

How to Reduce Health Care Costs and Improve Access: What Unions Can Teach Us

Transforming Care Webinar

July 1, 2019
1pm-2pm EDT



The
Commonwealth
Fund

Transforming Care

A quarterly publication focused on new models of care, payment, and patient engagement for the nation's sickest and most vulnerable.



Martha Hostetter



Sarah Klein

Housekeeping

- All lines are on mute
- Please submit questions and comments in the “chat” box on your webinar screen
- The slides and recording will be available and distributed after the webinar has concluded

Presenters

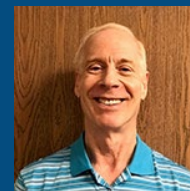
Mark Blum, executive director of America's Agenda, an alliance of labor unions, businesses, health care providers, insurers, and pharmaceutical companies, will describe the landscape of union-employer health care partnerships and explain how New Jersey's public unions worked with the state to lower pharmaceutical costs by \$1.5 billion.



Kathy Silver, president of the Culinary Health Fund, a Taft-Hartley plan for union members working in Las Vegas casinos, will describe how the fund set up advanced-access primary care clinics and urgent care centers for members. The Fund has also been able to negotiate capitated payments for its primary care clinicians and specialists.



Ken Stuart, former administrative manager of the health trust for the San Diego chapter of the International Brotherhood of Electrical Workers, will explain how the trust created narrow networks to steer members toward high-value providers and what tools it offers to help members choose evidence-based treatments.





How Unions Are a Force for Change in Health Care

An Overview

Presented by Mark Blum
Executive Director, America's Agenda

Commonwealth Fund Webinar
July 2019



The
Commonwealth
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Why are unions a force
for health care change?



America's Agenda

Health cost growth outstrips wage growth...

1999-2015

Healthcare premiums
grew approx.

4x faster than wages

2016-2018

Healthcare premiums
grew approx.

2x faster than wages

2009-2018

Workers' Deductible
Spending Increased

8x faster than wages

Sources: Kaiser/HRET Surveys of Employer-Sponsored Health Benefits, Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2015 and Current; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2015 and Current (April to April).

**Rising health
cost correlates
directly with...**



Declining
rate of real
wage growth



Declining US
employer retirement
contributions



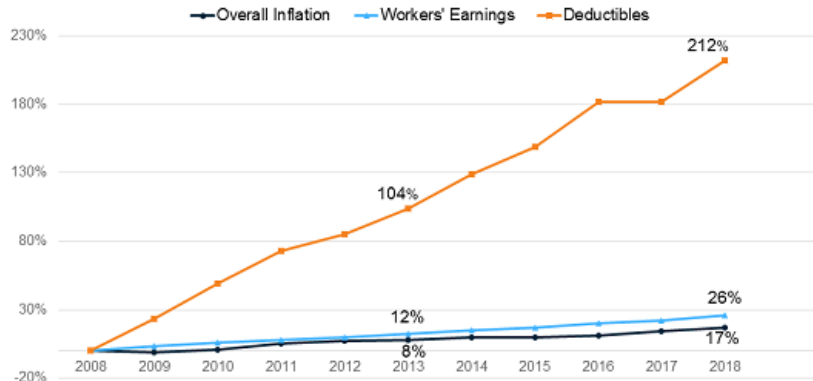
Disproportionate
cost burden on lower
income workers

Source: [Health Care USA: A Cancer on the American Dream](#), [Sylvester Schieber and Steven A. Nyce](#), Council for Affordable Health Coverage and Willis Towers Watson, Sept. 2018.



Unions are *uniquely motivated* to be high-value health care innovators

Since 2008, General Annual Deductibles for Covered Workers Have Increased Eight Times as Fast as Wages



NOTE: Average general annual deductibles are among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.
SOURCE: KFF and KFF/HRET Employer Health Benefits Surveys, Consumer Price Index, U.S. City Average of Annual Inflation (April to April); Seasonally Adjusted Data from the Current Employment Statistics Survey (April to April).



