

# *Minnesota Pay for Performance: A Case Study in Market Alignment of Various Stakeholders*



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**BHCAG**

*Second National Pay for Performance Summit  
February 14, 2007*

## *Who is the Buyers Health Care Action Group?*

*The Buyers Health Care Action Group is a coalition of public and private employers working to **recreate the health care system** so consumers will get the care they need in the **right place**, at the **right time** and at the **right price**. We develop purchaser strategies and seek out consumer information tools that promote a **safe, timely, efficient, effective, equitable and patient-centered health care system**.*



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# ***BHCAG Members***

- Allina Hospitals
- Alliant Techsystems
- AMS
- Barry Wehmiller
- Berlex Labs
- Cargill
- Carlson Companies
- Johnson & Johnson
- Medtronic
- Minnesota Life
- MN DOER
- Olmsted County
- Park Nicollet
- Resource Training and Solutions
- Rosemount
- SUPERVALU
- Sanofi-Aventis
- Target Corporation
- St. Jude
- Tennant
- TCF Financial
- University of Minnesota
- US Bank
- Ceridian
- ELCA
- General Mills
- GSK
- Honeywell
- Jostens
- 3M
- Land O' Lakes
- Merck & Co.
- Wells Fargo



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## *Fifteen years of market driven reform*

- First RFP established long term relationship with Health Partners - "Choice Plus" benefit program is created
- The Institute for Clinical Standards Integration is formed in response to the request for treatment guidelines and clinical quality improvement
- The Minnesota Health Data Institute is created to gather and publish health care information for consumers
- The Robert Wood Johnson Foundation provides five year funding for the Minnesota Health Partnership on Integrated Disability Management

## *Fifteen years of market driven reform*

- The Department of Employee Relations joins BHCAG, demonstrating the value of public/private relationships
- Nationally recognized Direct Contracting Model featuring defined contribution, risk adjusted payment methodology and “tiered networks” is introduced
- BHCAG publishes consumer report cards
- BHCAG creates the *Excellence in Quality Awards* to provide cash and recognition to providers demonstrating superior quality improvement
- BHCAG spins off new for profit health plan, *Patient Choice Healthcare, Inc.*



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## *Fifteen years of market driven reform*

- BHCAG provides seed grant to new non-profit organization, *HealthFront*, comprised of providers, employers and consumers
- BHCAG creates a National Data Cooperative providing members the tools and analytic support needed to support strategy development and decision making
- BHCAG, a founding “frog”, becomes a regional lead in the implementation of the Leapfrog Group patient safety criteria
- With BHCAG support and direction, the Minnesota Hospital Association achieves 100% participation - in both urban and rural hospitals - posting information to the Leapfrog website



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## *Fifteen years of market driven reform*

- Advocated for the creation of the Adverse Events Reporting Act; provided financial assistance for implementation
- Founded the Broad Alliance of Minnesota Purchasers; later embraced by the Governor as the “Smart Buy Alliance”
- Assist in development of statewide HIT policy and direction through participation on HIT Advisory Committee and Board of Directors for Minnesota Health Care Connection
- Created the BTE Guiding Coalition and led the implementation of Diabetes Care Link P4P program statewide (226,000 covered lives and counting!)
- Gained broad acceptance of eValue8 as an evaluation, reporting and market reform tool, in both the private and public sector

