# How Employers Can Improve Value and Quality in Health Care

Insights from the Robert Wood Johnson Foundation and 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 help propel national reform.

As the largest purchaser of health care in America, employers are paying a high price for poor-quality care. About 55 percent of Americans get health insurance through employers,<sup>1</sup> and employers pay for nearly three-quarters of premiums.<sup>2</sup> At the same time, poor-quality care, such as care that is excessive, ineffective, or harmful, costs a typical employer between \$1,900 and \$2,250 per employee every year.<sup>3</sup> Improving the quality of health care could improve health while saving money.

Improving the quality and value of health care is at the heart of *Aligning Forces for Quality* (AF4Q), the Robert Wood Johnson Foundation's (RWJF) signature effort to lift the overall quality of health care in 16 targeted communities. Lessons from AF4Q demonstrate how employers can drive accountability for providers and insurers to help patients get better quality care that makes more efficient use of health care dollars.

#### **RWJF's Perspective:**

 Hear from Anne Weiss, team director and senior program officer at the Robert Wood Johnson Foundation, on the role employers play in our health care system.

## ADDITIONAL RESOURCES FROM RWJF:

- Six Resources for Employers About Improving Health and Health Care for Employees
- Alliances and Employers: Working Together for High-Value Health Care (Customizable Template)
- Bullish on Business:
   Engaging Employers in Health Care
- 10 Things You Need to Know About the Quality of Health Care in America (For Employees)

## The Role of Employers in Improving Health and Health Care

Even though employers are the largest purchasers of health insurance, they typically don't leverage their influence to encourage improvements to the health care they buy or promote healthy behaviors to their employees. With escalating costs, providing benefits to employees has become a bottom line issue for employers, and increasingly, poor-quality care and chronic diseases are driving costs even higher. Nearly three-fourths of the money spent by private insurance goes to treat people who suffer from chronic illnesses such as diabetes, asthma, heart conditions, and depression. Yet, Americans get only half of the recommended care for their chronic conditions. Unless we move rapidly to improve the value we get for our health care dollars, we will continue to squander precious resources on a broken system.

A healthy business needs healthy employees. Currently, poor-quality care leads to as many as 45 million avoidable sick days per year, which is the equivalent of 180,000 full-time employees—the working population of Salt Lake City—calling in sick every day for a full year. Employers can help themselves and their employees by promoting healthy behaviors, helping employees get better care and manage their chronic conditions, and driving changes in the health care system by paying for high-quality, high-value care. It's crucial for employers to consider the cost and quality of care provided by local hospitals and health care practices when choosing health plans and the preferred networks they offer their employees. Armed with the right information, employers can play an active role in changing the health care delivery system and employee benefits to promote health and save money at the same time.



Aligning Forces for Quality alliances are working with local employers to support healthy behaviors in employees, try new approaches for paying for health care, and spur employer coalitions.

## **Helping Employees Become Healthier People and Better Patients**

As the provider of insurance coverage, employers are a source of health information for employees. Employers can leverage this role by educating employees on how they can partner more effectively with their health care providers and receive better care. Employers can also encourage employees to participate in wellness programs to learn about their health and adopt healthy behaviors.

AF4Q alliances have been working with employers in their communities to help them communicate with employees about health and health care. For example, the AF4Q alliance in Puget Sound, Washington, the Puget Sound Health Alliance, collaborated with two major purchasers—King County, which represents county employees, and Sound Health & Wellness Trust, which represents grocery workers—to create the "Own Your Health" campaign.

As part of the campaign, the alliance customized materials from the American Institutes for Research's Communication Toolkit to help King County and Sound Health educate employees about important health topics, such as making sure they have a primary care physician, identifying quality health care, communicating effectively with their physicians, and finding reputable health care information online.<sup>7</sup> "Own Your Health" also hosted a website with videos explaining these concepts, as well as lunch-and-learn sessions.<sup>8</sup> The campaign is in the process of expanding to other local employers.

Aligning Forces for Quality of South Central Pennsylvania is partnering with employers, such as WellSpan, to implement employee wellness programs that help those with complex or chronic health issues better manage their health, work with their physicians, and avoid preventable hospital stays. The alliance hosts an annual wellness summit with local employers and other stakeholders to discuss these issues and share best practices. The alliance hosts are annual wellness summit with local employers and other stakeholders to discuss these issues and share best practices.

## **Encouraging Employees to Seek High-Quality, High-Value Care**

Employers can promote employee health and save money by encouraging employees to seek care from providers proven to give the right care at the right time. AF4Q alliances are working with employers to help employees learn about and identify high-quality care by using the alliances' public reports on the quality and cost of care provided by doctors and hospitals. Employers have also used quality data when choosing health plans they offer to their employees.

The Health Improvement Collaborative of Greater Cincinnati, the local AF4Q alliance, worked closely with benefits managers to help employees become better informed about health care. The alliance created a toolkit for benefits managers to co-brand and promote awareness of health care quality issues with their employees during open enrollment periods. The toolkit included 10 actionable, one-page handouts that guided employees to the alliance's Web-based quality report—"Your Health Matters"—while also explaining how to prepare for a doctor's appointment, use health care quality information to improve care, follow treatment plans after an appointment, and ask questions about medical tests, prescriptions, and treatment options. 12

#### Learning by Example:

 See a video about the Puget Sound Health Alliance's "Own Your Health" campaign.

