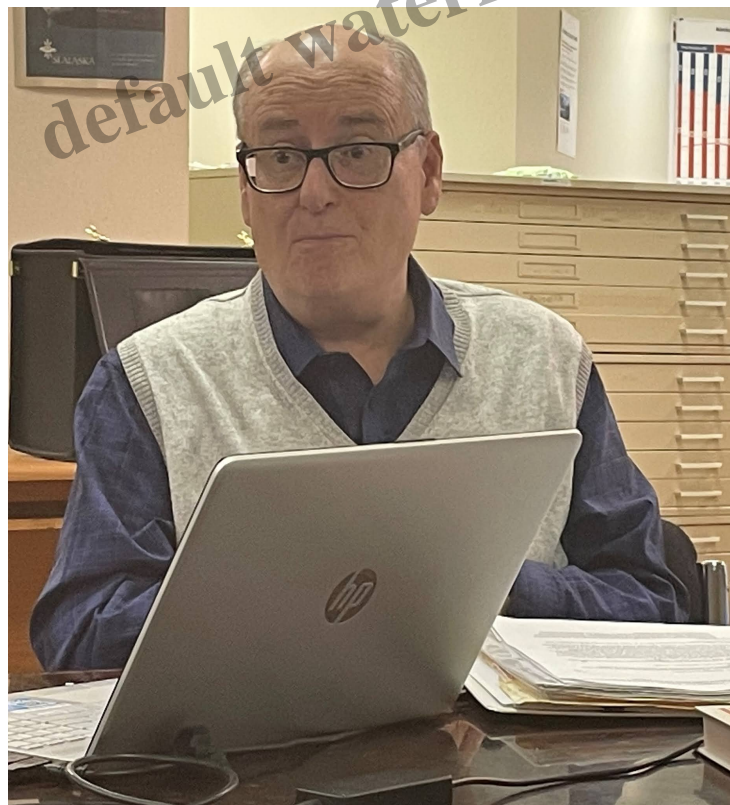


The Threat of Competence

Description

Who is Politicizing Alaska's Health Care Crisis?

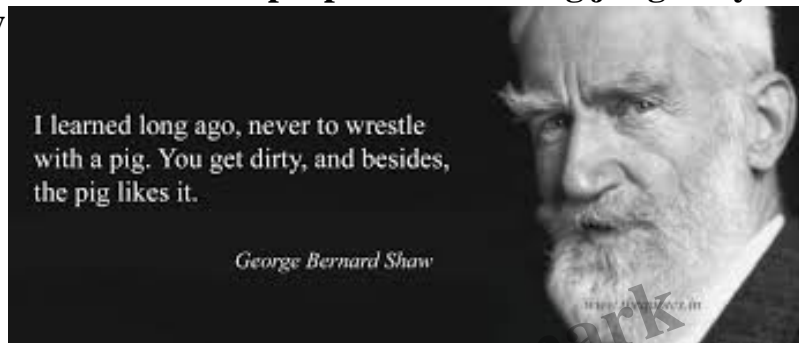


David Morgan's career includes over 40 years professional senior level operational management and administration, focused on community health center operations, healthcare financial operations, budgets preparation, strategic planning and networking. His technical qualifications include a background in analytical program planning for hospitals, tribal health organizations and primary care clinics with community engagement.

As a former employee at Providence Alaska Medical Center, and chair of former Mayor Dan Sullivan's

Health Care Commission, David Morgan asks the hard questions and has demonstrated with his own actions how principles of economics can provide better care at cheaper rates, while assuring health care providers make enough money to stay in business. That's the real reason why the *Anchorage Assembly* challenged his recent appointment by Mayor David Bronson to head the *Municipality of Anchorage (MOA) Health Department*.

