

THE ALLIANCE

Employers moving health care forward



Top Seven Lessons in Twenty Five Years

April, 2015

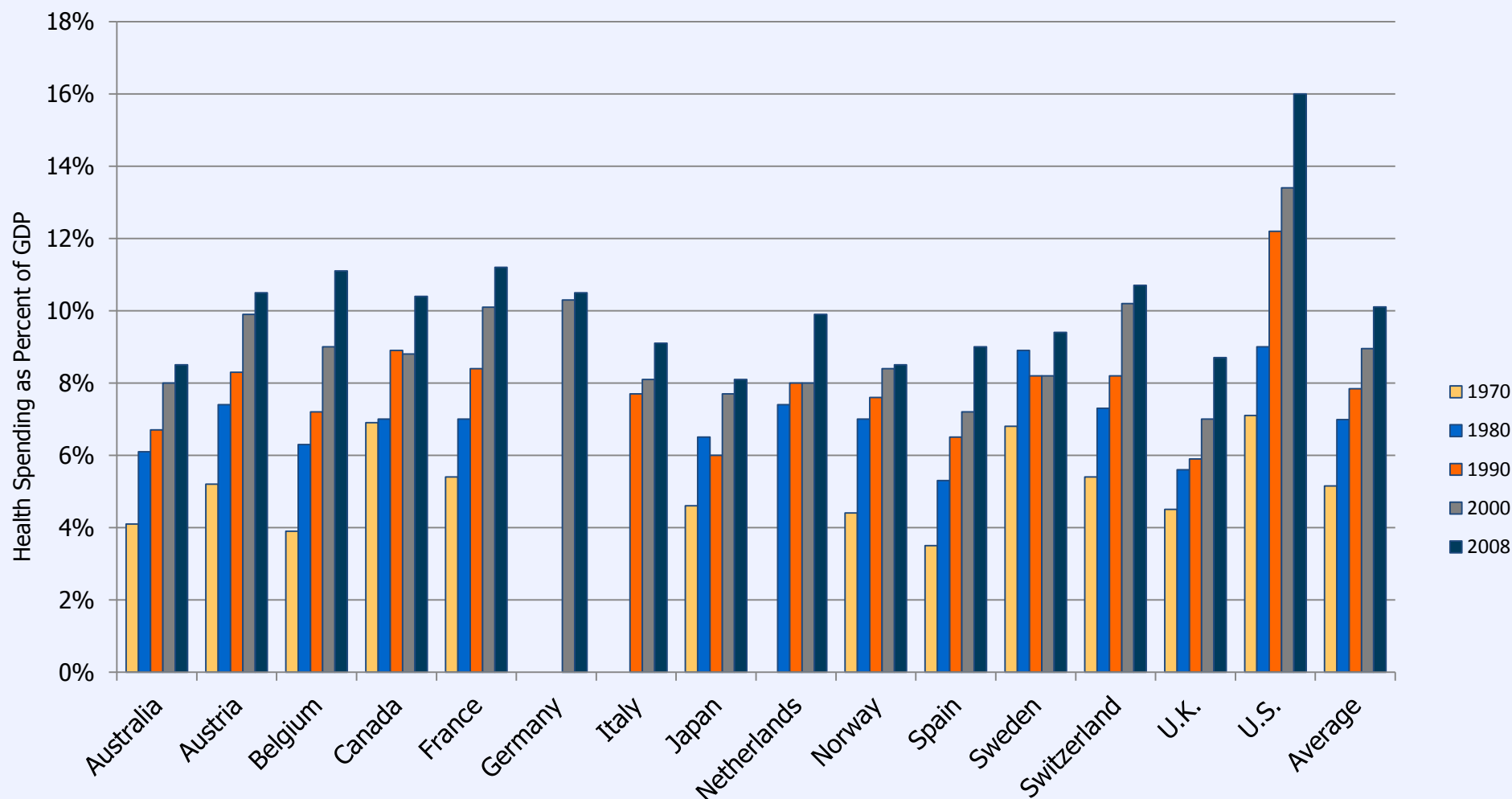
Presentation Outline

- > Overview of The Alliance
- > What we've learned so far about driving better value care from the “buy side”
- > Your questions, comments, ideas

About The Alliance

- > Not-for-profit, employer-owned cooperative
 - Shareholders = customers
- > *Move health care forward by controlling costs, improving quality and engaging individuals in their health*
- > Founded in 1990 by 7 employers; now over 240 employers
 - 100,000 employees and family members
 - 23 counties in WI, IA and IL
 - \$500,000,000 in health care/yr.