## *The Minnesota Perspective*

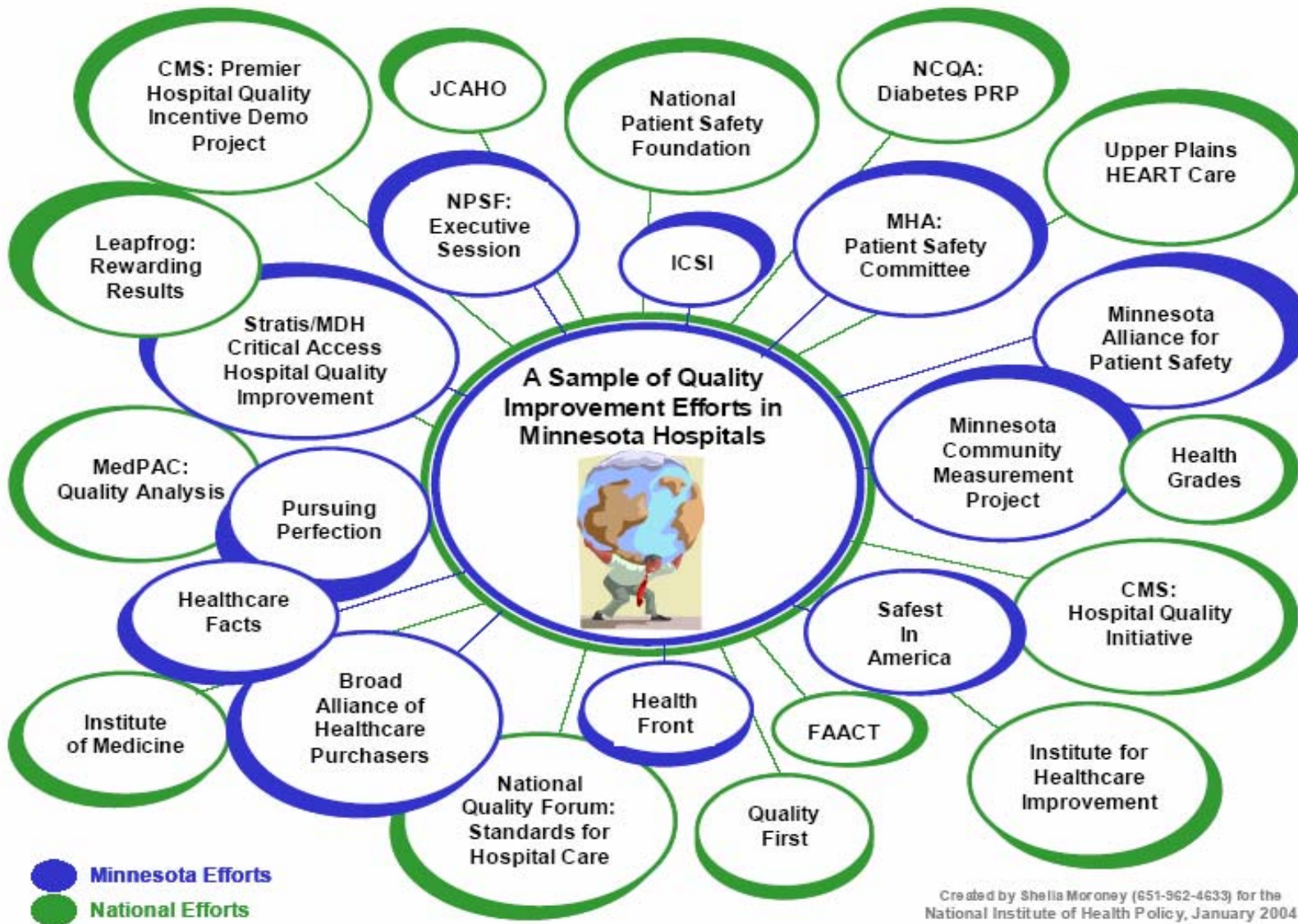
- “Healthiest State in America”
- High rate of health insurance coverage
- Epicenter of health innovation
  - Mayo Clinic
  - University of Minnesota
  - Medical device, bioscience industry



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Created by Sheila Moroney (651-962-4633) for the National Institute of Health Policy, January 2004

## *The Minnesota Problem: Rising Costs*

- Tinkering with insurance coverage does NOTHING
- Blaming the patient exacerbates risk avoidance
- Limiting unit price aggravates cross subsidization and cost shifting
- The real cost issue is largely due to systemic inefficiency and waste
- We must have a common vision for optimum performance
- We will execute a rational and focused purchasing agenda



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# *Aligning the Purchasers: The Smart Buy Alliance*