The Assembly majority isn't qualified to shine Morgan's shoes and doesn't want Mayor Bronson to be successful in bringing Anchorage out of the mess created by these misfits. When Morgan realized the caliber of people he was being judged by in the confirmation process, he withdrew

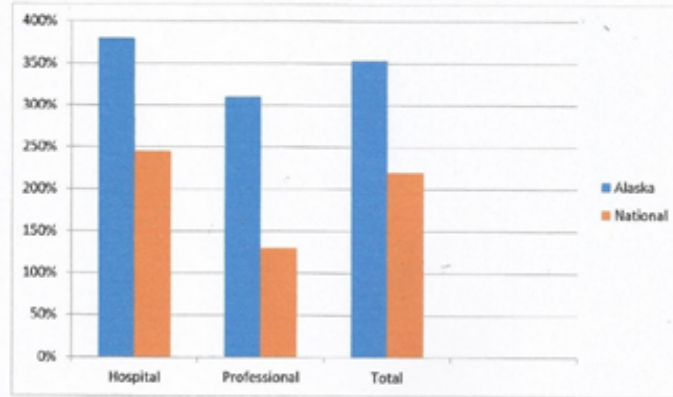


*The problems I ran into had to do with my past political affiliations, said Morgan in our recent interview. **Republican Party** conservatives want to reduce healthcare costs at the state and local levels. This is in contrast with the **Alaska Hospital Association** and the **Alaska Medical Association**—the industrial state of healthcare. They are not happy with me because anywhere I have worked costs go down, service goes up, and I produce more revenue, without increasing costs or restricting competition, but by providing better services through efficiencies of scale.*

Alaska medical costs are more than double the national average –

Insurer Payments to Providers (as a percentage of nationwide base Medicare)

Based on 2018 commercial claims data:



- Alaska's medical cost increases are showing no signs of slowing down, while the cost gap continues to widen, according to a study Premera commissioned that compared Alaska medical costs to other states.

[1]

Morgan has an impish smile and talks *Kentuckian*.

How could the majority of elected officials on the Municipal Assembly understand this approach as they strive for politically-charged government dependency over individual Alaskan autonomy?

*The point is the entire system of health care for the state of Alaska is designed NOT to have competition, Morgan continued. Opponents to my appointment were upset because I pointed out the military option. Their biggest argument for making us wear masks and require lockdowns was a shortage of ICU beds. They don't want anybody to know the **JBER 673rd Medical Brigade** can staff 55 ICU beds anytime and hasn't. If all the local hospital beds are really full, in five days new ICU units could be set up in the parking lot of **Providence Medical Center** or **Alaska Native Medical Center**—we could have 30 or 40 beds with professional staff quickly available. For the mere price of \$1 such an intervention would be called a “training exercise.”*

These would be high quality care facilities, too.



[2]

My goal for the short time I was Health Director wasn't a political goal, continued Morgan. My goal was to meet five-year budget projections by reducing costs by eight percent and increasing healthcare for Alaskans. While on the previous Muni health commission under Mayor Sullivan we found that the health department was doing stuff that had nothing to do with the mission of that department.

It was doing stuff for politics.

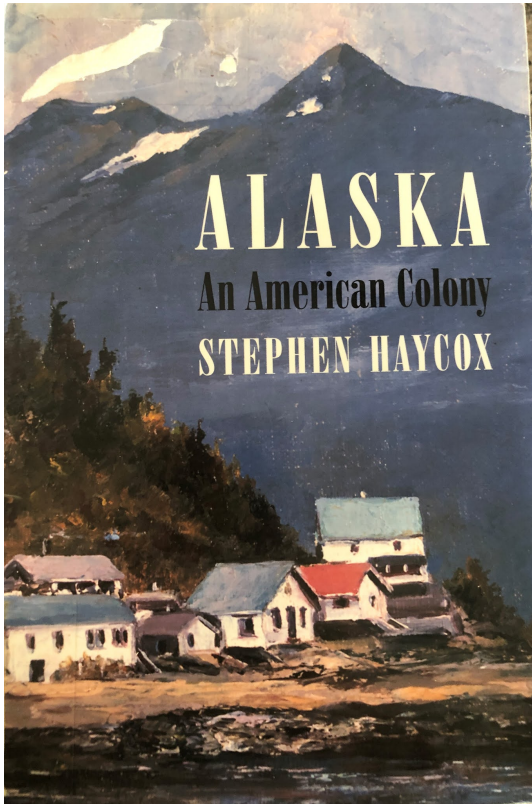
Morgan also served on the *State Health Commission* for 5 years, representing **Primary Care (CHCs) Programs and Clinics** for the *State of Alaska*. That Commission was dissolved by the Legislature—as it started to get to the heart of the healthcare cost and access problems for the State. This was explained in MUST READ ALASKA story: *Lawmakers Took Big Bucks From Hospital Group, And Vetoed Accordingly*. [3]

