

Agency: Commerce, Community and Economic Development

Grants to Named Recipients (AS 37.05.316)

Grant Recipient: Alaska Medicare Clinic, Inc.

Federal Tax ID: 27-0542419

Project Title:

Project Type: Other

Alaska Medicare Clinic, Inc. - Medicare Clinic Funding

State Funding Requested: \$1,000,000
One-Time Need

House District: Anchorage Areawide (17-32)

Brief Project Description:

The purpose of this clinic will be to provide a medical home for the thousands Medicare recipients who are over 65 who currently cannot find a family physician.

Funding Plan:

Total Cost of Project: \$1,700,000

| | <u>Funding Secured</u> | | <u>Other Pending Requests</u> | | <u>Anticipated Future Need</u> | |
|---------------|------------------------|-----------|-------------------------------|-----------|--------------------------------|-----------|
| | <i>Amount</i> | <i>FY</i> | <i>Amount</i> | <i>FY</i> | <i>Amount</i> | <i>FY</i> |
| Federal Funds | | | \$500,000 | | | |
| Other Funds | | | \$200,000 | | | |
| Total | | | <u>\$700,000</u> | | | |

Explanation of Other Funds:
Private donations collected to finish project

Detailed Project Description and Justification:

There are over 26,000 Medicare recipients in the greater Anchorage area and a significant number of these recipients are having a difficult time finding a primary care physician. The reasons for this include a lack of internists, family practice doctors, and the low reimbursement rates paid by Medicare. By 2014 the number of Medicare recipients is expected to increase 40% to over 36,000.

In January 2009, ACCESS contracted with a company from Southern California to assess the feasibility of opening a clinic that would cater only to the primary care issues of Medicare recipients. Due to the low reimbursements from Medicare, the clinic would use a 'high efficiency' model and be staffed by one physician, three nurse practitioners, and several medical support personnel. The feasibility study concluded the clinic was financially viable as a non-profit company; however start-up costs in the amount of \$1.7 million would need to be raised. From the start, it was clear that both public and private sector participation would be required for success.

The operational plan for this clinic was designed by a number of active Anchorage physicians who are experienced in general outpatient medical practice. The overall mission of the clinic will be to institute a new way of staffing and organizing a clinic that will take advantage of the highest function levels of each practitioner while at the same time offering quality care for identified acute and chronic medical problems in the Medicare population in Anchorage.

In September of 2009 the Alaska Medicare Clinic, a 501(c)3 corporation, was formed to begin raising money for the clinic. While some funds have been and continue to be raised from the private sector, we are asking the Legislature for a capital

\$1,000,000
Approved

appropriation of \$1.5 million to make this plan a reality.

The member organizations of ACCESS are committed to establishing this clinic with the primary goal of immediately addressing the issue of Medicare recipients who cannot find a primary care physician.

Project Timeline:

With all funding in place, location acquisition, equipment procurement, employee hiring will occur in the Spring and Summer of 2010 with the first patients seen as early as Fall/Winter 2010.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Alaska Medicare Clinic, Inc.

Grant Recipient Contact Information:

Name: Mike Haugen
Address: 4201 Laurel Street, Suite 206
Anchorage, AK 99508
Phone Number: (907)561-7705
Email: akphys@alaska.net

Has this project been through a public review process at the local level and is it a community priority? Yes No

Alaska Medicare Clinic

Draft Business Plan

2010

Owners:

Alaska Medicare Clinic, Incorporated

4201 Laurel Street, Suite

Anchorage, Alaska 99508

Telephone: 907 561 7705, FAX 907 561 7704

Overview:

Thousands of individuals over the age of 65 reside in the Anchorage area rely on Medicare for their primary health insurance. Furthermore, it is estimated that thousands of Medicare patients do not, or cannot, find a family physician. A shortage of internists and family practice doctors, coupled with the low Medicare reimbursements as compared with practice expenses, has caused a shortage of practitioners who will see Medicare patients. Thus, many elderly cannot find a personal physician.

The present Medicare patient access problem is predominantly due to the federal reimbursements in Alaska. Proposals at the national level do not indicate that there will be any positive changes for reimbursements to Alaska physicians in the future. Furthermore, there is no expectation of any legislative changes that would diminish the viability of the Alaska Medicare Clinic.

In addition, the reduction in the national training of family physicians is likely to exacerbate the shortage problem.

The Alaska Medicare Clinic would fill a niche, albeit a large one and will provide a place for the Medicare patient to find a doctor. Because of the enthusiasm of such organizations as AARP for this clinic, there is every reason to assume that the news of its functioning presence would be rapidly known and services utilized. Also, every family practitioner not presently taking Medicare patients would be happy to refer their Medicare patients to this new clinic. Furthermore, the hospital-based physicians frequently cannot find a family practice physician to accept their discharged patients for follow-up care. Simply put, all of these sources will rapidly populate the clinic.

