

KPBSD Healthcare Cost Committee



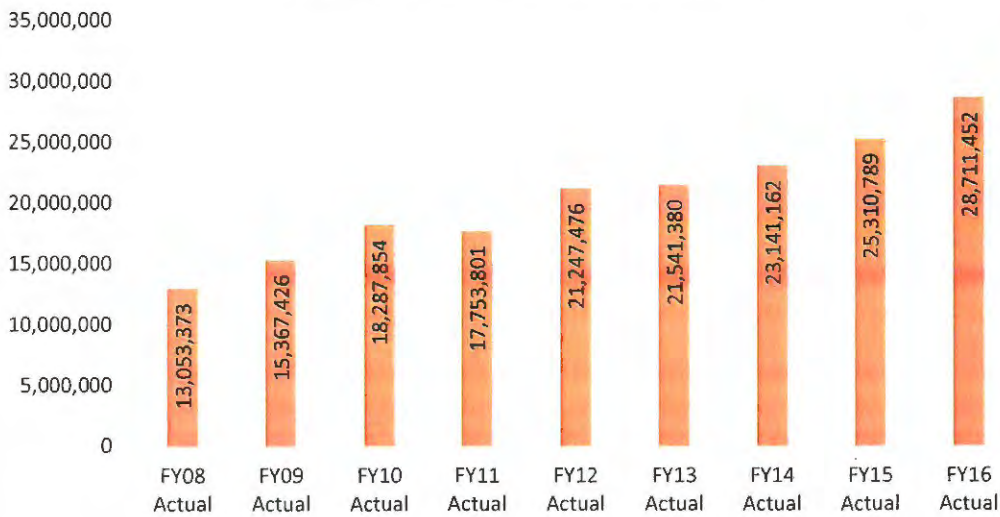
Kenai Peninsula Borough School District

Health Plan Summary

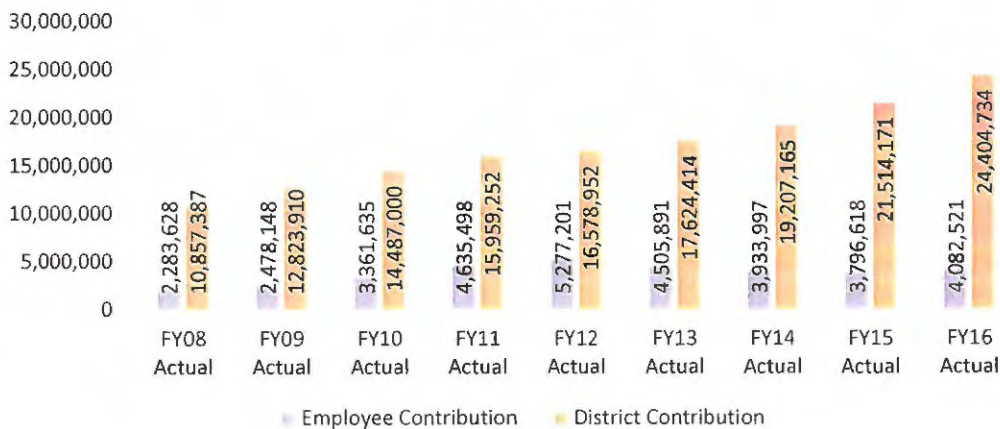
Plan Costs over Time

From FY08 to FY16, total plan costs increased by 120%.

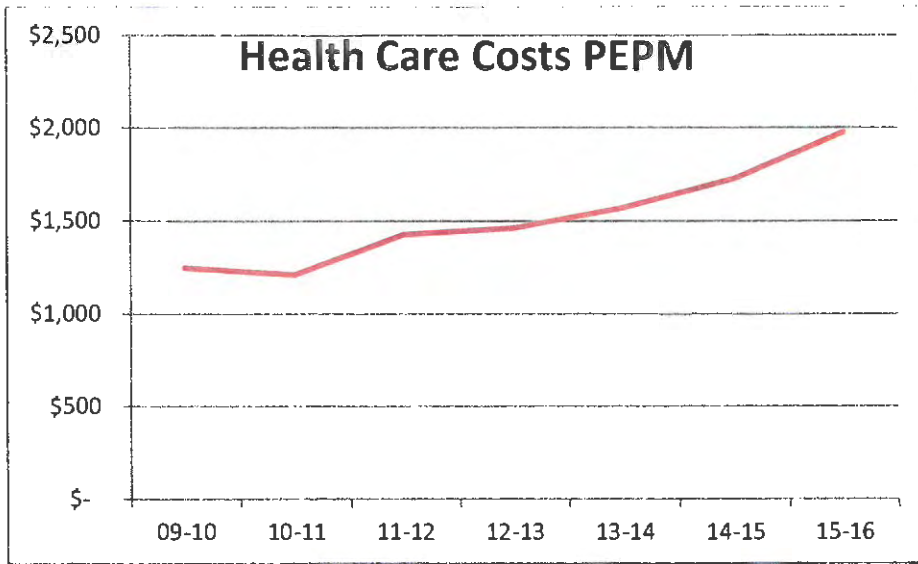
Total Health Care Costs by Year



Employee and Employer Contributions to Health Care FY08 through FY16



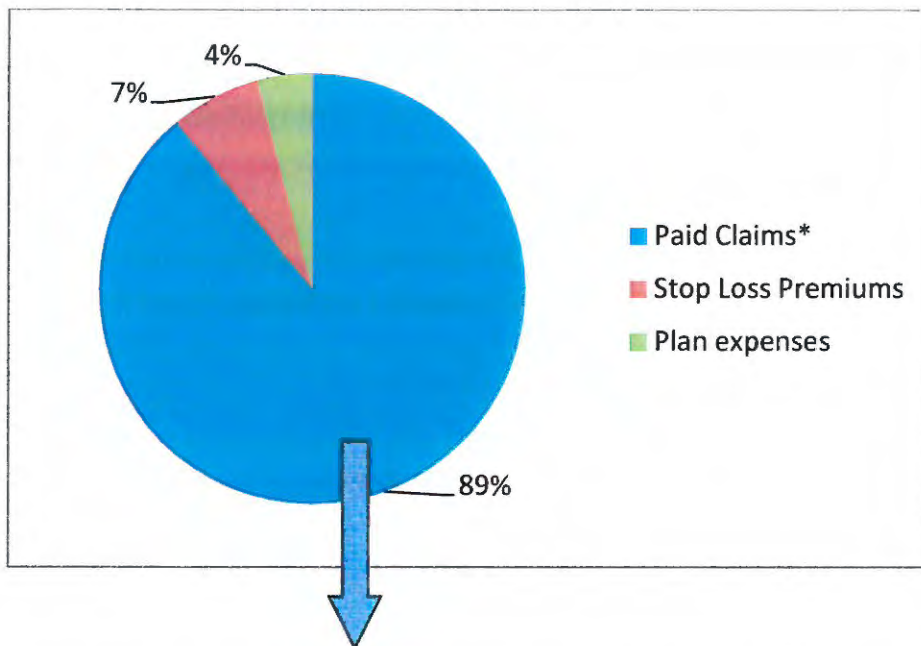
On a per covered employee per month basis*, plan costs have increased by 7.9% each year on average since FY10.



*includes COBRA participants

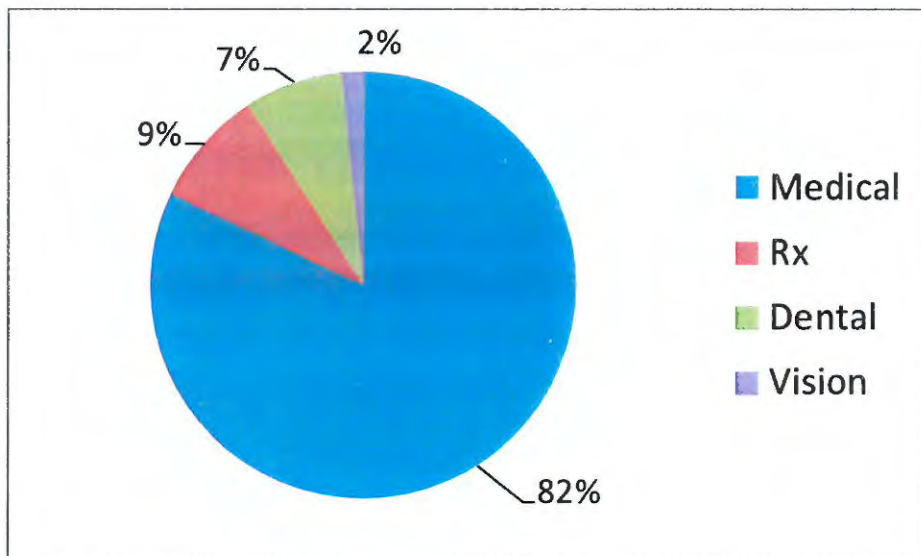
Total Plan Spend

In FY 2015-16, KPBSD spent \$28.7 million on health plan expenses for employees and dependents. The majority of plan costs (89%) were direct claims for benefits.



*Claims net of stop loss and other reimbursements

Of those direct claim costs, approximately 82% was spent on medical claims.



Of those medical claims, approximately 79% of the medical dollars were paid on behalf of 15% of plan participants.

Cost Containment

The School District actively looks for ways to help contain health plan costs. Strategies include:

- **Direct contracting.** The SD contracts directly with Central Peninsula Hospital and South Peninsula Hospital. In FY16, the District saved approximately \$2.2 million through those contracts. That does not include non-PPO claim adjustments at out-of-network providers.
- **Contracting through purchasing coalitions.** KPBSD is a member of 2 purchasing coalitions or cooperatives.
 - Health Care Cost Management Corporation of Alaska (HCCMCA): HCCMCA is a not for profit coalition comprised of more than 40 health plans in Alaska and the Pacific Northwest. These plans provide benefits to more than 200,000 individuals. KPBSD is able to access PPO and service contracts at rates otherwise unavailable to health plans of the Borough's size. These contracts include:
 - ✓ Alaska Regional Hospital PPO
 - ✓ Geneva Woods Birth Center
 - ✓ Aetna PPO (SD will be using starting 2/1/17)
 - ✓ Renalogic (Dialysis Cost Containment)

In FY16, the District saved approximately \$1.7 million at Alaska Regional Hospital. That does not include out-of-network claim adjustments at non-PPO facilities.

KPBSD also participates in the annual fall health fairs which are organized and funded by HCCMCA. In 2016, 193 participants received blood testing at a discounted rate and 109 participants received free flu shots at the health fairs.

- National Cooperative Rx: This is a purchasing cooperative for prescription management services, and KPBSD contracts with National Cooperative Rx through HCCMCA. National Cooperative Rx manages the prescription drug contract with Caremark. They have also assisted KPBSD with proactive drug cost strategies, including promotion of generics and control mechanisms for both specialty and compound medications.

Recent Plan Changes

- Effective January 1, 2017, KPBSD employees may choose to enroll in either the Traditional Plan or a High Deductible Health Plan (HDHP) with a HRA.
- KPBSD will change to the Aetna network and use Aetna for utilization review and case management, effective 2/1/17.
- KPBSD will implement Teladoc for access to low cost telephonic and video doctor visits, effective 2/1/17.
- KPBSD will begin using a modified prescription drug formulary, effective April 1, 2017.

Attachments / Claim Detail:

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Prescription Utilization

	KPBSD 2016 (Jan - June)	Pacific NW Comparison
Total Paid*	\$1,314,704	
Rebates Received	\$59,731	
Amount Paid net of Rebates	\$1,254,973	
Total Prescriptions	7,677	
Percentage of Rx		
Generic	81.7%	85.1%
Multi-source Brand	1.7%	1.2%
Single Source Brand	16.6%	13.8%
Specialty Medications		
Total Paid	\$405,289	
# of Utilizers	28	
Specialty as % of total cost	30.8%	34.0%

KPBSD 2015	KPBSD 2014
\$2,366,490	\$2,211,024
\$180,085	\$247,749
\$2,186,405	\$1,963,275
19,137	18,636
80.1%	78.0%
2.0%	2.0%
17.8%	20.1%
\$678,191	\$628,280
30	24
28.7%	28.4%

*After contracted discounts

Medical Paid Claims by Claimant

	KPBSD 2015-16	
	% of Claimants	% of Total \$
\$0-\$999	42%	2%
\$1,000 - \$9,999	43%	19%
\$10,000 - \$49,999	12%	33%
\$50,000 - \$499,999	3%	41%
\$500,000+	0%	5%

Comparison 1		Comparison 2		Comparison 3		Comparison 4		Comparison 5	
% of Claimants	% of Total \$	% of Claimants	% of Total \$	% of Claimants	% of Total \$	% of Claimants	% of Total \$	% of Claimants	% of Total \$
52%	2%	46%	2%	36%	2%	44%	2%	40%	2%
35%	17%	40%	18%	46%	17%	45%	17%	46%	22%
8%	27%	11%	31%	14%	34%	8%	21%	11%	31%
2%	44%	2%	42%	4%	47%	2%	29%	2%	35%
0%	10%	0%	7%	0%	0%	0%	31%	0%	10%