This practice continues to today. A number of bills in the Alaska Legislature to reform healthcare were killed in the 3rd Special session.

Both political parties have members who are captive to the Healthcare Lobby, according to Morgan. Nothing the *Alaska Legislature* or the *Anchorage Assembly* majority have done is about *providing a better* quality of life for Alaskans or Anchorage property owners who pay for this circus.

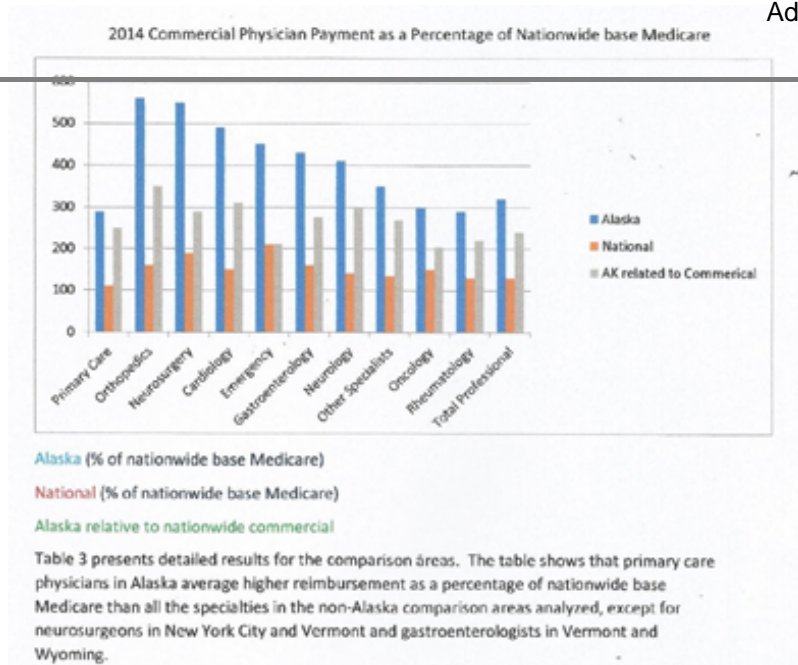
The argument they are using is “it’s a panic,” said Morgan. In reality, we only have a pandemic of the unvaccinated. There is no reason we cannot reduce cost and provide better health care for Alaskans overall. I have done it. I have a track record of doing it but they won’t do it because they don’t know what it would require.

Alaska’s Colony Status



Anybody who has lived in Alaska for any amount of time knows this state was a marriage of convenience with the **United States of America**. *University of Alaska* History Professor **Steven Haycox** wrote an entire book celebrating this reality, *Alaska; An American Colony*.^[4] The result is that public policy is convoluted and skewed to benefit a few short-sighted special interests over the long-term good of Alaskans.

In the case of healthcare, that means Alaska has a lot of rich doctors.



Over more than a year Covid-19 has shed a light on the problems of our healthcare cartel. It has become a reason to suspend rights under the US and Alaska Constitutions, with a disproportionate reaction given our state's many other serious health care needs.

