorandum of Understanding - ADDENDUM

Alaska and the Implications of National Health Care Reform

An understanding between the:

- Alaska Mental Health Trust Authority
- Alaska State Hospital and Nursing Home Association
- Denali Commission
- Mat-Su Health Foundation
- Rasmuson Foundation
- (Alaska Primary Care Association – pending)
- (AARP Alaska – pending)

Details of deliverables attached in separate Scope of Work document

Roles and funding responsibilities of the parties

Based upon appropriated funding available, the parties have committed the following funding amounts for the Alaska and the Implications of National Health Care Reform project:

Preliminary Budget				
Alaska and the Implications of National Health Care Reform				
November 1, 2010 through June 30, 2012 (and possibly beyond)				
Funding Organization	2010-2011 Budget (14 months)	2012 Budget (6 months)	Total Contribution To Date	Share of Contribution To Date
ASHNHA	\$75,000	\$35,000	\$110,000	37%
AK Mental Health Trust Authority	\$10,000	(\$15,000)	\$25,000	8.5%
Denali Commission	\$70,000	\$30,000	\$100,000	34%
Mat-Su Health Foundation	(\$35,000)		(\$35,000)	12%
Rasmuson Foundation	(\$25,000)		(\$25,000)	8.5%
Alaska Primary Care Association	Pending			
AARP Alaska	Pending			
Totals	\$215,000	\$80,000	\$295,000	100%

These funding commitments will be used to carry out the purpose, roles and responsibilities outlined within this MOU. ASHNHA will maintain and manage the collective budget for this plan and serve as the lead interface with contractors engaged in the project.

Before June 30, 2012, the parties shall meet to determine whether the project should move forward into a second phase as the Jan. 1, 2014 deadline for full implementation of federal health reform approaches.

Should the decision be made to not move forward, and should funds remain in excess of expenses by the conclusion of the project, then funds will be reallocated back to each party based upon the party's share of commitment shown in the above table.

Each party to this Agreement shall assign one individual to serve on the Steering Committee for the project. This committee shall hold meetings as necessary to:

- Approve the Scope of Work
- Offer project feedback
- Edit and approve jointly produced documents
- Offer support and strategy to affect change associated with national health reform in Alaska

ALASKA MENTAL HEALTH TRUST AUTHORITY

ALASKA STATE HOSPITAL & NURSING HOME ASSOCIATION

DENALI COMMISSION

MAT-SU HEALTH FOUNDATION

RASMUSON FOUNDATION

ALASKA PRIMARY CARE ASSOCIATION

AARP ALASKA

Scope of Work

Alaska and the Implications of National Health Care Reform

Background:

The Patient Protection and Affordable Care Act was signed into law on March 23, 2010 by President Obama. PPACA is extensive federal health care legislation that will have a significant impact on Alaska and Alaskans. The implementation of the new law will affect health care consumers, providers, small businesses, government and many systems that interrelate with the health care sector.

While the potential impacts of this health care reform are expansive, Alaska lacks a centralized knowledge repository and unified communication channel for the range of stakeholder groups affected by the new law. A decision by the Governor of Alaska not to implement certain provisions of the law further complicates the potential impacts of health reform in the state.

It is important to note that, regardless of the outcome of legal challenges to PPACA and the State's ultimate decisions about implementation, changes are coming to Alaska's overall health system. Unsustainable rising costs and market forces are already driving change among health care providers. This change will continue regardless of the federal law. Thus, many of the deliverables outlined in this scope of work will be necessary and important to Alaska's health care stakeholders.

Purpose of Project:

The parties to the Memorandum of Understanding have joined together in an effort to determine the impacts of PPACA on Alaska health systems, health care providers, employers and consumers. The overall goal is to assess, understand and communicate to the parties and to broader audiences the opportunities and challenges presented by health reform.

Staffing and Services:

The project shall be coordinated and carried out primarily by:

- The Health Reform Program Officer hired for this project by the Alaska State Hospital and Nursing Home Association (ASHNHA);
- A professional services Contractor who will provide data and analysis regarding health care services and the potential impacts of the new law; when available and applicable, data shall include regional breakdowns within Alaska; and
- Occasional in-kind services such as publication design, when and if available, from the parties to this agreement.