Medical Paid Claims by Major Diagnostic Category

	KPBSD 2015-16		15-16 Norm*
	Total Paid	%	%
Musculoskeletal	\$6,083,691	28%	17%
Factors Influencing Health Status	\$2,279,759	10%	10%
Circulatory System	\$1,989,662	9%	9%
Nervous System	\$1,457,439	7%	6%
Digestive	\$1,179,029	5%	9%
Mental Diseases & Disorders	\$900,632	4%	3%
Female Reproductive System	\$781,512	4%	3%
Ear, Nose, Mouth & Throat	\$774,477	4%	5%
Newborns & Neonates	\$769,101	4%	2%
Pregnancy, Childbirth & Puerperium	\$720,815	3%	5%
Skin, Subcutaneous Tissue & Breast	\$699,690	3%	5%
Eye	\$647,967	3%	1%
Kidney & Urinary Tract	\$585,609	3%	4%
Respiratory System	\$579,992	3%	4%
Other	\$476,381	2%	0%
Endocrine, Nutritional & Metabolic	\$465,907	2%	4%
Blood & Blood-forming Organs	\$451,046	2%	1%
Myeloproliferative & Poorly Diff Neoplasms	\$305,286	1%	4%
Infectious & Parasitic Diseases	\$276,721	1%	2%
Hepatobiliary System & Pancreas	\$186,814	1%	2%
Injury, Poisoning and Toxic Effects of Drugs	\$131,172	1%	1%
Male Reproductive System	\$77,874	0%	1%
Alcohol / Drug Use	\$53,105	0%	1%
Multiple Significant Trauma	\$32,953	0%	0%
Burns	\$2,653	0%	0%

KPBSD 2015	KPBSD 2014
%	%
25%	30%
9%	10%
8%	9%
8%	8%
6%	8%
5%	2%
5%	5%
4%	3%
2%	2%
3%	2%
5%	4%
4%	3%
3%	1%
3%	2%
0%	0%
2%	3%
1%	0%
1%	2%
1%	2%
0%	0%
2%	2%
1%	1%
1%	1%
1%	2%
0%	0%
0%	0%
0%	0%

Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
%	%	%	%	%
29%	23%	28%	18%	22%
7%	5%	3%	8%	9%
2%	8%	8%	15%	7%
3%	10%	7%	18%	7%
15%	8%	9%	8%	7%
1%	6%	4%	0%	5%
2%	2%	4%	3%	3%
4%	5%	4%	1%	4%
2%	1%	0%	0%	4%
2%	3%	3%	2%	4%
8%	3%	7%	2%	4%
1%	3%	3%	1%	1%
2%	6%	2%	9%	2%
1%	4%	3%	3%	3%
10%	1%	8%	2%	2%
1%	2%	2%	2%	2%
1%	2%	4%	1%	1%
1%	3%	2%	6%	5%
2%	0%	0%	0%	2%
1%	1%	0%	1%	1%
3%	1%	1%	1%	1%
2%	1%	0%	0%	1%
1%	1%	0%	0%	2%
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%

Medical Paid Claims by Type of Service

	KPBSD 2015-16
Hospital (IP and OP), includes professional service as IP	\$7,786,792
Surgery, professional services	\$2,865,768
Maternity	\$623,891
Behavioral Health (IP and OP)	\$908,698
Therapy, includes PT, OT, massage, chiro, acupuncture	\$1,649,503
Preventive services, includes immunizations, imaging, colonoscopy	\$868,998
Vision services	\$477,462
Chemotherapy and infusion therapy	\$273,172
Office visits	\$1,038,252
Diagnostic testing (includes facilities)	\$3,582,794
Ambulance & emergency room	\$815,674
Other	\$1,018,313
Total medical (includes vision)	\$21,909,316

Based on detailed reports from Rehn

Medical Paid Claims by Provider Type

	KPBSD		Norm
	2015-16	%	%
Inpatient Hospital	\$5,929,852	27%	33%
OP Hosp + Surg Ctr	\$8,819,388	40%	35%
Emergency Room	\$276,263	1%	4%
Birth Center	\$12,863	0%	0%
Office Visit	\$5,522,075	25%	22%
Home	\$329,107	2%	2%
Other	\$1,019,738	5%	4%
Total Medical	\$21,909,286		

(includes vision)

KPBSD		KPBSD	
2015 CY	%	2014 CY	%
\$5,672,627	27%	\$5,763,157	28%
\$7,663,102	36%	\$7,785,382	38%
\$275,033	1%	\$229,124	1%
\$6,182	0%	\$20,907	0%
\$6,144,738	29%	\$5,847,516	28%
\$272,674	1%	\$279,748	1%
\$985,969	5%	\$636,078	3%
\$21,020,325		\$20,561,912	

Alaska Public Sector Groups for Comparison				
Comparison 1	Comparison 2	Comparison 3	Comparison 4	Comparison 5
%	%	%	%	%
30%	32%	20%	30%	26%
29%	33%	40%	33%	36%
5%	9%	8%	9%	Not shown
0%	0%	0%	0%	Not shown
26%	25%	24%	16%	28%
1%	1%	1%	1%	2%
10%	0%	7%	10%	8%

Medical Paid Claims By Location

	Amount Paid 15-16
Kenai Peninsula	\$13,711,254
All Other Alaska	\$6,309,643
Outside Alaska	\$1,888,389
Total	\$21,909,286

Medical and vision

Top Payor Zip Codes* Outside AK

Goodyear, AZ	85338
Phoenix, AZ	85013
Asheville, NC	28801
St. Louis, MO	63110
Fairfield, CA	94533
Seattle, WA	98122
Seattle, WA	98124
Albuquerque, NM	87106
Boulder, CO	80304
Portland, OR	97239
Northridge, CA	91325
Rochester, MN	55905
Sandy Spring, MD	20860
Burlingame, CA	94010
Seattle, WA	98101
Luling, LA	70070
Scottsdale, AZ	85259

*\$25k or more paid per zip code

Medical Paid Claims by Top 25 Providers

KPBSD 2015-16 Fiscal Year

1	Central Peninsula Hospital and associated providers	
	<i>Central Peninsula Hospital</i>	\$5,047,402
	<i>Central Peninsula Orthopedics</i>	\$180,075
	<i>Central Peninsula Foot and Ankle</i>	\$157,317
	<i>Central Peninsula Family Practice</i>	\$121,118
	<i>Central Peninsula Urology</i>	\$60,917
	<i>Central Peninsula Surgical Associates</i>	\$59,353
	<i>Central Peninsula Hospital Providers</i>	\$48,513
	<i>Central Pensinsula Pain Management</i>	\$34,692
	<i>Central Pensinsula Neurology</i>	\$23,255
	<i>Heritage Place</i>	\$16,583
	<i>Kenai Medical Center - CPH</i>	\$8,145
	<i>Central Peninsula Family and Practice - Kobuk</i>	\$5,760
	<i>Central Peinsula Surgical SE</i>	\$5,612
	<i>Central Peninsula Women's Health</i>	\$1,924
	Total	\$5,770,664
2	SPH and Homer Medical Center	
	<i>South Peninsula Hospital</i>	\$2,195,399
	<i>Homer Medical Center / Clinic</i>	\$121,993
	Total	\$2,317,392
3	Providence Alaska Medical Center	\$1,741,604
4	Alaska Regional Hospital	\$1,242,187
5	Western Regional Medical Center	\$484,727
6	LifeMed Alaska	\$431,302
7	Surgery Center of Kenai	\$358,168
8	Kenai Spine / Sportsmed Alaska	\$341,110
9	Medicenter	\$324,071
10	Kenai Physical Therapy	\$207,031
11	Alaska Heart Institute	\$185,341
12	Peninsula Internal Medicine	\$184,088
13	Alaska Urological Institute	\$175,962
14	Providence Seward Medical Center	\$168,535
15	North Star Medical Imaging	\$165,362
16	Kenai Peninsula Orthopaedics	\$161,251
17	Karpik & Rice Eyecare / Kenai Vision Center	\$146,673
18	Katmai Oncology Group	\$144,974
19	Providence Adolescent	\$143,932
20	Curtis L Buchholz	\$127,516
21	Health North Family Medicine	\$119,939
22	Advanced Physical Therapy	\$119,472
23	Anchorage Radiation Therapy	\$117,513
24	Alaska Spine Institute / Alpine Surgery Ctr	\$111,584
25	Alaska Native Med Ctr / ANTHC	\$109,657

KPB5D Surgeries Paid in 2015-16 Fiscal Year

Spine Surgery

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
1	20936	SPH	Surgical Professional	\$60,017.00	\$54,015.30
	22614	SPH	Assistant Surgeon	\$15,499.00	\$13,053.84
	22633	SPH	Anesthesia	\$3,394.00	\$3,054.60
	22842	SPH	Diagnostic Testing	\$35.00	\$31.50
	22851				
	63047 63048		Total	\$78,945.00	\$70,155.24
2 (outside Alaska)	20930	Neurosurgical Associates	Surgical Professional	\$10,925.00	\$8,740.00
	20936	Barrow Neurologic Clinic	Neurology & Neuromuscular	\$588.00	\$461.31
	22595	Valley Anesthesiology	Anesthesia, Surgical Professional	\$4,650.02	\$3,785.31
	22840	St. Joseph's Hospital Med Ctr	IP Hospital, Room & Board	\$104,042.00	\$72,829.40
		Arizona Pulmonary Specialists	Hospital Professional	\$300.00	\$300.00
		Total	\$120,505.02	\$86,116.02	
3	20930	Kenai Spine LLC	Surgical Professional	\$73,742.44	\$37,261.64
	20936	Kenai Spine LLC	Assistant Surgeon	\$34,117.59	\$8,019.08
	22614	North Star Medical	Diagnostic Testing	\$39.00	\$39.00
	22633	CPH	Anesthesia	\$4,467.54	\$3,350.66
	22830	CPH	IP Hospital, Room & Board	\$127,082.19	\$95,311.66
	22842				
	22851 61783 63047		Total	\$239,448.76	\$143,982.04
4	22612	Kenai Spine LLC	Surgical Professional	\$46,990.92	\$23,845.78
	63047	Kenai Spine LLC	Surgical Professional	\$14,669.86	\$14,229.76
	63048	Kenai Spine LLC	Assistant Surgeon	\$58,000.93	\$3,661.49
		CPH	IP Hospital	\$114,853.30	\$86,139.99
		CPH	Anesthesia	\$4,373.69	\$3,280.27
		Total	\$238,888.70	\$131,157.29	
5	20930	Kenai Spine LLC	Surgical Professional	\$51,693.00	\$43,286.74
	22633	Kenai Spine LLC	Assistant Surgeon	\$48,005.00	\$3,970.99
	22840	North Star Medical	Diagnostic Testing	\$39.00	\$39.00
	22851	Alaska IOM	Neurology & Neuromuscular	\$2,635.00	\$2,635.00
	61783	CPH	Anesthesia	\$3,682.63	\$2,761.97
	63042	IOM Billing Partner	Neurology & Neuromuscular	\$6,215.00	\$5,979.14
		Total	\$112,269.63	\$58,672.84	

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Knee Surgery

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
1	29881	SPH	Surgical Professional	\$5,418.00	\$4,876.20
		SPH	Hospital OP	\$8,201.75	\$6,537.83
		SPH	Anesthesia	\$712.00	\$640.80
		Total		\$14,331.75	\$12,054.83
2	29881	Orthopedic Physicians Anchorage	Surgical Professional	\$5,180.00	\$5,059.60
		Chugach Anesthesia	Anesthesia	\$914.48	\$731.58
		Alpine Surgery Center	Hospital OP	\$12,548.00	\$3,372.90
		Total		\$18,642.48	\$9,164.08
3 (outside AK)	29870 29874	Advanced Orthopedics	Surgical Professional	\$4,025.00	\$3,220.00
		ABC Anesthesiology	Anesthesia	\$960.00	\$960.00
		Paramount Surgery	Hospital OP	\$10,044.56	\$6,500.06
		Total		\$15,029.56	\$10,680.06
4	29881 29888	Central Peninsula Orthopedics	Surgical Professional	\$14,116.55	\$13,128.39
		CPH	Hospital OP	\$31,963.26	\$23,972.44
		CPH	Anesthesia, Surgical Professional	\$3,451.60	\$2,333.91
		Total		\$49,531.41	\$39,434.74
5	29875 29881 29888	HCI Ortho dba Sportsmed Alaska	Surgical Professional	\$21,759.87	\$20,661.09
		CPH	Hospital OP	\$31,704.80	\$23,778.61
		CPH	Anesthesia, Surgical Professional	\$3,149.85	\$2,514.40
		Total		\$56,614.52	\$46,954.10
6	29881	Orthopedic Physicians Anchorage	Surgical Professional	\$5,180.00	\$4,420.86
		Chugach Anesthesia	Anesthesia	\$761.28	\$761.28
		Alaska Spine Institute	Hospital OP	\$12,548.00	\$3,500.89
		Total		\$18,489.28	\$8,683.03
7	29881	Timothy S Kavanaugh	Surgical Professional	\$5,180.00	\$4,604.93
		Alaska Spine Institute	Hospital OP	\$12,548.00	\$3,500.89
		Chugach Anesthesia	Anesthesia	\$1,015.04	\$1,015.04
		Total		\$18,743.04	\$9,120.86
8	29881	Central Peninsula Orthopedics	Surgical Professional	\$5,171.00	\$4,809.03
		CPH	Hospital OP	\$9,022.25	\$6,549.80
		CPH	Anesthesia, Surgical Professional	\$1,074.19	\$805.64
		Total		\$15,267.44	\$12,164.47
9	29881	Kenai Peninsula Orthopedics	Surgical Professional	\$10,318.00	\$10,318.00
		Chugach Anesthesia	Anesthesia	\$1,268.80	\$1,268.80
		Surgery Center of Kenai	Hospital OP	\$26,462.00	\$15,877.20
		MM Home Care Central	Medical Equipment	\$990.00	\$792.00
		Total		\$39,038.80	\$28,256.00
10	29874	Orthopaedic Research Clinic	Surgical Professional	\$4,500.00	\$3,600.00
		Alpine Anesthesia	Anesthesia	\$960.00	\$960.00
		Providence Surgery Center	Hospital OP	\$16,106.88	\$4,209.52
		Total		\$21,566.88	\$8,769.52
11	29881	Central Peninsula Orthopedics	Surgical Professional	\$5,171.00	\$4,809.03
		CPH	Anesthesia	\$1,206.96	\$905.22
		CPH	Hospital OP	\$9,873.61	\$7,405.20
		Total		\$16,251.57	\$13,119.45
12	29881	Anchorage Fracture & Orthopedic	Surgical Professional	\$5,100.00	\$4,625.70
		Alpine Anesthesia	Anesthesia	\$960.00	\$960.00
		Providence Surgery Center	Hospital OP	\$12,955.00	\$3,614.45
		Total		\$19,015.00	\$9,200.15
13	29881	Central Peninsula Orthopedics	Surgical Professional	\$5,289.45	\$4,897.87
		CPH	Anesthesia	\$1,206.96	\$905.22

