

GRIDLOCK IN ALASKA'S HEALTHCARE SYSTEM

Hospital patients ready for discharge are stuck with nowhere to go.

For the past year, AHHA has been surveying hospitals to understand a chronic issue crippling our healthcare system.

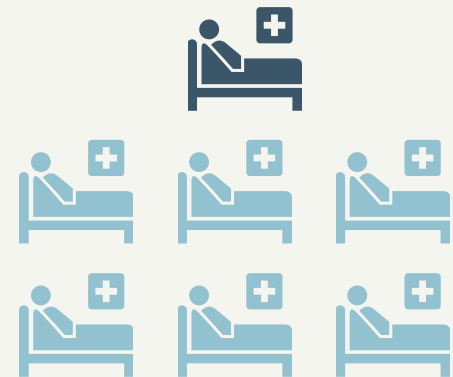
Results show that **over two-thirds of the hospitals in Alaska are facing a common dilemma**—patients are medically ready to be discharged out of the hospital, but there is no place for them to go.

Simply put, these patients are “stuck” in hospital beds as they await discharge to a lower-level setting for continued care.

Medicare provides a geometric mean for every medical diagnosis indicating the national average length of hospital stay for that diagnosis. AHHA compared the national average for length of stay for each diagnosis to the actual length of hospital stay in Alaska in 2023.

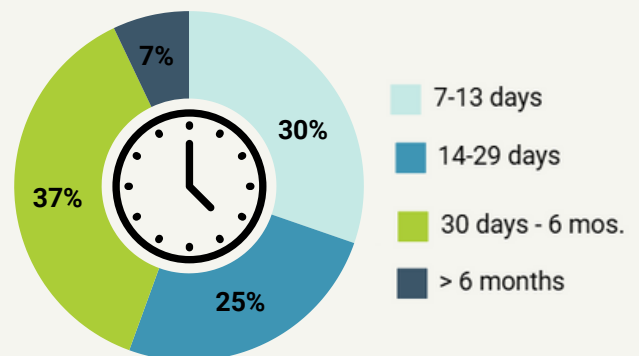
Findings indicate that, cumulatively, **Alaskans spent 67% longer in the hospital than the rest of the U.S. This equates to 101,372 extra days.**

In Alaska, 1 out of every 7 hospital beds is tied up with a patient who no longer needs to be in an acute care hospital, but remains there because there is no place to go for continued care.



Source: April to November 2024 AHHA Monthly Hospital Discharge Survey, calculated using staffed beds.

Patients are regularly stuck in the hospital anywhere from an extra seven days to beyond six months as they wait for a post-acute care bed or service to become available.