*Morgan explained: We are the only clinic other than the military hospital that treats people with TB in airtight rooms. Sexually Transmitted Diseases (STDs) also require special protocols by health professionals for their protection. Homeless people can get runny sores, polyps, and samples must be taken to be cultured. Sometimes when that is being done it can spray—from everywhere on the human body that sexual activity can happen. We don't judge, we are simply trying to stop syphilis, gonorrhea, and other life-threatening communicable diseases. I required all health workers in the **Anchorage health Center** to wear N95 masks.*

But the myopic political focus of the Assembly is on Covid:

A. Other COVID-19 Data Update.

<u>Data:</u>	<u>As of 09/01/2021:</u>	<u>As of 09/07/2021:</u>
	<u>State of Alaska:</u>	<u>State of Alaska:</u>
Vaccine Doses Gives:	677,434	705,463
Vaccinations Coverage % (Note 1)	55.1%	55.8%
Current COVID-19 Hospitalizations:	161	197
Total Resident Cases:	85,358	89,460
Tests:	2,749,094	2,814,979
Positive test (Percent)	3.8%	3.9%
Total resident Deaths:	435	442

	<u>Municipality of Anchorage:</u>	<u>Municipality of Anchorage:</u>
Vaccine Doses Gives:	243,890	290,216
Vaccinations Coverage % (Note 1)	58.2%	58.1%
Current COVID-19 Hospitalizations:	86	107
Total Resident Cases:	37,459	38,919
Tests:	1,260,299	1,287,052
Positive test (Percent)	3.9%	4.3%
Total resident Deaths:	215	219

Note 1: Percent of Alaskan aged 12+ who received one or more doses of vaccine.

Around twenty percent of Alaska hospital beds are being used for Covid patients.

A couple of times in the past we have been full, said Morgan. But the argument is never about increasing supply, it is about requiring everybody to get a vaccination, everybody to wear a mask, everybody to lockdown, and we aren't going to have normal public school, either.

*Previously I used my training to reduce costs, expand service and make money for the provider, continued Morgan. I might reduce the amount we billed, but money from the state and federal governments through **Indian Health Services** plus **Medicaid Treaty Rights** provisions expanded it overall. What we got was not based on billing, it was based on how many people we served. I started applying community health standards to see people who are not part of the tribal organizations. For people who were not Alaska Native but were living in Barrow, later in Sand Point, it is a \$900 trip to go to the doctor for a typhoid shot. We got grants for the rest of the people living in those rural communities because we were seeing them anyway, with agreements with other providers like **Providence Hospital**, to provide tertiary care.*

More recently, as director to yet be confirmed by the Assembly, Morgan had begun the process of gaining nurses-in-training for the MOA. Approved candidates could have their entire tuition paid for by working in Alaska hospitals designated as high need areas. This was a supply-side effort that has gone away now in favor of hysteria of overworked nurses driving healthcare decisions by misfit Assembly Majority members.

The Political Threat of Competence

Morgan came from a family of physicians. His grandfather was a doctor, his grandmother was a nurse, his father and two brothers are doctors, and 14 cousins are doctors. He was weaned on the medical profession but chose to train in healthcare service administration.

*From 1983 to 1986 I worked for a health co-op called **Hunter Health** at Bartholomew County Hospital, said Morgan. It had started back in the 1800s in Lexington, Kentucky. I was assistant manager for budget and cost. We had 28,000 members. That organization had started as an agriculture co-op, but at the turn of the century they couldn't get a doctor. The way agriculture co-ops work is everybody pays a little money to buy a number of tractors, for instance, so the cost of a tractor for an individual farmer member is half. They also sold their crops as a collective. They had a small clinic with two doctors, three nurses and 4 or 5 beds. Back then the*

In 1987 Morgan went to **Providence Hospital** in Alaska, where he worked as manager of patient accounts until 1991. After that, until 1996, Morgan was Finance Director and Acting City Manager for the **City of Whittier and Alakanuk**. He was next elevated to Deputy Director for Operations and Finance for **Eastern Aleutian Tribes, Inc.** where he managed day-to-day administration and financial operations for five primary care clinics, supervising 24 employees, until 2001. From 2001 to 2003 Morgan was ANA Project Manager for the **Chugach Region's Chugachmiut Inc.** as ANA Project Director. Next **Southcentral Foundation** employed Morgan as Reimbursement Director to direct revenue cycle operations, compliance and Medicare/Medicaid Medical and Home Health Costs. Since 2015 Morgan has been a consultant with **Affordable Healthcare Consulting Services** providing strategic financial and data analysis, auditing services, planning recommendations and other technical services.