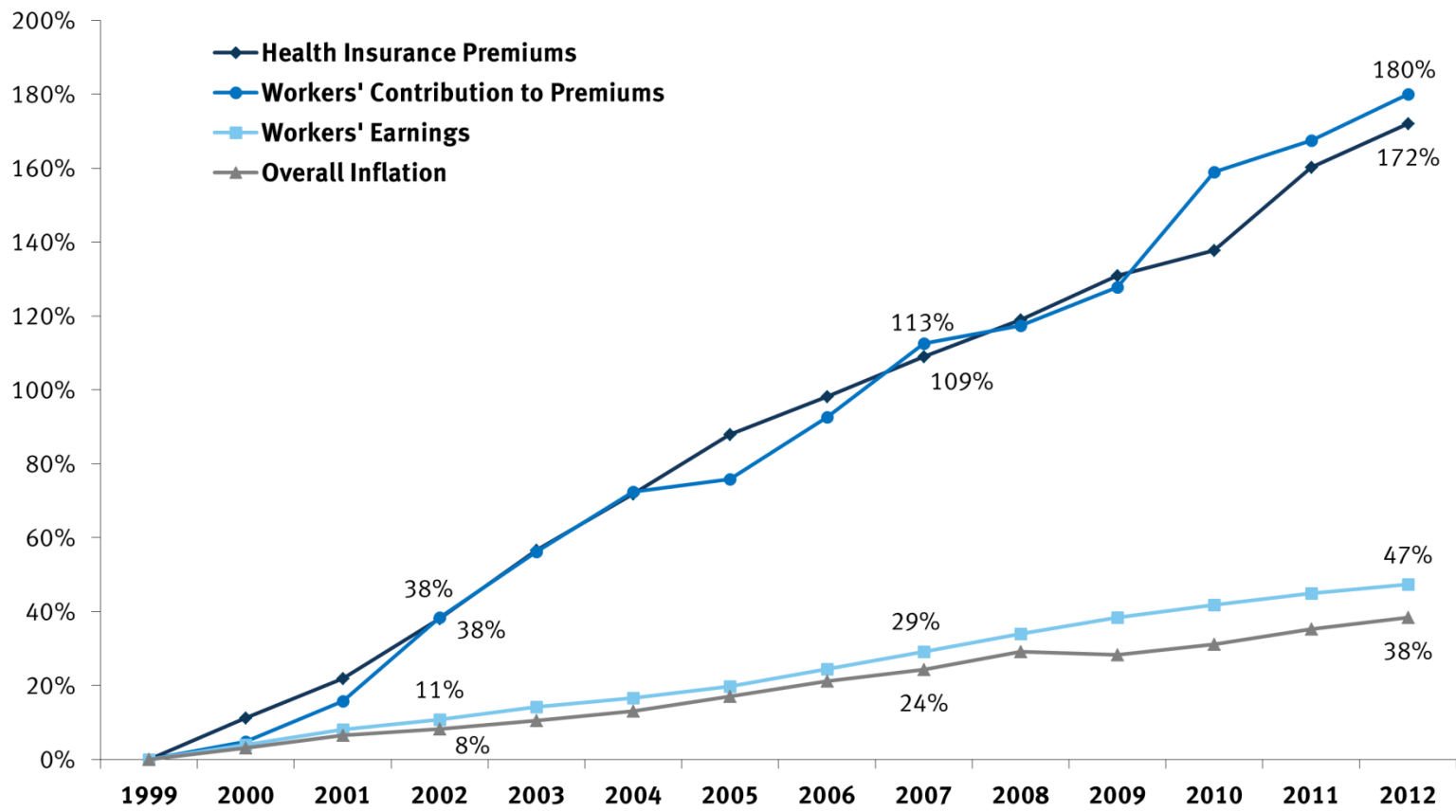
Total Expenditure on Health as a Share of GDP, U.S. and Selected Countries, 1970, 1980, 1990, 2000, 2008



Source: Organisation for Economic Co-operation and Development (2010), "OECD Health Data", *OECD Health Statistics* (database). doi: 10.1787/data-00350-en (Accessed on 14 February 2011).

Notes: Data from Australia and Japan are 2007 data. 2008 figures for Belgium, Canada, Netherlands, Norway and Switzerland, are OECD estimates. 2000 figures for Belgium are OECD estimates. Break in Series AUS (1998); AUSTRIA(1990); BEL(2003, 2005); CAN(1995); FRA(1995); GER(1992); JAP(1995); NET(1998, 2003); NOR(1999); SPA(1999, 2003); SWE(1993, 2001); SWI(1995); UK (1997). Starting in 1993 Belgium used a different methodology.

Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2012



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2012. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2012; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2012 (April to April).

Two-Tiered Value Proposition

- > We help self-funded employers manage the total cost of their health benefit plan
- > We unite employers, as purchasers of health care in the same market, to drive change

What We Do *For Each Member*

- 1. Contract with providers**
 - Broad network provides freedom of choice, competitive unit prices and inflation protection
- 2. Quality and price comparisons**
 - Information to help members make informed decisions
- 3. Programmatic support for value based purchasing**
 - Initiatives, products for implementation
- 4. Group purchasing of other key health benefit services**
 - Pharmacy, Dental
- 5. Education, data and consultation to inform health benefit strategy**

What We Do As a Cooperative of Employers

- > Leverage the role of employers buying health care in the same market to drive system improvement
 - Value-based benefit design
 - Steerage to high value providers
 - Payment reform –value, not volume
 - Uniting the employer voice
 - > Health policy advocacy

Lesson #1

Sometimes, we have to take matters
in to our own hands...

*Establishing our own contracts with
hospitals and physicians.*

Why Direct Contracting?

