INSTITUTE FOR HEALTHCARE IMPROVEMENT

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SUMMARY REPORT: 90-DAY PROJECT
Framework for working with Employers
April 30, 2011

Executive Summary:
Approximately 60 % of the US population receives health care through their employer at this time. Since 2001 these costs have nearly doubled. The aim of this research project is to develop a framework for working with employers to improve the health of their employees and families while controlling the cost of health care and improving their experience of care.

Many business leaders were interviewed about their thoughts on health care and the role that IHI might have in this work. Through those interviews along with other work the following market segments were identified: health systems as employers, health systems that work with small to medium size businesses and IHI working directly with large employers.

Five key levers for change were proposed: benefit design, provider/payer payment and contracting primary care services, health and wellness, and employer health care intelligence. The details for these drivers are explained in the paper.

Lastly, based on this framework, a series of opportunities for IHI are outlined in the paper.

I. Research and Development Team:

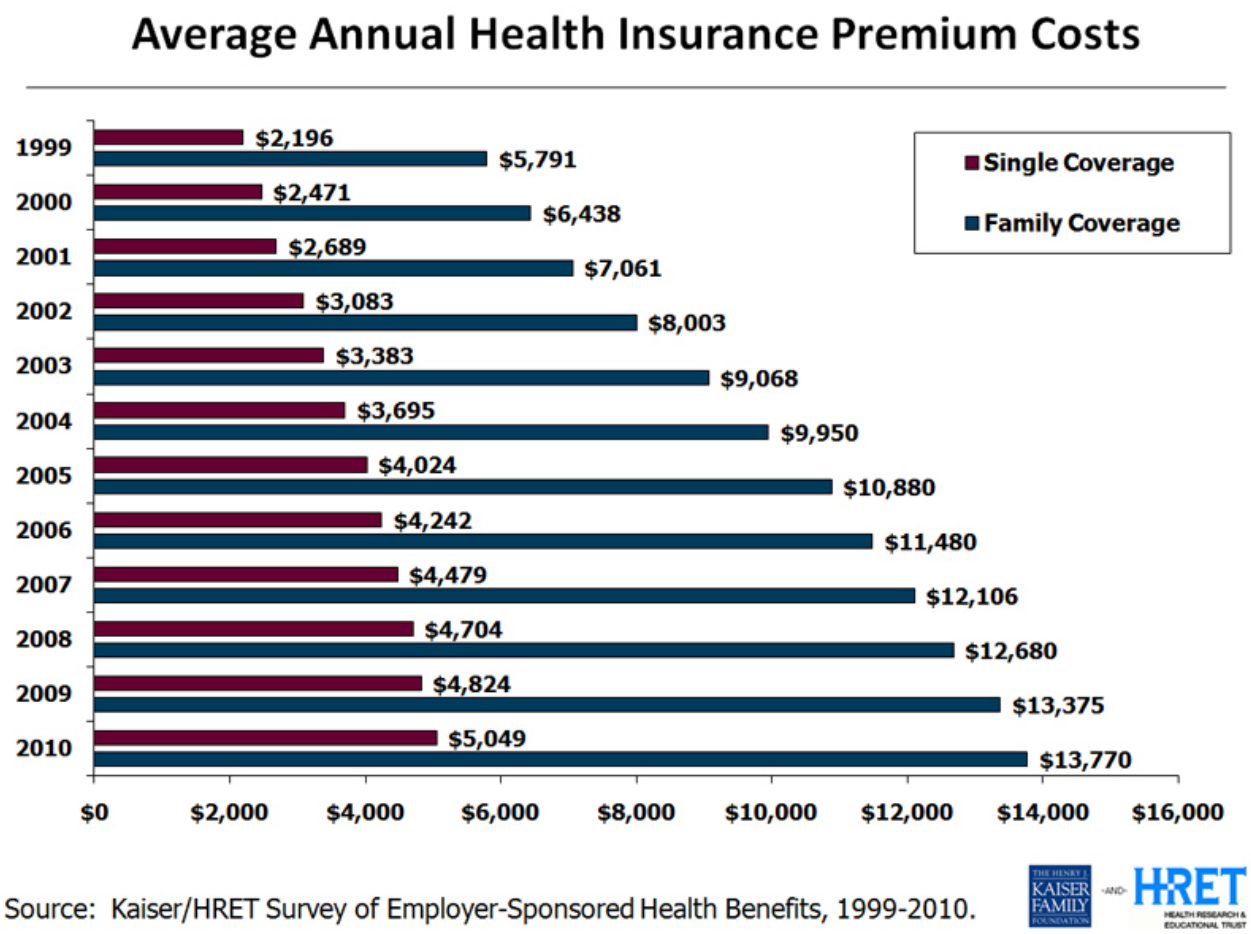
- John Whittington
- Jeff Selberg
- Alex Anderson
- Zoe Kawaller