Competent, Transparent, Ethical, Limited Governance
"Fact based public policy without dogma"

Most recently Morgan is in development of a comprehensive policy, 28 page book with tab

Introduction – The major issue for Alaskan businesses and self-insurance at the ground level has been the cost that has relentlessly escalated for decades. So, the challenge for private payers, self-insured and the State of Alaska has been to get a grip on out-of-control healthcare charges (costs).

Innovation and grassroots can catch fire and prove more powerful than mandates from a political mountaintop. That is because ground-level concepts are put to the test of reality. Do they work or don't they? This Paper is about innovation and initiatives that add up to a new business model for the regulation, process delivery, and purchase of healthcare in Alaska.

Who Pays the Bills for Alaska? Individuals, private employers, government employers, federal Health programs, state health programs and local health programs; share the direct cost of health care Alaska for a total of \$8.322 Billion for 2020.

Alaska has the highest healthcare costs in the United States and the world - The United States has the world's highest healthcare costs, and Alaska has the highest healthcare costs in the U.S. as well as the fastest-rising costs. Just because we live in Alaska, does not mean that we must have high healthcare costs. Increasing healthcare costs are affecting Alaska's economy and employers' bottom line to the point where many are no longer able to compete with companies based in the Lower 48. It is becoming increasingly clear that these high costs are having big impacts on Alaska's fiscal circumstances, economy, and the cost of governing (State, Municipalities, and School Districts) as well.

- Alaska's healthcare expenditures for Medicaid, Inmates, State Workers Comp, Retired and Active Employees have caused expenses to surge. According to the Centers for Medicare & Medicaid Services, Alaska has experienced an ever higher annual percentage growth in healthcare cost since 1991.

s in development of a
tive summary of that

- School District healthcare expenditures strain budgets and created roadblock to balanced budgets. Alaska businesses want to continue to have the ability to recruit new hires and retain current employees by offering sustainable and reasonable employee health benefits, but rising healthcare costs are becoming an insurmountable obstacle. Alaska's healthcare costs are not sustainable, we need to be part of the conversation and explore the factors or root causes driving rising healthcare costs and how Alaska can find solutions that are not only essential to lowering government cost but also our statewide economy.
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Per Capita State Healthcare Cost per Year with Outcome Rankings							
Total State Expenditures per Capita KFF Timeframe: 2019-2020			Best State for Healthcare - US News Ranked by State -2020				Mental Health American (MHA) - 2020
Cost Rank	State (Location)	Per Capita State Spending \$	Rank	Health Care Access	Health Care Quality	Public Health	Ranking of Prevalence of Mental Illness and Rates of Access to Care
-	United States*	\$6,416	-	-	-	-	-
1	Alaska	\$15,240	22	47	2	33	49
2	Delaware	\$11,630	14	13	15	23	10
3	Hawaii	\$11,031	1	1	1	6	8
4	Oregon	\$10,110	17	32	8	17	18
5	West Virginia	\$10,014	47	22	43	50	39

Please review the attached Table of all the States with Best States for Healthcare ranked by State – in the supporting information and data.pdf.

The Root Causes are detailed in the Book - Observers have offered and we detail/with cost impacts of the more than half a dozen explanations for Alaska irresponsible unsustainably extra-high healthcare costs. The list includes; ineffective cost management, Alaska's relatively small population and isolation from large markets, Distribution of a substantial percentage of Alaskans in variety of remote areas, Limited number of providers, Alaska CERTIFICATE-OF-NEED

(CON) laws that limits competition, "80th percentile rule", Medicaid fraud, waste & abuse, and absence in Anchorage of a teaching hospital that is open to all patients.