Employers' first impulse in response to rising health costs is to shift these costs onto their workers.

The fight against rising health costs is *central* in unions' efforts to:



Increase workers' real wages



Defend workers' health benefits



Protect workers' retirement benefits



Union-represented workers have *unique capacity* to resist health cost-shifting...

When cost-shifting comes off the bargaining table, union & employer interests become completely aligned. Both seek:



Better care



Lower costs



Working as partners, unions and their employers have *unique flexibility and capacity to redesign care*

Self-Funded Health Plans:

Union
Employer
Sponsored

Jointly
Governed
Taft-Hartley

**Total
Self-funded
health plans**

Approx.
15M
lives

+

Approx.
18M
lives

=

Approx.
33 M
lives



Key Areas of Union-Driven, High-Value Care Delivery Change

Advanced Primary Care/ Removing Barriers to Access

- Redesign of high-performance, high access primary care delivery

Examples:



Culinary
Health
Fund



SolidaritUS
Health/UAW
AeroSpace
Workers



NJ Public
Workers



UFCW
Packinghouse
Division



Key Areas of Union-Driven, High-Value Care Delivery Change

Transforming the Patient Experience



Culinary Health
Fund



SolidaritUS
Health



NY Hotel & Motel
Trades Council



Key Areas of Union-Driven, High-Value Care Delivery Change

Moving Beyond ASO/PPO Networks

Fully Integrated Care System

- NY Hotel & Motel Trades Council

Direct Pay, High-Value Surgery Bundles Marketplace

- SolidaritUS Health w/UAW AeroSpace Workers'

IBEW/San Diego

- Best Doctors Narrow Specialist Network



Key Areas of Union-Driven, High-Value Care Delivery Change

Overcoming Fragmentation Among Union Plan Sponsors

Driving
Transformation
Across Whole
Communities where
Our Members Live
and Work

Aligning Taft-
Hartley & Employer-
Sponsored Health
Plans

Leveraging Labor
Investment Dollars

“Strategic
Healthcare 1” joint
union investment
fund

Currently \$275
million in assets

Innovation in Reducing Rx Spending

Slashing Prescription Drug Spending
Without Cutting Workers' Benefits

CASE STUDY:
Public Employee Unions'
PBM Reverse Auction
Saves New Jersey
taxpayers

1.6B
over
3 years

Automated PBM Bill review saves millions more

New Jersey Public Sector Union Objective:

To create a dynamically competitive, online PBM marketplace

“We won’t have to out-smart the PBM. We’re going to put PBMs in a cost competition for our business and let them outsmart each other.”

- New Jersey PBM selection committee member

Strategy

1. Write best-in-class PBM contract terms. Convert terms to a digital Participant Bidder Agreement (“PBA”).
2. Acquire a technology platform capable of conducting the PBM reverse auction.
3. Conduct the PBM reverse auction. Select the winner.
4. The winner’s bid will automatically populate the State’s PBM contract.
5. Redeploy the same technology platform to conduct real-time review and validation of PBM invoices.



State of New Jersey

OFFICE OF THE GOVERNOR
P.O. Box 001
TRENTON, NJ 08625-0001

PHILIP D. MURPHY
Governor

For Immediate Release:
September 17, 2018

Contact: Governor's Press Office
(609) 777- 2600

...Significant savings were derived from the rebid of the PBM contract through what is known as a “reverse auction” that the state conducted in 2017. This was something labor groups encouraged strongly. This change reduced pharmacy costs for state and local governments by over 25%. Active school employee members will see a sizable difference in their premiums for Plan Year 2019 with rates decreasing by 1.1 percent - in stark contrast to the 13% increase they saw last year...



Discussion



Thank you to the
Commonwealth
Fund for hosting
this conversation!