## *IS....*

- Consumer-driven effort to improve quality, reduce costs
- Health care purchasers representing roughly 3.5 million Minnesotans – from state government to small businesses
- Goal is to use massive state and private health care purchasing power to drive much needed reform

## *IS NOT...*

- Big government or big business take over of health care
- A large purchasing pool designed to shift cost



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## *Smart Buy Alliance Members*

- State of Minnesota
  - Dept. of Human Services (co-chair)
  - Dept. of Employee Relations
- **Buyers' Health Care Action Group (BHCAG) (co-chair)**
- Minnesota Chamber of Commerce
- Labor/Management Coalition of the Upper Midwest (co-chair)
- Minnesota Business Partnership
- Employers' Association
- Minnesota CEO Roundtable
- Minnesota Association of Professional Employees (MAPE)



## *What does the “Smart Buy” Alliance do?*

- Define the reason for the gap between cost and quality
  - focus purchaser efforts appropriately
- Like any smart consumer, put purchasing power towards common sense priorities
- Use common principles and goals in buying health care
  - 1 Require or reward “best in class” certification
  - 2 Adopt uniform measures of quality and results
  - 3 Empower consumers with easy access to information
  - 4 Require the latest information technology



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## *The Smart Buy Alliance believes....*

Purchasers - group, public, private, large, small, union or individual - can influence health care delivery by setting clear expectations, measuring performance and paying appropriately,

