



**Working for Cost-Effective, Quality Healthcare in the Tri-State Area**

**NYBGH Executive Director Laurel Pickering  
Testimony before New York State  
Department of Health and Department of Insurance on  
Increasing Access to Health Insurance Coverage and  
Moving Toward Universal Healthcare Coverage  
December 5, 2007**

Thank you for the opportunity to speak on behalf of the New York Business Group on Health, which includes some of the State's largest purchasers of healthcare. NYBGH represents both public and private purchasers who cover over 1 million Americans seeking to improve the quality of health care while moderating costs. The members of NYBGH range from large public and private purchasers such as Pitney Bowes, Merrill Lynch, Starwood Hotels and the City of New York. We support health care purchasers in their quest for value as they buy health benefits and other healthcare services for employees. Our notable projects are aligning purchaser expectations around health plan performance using a tool called eValue8, an evidence-based request for information process, which I will talk more about later. And, a project which is aggregating health plan data to provide individual physicians with performance feedback. NYBGH also oversees the small business purchasing alliance HealthPass, which is our subsidiary and for which I chair the board.

I commend the State for tackling healthcare reform.

I will start my remarks with a vision of the future of healthcare in New York State and conclude with ideas on how to get there. The vision for the future of healthcare is being touted across the country, from local groups like the New York Business Group on Health to the federal government and their value-drive healthcare initiative.

The system of the future is market-driven and value based. What does that mean?

It means it is consumer-focused. Healthcare information is easy to access and understand.

Cost and quality information is transparent and available to the public.

Payment for services is based on quality, not quantity.

Consumers are able to make choices and shop for the best quality at the best price.

And, lastly, that there is a competition within the healthcare system.

How do we get there? I want to appeal to the State as a purchaser of healthcare. The State purchases healthcare for many employees and families, as well as Medicaid recipients.

We need you to be a leader in what some private purchasers in NY call value-based purchasing. It starts at home. We need you to set an example and practice what you preach as a State from all perspectives, not just the DOH and DOI perspective.

We need an alliance of public and private purchasers to work together to enhance quality and efficiency using innovative purchasing strategies. Everyone needs to be buying on value and not just volume or shifting costs to others which is not sustainable. We need to optimize our signal strength as purchasers of healthcare to drive quality and efficiency. Employers and consumers, the buyers, need to be the primary influencers of the healthcare system, not the providers, the suppliers.

So, what does that look like? I am proposing that the State takes a leadership role and brings to the table the various public and private healthcare purchasers in the State for the following purposes: get purchasers to start buying on quality and not just cost and to coordinate the confusing demands on plans and providers for performance measures. This should be done with the understanding that none of us alone has adequate market power to demand true accountability from suppliers.

I didn't come up with this idea on my own, but stole it from another state...Minnesota. Minnesota has something called a Smart Buy Alliance which we could use as a potential model for reform.

There were parallel activities in Minnesota already going on when Governor Pawlenty, in a quest to reform healthcare in Minnesota, announced in 2004, the creation of the Smart Buy Alliance. The Smart Buy Alliance included:

- The state of Minnesota Departments of Employee Relations (state employees) and Human Services (Medicaid, SCHIP and MinnesotaCare)
- Buyer's Healthcare Action Group (large public and private purchasers, the equivalent of NYBGH)
- Labor /Management Health Care Coalition on the Upper Midwest
- Minnesota Business Partnership
- Minnesota Chamber of Commerce
- Minnesota Association of Professional Employees
- Employers Association
- CEO Roundtable

We have many equivalent organizations in NY.

The Alliance agreed upon a set of Common Principles:

- Identify and reward "best in class" providers;

- Adopt uniform measures of quality and results;
- Empower consumers with easy access to information; and
- Accelerate the use of latest Health Information Technology

The Commonwealth Fund has studied the Smart Buy Alliance and I have included a copy of their review with my testimony.

There are many tools and organizations to facilitate value-based purchasing, like Leapfrog, Bridges to Excellence and eValue8.

NYBGH currently uses eValue8 to measure the performance of the New York Metropolitan area health plans. We use the same tool that the State of Minnesota uses, as well as many other purchasers around the country. We'd like to get the State and others to join us.