- > Significant and sudden cost shift to self-funded employers
- > Frustration with lack of access to data
- > Frustration with carriers
 - Network contracts don't reflect employer values
 - Competing priorities; needs of customers (employers and consumers) often come in second to shareholders and providers

Features of our Network and Contracts

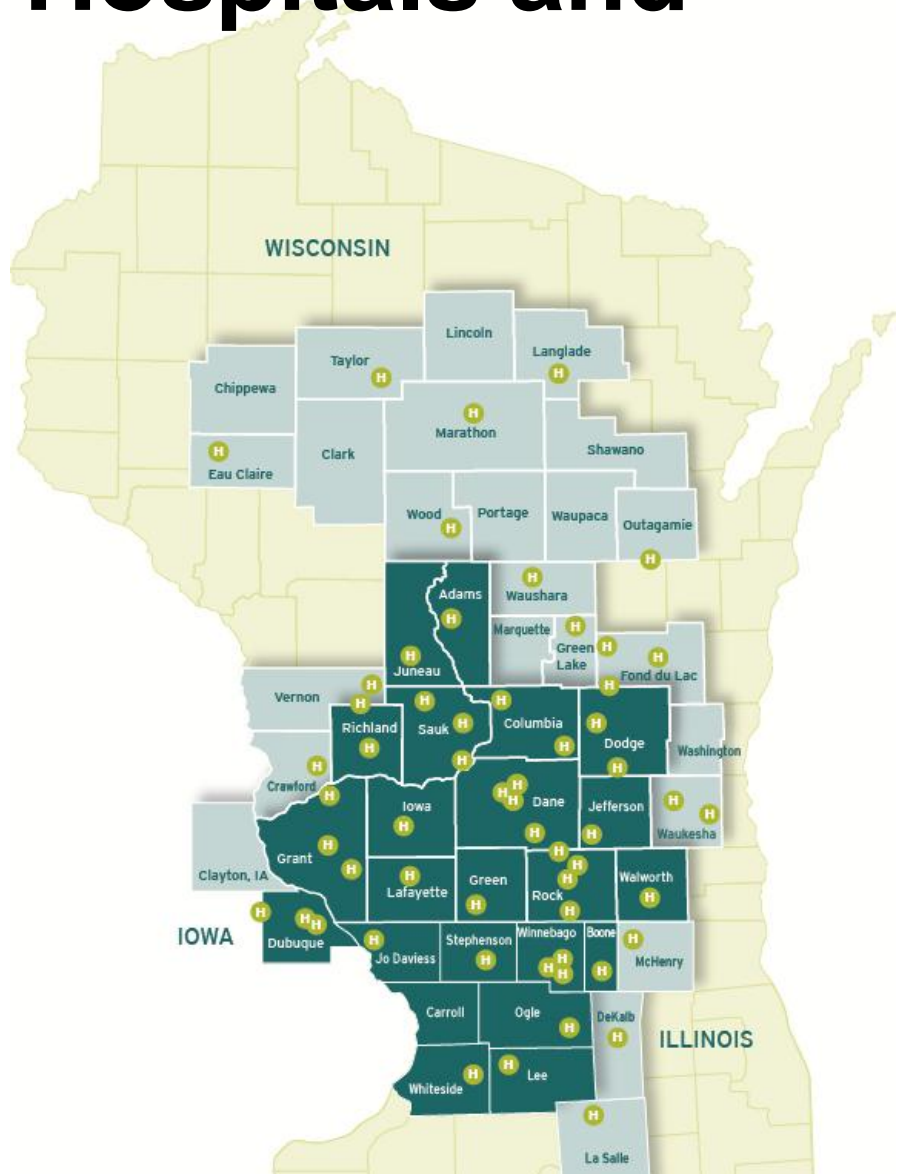
1. Freedom of choice

Broad Choice of Hospitals and Physicians

The Alliance network in Wisconsin, Illinois and Iowa includes:

- ▶ 63 hospitals
- ▶ 2,675 clinic sites
- ▶ 5,100 medical doctors
- ▶ And more than 10,000 professional service providers.

...Information to make decisions



Features of our Network and Contracts

1. Freedom of choice
2. Inflation protection
3. Equal treatment of workers compensation and non-covered benefits
4. Competition on value
5. Ability to share cost and quality information

Lesson #2

The power of public reporting...

- *What gets measured, gets improved.*
- *What gets measured and publicly reported, improves faster...*

QualityCounts™

Report on the Safety of Hospital Care

Choose a hospital with
fewer mistakes,
complications and deaths



Hospital care should be safe. When you're in the hospital, you want care **without mistakes or complications.**

Some hospitals provide **better care** than others.

This report lets you look at the safety of care of **24 hospitals in south-central Wisconsin** compared to the safety of hospital care across the country.




The information on Wisconsin hospitals was **collected by the State of Wisconsin.**





























































Which hospitals had fewer mistakes, complications and deaths?

