

HOUSE BILL NO. 229

IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTY-FIRST LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE SPOHNHOLZ

Introduced: 1/27/20

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska Health Care Transformation Corporation; relating to**
2 **an all-payer claims database; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 LEGISLATIVE FINDINGS AND INTENT. (a) The legislature finds that

7 (1) the cost of health care for residents of the state is high, and the current
8 increase in health care costs has reached a critical point; from 1991 to 2014, the state's health
9 care cost growth rate has averaged 7.9 percent, while the United States average was 5.9
10 percent during this period;

11 (2) reasonable access to health care is important not only to the health and
12 vitality of the state's residents but also as an economic driver essential to the state's economy;

13 (3) to enact effective health care policy and reform, policy makers should

14 (A) understand cost drivers and health care market pressures;

1 (B) encourage the use of efficient and evidence-based practices, with
2 sound decision making rooted in accurate and comprehensive information; and

3 (C) have access to information about health care utilization, quality,
4 and pricing necessary to evaluate health programs and monitor the success and
5 efficiency of efforts to enhance access, reduce health care costs, and improve both
6 health care quality and population health;

7 (4) the percentage of the state's residents with a usual source of primary care
8 has remained around 68 percent for the last decade, leaving the state ranked as one of the
9 lowest states in this category;

10 (5) the state has struggled with implementing durable health care policy,
11 which requires a multi-year effort that exceeds the terms of elected government officials;

12 (6) health care consumers in the state face a challenge finding reliable,
13 comprehensive, consumer-friendly information on health care cost, service utilization, quality,
14 and pricing;

15 (7) despite the utility and necessity of reliable and comprehensive health care
16 data with sufficient analytic capacity for policy makers, providers, payers, patients, and
17 researchers, the state lacks a central repository and process for collecting and utilizing health
18 care cost and quality data;

19 (8) comprehensive health care data can be provided by all-payer claims
20 databases, which are large-scale databases that systematically collect health care claims data
21 from a variety of payer sources and which have been used by many other states;

22 (9) the Alaska Healthcare Transformation Project is a cooperative effort
23 involving key stakeholders from across the health care spectrum;

24 (10) the Alaska Healthcare Transformation Project concluded that
25 comprehensive and consistent health system-level data is necessary for policy makers to
26 understand and make informed decisions about the health care market in the state;

27 (11) establishing a public corporation to create an all-payer claims database to
28 continue the work of the Alaska Healthcare Transformation Project is the next step in
29 improving the state's health care system through informed health care decision making; and

30 (12) the establishment of a public corporation with a legal existence separate
31 and independent from the state should provide a foundation for ongoing policy analysis,

1 development, implementation, and support for proven strategies that will allow for innovation
2 in health care delivery.

3 (b) It is the intent of the legislature to

4 (1) encourage full participation by all parties in the corporation by exempting
5 activities undertaken, reviewed, and approved by the corporation from state antitrust laws to
6 the extent necessary to accomplish the corporation's goals; the legislature does not intend to
7 exempt agreements among competing providers or carriers or the setting of prices or specific
8 levels of reimbursement for health care services; and

9 (2) facilitate greater transparency in the health care sector by requiring and
10 encouraging all payers to submit health care data to a centralized repository that complies
11 with P.L. 104-191 (Health Insurance Portability and Accountability Act of 1996) for the
12 purposes of making data-driven health care policy that will serve the interests of citizens in
13 the state.

14 * **Sec. 2.** AS 18.15 is amended by adding new sections to read:

15 **Article 7A. Alaska Health Care Transformation Corporation.**

16 **Sec. 18.15.500. Alaska Health Care Transformation Corporation**
17 **established.** The Alaska Health Care Transformation Corporation is created as a
18 public corporation and an instrumentality of the state in the Department of Commerce,
19 Community, and Economic Development, but with a separate and independent legal
20 existence. The purpose of the corporation is to

21 (1) collect and analyze existing health care cost and quality data;

22 (2) create an objective, reliable, and comprehensive central repository
23 of health care information;

24 (3) provide researchers, policy makers, and the public timely and
25 transparent access to health care information while protecting individual privacy and
26 proprietary data;

27 (4) enable researchers, policy makers, and the public to make informed
28 health care decisions and reduce unnecessary health care costs.

29 **Sec. 18.15.510. Corporation governing body; term; removal;**
30 **compensation.** (a) The corporation shall be governed by a council consisting of 17
31 voting members appointed by the governor and four nonvoting members. A voting

1 member must be a resident of the state.