Outcomes - Alaska's extremely high costs for healthcare and health insurance have generated many individual sad stories, including lost opportunities to start business, and forced departures from the state, along with budget reductions or deficits for state, local governmental units and school districts.

Two reports issued this year by the Anchorage Economic Development Corporation (AEDC) provide a window into the contortion's healthcare plays in economic decisions. The most recent outlook by AEDC celebrates job growth in the health care sector while noting declines in employment in oil and gas, construction, professional and business services, and state government. Healthcare costs may not be the only factor in this sector of employment but, they do have a major and adverse impact on government budgets that effect hiring new employees or providing earned salary increases. A survey (conducted by AEDC) of more than 300 Anchorage businesses and organizations identified health insurance as one of the two top barriers to their organization's growth, behind only the condition of the state economy.

Solutions/Action Plans - Alaska healthcare costs are unsustainable, as even those who some observers perceive as the systems winners are finally recognizing. A useful data point is that Alaska did not always stand alone on top of the state and world's health care costs mountain. An article by Senator Natasha von Imhof in Alaska Business Monthly pointed out that the healthcare costs in Alaska and Wyoming were the same in 1990. Two decades later, Alaska's costs had doubled, while Wyoming's grew a quarter of that.

You cannot fix these problems when dependent on those who often created them. The Governor must establish an **Inspector General** overall health care services provided by the state or local governments and this person should not come from within, but from outside. It is critical to note that most government employees in the health care world fully expect to move out and back into the private health care world. This is a serious conflict problem as reforms are initiated and requires even more outside experts to lead these reforms.

The Book details an Action Agenda detailing 10 other actions for the Governor, Legislature, and a separate chapter on the Municipality of Anchorage that would reduce by \$2.74 billion dollars in healthcare costs without reducing the healthcare services. These are detailed in the following: use of Medicare rates for Medicaid procedures or services, use of value-based reimbursement system, required use of HEDIS system measurements, reform of medical professional licensing boards and repeal of the Certificate of Need (CON) requirements for stand-alone facilities of privatize the Alaska Pioneer Homes (saving of over \$60 million per year).

The Healthcare Book is over 27 pages with 5 pages of Tables. This is Paper is just an Executive Summary.

Personally, as a citizen journalist, I admit being intimidated by the challenge of providing an overview of the healthcare crisis we face as Alaskans. It's a complex and specialized problem, but I am struck by the smallness of some elected officials who are so dogmatic that they cannot see the value in having a proven administrator like David Morgan put the **Anchorage Department of Health** on a solid administrative footing, ultimately for the good of all Alaskans.

Mayor Bronson knows we can do better but it may take an election of new Assembly members to *reimagine* local government competency.

Resources:

[1] Alaska Health Care Costs compared to other states

There simply are no economic incentives to responsibly manage our health care costs. But we must also start reporting results from these massive government investments.

A study, conducted by actuarial consultant Milliman Inc., found that health insurance companies pay Alaska doctors and hospitals more than double what Washington doctors and hospitals receive for similar in-network services, while specialists like orthopedists and cardiologists are paid more than 2.5 times the national average.

Milliman compared costs in Alaska to states with similar geography and demographics like Idaho, Hawaii, Maine, and Vermont. The study also compared costs to expensive cities like Washington D.C., Chicago, Seattle, New York, and San Francisco. Data for this study came from the 2014 Truven/Health/Analytics/MarketScan®, (<http://truvenhealth.com/market/like-sciences/products/data-tools>) a national database of all commercial healthcare claims