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Knee Surgery

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
		CPH	Hospital OP	\$9,481.57	\$5,911.18
			Total	\$15,977.98	\$11,714.27
14	29876	HCI Ortho dba Sportsmed Alaska	Surgical Professional	\$12,522.00	\$2,169.74
	29881	CPH	Anesthesia	\$1,400.08	\$1,050.06
		CPH	Hospital OP	\$10,835.49	\$7,799.59
			Total	\$24,757.57	\$11,019.39
15	27457	Bret L Mason	Surgical Professional	\$11,233.00	\$11,233.00
	29879	Alaska Medical Solutions	Medical Equipment	\$1,465.00	\$1,365.00
		Alaska Surgery Center	Hospital OP	\$43,226.02	\$12,060.06
		Chugach Anesthesia	Anesthesia	\$2,156.96	\$2,156.96
		Chugach Anesthesia	Surgical Professional, Diag Testing	\$1,127.36	\$1,127.36
			Total	\$59,208.34	\$27,942.38
16	29875	HCI Ortho	Surgical Professional	\$23,269.83	\$4,213.73
	29883	CPH	Anesthesia, Surgical Professional	\$4,127.75	\$3,356.49
	29888	CPH	Hospital OP	\$46,565.89	\$34,924.40
			Total	\$73,963.47	\$42,494.62
17	29870	SPH	Surgical Professional	\$2,562.00	\$2,305.80
		SPH	Anesthesia	\$791.00	\$711.90
		SPH	Hospital OP	\$7,156.63	\$6,440.97
			Total	\$10,509.63	\$9,458.67
18	29881	SPH	Surgical Professional	\$5,418.00	\$4,102.06
		SPH	Hospital OP	\$7,025.41	\$6,322.87
		SPH	Anesthesia, Diag Testing	\$791.00	\$569.52
			Total	\$13,234.41	\$10,994.45

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Shoulder Surgery

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
1	25390	Ortho Alaska	Surgical Professional	\$11,328.00	\$11,328.00
	29844	Ortho Alaska	Assistant Surgeon	\$11,308.00	\$2,261.60
		Providence Surgery Center	Hospital OP	\$30,034.27	\$8,073.22
		Alpine Anesthesia	Surgical Professional, Diag Testing	\$1,920.00	\$1,920.00
		Alpine Anesthesia	Anesthesia	\$1,440.00	\$1,440.00
			Total	\$56,030.27	\$25,022.82
2	29806	HCI Ortho dba Sportsmed Alaska	Surgical Professional	\$35,085.70	\$32,899.28
	29807	CPH	Hospital OP	\$34,909.62	\$26,182.19
	29823	CPH	Anesthesia, Surgical Professional	\$4,417.40	\$3,595.45
	29824				
	29826		Total	\$74,412.72	\$62,676.92
3	29848	Kenai Peninsula Orthopedics	Surgical Professional	\$10,106.00	\$9,949.23
	64721	Surgery Center of Kenai	Hospital OP	\$21,715.00	\$13,029.00
		Chugach Anesthesia	Anesthesia	\$926.22	\$926.22
			Total	\$32,747.22	\$23,904.45
4 (outside AK)	29806	Boulder Orthopedic	Surgical Professional	\$6,237.00	\$6,237.00
	29807	Flatrons Surgical Assistant	Assistant Surgeon	\$6,237.00	\$1,559.25
		Aerocare Holdings	Medical Equipment	\$260.00	\$219.80
		Boulder Valley Anesthesia	Anesthesia	\$1,200.00	\$1,200.00
		Not listed	Hospital	\$23,714.00	\$19,459.05
			Total	\$37,648.00	\$28,675.10
5	29806	Kenai Spine LLC	Surgical Professional	\$26,849.60	\$20,243.01
	29823	Sportsmed Alaska	Assistant Surgeon	\$26,845.60	\$2,024.02
	29824				
	29826		Total	\$53,695.20	\$22,267.03
6	29807	Central Peninsula Orthopedics	Surgical Professional	\$12,088.00	\$11,241.84
	29823	CPH	Hospital OP	\$19,188.02	\$13,296.99
		CPH	Anesthesia, Surgical Professional	\$2,787.73	\$2,264.54
			Total	\$34,063.75	\$26,803.37
7	29807	Central Peninsula Orthopedics	Surgical Professional	\$23,059.00	\$21,444.87
	29824	CPH	Hospital OP	\$23,067.65	\$17,300.73
	29826	CPH	Anesthesia, Surgical Professional	\$3,162.18	\$2,545.43
	29828		Total	\$49,288.83	\$41,291.03
8	29848	Kenai Peninsula Orthopedics	Surgical Professional	\$4,486.00	\$3,657.75
		Kenai Peninsula Orthopedics	Assistant Surgeon	\$4,486.00	\$1,121.50
		Chugach Anesthesia	Anesthesia	\$783.84	\$627.07
		Surgery Center of Kenai	Hospital OP	\$14,461.00	\$8,676.60
			Total	\$24,216.84	\$14,082.92
9	29823	SPH	Surgical Professional	\$11,763.00	\$10,586.70
	29826	SPH	Hospital OP	\$13,236.15	\$11,912.56
		SPH	Anesthesia	\$1,734.00	\$1,560.60
			Total	\$26,733.15	\$24,059.86
10	29806	HCI Ortho dba Sportsmed Alaska	Surgical Professional	\$28,507.14	\$4,926.45
	29807	HCI Ortho dba Sportsmed Alaska	Surgical Professional	\$6,842.59	\$1,367.87
	29824	CPH	Hospital OP	\$21,554.99	\$16,166.23
	29826	CPH	Anesthesia	\$3,693.20	\$3,052.30
	29821		Total	\$60,597.92	\$25,512.85
11	29823	Kenai Spine LLC	Surgical Professional	\$35,632.18	\$20,648.68
	29824	Kenai Spine LLC	Assistant Surgeon	\$35,627.18	\$2,064.58
	29826	CPH	Hospital OP	\$37,394.82	\$25,233.92
	29827		Other	\$3,815.09	\$3,025.27
			Total	\$112,469.27	\$50,972.45
12	29822	SPH	Surgical Professional	\$5,483.00	\$4,934.70

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Shoulder Surgery

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
		SPH	Hospital OP	\$11,083.42	\$9,975.10
		SPH	Anesthesia	\$1,655.00	\$1,489.50
			Total	\$18,221.42	\$16,399.30
13	29824	Kevin Paisley, DO	Surgical Professional	\$19,687.00	\$19,687.00
	29826	Bethanaya Myers	Assistant Surgeon	\$19,687.00	\$4,149.35
	29827	Alaska Surgery Center	Hospital OP	\$64,213.00	\$17,260.46
	38220	Chugach Anesthesia	Anesthesia	\$1,828.96	\$1,828.96
		Chugach Anesthesia	Surgical Professional, Diag Testing	\$1,948.97	\$1,948.97
			Total	\$107,364.93	\$44,874.74
14	29822	Central Peninsula Orthopedics	Surgical Professional	\$17,539.00	\$16,311.27
	29826	Central Peninsula Orthopedics	Assistant Surgeon	\$17,539.00	\$4,077.82
	29827	CPH	Hospital OP	\$20,330.58	\$14,883.88
		CPH	Anesthesia, Surgical Professional	\$2,787.73	\$2,264.54
			Total	\$58,196.31	\$37,537.51
15	29824	SPH	Surgical Professional	\$18,398.00	\$16,588.20
	29826	SPH	Hospital OP	\$21,011.48	\$18,910.35
	29827	SPH	Anesthesia	\$1,739.00	\$1,739.00
			Total	\$41,148.48	\$37,237.55
16	23430	Orthopedic Physicians Anchorage	Surgical Professional	\$18,336.83	\$17,578.71
	29806	Orthopedic Physicians Anchorage	Assistant Surgeon	\$1,180.00	\$1,180.00
	29826		Total	\$19,516.83	\$18,758.71
17	29848	Kenai Peninsula Orthopedics	Surgical Professional	\$4,043.00	\$4,043.00
		Midwest Medical	Medical Equipment	\$990.00	\$990.00
		Surgery Center of Kenai	Hospital OP	\$13,200.00	\$7,920.00
		Chugach Anesthesia	Anesthesia	\$888.16	\$888.16
			Total	\$19,121.16	\$13,841.16
18	29848	Kenai Peninsula Orthopedics	Surgical Professional	\$4,043.00	\$4,043.00
		Chugach Anesthesia	Anesthesia	\$888.16	\$888.16
		Surgery Center of Kenai	Hospital OP	\$13,215.00	\$7,929.00
			Total	\$18,146.16	\$12,860.16
19	29806	HCI Ortho dba Sportsmed Alaska	Surgical Professional	\$15,012.62	\$3,223.92
	29823	CPH	Hospital OP	\$29,695.25	\$22,271.46
		CPH	Anesthesia	\$3,439.73	\$2,579.80
			Total	\$48,147.60	\$28,075.18
20	29822	SPH	Surgical Professional	\$10,487.00	\$9,438.30
	29824	SPH	Anesthesiology, Diag Testing	\$2,278.00	\$2,050.20
		SPH	Hospital OP	\$14,791.48	\$13,312.35
			Total	\$27,556.48	\$24,800.85
21	25390	Orthopedic Physicians Anchorage	Surgical Professional	\$11,885.46	\$11,885.46
	29846	Orthopedic Physicians Anchorage	Assistant Surgeon	\$1,457.09	\$1,457.09
		Alpine Surgery Center	Hospital OP	\$32,471.38	\$9,059.50
		Chugach Anesthesia	Anesthesia	\$1,395.68	\$1,395.68
			Total	\$47,209.61	\$23,797.73
22	29822	SPH	Surgical Professional	\$13,168.00	\$11,851.20
	29827	SPH	Anesthesiology, Surg Prof	\$1,971.00	\$1,773.90
		SPH	Hospital OP	\$16,791.33	\$14,979.88
			Total	\$31,930.33	\$28,604.98
23	29822	SPH	Surgical Professional	\$5,483.00	\$4,934.70
		SPH	Anesthesiology, Diag Testing	\$2,199.00	\$1,979.10
		SPH	Hospital OP	\$11,543.13	\$10,388.83
			Total	\$19,225.13	\$17,302.63
24	29806	Central Peninsula Orthopedics	Surgical Professional	\$13,626.00	\$12,396.75
	29807	CPH	Hospital OP	\$39,383.02	\$29,537.28

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Shoulder Surgery

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
		CPH	Anesthesia	\$3,258.85	\$2,444.14
		CPH	Surgical Professional	\$965.21	\$897.65
			Total	\$57,233.08	\$45,275.82

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Colonoscopy and Sigmoidoscopy

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
1	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy Therapeutic Injection	\$1,785.00	\$1,773.60
2	43235 45378	S Roger Hoebelheinrich	Surgical Professional Routine Flexible Sigmoidoscopy	\$2,553.00	\$2,408.00
		Surgery Center of Kenai	Routine Colorectal Screening	\$10,900.00	\$6,540.00
		Total		\$13,453.00	\$8,948.00
3	45378	Internal Medicine Associates	Routine Flexible Sigmoidoscopy	\$1,700.00	\$1,700.00
		Alaska Regional Hospital	Routine Colorectal Screening	\$4,693.00	\$2,182.25
		Total		\$6,393.00	\$3,882.25
4	45378	Central Peninsula Surgical Assoc.	Routine Flexible Sigmoidoscopy	\$1,650.00	\$1,534.50
		CPH	Routine Flexible Sigmoidoscopy	\$941.41	\$706.06
		CPH	Routine Colorectal Screening	\$2,873.98	\$2,155.49
			Total		\$5,465.39
5	45378	Peninsula Internal Medicine	Surgical Professional Therapeutic Injection	\$1,785.00	\$1,511.97
6	45378	Peninsula Internal Medicine	Surgical Professional Therapeutic Injection	\$1,785.00	\$1,768.80
7	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy	\$1,947.00	\$1,934.80
8	45378	Peninsula Surgical Clinic	Routine Flexible Sigmoidoscopy	\$1,800.00	\$1,800.00
		SPH	Routine Flexible Sigmoidoscopy	\$631.00	\$567.90
		SPH	Routine Colorectal Screening	\$2,101.25	\$1,891.13
			Total		\$4,532.25
9	45378 49585	S Roger Hoebelheinrich	Surgical Professional Routine Flexible Sigmoidoscopy	\$5,528.00	\$5,008.18
		CPH	Anesthesia	\$1,750.09	\$1,050.06
		CPH	Routine Colorectal Screening	\$14,028.99	\$10,521.73
			Total		\$21,307.08
10	45378 99242	Rene L Alvarez	Surgical Professional Routine Flexible Sigmoidoscopy	\$3,040.00	\$2,440.00
		SPH	Diagnostic Testing	\$2,640.00	\$2,120.42
		SPH	Diagnostic Testing	\$365.00	\$328.50
			Total		\$6,045.00
11	45378	Peninsula Internal Medicine	Surgical Professional Therapeutic Injection	\$1,965.00	\$1,952.20
12	45378	Central Peninsula Surgical Assoc.	Surgical Professional	\$1,650.00	\$1,534.50
		CPH	Anesthesia	\$1,013.82	\$760.36
		CPH	Hospital OP	\$3,034.66	\$2,276.00
		CPH	Diagnostic Testing	\$108.22	\$81.17
			Total		\$5,806.70
13	11423 11441 45378	Central Peninsula Surgical Assoc.	Surgical Professional Routine Flexible Sigmoidoscopy	\$3,122.00	\$2,903.46
		CPH	Hospital OP	\$9,325.86	\$6,100.51
		CPH	Anesthesia	\$1,436.28	\$1,077.21
			Diagnostic Testing	\$567.00	\$567.00
			Total		\$14,451.14
12	45378	Central Peninsula Surgical Assoc.	Surgical Professional	\$1,650.00	\$1,227.60
		CPH	Routine Flexible Sigmoidoscopy	\$1,062.11	\$796.58
		CPH	Routine Colorectal Screening	\$2,881.48	\$2,161.11
			Total		\$5,593.59
13	45378	Peninsula Internal Medicine	Surgical Professional Therapeutic Injection	\$1,929.00	\$1,543.20