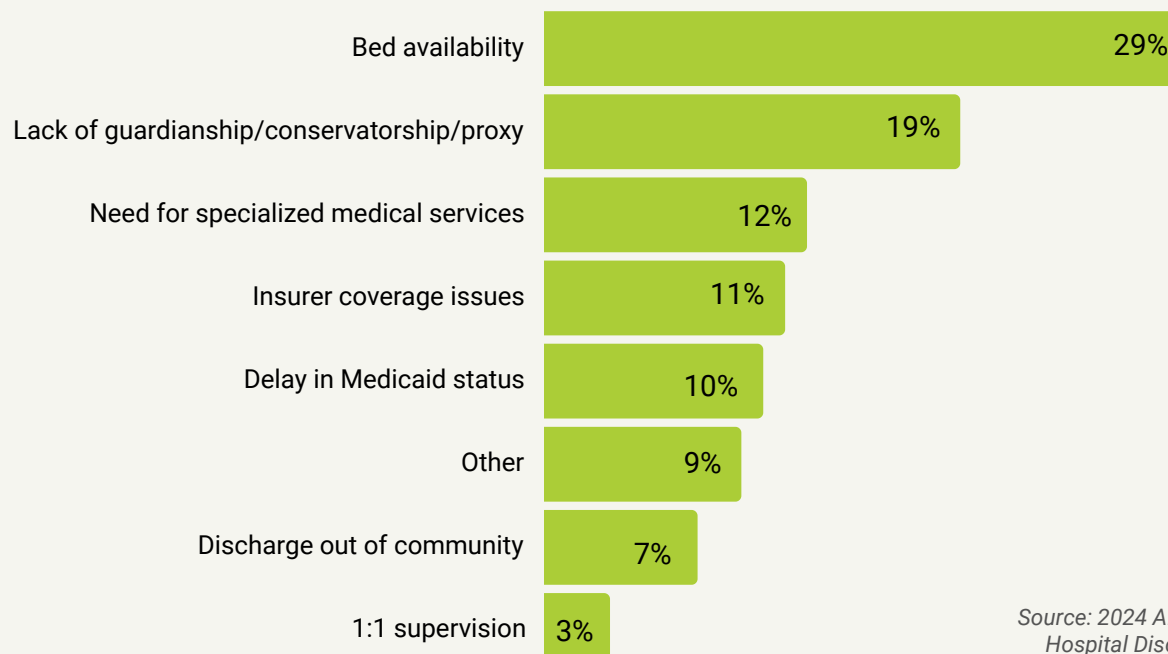


Source: April to November 2024 AHHA Monthly Hospital Discharge Survey.

Why is this happening?

This gridlock is a result of many factors, including workforce shortages at post-acute care facilities, a lack of services for complex needs, delays from insurance coverage, delays in Medicaid processing and eligibility, the growing problem with homelessness, and the lack of guardianship or healthcare proxy designations.

Barriers to patient discharge identified by hospitals (July-October 2024)



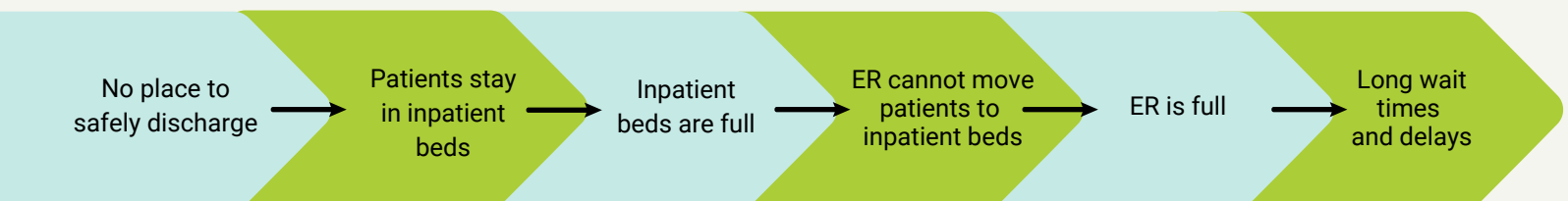
Source: 2024 AHHA Monthly Hospital Discharge Survey

These discharge delays create a monumental choke point that adversely affects the entire healthcare system.

Patients are stuck in the most complex, expensive environment in the healthcare system - hospitals - which lose key resources as they are not reimbursed for the added stay because the patients no longer require hospitalization.

With these beds tied up, patients requiring hospital-level care often must wait longer in emergency departments or other units until the bed they need becomes available.

In sum, **patients no longer receive the best quality of care, which frustrates patients and care teams alike**, and these excessive stays increase the risk of lawsuits against the State of Alaska.



How does this affect healthcare costs?

Longer hospital stays than the national average are not an indictment of Alaska’s healthcare system. Some patients may be sicker or have more complex needs than those accounted for in the national average. However, truly "avoidable" hospital days raise serious concerns.



An avoidable hospital day refers to a situation where a patient remains in the hospital despite no longer being acutely ill and no longer meeting the criteria for continued hospitalization. Once a patient no longer requires hospital-level care, insurers like Medicare, Medicaid, and private insurers stop paying for the person to remain in the hospital.

When 1 in 7 hospital beds is occupied by patients who no longer need acute care, access to hospital beds shrinks for those who need it, and hospitals stop receiving payment for the bed despite continuing to feed, house, monitor, and care for these patients.