Examples of what the State can do:

- Use eValue8 to measure the performance of the plans you contract with for State employees and Medicaid
- Decide not to pay for NQF Never Events—those things that should never happen, but do, like wrong site surgeries
- Ask hospitals to complete the Leapfrog survey and tell us where they are in meeting certain safety standards
- Reimburse physicians more who meet the Bridges to Excellence designations for evidence-based treatment of diabetes, heart disease and stroke. Encourage enrollees, either State employees or Medicaid to use those physicians.

Most consumers today don't have the information to make informed decisions about treatments or providers. Most providers are paid the same whether they deliver the highest quality or the lowest quality care, irrespective of their cost-effectiveness. The only solution to reforming health care over the long term is to change these two dynamics – consumers must have the information and incentives to make the best choices for them; and providers need to be rewarded for doing a better job.

I went on the website for the Governor's Office of Employee Relations and didn't see a reference to anything to do with health care quality and value as it applies to New York State employees and their families. It might exist somewhere else that I don't know about. If it doesn't, it's a huge omission and one the State should address.

Once again, I commend the Governor for making this a priority. Every new leader wants to make his mark and do something new, but I caution the State. This is not the place to step out and be different, when it comes to driving healthcare quality and value. It's the place to all fall in line, in lock step with each other, as a State and a nation. It's the only way we are going to see true reform.

I didn't talk much about covering the uninsured which is a major focus of these hearings. At this point, I know you have heard lots of suggestions.

I do want to remind you of our program called HealthPass. It's a purchasing alliance for small businesses. Employees have a choice of plans at a range of prices. We are a model that can be looked at as the State focuses on vehicles to administer subsidies or health care benefits. HealthPass is similar to the Connector in Massachusetts and there is a version of HealthPass in many health care reform proposals of our Presidential hopefuls.

Thank you for the opportunity to be with you today and I look forward to further discussions.



# Minnesota's Smart-Buy Alliance: A Coalition of Purchasers Demands Quality and Efficiency in I

May 26, 2005

**Category:** Purchasing Strategies

## Overview

The state of Minnesota has joined with private business and labor groups in a "Smart-Buy Alliance" to drive quality care delivery system. While Alliance members continue to purchase health care individually, they have agreed to se reporting requirements, and technology demands on health plans and providers and to favor providers and health Together, the Alliance members buy health insurance on behalf of about 70% of state residents.



**Issue:** Minnesota, like the entire U.S., has experienced years of double-digit growth in health care quality care. In response, the state of Minnesota has joined with private business and labor group coalition hopes to reduce an estimated 30% of direct health care outlays resulting from inappropri estimated 10% of savings from health information technologies.[1]

**Objective:** The Smart-Buy Alliance members pool their purchasing power to drive value in the health care deliver lower costs by reducing inappropriate and unnecessary care, encouraging evidence-based medicine and use of high providers' administrative costs through common reporting requirements. That is, the Alliance hopes to achieve sav members' expectations on quality and value.

"Members are shifting from simply paying for health care insurance to reforming the system by the way we purcha commissioner of health care for Minnesota's Department of Human Services (DHS).

**Background:** The formation of the Alliance, announced in November 2004, resulted from months of study by a " Minnesota Governor Tim Pawlenty's Administration and representatives from business and labor groups, some of purchasing initiatives. The participating organizations agree to common principles in their purchasing decisions, w plan contracts, shared use of tools and technologies, and greater empowerment of members.

**Participants:** Alliance members purchase health insurance for 3.5 million people, or 70% of the state's residents. Medicaid, the State Children's Health Insurance Program (CHIP), and state health care programs. Minnesota's Dep for more than 100,000 state employees and their dependents.

Private sector participants include:

- Buyer's Health Care Action Group, a coalition of employers in the forefront of developing new purchasing strat
- Minnesota Business Partnership, representing Minnesota's largest employers;
- Minnesota Chamber of Commerce, representing employers of all sizes across the state;

- Labor/Management Health Care Coalition of the Upper Midwest;
- Minnesota Association of Professional Employees;
- Employers Association;
- Advocates for Market Place Options for Mainstreet; and
- CEO Roundtable

**Process of Change:** While Alliance members continue to purchase health care individually, they are encouraging pursuing four key strategies:

**1. Reward or require "best in class" certification.** Alliance members will build on existing "best in class" ce identify health care providers achieving certain levels of expertise, experience, proficiency, and results. Currently, t identifies and rewards the top-performing cardiac care centers in the Minnesota. Cancer care will be certified next. when selecting providers and will encourage patients to do the same.