2 (b) The voting members consist of

3 (1) four representatives of health care providers located in the state as
4 follows:

5 (A) one member who represents a tribal health program;

6 (B) one member who represents a professional hospital
7 association;

8 (C) one member who represents a professional medical
9 association; and

10 (D) one member who represents a professional pharmacy
11 association;

12 (2) four representatives of health care payers as follows:

13 (A) one member who represents a self-insured employer or
14 group located in the state that is not engaged in the business of providing
15 health care;

16 (B) one member who represents an insurance company that
17 holds a certificate of authority issued under AS 21.09;

18 (C) one member who represents a third-party administrator
19 registered in the state under AS 21.27; and

20 (D) one member who represents the state in the administration
21 of the medical assistance program established under AS 47.07;

22 (3) four representatives in health care policy-making positions in the
23 state as follows:

24 (A) one member who represents a policy-making entity in the
25 area of behavioral health services;

26 (B) one member who represents a municipality that has health
27 care powers, ownership of and management responsibilities for a hospital, or
28 ownership of and management responsibilities for a community health center;

29 (C) the director of the division of insurance in the Department
30 of Commerce, Community, and Economic Development or the director's
31 designee; and

1 (D) the director of the division of retirement and benefits in the
2 Department of Administration or the director's designee;

3 (4) five representatives of advocates for consumers of health care in
4 the state who are located in the state as follows:

5 (A) one member who represents a children's advocacy
6 association;

7 (B) one member who represents a long-term services and
8 supports advocacy association;

9 (C) one member who represents a health insurance broker or
10 consultant for small businesses or acts as a benefits navigator;

11 (D) one member who represents a behavioral health advocacy
12 association; and

13 (E) one member who has experience managing health care
14 privacy issues on behalf of consumers.

15 (c) Notwithstanding a member's appointment under (b) of this section, the
16 member shall serve the best interests of the state and not those of the member or group
17 the member represents.

18 (d) The four nonvoting members consist of

19 (1) one ex officio member of the senate appointed by the president of
20 the senate;

21 (2) one ex officio member of the house of representatives appointed by
22 the speaker of the house of representatives;

23 (3) one ex officio member representing the Office of the Governor;
24 and

25 (4) one ex officio member representing the Veterans Health
26 Administration in the United States Department of Veterans Affairs.

27 (e) When appointing a voting member to the council, the governor shall
28 consider an individual's competence and experience or expertise in the health care
29 industry. The governor shall fill a vacancy in the voting membership of the council
30 after the governor has considered a list of nominees submitted by the council. The
31 governor may reject a list or a portion of a list submitted under this subsection and

1 request that the council submit another list. The governor shall make the appointment
2 within 45 days after the council submits the list of nominees.

3 (f) The voting members of the council shall annually elect a chair and vice-
4 chair from among the voting members. The chair and vice-chair may not be members
5 of the same group of voting members as described in (b)(1) - (4) of this section.

6 (g) Voting members of the council are appointed to staggered five-year terms,
7 may be reappointed, and may not serve more than two consecutive terms. Except as
8 provided in AS 39.05.080(4), a council member appointed to fill a vacancy holds
9 office for the balance of the unexpired term.

10 (h) The governor may remove a voting member only for good cause. A
11 removal by the governor must be in writing and must state the reason for the removal.
12 The council may suggest to the governor the removal of a voting member. In this
13 subsection, "good cause" means

14 (1) a violation of AS 39.52 (Alaska Executive Branch Ethics Act);

15 (2) a conviction of a felony in any jurisdiction; or

16 (3) a conviction of a misdemeanor in any jurisdiction if the
17 misdemeanor involves dishonesty or a breach of trust or is a crime against the state.

18 (i) Council members serve without compensation but are entitled to per diem
19 and travel allowances authorized for boards and commissions under AS 39.20.180.

20 **Sec. 18.15.520. Quorum.** (a) A majority of the voting members of the council
21 constitutes a quorum for the transaction of business and the exercise of powers and
22 duties of the council. Action may be taken and a motion or resolution may be adopted
23 upon an affirmative vote of a majority of the voting members.

24 (b) The council may meet and transact business by electronic media. An
25 action taken at a meeting held by electronic media under this subsection has the same
26 legal effect as an action taken at a meeting held in person.

27 **Sec. 18.15.530. Meetings.** The council shall meet at least twice every year. A
28 meeting of the council shall occur at the call of the chair or upon the written request of
29 a majority of the voting members of the council.