Use this report along with advice from your doctor and other information to choose a hospital that's right for you. If you need specialty cardiac or maternity care, look for hospitals that also have these symbols: ♥ 🏠

What the symbols mean:

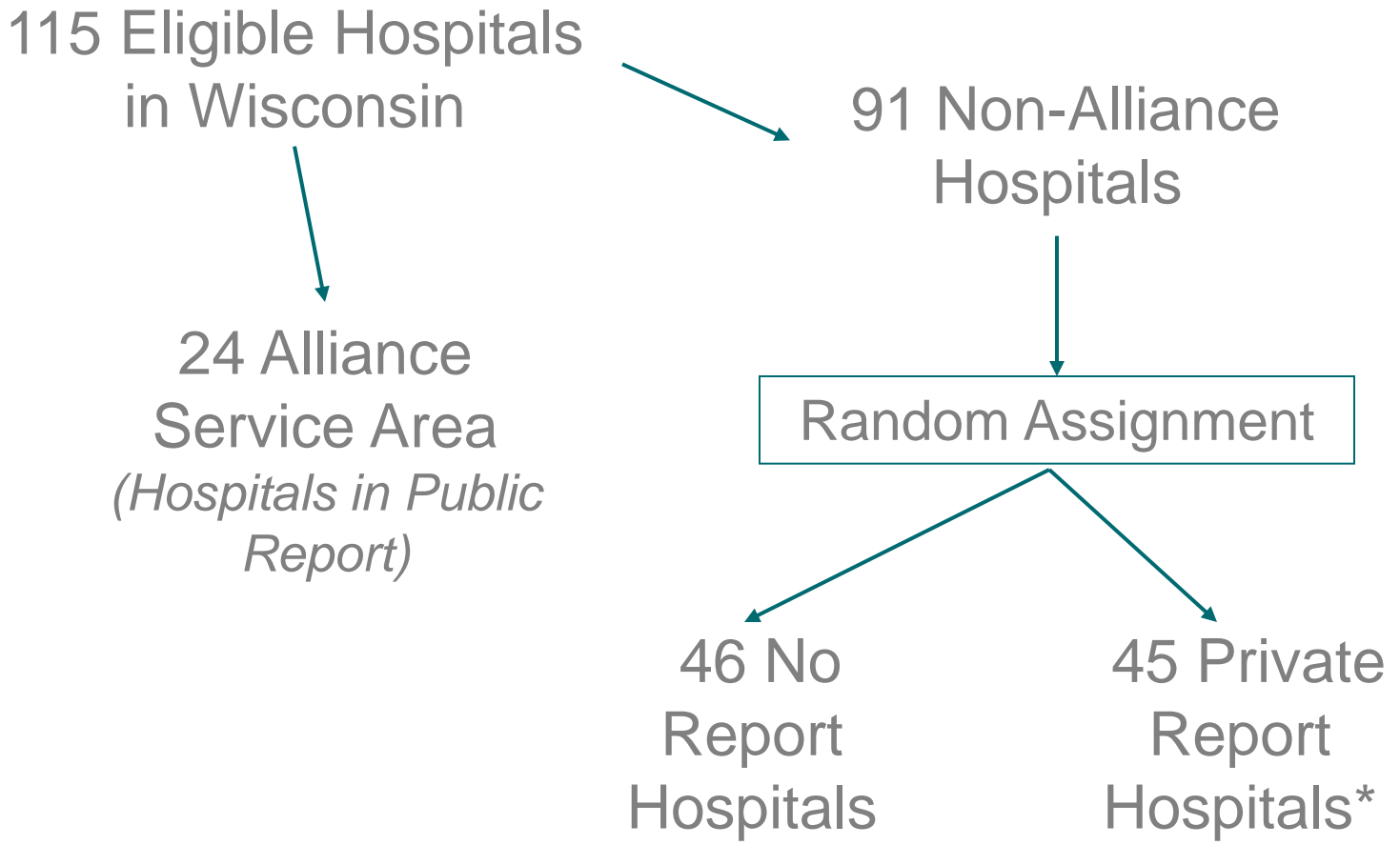
-  Fewer mistakes, complications and deaths than expected given how sick patients were.
-  Average number of mistakes, complications and deaths given how sick patients were.
-  More mistakes, complications and deaths than expected given how sick patients were.

-  Hospitals in the shaded areas had fewer or an average number of mistakes, complications and deaths across the five types of care rated.
-  Hospital provides **specialized heart care**, including heart surgery, invasive cardiac procedures and cardiac rhythm management.
-  Hospital is a **Perinatal Center**, providing general maternity care and specialized care for high-risk pregnancies.

Regional Hospitals		Surgery ^o	Non-Surgery	Specific Types of Care		
				Hip/Knee	Cardiac ^o	Maternity
St. Marys Hospital Medical Center	♥ 🏠					
Mercy Hospital	♥					
Meriter Hospital	♥ 🏠					
UW Health-UW Hospital & Clinics	♥					* 
Community Hospitals		Surgery ^o	Non-Surgery	Specific Types of Care		
				Hip/Knee	Cardiac ^o	Maternity
Beloit Memorial Hospital						
Sauk Prairie Memorial Hospital						
Boscobel Area Health Care						
Columbus Community Hospital						
Reedsburg Area Medical Center						
Waupun Memorial Hospital						
Monroe Clinic						
Memorial Community Hospital						* 