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Colonoscopy and Sigmoidoscopy

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
14	45378	Peninsula Surgical Clinic	Surgical Professional	\$1,800.00	\$1,342.76
		SPH	Hospital OP	\$2,258.25	\$1,625.94
		Total		\$4,058.25	\$2,968.70
15	45378	Peninsula Surgical Clinic	Routine Flexible Sigmoidoscopy	\$1,875.00	\$1,875.00
		SPH	Routine Flexible Sigmoidoscopy	\$500.00	\$450.00
		SPH	Routine Colorectal Screening	\$2,500.00	\$2,250.00
		Total		\$4,875.00	\$4,575.00
16	45378	S Roger Hoebelheinrich	Routine Flexible Sigmoidoscopy	\$1,828.00	\$1,828.00
		Chugach Anesthesia	Routine Flexible Sigmoidoscopy	\$914.48	\$914.48
		Surgery Center of Kenai	Routine Colorectal Screening	\$5,859.09	\$3,515.45
		Total		\$8,601.57	\$6,257.93
17	45378	Peninsula Internal Medicine	Surgical Professional Therapeutic Injection	\$1,947.00	\$1,937.80
18	45378	Ronald J Boisen	Routine Flexible Sigmoidoscopy	\$1,345.00	\$1,345.00
		ARH	Routine Colorectal Screening	\$3,281.61	\$1,470.17
		Total		\$4,626.61	\$2,815.17
19	45378	Peninsula Internal Medicine	Surgical Professional Therapeutic Injection	\$1,947.00	\$1,937.80
20	45378	Peninsula Internal Medicine	Surgical Professional Therapeutic Injection	\$1,769.00	\$1,728.00
		Peninsula Internal Medicine	Diagnostic Testing	\$280.00	\$114.60
		Total		\$2,049.00	\$1,842.60
21	43239	David King	Surgical Professional	\$3,022.00	\$2,417.60
	45378	Curtis L Bucholz	Diagnostic Testing	\$1,524.00	\$1,524.00
		CPH	Anesthesia	\$1,194.88	\$896.16
		CPH	Hospital OP	\$4,065.81	\$2,997.31
	Total		\$9,806.69	\$7,835.07	
22	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy	\$1,992.00	\$1,973.80
23	45388	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy Therapeutic Injection	\$2,530.00	\$2,513.80
		Curtis L Bucholz	Diagnostic Testing	\$342.00	\$273.60
		Total		\$2,872.00	\$2,787.40
24	43239	Peninsula Surgical Clinic	Surgical Professional	\$3,400.00	\$3,400.00
	45378	Pathology Associates	Diagnostic Testing	\$772.00	\$716.05
		SPH	Hospital OP	\$2,607.25	\$2,346.53
	Total		\$6,779.25	\$6,462.58	
25	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy Therapeutic Injection	\$1,785.00	\$1,785.00
26	45378	Peninsula Surgical Clinic	Routine Flexible Sigmoidoscopy	\$1,875.00	\$1,875.00
		SPH	Routine Flexible Sigmoidoscopy	\$500.00	\$450.00
		SPH	Routine Colorectal Screening	\$2,500.00	\$2,250.00
		Total		\$4,875.00	\$4,575.00
27	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy Therapeutic Injection	\$1,785.00	\$1,773.60
28	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy Therapeutic Injection	\$1,785.00	\$1,773.60
29	45378	S Roger Hoebelheinrich	Surgical Professional	\$1,828.00	\$1,828.00
		CPH	Anesthesia	\$989.69	\$742.27
		CPH	Hospital OP	\$2,739.23	\$2,054.42
		Total		\$5,556.92	\$4,624.69
30	45378	Peninsula Surgical Clinic	Surgical Professional	\$2,664.00	\$2,389.07

KPBSD Surgeries Paid in 2015-16 Fiscal Year

Colonoscopy and Sigmoidoscopy

Number	Surgical CPT	Provider	Type of Service	Billed	Paid
			Therapeutic Injection		
31	45378	Alaska Native Medical Center	Routine Flexible Sigmoidoscopy	\$1,587.00	\$733.88
		Alaska Native Medical Center	Routine Colorectal Screening	\$5,044.15	\$1,235.86
		Total		\$6,631.15	\$1,969.74
32	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy	\$1,901.00	\$1,901.00
		CPH	Routine Colorectal Screening	\$4,079.36	\$3,059.51
		Total		\$5,980.36	\$4,960.51
33	45388	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy Therapeutic Injection	\$2,482.00	\$2,475.40
		Curtis L Bucholz	Diagnostic Testing	\$342.00	\$273.60
		Total		\$2,824.00	\$2,749.00
34	45378	Peninsula Surgical Clinic	Routine Flexible Sigmoidoscopy	\$1,875.00	\$1,875.00
		SPH	Routine Flexible Sigmoidoscopy	\$500.00	\$450.00
		SPH	Routine Colorectal Screening	\$2,608.00	\$2,347.20
		Total		\$4,983.00	\$4,672.20
35	45378	Internal Medicine Associates	Surgical Professional	\$1,700.00	\$1,700.00
		ARH	Hospital OP	\$5,852.31	\$2,621.84
		Total		\$7,552.31	\$4,321.84
36	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy Therapeutic Injection	\$1,965.00	\$1,952.20
37	45378	David King	Routine Colorectal Screening	\$1,601.00	\$1,601.00
		CPH	Hospital OP	\$2,887.32	\$1,732.40
		CPH	Anesthesia	\$1,001.76	\$727.72
		Total		\$5,490.08	\$4,061.12
38	45378 11406 13101	Rene L Alvarez	Surgical Professional Routine Flexible Sigmoidoscopy	\$4,442.00	\$3,993.60
39	45378	Central Peninsula Surgical Assoc.	Routine Flexible Sigmoidoscopy	\$1,650.00	\$1,534.50
		CPH	Routine Flexible Sigmoidoscopy	\$953.48	\$715.11
		CPH	Routine Colorectal Screening	\$2,873.14	\$2,154.86
		Total		\$5,476.62	\$4,404.47
40	43235	Internal Medicine Associates	Surgical Professional	\$1,226.00	\$1,226.00
		Alaska Imaging Associates	Diagnostic Testing	\$152.00	\$144.40
		Anchorage Pathology	Diagnostic Testing	\$83.91	\$83.91
		Denali Anesthesia	Anesthesia	\$1,080.00	\$1,080.00
		ARH	Routine Colorectal Screening	\$8,671.00	\$4,032.00
		Total		\$11,212.91	\$6,566.31
41	45378	Alaska Native Medical Center	Routine Flexible Sigmoidoscopy	\$1,587.00	\$733.88
		Alaska Native Medical Center	Routine Colorectal Screening	\$5,092.75	\$1,248.93
		Total		\$6,679.75	\$1,982.81
42	45378	S Roger Hoebelheinrich	Surgical Professional	\$1,828.00	\$1,462.40
		Surgery Center of Kenai	Hospital OP	\$5,859.09	\$1,634.69
		Chugach Anesthesia	Routine Flexible Sigmoidoscopy	\$914.48	\$914.48
		Total		\$8,601.57	\$4,011.57
43	45378	Peninsula Surgical Clinic	Surgical Professional	\$1,800.00	\$1,651.46
		SPH	Hospital OP	\$2,745.00	\$1,976.40
		Total		\$4,545.00	\$3,627.86
44	45378	Peninsula Internal Medicine	Routine Flexible Sigmoidoscopy	\$1,728.00	\$1,728.00
		CPH	Hospital OP	\$4,214.91	\$2,528.94
		Total		\$5,942.91	\$4,256.94

Dept of Labor & Workforce Development Stats (date not specified)							KPBSD Claims 2015-16 Fiscal Year				
CPT	WC Rank	Description	AK WC Fee Schedule	Medicare Fee	WA WC Fee	AK Average Healthcare	Provider	# of Procedures	Avg Billed	Avg Allowed	
12001	24	Simple repair of superficial wounds	\$489.30	\$109.18	\$154.95	\$415.91	Central Peninsula Hospital	8	\$371.51	\$276.38	
							South Peninsula Hospital	2	\$268.00	\$241.20	
							Providence Seward	1	\$535.00	\$535.00	
							Cordova Community Med Ctr	1	\$587.00	\$528.30	
							Kachemak Bay Med Ctr	1	\$318.00	\$318.00	
							Primary Care Partners (outside AK)	1	\$183.00	\$183.00	
							Med Hawaii	1	\$601.00	\$542.49	
Rene Alvarez MD	1	\$513.00	\$513.00								
20610	21	Arthrocentesis aspiration and/or injection	\$382.66	\$74.60	\$100.72	\$318.33	Central Peninsula Hospital	1	\$295.57	\$221.68	
							Central Peninsula Orthopedics	18	\$365.65	\$340.05	
							Central Peninsula Pain Mgmt	1	\$334.28	\$310.88	
							Dr Ellenburg Ctr for Natural Med	30	\$108.33	\$108.33	
							Dr Mike Orzechowski	9	\$350.00	\$350.00	
							Family Medical Clinic	1	\$330.00	\$330.00	
							Frontier Natural Health Inc	24	\$112.50	\$112.50	
							HCI Ortho dba Sportsmed Alaska	5	\$534.08	\$345.94	
							Heald Duane Calvin PA	1	\$382.66	\$382.66	
							Judith E Steyer MD	1	\$383.00	\$312.00	
							Katy Sheridan MD	1	\$229.00	\$229.00	
							Medicenter	4	\$363.00	\$326.70	
							North Country Sports Medicine (outside AK)	1	\$167.00	\$167.00	
							North Star Medical	2	\$140.00	\$140.00	
							Orthopaedic Research Clinic of AK	5	\$381.53	\$381.53	
							Panorama Orthopedics (outside AK)	1	\$171.00	\$171.00	
							PCHS of Alaska	3	\$203.33	\$203.33	
							Rhyneer Calor Clinic	1	\$395.00	\$395.00	
							Seward Community Health	1	\$395.00	\$395.00	
							South Peninsula Hospital	14	\$382.07	\$356.18	
22551	9	Arthodesis anterior interbody; cervical	\$13,973.36	\$2,113.35	\$2,827.80	\$7,981.69	N/A	N/A	N/A		
22612	13	Arthrodesis posterior; lumbar	\$12,952.83	\$1,979.87	\$2,635.84	\$7,437.21	Kenai Spine	2	\$31,085.80	\$8,292.36	(\$15,077.10 for surgeon, \$1,507.61 for Asst Surgeon)
23120	12	Claviclectomy; partial	\$2,704.02	\$722.91	\$983.95	\$2,679.98	Ortho Alaska	1	\$710.00	\$710.00	
23412	2	Repair of Rotator Cuff	\$7,725.78	\$1,063.39	\$1,421.68	\$3,980.57	Ortho Alaska	1	\$1,560.00	\$1,560.00	
23420	22	Reconstruction of complete shoulder	\$9,871.83	\$1,208.38	\$1,616.48	\$4,516.47	N/A	N/A	N/A	N/A	
23430	10	Tenodesis of tendon	\$5,837.26	\$931.43	\$1,252.34	\$3,463.72	N/A	N/A	N/A	N/A	
29806	16	Arthroscopy shoulder surgical; capsulorrhaph.	\$6,970.30	\$1,326.86	\$1,768.67	\$4,964.70	Boulder Orthopedics (outside AK)	1	\$3,168.00	\$3,168.00	
							Central Peninsula Orthopedics	1	\$6,988.00	\$6,498.84	
							Flatrons Surgical Assisting (outside AK)	1	\$3,168.00	\$792.00	(Assistant Surgeon)
							HCI Ortho dba Sportsmed Alaska	3	\$8,434.06	\$4,477.63	(\$8,434.06 for one, \$2,499.41 for others)
							Kenai Spine	1	\$8,364.36	\$8,113.43	
							Orthopedic Physicians Anchorage Sportsmed Alaska	1	\$7,000.00	\$7,000.00	
29807	5	Arthroscopy shoulder surgical; labral tear	\$6,621.79	\$1,292.78	\$1,724.95	\$4,833.41	Boulder Orthopedics (outside AK)	1	\$3,069.00	\$3,069.00	
							Central Peninsula Orthopedics	3	\$6,638.00	\$6,173.34	
							Flatrons Surgical Assisting (outside AK)	1	\$3,069.00	\$767.25	(Assistant Surgeon)
							HCI Ortho dba Sportsmed Alaska	2	\$8,012.37	\$4,615.67	(\$8,012.37 for one, less for others)
29822	20	Arthroscopy shoulder surgical; debridement	\$4,739.80	\$714.19	\$965.13	\$2,660.81	Central Peninsula Orthopedics	3	\$4,427.35	\$2,134.20	(\$4,419.36 for surgeon, less for assistant surgeon)
							South Peninsula Hospital	4	\$5,483.00	\$4,934.70	
29826	3	Arthroscopy shoulder surgical w/ decompression	\$5,436.83	\$224.46	\$288.87	\$853.41	Central Peninsula Orthopedics	4	\$5,309.85	\$3,135.23	(\$5,068.50 for surgeon x2, less for assistant surgeon)
							HCI Ortho dba Sportsmed Alaska	2	\$6,588.78	\$426.52	(\$5,192.85 for one, less for others)
							Kenai Spine	3	\$6,523.87	\$4,708.31	(\$6,328.47 for surgeon x2, less for assistant surgeon)
							Bethanya Meyers	1	\$5,872.00	\$1,468.00	(Assistant Surgeon)
							Orthopedic Physicians Anchorage	1	\$5,436.83	\$5,436.83	
							Kevin Paisley, DO	1	\$5,872.00	\$5,872.00	
							South Peninsula Hospital	2	\$5,709.00	\$5,138.10	
Sportsmed Alaska	1	\$6,523.20	\$632.75	(Assistant Surgeon)							
29827	14	Arthroscopy shoulder surgical w/cuff repair	\$7,318.82	\$1,346.27	\$1,789.14	\$5,050.22	Central Peninsula Orthopedics	3	\$6,558.22	\$3,230.64	(\$6,823.41 for surgeon, less for assistant surgeon)
							HCI Ortho LLC	1	\$13,326.00	\$3,014.54	
							Kenai Spine	2	\$8,782.08	\$4,685.46	(\$8,519.10 for surgeon, less for assistant surgeon)
							Bethanya Meyers	1	\$7,759.00	\$1,939.75	(Assistant Surgeon)
							Kevin Paisley, DO	1	\$7,759.00	\$7,759.00	
							South Peninsula Hospital	2	\$7,685.00	\$6,916.50	

