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bright spot

cost | payment/incentives | care across settings

Employers' Coalition On Health

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About our organization

The Employers' Coalition on Health (ECOH) has been group purchasing healthcare through an employer-owned PPO model since 1995. We serve the 20 county Rock River Valley labor market in Northern IL and Southern WI. For most of our history we have been an aggregator of employer ERISA Plans. Recently we have taken steps to address the cost and access crisis in the fully-insured small employer market. ECOH was founded on quality improvement principles. Our provider relationships have always been about quality measurement and opportunities to improve care delivery and reduce cost. This made the Prometheus pilot a natural fit

The problem we were trying to solve/the challenge(s) we faced

Despite 15 years of effort, health care cost trend for employers remains a job-killing concern. Indicators of quality of care are a major concern. Purchasing discounted units of service has little remaining leverage as a cost containment strategy. In fact, the indicators are now reversing, showing that deeper unit discounts drive-up volume of units delivered. A new way to structure the incentives in the purchasing relationship between employers and providers is required. The first step is a new form of quality measurement. Above all else, Prometheus is this new method. It allows employers and providers to know –by member episode - how much of the standard of care is being delivered. How much Potentially Avoidable Cost (PAC) is included? The results are driving the employer- provider dialogue in new, highly relevant directions. This opens the door to new episodic payment methods.

Our bright spot – the successful program, result, or process we want to share



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We implemented PAC measurement for three chronic episodes of care (Diabetes, Hypertension, and Coronary Artery Disease) with two of the three major health systems in Rockford IL. (Swedish American Health System and OSF St Anthony). For each episode, we were able to use the Prometheus method to split the fee-for-service (FFS) claims stream into claims fitting into the standard of care, and those representing PACs. The health systems validated this output via painstaking comparison to the medical record. In addition, the health systems submitted key clinical quality indicators by episode from their electronic health records (EHRs) to Minnesota Community Measurement to create a clinical tracking and accountability mechanism. This level of clinical data collection and sharing was new for all parties.

The biggest hurdle

There are many more than one. Pioneering payment reform requires a relentlessness of purpose. Few believe it can be done. Many believe it returns no immediate value and therefore should not be pursued. Let somebody else do it first. The technical hurdles in turning a FFS process toward bundled payment are many and are underestimated by the advocates. The political hurdles are almost all on the employer-payer side. The health claims payment industry is highly threatened by new methods they do not understand, control, and deploy. We lost some friends and supporters. We lost members as third party's belittled our efforts. The competition in the form of the largest health plan in IL seized the opportunity to buy business. Sensing weakness, a "sister coalition" to the North invaded our market. Our goal collective goal of "let's learn as fast as we can" allowed us to accept that some level of failure was likely – and still proceed.

Aha moment or lesson learned

FFS claims, provider networks, and member eligibility systems are not a simple conversion to bundled payment methodology. Providers know change in payment methods is coming and are willing partners. Everything takes three times longer than you imagine. Time is money. No one has that kind of time.

To share generously (or steal shamelessly), what advice do you offer?

If you are in the healthcare supply chain- anywhere- and you are not actively working on new payment methods, know that your competition is. Your new competition is not who you think it is. Bundled payment is going to be much more disruptive than you imagine. If I had known what the barriers were going to be, I would not have undertaken the effort. Sometimes ignorance truly is bliss.