Aligning Forces for Quality | Improving Health & Health Care in Communities Across America

Robert Wood Johnson Foundation

CASE STUDY

Engaging Employers on Paying for Health Care That's Proven to Work

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Introduction

Years of rising health care costs have taken a toll on employees' wallets and businesses' bottom lines. Workers now pay 47 percent more than they did in 2005 for family health coverage they get through their jobs, while their wages have increased only 18 percent. Employers, in contrast, pay 20 percent more toward their employees' health insurance than they did five years ago.[1]

What Is Aligning Forces for Quality?

Aligning Forces for Quality (AF4Q) is the Robert Wood Johnson Foundation's signature effort to lift the overall quality of health care in 16 targeted communities, as well as reduce racial and ethnic disparities and provide tested local models that can help propel national reform.

In Northeast Ohio, an alliance bringing together those who get, give and pay for care is finding innovative ways to improve the way care is delivered and paid for. As part of this work, Better Health *Greater* Cleveland (*Better Health*) – the local Aligning Forces for Quality (AF4Q) alliance in Northeast Ohio – is helping local employers, health plans, and health care providers forge partnerships to develop these cutting edge approaches for better care, improved health, and lower costs. The objective is to shift the mode of health care payment to one that focuses on meeting quality standards and ensuring positive patient outcomes from the current system, which rewards quantity, by simply paying for the number of test or procedures that a doctor or hospital provides.

Better Health has been actively recruiting local businesses to participate in new health care purchasing initiatives – and it hasn't been easy. To enhance engagement and better understand employer reactions to these concepts, *Better Health* worked with GYMR Public Relations to convene focus groups with local employers. This brief presents findings on employers' familiarity with – and reactions to – concepts related to paying for care based on demonstrated achievement on quality. The focus groups identified potential barriers to employers' involvement and the information and messaging that would facilitate their participation in payment initiatives.

What Does Paying for Value Mean?

In contrast to the current fee-for-service health care payment model, payment based on "value" aims to increase the use of proven practices, treatments, and procedures – such as those used to treat diabetes, heart disease, and emphysema; while decreasing excessive "low-value" use of health care resources – such as unnecessary high-tech imaging exams or visits to the Emergency Department for routine care.[2]

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[1] *Employer Health Benefits 2011 Annual Survey.* Washington: The Henry J. Kaiser Family Foundation, September 2011, http://ehbs.kff.org/

[2] Appleby J, "Carrot-And-Stick Health Plans Aim to Cut Costs," *Kaiser Health News*, March 11, 2010. http://www.kaiserhealthnews.org/stories/2010/march/11/value-based-health-insurance.aspx

Included in the Affordable Care Act[3], payment models that stress value over volume have the potential to allow employers to reduce health care coverage costs and system-wide health care spending, by tying payment to successful treatment, clinical outcomes, and positive patient experience.

Focus Groups: Employer Understanding Is Low; Skepticism Is High

Low Understanding

Focus group participants included people who identified themselves as being the primary purchaser of health insurance for their employer or having significant influence over the purchasing decision. They represented 23 Northeast Ohio employers and purchasing decisions affecting thousands of people in Northeast Ohio.

Despite being responsible for making health care purchasing decisions, the participants overwhelmingly showed a low-level of understanding that they could use their purchasing power more wisely. Many knew little or nothing about national and/or local efforts to improve the quality of health care and lower costs.

Skepticism

Even when concepts of changing insurance plans and health care purchasing practices to reduce costs and improve employee health were explained, most employers remained skeptical and had difficulty understanding what leverage they could wield with health plans or providers to begin to make the changes.

Words Matter

The language used to explain these types of initiatives mattered to the focus group participants. They reacted negatively to the terms “value” and “high value,” which they said were synonymous with “cheap,” “low-cost” or “budget.” They did not like the implication that the benefits they offered employees were in any way inferior, and felt the word “value” sent the wrong message.