II. Intent:

The aim of this research project is to develop a framework for working with employers to improve the health of their employees and families while controlling the cost of health care and improving their experience of care.

III. Background:

Approximately 60 % of the US population receives health care through their employer at this time. Since 2001 these costs have nearly doubled. This has put a strain on both employers and employees.



During the past several years we have worked directly or indirectly with the business community through the Triple Aim. Our closest contact has been with Quadmed which provides health care for Quadgraphics. In addition some of our health care sites such as Bellin Health Care and Health Partners among others are actively working with the business community.

During 2010 Bruce Bradley and John Whittington spoke to a number of businesses and business coalitions for IHI on the Triple Aim. They held a WebEx for the Business Group on Health and another for the Business Coalition on Health. They talked with individual business coalition leaders in Maine, Memphis, and Kansas City. In addition they also spoke with the automotive companies in Detroit and on a separate occasion they spoke with the UAW VEBA. The concept of the Triple Aim was well received but none of those meetings led to any real engagement with the business communities. The one exception is that we had many contacts with Cathy Baase the medical director at DOW Chemical. That led to a 14 county multi-stakeholder coalition, Michigan Health Information Alliance, of which DOW was a member, joining us in the Triple Aim regional work. The reason that businesses don't typically participate in IHI offerings may be that our products are often done via a collaborative model or seminar and what they are looking for is an active partner who can work with them closely to guide them through this change.

The IHI board has been working on understanding the needs of the business community through a series of interviews in order to develop a plan to support the business community.

As the Triple Aim has grown through the years, it has moved from a focus on small populations to a focus on the total populations in geographic regions. It is clear that employers are a major player in the health of many communities. The financial health of business literally impacts the health of any community. But the health of a community impacts the health of businesses. If IHI can help businesses it can have an impact on the health of communities.

IV. Description of Work to Date:

The IHI board conducted a series of interviews with the following leaders. The R and D team participated in some of these calls.

Industry Leader	Organization
1. Robert Mecklenburg	Virginia Mason Hospital
2. Len Nichols	George Mason University
3. Reed Tuckson	United Health care
4. Cathy Baase	Dow Chemical
5. Chad Greeno	Cerner Corporation
6. Pete Knox	Bellin Health Care Systems
7. Helen Darling	Washington Business Group
8. John Whittington	IHI
9. Andy Webber	National Business Coalition
10. Lis Baldock	Cincinnati Children's
11. Patricia McDonald	Intel
12. Diane Miller	Virginia Mason Hospital
13. Robert Galvin	General Electric

14. Jim Anderson, Greg Ebel (Exec Director, Health Improvement Collab), Bob Graham (MD, Director, Cincinnati Ailiging Forces for Quality), Craig Osterhues (Health Care Exec, Cincinnati Community Health Initiatives)	Health Improvement Collaborative
15. Leah Binder	Leap Frog Group
16. Suzanne Delbanco	Catalyze Payment Reform
17. David Lanksy	Pacific Business Group on Health
18. Louise Probst	St. Louis Business Group on Health

In addition the R and D Team conducted independent interviews with: Bruce Bradley retired GM, Ray Zastrow President of QuadMed, Pete Knox Executive Vice President Bellin Health Care System and Cyndy Nayer, President/CEO Center for Health Value Innovation.

