

HEALTH CARE

Health, Health Care, Providers & Employers

KACM
February 5, 2010



OVERVIEW

1. Coalition Background
2. Health Care Dynamics and Employer Strategies
3. Partnering with Providers



BACKGROUND



Wichita Business Coalition on Health Care

- Multi-Stakeholder Coalition
 - Over 45 Members
 - Aware of Varied Stakeholder Roles and Perspectives
 - Employers are Key = **Purchasers** of Health Care
- Launched in May 2008
- Roots In The Work Of The Visioneering Health Alliance
- Shared Sense of Need For Infrastructure And Leadership To Address Local Health Care Issues



WBCHC MEMBERS

- BlueCross BlueShield of Kansas
- Butler Community College
- Cessna
- Child Start, Inc.
- City of Derby
- City of Wichita
- Commerce Bank
- Conco Construction, Inc.
- Coventry Health Care
- Delta Dental
- Elrick & Assoc.
- Emprise Bank
- Envision
- Foulston Siefkin, LLP
- Friends University
- Galichia Heart Hospital
- GossenLivingston
- Hardman Benefit Plans, Inc.
- Harrington Health
- Hawker Beechcraft Corp.
- Hinkle Elkouri Law
- IMA of Kansas
- Intrust Bank
- Kansas Heart Hospital
- KU School of Medicine - Wichita
- Medical Society of Sedgwick County
- Merck & Co., Inc.
- Mid-Kansas Physicians Assoc, Inc.
- Pfizer, Inc.
- Preferred Health Systems
- ProviDRs Care Network WPPA
- Sedgwick County
- Syndeo
- The State of Kansas
- USD259
- Via Christi Health System
- Wescon Products
- Wesley Medical Center
- West Wichita Family Physicians
- Wichita Clinic
- Wichita Independent Business Assoc.
- Wichita Metro Chamber of Commerce
- Wichita State University
- Willis / HRH
- Youthville



