

Alaskans face the nation's highest health care costs. Why?

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An Alaskan spends on average more than \$3,000 on health care per year over what the average American spends, according to the latest federal data. That overall comparison, however, masks much bigger disparities for certain procedures and treatments. One Alaskan researching last year, for example, found that the “all-in” cost of her hip replacement surgery in Seattle was well under half what the total cost would have been in Anchorage. (By far the biggest cost difference was in the facility fee quoted by the hospital in Anchorage vs. that charged in Seattle, not the relatively small difference in the orthopedic surgeon’s charge.)

[\[Alaskans seek relief from high costs with medical tourism\]](#)

Experts have identified some causes of Alaska’s high health care costs as:

- Hospital margins in urban Alaska that are higher than national averages (the most recently released study shows that Anchorage hospitals have margins almost three times the national average);

[\[Tips to control your doctor and hospital bills\]](#)

- The relative shortage in Alaska of beds at facilities with skilled nursing and other behavioral health centers that would allow some patients to avoid expensive hospital stays;
- Limited competition and/or leveraging of market power by some medical providers – particularly specialty physicians

such as orthopedic surgeons, neurosurgeons, and cardiologists – that keeps prices/fees higher than they would be otherwise (although some Alaska medical practitioners appear to make only 1/50th – or even 1/100th as a few specialist practitioners do per year and some family practitioners are clearly struggling financially, the top is quite high in our state; one neurosurgeon more than tripled his annual income by moving north, going from \$1.5 million in Washington State in 2007 to \$5.5 million in Alaska in 2009).

- A regulation adopted in 2004 establishing “the 80th percentile rule” for medical provider compensation that critics say has boosted some medical specialists’ fees;
- A statute adopted in 1998 that appears to make it difficult to rely on managed care to hold down costs;

[\[Study: Health care costs in Alaska top nation’s cities\]](#)

- A slowness to adopt value-based compensation for medical providers instead of the traditional fee-for-service model of reimbursement;
- Expensive medical infrastructure built at least in part for convenience that Alaska may not be able to afford;
- Wasteful overutilization of certain procedures and treatments that are particularly profitable for physicians on the Last Frontier given Alaska’s unusually high reimbursement rates.

Alaska Common Ground will take a deep dive into the difference between the health care costs of Alaska and those of the rest of the country at an event Wednesday evening, Dec. 13. This event – the third of at least four events on our state’s high health care costs – is at the 49th State Brewing Company, 717 W. Third Ave., from 7 p.m. to 9 p.m. The Anchorage Public Library is cosponsoring this series, which is financially supported by the Alaska Humanities Forum. This event is open

to the public and free, with a requested donation of \$10.

Important players in the health care field will hash out on Wednesday the relative importance of the factors set out above – and others – in the high costs of Alaska's health care. Participating that evening will be physicians, a hospital CEO, a state of Alaska regulator and other knowledgeable observers. There will be an opportunity for the audience to ask questions.

Folks, this is your chance to learn more about this critical topic in a congenial environment. You should come, as your health and wealth may depend on it.

Cliff Groh is chair of Alaska Common Ground, a nonprofit and nonpartisan organization devoted to helping Alaskans understand and reach consensus on the major issues facing our state. If you are interested in watching the video from the previous two events in the health care series, you can see video of each at <https://akcommonground.org/can-alaskas-high-health-care-costs-be-cured/>.