Union Impact on Healthcare in Las Vegas

Kathy Silver, President
Culinary Health Fund

July 1, 2019



About the Culinary Health Fund



- A multi-employer Taft-Hartley fund, established in 1981
- Funded by Collective Bargaining Agreements that are negotiated by Unions and funded by Employers
- We provide health care benefits, including medical, dental, and vision, to approximately 55,000 workers and their 78,000 dependents in the Las Vegas area



Culinary Health Fund's Mission

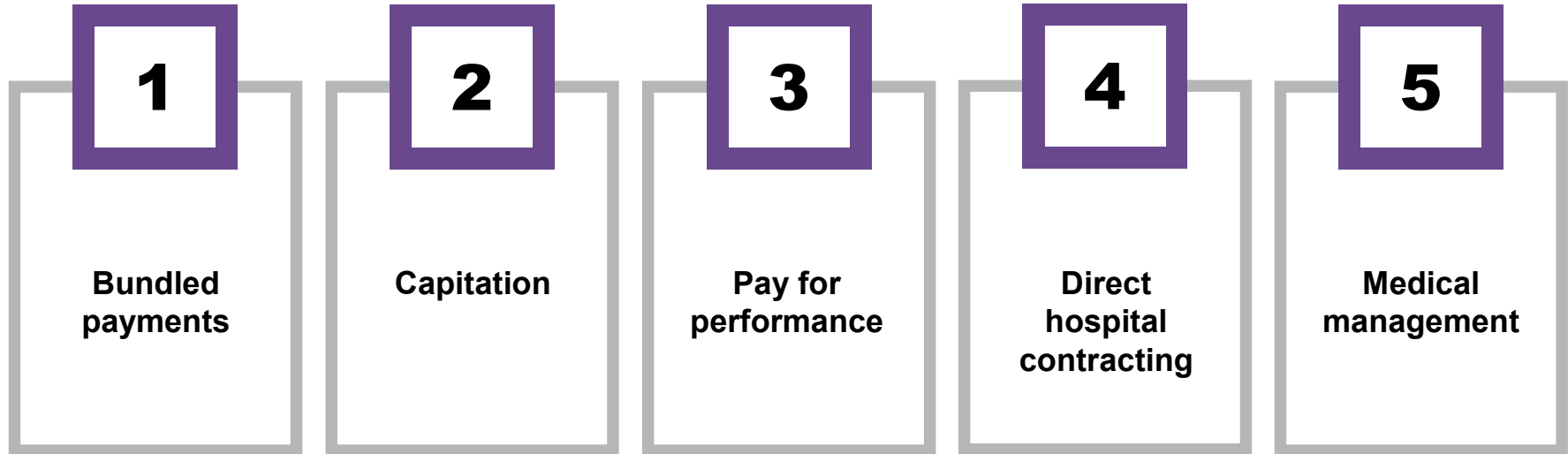


Provide health benefits that offer **high quality, affordable health care** to our participants at **better value** with **better service** than is otherwise available in the market.

We believe our success depends on innovation and on engaging our participants.



Strategies for Affordable Healthcare



1

**Bundled
payments**

Services performed in a freestanding ambulatory surgery center which include charges for the:

- Facility
- Surgeons
- Anesthesia
- Implantables

2

Capitation

Important factors to consider:

- Patient volume
- High quality, well-trained physicians
- Metrics
- Risks

Payment is made on a fixed per member, per month basis

2

Capitation

Advantages of capitated contracts:

- Fixed costs
- Eliminates up-coding and unnecessary testing
- Builds partnerships
- Shared savings
- Enhanced customer service for participants

3

**Pay for
performance**

Performance-based system:

- Promotes quality improvement and accountability
- Builds partnership and collegiality
- Is more cost effective

Annual escalators are contingent upon mutually determined quality and performance metrics

4

Direct hospital contracting

Benefits of direct hospital contracting:

- Ability to control hospital costs
- Direct contract with all hospital systems in Las Vegas
- Direct contract for quaternary services that can't be rendered locally