Impact of Report on Hospitals: Experimental Design

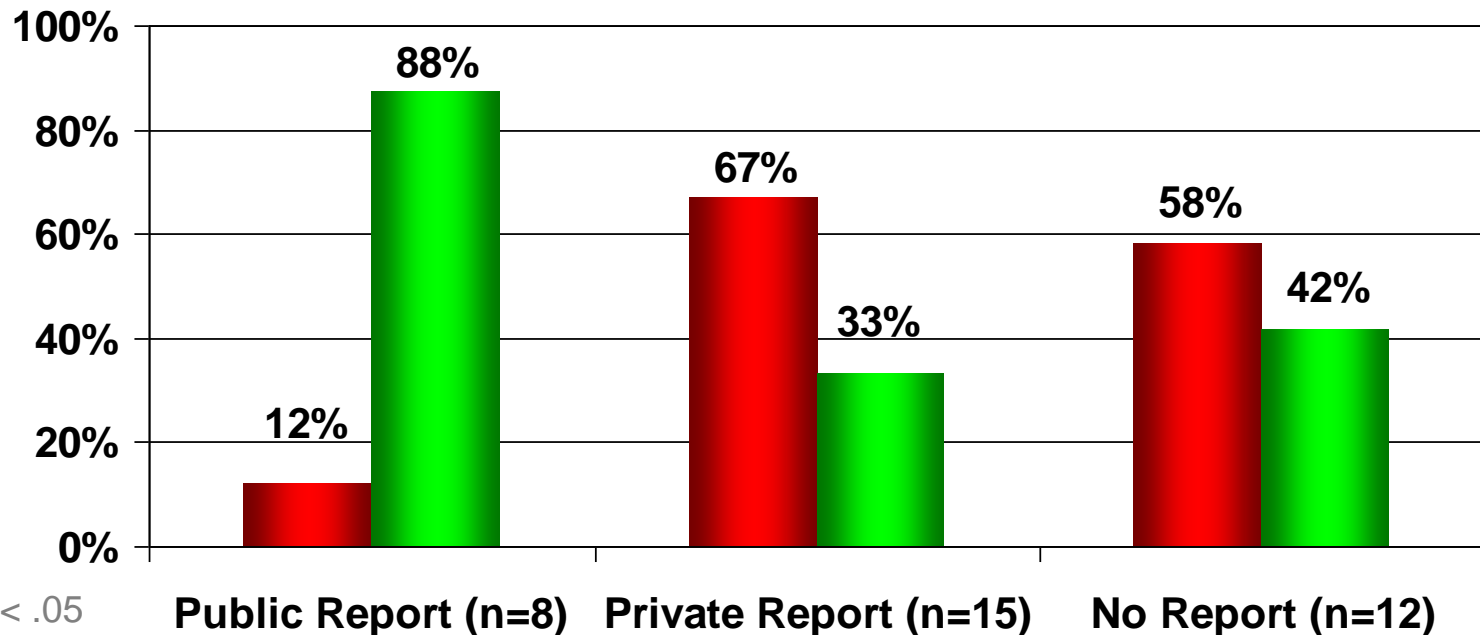


* Three hospitals were lost to closure and two hospitals were ineligible due to overlapping administrative structures

QualityCounts[®]: Impact on Quality, Market Share and Reputation (Health Affairs, Vol 24, No 4; July – August, 2005)

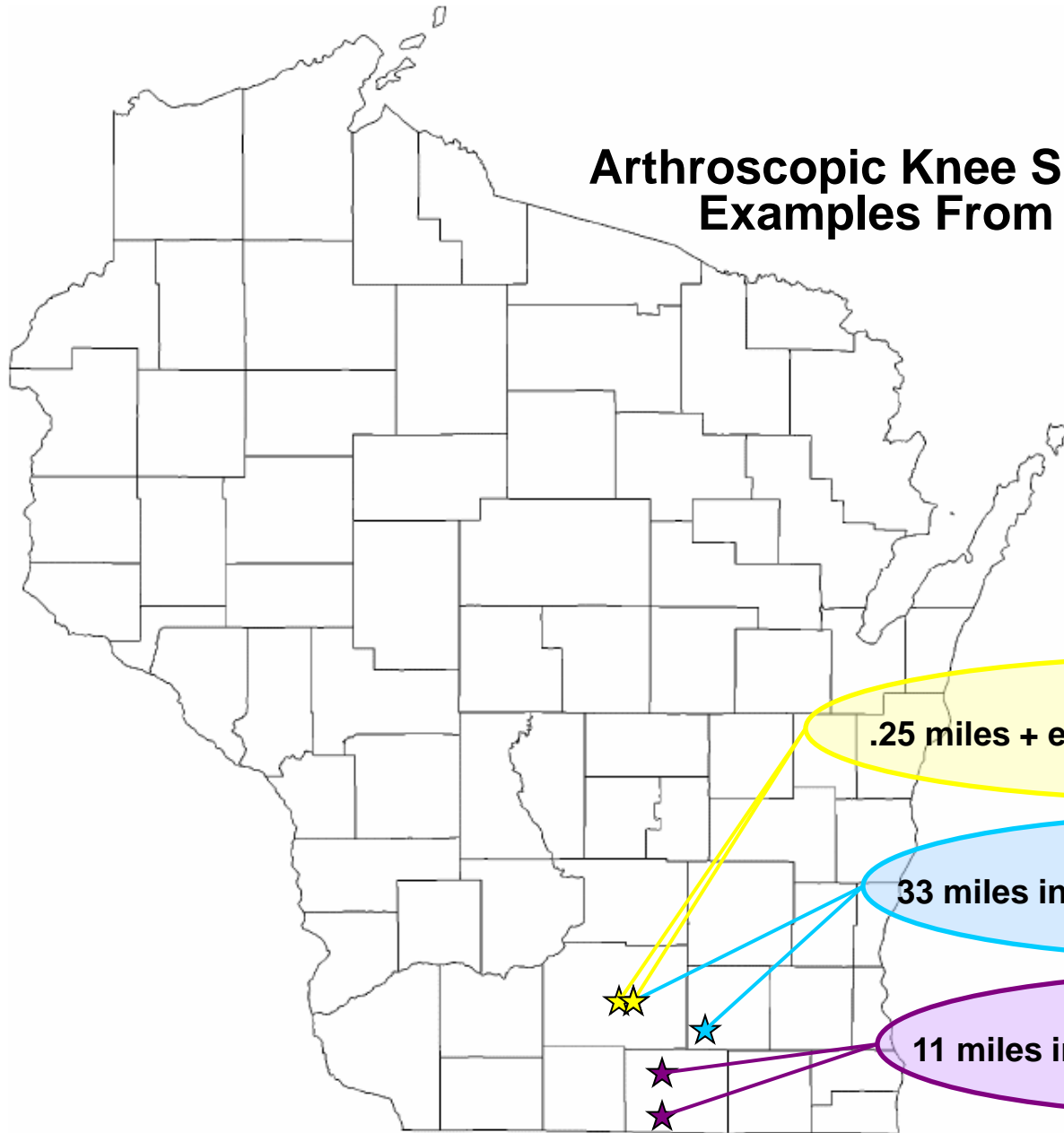
Changes in Performance in the Post-Report Period – *Among Hospitals with ‘Worse Than Expected’ Scores at Baseline**