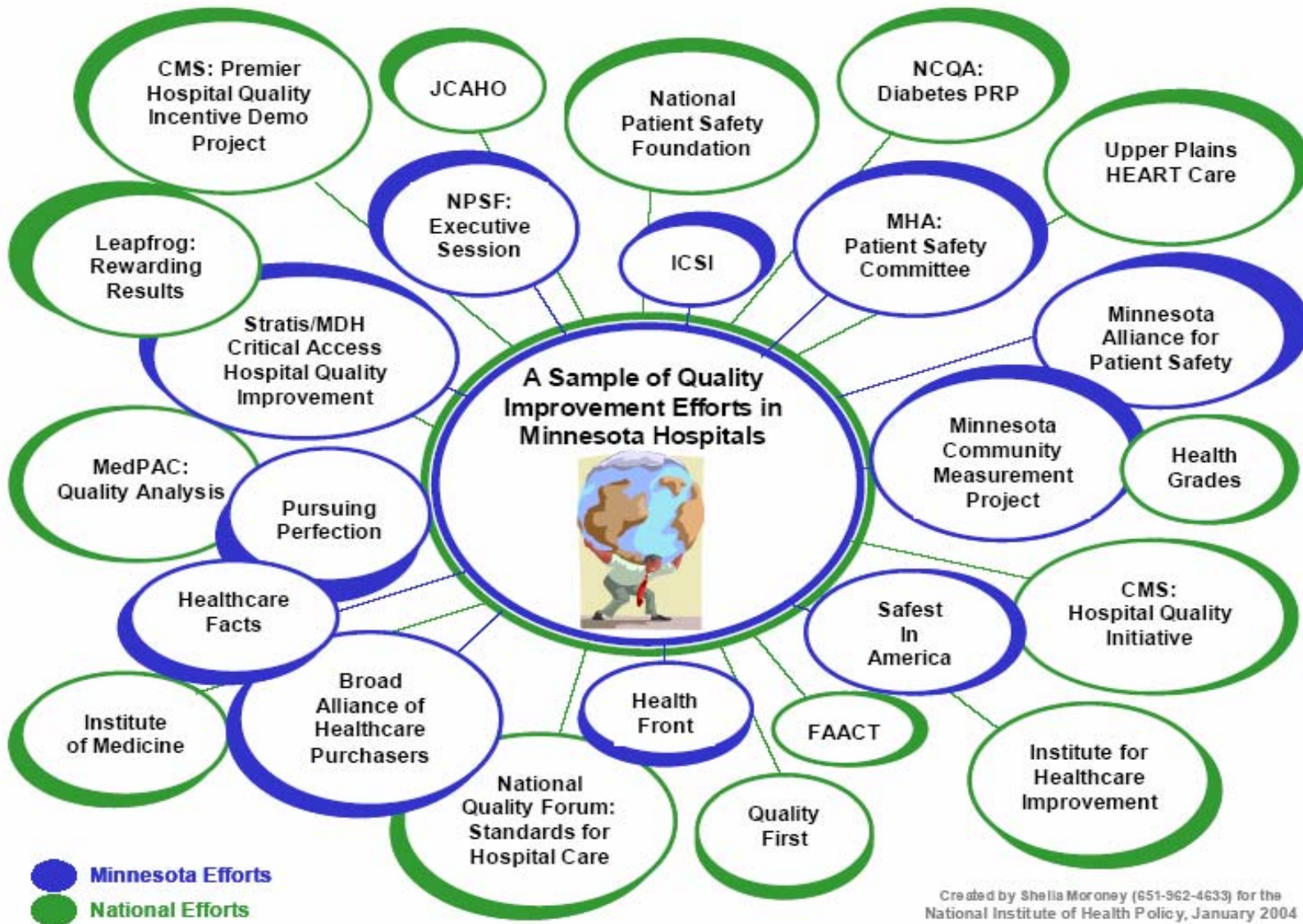
*and*

*We can improve the health of the community by doing it collectively!*



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# Minnesota Building Blocks

- Providers and health plans develop consensus on evidence based guidelines, relevant measures, and provide implementation support
- Aggregate payer data, review physician performance according to ICSI measures, publicly report results
- Reward performance through existing health plan programs and BTE





# *The MN BTE Guiding Coalition*

*MN BTE is governed by representatives from key community stakeholders to ensure collaboration, consensus and the success of the program.*

- *3M*
- *BHCAG*
- *Blue Cross Blue Shield*
- *Carlson Companies*
- *Community Measurement*
- *Fairview Medical Group*
- *Health Partners*
- *Institute for Clinical System Improvement (ICSI)*
- *Medica*
- *Minnesota Medical Association*
- *Stratus*
- *State of Minnesota Department of Employee Relations*
- *State of Minnesota Department of Human Services*



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# Building on Existing Minnesota Best Practices

- *Institute for Clinical System Improvement (ICSI) developed **measures** and obtained physician consensus on levels of performance (MN measures are higher than NCQA measures)*
  - *Must meet all four (for CVD) or five (for diabetes); not just one*
  - *Measures on outcomes, not process*
  - *More aggressive outcomes, e.g., HgbA1c of <7 not <8*
- *Minnesota Community Measurement (MCMN) - data aggregation, quality review, **public reporting** for increased transparency*
  - *Using MNCM reduces administrative costs by 66% over BTE costs in other markets*
- *Consensus reached on consistent measures to be used by all payers for **rewards***



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# *The MN BTE Champions of Change*

*The Champions of Change are early adopters of MN BTE. These entities are taking the lead in publicly signaling the medical community that health care purchasers want to pay and reward providers for optimal care, not quantity of services performed.*