WICHITA BUSINESS COALITION ON HEALTH CARE

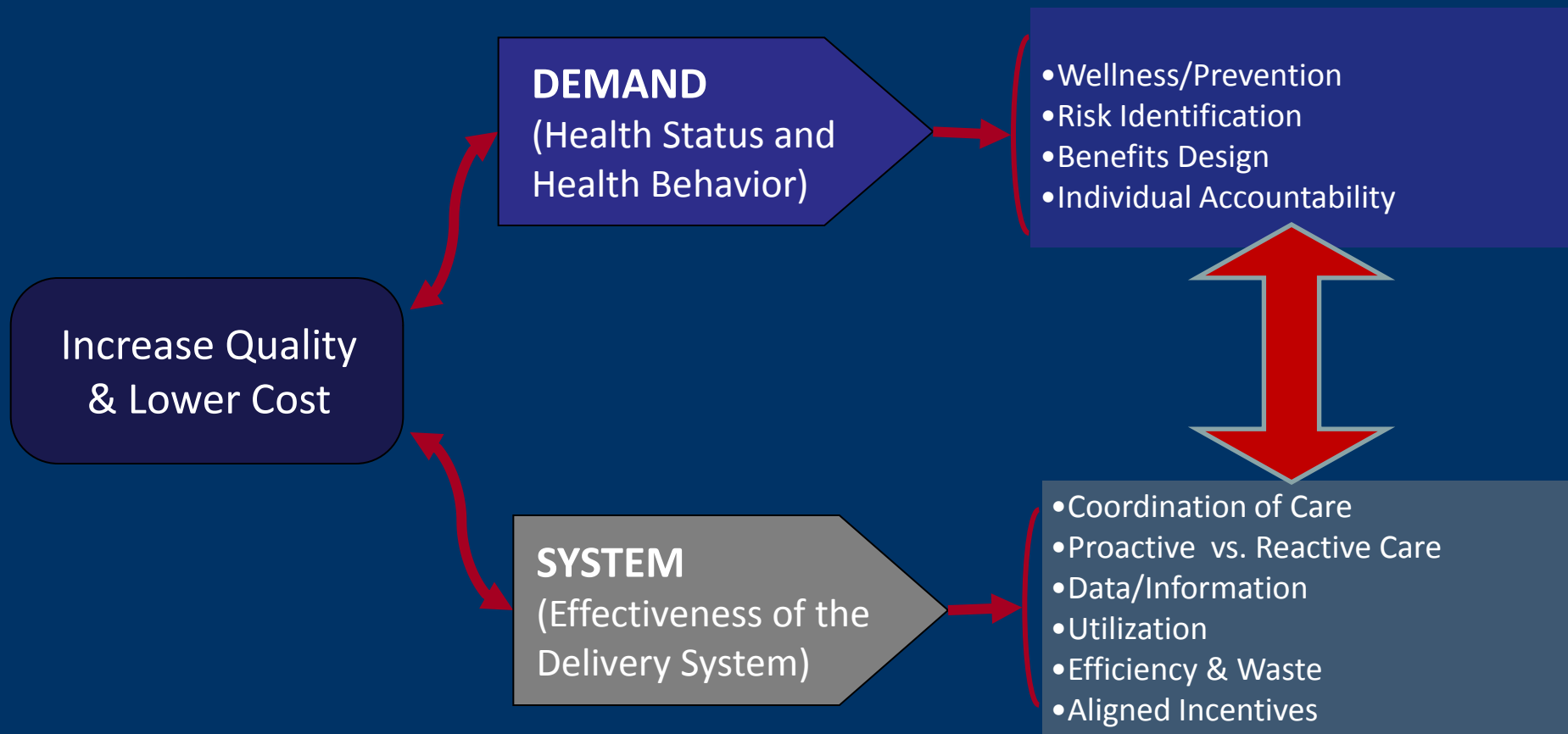
Vision / Mission

- Vision
 - Improve Value for Employers
 - Enhance Health
 - Increase Quality of Care in the Region
- Mission
 - Substantive and actionable discussions about the region's health care resources
 - Innovative strategies to decrease costs and improve value
 - Help employers understand the cost drivers of health care
 - Increase information sharing and transparency

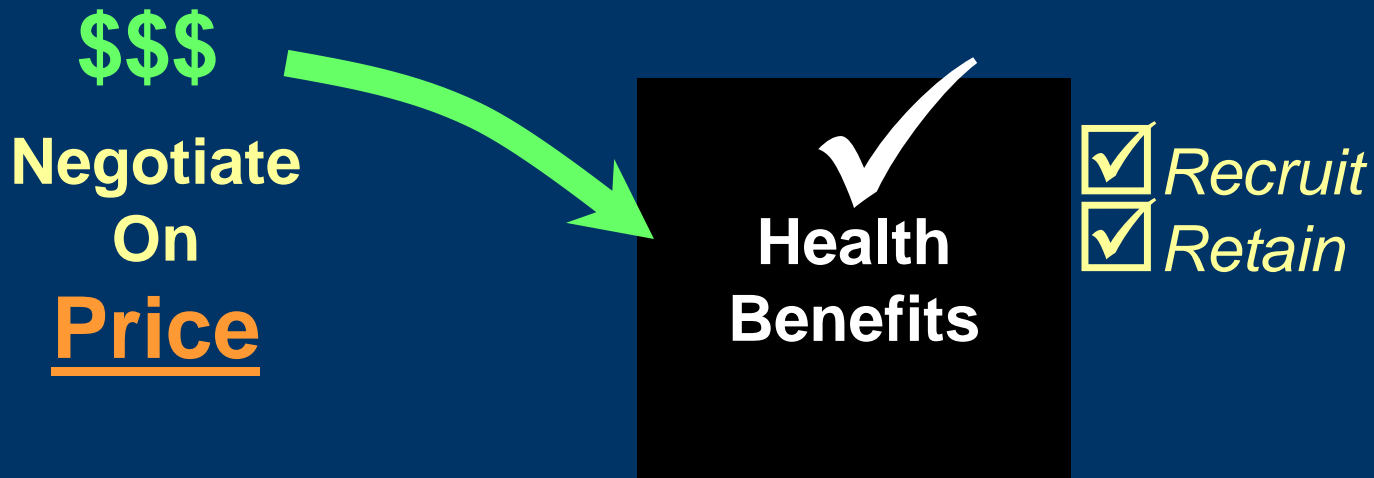


SEEKING GREATER VALUE IN HEALTH CARE

Demand and System Components



TRADITIONAL VIEW OF HEALTH BENEFITS: *Benefit for Employees to Be Purchased at the Best Negotiated Price*



Health Care as a Commodity



HEALTH CARE DYNAMICS

- There is wide variation in cost and quality between facilities and across different geography