The following deliverables were chosen and completed for this project and will be discussed in the results section

- Develop a framework/model that can support the business community around the Triple Aim
- Identify unique value added services that IHI can offer the business community

V. Results of the 90-Day Scan:

Here is a summary of observation from all of the interviews.

1. There is enthusiasm for IHI to enter the business community from at least some of the groups already working in this space: Leap Frog, NBGH, Center for Health Value Innovation along with some of the businesses that we talked with. Some see IHI as a convener for groups; others see IHI helping business work in a given community; others, for example, would hope that IHI might help with measures.

2. Business needs to be part of health care reform. As national movements such as the CMS initiative on safety gain steam, it would be great if business could play a big part and continue to push for standardized measures, requirements for transparency, and no payment for defects.

3. There are examples where health care has partnered with business to develop joint solutions, such as Virginia Mason working with Starbucks and Intel to develop five care protocols for common employee problems (flu, low back pain) using Toyota type specifications (the 5Ss) or Bellin working directly with companies to provide a complete range of services including primary care.

4. Third party administrators have some reluctance to support the data needs of companies. Yet data is essential for success.

5. Health care is challenging for employers. It is not their primary business. The C suite has mostly delegated this responsibility to the human resource department. Human resources is looked on as a cost center and is often thinly resourced. Its executive leadership may be transitory. Employers are overly reliant on consultants who set the agenda based on what they can sell. Consultants have little expertise in population-based health, and may attempt to control costs through cost shifting. For example there has been a significant rise in high deductible health plans coupled to health saving accounts. Employers do not tend to work directly with the health care system. They tend to be conservative not wanting to upset the employees by making significant change. Many still recall the backlash from the HMO era of the 90s.

6. Employers want to see a clear business case for the effort with a straightforward return on investment. Their time horizons are often very short. When Peter Lee says there are 15 million adverse events, it needs to be brought down to the cost at the level of the individual business. Businesses are leery of promised savings from health care initiatives because of the relentless rise in health care costs.

7. Employers on health care boards are often from the C-suit and generally not the most knowledgeable person in their business about health care. These executives who are often inhibited by the health care language may not be serving as effectively as possible. There is an opportunity for IHI to use its boards on board course to reach more executives.

8. There is concern in the employer community about the ACOs. They are concerned about the consolidation of power that might actually increase health care cost for them.

9. A few enlightened businesses recognize that to improve employee health and health care they need to work with the community. Examples of this thinking are Dow Chemical in Midland, Michigan and Caterpillar in Peoria, IL.

10. Standard metrics needed for both private and public sector for health care???

11. There are six key national associations that advise employers:
    a. The national Business Group on Health - Helen Darling
    b. National Business Coalition on Health - Andrew Webber
    c. Health Enhancement Research Organization - Jerry Noyce
    d. Integrated Benefits Institute - Tom Perry
    e. Institute for Health and Productivity Management - Sean Sullivan
    f. Corporate Healthcare Coalition and the HR Policy Association both focus on policy

12. Health care systems, as employers with employees and dependents, seem like a market segment of the business community that is often overlooked by other businesses. They do not seem to be as welcomed into employer coalitions as other businesses. This makes sense since often the business coalition is focused on reducing health care cost and the health care system looks like the problem not part of the solution.

13. Health Plans have not been as responsive to employers' needs. Employers may need to work more directly with providers.

Potential IHI Employer Opportunities, Framework and Products

Based on the work of the IHI board along with the R and D team, there appear to be many opportunities for IHI to work with employers to improve the health of employees, retirees and their dependents, to provide a better health care experience while managing the cost of health care for employers and employees. These opportunities can be divided into three market segments: health systems as employers, health systems that work with small to medium size businesses and IHI working directly with large employers.

Health care employs approximately 10% of the US workforce. At the 2010 forum Maureen Bisognano challenged health care systems to take on the Triple Aim for their workforce. In addition the American Hospital Association (AHA) is also focusing on improving the health of employees of health care systems. So developing programs and support for the health care as employer segment would be timely.