Dept of Labor & Workforce Development Stats (date not specified)						KPBSD Claims 2015-16 Fiscal Year				
CPT	WC Rank	Description	AK WC Fee Schedule	Medicare Fee	WA WC Fee	AK Average Healthcare	Provider	# of Procedures	Avg Billed	Avg Allowed
29877	15	Arthroscopy w/debridement	\$4,879.21	\$774.76	\$1,045.37	\$2,881.03	Ortho Alaska	1	\$4,950.00	\$4,950.00
29881	1	Arthroscopy Knee w/ Meniscus Repair	\$5,158.02	\$673.11	\$912.56	\$2,531.85	Anchorage Fracture & Orthopedic	1	\$5,100.00	\$5,100.00
							Central Peninsula Orthopedics	4	\$5,171.00	\$4,809.03
							HCI Ortho dba Sportsmed Alaska	2	\$6,251.00	\$3,436.08
							Kenai Peninsula Orthopaedics	2	\$5,159.00	\$5,159.00
							Orthopedic Physicians Anchorage	2	\$5,180.00	\$5,180.00
							South Peninsula Hospital	2	\$5,418.00	\$4,876.20
							Timothy S Kavanaugh	1	\$5,180.00	\$5,180.00
29888	6	Arthroscopic ligament repair	\$8,782.58	\$1,239.28	\$1,648.03	\$4,637.14	Central Peninsula Orthopedics	1	\$8,945.55	\$8,319.36
							HCI Ortho dba Sportsmed Alaska	2	\$10,660.00	\$1,456.79
39880	8	Arthroscopy knee surgical; w menisc.	\$5,576.24	\$700.17	\$947.72	\$2,642.16	N/A	N/A	N/A	N/A
49505	17	Repair initial inguinal hernia	\$3,461.14	\$655.21	\$863.30	\$2,430.13	David King	1	\$5,508.00	\$5,508.00
54721	19	Neuroplasty and/or transposition	\$5,187.82	\$525.08	\$724.40	\$1,946.17	N/A	N/A	N/A	N/A
62311	11	Injection of diagnostic/therapeutic substance	\$1,295.28	\$248.65	\$371.33	\$920.00	Kenai Spine	1	\$1,554.34	\$1,507.71
							South Peninsula Hospital	2	\$669.00	\$602.10
63030	4	Laminotomy w/ decompression	\$10,391.15	\$1,186.95	\$1,805.97	\$4,450.70	South Peninsula Hospital	2	\$7,875.00	\$7,087.50
63042	25	Laminotomy w/ decompression	\$11,681.55	\$1,609.81	\$2,154.94	\$6,040.11	Kenai Spine	3	\$18,767.91	\$3,420.12
63650	23	Percutaneous implantation of neurostimulat	\$6,791.60	\$564.80		\$2,082.27	N/A	N/A	N/A	N/A
64415	18	Injection anesthetic agent; brachial plexus	\$1,182.37	\$149.52	\$202.54	\$576.26	Alpine Anesthesia	1	\$1,560.00	\$1,560.00
							Central Peninsula Hospital	5	\$954.34	\$887.54
							Chugach Anesthesia	1	\$1,045.52	\$1,045.52
64483	7	Injection anesthetic agent/ steroid epidural	\$2,364.74	\$274.82	\$392.91	\$1,070.73	Kenai Spine	5	\$2,885.15	\$2,798.60
							South Peninsula Hospital	1	\$669.00	\$602.10

(\$6,241.20 for one, less for other)




(\$2,330.86 for one, less for assistant surgeon)

(\$11,340 for surgeon, less for assistant surgeon)

(6,855.48 for surgeon, less for assistant surgeon)

Opinions

How health care costs are bleeding Alaska dry

 Author: **Charles Wohlforth**  Updated: August 1, 2016  Published August 1, 2016

The health care industry is sucking the life out of Alaska's businesses and state government. Slowing this massive wealth transfer of medical bills and insurance premiums is among the toughest economic problems we face.

It is a problem nationally, but Alaska's costs are rising faster than any other state's and we already spend more on health care per person than any state but Massachusetts.

Since 2001 (when we already had a problem), the cost of premiums for family health care has risen from 10 percent of the average Alaskan's salary to 33 percent, according to Mouhcine Guettabi, an economist with the Institute of Social and Economic Research at the University of Alaska Anchorage.

The increase in health care costs also contributes to the state's fiscal crisis. While budget cuts have brought overall spending back to where it was a decade ago (lower when accounting for inflation), the Department of Health and Social Services has increased 42 percent, becoming by far the largest part of the budget.

On top of costs for the poor and elderly, health coverage eats up public funds in various ways — for department employees, retirees, workers comp, the university, classroom teachers, prisons and juvenile justice. The state got a brief break from increases with tougher claims review and the Medicaid expansion, which moved part of the bill to the federal government, but now increases are projected the next two years, said Pat Pitney, director of the Office of Management and Budget.

A 2013 study by the Anchorage School District found that the majority of increases over a 20-year period went to health care and pensions. Our teacher's pay is about average nationally (adjusted for Alaska's cost of living), but our benefits are off the charts, more than double the national median.

And this is not because we use more health care than other states. Our utilization is below average. It's because health care here is way more expensive and has increased in cost much too fast.

I could easily fill a column with statistics. But everyone knows what's happening, because we're feeling it in our own budgets.

You can get a visual take on the problem by driving through Anchorage's U-Med District, which has exploded with new buildings, networking across former woods with long corridors and shiny, modern architecture. Profit margins for our hospitals are well above the average in other states.

And you can see the money in the wealthier neighborhoods around Anchorage. Our physicians are paid significantly better than doctors in other states. In some specialties, dramatically better.

And you can see it in job numbers. Employment in health care has risen so rapidly it has offset the job losses in oil and gas, so our overall jobs picture has stayed steady.

Economist Mark Foster, who did the school district report, calls Alaska's health economics a wealth transfer to high earners, as we've taken investments in teachers and sent them to doctors. But there's no conspiracy at work here.



What's happening is complex and fixing it will require reworking the market with different incentives and more transparency. It won't be easy and will take many steps. I'll cover solutions in future columns.

A first step is figuring out why we are paying so much more and why our prices are rising so much faster, said Guettabi, the economist at ISER. It's not as simple as saying Alaska is remote.

"Our costs are also growing at a faster rate, which can't be explained by the distance factors," he said. "That's something that can't be explained by cold winters and different demographics."

Yes, we pay more for milk and tires, and doctors and nurses have to pay those prices, too. But prices for goods haven't risen as they have in health care.

In fact, we don't know exactly why Alaskans pay more at the store for products. Some part is shipping (much more in rural areas). But a bigger part of the higher cost of living in Alaska could be due to extreme health care costs borne by employers, which are passed through to consumers.

Guettabi said there are no big, simple solutions, and that is one reason why we've made little progress. Policymakers like to speculate and focus on single factors. It's fun to be envious of doctors and blame it on their salaries.

But something deeper is wrong with this system. After all, if Alaska doctors are making so much more than they're worth, why aren't more doctors flocking here to take those jobs and driving the salaries down?

Guettabi said the problem lies in administrative overhead, technology, the cost of dying, underfunding of public health, and the cost of prescription drugs, as well as physician incomes.

Those many factors point to a problem with the way we buy health care. Obamacare expanded coverage, but failed to fix the cost of the system, especially in Alaska. Cost controls aren't working satisfactorily anywhere, but they're working worst here.

Until last year, the Alaska Health Care Commission studied the problem and made many detailed recommendations. But the Legislature defunded the commission to cut the budget (truly an example of being penny wise and pound foolish). Few of the recommendations for cost containment have been adopted.

The Medicaid bill that passed the Legislature this year includes money for a study to find out if the state could save by combining all its health plans into a single pool run by an authority. That feasibility study is due next January.

But that won't help the rest of us. We need to address cost.

Effective cost control would be painful for some. If it works, we might see a break in the construction of new buildings in the U-Med area, which would mean fewer construction jobs, fewer new hires to fill the buildings and provide care and less profit for the hospitals.

Our choice, however, is to become a society that just works for health care. There's got to be more to life than that.

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alaskadispatch.com. Send submissions shorter than 200 words to letters@alaskadispatch.com or [click here to submit via any web browser](#).

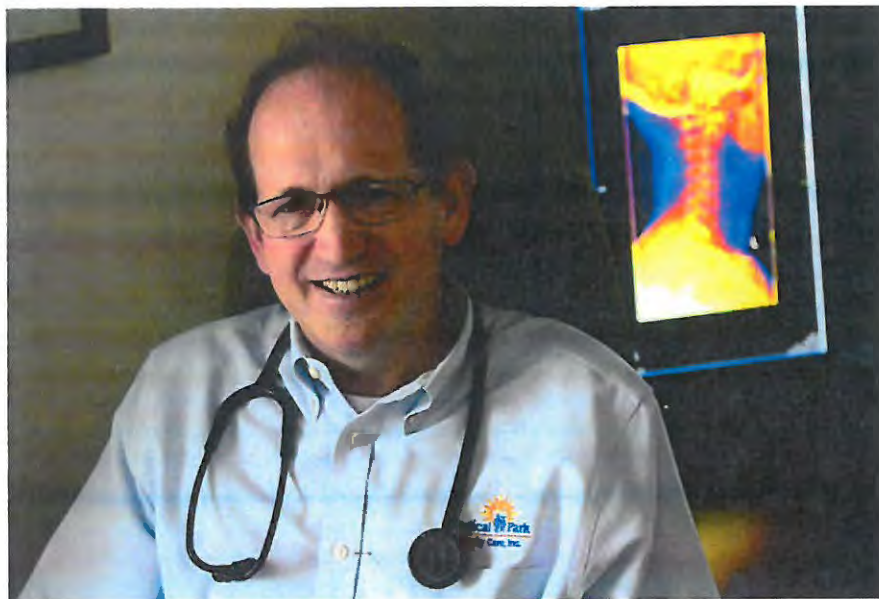
About this Author

Charles Wohlforth

Charles Wohlforth's column appears three times weekly. A lifelong Anchorage resident, he is the author of more than 10 books, and hosts radio shows on Alaska Public Media. More at wohlforth.com.

A doctor's quest to remain human inside an insane medical system

✍ Author: **Charles Wohlforth** © Updated: August 15, 2016 📅 Published August 13, 2016



Dr. Noah Laufer is president of Medical Park Family Care, Inc. (Erik Hill / Alaska Dispatch News)

When I wrote about Alaska's extreme health care costs last week, I received more than two dozen emails from readers with their own horror stories about encounters with the system's weirdness. Many of them were doctors.

"For a patient, it's a couple of times a year. For us it's all the time," said Dr. T. Noah Laufer, president of Medical Park Family Care.

Besides taking care of patients, his real love, Laufer runs a small business with more than 70 employees. A business that never knows how much it will be paid for the services it provides.

[How health care costs are bleeding Alaska dry]

Other small businesses set prices, sell services based on those prices and then collect those fees. But for doctors such as Laufer, each patient visit is just the beginning of a huge paperwork exercise, often with a back-and-forth war of attrition with health insurance employees that ends with an arbitrary amount of payment.

"They make their money off us with a million and one petty ways to deny payment," Laufer said. And this daily battlefield has gone digital. "We use computers to meet their deliberate befuddling techniques," he said.

Medicare, for the elderly, pays the least. Medical Park Family Care still sees patients after they turn 65 but won't take elders as new patients because the clinic loses money on each visit. Medicaid usually pays break-even fees, Laufer said. Private insurance pays the most, although each company pays a different amount.

As for people who have to pay on their own, Laufer said the doctors try to work something out. They have long-term relationships with their family practice patients and try to be aware of their financial issues.