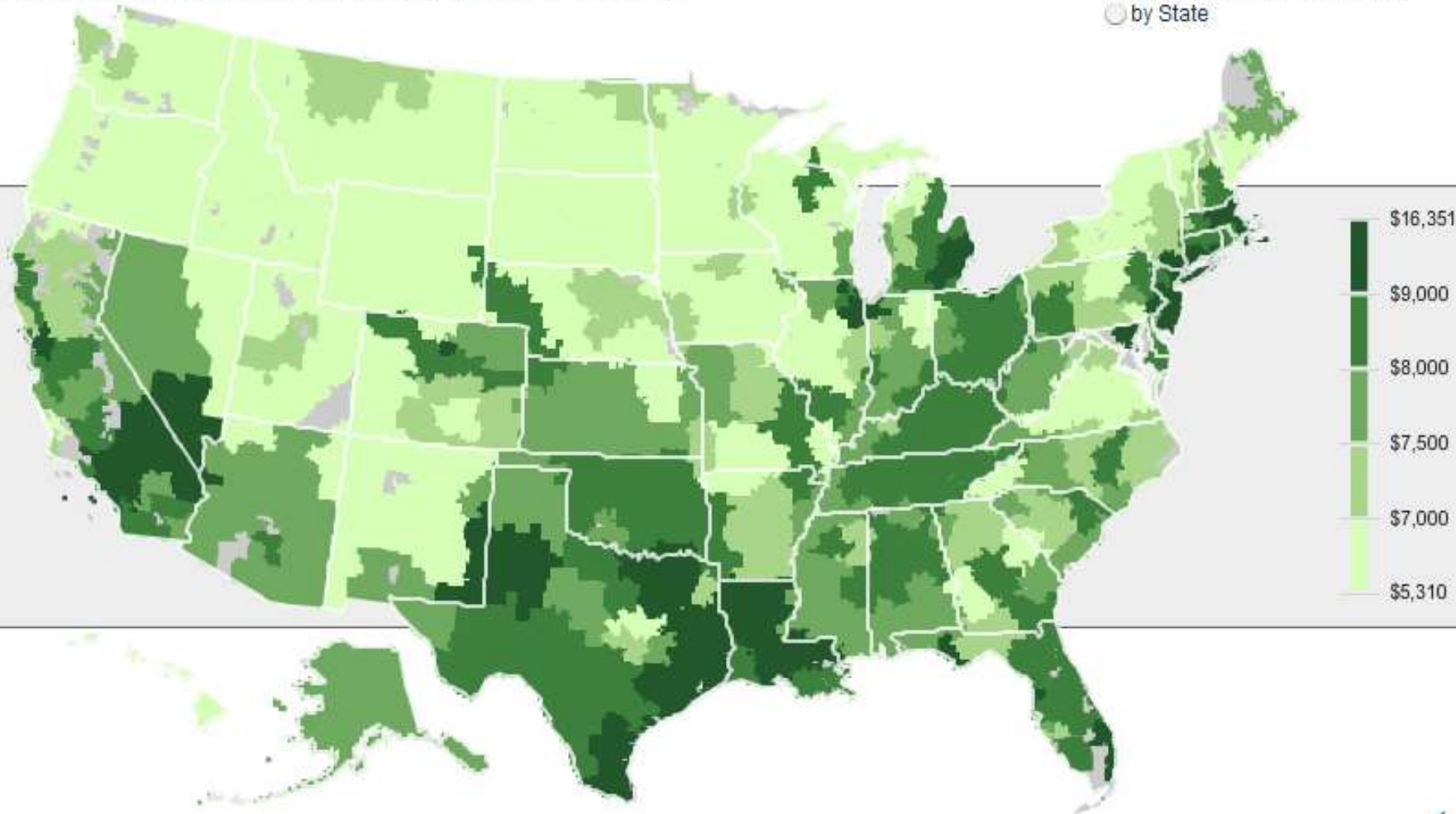
THE DARTMOUTH ATLAS

Medicare Reimbursements Per Enrollee

2006 Medicare Reimbursements by Hospital Referral Region

Total Reimbursements (2006)

- by Hospital Referral Region
- by State



HEALTH CARE DYNAMICS

- There is wide variation in cost and quality between facilities and across different geography
- Little to no evidence that spending more money or providing more care results in better quality or better outcomes
- Very often better care is cheaper to provide



HEALTH CARE DYNAMICS

Tuesday, October 6, 2009

THE WALL STREET JOURNAL.

Pennsylvania Hospitals Show Better Care Is Cheaper Care

BY THOMAS M. BURTON

HARRISBURG, Pa.—Be it cereal or cars, buyers usually have an idea of how good the products are and how much they cost before they buy them.