30 **Sec. 18.15.540. Powers of the corporation.** The corporation may

31 (1) make, use, and alter a corporate seal;

- 1 (2) enter into contracts;
- 2 (3) establish and amend bylaws;
- 3 (4) procure facilities;
- 4 (5) employ and determine the salary of an executive director; the
5 executive director may, with the approval of the council, select and employ additional
6 staff as necessary; an employee of the council, including the executive director, may
7 not be a member of the council; the executive director and the other employees of the
8 corporation are in the exempt service under AS 39.25;
- 9 (6) solicit, receive, and administer funds from public and private
10 sources;
- 11 (7) review and make recommendations on public and private health
12 care quality and performance measurements to ensure efficiency, cost-effectiveness,
13 transparency, and informed choice by consumers and public and private purchasers;
- 14 (8) except as prohibited under federal law, require a health care insurer
15 operating in the state to submit health care data to the corporation by a procedure and
16 in a format established by the corporation in regulation; the regulations must require
17 that a health care insurer submit health care data in accordance with AS 45.48 and
18 federal privacy requirements for the protection of patient data; in this paragraph,
19 "health care insurer" has the meaning given in AS 21.54.500 and also includes a third-
20 party administrator of a health insurance plan offered by a self-insured employer or
21 health trust in the state and Medicare and Medicaid plans;
- 22 (9) establish an incentive program to facilitate the timely and accurate
23 reporting of health care data;
- 24 (10) establish and impose reasonable penalties necessary to ensure
25 compliance with mandatory health care data reporting requirements adopted by the
26 corporation in regulation;
- 27 (11) establish agreements for voluntary reporting of health care data,
28 including cost and quality metrics from health care payers that are not subject to
29 mandatory reporting requirements, to ensure availability of the most comprehensive
30 and system-wide data on health care costs and quality;
- 31 (12) in collaboration with regionally based stakeholders, incorporate

1 regional health care agendas and priorities through planning processes and policies
2 that are based on comprehensive health care data;

3 (13) evaluate a statewide health care cost growth rate based on total
4 health care expenditures as a per capita measure of total health care spending growth;

5 (14) analyze emerging health policy issues and regulations by working
6 with national and state experts to bring best practices and new ideas to the state;

7 (15) develop and analyze health and administrative policy on priority
8 topics, such as the key elements of health system transformation, rural health care
9 initiatives, health care financing, and others;

10 (16) request and be entitled to receive from any department, division,
11 board, bureau, commission, or agency of the state the assistance and data that will
12 enable it properly to carry out its powers and duties; and

13 (17) carry out other activities necessary to fulfill the purposes of
14 AS 18.15.500 - 18.15.595.

15 **Sec. 18.15.550. Duties of the corporation.** The corporation shall

16 (1) establish policies, procedures, and regulations for the

17 (A) selection of nominees to the council;

18 (B) collection, processing, storage, analysis, use, and release of
19 existing health care data in the state, including quality metrics and claims data
20 as specified in (4)(B) of this section, beginning with the establishment of an
21 all-payer claims database;

22 (2) develop strategies to steer the health care system in the state toward
23 a population-based payment and delivery system, beginning with uniform reporting of
24 a core set of health care quality measures;

25 (3) provide policy analyses and programming recommendations for
26 health policy leaders in the legislative and executive branches of state government and
27 those in the public and private sector concerned with improving the value of health
28 care in the state;

29 (4) establish a statewide all-payer claims database that provides

30 (A) publishable analytics that improve transparency so as to

31 (i) assist patients, providers, and hospitals to make

1 informed choices about care;

2 (ii) enable providers, insurers, payers, hospitals, and
3 communities to improve by benchmarking their performance against
4 that of others and focusing on established best practices;

5 (iii) enable purchasers to identify value, build
6 expectations into their purchasing strategy, and reward improvements
7 over time; and

8 (iv) promote competition based on quality and value;

9 (B) systematic collection of, at a minimum,

10 (i) payment and other data for all medical and pharmacy
11 claims that are billed, rejected, and paid;

12 (ii) payment and other data for all health care-related
13 claims that have been adjudicated;

14 (iii) de-identified enrollment files and provider files that
15 include cost and quality metrics from private and public payers, with
16 data from all settings of care that permit the systematic analysis of
17 health care delivery;

18 (C) enhanced transparency and accountability and validated
19 statewide, plan, and health care entity-level data by market segment, health
20 care setting, demographics, geography, diagnosis, and other variables;