The clinic's mission:

The purpose of this clinic will be to provide a medical home for the thousands Medicare recipients who are over 65 who currently cannot find a family physician.

The operational plan for this clinic was designed by a number of active Anchorage physicians who are experienced in general outpatient medical practice. The demographic, market analysis, financial projection, and

feasibility of the project were researched by Pathway Alliance and GLIA. Pathway Alliance is a medical office-consulting firm, and GLIA is a locally owned physician-consulting firm. Pathway Alliance and GLIA confirmed the need for the clinic and likelihood that this entity would be self-supporting in the future

The mission of the Alaska Medicare Clinic, Inc. (a 501(c) 3 corporation) will be to institute a new way of staffing and organizing a clinic that will take advantage of the highest function levels of each practitioner. At the same time the providers will offer quality care for identified acute and chronic medical problems in the Medicare population of Anchorage.

If successful, this clinic will be a model for similar clinics in other Alaskan communities by utilizing innovative and efficient approaches in all areas of patient care including scheduling, record-keeping, medical diagnosis and treatment, patient education, and the provision of ongoing patient support. Although many medical offices successfully use some efficient techniques, Alaska Medicare Clinic intends to integrate all of them into its practice from the start.

Products and Services:

Alaska Medicare Clinic, Inc. will provide outpatient medical diagnosis and treatment for Medicare and Medicare-Medicaid patients. The clinic will be housed in leased space at a building chosen for its ease and comfort of access for Medicare patients. The clinic will operate during ordinary business hours five days a week. The clinic will accept Medicare payments and any supplemental insurance payments as payment in its entirety. After hour emergencies will be referred to emergency clinics or hospital emergency departments. The clinic is designed to care for all ordinary outpatient illnesses. Serious injuries, obvious specialty problems and medical emergencies such as heart attacks, strokes, etc. will be referred to the appropriate facilities.

Patients requiring hospitalization will be referred to the desired hospital and the clinic will provide appropriate care following hospitalization. Laboratory tests and simple radiology may be provided on-site, but that has not yet been determined. The clinic will operate best when there is a high degree of involvement by the patient in his or her care. Surveys of Medicare patients indicate an enthusiasm and dire need for this type of clinical practice. It is the clinic's intent to become their medical home.

Population Base:

Success of the Alaska Medicare Clinic is related to the number of potential Medicare patients:

65+ Population – Anchorage/Mat-su 2009 and Projected 2014

| 2009 | 2014 |
|--------|--------|
| 26,282 | 36,635 |

Source: Nielsen Claritas, 2009

The number of Medicare patients is large and finding a family physician is difficult:

Physicians in Anchorage/Mat-su who see Medicare Patients

| Number of Physicians Interviewed | Number of Physicians who see new Medicare Patients | Number of Physicians who see established Medicare Patients | Number of Physicians who have opted out of the Medicare System |
|----------------------------------|--|--|--|
| 101 | 28 | 45 | 21 |

Source: ISER, Summary 14, March, 2009

This number of Medicare eligible individuals will continue to increase as Alaska's population ages. In addition, with family physicians retiring and not being replaced, it will be getting more and more difficult to the population on Medicare to find a primary care physician. Although the clinic will start with a single physician and at least three nurses, the personnel will expand as more of the Medicare population utilizes the clinic. It is likely that up to a dozen physicians will ultimately be needed to accommodate the demand. The other practices in Anchorage accepting Medicare patients are currently limiting the number of new patients for various reasons that is unlikely to change in the foreseeable future.

There are numerous special features of this new Medicare clinic model that will enhance the clinic's financial viability. These include:

- a. Using each employee at their highest level of competence;

- b. The use of an electronic medical record which can support a high efficiency clinic and interface effectively with hospitals, laboratories, specialists and imaging facilities. (a study is presently underway for this)
- c. Employing a seasoned internist or family physician who will work successfully and effectively in a high-volume clinic.
- d. Using a clinic administrator (initially the clinician) who understands how the clinic is to work and can supervise this activity successfully.
- e. Obtaining enough startup funding to sustain the clinic until the volume and delayed payments catch-up.

In addition to the Alaska Medicare Clinic, there are other facilities that offer services to Medicare patients. However, even with the services these facilities currently offer, there is still a large segment of the Medicare population who cannot find a primary care physician. The other facilities include the Anchorage Neighborhood Health Clinic, Alaska Family Practice Residency Program and a few private practitioners. The two general non-military hospitals have also entertained the possibility of starting Medicare clinics.