**2. Adopt and utilize uniform measures of quality and results.** The Alliance will adopt uniform methods o them in purchasing. To facilitate comparison of health plans, Alliance members will use a common purchase order plans must provide about performance and outcomes. This is based on the "eValue8" value-based purchasing tool o example, will incorporate features of eValue8 into their contracts with health plans. Some of the private purchasers from various health plans. The state already has notified the managed care plans that cover two-thirds of public he new benchmark indicators into the 2006 contracts.

**3. Empower consumers with easy access to information.** In addition to collecting information from prov standardized, user-friendly information about health care costs and quality. Consumers will have access to:

- MN Community Measurement Project—This provides information on how well MinnesotaCare (state-subsidize meet certain proven standards, for example the extent to which physicians adhere to clinical guidelines and evi comparative measures for asthma, children's health, depression, diabetes, high blood pressure, and women's h with your doctor to stay healthy ([www.mnhealthcare.org](http://www.mnhealthcare.org)).
- Compare Your Care—Consumers take an online survey about care they have received. Surveys exist for adolesc health; pediatric and adult asthma; diabetes; heart disease; and depression. Consumers are provided with info accumulated responses enable comparisons among clinics, networks, and care systems ([www.healthfront-info](http://www.healthfront-info)).
- Minnesota Health Information Web Site—A clearinghouse that connects consumers with a wide range of inform in Minnesota. The site includes links to numerous health-related sites that compare provider performance and conditions, give tips on purchasing care, and offer strategies for staying healthy. The site was created by the Gc the Minnesota Department of Health ([www.minnesotahealthinfo.org](http://www.minnesotahealthinfo.org)).
- The Adverse Health Events Reporting Law—Passed during the 2003 legislative session and modified again in 2 consumers with information on how successfully hospitals and outpatient surgical centers prevent adverse eve tracked and publicly reported, including wrong-site surgery, retention of a foreign object in a patient after surg with medication error. Under the legislation, hospitals must notify the Minnesota Department of Health (DOH will then publish annual reports of the events by facility along with an analysis of the events, corrections imple: improvement.

**4. Require use of information technology.** The Alliance will encourage efficiencies and quality improvement adoption of new technologies. It is pursuing the following:

- providing patients with "Smart Card" electronic insurance cards for instant information about their eligibility a
- supporting the development and widespread use of electronic prescription technology, intended to reduce med
- requiring that health plans use the standardized, electronic insurance claim forms employed by Medicare (form

- developing automated systems that track patient satisfaction and clinical outcomes and speed up payments to

**Next Steps:** Members of the Smart-Buy Alliance can choose which initiatives to pursue. For example, the Labor/Management Midwest is leading the best in class certification initiative, while DHS is the first state Medicaid agency to participate in Excellence, a national pay-for-performance program. The members will share the results of their initiatives and are working on standards, SmartCards, automated systems, or other measures—into this year's negotiations with health plans and employers. These contracts will take effect in calendar year 2006. Smart Buy Alliance members are working on a public awareness campaign to educate purchasers on how to get the best value and quality from the health care system.

**Challenges and Lessons for State Purchasers:** State administrators emphasize that an effective purchasing strategy requires a top-down approach, a bottom-up approach, and a collaborative approach. According to Osberg, "this is a voluntary and market-based initiative, and we all have the resolve to implement the provisions we've agreed on."

So far there have been many questions but not a great deal of "push back" from health plans and providers. Cal Ludeman, chair of the Governor's Health Cabinet, said "some suppliers have been anxious, wondering how the process will be as collaborative as possible."

Ludeman stressed the need for constant communication among stakeholders, as well as education and outreach. "I'm going to small towns and talking to employees and employers about how to contract, what questions to ask, and how to negotiate."

## References

[1] 30% poor quality estimate based on literature review summarized in *Reducing the Costs of Poor-Quality Health Care*, Midwest Business Group on Health (2003); 10% potential savings from information technology based on a study by the Department of Health and Human Services. (State of Minnesota, Governor's Health Care Cabinet, Presentation: *Smart Buy Alliance*, State Coverage Initiatives National Meeting, February 5, 2005).

[2] Alliance members are currently pursuing a request for proposal process to develop the Smart Card technology.

**For More Information:**

Visit the State of Minnesota Governor's Health Cabinet site, [www.maximumstrategies.com](http://www.maximumstrategies.com)

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