Terms such as “accountable care organization” and “patient-centered medical home” were unfamiliar. In the latter, some participants focused on the word “home” and worried employees would interpret it as nursing home or a similar care setting that they and their employees likely wish to avoid.

Concern about Employee Reactions

Focus group participants were concerned about how their employees would react to such initiatives. They said “selling” the concept to employees was actually more important than getting the buy-in of the company leaders. Concerns centered on fears that employees would view participation as a mandate, or that they would be punished for noncompliance. They also worried about any changes that might disrupt employees’ existing patient-provider relationship.

[3] *Key Features of the Affordable Care Act, By Year.* Washington: U.S. Department of Health & Human Services, 2010, http://www.healthcare.gov/law/timeline/full.html (accessed July 2012).

Openings in the Conversation

While focus group participants initially were skeptical that they could play a meaningful role in reducing their employers' health care costs, they became more receptive to the message over the course of 75 minutes, after receiving basic information and having the opportunity to talk with each other about these concepts. By the end of the conversation, 74 percent said they would consider participating in a value-driven program and provided their contact information.

Focus on Wellness

Employers participating in the focus groups reacted most favorably to concepts that focused on the role that employees play in their own health care, such as wellness programs. Several said that both employers and employees like the idea of wellness programs, but they remained skeptical about whether such programs actually lowered costs in the long run.

Key Lessons: Information Needed

In order to sell new purchasing strategies to their "C-Suite," participants said they would need hard data and anecdotes from other similar businesses that had achieved positive results. Where these businesses were located mattered little (they can be pulled from examples in other states), but examples from businesses of similar size and in the same business sector would be most credible.

Focus group participants recommended developing messages and information that focus on the patient benefits of care coordination that can result from such initiatives. They also wanted information to share on the role that employees can play in lowering their own health care costs, as well as tools to help track costs.

The messenger also may be important. Focus group participants said they may be more receptive to information about these kinds of initiatives if it was provided by local business organizations, including those that work in tandem with a local health care group, as long as it was nonprofit.

Key Findings from Focus Groups with Northeast Ohio Employers

1. **There is an extremely low-level of understanding among employers** about national and local efforts to improve the value of health care spending and/or lower costs.
2. **Local employers are skeptical that they can have a direct effect** on lowering health care costs, but with some education, they become interested in learning more.
3. **Commonly used health care 'jargon' – e.g., "value," "patient-centered medical home," etc. – is unfamiliar to employers,** who don't like what the words imply.
4. **Employers have the most familiarity with workplace wellness efforts** and want to see evidence that they have effectively reduced costs.
5. **Employers are reluctant to make any changes to health benefits** or plan structure that they think their employees might not support.
6. **Employers want to see specific data and relevant case studies** from businesses that are like them in both size and purpose, in order to convey the benefits of value-based health care initiatives.
7. **Participants said they would most trust other businesses** and local business coalitions or organizations to convey information on this topic.

Ultimately, senior management in Northeast Ohio would need data-driven information that answers key questions before participating in any new health care purchasing initiatives that affect their employees' care. Key questions include:

- What will it cost us?
- What can it save us?
- Who else has done it?
- What was the result?
- What will the employees say?

Conclusion

With enough time, the right data, and trusting relationships in place, organizations hoping to expand implementation of value-based health care initiatives likely can bring businesses of all sizes into the fold. To do so, hard data and relevant anecdotes need to be culled from pre-existing efforts. The data and anecdotes must span across several industries and illustrate cost savings and improved health outcomes.

Efforts also are needed to educate individuals responsible for making the health insurance purchasing decisions at their businesses. They need a greater understanding of how care is currently paid for, what drives rising health care costs, and about local and national efforts to address these issues. And they need to understand the role they can play to help reduce costs and increase the quality of care.

Finally, local business "champions" who support efforts to pay for care based on what works, vs. the volume of services provided, need to be identified and cultivated. They potentially have the most opportunity to educate and influence others. *Better Health* is working with key private and public employers in Northeast Ohio, and communicating their successes is likely to engage others, whose path to adoption of these strategies will have been shortened.

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