But generally in our system, those who don't have insurance are charged the highest prices, as much as 10 times what a hospital or medical practice would receive from an insurance company or the government. A

doctor (not Laufer) told me prices usually are set to exceed the maximum amount they could hope to get from insurance, knowing each charge will be marked down.

This is a key flaw in our health care system. It's not just that the prices are unknown. The prices are fantasies. A crazy tangle of laws, programs and companies determines different payment for each person for each procedure according to an invisible logic that no one understands. The linkage of cost to price is gone.

The forces that make markets work — supply and demand, competition and price transparency — don't exist here. For doctors with their own practices, it's a strange world in which to work. You can't make a normal business plan. Laufer doesn't know the percentage of bills that are paid. He just hopes the numbers magically work out at the end of the month.



The clinic can't afford health insurance for its own employees. Like many other small businesses, it self-insures, with a policy for catastrophes, and has sometimes faced massive losses for major illnesses of its workers.

Laufer emphasized that he doesn't want anyone to feel sorry for him. He loves being a doctor and makes an upper-middle-class income. But he chose his career because he loves caring for people, and the system threatens that.

The clinic's doctors could work for a big company. Laufer said a hospital has expressed interest in taking over. A typical family practice doctor steers some \$20 million worth of business a year through his or her decisions, a rich source of billings for a hospital. But the doctors don't want to work for a big company. They like working for their patients.

"It's not about economics," Laufer said. "It's being able to have autonomy and do what's right."

Laufer grew up in the practice he now runs, in a brown concrete block building among the birch trees at Lake Otis Parkway and Northern Lights Boulevard in Anchorage. His father was one of the original doctors there in the early 1970s. As a boy, Laufer went into exam rooms and watched doctors helping people.

He especially remembers being 6 or 7 years old and accompanying his father on a house call to an old man who was dying — and who did die. But he died well because Laufer's father was there.

Laufer met his wife, Michelle, in medical school, and together they accumulated \$480,000 in student loans, which they paid off only after Noah was 48 years old. The money came partly from patients at Medical Park transferred from doctors who had once treated him like a son — patients the older doctors didn't want to give to anyone else before retiring.

Family practice doctors make among the lowest incomes of any specialty. Laufer's office shows evidence of that, with old, unmatched carpet and well-worn furniture, not at all like the granite counter tops and frosted glass I saw at an orthopedics office.

But the satisfaction makes up for it. Laufer knows 85 percent of his patients well. He tries to know their whole families. He said his success or failure can't be judged without looking at the health of the generation that follows the patients he cares for.

The best medical visits happen when a provider sizes you up by how you look — he or she knows you that well. And tells you you'll be OK. Most of the time, people get better without medicine. Laufer and his colleagues like sending patients home without a prescription, even though there's no money in it.

They're a dying breed. The health care system is a voracious money machine made of huge companies and massive bureaucracies.

Human beings left alone have caring impulses. Laufer and his colleagues are trying to give their lives to the sick and, while making comfortable incomes, not get rich. We've built a system that is making that close to impossible.



Whatever the solution is, we need to return to the roots of why we care for one another. I'll keep that in mind as I search for answers over my future columns on health care.

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Author**

Charles Wohlforth

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Alaska's extreme health care costs destroy economic opportunity and warp lives

✍ Author: **Charles Wohlforth** ⌚ Updated: September 5, 2016 📅 Published September 5, 2016

The outrageous cost of health care in Alaska is crippling small businesses, stifling innovators, and pushing ordinary people to make bizarre life decisions.

I've been writing about Alaska's extraordinary transfer of wealth to the medical industry in an occasional series of columns. For a healthy Alaska family trying to comply with the law, the cost of health care can easily exceed the cost of housing. That's unsustainable.

In 1991, Julie Drake started Title Wave Books with her husband, Steve, who was born in Alaska. A couple years ago, they had to drop their group insurance through the business and go to the Affordable Care Act online marketplace for individual coverage. But those premiums also rose until, planning retirement in their 50s, they realized they couldn't afford to stay in Alaska.

Drake said the couple's premium on Alaska's marketplace website was \$2,300 a month. They moved into a new home in coastal Washington a week ago. Now they will pay \$800 a month for health insurance.

"Either you have to earn so little money that you get some kind of subsidy, or you have to be married to somebody who has insurance. It's not a sob story. It's just the fact," Drake said. "It's turning into a system where you'd better be married to somebody with insurance or you can't be an entrepreneur."

Tim Paszalek, owner of a two-person marketing agency called Axe & Antlers, faced this problem when his wife, Amy, wanted to leave her job with the Anchorage School District to become a nanny, where she would make similar money but without insurance. They decided to take the plunge, buying a policy on the individual marketplace.

But affordable marketplace policies come with huge deductibles and out-of-pocket expenses. Paszalek hurt his back in January. Even with insurance, his surgery and recovery cost the family \$12,000 on top of health premiums of \$450 a month.

Paszalek experienced the Alice-in-Wonderland part of medical billing when providers offered him enormous discounts for paying cash rather than using his insurance — but he had to turn them down in hopes of filling his deductible. A physical therapist offered to charge \$85 per visit in cash or to bill insurance \$250.

[A doctor's quest to remain human inside an insane medical system]

His business is thriving, so Paszalek is close to paying off the bills.

"That's been the hobby of the summer, paying off medical bills," he said.

Shopping around outside Alaska helps some families. State Senate candidate Forrest McDonald gets his coverage through the Veterans Administration, but his wife, Jini, whom he met while serving in the Army in Korea, does not. When she got pregnant, they realized she could have the baby there for about \$900 out of pocket or pay \$15,000 for the same services in Anchorage.



Now she's away while he campaigns. The dental work she needed would cost \$5,000 here. In Korea, she can get the same work, plus pay for flights for herself and the two children, and an extended visit, for less total cost.

When they're home, the children get coverage through Denali Kid Care, funded by the state and federal government.

"This is why it really kills me, because I want to pay for everything, but the costs are so extreme, it's not possible mathematically," said McDonald, who has made health care a major part of his campaign. "I can pay for everything else in my life, but I can't pay for this."

I've spoken to many people who went outside Alaska for treatment. A self-employed engineer in his 50s said he ran the numbers and realized he could drop his individual policy, pay the tax penalty, and do all his medical work out of pocket, including taking trips Outside for vision appointments, and still save a lot of money. If he gets seriously ill, he can always buy a policy.

A doctor told me of a young patient in need of an operation who bought a policy for the months necessary to get treatment, then dropped it.

Small businesses are dropping medical policies, too. In 2016, the penalty for a business with more than 50 full-time-equivalent employees that does not provide health insurance is around \$3,000 per worker, far less than the cost of coverage in Alaska. Jeff Ranf, vice president of USI Northwest, who consults with businesses on health insurance, said he has seen policies approaching \$50,000 a year for a family.

Ranf said three-quarters of his business clients who still offer health care do so with self-insurance, paying employee health care costs directly while carrying a stop-loss policy to cover unaffordable claims. If they monitor health care spending carefully and invest in employee wellness measures, the option can save money.

Many small businesses have no choice about offering insurance. Katherine Jernstrom said health care is the largest cost other than payroll for her husband's five-employee engineering firm, Jernstrom Engineering, but most engineers won't take a job without insurance.

Ranf agreed with her that high health care costs make Alaska companies less competitive than those Outside and disadvantage Alaska-owned firms compared to large businesses. With so much spent on a basic benefit, Alaska businesses have less money for salaries, bonuses and perks that talented young professionals can choose among when seeking work.

We also pay for these costs in higher Alaska prices.

"They're passing the cost of health care on to their customers," Ranf said. "They have to."



[How health care costs are bleeding Alaska dry]

And who knows what else we're losing, as we crush daring young people who want to start new businesses and create new opportunities?

Jernstrom owns The Boardroom, a shared work space for entrepreneurs and freelancers. She said many of the people who work there have spouses with insurance from government or large organizations. For those without that advantage, she often hears health care mentioned as a factor in giving up and finding a job.

We're not just impoverishing ourselves by paying so much for health care. We're throwing away our future.

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Health

About this Author

Charles Wohlforth

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Some Alaska medical specialists charge as much as 10 times more than doctors in Seattle. Because they can.

✍ Author: [Charles Wohlforth](#) 🕒 Updated: September 10, 2016 📅 Published September 10, 2016

Some of the most extreme examples of Alaska's unsustainable medical costs come from procedures by specialist clinics, including groups of orthopedists and cardiologists with near monopolies. A state regulation helps them charge more.

In this series of columns about medical costs that are eating up our public and private finances, I am focusing on issues unique to Alaska. Our costs are far above average, and far above what can be explained by the cost of living here.

Alaska's medical industry now costs about as much annually as the total value of a year's oil production. Roughly a third of that money goes to doctors, dentists and clinics and another third to hospitals.

[How health care costs are bleeding Alaska dry]

[A doctor's quest to remain human inside an insane medical system]

[Alaska's extreme health care costs destroy economic opportunity and warp lives]

In following the trail of money, a wide path leads to specialist clinics where partner doctors allegedly earn millions of dollars a year — although I was unable to get anyone on record to say how much these doctors actually make. Public statistics report only the earnings of doctors who collect salaries, not the owners of practices.

Some specialist procedures cost 10 times as much in Anchorage as they do in Seattle, said Lori Wing-Heier, director of the Alaska Division of Insurance. A standard rate for a knee replacement is \$2,042 in Seattle but \$10,218 in Anchorage, according to data from Premera Blue Cross Blue Shield of Alaska.

Over the last 10 years, that fee went up 8 percent in Seattle and 43 percent in Anchorage.

And that's the negotiated contract price between in-network doctors and the insurance company, which reflects a discount. The out-of-network cost could be much higher.

Insurance companies negotiate for set prices with in-network doctors. In an area like Seattle, with many providers, they can use their buying power to get deals. But not in Anchorage.

With the vast majority of orthopedists working for one firm, the merged Anchorage Fracture and Orthopedic Clinic and Orthopedic Physicians Alaska, there is little competition to control fees. In cardiology, Alaska Heart and Vascular Institute has a near monopoly in Anchorage. (I reached out to both Alaska Heart and Orthopedic Physicians but was unable to get an interview.)



Wing-Heier said no general surgeons are under contract in Alaska.

A state regulation requires insurance companies to pay 80 percent of usual and customary rates regardless of whether a doctor is in-network. But with only one major practice in some specialties, the usual and customary rate is whatever the clinic says it is. (I first learned of this issue from reporting by Annie Feidt of Alaska Public Media.)

Wing-Heier said the 80 percent rule was established in 2004 to protect consumers from surprise bills. In a hospital, patients cannot check every provider to find out if he or she is in-network, especially in an emergency. Before the rule, some patients faced financial ruin when their insurance companies presented them with massive unpaid balances because providers were out-of-network.

But paying a 20 percent co-pay is no bargain if the bill is inflated by more than five times. Readers have contacted me with examples of medical services they found that cost less in total than their insurance co-pay in Alaska.

Wing-Heier has the power to change the 80 percent rule but said it is still needed to protect consumers. However, she favors finding another mechanism to provide that protection. Alaska is the only state with the rule.

Premera Blue Cross Blue Shield of Alaska is trying to get the merged orthopedic practice and other specialists under contract, said its president, Jim Grazko. Those negotiations made him hesitant to criticize doctors in an interview Thursday.

Doctors I spoke to agreed that the lack of competition and the 80 percent rule take away specialists' financial incentive to contract with an insurer. Grazko said his company is enticing them with cooperative services instead, offering quicker payment and a more efficient relationship.

Premera does get savings using competition when it sends patients outside Alaska. Grazko said the company offers patients who need expensive procedures free travel to see an in-network doctor of their choice in any of the other 49 states, including airfare and lodging for a companion. Local doctors have refused to do follow-up on those out-of-state procedures, so the insurer also offers a second expense-paid trip for follow-up visits.

Even including the cost of the two trips for two people, the program saves an average of \$20,000 per procedure, Grazko said.

Dr. Alec Glass, president of the Alaska State Medical Association, the professional organization for physicians, said doctors are concerned about Alaska's cost disparities.

He came to Anchorage from San Francisco to practice neurology in a good community to raise children. With only three neurology practices in the Anchorage area, he said he has more bargaining power with insurance companies and can negotiate higher rates than physicians in San Francisco, although the cost of living there is near the highest in the country.

But Glass and other doctors said the insurance companies add to the market's lack of transparency. Lists of in-network and out-of-network doctors are often inaccurate or out of date. Patients have no way of knowing what they will pay until the insurance company and provider negotiate each claim.



There are solutions to these problems.

Outside Alaska, managed care organizations bring the entire system in-house, so they can pay reasonable salaries and control costs. That hasn't happened here, possibly because most Alaskans are already covered by government-funded programs, including those for seniors, veterans and Alaska Natives, leaving too few patients for a managed care system.

The state of Alaska could use its power to increase competition. For example, the attorney general intervened with antitrust laws when Safeway bought Carrs grocery stores in 1999. A grocery monopoly is a lot less expensive than a medical cartel.

The Alaska Legislature could pass laws requiring transparent, outcome-based pricing. Contractors and auto mechanics give firm total price bids in advance. So could hospitals and doctors, with exceptions for emergencies.

There are many other ideas. I'll write more about them. But there is a catch. For any solution to work, those who are getting rich from the current system will have to receive less.

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Health care divides Alaska's haves and have-nots. And the haves are in charge.

✍ Author: **Charles Wohlforth** ⌚ Updated: October 17, 2016 📅 Published October 17, 2016

Alaska's health care system creates classes of haves and have-nots. One reason the cost of the system has exploded is because the haves are making the decisions.

The haves are those with health care paid for by large employers, especially the government. The 60 percent of Alaskans who get health insurance through their jobs pay only 10 percent to 15 percent of the true cost.