That's not how U.S. health care works. Patients rarely know which hospitals offer top-quality lung or aortic surgery, and which are more likely to harm them. Hospitals don't compete on price and rarely publish measurements of their quality, if they measure it at all.

Except in Pennsylvania. For two decades, a state agency has published "medical outcomes"—death and complication rates—from more than 50 types of treatments and surgery at hospitals. The state has found that publishing results can prompt hospitals to improve, and that good medical treatment is often less expensive than bad care.

Under the Microscope

Pennsylvania publishes data on 'medical outcomes' for each of the state's hospitals to help consumers. Some statewide data

19.1%
readmission rate in 2008

Based on 57,852
total readmissions

Triggering \$2.5 billion
in hospital charges, and

350,000
hospital days for patients

Source: Pennsylvania Health Care Cost Containment Council

One reason is that high-quality treatment usually results in shorter hospital stays and fewer readmissions. The state has had less success in publishing hospital prices and has drawn criticism from hospitals that dis-

agree with its reporting methods. But companies or unions in Pennsylvania that have agreed to work only with the best-performing hospitals say they have been able to drive down medical costs.

"High-quality care costs less—always," says David B. Nash, a medical-quality expert and dean at Thomas Jefferson University's School of Population Health in Philadelphia. "If the federal government could behave like a savvy shopper, that would change the health-cost game overnight. But the government is a bill payer, not a savvy shopper."

The Senate Finance Committee could vote late this week on its sweeping health bill, seen as the backbone for any final legis-

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■ Changes in Senate health bill draw industry fireA4

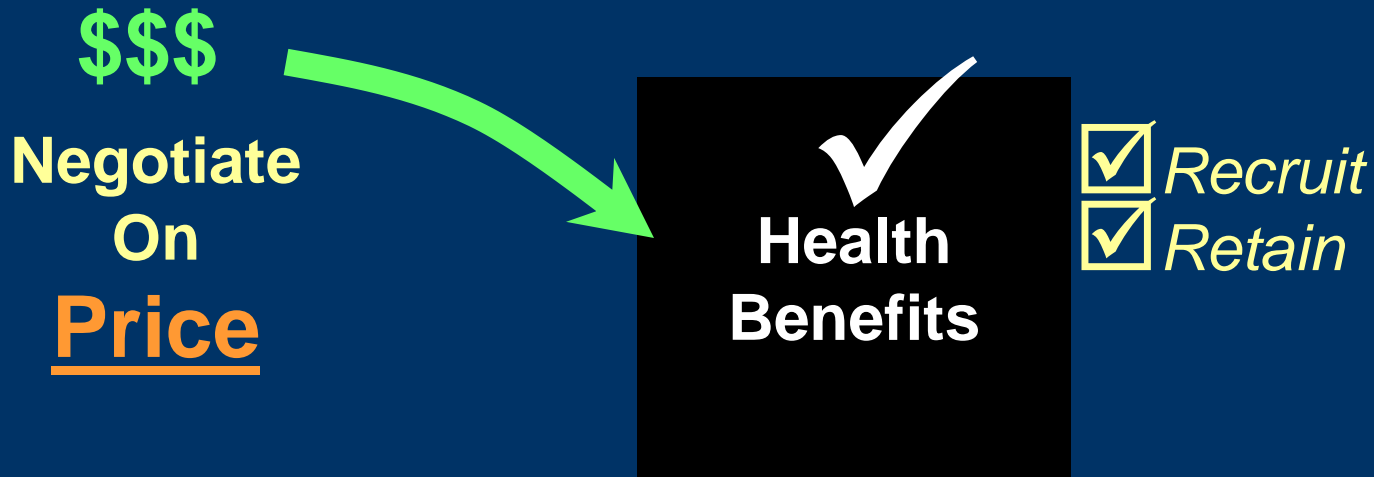


HEALTH CARE DYNAMICS

- There is wide variation in cost and quality between facilities and across different geography
- Little to no evidence that spending more money or providing more care results in better quality or better outcomes
- Very often better care is cheaper to provide
- Up to 40 cents of every dollar spent on chronic conditions and 15 to 20 cents of every dollar spent on acute hospitalization and procedures are attributable to potentially avoidable complications – things that could have been prevented through more proactive and coordinated care.