# ADDITIONAL RESOURCES FROM RWJF:

- Three Tips for Getting Smarter About Health Care (For Employees)
- 9 Things You Can Do to Get Better Care (For Employees)

# ADDITIONAL RESOURCES FROM RWJF:

- 11 Ways to Bolster Efforts to Engage Consumers
- Puget Sound: Engaging Purchasers, Driving Improvement
- How to Use Public Reports of Health Care Performance (For Employees)

Similarly, the statewide AF4Q alliance in Minnesota, Minnesota Community Measurement, is working with employers to guide employees to quality reports when they are making health care decisions. During employees' annual health benefits open enrollment period, the State of Minnesota links to the "Minnesota HealthScores" reports on its benefits enrollment website, and the University of Minnesota requires employees to visit the quality reports before enrolling, so employees can make more informed decisions about their benefit selection. The University also offered a \$50 stipend to employees who completed a tutorial on how to use quality scores.

In addition to encouraging employees to use quality information, King County used the Puget Sound Health Alliance's "Community Checkup" reports on the quality of care provided by hospitals, medical groups and clinics to assess its provider network. Using the reports, King County chose a new insurance provider and saved \$23 million in one year—about \$4,000 per employee—while employee health improved. For employers willing to provide their own health insurance claims data, the Puget Sound Health Alliance also creates customized reports showing how their employee population compares to the region on the measures included in the alliance's quality reports. This information helps employers get more detailed insights into the care they are paying for—and how to improve it.

## **Implementing Value-Based Benefit Design**

By working with providers, insurers and local health care organizations, employers can promote quality as well as cost savings by adding quality considerations to health care purchasing. Value-based benefit design aligns employee incentives with the value of a given health care service—reducing barriers to receiving high-value care, and creating consequences for receiving care that has little value.

The Maine Health Management Coalition (MHMC), one of the organizations leading the AF4Q effort in Maine, is working alongside its employer membership to begin changing how care is paid for—in the way that works best for each employer. MHMC's members, such as the State of Maine, the University of Maine and The Jackson Laboratory, are using the coalition's "Get Better Maine" quality reports to design health benefits and provide incentives for employees who go to top-rated providers.

For instance, the State Employee Health Commission (SEHC) uses MHMC's data to tier hospitals and providers based on the quality of care provided. SEHC waives the \$10 co-pay when employees get care from "preferred" physician practices and the \$200 deductible when visiting a "preferred" hospital. The tiering program has generated competition among providers and spurred quality improvement and patient safety efforts across the state, leading to significant improvements in the quality and safety of care provided. HMMC also worked closely with The Jackson Laboratory, and helped them realize they were spending significantly more on benefits than similar employers in the region, including 50 percent higher hospital costs. The Jackson Laboratory then used the quality data to redesign its benefit plan. They offered lower co-pays for visits to "preferred" doctors, full coverage for certain surgeries and lab tests with "preferred" providers, and lower out-of-pocket costs for in-network hospitals. In one year, the company reduced health care costs per enrollee by nearly 20 percent.

The University of Maine System is also adopting the tiering structure, along with additional financial incentives that promote healthy behaviors. The University increased its emergency department co-pay from \$25 to \$100, while lowering the co-pay to visit a primary care physician from \$20 to \$10, to encourage employees to manage their health with preventive care and regular outpatient visits.

#### **Learning by Example:**

 See a video about how the State of Maine and the Maine Health Management Coalition are working together to restructure how care is paid for.

# ADDITIONAL RESOURCES FROM RWJF:

- Maine: Labor-Management Groups Drive Delivery System Redesign
- Engaging Employers on Paying for Health Care That's Proven to Work

## **Becoming Involved in Business Health Alliances**

ADDITIONAL RESOURCES FROM RWJF:

- West Michigan: Persistence Lures Employers to the Table
- Engaging Employers: What Works?

Employers can have a greater say in their local health care market by joining a purchasing or multi-stakeholder alliance. Having a seat on a local or national business health organization empowers employers to be part of the solution for helping employees get high-quality, high-value care and improve the overall health of the community.

The Albuquerque Coalition for Healthcare Quality, which spearheads the local AF4Q initiative, has engaged many of the large employers in the Albuquerque area to form the region's first business coalition to address health care issues. The alliance presented a clear framework and recruited employers to get involved. Based on an initial convening of local employers, the alliance launched a Business Health Advisory Group (BHAG), consisting of more than 15 employers, including the City of Albuquerque, Albuquerque Public Schools, Sandia National Laboratories, and the University of New Mexico. The BHAG meets regularly to identify strategies for supporting the alliance's work and to share best practices for encouraging employees to improve their health and health care.

Similarly, other alliances are holding events to bring together local employers and stakeholders to inform them about national and local health care quality issues. The Alliance for Health, which leads the AF4Q effort in West Michigan, convened senior executives from local employers for a "CEO Health Care Summit." During the summit, the alliance educated attendees about the value of AF4Q's work to their bottom lines and employees, and encouraged their participation in the alliance's projects. <sup>23</sup> The alliance has kept in close contact with 10 employers since the summit to involve them in employer-focused activities moving forward. <sup>24</sup>

Employers have the potential to catalyze real, lasting change in the health of their communities and in the health care system. As the provider of most Americans' health benefits, employers can shape the way their employees manage their health and choose their doctors and hospitals. Employers also hold purchasing power, which they can leverage to demand better care by incorporating quality and cost information into their benefit decisions. Many employers across the country are making real progress in addressing the rising costs in health care—an effort that's good for health and good for business. The accomplishments of Aligning Forces for Quality alliances and local employers point the way forward for improving employee health and health care across America.

For more information about Aligning Forces for Quality, visit www.rwjf.org/qualityequality/af4q.



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