That includes workers like our state legislators and governor.

The have-nots are individuals and small businesses whose lives are being turned upside-down by the cost of a platinum-plated medical industry. So far, their voices haven't been heard by the haves who hold power — or not heard as clearly as the voices of doctors and hospital administrators, who are among Alaska's wealthiest and most powerful people.

It's astonishing that a problem of this magnitude has gone this far without any meaningful action from state government.

With the highest and fastest-rising costs in the nation, Alaska's health care industry is threatening to take over the economy. And kill it.

Alaska's health industry increased in size by an average of 8.8 percent a year during a 13-year period ending in 2009, according to statistics provided by Mouhcine Guettabi, an economist with the University of Alaska Anchorage Institute of Social and Economic Research.

During that same period, the total Alaska economy (our gross state product) grew at an average rate of 5 percent.

Even with the economy growing at that fast rate, health care grew so much faster that if the trends continue it would become 50 percent of our economy by 2048. Which is impossible. Other industries would collapse before every other dollar spent in Alaska was for health care.

But consider that our economy now isn't growing anywhere near as fast as 5 percent. And yet, the health care industry continues to add jobs and facilities. If we assume our economy grows at a reasonable 2

percent a year while health care keeps up its past pace, we would reach the 50 percent point not in 2048 but just 15 years from now.

These economic projections are very rough and leave out many factors. The point isn't in the details but in the big picture: Alaska is headed for an economic catastrophe if health care costs aren't controlled.

For many small businesses and individuals, serious consequences have already arrived. I hear from folks every time I write one of these columns:



[Earlier: How health care costs are bleeding Alaska dry]

A successful artist who abandoned her business because she couldn't afford health care for herself and her children and now works an administrative job with a state agency.

A primary care doctor whose own group health insurance became unaffordable and who relies on much better insurance through her husband's federal retirement.

A business person who cut her staff to 50 people to avoid the employer health insurance mandate for larger firms. Her husband quit working in the business and got a job that offered insurance so they could be covered themselves.

A woman who had affordable subsidized coverage under Obamacare but lost it because her husband's income increased, with the net impact that the new money went to the increased insurance premiums.

And I heard from log home builder Bill Kiskan. He and his wife, a furrier, get affordable insurance through Obamacare only so long as they don't do too well in their businesses. Bill received a quote of \$52,368 a year for an unsubsidized silver-level plan.

He wrote in his email: "Friends of ours who worked with the state pay literally nothing for a Cadillac plan. The anger and the jealousy between the two classes (that's what it is) would be a good article. Like one friend puts it, they drink out of a golden goblet, we drink out of a sewer pipe."

[Earlier: Some Alaska medical specialists charge as much as 10 times more than doctors in Seattle. Because they can.]

What has the state done to address the cost crisis so far? It deposited billions in teacher and public employee retirement plans based on the assumption that health care costs will always rise at 7 percent a year.

I don't begrudge government employees their quality coverage and I know the retirees earned their benefits, which are guaranteed under the Alaska Constitution. But the situation insulates them from a problem causing great injustice and economic damage for others.

"Regular people can't afford it," Guettabi said. "But it's considerably less so for legislators and others who work for government."

[Earlier: A doctor's quest to remain human inside an insane medical system]



The impact on large employers and labor unions is beginning to amplify the message.

"The high differential for care in Alaska is killing the economic viability of even the largest companies," said Doug Smith, CEO of ASRC Energy Services, in an email. "The cost of health care benefits is several times our annual remaining net profit for companies in Alaska."

Firefighters covered by a Northwest region health trust feel the problem too, said Thomas Wescott, president of Alaska Professional Firefighters, in a message: "We are constantly looking for ways to reduce medical costs because we cannot expect the trust to cover these high prices we experience in Alaska."

Employees of companies pay part of their excessive health care costs when employers increase co-pays, deductibles and premiums. Workers also pay, but don't know it, when their employers put compensation money toward health care increases rather than giving raises and bonuses.

Alaska businesses are losing competitiveness or are never starting because health care is too expensive. That's what it looks like when health care eats the economy.

[Earlier: Alaska's extreme health care costs destroy economic opportunity and warp lives]

Our economy ran for many years as a machine for spending money that came from Prudhoe Bay and the federal government. Any way you divide up free money coming from outside the state, it provides economic activity and jobs.

In Alaska, medical specialists used their share for Hillside mansions and granite counter tops in their clinics, employing contractors. Health care was a way of serving up the gravy train.

But now that competitiveness matters, those old habits are leading us off a cliff. And the people at the wheel seem to be least aware of the peril.

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Health

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Nonprofit Providence Alaska Medical Center is getting rich on the health-care crisis

✍ Author: **Charles Wohlforth** © Updated: December 26, 2016 📅 Published December 26, 2016



Bruce Lamoureux, Providence chief executive (Bill Roth / Alaska Dispatch News)

Anchorage's big nonprofit hospital, Providence Alaska Medical Center, makes a big profit.

Alaska tops the nation in medical costs. Our per-person spending on hospital care is 50 percent above the national average, even though our use of hospitals is only average.

Part of the problem is that our biggest hospital made a 17 percent profit on providing care last year — or net margin, in the language of nonprofit accounting. That doesn't count the money it made on vast investment holdings.

The hospital gave away charitable care that cost it \$25 million. At the same time, it added \$132 million in profit to a hoard of Wall Street investments worth around \$1 billion. The numbers come from the 2015 Medicare Cost Report, a detailed financial report all hospitals file with the government.

Hospitals consume 42 percent of Alaska's unsustainable health-care spending. That's the topic of this sixth column in a series about our cost crisis. In the next column, I'll cover a radical solution that doctors, administrators and other experts say could work. My weekend column will look at the rocky political path to that solution.

[Read the past installments in Wohlforth's series on health-care cost]

I focus on Providence today because it is the largest hospital in Alaska — in fact, it is the largest private employer in Alaska — and because its charitable mission, started by the Catholic Sisters of Providence, is to care for Alaskans, not to make money. I found Providence open and approachable in my reporting.

Providence is not unique in doing well. Alaska hospitals generally make profits that are twice the national average.

Numbers are roughly similar to Providence, proportionally, at the much smaller Alaska Regional Hospital, a for-profit business owned by Hospital Corp. of America. Regional makes about 22 percent on patient care but pays federal tax and property tax that bring its net profit well below Providence's tax-free margin.

While it does less than half as much business as Providence, Regional's taxes and charity in 2015 nearly equaled the cost of Providence's charity care.

Providence and Alaska Regional gave me the financial information I requested, including summaries, but Mat-Su Regional Medical Center refused, saying I should get the information from the government's unwieldy files.



Successful management at Providence and its tax-free status allowed it to grow rapidly, filling the U-Med District with new buildings and adding staff even through economic downturns. While banking deep reserves, it also subsidized a wide variety of social services and money-losing medical services.

Money sloshes around freely in Alaska's medical industry from overpriced and unnecessary care, so it's not surprising that the largest entities are doing well. Providence's CEO agreed the system is crazy and brutally unfair to some patients, noting that medical bills are a leading cause of bankruptcy in the U.S.

"It's generally understood that some 35 to 50 percent of health-care spend is not necessary, that it's waste of some sort," said Providence chief executive Bruce Lamoureux. "The system is so broken and confused that you have all these strange and wacky and perverse incentives."

Key economic mechanisms that have helped partially control health-care costs in other states don't exist here, Lamoureux agreed. Alaska lacks managed-care organizations to control costs from the top, while we also lack robust price competition to control costs from the bottom.

The Alaska Legislature passed a law in 1998 making it economically impossible to operate managed care, as I'll cover in my next columns.

The lack of price competition allows many providers to charge inflated prices. **As I previously reported**, monopolized practices in specialties such as orthopedics and cardiology charge as much as 10 times more than doctors outside Alaska. Hospitals don't have complete monopolies but insurers have few choices and weak bargaining power when contracting for service.

At Providence, like other hospitals, charges bear no relation to the cost to provide service, according to the 2015 Medicare report. In labor and delivery, Providence charges a 66 percent markup. In the emergency room, the markup is 626 percent of what the service costs. Heart monitoring is charged at 11 times what it costs to provide. In 2015, Providence charged \$37 million for drugs that cost \$6 million.

But hardly anyone pays those charges. They are like opening bids in negotiations with insurance companies, which each obtain discounts of various amounts according to complex contracts.

The hospital offers self-pay patients an automatic 20 percent discount but collects only 5 percent of the billed amounts (the unpaid portion is counted as bad debt, not included in charity care). Medicaid paid only 27 percent of the amount Providence charged, but that was still enough to give the hospital a 10 percent margin on that care, the 2015 Medicare report said.

In all, the hospital charged about \$2 billion and wrote off or discounted about \$1.3 billion of that amount. But the hospital did fine, because its total costs for patient care were only \$479 million.

As a patient, your share of the discounts was a lottery, depending on why you went to the hospital and the deal your insurance company made — if you were lucky to have insurance.

Lamoureux agreed that the charges don't make any sense. But the hospital can't charge like most businesses — recovering its costs plus a reasonable markup — because of the chaotic way that insurers and the government discount their payments.



He said the hospital's overall 17 percent margin is reasonable to cover increasing costs in the future. Although depreciation of the physical plant is accounted for elsewhere in its finances, future replacement of facilities may cost more.

He said the Alaska hospital's huge investment reserves help back bonds for facilities built in the Providence system outside Alaska. Money generated in Alaska stays here, but Providence Health and Services, the overall entity, has been losing money across the five states where it operates, according to 2014 tax filings. The Alaska operation holds a disproportionate amount of its financial assets.

Lamoureux said he expects finances to tighten. Providence Alaska Medical Center will post a smaller margin in 2016. He said Providence will stop expanding and save resources for harder times ahead.

I think Providence could afford to give away more charitable care. But as I look at the hospital's wealth, I see a symptom rather than a cause of Alaska's sick health-care system.

The current system extorts taxpayers, employers and individuals for uncontrolled spending on high physician salaries, gold-plated health facilities, investment reserves and unnecessary tests and procedures. Providence happens to hold one of the biggest buckets gathering the money cascading from our inverted pockets.

A fair and sustainable system would stop that flow. Patients would pay for the costs they caused. Providence and other health care providers would profit by producing results.

There is a way to make that happen, as I'll discuss in my next column.

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Health Health Care

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How to transform Alaska's health care system into something we can afford

✍ Author: **Charles Wohlforth** © Updated: December 28, 2016 📅 Published December 28, 2016

Alaska's health care cost crisis is not as complicated as it looks.

In this series of columns, I've tried to simplify the issue by following the money. Health care spending is devouring Alaska's economy and government budgets. Where is all that money going?

[Read previous installments in Wohlforth's health care cost series]

In asking that question, we don't need to talk about national issues, such as the Affordable Care Act, drug prices, health trends, CEO salaries, or doctors' student loans. If Alaska had only those problems, we would be in far better shape than we are today.

Alaska's spending and cost increases exceed the rest of the country so dramatically that just getting down to the high-end of average would be a major victory.

With national issues out of the way, following the path of our money is fairly straightforward.

We pay too much for care. Providers and hospitals, as a whole, cost too much. That's the key differential from the other states. Alaska's cost of living, transportation challenges, malpractice insurance and harsh climate are smaller issues in comparison to excessive profit and compensation.

The competitive forces that hold down prices elsewhere, mostly through insurance companies negotiating with providers, don't work in Alaska because of our small size and isolation from larger markets. Many specialists have monopolies and there are too few hospitals for robust competition.

State policy has made this problem worse, [as I discussed in a previous column](#) and will cover more in my next one.

But I'm skeptical that competition among providers could ever control prices in Alaska. Our population is too small to support many competing specialists and hospitals.

[Traveling outside Alaska for care](#) is an option for some procedures — an option insurance companies support and many Alaskans are using — but it isn't a solution to the lack of competition.

Without competition, the remaining prescription for high costs is managed care.



Alaska Natives already enjoy this kind of care. At Southcentral Foundation, which provides primary care to 65,000 Natives in Anchorage and around the region, east to the Copper River and west to the Aleutians, teams of salaried medical professionals work with patients for overall health, not to earn fees from individual examinations or procedures.

Managed care eliminates the incentive to do more medical procedures and charge more for them. Ideally, a single organization is responsible for the overall health of members, whose payment is the same regardless of what services they need.

When combined with a team approach, evidence shows the concept can save a lot of money and deliver good results.

In Anchorage, Southcentral's Nuka System of Care includes behavioral and mental health, vision and dentistry, education, youth and elder programs, suicide prevention and many other services. Patients are called customer-owners and become part of the team of providers.

"You're not expected to just be a patient who walks in the door and says, 'Help me, I'm sick,'" said Southcentral CEO Katherine Gottlieb. "It's now a journey of wellness together."

Surveys of patients and employees show high satisfaction and Southcentral won a prestigious national quality award. It reduced emergency room and hospital admission each by 36 percent from 2000 to 2015. Visitors come from all over the United States to study its work.

Southcentral costs about \$500 a month per member, mostly paid by the federal government. That cost does not include hospital care.

I could not find a comparable cost for the same services in the private sector, and Southcentral did not provide a total cost per member for all care. (One of Alaska's serious deficiencies is a lack of research on these issues.)

But from experience, I know many in Alaska paying for unsubsidized health insurance individually would be delighted by the price.

Could non-Native Alaskans get managed care?

[The U.S. spends more on health care than any other country. Here's what we're buying.]



Managed care systems only work with a large population that spreads the risk of high-cost patients. It also requires patients to give up individual choice. You have to be willing to go along with the team concept, which means seeing doctors the organization chooses — doctors on salary without a profit motive.