- Performance Unchanged in Post-Report Period
- Performance Improved in Post-Report Period



* p < .05

Arthroscopic Knee Surgery for Torn Cartilage Examples From The Alliance Market



- ★ Janesville and Beloit
- ★ Fort Atkinson and Madison
- ★ Madison and Madison

.25 miles + elevator turn = \$2,725 difference

33 miles in 49 minutes = \$7,994 difference

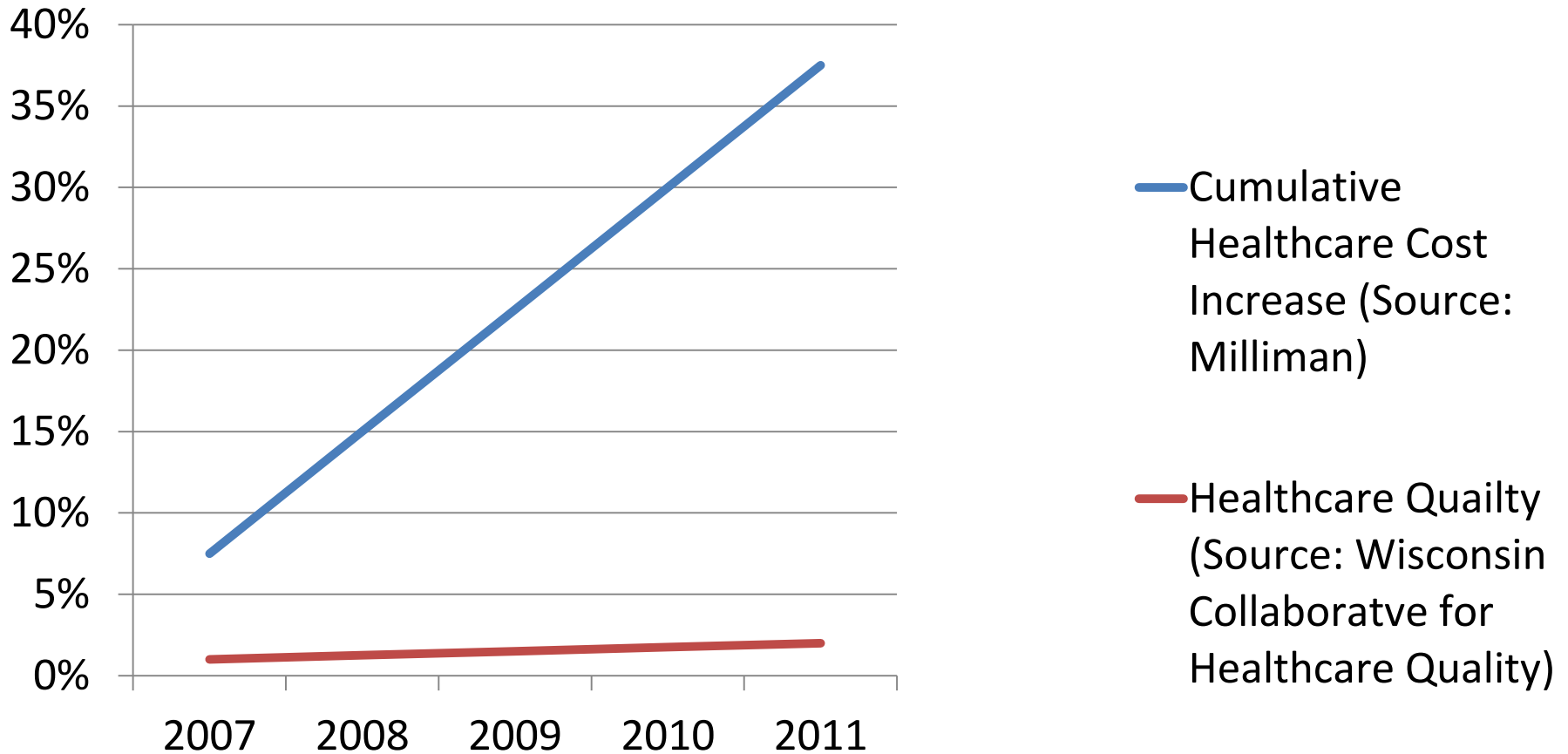
11 miles in 20 minutes = \$4,781 difference