Improving the health of health care system employees could logically lead to new business opportunities for health care systems with small to medium sized employers. Over 10 years ago Bellin Health System in Green Bay, Wisconsin began to reach out to the employer community to work more closely with them. One of the first questions that employers asked was what Bellin had done for their own employees and how good they were on managing their own health care costs. These were challenging questions at the time but now with the work they have done with their

own employees they can promise significant cost savings and improvement in health to employers that work with them. This would be the second market to work with.

The third market segment is large employers which are generally self-funded. They have the incentive, the interest and the resources to manage the Triple Aim for their own employees. Companies like Boeing, Cerner and QuadGraphics are setting new standards around the Triple Aim for their employees. Some of these companies like Dow Chemical and Caterpillar are trying to improve both the health of their employees and the communities where they are located. These large companies are also important influencers in the US when it comes to health care change and improvement, especially in the area of performance measurement and accountability.

Framework for Employers

The next step is to suggest a framework that IHI can use for these three employer segments. Figure 1. Our goal is to achieve the Triple Aim for an employer's employees and their dependents. The five most important levers for change to support this goal are: benefit design, provider/payer payment and contracting, primary care services, health and wellness, and employer health care intelligence. Based on the goal, The Triple Aim for employees, and equipped with these five levers, a set of projects, investment and capability are identified for employers to equip them for this work. IHI can use this framework to develop curriculum and identify faculty to work with employers. More work still needs to be done on this framework, but we will next discuss each of the five levers.

Figure 1 Framework for Employers

Levers for Change	Possible Projects	Investments	Capability Building
Benefit Design	• Differential Copays based on effectiveness of intervention • Offer non-traditional benefits based on effectiveness of intervention • Design employee contributions around value of plan	• Strong evidence based infrastructure to support work	• The ability to monitor the evidence and adjust copays and covered services on a yearly basis •
Payment and contracting	• Bundled payment for hospital service • Payment scheme to support primary care • ACO • Pay for performance on quality, e.g. PGIP	• Data collection and information systems to support	• Evaluation of innovative mechanisms vs. traditional. (R&D)
Primary Care services	• Complex patient identification and management • Chronic Care Management • Primary care available on sight • Mental Health issues	• Predictive modeling tools to be used by clinicians as well as the system • Develop Mechanism to identify at risk for hospitalization patients in real time •	• Evaluation (R&D)
Health and Wellness	• Personal Health Coaching program to support the big issues: smoking, alcohol and weight • Use health risk assessment • Healthy foods on site	• Incentive Program	• Evaluation (R&D)
Employer Health Care intelligence	• Work with TPA to develop good data support to manage expense • Detailed Data around health plan performance	• Increase employer knowledge of best practices to drive higher expectations of providers • Good measurement set for health plans	• Development of population manager role for the employer • Actuarial Knowledge of plans

Benefit Design

Health Insurance benefit design is a lever that many employers now use. It has the potential to control demand but it can have unintended consequences if not used properly. We know from the Rand Insurance Studies conducted by Joseph Newhouse that began in 1971 that copays and deductibles have an impact on health insurance use. We see recent attempts like high deductible health plans coupled with health savings accounts used to control spending. The key here is to help businesses think clearly about the ramifications of benefit design to produce a product that helps manage cost but doesn't discourage appropriate use. For example, a system of variable copays for medication and services based on the scientific evidence might be useful. To manage evidence based copays you would need to invest in a strong knowledge base and develop the capability to monitor the evidence and adjust the design on a yearly basis. At this point in time we do not have faculty with real strength in this topic but there are groups that are working on this such as the National Business Group on Health, Center for Health Value Innovation and Integrated Benefits Institute among others.