The system has worked in states with smaller populations than Alaska, but not here. In 1998, the Legislature passed a poison-pill law that requires managed care organizations to allow members to see any doctor they choose, defeating the central concept.

But the state could change this. Besides repealing the law, the state could use its buying power to create a managed care organization that private employers and even individuals could join.

In addition to saving money and improving health, a managed system open to all would create real competition for private providers, holding down everyone's costs.

In its current self-insurance plans, the state covers 17,000 employees and dependents and 69,000 retirees and dependents, according to the Department of Administration. Alaska has another 58,000 other public employees in state and local government, school districts and the university (not counting dependents).

A managed care system for all those people would be more than large enough to share risk.

What would that look like?

I don't think I would want the government to hire my doctor, but the state could contract competitively to set up a managed care system. Hospitals already operating here would have the facilities to bid on such an opportunity. Or, perhaps, a firm like California's highly regarded Kaiser Permanente managed care system could come to Alaska.

Every system has problems and managed care produces horror stories just as traditional care does. Not every outcome would be improved nor all waste eliminated.

But only transformation can save Alaska's health care system, our economic competitiveness and government finance. We must reroute the path of our money to create a better system.

Almost everyone I talked to while writing these columns, including the top people at hospitals, insurance companies, state agencies and doctor organizations, agreed it is too late for small or incremental solutions.

But politics is a serious barrier to major change. Those on the receiving end of the money flowing through the current system would lose if we changed it to something fairer and more efficient. And they have plenty of power to fight back, as I'll discuss in my next column.



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50 lobbyists stand between Alaskans and health care reform

✍ Author: **Charles Wohlforth** ⌚ Updated: December 31, 2016 📅 Published December 31, 2016



Rep. Ivy Spohnholz, D-Anchorage, center, said she is learning about the health care system and admitted, "I'm still trying to get a hold of what all the acronyms mean." (Marc Lester / Alaska Dispatch News file)

State government has helped the medical industry fleece Alaskans with overpriced health care. Transforming the industry would take a legislative revolution.

Fifty lobbyists for the health care industry registered for the last Alaska Legislature. Heavy-hitting professional lobbyists all had at least one health care client. Even individual doctors' offices hired lobbyists for as much as \$60,000.

Legislators wooed by these professional persuaders are bound to listen because many are alarmingly ignorant about health care issues. And because the Legislature has starved or killed agencies that could give it objective research on health care. And because no one lobbies for the public.

[Here are previous installments in Wohlforth's health care cost series]

I talked to the incoming chairs of the Health and Social Services committees in the House and Senate, who should be the best informed on these issues.

Rep. Ivy Spohnholz, D-Anchorage, said she is learning about the health care system. She was aware of some of the ideas that were talking points for candidates in the last campaign but, she frankly admitted, "I'm still trying to get a hold of what all the acronyms mean."

Sen. David Wilson, R-Wasilla, said he didn't plan to focus on medical cost issues in his committee. With no staff before taking his new office, he hadn't started to grapple with the issues.

"I don't know that I have much to offer as yet," he said.

Three changes to the health care system are under discussion that, although probably too small to substantially affect rising-costs, could help.

Some other states have price transparency laws that allow patients to find out how much procedures will cost before seeking care.

Price transparency is necessary for competition — you have to know the price before you can compare — but it is not sufficient. In a market of monopolies such as Alaska health care, there would be few choices to compare even if you knew the price.



The state also is **considering reforming the so-called "80th percentile rule."** This regulation limits insurance company discounting of payments to providers and is intended to protect patients from

surprise balances that are not covered. But by allowing providers to define the customary rates insurers must pay, it removes their leverage to control costs.

Lori Wing-Heier, director of the Alaska Division of Insurance, will hold a **hearing on changing the rule on Jan. 6**. She does not need legislative action to make a change.

Businesses and insurance underwriters formed Alaskans for Sustainable Healthcare Costs in recent months and have been meeting in Anchorage to prepare for Wing-Heier's hearing. This group is the first organized business opposition to Alaska's health care lobby that I am aware of.

The third change under consideration would put more government employees and retirees under a single health care plan, potentially reducing cost. The Legislature commissioned a study of the concept last year, which it called the Alaska Health Care Authority.

A first phase of the study is expected in February with research on who could be covered and how an authority could purchase insurance. In June, the Department of Administration hopes to release a second phase with bigger ideas about changing the system, said Commissioner Sheldon Fisher.

That second phase of the study is the best hope for transformation that could help private businesses and individuals as well as the state. But it is still only a study and there's no evidence legislators want radical solutions.

Simply buying insurance in larger and larger groups is not a solution when the problem is the cost of the underlying care. As long as there is only one orthopedic or cardiac partnership in Anchorage, **or only two private hospitals**, insurance companies will lack leverage to hold down payments. Other Alaska communities have even less competition.

The state could **contract for a managed-care organization** that would provide health care by salaried doctors it employs in facilities it owns. Fisher said the study's second phase will look at managed care, which would require a change in state law.

But would doctors and hospitals ever unleash their legislators to allow that change?

I tried to learn the compensation of doctors who own the orthopedic practice here in Anchorage, the merged Orthopedic Physicians Alaska and Anchorage Fracture and Orthopedic Clinic.

Some lawyers know what the doctors earn, since doctors get involved in lawsuits. But Alaska's professional social class is small and its members avoid criticizing one another openly, and I couldn't find doctors or lawyers who would tell me the salaries on the record.

Randomly searching court records with doctors' names, I found 2016 papers in which an orthopedic specialist in Anchorage reported income of \$259,000 a month, equating to \$3.1 million a year.

A 2010 study paid for by the Legislature found the average salaried physician in Alaska earns about \$200,000 a year. That pay difference between a staff doctor and a partner in a private practice is a challenge for starting managed care, or for any reduction in health care cost.

The Legislature, after receiving the last set of reports on health care costs it commissioned, which included the report on doctor compensation I just cited, eliminated funding for the Alaska Health Care Commission in 2015 without taking substantive action on its cost-cutting recommendations. **The commission's information is still online** but much of it is out of date.

Social scientists at the University of Alaska Anchorage also produced a powerful study of the cost problem, now outdated. Since then, funding has not been available to answer many of the most basic questions, said Mouhcine Guettabi, a health care expert at the UAA Institute of Social and Economic Research.

I don't think the lack of information is an accident. The Alaska health care system is not dysfunctional. It functions beautifully for those who profit from it.

With their power in Juneau, health care providers have been able to draw an ever greater share of the Alaska economy to their businesses, with high compensation and ever-expanding employment and facility construction. But, like a parasite that kills its host, even those profiting most richly must realize by now that Alaska's economy cannot continue to hand over an ever-increasing share of its wealth.

Health care costs can destroy Alaska's economic vitality and threaten Alaskans' personal well-being. That should be enough motivation to take Juneau back from the lobbyists.

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Kenai Peninsula Borough School District	<u>Reserve Account</u>	<u>As of 6-30-15</u>	<u>As of 6-30-16</u>	<u>Monthly Contribution</u>
	Employee Share	789,349.81	578,048.09	Employee Share + 322.50
Health Care Committee Monthly recap as of December 30, 2016	Employer Share	1,320,140.81	1,350,262.27	Employer Share 1,763.62
				2,086.12

This document is provided to the Health Care Committee as a work paper to recap the contributions to and expenditures from the Health Care Plan each month. It is to be used primarily as an aid in estimating costs of the plan to determine if changes should be made in employee contribution amounts. Every effort is made to provide current and accurate information, but this information is not audited until after the end of the fiscal year.

Obligations/Contributions

Health care obligations and contributions provide employee and employer amounts of health care contributions using different calculation methods.

Obligations are estimates of funds that employees and the district will be obligated to contribute, based on the plan year (July through June).

Returning employees are covered by the health care plan for the entire plan year, meaning the 12 month period July through June; both employee and employer are obligated to pay for 12 months of coverage. New employees pay for coverage from date of hire through June, the end of the plan year. If an employee works at all during a month, both employee and employer pay for the entire month of coverage.

Actual Contributions made by employees and benefits paid by the employer during the payroll process are shown on the sheet in the columns labeled "Collected." The division of payments is governed by the Collective Bargaining Agreements and Memorandums of Understanding between the district and the employee groups.

Employee-paid contributions are deductions from payroll checks. Employees who work 12 months make contributions each pay period. Many school district employees do not work 12 months, so contributions are collected for those employees during the 9 month period from September through May.

For this reason, contributions are generally larger than obligations for September through May and contributions are generally smaller than obligations for June, July and August.

The "Collected" columns show what is actually available for paying health care costs. The "Obligations" show what is estimated to be available by month, based on number of employees at the current rate of contributions.

	Number of Employees	YTD Employees	Current Month Obligations	YTD Obligations	Contributions Current Month Collected	Contributions YTD Collected
Employees						
KPEA Employees	644	3,798	207,690.00	1,224,855.00	264,987.62	1,056,766.00
KPEA Repay EE Reserve					10,155.41	40,489.85
KPESA Employees	466	2,724	150,285.00	878,490.00	186,343.37	763,844.33
KPESA Repay EE Reserve					7,195.13	28,788.86
Administrators	58	343	18,705.00	110,617.50	22,812.41	97,256.84
Admin Repay EE Reserve					898.94	3,581.56
Board Members	3	18	967.50	5,805.00	867.79	5,520.16
Board Repay EE Reserve					14.21	56.84
Exempt Employees	23	139	7,417.50	44,827.50	7,346.42	41,520.56
Exempt Repay EE Reserve					326.15	1,264.01
Affordable Care Act **	-	-	0.00	0.00	-	-
ACA Empl Repay EE Reserve						
Total Employees on Payroll	1,194	7,022	385,065.00	2,264,595.00	500,947.45	2,039,089.01
COBRA Payers (FY16 = \$2115.76)	5	34	10,578.80	60,721.25	5,960.57	50,733.66
Total Employees	1,199	7,056	395,643.80 *	2,325,316.25	506,908.02	2,089,822.67

* Current month employee obligations are a calculation of "Number of Employees" eligible for health care coverage during that month times the "Employee Share" (shown in the upper right corner of the sheet).

** Affordable Care Act (ACA) coverage is offered to employees once eligibility is determined. Eligibility is based on number of hours worked during the measurement period.

Employer						
Employer share	1,194	7,022	2,105,762.28	12,384,139.64	2,736,185.18	11,168,729.22
Total			2,501,406.08	14,709,455.89	3,243,093.20	13,258,551.89

+ Employee Share Split	Current Year Contribution	310.66	Subtotal	482,357.61	1,964,907.89
	Prior Year Reserve Repayment	11.84	Subtotal	18,589.84	74,181.12
		322.50		500,947.45	2,039,089.01
			++ Current Year + COBRA Contr	488,318.18	2,015,641.55
			Prior Year Reserve Repayment	18,589.84	74,181.12
			Total EE Contr	506,908.02	2,089,822.67

Kenai Peninsula Borough School District	<u>Reserve Account</u>	<u>As of 6-30-15</u>	<u>As of 6-30-16</u>	<u>Monthly Contribution</u>
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				322.50
				1,763.62
				<u>2,086.12</u>

Expenditures

Since the health care plan is self-funded, both employee and employer contributions are collected and bills are paid from the accumulated funds.

Claims	Current Month	Year-To-Date
Health Care Claims paid by TPA (Rehn)	2,283,292.39	11,805,230.78
Prescription Claims paid by Caremark	<u>236,132.40</u>	<u>1,199,390.53</u>
Total Claims Paid	<u>2,519,424.79</u>	<u>13,004,621.31</u>
Administration		
TPA (Rehn) fees and costs	53,907.06	560,687.01
Consultant Fees	5,600.00	33,600.00
Stop Loss Premiums	167,474.66	983,251.81
Affordable Care Act Fee		
Total Administration	<u>226,981.72</u>	<u>1,577,538.82</u>
Total Claims plus Administration	2,746,406.51	14,582,160.13
Adjustments		
Stop Loss reimbursements	(21,407.95)	(762,804.22)
Prescription Rebates		(282,645.89)
Health Care Claims refund	-	-
Other adjustments		<u>(25.00)</u>
Total Adjustments	<u>(21,407.95)</u>	<u>(1,045,475.11)</u>
Total Expenditures	<u>2,724,998.56</u>	<u>13,536,685.02</u>

				Total Collected ++	Collected less Expenditures
EE Share of Expenditures	15%	408,749.78	2,030,502.75	2,015,641.55	(14,861.20)
ER Share of Expenditures	85%	<u>2,316,248.78</u>	<u>11,506,182.27</u>	<u>11,168,729.22</u>	<u>(337,453.05)</u>
		2,724,998.56	13,536,685.02	13,184,370.77	(352,314.25)

Obligations indicate the funds that will be accumulated per employee per month. Expenditures are amounts that have been paid through the plan.

Obligation per Employee	\$310.66 EE / \$1,763.62 ER split	Current Month	Year-To-Date
		<u>2,074.28</u>	<u>12,445.68</u>
Monthly Cost per Employee (Total Expenditures / Total Employees)		<u>2,272.73</u>	<u>1,918.46</u>
	Employer Share - 85%	1,931.82	1,630.69
	Employee Share - 15%	<u>340.91</u>	<u>287.77</u>
		2,272.73	1,918.46

Current Month Obligation per Employee minus YTD Cost per Employee per Month 155.82 **Current Variance**

A positive number for "current variance" represents the amount per employee per month that is estimated to be collected above the amount spent year-to-date. A negative number represents the amount of expenditures (per employee per month) that are more than what is estimated to be collected for payment of those expenditures.

++ **Total Collected** for Employee share is based on the \$310.66 per month collected for FY17 expenditures and any COBRA payments. This does not include the \$11.84 collected monthly to repay the employee reserve account.

Net Health Care Costs