Lesson #3

Public reporting isn't enough to drive better value care

Quality improves, but total costs increase faster

Cost is Rising Faster than Quality



Lesson #4

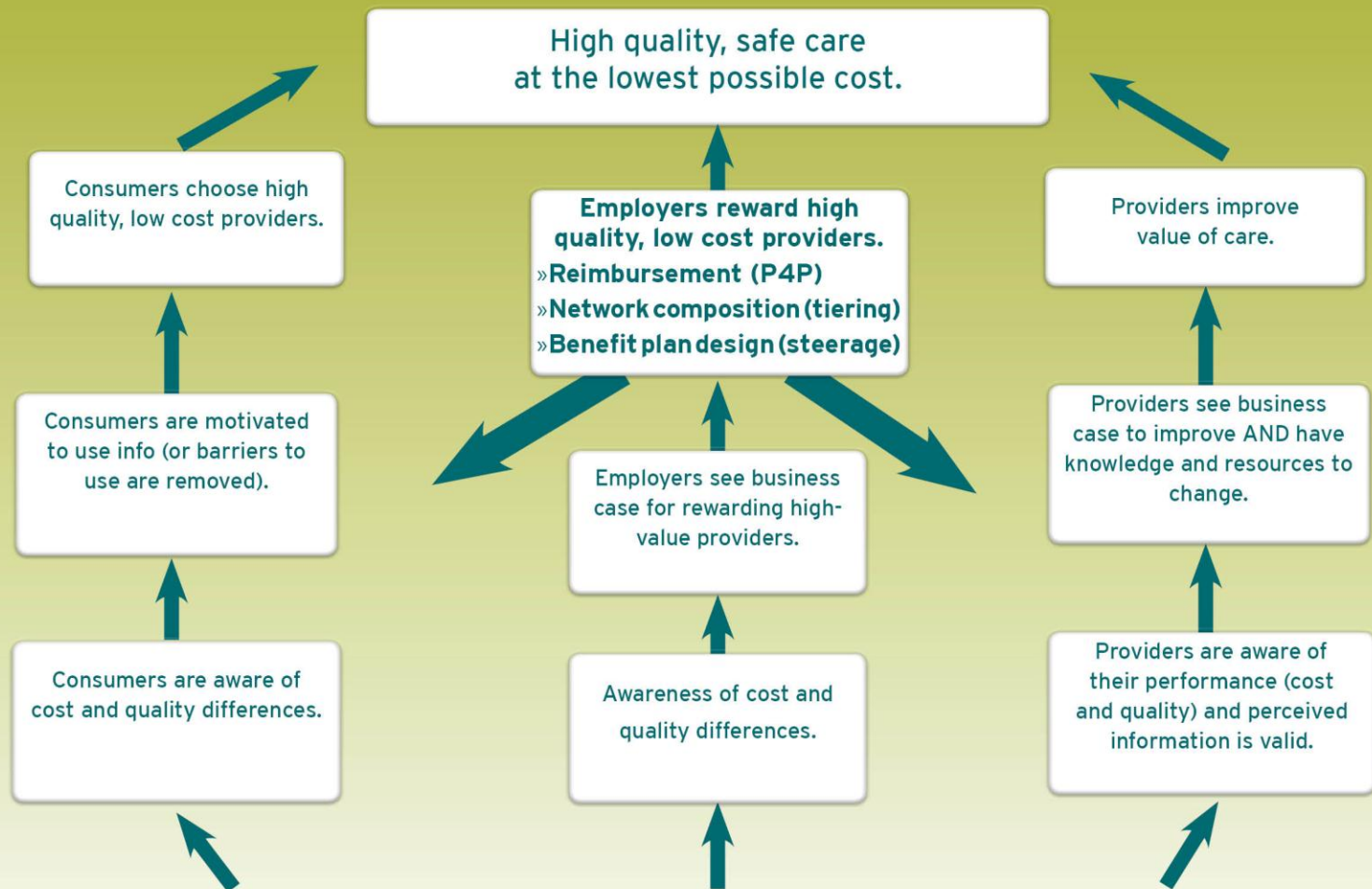
Use it or lose it...

Leapfrog in Wisconsin

Leapfrog in Wisconsin

- > 2002: Regional Roll Out for SC WI
- > 2003: Statewide Expansion at the request of other purchasers
- > 2008: **84%** of urban hospitals reporting
- > 2015: **9.4%** of urban hospitals still reporting

AIM: IMPROVE HEALTH CARE VALUE



COST AND QUALITY TRANSPARENCY

Lesson #5

Education and Tool Kits aren't
enough...