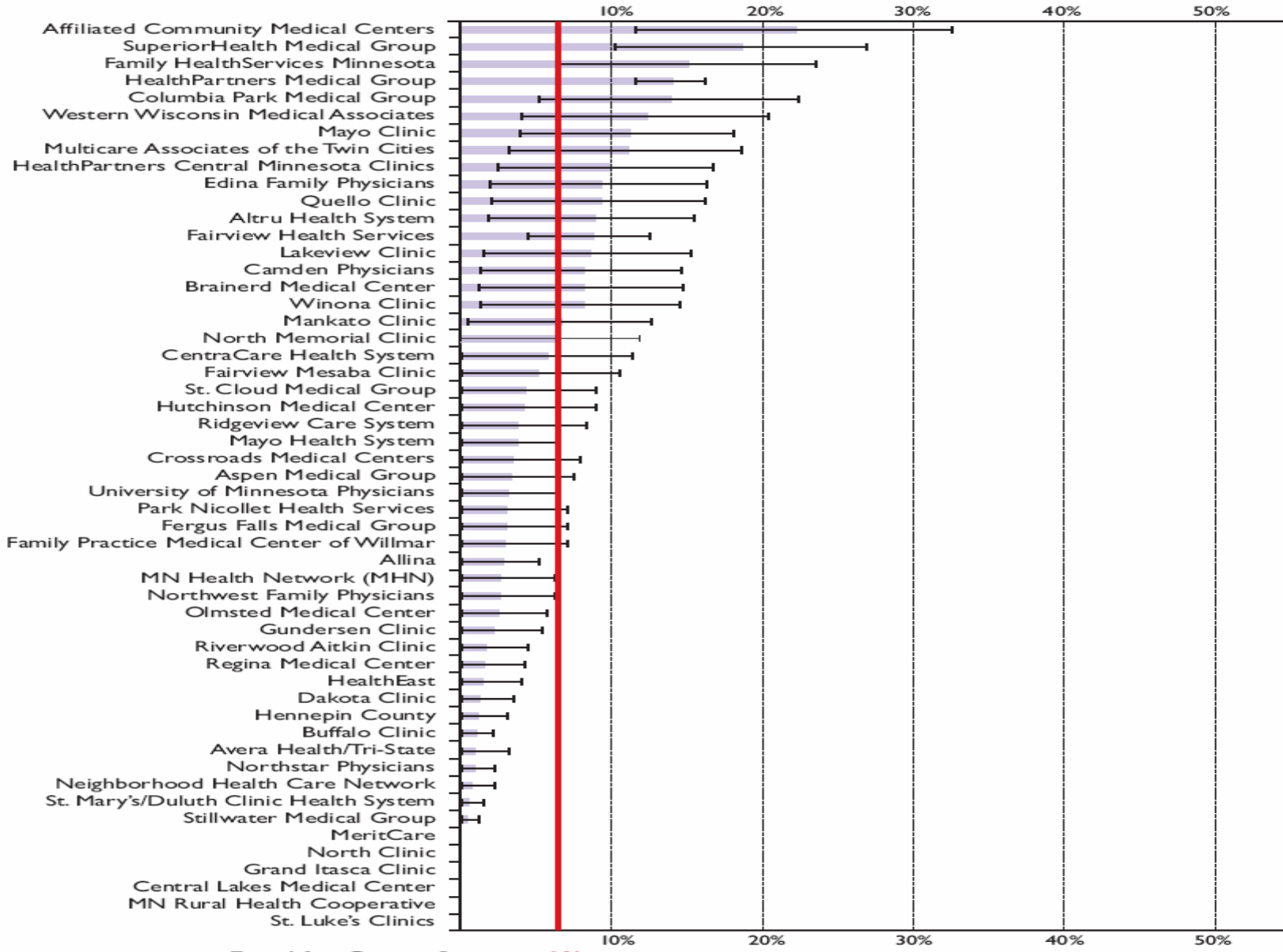
- *3M*
- *Carlson Companies*
- *General Electric*
- *Honeywell*
- *Medtronic*
- *State of Minnesota Department of Employee Relations*
- *State of Minnesota Department of Human Services*
- *Target Corporation*
- *Visant (formerly Josten's)*
- *Wells Fargo*
- *University of Minnesota*



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**Optimal Diabetes Care (revised targets)**



**Provider Group Average 6%**

Lower Confidence Level/Upper Confidence Level

## *Think Nationally; Act Locally*

- National health care problems can turn into action by considering local health care market, resources, economics, and culture
- Build on existing initiatives and local strengths
- National quality standards (or higher)
- Local reporting (for now)
- Payment from local and national payers



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## *For more information*

*Carolyn Pare  
CEO*

*Buyers Health Care Action Group  
7900 International Drive Suite 1080  
Bloomington, Minnesota 55425  
cpare@bhacag.com  
952 896 5185*



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