5

**Medical
management**

Comprehensive in-house medical management through Nevada Health Solutions which provides:

- Utilization review / utilization management
- Clinical and non-clinical staff at all local hospitals
- Transitional care coordination
- Innovative patient care program

Strategies for Affordable Healthcare

5

**Medical
management**

Patient care program

Ongoing support for participants from beginning of care through treatment and recovery

Member

Personalized
Surgical
Management

ER Follow Up

Medical Case
Management

Participant Engagement

Continued support for participants happens through our engagement strategies:

- Advocacy
- Health literacy and communication
- Wellness initiatives



Advocates assist with:

- Eligibility
- Enrollments
- Health fairs
- Participant concerns
- Case management
- Home visits



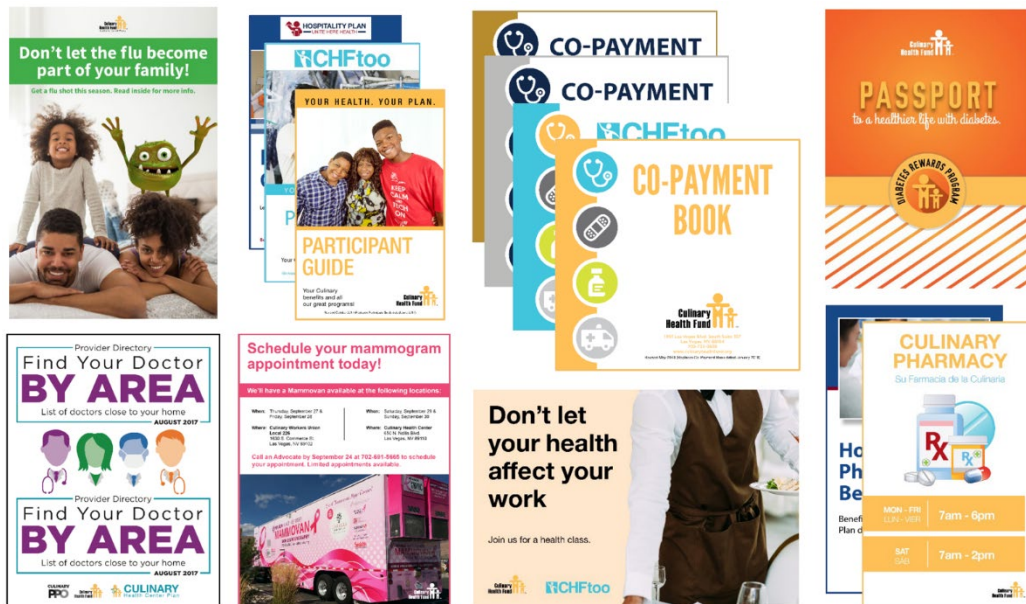
Health Literacy and Communication

Health literacy

The degree to which individuals have the capacity to obtain, process, and understand basic health information and services needed to make appropriate health decisions.

Key principles

- Easy to understand and use
- Involve participants
- Influence behavior



Classes

- Kidney Smart
- Diabetes
- High Blood Pressure
- Breastfeeding
- Healthy cooking
- Deciding Our Health Care Wishes
- Coping with Depression

Resources to manage health conditions

- Blood pressure monitors
- Breast pumps
- Glucometers
- Incentives (measuring cups, portion control plates, water bottles and more)



Improving Access to Healthcare

The Culinary Health Center is exclusively for participants and their dependents.