*Programming and implementation
support will create action*

The *QualityPath* to Higher Value

1. Identify common, expensive elective procedures
2. Evaluate physicians + hospitals on important quality measures and characteristics
3. Negotiate lower bundled payments
4. Use benefit plan designs to move market share to high value physicians and hospitals

Common, Expensive Elective Procedures

- > Heart Bypass Surgery
- > Knee Replacement
- > Hip Replacement

Who

- > All hospitals and physicians were invited to participate
- > Physician/surgeon + Hospital Pairs
 - Physician-level information important to employers
 - > Variation in performance between physicians
 - > Role of steward/fiduciary of resources
 - Impact of ordering and billing practices
 - Specialists account for 8 – 15% of charges, but can control/influence much more

Quality Criteria Development

- > Extensive input from clinicians and their specialty societies
- > Outcomes and clinical processes that yield better results for patients
- > Alignment with other state and national purchasers and initiatives
 - State of WI Employee Trust Fund, Medicaid, other coalitions
- > A high, but achievable bar

Lesson #6

Practicing physicians are our allies

“The care you want to buy is the care we want to deliver”

Define Characteristics of Quality Care

1. Participate in a national patient registry
 - Society of Thoracic Surgeons
 - American Association of Orthopedic Surgeons
2. High marks on outcome measures

Search CABG Data by Group

Group name
 Year:
 State:

Name ▲	Overall Composite Score (?)	Absence of Operative Mortality (?)	Absence of Major Morbidity (?)	Use of Internal Mammary Artery (?)	Receipt of Required Perioperative Medications (?)
Aspirus Wausau Hospital <i>Wausau, WI</i>	★★★★	★★	★★★★	★★	★★★★
Baycare Clinic Cardiothoracic Surgery <i>Green Bay, WI</i>	★★	★★	★★	★★	★★★★
Cardiothoracic Surgeons at Community Memorial Hospital of Menomonee Falls <i>Menomonee Falls, WI</i>	★★	★★	★★	★★	★★
Cardiothoracic Surgeons at Waukesha Memorial Hospital <i>Waukesha, WI</i>	★★	★★	★★★★	★★	★★
Cardiothoracic Surgery Gundersen Lutheran <i>LaCrosse, WI</i>	★★	★★	★★	★★	★★★★
CT Surgeons at Columbia - St. Mary's Hospital <i>Milwaukee, WI</i>	★★	★★	★★	★★	★★
CT Surgeons at Columbia - St. Mary's Hospital - Ozaukee <i>Mequon, WI</i>	★★	★★	★★	★★	★★
Dean Cardiothoracic Surgery <i>Madison, WI</i>	★★	★★	★★	★★★★	★★★★
Green Bay Cardiothoracic and Vascular, LLC <i>Green Bay, WI</i>	★★	★★	★★	★★	★★★★
The Medical College of Wisconsin, Inc. <i>Milwaukee, WI</i>	★★	★★	★★	★★	★★
University of Wisconsin Division of Cardiothoracic Surgery <i>Madison, WI</i>	★★	★★	★★	★★	★★

Define Characteristics of Quality Care *(cont.)*

3. Appropriate Use Criteria

- At site of care
- The right test the first time
- Reduces harm to patients by avoiding unnecessary exposure to radiation
- Reduces costs

Define Characteristics of Quality Care *(cont.)*

4. Shared Decision-Making

- Use a standardized process to help patients decide
 - > What are the options to treat my condition?
 - > What are the benefits of each option?
 - > What are the risks of each option?
 - > My choice reflects my values and preferences

Define Characteristics of Quality Care

5. Disclosure of all industry payments to patients
6. Conversation about future care needs documented in an advanced directive

Quality First, Then Price

- > Bundled payments for episodes of care
 - Less than today's reimbursement
- > Warranties against complications and readmissions

Initial *QualityPath* Designees

> Hip and Knee replacement

- **Dr. James Bowers** - Meriter Hospital, Madison, WI
- **Dr. Christopher Dale** - St Clare Hospital, Baraboo, WI
- **Dr. Mark Barba & Dr. Michael Chmell** - Rockford Health System, Rockford, IL
- **Dr. Lance Sathoff** - Monroe Clinic, Monroe, WI

Initial *QualityPath* Designees

> Cardiac Bypass Surgery

- **Dr. Vijay Kantamneni** - St Mary's Hospital,
Madison, WI

Employer Commitment

- > Benefit plan designs to encourage patients to use *QualityPath* designated hospitals and physicians
 - 100% coverage for *QualityPath* providers
 - Additional incentives as needed

Consumer Support

- > Benefit plans with significant financial incentives
- > Patient Experience Manager
 - Understanding cost and quality information
 - Scheduling assistance
 - Transfer of medical records
 - Travel assistance

Positive Incentives

> Patients

- Better odds of getting appropriate, high quality care
- Lower cost
- Easy to understand and use

> Physicians and Hospitals

- Reputation – public reporting, *QualityPath* designation
- Financial – greater market share

> Employers

- Better odds of getting appropriate, high quality care
- Lower cost

Provider Response

- > *Right thing to do*
- > *We need this kind of push to make changes*
- > *We want to help*
- > Questions
 - About measures
 - About disclosure and use of information

Lesson #7

Power of Purchasers Working Together...

We need critical mass

Impact Thus Far

- > American Joint Replacement Registry
 - “What’s happening in WI?”
 - Evolving registry to collect clinical and Patient Reported Outcome data
- > Outcome Measurement
 - Reporting optimal care for diabetes and hypertension
 - > Specialists and Primary Care

Impact Thus Far (cont.)

- > Evidence-Based Imaging
 - One system had partial implementation; now all designated systems have adopted with more on their way
- > Shared Decision-Making
 - One organization had a process in place for one procedure; now all designated systems have adopted

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