21 (5) use a competitive bid process under AS 36.30 (State Procurement
22 Code) to select an organization to coordinate and manage the all-payer claims
23 database;

24 (6) establish a data policy advisory committee to provide input on data
25 collection, data security, data de-identification, reporting, data release policies,
26 development of data release procedures, formal data release requests, and related
27 policies; the advisory committee must include representatives of provider and
28 consumer groups, health care purchasers, health plans, health care researchers, and
29 state agencies involved in implementation of the all-payer claims database;

30 (7) develop a data submission guide with input from stakeholders and
31 design a process that will allow for stakeholder review and comment on drafts of the

1 data submission guide and all subsequent changes to the guide; the data submission
 2 guide must, at a minimum, establish data submission requirements, including required
 3 fields, file layouts, file components, editing specifications, instructions, and other
 4 technical specifications;

5 (8) approve the data submission guide and all subsequent changes;

6 (9) establish committees to provide for stakeholder engagement,
 7 including

8 (A) a proposal evaluation committee to review proposals,
 9 including for data management services;

10 (B) an advisory committee on social determinants of health to
 11 provide input into developing measures of social determinants of health; and

12 (C) an advisory committee on health care quality measures to
 13 provide input on a core health care quality measure set;

14 (10) analyze health care data to support informed health policy and
 15 health reform efforts;

16 (11) identify and explore key health care issues, questions, and
 17 problems that may be addressed through more transparent, objective, reliable, and
 18 comprehensive health care data;

19 (12) compare the cost and effectiveness of various treatment settings
 20 and approaches;

21 (13) address emerging health care issues and topics as they arise in the
 22 future;

23 (14) provide information to consumers and purchasers of health care
 24 relating to the cost and quality of health care services;

25 (15) identify sustainable funding strategies for funding ongoing
 26 operations from both public and private sources; and

27 (16) use a competitive bid process under AS 36.30 (State Procurement
 28 Code) to select an organization to design, build, and maintain the all-payer claims
 29 database website.

30 **Sec. 18.15.560. Confidentiality.** The all-payer claims database and the
 31 information contained in the database are confidential and not public records subject

1 to public inspection or disclosure under AS 40.25.100 - 40.25.295 (Alaska Public
2 Records Act). The organization selected to coordinate and manage the all-payer claims
3 database under AS 18.15.550(5) shall ensure the security and confidentiality of the
4 database and the information contained in the database. Aggregated health care
5 information contained in the database may not be shared except as provided in
6 regulations of the corporation. Individually identifiable health care information
7 contained in the database may be accessed only by the organization selected to
8 coordinate and manage the all-payer claims database under AS 18.15.550(5) and may
9 not be shared.

10 **Sec. 18.15.570. Regulations.** The corporation may adopt regulations under
11 AS 44.62 (Administrative Procedure Act) to carry out its duties.

12 **Sec. 18.15.580. Budget.** The operating budget of the corporation is subject to
13 AS 37.07 (Executive Budget Act).

14 **Sec. 18.15.595. Definitions.** In AS 18.15.500 - 18.15.595,

15 (1) "corporation" means the Alaska Health Care Transformation
16 Corporation established under AS 18.15.500;

17 (2) "council" means the governing body of the corporation.

18 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 TRANSITION: MEMBERS OF THE COUNCIL OF THE ALASKA HEALTH
21 CARE TRANSFORMATION CORPORATION. Notwithstanding AS 39.05.055 and
22 AS 18.15.510(e) and (g), added by sec. 2 of this Act, the governor shall, not later than 90 days
23 after the effective date of this Act, appoint the initial voting members of the council of the
24 Alaska Health Care Transformation Corporation to one-year terms. The governor shall use the
25 criteria in AS 18.15.510(b) and (d), added by sec. 2 of this Act, when appointing the initial
26 members of the council.

27 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to
28 read:

29 TRANSITION: REGULATIONS. (a) Not later than June 30, 2021, the Alaska Health
30 Care Transformation Corporation shall adopt regulations necessary to implement
31 AS 18.15.550(1), enacted by sec. 2 of this Act. The regulations take effect under AS 44.62

1 (Administrative Procedure Act), but not before the effective date of sec. 2 of this Act.

2 (b) Not later than December 31, 2021, the Alaska Health Care Transformation
3 Corporation shall adopt regulations necessary to implement AS 18.15.550(5), enacted by sec.
4 2 of this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but
5 not before the effective date of sec. 2 of this Act.

6 * **Sec. 5.** This Act takes effect immediately under AS 01.10.070(c).