Compassion

**Clinical
Excellence**

Communication



Services offered through our partners



Urgent Care
(open 24 hours, 7 days a week)



Primary Care (adult and
pediatrics)



Dental Services



Free Culinary Pharmacy



Eye Care Services



Radiology



Lab

Our services	Our partners	Usage (last 12 months)
Primary Care (adult and pediatrics)	Keck Medicine of USC	53,000 visits
Dental Care	Nevada Dental Benefits	26,000 visits
Eye Care	The EyeCare Center	15,500 visits
Urgent Care	U.S. Acute Care Solutions	51,000 visits
Pharmacy	OptumRx	254,000 prescriptions filled (552,000 total for both locations)
Laboratory	Clinical Pathology Laboratories	
Radiology	Desert Radiology	

145,500 visits over the last 12 months

An excellent patient experience is our goal.

98% of patients would recommend the Center.

Service	Satisfaction Rating
Primary Care	99%
Urgent Care	96%
Dental	98%
Eye Care	96%
Pharmacy	98%



Inside the Culinary Health Center

Main entrance welcome desk



Front lobby



Inside the Culinary Health Center

Urgent Care waiting area



Urgent Care observation room



Inside the Culinary Health Center

Pharmacy lobby



Pharmacy counter



Inside the Culinary Health Center

Dental reception desk



Dental exam room



Pediatrics waiting room



Pediatrics exam room

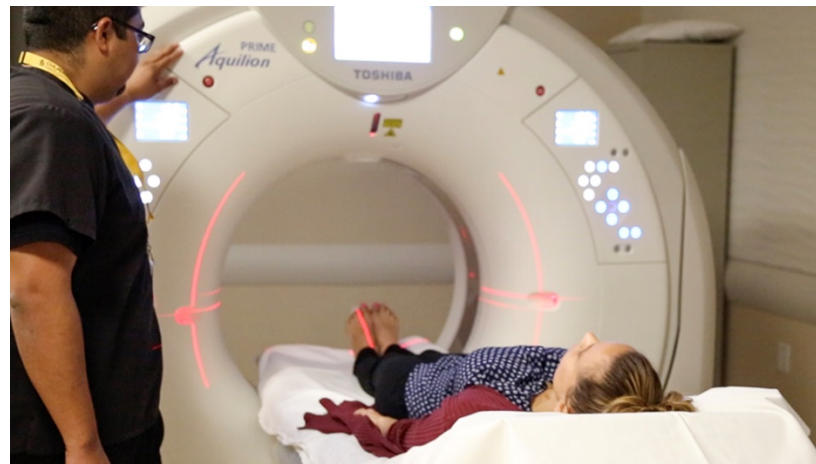


Inside the Culinary Health Center

Eye care



Radiology



Culinary Health Center Expansion



- Design and development is underway for the second location
- Projected size: 80,000+ sq. ft.
- Services to be offered:
 - Primary Care (adult and pediatrics)
 - Urgent Care
 - Dental
 - Lab
 - Radiology
 - Mental health
 - Physical therapy and chiropractic care*
 - Telehealth*

* New service offerings

Impact on Participants



Raymond Martin

"I feel that by taking classes, I will be able to improve my pre-diabetes and not let it get to where it becomes diabetes and is permanent."



Gilberto Guereque

"Thanks to the doctors, the cardiologist, and the staff at the Culinary Health Center for the care I received. They saved my life. I'm very grateful that we have these benefits."

Christine Ali

"I was diagnosed 8 years ago with type 2 diabetes. The new passport program that I enrolled in was such a fun and clever way to complete the updated classes on nutrition, kidneys, eyes, and feet. The teachers and fellow students were so supportive and engaging."

Kim Robinson

"I have been smoking 35 years. I feel now that I have developed confidence and skills to remain stopped. I have not smoked for 23 days."

Facebook Review

"THANK YOU! THANK YOU! THANK YOU! This place is the epitome of health CARE. The staff actually cares about every patient's experience as well as the services provided. They LISTEN and involve the clients in the decisions for their care..."