Scope of Work:

White Papers

The Health Reform Program Officer shall work with the Contractor to produce a series of white papers describing the impact in Alaska of various aspects of PPACA. The list of planned white papers will change and expand; topics preliminarily agreed to include:

- Medicaid expansion in the new law;

- Health insurance premium subsidies available to Alaskans in the health exchange;
 - Federal-only provisions of health reform not impacted by State decision-making;
 - The impact of scheduled Medicare cost-containment measures on Alaska;
 - A needed expansion of the Alaska health care workforce;
 - The value of health care services in Alaska and possible changes under PPACA;
 - Opportunities and incentives for Alaska health care providers; and
 - An overall summary of the impact of health reform in Alaska.
- Key data points shall be incorporated into the white papers when applicable and, if available and statistically valid, shall include regional breakdowns within Alaska.

Digest of health reform information

The Health Reform Program Officer shall provide regular and timely email updates to the parties to this agreement. The updates will include announcements from federal agencies regarding PPACA, a digest of pertinent health reform news coverage, and analysis and reports from major health policy organizations.

Development of project website

The Health Reform Program Officer shall design an Alaska health reform website hosted by the parties to this agreement. The website will house and feature PDF versions of the project white papers, as well as links to other important reform documents. Parties to this agreement will be able to link to this site from their own websites, and suggest materials to be posted.

This likely will require a small contract for website design or, if available, in-kind assistance from one or more of the funding parties.

PowerPoint materials and talking points

The Health Reform Program Officer shall develop a basic PowerPoint presentation and talking points highlighting key findings of the white paper series. The Officer also will be available to work with the funding parties on individualized presentations regarding health reform in Alaska.

Key stakeholder and community engagement

The Health Reform Program Officer shall work with the funding parties to develop information and outreach efforts regarding health reform, health status in Alaska and other related topics. These efforts will include, but not be limited to, structured dialogue sessions, community forums and board meetings.

Speaking at meetings and conferences

The Health Reform Program Officer and the Contractor, as available, will participate in community and stakeholder meetings with the funding parties to describe the findings of their white papers. The Health Reform Program Officer is based in Juneau; the Contractor is based in Anchorage. Depending on their already established schedules, additional travel funds may be required for certain meetings or conferences.

Other duties, projects

The Health Reform Program Officer, if available, will assist the funding parties with other PPACA-related assignments.

Timeline:

The project described in the Memorandum of Understanding and this Scope of Work shall be developed and implemented between Nov. 1, 2010 and June 30, 2012. Because full implementation of PPACA does not begin until Jan. 1, 2014, and because ongoing questions and unresolved issues are likely to remain regarding the impact of the law in Alaska, the parties to this agreement may choose to extend and further fund the project beyond June 30, 2012.

Basic funding agreement and operating budget:

See attached.

Preliminary Budget
ASHNHA and Partners Initiative to Address Health Reform Law
(Nov. 1, 2010 through June 30, 2012)

	A	B	C	D	E	F
1		2010-2012 Budget	2010-11 Budget	2012 Budget	Total Budget	Continue?
2			(14 months)	(6 months)	(20 months)	
3		Operating Income				
4		Denali Commission	70,000	30,000	100,000	
5		Alaska Mental Health Trust Partnership	10,000	15,000	25,000	
6		ASHNHA	75,000	35,000	110,000	
7		Mat-Su Health Foundation	35,000		35,000	
8		Rasmuson Foundation	25,000		25,000	
9		Alaska Primary Care Association (pending)				
10		AARP Alaska (pending)				
11		Income Total	215,000	80,000	295,000	
12						
13		Projected Operating Expenses				
14		Salary and Benefits - Health Reform Program Officer	121,667	54,250	175,917	
15		Salary \$100,000 annually	116,667	50,000		
16		Health benefits @ maximum of \$5,000 annually	5,000	2,500		
17		401K contribution of 7% begins 4/1/12	0	1,750		
18						
19		Professional Services Contractor	65,180	28,440	93,620	
20		Professional services: \$25,000 thru 4/30/11, then \$4,480 per month	60,840	26,880		
21		Additional database purchases	2,000	0		
22		Travel: 3 in-state trips annually (\$400 per ticket + 2 hotel nights + meals)	2,340	1,560		
23						
24		Administrative Overhead	21,400	8,325	29,725	
25		Office supplies, postage, printing and publication	2,500	1,250		
26		Admin: Rent, telephones, accounting @ 13.5% of non-ASHNHA funding	18,900	6,075		
27						
28		Travel	19,545	9,775	29,320	
29		Airfare - 2 trips per month in-state x 7 months x \$400 per ticket	5,600			
30		Airfare - 2 trips annually to Washington, D.C. x \$820 per ticket	1,640			
31		Hotel in Anc / Fbx - 5 nights per month x 7 months x \$130 per night	4,550			
32		Hotel in DC - 8 nights annually x \$325 per night	2,600			
33		Car rental in Anc / Fbx x 35 days per year x \$45 per day	1,575			
34		Meals @ \$60 per day x 43 travel days per year	2,580			
35		Incidentals - Cab fare, conference registrations, etc.	1,000			
36						
37		Contingency (Unanticipated costs, such as graphics design)	5,000	2,500	7,500	
38						
39		Operating Income	215,000	80,000	295,000	
40		Projected Operating Expenses	232,792	103,290	336,082	
41		Projected Surplus (or Shortfall) as of 2/21/11	(17,792)	(23,290)	(41,082)	
42						
43						
44						