Another key idea that we can consider around benefit design is that employers can use employee incentives and communication of health plan and provider performance on quality and efficiency to motivate employees to select higher performing health plans and providers. Incentives consist of lower payroll contributions for the higher quality plans. This can result in migration to the better performers, which benefits both the employee and the employer. An important benefit of this approach is the incentive for the plan/provider to improve in order to retain or grow market share. A well-designed plan with an employee contribution strategy can save employees money, can save the employer money, and drive significant quality improvement from the health plan/ provider. Requirements for this approach include good quality performance measurement tools, good communication tools and actuarial support.

Payment and Contracting

Payment and contracting for health care services can be useful as a catalyst for change and innovation in health care. The present fee for service model has contributed to high cost low value services. There are experiments going on with accountable care organizations, global payment and new models to pay primary care. A successful experiment appears to be the Blue Cross and Blue Shield alternative quality contract. "The contract stipulates a modified global payment (fixed payments for the care of a patient during a specified time period) arrangement. The model differs from past models of fixed payments or capitation because it explicitly connects payments to achieving quality goals and defines the rate of increase for each contract group's budget over a five-year period, unlike typical annual contracts." (Health Affairs January 2011) This lever may not be available to all employers but for those that have it, it may be key to success. Catalyst for Payment Reform, "an independent organization led by large employers, with active involvement of providers, health plans, consumers and labor groups", is one group that is working on this.

Primary Care services

Primary care services are a set of comprehensive services that are essential to the health and management of individuals and populations. They are not defined by a location or a profession but by the needs of a population. They include at least: information, prevention, coordination, diagnosis, management, anticipatory guidance, and coaching for health services. An example of one project would be working on the complex patients. This group represents 5% of the population and spends 50% of the health care dollars. This work would require investment in predictive methods to identify individuals and the capability to develop effective interventions.

Health and Wellness

Some employers now have health and wellness services. As mentioned earlier the AHA is encouraging health care systems to promote health and wellness. Companies have developed fitness facilities, health coaches, and healthy choices in cafeterias along with use of information tools such as health risk assessments (HRA). This requires investment and the development of capabilities to support this. Many employers have implemented incentive plans (in some cases, sanctions) with measurable ROI.

Employer Health Care Intelligence

Employer Health Care intelligence is defined as the necessary information for employers to help control their cost while improving the health of their population. This data is often held by a third party administrator if the company is self-insured or by an insurance company for smaller companies. There is a challenge in getting this data but some employers have found ways to access it. In addition to claims data, they would also have data related to their HRA. This would require investment in a data warehousing and analytic skill capability, or hiring a company that specializes in collecting and analyzing data.

One further comment is needed about the five drivers from IHI's standpoint. At this time IHI has no real expertise in: benefit design, payment and contracting, and employer health care intelligence. We have a small amount of experience in health and wellness and robust knowledge of primary care and quality measurement. If we are going to support organizations in all five drivers we will to need to find faculty with those skills.

As stated earlier this framework could be used as the basis to develop various products that IHI can use with the employer segments. Below we will describe some potential new products and we will describe some of the present IHI products that can support this.

Potential New Products for Employers

1. Seminars [These could be done as a joint project with NBGH or another organization that has expertise/experience in the particular lever]

a. Develop a seminar around the framework with all 5 levers. It could be targeted to anyone or all three of the employer segments.

b. With the appropriate expertise you could develop a seminar that works on only one or two of the levers like benefit design and payment or contracting or primary care services for employers.

2. Collaboratives

a. Using the IHI framework and adding appropriate faculty expertise you could target a collaborative with 5 to 10 highly innovative large employers who could learn from each other with IHI learning the critical elements for wider scale spread.

b. Or an alternative collaborative might be innovative health systems that want to work aggressively with their employees using the IHI framework and faculty.

c. Another option for this would be to work with a health system that has a proven track record of working with their own employees and other employers and use their work and people as faculty and curricula for running a collaborative. This has been the suggestion that Bellin Health System has put forward.

3. Working in a community

a. Working in a single community with a dominant employer or small group of employers on an ongoing basis. This could be modeled off of the present Triple Aim region work. The key here is to find communities with enlightened business partners who would like to do this work.

b. On a one time basis for communities that are not ready to commit to a longer engagement, help convene a town hall type meeting with all of the co-producers in attendance reviewing baseline data on population based health, individual experience of care, and per capita cost. – We did this recently for Pueblo, Colorado.