Using Benefit Design and Incentives to Control Costs, Promote Evidence-Based Care

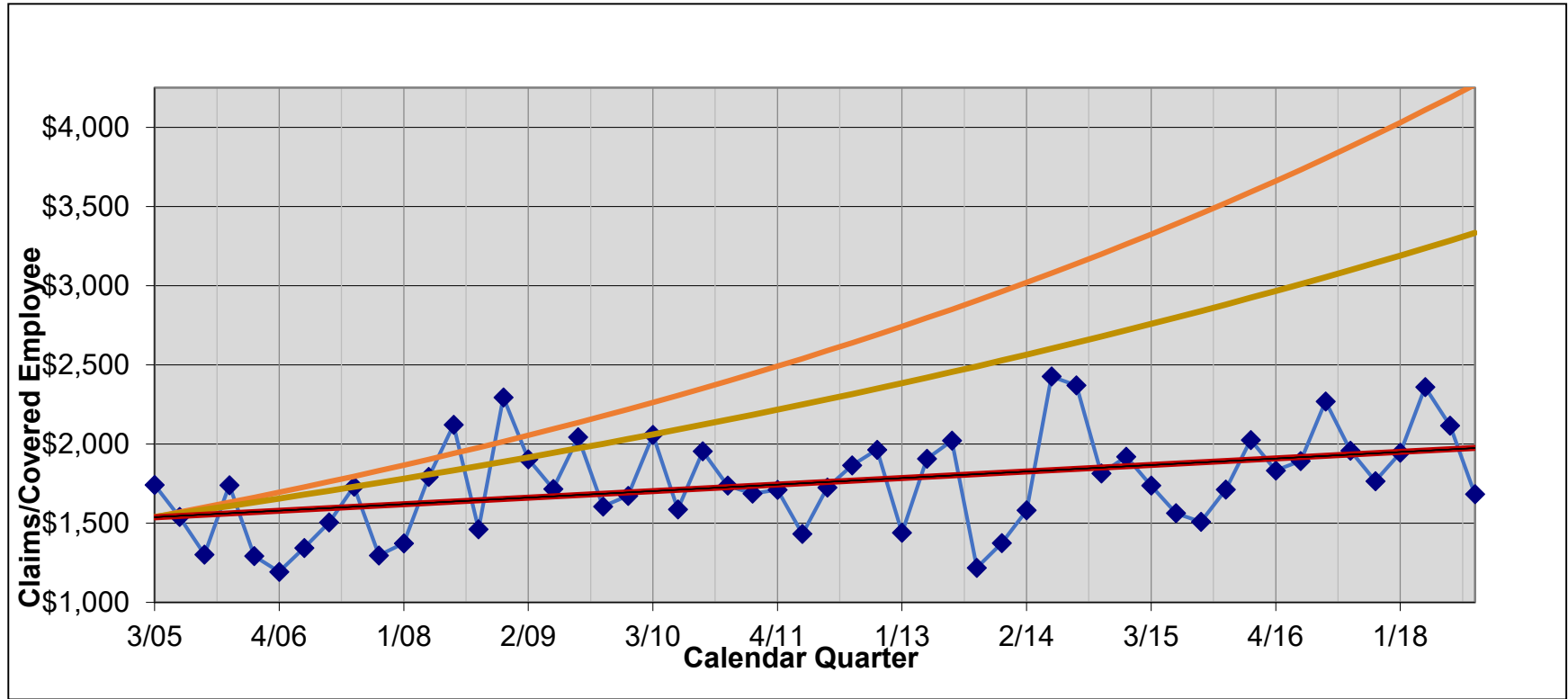


**Ken Stuart, former Administrative Manager of the
San Diego Electrical Health & Welfare Trust
Health Trust for Local Union 569,
International Brotherhood of Electrical Workers**

Once Close to the Median, Contribution Rates for the San Diego Local Are Now Among Lowest in California