TRADITIONAL VIEW OF HEALTH BENEFITS: *Benefit for Employees to Be Purchased at the Best Negotiated Price*



Health Care as a Commodity



STRATEGIC VIEW OF HEALTH BENEFITS: *A Driver of Health Status, Strategically Designed and Purchased According to Value*



MESSAGE FOR EMPLOYERS

- “Somebody’s got to do something, and it’s a shame that it has to be us!” *(-Jerry Garcia)*
- Yes it’s complex
- Purchasers must begin to exert more influence with regard to the “products” offered in the market
 - Consider the leverage gained by working with other employers
- Assess your current strategy – is the time and energy you spend on benefits strategy consistent with how much of your budget healthcare represents?
- Develop an explicit benefits strategy that addresses more than simply “control costs”



PURCHASING VALUE

Trends for Employers and Providers

- **Value-Based Benefits Design**
 - Aligning benefits design with desired improvements in changes in behavior and employee health status
 - Medical and Pharmacy components
 - Increase appropriate utilization / decrease inappropriate
 - Compliance efforts - Better control of chronic conditions
- **Primary Care and the Medical Home**
 - Reduced ER Utilization
 - Reduced hospitalizations



PURCHASING VALUE

Trends for Employers and Providers

- *Continued* -

- **Quality and Payment Initiatives**
 - Partnering with local health providers with quality metrics and incentives
 - Accountable Care Organizations
 - Prometheus Payment Model
- **Transparency and Data**
 - Better cost and quality data, more widely available and utilized to drive improvement
 - *whynotthebest.org*



ENGAGING THE HEALTH SYSTEM AS A PARTNER

- Health Care is Local
- Every part of the equation has contributed to the problems that we have
 - Employers, Physicians, Hospitals, Health plans, etc
 - *“Systems are perfectly designed to get the results that they deliver”*
- Manage your “supply chain”
- While the health system needs to be more accountable – it can also be a partner in helping you achieve your goals.
- Physicians can be tremendous leaders and champions of health in your organization and for your community.



DIFFERENT VIEWS

Health Care and Quality

EMPLOYERS	PHYSICIANS
Cost	Revenue
Pay for “coverage” for a “population” of employees	Provide care for patients one at a time
A health care “system”	A loose collection of individuals providing specialized services
Expect the “system” to provide needed care and assume that the care will be appropriate/effective	Expect patients to “comply” with direction – effectiveness often limited by patient behavior
Quality = <ul style="list-style-type: none"> •Quantifiable / measurable •Lack of variation •Standards and reliability •Systemic approach 	Quality = <ul style="list-style-type: none"> •Hard to define or measure •Art vs. Science •Clinical judgment •Individual approach

OPPORTUNITIES TO PARTNER IN YOUR COMMUNITY

- Culture of Health
- Preventive Care
- Medical Home and Quality Initiatives
- HR / Administration: Sick, Medical, FMLA
- Benefits Design
- How to Engage Providers



Opportunities to Partner in Your Community

- Culture of Health
 - A major component of successful efforts to improve health and increase healthy behavior
 - As an organization and as a community
 - Work with fellow employers in the community
 - Health providers as partners in achieving your goals
 - Tap into physicians as a health resource for your worksites, policies, practices, etc.



Opportunities to Partner in Your Community

- Preventive Care
 - Health Risk Assessments – Connect to Physician
 - Primary care and chronic care
 - Standards for care
 - Avoiding complications
 - Work upstream from problems they see in their offices
 - What works and what doesn't
 - Role of the health department



Opportunities to Partner in Your Community

- Medical Home and Quality Initiatives
 - Team based, proactive, population-based, primary care
 - Chronic conditions; diabetes, asthma, hyper-tension
 - With physicians and/or hospitals
 - Data driven – need to understand cost drivers
 - Be open to finding different ways to pay for care
 - Potential Impact:
 - Reduced ER use
 - Reduced readmissions
 - Reduced cost for chronic conditions
 - Lower costs through more efficient care



Opportunities to Partner in Your Community

- HR / Administration: Sick, Medical, FMLA
 - Efficacy of your systems
 - Paperwork / hassle for physicians
 - Communication and purpose
 - Opportunity for intervention and prevention
 - Physicians as more than form signers



Opportunities to Partner in Your Community

- Benefits Design
 - High value services – what should your employees be encouraged to do? What services have value, which are not effective?
 - Make your benefits work for you.
 - Work “upstream” from the problems physicians see in their offices
 - Ask for ideas about ways to incent or discourage behavior that you can build into your benefits design
 - Free / cheap medications
 - Generic vs. brand
 - Free / cheap preventive care



Opportunities to Partner in Your Community

- How to Engage Providers
 - Recognize their business model
 - Recognize that they want to provide excellent care
 - Respect their time
 - Time of day
 - Buy them (and their staff) lunch
 - Early morning / late in the day
 - Don't forget the office managers
 - Meeting behavior