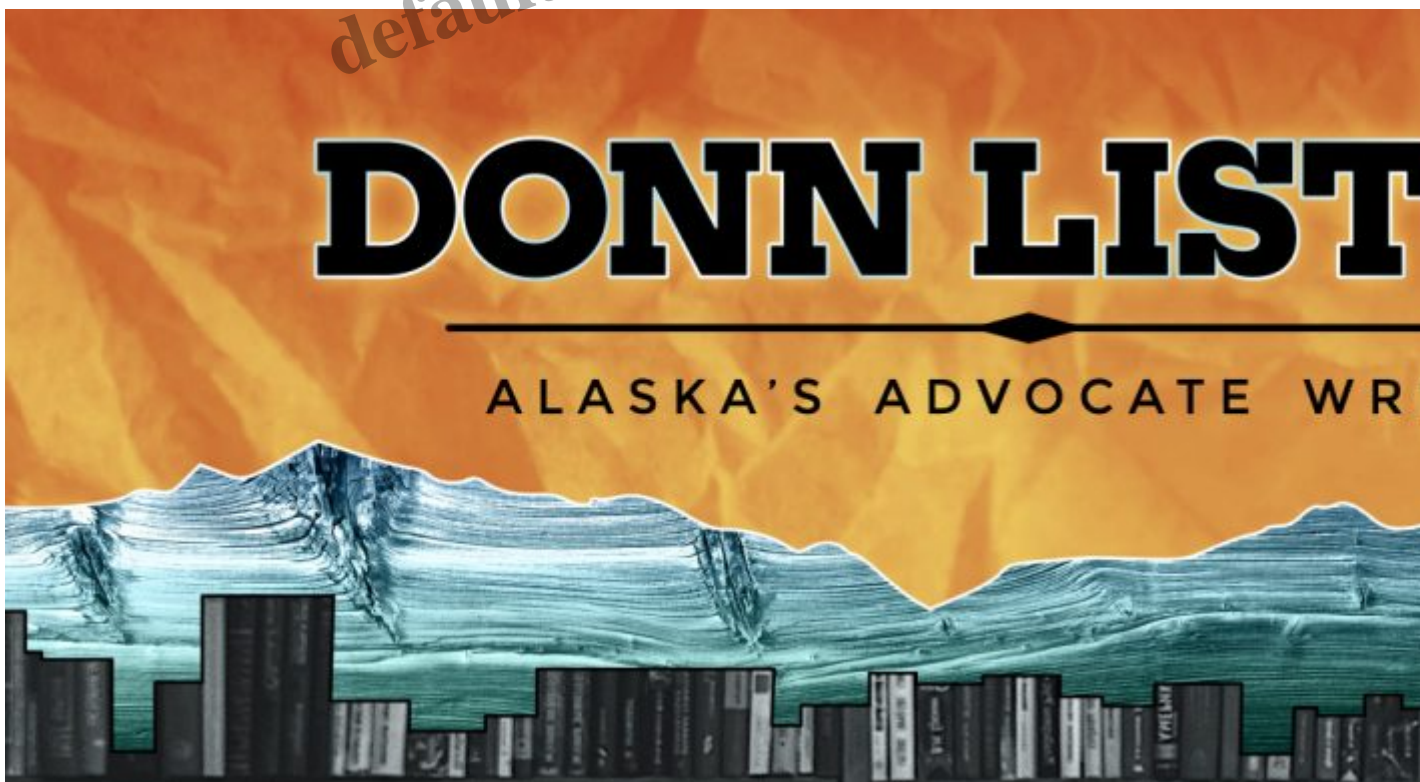
[2] JBER Medical Personnel Deemed Best

<https://www.jber.jb.mil/News/News-Articles/NewsDisplay/Article/1515433/jber-medical-personnel-deemed-best-in-pacaf-air-force/>

[3] Lawmakers Took Big Bucks From Hospital Group, And Vetoed Accordingly

<https://mustreadalaska.com/alaska-lawmakers-took-big-bucks-from-a-hospital-trade-group-and-then-voted-accordingly/>

[4] Dr. Stephen Haycox, Alaska; An American Colony, University of Washington Press, 2002.



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