While it is hard to quantify the exact impact on cost and access, here is one way to get a sense of the magnitude of this issue.

1 / 7 = 14%
beds tied up with
avoidable hospital
stays

14% x
311,764 =
43,646
avoidable hospital days

43,646 x
\$4,307.97 =
\$188,025,658
impact of avoidable
hospital days

- If 1 out of every 7 hospital beds is occupied by a patient who medically no longer needs to be in the hospital, then 14% of our hospital beds are “tied up” with patients who no longer meet the criteria of care used by payers for covering a hospital stay.
- The *Alaska Health Facilities Data Reporting Program* shows patients in Alaska spent a combined 311,764 days in the hospital in 2023. We can estimate that 14% of these patients days were truly “avoidable”.
- While payment for a hospital stay varies between insurers and government payers like Medicare and Medicaid, for purposes of illustrating impact, let’s use Medicaid, which generally pays the least of all payer types. In 2023, the weighted average Medicaid daily rate that Alaska hospitals were reimbursed for each eligible day a patient spent in the hospital was \$4,307.97.
- If we calculate the 43,646 avoidable hospital days at the \$4,307.97 weighted average per day Medicaid reimbursement rate, the impact comes to \$188,025,658.

Think about this... this means we are dealing with a \$200 million dollar problem!

Even if we cut this figure in half, we are still talking about tens of millions of dollars in costs that effectively go unpaid and get absorbed throughout the entirety of the healthcare system. This is a prime example of why the cost of healthcare is so high for all Alaskans.

How do we solve this crisis?

While this gridlock is a complex, multifactorial problem, there are ways for us to help Alaskans move through their care journey and stabilize healthcare costs.



Invest in Healthcare Infrastructure and Services

Alaska's 65+ population, currently 110,490, is projected to peak at 134,849 by 2035 and then experience another round of growth as millennials age out of the workforce. Alaska currently has the fewest skilled nursing beds per capita in the U.S., and lacks specialty facilities for Alzheimer's care, geriatric psychiatric services, and chemical dependency treatment. Similar gaps exist for intermediate care, assisted living, home health, hospice, and behavioral health services. Without expanding these services, the healthcare gridlock will worsen. Investing in healthcare infrastructure, capital projects, and utilizing revenue streams like Medicaid and administrative wait days to offset costs and incentivize the deployment of healthcare services is crucial to addressing these challenges.



Address Delays from Insurance

Prior authorization is a review process used by insurers that requires healthcare providers to obtain pre-approval to provide a specific treatment or procedure. While originally intended to confirm the appropriateness of care, this practice has led to denials and delays to healthcare, administrative burdens for healthcare professionals, and, most critically, interruptions in the care that patients urgently need. Similarly, patients and providers experience long delays obtaining eligibility and coverage with Alaska Medicaid. Reforming prior authorization with more exemptions, strict time limits on reviews, disclosures by insurers, and better integration of technology can help address these delays and benefit both private and public insurance systems.



Expedite Guardianship, Conservatorships, and Healthcare Proxy Cases

Alaska's public guardians continue to face worker shortages and heavy caseloads, contributing to healthcare gridlock. All too often, patients who do not have the capacity to fill out forms or make basic medical decisions require court intervention to designate guardianship so that healthcare decisions can be made on their behalf. These delays can extend hospital stays by weeks and even months. To address this, we need better coordination with the court system and more effective solutions for public guardians' caseload management.



Improve Workforce Shortages

Alaska continues to face a severe healthcare workforce shortage with over 9,400 new workers needed annually to meet demand. Alaska's schools and technical programs graduate fewer than 800 students for healthcare roles requiring 3,471 graduates. Average vacancy rates in healthcare facilities range from 17% to 39%, and Alaska is projected to lead the nation in nursing vacancies by 2030. Alaska needs to implement solutions like following the rest of the country to provide license reciprocity through the multistate nurse licensure compact, and providing grants to fund innovative workforce solutions to recruit a robust healthcare workforce.