SUMMARY

- Recognize both sides of the equation (demand and system) in your quest to improve health and lower your costs
- Quit treating health care like a commodity
- Manage your health care costs in proportion to the % of spend in your budget
- Find ways to partner with providers to help you achieve your goals





**Wichita Business Coalition
on Health Care**

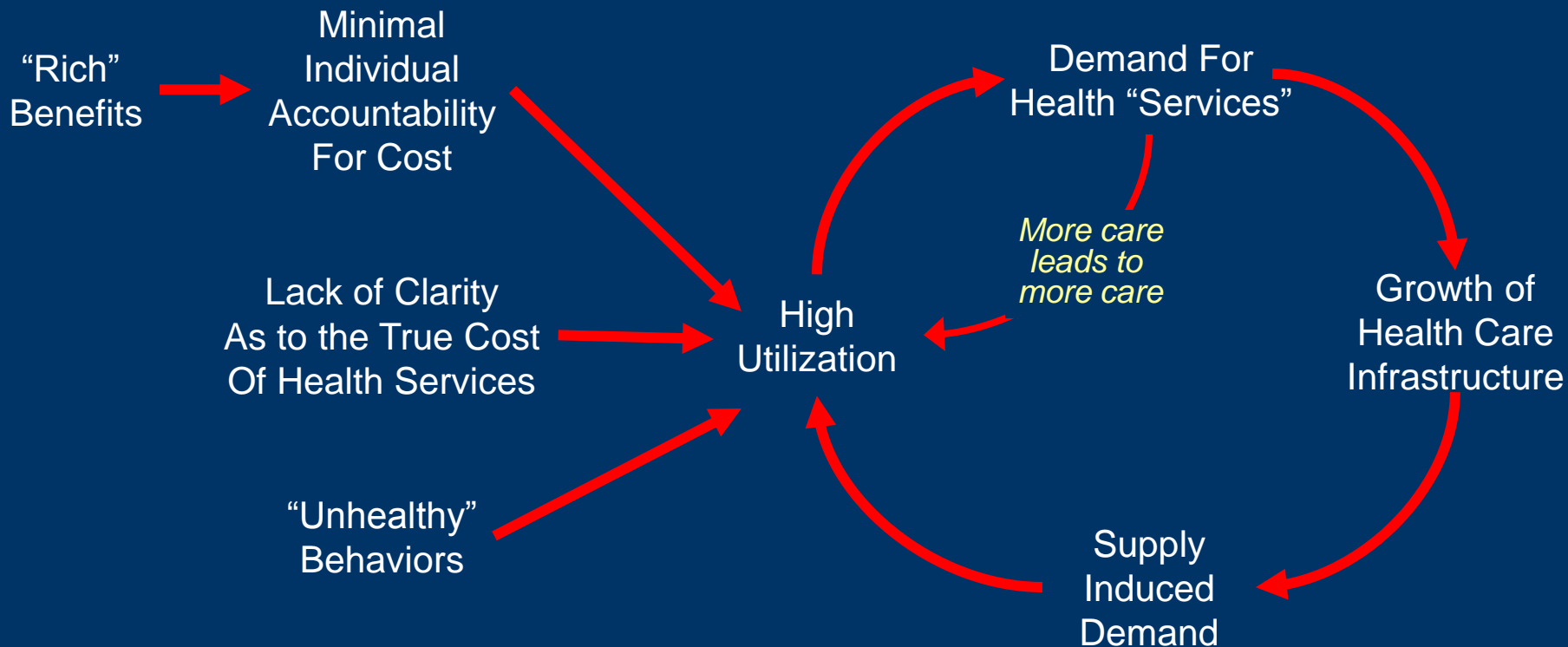
THANK YOU

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HEALTH CARE COSTS

Demand and System Interactions



Roemers Law = "Supply may induce its own demand where a third party practically guarantees reimbursement of usage."



KEY COMPONENTS OF ADDRESSING HEALTH CARE

- Financing (of care, not just insurance)
- Organization (of health care providers)
- Delivery (of care itself)
 - How well is care coordinated:
 - Across settings
 - Between providers
 - Over time



BETTER CARE

- Encourage/reward shared decision making and informed patients
- Foster evidence-based approaches to care
- Payment reform: Move towards payment systems that reward value, not volume
- Promote primary care
- Move towards more organized systems of care and more coordinated community-based health care
- Support efforts to increase transparency and sharing of information about cost and quality