The Neighborhood Health clinic is a federally qualified clinic and operates under special regulations. It has not been able to fill the void in the increasing number of Medicare patients and because of its type of operation it is unlikely to do so in the future. The Alaska Medicare Clinic, Inc. will not be in competition with this clinic due to the extreme shortage of available physicians who will see Medicare patients.

The Alaska Family Practice Residency Program is a training program for family physicians. A training program is relatively low efficiency because the clinicians must spend the time training the physicians during the patient visit. In addition, the clinic must provide a wide spectrum of patient types and, therefore, it must limit the number of Medicare patients.

Other private practitioners are increasingly limiting their numbers of Medicare patients due to low reimbursement rates. Also virtually all present practices are modeled after the traditional office visit with the doctor as the main medical contact. The Alaska Medicare Clinic uses a model that a practitioner cannot easily change after his or her practice is established.

In addition to these facilities, both Anchorage community hospitals have examined the feasibility of a Medicare clinic.

Operational Plan:

The clinic will be located in space which is configured for medical clinic practice and large enough to accommodate reception area, reception desk, billing office, physician office, desk and floor space for at least six nurses or physician extenders, clinic exam rooms, break room, laboratory and or x-ray room, rest room, storage space and electronic medical record equipment cabinets. The clinic location will be chosen for ease and comfort of access for patients.

Clinic Model:

Each clinic appointment will focus on one particular diagnosis. Other issues can be discussed at different appointments. Since this clinic is a non-urgent facility diagnoses to be addressed are those considered chronic and/or not severe or life-threatening. Each patient's care will be supervised by the physician, and all patients will have 20 or 30 minutes with a health provider each visit.

Service Description:

The Medicare Clinic will serve Medicare and Medicare/Medicaid patients in Alaska and will operate to a clearly defined set of protocols. It will provide non-emergent and ongoing care for an identified list of medial problems. Patients with conditions outside the clinic scope of practice will be referred to emergency rooms (in the case of a medical or surgical emergency) or medical or surgical specialists. Generally it is not a problem to obtain specialty services for Medicare patients in this area. Covered diagnosis include:

- General ambulatory care.
- Allergies and infectious diseases.
- Gastrointestinal problems.
- Renal and urological diseases.
- Hematologic problems.
- Cardiovascular diseases.
- Musculoskeletal diseases.

- Metabolic problems.
- Neurologic diseases.
- Gynecologic issues.
- And others.

Patient Flow:

- Patient calls to make an appointment.
- Patients gather records, images, lab results, etc. to bring to visit.
- Patient presented with educational materials regarding operation of the clinic, one problem-one visit, types of diseases treated, who will see them, and them, their responsibilities as a patient.
- Patient arrives at clinic and confirms demographic data.
- Patient escorted to exam room, vital signs taken, initial history taken, records examined by medical assistants, nurse and/or nurse practitioner.
- Patient presented to physician or nurse practitioner
- Important clinical history and physical findings confirmed, diagnosis made and further evaluation and treatment confirmed or made by physician.
- Medical assistant or nurse continues with patient giving instructions, prescriptions, etc. along with follow-up appointments, prescriptions e-mailed. Medical assistant completes record.
- Patient checks out, has lab work, etc. Makes follow-up appointment.

It is anticipated that each nurse or nurse practitioner would see two to three patients per hour and would present to the physician. Overall it is estimated that the nurses will see up to 24 patients per day and the physician would see up to 32 patients per day.

Personnel:

- 1-physician (probably combined administrator)
- 2-receptionist/billing staff
- 3-medical assistants or nurse practitioners
- 1-registered nurse
- 3-mid-level providers

The physician nurses, nurse practitioners and medical assistants will be recruited locally and /or nationally. Their pay structure will be competitive.

All of the practitioners will have to be experienced, seasoned clinicians. The major training will be in establishing the process of seeing and evaluating the patient.

In addition, a financial incentive plan will be negotiated with each employee that will be based on meeting the goals and objectives of the clinic.

Office equipment and supplies will be standard: exam tables, physician and nurse desks, chairs, etc., paper supplies, billing forms and an electronic medical record system.

Billing:

The initial plan is to limit after-visit billing except to Medicare. For those who can, payment for charges acceptable over the Medicare payment will be due at the time of visit.

Initial Board of Directors and Management:

Alaska Medicare Clinic, Inc. (a non-profit 501(c) 3 corporation) will own and operate the clinic. The initial board of directors will be:

Mike Haugen, President, Alaska Physicians and Surgeons
Laurie Herman, Vice-President, Providence Health Systems in Alaska
Rod Betit, Secretary-Treasurer, Alaska State Hospital and Nursing
Home Association

The board of directors will give direction to the clinic manager and the clinic manager will supervise all other employees of the clinic.