4. IHI National Forum

At the 2011 national forum, use the one-day health care executive leadership meeting to focus on health systems as employers and partners with the business community. The framework in figure 1 can be used for development of the agenda and the market segments would be the first two that were described in this paper. (See appendix A)

IHI inventory of our present products that employers might use.

1. Seminar
From the Top: The Role of the Board in Quality and Safety

Our Present description:

Led by national experts in governance and quality, this program has helped the 2,000+ alumni of this program improve the capability of their organization's board to oversee quality and safety endeavors. Participants will be equipped with the practical tools and skills to take responsibility for the quality performance of the organization. Participants will learn how to:

- Renew and sustain their board's engagement and commitment to quality and safety
- Improve their board's ability to oversee quality and safety
- Effectively integrate quality into the routine board agenda

Something to consider if we are going to focus on employers

a. Train executives who sit on boards of other organizations (hospitals, etc.) to influence their boards to make the appropriate changes to achieve TA goals. Working with Boards on Board was brought up in some of the Ad Hoc interviews. Using executives on boards as levers to move big dots is seen as promising. However, many executives are not trained to negotiate a board particularly well. Helen Darling did similar work – creating curriculum for executives who sit on health care boards. First problem – hard to find out what execs are on what board. Second, not the realm execs usually work in so they're uncomfortable talking about health care. So, Boards on Board training for non-health care.

b. Much of the Boards-on-Board content could likely be applied to large employers who have high leverage over the provider and/or insurance organizations in their communities. Teaching employers how to evaluate providers for quality, how to track improvement, and how to negotiate for quality care…

2. Seminar
The Triple Aim: Optimizing Health Care Resources for the Good of a Population

Our Present description:

This innovative two-day seminar will provide business leaders and other large employers with the opportunity to learn a specific framework for achieving the IHI Triple Aim and to

develop a plan for applying the framework to their own organizations and negotiations with health plans

Something to consider if we are going to focus on employers

a. IHI partners with a single employer for a specific period of time. IHI fulfills the role of a traditional consultant to evaluate the partner employer's employee benefit cost, implementation, and incentives. This effort would make employer-specific recommendations for achieving the goals of the Triple Aim [There are many organizations and consultants that do this, so IHI would need to be clear on what it can bring to the table that others can't, such as the portfolio of projects or specific recommendations on what an employer can do to drive and measure quality improvement.]

b. IHI fulfills role of convener for several employers – This could be random or specific. May look into hospital-systems-as-employers or many different types of employers. As a convener, IHI can offer opportunities for employers to voice concerns and problems they face in their employee health plans. Additionally, IHI can act as a teacher to reach many employers at one time.

c. IHI publishes a Triple Aim for Employers handbook, toolkit, etc. to give standardized approaches to achieving the TA at the employer level. This document will be broad enough to apply to the broad range of the employer spectrum and dynamic enough to be adaptable for specific employers.

3. IHI Summer Immersion

Our present description:

In response to many requests from individuals interested in visiting the Institute for Healthcare Improvement (IHI) to thoroughly understand our unique culture, organizational structure, and standard processes, we have designed the IHI Immersion program. This week-long exploration of how IHI achieves its mission of accelerating quality improvement in health care is ideal for those passionate about improving patient care across systems, states, and countries.

Something to consider if we are going to focus on employers

a. We could target the IHI Summer Immersion to employers interested in practices that improve joy in the workplace at low cost. Marketing could focus on building intrinsic motivation, a culture of thanks and celebration, and productivity with work-life-balance.

b. For an immersion program regarding improving health of employees, and therefore saving money, we might consider an employer that showed innovation and success in addressing their employee TA issues. Bellin, Cerner Corporation, Intel, Starbucks (in Seattle) and Dow Chemical have all taken proactive measures to address their health plan cost and quality. Bringing other employers to employer sites that have real results in this field may be more effective than highlighting IHI's culture.