LOCAL	Current rate	Effective Date	Rate as of 12/04	Increase since 12/04
Dublin	\$17.41	6/18	\$9.11	91%
San Mateo	\$15.32	6/19	\$6.20	147%
San Francisco	\$14.65	6/18	\$8.18	79%
San Jose	\$13.98	6/17	\$6.30	122%
Contra Costa	\$13.60	3/17	\$8.39	62%
Vallejo	\$13.45	6/17	\$7.12	89%
Santa Rosa	\$12.00	6/16	\$7.19	67%
Modesto*	\$11.84	1/19	\$9.02	31%
Los Angeles	\$11.74	2/17	\$5.84	101%
Castroville	\$11.70	1/18	\$6.88	70%
Sacramento	\$11.63	2/16	\$5.84	99%
San Luis Obispo*	\$11.52	1/17	\$7.60	52%
Fresno*	\$11.15	9/18	\$5.60	99%
Los Angeles	\$10.61	2/19	\$3.84	176%
San Bernardino	\$10.56	6/19	\$5.94	78%
Santa Barbara*	\$10.08	1/17	\$6.78	49%
Bakersfield	\$9.44	12/16	\$5.97	58%
Ventura*	\$8.75	1/19	\$4.91	78%
Riverside*	\$8.75	1/19	\$4.86	80%
Santa Ana*	\$8.75	1/19	\$4.88	79%
San Diego	\$7.16	6/19	\$6.08	18%
Average (all locals)	\$11.62		\$11.54	94.7%
Median (all locals)	\$11.63		\$11.52	79.0%
*Participating in IBEW National Family Plan; Modesto's initial rate is as of 1/11				

Actual vs. Projected Growth in Claims



Orange = 8% projected trend **Yellow** = 6% projected trend **Blue** = claims per employee per quarter **Red** = ~4% Actual Trend

How we promote value for IBEW members

- Identify providers who routinely achieve optimal medical outcomes at the most reasonable cost
- Use narrow networks to reward these providers
- Leverage incentives and education to influence members



Network Plan Design

Nearly all IBEW's 7,000 members & dependents opted into Preferred Provider Organization (PPO); clinicians selected based on quality & cost data

Premium: \$899 per family per month (includes medical, dental, vision, life insurance)

Office visit co-pays steer members to higher-value clinicians:

- \$10 – physicians from preferred health system
- \$30 – for all other PPO physicians in San Diego County
- \$15 – for all PPO physicians outside San Diego County

Reduced copayments for special programs:

- \$10 – for all CVS Minute Clinics visits
- \$10 – for Anthem Online office visits
- \$5 – for Heal In-Home physician visits

Tiered benefit design led to a 40% increase in utilization of PPO physicians within 6 months.

Cost Containment Programs & Incentives

Encouraging prevention and evidence-based care

- Free access to a 24/7 nurse line & employee assistance program
- Physicals obtained from preferred providers covered at 100%
- Basic PPO dental services covered at 100%, 90% for all others
- “Best Doctors” treatment review & recommendations

Using transparent pharmacy benefit manager (PBM)

Leveraging alternate payment models

- No cost sharing for members who use surgery centers that accept bundled payment

Reviewing claims

- Screening of claims for fraud, waste, and abuse reduced total claim costs by 2%-2.5% per year

Example: Best Doctors

Basic services offered to members:

- Validation of diagnoses and recommended treatment plans
- Referrals to highly certified expert specialists
- Answers to health care-related questions

Best Doctors' experience:

- 38 percent of recommended surgeries are unnecessary
- 45 percent of diagnoses and 79 percent of treatment plans are modified or changed after review

Incentives for completing a Best Doctors "Inter-Consultation"

- Waiving or refund of the \$250 calendar-year deductible
- 100% coverage for charges relating to specified elective surgeries if completed prior to the procedure
- No requirement to follow findings



What must plan sponsors be willing to do to achieve effective cost containment?

- Be proactive in making plan design changes to influence both participant and provider behavior
- Invest in cost-containment programs
- Implement incentives to assist participants in making better health care decisions
- Promote any and all programs that reduce costs before shifting costs to members



Questions? Comments?

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