Scope of Work

Alaska's Health Care Outlook: The Impact of Federal, State and Market Reforms in the Next 5 to 10 Years

Background

The health care industry is rapidly changing – influenced dramatically by pressures on cost, quality and access. While Alaska's health care market has been protected somewhat from national trends, it is likely that Alaska's market – dominated by small, rural and independent providers – will be particularly impacted in the next five to ten years as payers demand more for less, as quality is tied to payment and as the industry undergoes more consolidation to respond to cost pressures. Federal laws and regulations will drive a good portion of the change, but there also will be pressures from State government and private employers.

Considerations:

- Medicaid is an important payer in Alaska, covering 130,000 individuals. Alaska's Medicaid program has paid at a rate that has historically preserved provider access in urban and rural settings. Recently, State policymakers have begun discussions about reconfiguring the State program to manage costs and care. These changes can have a significant effect on the provision of care for vulnerable populations.
- Discussion of national Medicaid reform is likely to lead to changes in the program. The nation's Governors are unified in calling for more flexibility in administering the program to manage costs. Many states are struggling to meet Medicaid commitments and will diminish their coverage and reimbursement dramatically. What level of reform will be allowed and how this will affect vulnerable populations in Alaska?
- Federal reform under the Affordable Care Act (ACA) will add 32,000 Alaskans to the Medicaid program by 2014, particularly childless adults. Many of them are individuals who have pent-up health care needs. There may be new market opportunities to serve the needs of the adult population, especially in the area of substance abuse and mental health services.
- With Alaska's ongoing demographic growth of seniors, Medicare will continue to be an important payer. Significant reductions in Medicare reimbursement for inpatient and outpatient services are embedded in the federal reform law, as well as pay-for-performance provisions.
- As a rural state, Alaska has historically had trouble recruiting, supporting and retaining health care workers – a problem now heightened by a projected shortage of clinicians in certain professions. The health sector is one of the top employers in a rural economy, a role and relationship not often fully understood.

- A health exchange must be planned and ready to open by 2014 in order for approximately 50,000 now uncovered Alaskans to access federal tax subsidies for health care coverage. There are numerous complex issues that must be addressed about Alaska's health care market and the impact of an exchange. Since the State has chosen not to take federal money to plan the exchange it will be important for consumers and providers to understand how exchange planning will go forward.
- The new federal law places great emphasis on provider transparency and quality. Medicare will no longer pay for hospital acquired complications. Accountability of providers is an important tenet of federal and state reform.

This is an historic time of change for consumers and providers of health care. While the potential impacts of formal and informal health care reform are expansive, Alaska lacks a centralized knowledge repository and unified communication channel for the range of stakeholder groups affected by the new law.

Alaska along with many other states is challenging the legality of certain portions of the ACA. It is important to note that, regardless of the outcome of these legal challenges and the State's ultimate decisions about implementation, changes are coming to Alaska's overall health system. Unsustainable rising costs and market forces are already driving change among health care providers. State of Alaska measures to contain costs also will drive change. This change will continue regardless of the ACA; although in many cases the federal law offers incentives and opportunity worthy of discussion in Alaska. Thus, many of the deliverables outlined in this Scope of Work will be necessary and important to Alaska's health care stakeholders.

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