4. Web&Action:
Coordinating Care for the Patients with Complex Needs

Our present description:

Patients with complex, chronic medical and social conditions can often be a drain on employers, who must accommodate productivity losses due to health care needs, and higher health care costs. During this series, employers will learn to put in place support structures and standard protocols for their employees with complex needs, leading to a better experience for the individual at a lower cost to the company.

Something to consider if we are going to focus on employers

a. IHI can collect successful efforts by employers to streamline the health experience. Bellin uses a 24/7 nurse hotline program for employees. Employees can call this number to find out what the best course of action is for health concerns. Nurses have access to all doctors in network to make appointments.

b. IHI can establish standard procedures for the most common employer health issues. This may very by industry. Reaching out to employers with industry-specific protocols can ease the difficulty of navigating employer health plans.

Web&Action:
Coordinating Care for the Patients with Complex Needs Survey Development, Analysis, and Use in Health Care Settings

Our present description:
During this three-session, web-based series, IHI improvement expert Robert Lloyd, PhD, will teach participants how to create and use effective surveys to promote pro-health policies in the workplace.

Something to consider if we are going to focus on employers

IHI can use Survey development to teach employers how to address each tenet of the TA. Survey employees to find their change in experience of care. Survey care providers to find change in employee population health. Survey health payers to find change in cost/delivery structure.

VII. Conclusions and Recommendations:

1. IHI needs to determine if they want to develop products for all of the market segments: health systems as employers, health systems that work with small to medium size businesses and IHI working directly with large employers. My assessment is that there is an opportunity in the two market segments: health systems as employers and health systems that work with small to medium size businesses.

2. The framework for employers, figure 1, described 5 levers: benefit design, provider/payer payment and contracting, primary care services, health and wellness and employer health care intelligence. IHI does not have skill in 3 of the drivers: benefit design, provider/payer payment and contracting, and employer health care intelligence. Therefore if we are going to work with this framework we either need to recruit faculty with those skills or partner with other organizations.

3. There appear to be business groups that would like to have a stronger relationship with IHI such as the National Business Coalition on health and we need to decide if and who we might want to partner with.

4. The paper describes a number of new and old products that IHI might use to work with employers. My recommendation is that we should think about developing a WebEx series for both health systems as employers and health systems that work with small to medium size businesses. Bellin is a terrific example with experience and knowledge in this area. In addition to WebEx's we could develop a collaborative for this same group so that we can learn together and push this population along. Finally we can also focus the IHI CEO meeting at the National Forum on this same topic.

VI. Open Questions:

VIII: Appendices:

Appendix A. Proposal for CEO summit at IHI National Forum

14th Annual CEO and Leadership: Summit Health Systems as employers. How to maximize employee health while managing cost and health care experience.

8:00 am - 9:00 General Conference Keynote Presentation
Maureen A. Bisognano
President and CEO
Institute for Healthcare Improvement
Location:

CEO and Leadership Summit
Location:

9:15 – 9:30	CEO Summit Registration and Continental Breakfast
9:30 – 9:45	CEO and Leadership Summit Welcome and Overview
9:45 – 10:15	Overview of Employer Framework and Segments- Jeff Selberg COO IHI
10:15 – 11:15	Three Cases that illustrate the framework Bellin Quadmed Dow Chemical
11:15 – 11:45	Getting the most out of health care benefit design Cyndy Nayer, President/CEO Center for Health Value Innovation
11:45 – 12:15	New Payment Models that work BC/BS Of Mass Talking about their work

12:15 – 1:00	**Lunch**
1:00– 1:45	Primary care that matters: how to identify and help the 1 % of the population that spends 25% of the health care dollars Robert J. Master, M.D., President and CEO of Commonwealth Care Alliance
1:45 – 2:30	Getting and using data from your third party administrator Lessons from Intel and Virginia Mason
2:30 – 2:45	Wrap-up
2:45	Session Adjourns

3:15 – 4:15	General Conference Keynote Presentation