



Business Health Care Group

Driving Meaningful Change

National Health Policy Forum

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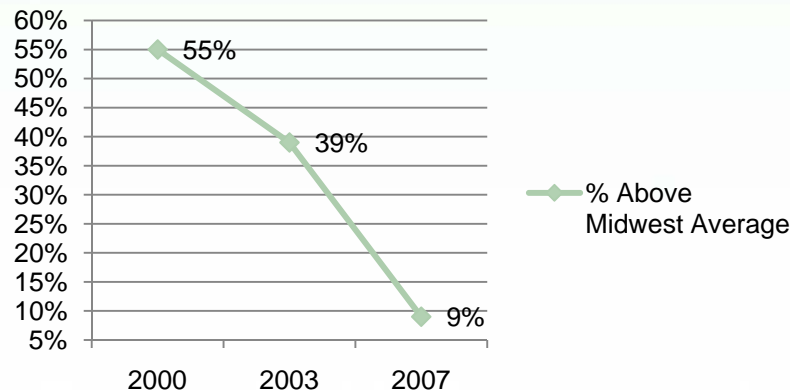


Business Health Care Group

- Located in Southeast Wisconsin
- Formed in 2003 by CEO's
- Limited Liability Corporation
- Over 1,000 Company's (30 Large)
- 102,000 Members in Plan

Goal: Get to the Midwest Average

% Above Midwest Average





Market Dynamics

Heavily consolidated

Over capacitated

Two hospital systems with geographical locks

Teaching Institution with Trauma Center

Two systems with majority of charity and Medicaid

1 800# Provider System



Strategy

Single Administrator

Accountability

Functional Disruption



Providers → **Eliminate Competition**

Single Administrator
Accountability

Purchasers → **Buy Value – Competition Key**



What Provider's Want

Contract Provisions

- Long term contracts
- All or none
- No network tiering
- No cherry picking
- Rate confidentiality
- Guaranteed inflators
- Selective transparency
- No risk → business as usual, continue to pay for defects

Greater Market Share

- Increased Revenue
- Increased Margins



Single-Act
Revolving

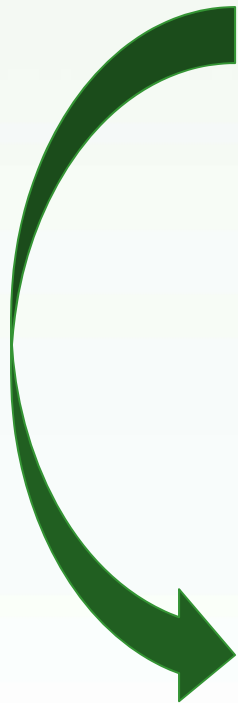


What Purchaser's Want

Contract Provisions

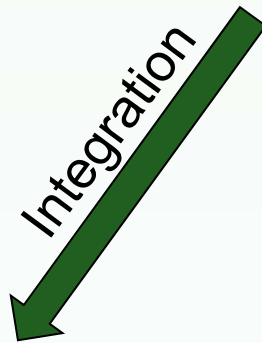
- Short-term contract or rate freezes for long-term commitment
- Network tiering
- Centers of Excellence
- Reward efficient and effective providers
- Full transparency
- Cost increases related to economy
- Accountability, service warranty

Value

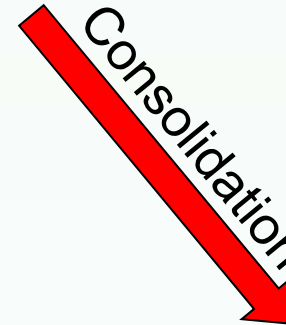




Accountable Care Organization



OR



Improved outcomes
Decreased costs

Improved outcomes
Increased costs



Consolidation In Action

Example 1: Teaching hospital merges with a community hospital

Results

- Duplication of services
- Built cardiovascular unit at community hospital
- Separate management team
- Some joint purchasing
- Limited physician staff integration
- Comparable pricing
- No moderation in contract pricing

Example 2: Hospital system purchases largest physician practice

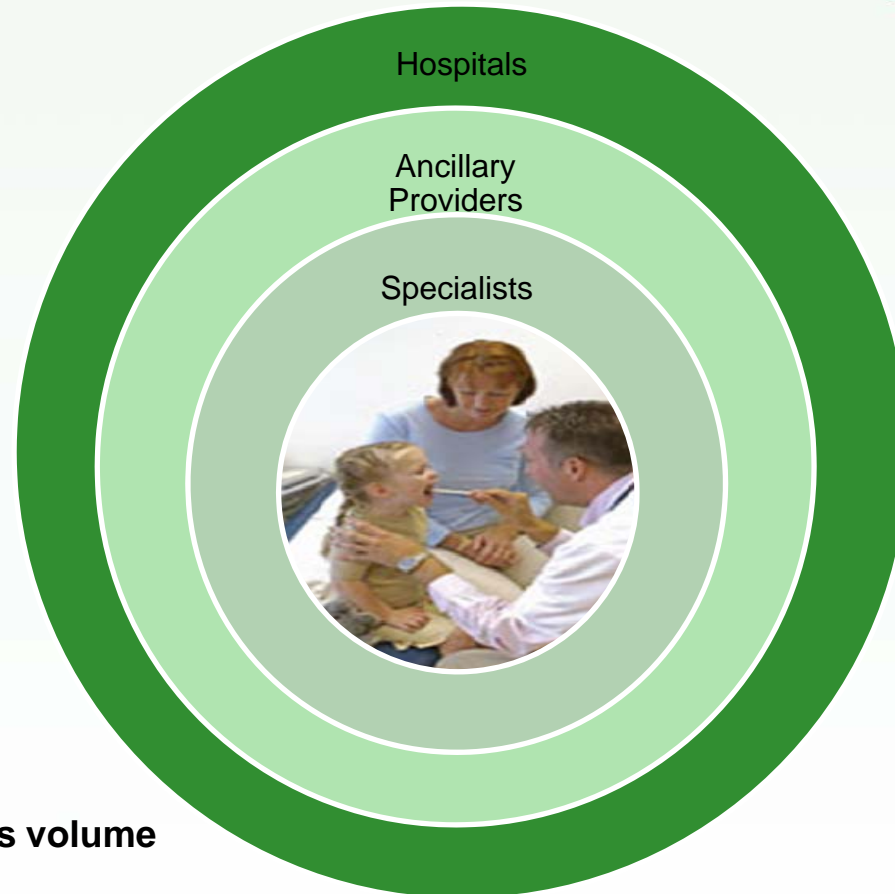
Results

- Maintained pricing level of large physician practice
- Adding new physicians to higher reimbursement tax id
- Separate management team
- Built new hospital with no capacity need
- Removed choice for consumer



Successful Integrated Care

PCP is the Integrator
Requires physician independence



Reform needed

- Admitting privileges not based on business volume
- Electronic linking
- No hospital ownership of physicians
- Limit size of physician contracting group
- All consumers required to have a primary care provider



Monopolies

Destroys benefits of integrated care

Stimulus/Incentivator

What to do

- Maintain competition at all levels
- Push administrative simplification
- Demand transparency, both price and quality
- Support accountability
- Share Medicare data



Control Infrastructure and Culture

NOT

Healthcare Delivery