



Business Coalitions Face Challenges as Purchasers of Quality Low-Cost Health Care

Evaluation of business initiatives in health care purchasing

SUMMARY

Between April 1995 and September 1996, the Economic and Social Research Institute, Washington, examined the design, implementation, and outcomes of new purchasing strategies in six business coalitions across the country—a sample of the most innovative and advanced purchasing groups in the United States.

The objective was to provide both policymakers and employers with more detailed information on the effectiveness of community-based health care coalitions in reforming the way health care is purchased.

This project was part of the Robert Wood Johnson Foundation (RWJF) national program *Changes in Health Care Financing and Organization* (HCFO) (for more information see the [Program Results Report](#)).

Key Findings

- Although some employer-based coalitions are moving toward value-based purchasing, most coalition purchasing still remains focused on saving money.
- Many coalitions are developing initiatives to foster improvements in the way care is delivered—research projects that measure patient satisfaction, studies of best practices, and efforts to measure outcomes, to name a few.
- Coalitions are negotiating lower health plan premiums and lower provider charges for their members.
- Characteristics that influence the effectiveness of coalitions in meeting their goals include:
 - Participation by the largest employers in the region.
 - The consolidated purchasing power of the coalition.
 - The size of the community.
 - Dynamic coalition leadership.

- The quantity and quality of other coalition staff.

The researchers concluded that all six alliances studied were successful to some degree.

Funding

RWJF supported the project with a grant of \$299,069.

THE PROBLEM

More than 100 health care coalitions (alliances of businesses and employers that provide health insurance as an employee benefit) are active in the United States, working for positive change in their local health care markets and cost savings for their members.

Some coalitions actively purchase health care for member companies. A growing subset are using "value-based" purchasing strategies that emphasize quality as well as costs to do so. The goals of value-based purchasing are a sustainable decrease in health care costs and improved health care outcomes.

THE PROJECT

This project examined the design, implementation, and outcomes of new purchasing strategies in six business coalitions across the country. These coalitions are a sample of the most innovative and advanced purchasing groups in the United States. They include:

- The Alliance, Madison, Wis.
- Buyers Health Care Action Group, Minneapolis/St. Paul
- The Health Care Payers Coalition of New Jersey, Edison, N.J.
- Business Health Care Alliance, Appleton, Wis.
- Chicago Business Group on Health, Chicago
- The Colorado Purchasing Alliance, Denver.

The project team made site visits to all six alliances and conducted in-depth interviews with coalition directors and staff, participating employers, provider organizations, managed care organizations, insurance carriers, and government officials. The investigators tracked new purchasing initiatives of the coalitions and explored how they differ from past purchasing practices.

In addition, they looked at the impact the coalitions have had on changing the way care is delivered. The objective was to provide both policymakers and employers with more detailed information on the effectiveness of community-based health care coalitions in reforming the way health care is purchased.

FINDINGS

- **Although some employer-based coalitions are moving toward value-based purchasing, most coalition purchasing still remains focused on saving money.** Those groups that are focusing on value appear to be at relatively early stages of development.
- **Many coalitions are developing initiatives to foster improvements in the way care is delivered—research projects that measure patient satisfaction, studies of best practices, and efforts to measure outcomes, to name a few.** However, the progress in this arena is slow.
- **Coalitions are negotiating lower health plan premiums and lower provider charges for their members.**
- **Some of the characteristics that influence the effectiveness of coalitions in meeting their goals include:**
 - participation by the largest employers in the region
 - the consolidated purchasing power of the coalition
 - the size of the community
 - dynamic coalition leadership
 - the quantity and quality of other coalition staff.

The researchers concluded that all six alliances studied were successful to some degree. Some of the specific challenges they faced in acting as effective purchasers of quality, lower cost health care included identifying the data necessary to make quality measurements and subsequently getting providers to share the data because of a fear of giving away competitive advantage.

Communications

The principal investigator wrote two reports published by the Economics and Social Research Institute.

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BIBLIOGRAPHY

(Current as of date of the report; as provided by the grantee organization; not verified by RWJF; items not available from RWJF.)

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Presentations and Testimony

Findings were presented at a Robert Wood Johnson conference on July 11, 1997 in Washington.