



Healthcare and Employers

JCHC Meeting

June 6, 2012

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Healthcare

Why are Employers becoming engaged?

- The cost of US healthcare is higher than other countries, while its quality is often inferior.
- Productivity of Virginia's workforce may be compromised by sub-optimal healthcare - an emerging competitive liability for Virginia.
- The increasing cost of healthcare services paid by employers and governmental authorities is unsustainable.



Healthcare

What appears to be the underlying causes?

- **Unlike other free-market enterprises, healthcare is not accountable to purchasers.**
- **Stakeholders have operated in silos and hold polarized perspectives and expectations.**
[Most will agree that healthcare is broken.]
- **System investment and services are provider/ supply-side driven.**
- **Payment models have perverted care delivery.**



Healthcare

Employer awakening

- **Cost-shifting to employees, in addition to its unpopularity, is at best cosmetic, at worst a distraction;**
- **consumer-directed medical plans require transparent healthcare cost and quality information;**
- **health and wellness initiatives ultimately depend on quality healthcare delivery.**



Healthcare

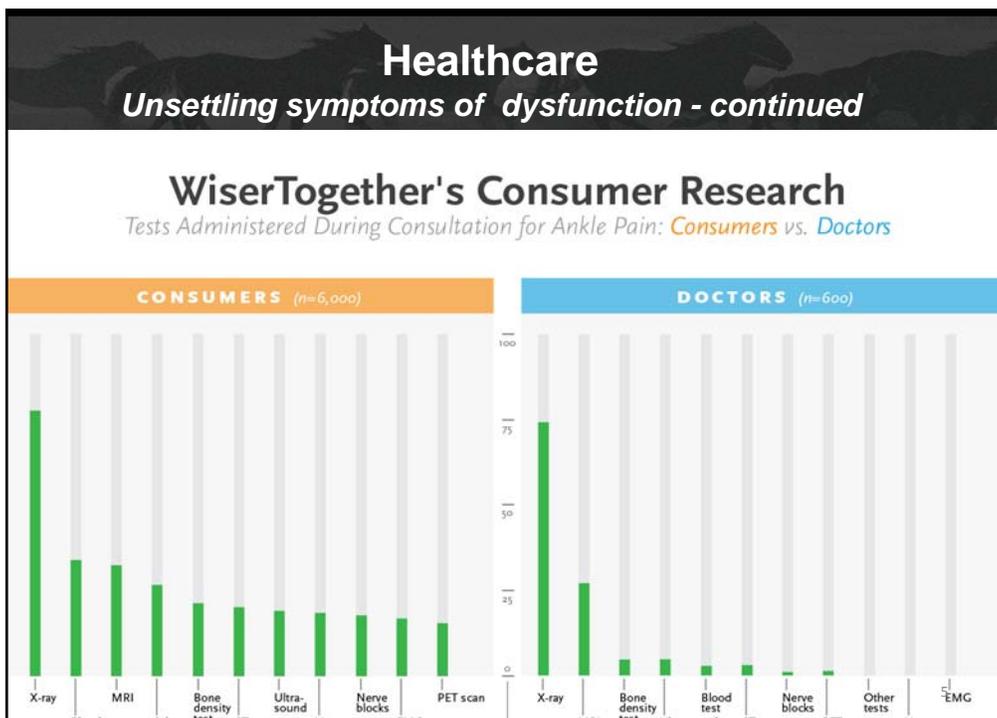
Unsettling symptoms of dysfunction

The Washington Post *November 10, 2011*

Should government regulate health care prices?

“Massachusetts is now in...a debate about how to bring down its skyrocketing health care costs. And the state’s new proposal to regulate how much providers charge for health care...the state found that **SOME Massachusetts doctors charge six or seven times as much as their colleagues for the exact same procedures** ... a three-fold variation in prices was pretty standard ... simple explanation for all the price variation: hospitals negotiate specific rates for specific insurance companies. Insurers and hospitals ... closely guard those pricing agreements. [GAO]...called up 17 hospitals at random to ask how much a knee replacement would cost. Not a single one of them could name a price”

NS
NORFOLK SOUTHERN



Healthcare

Unsettling symptoms of dysfunction - continued

Costs Vary Significantly, Driving Savings Opptys.

Cost variation by service – single health plan in one geography

Service	Price Range		Potential savings*
	Min	Max	
Colonoscopy	\$563	\$3,967	25%
Primary care (adult first visit)	\$85	\$270	13%
X-ray (spine, 3 images)	\$38	\$162	20%
EKG	\$27	\$143	11%

* Savings potential estimated as savings possible if all claims above the median price are moved to the median price in that area



confidential | page 39



Healthcare

Unsettling symptoms of dysfunction - continued

Higher Prices Do Not Deliver Higher Quality



Castlight delivers the quality information consumers need

- Non-biased, best available data
- Personalized, actionable, paired with costs

Source: Raiway et al., "Quality implications of efficiency-based clinician profiling," CaseVariance LLC, 2014 - Based on Regence Blue Shield data



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Healthcare

Unsettling symptoms of dysfunction - continued

“Don’t order annual electrocardiograms (EKGs) or any other cardiac screening for low-risk patients without symptoms. There is little evidence that detection of coronary artery stenosis in asymptomatic patients at low risk for coronary heart disease improves health outcomes. False-positive tests are likely to lead to harm through unnecessary invasive procedures, over-treatment and misdiagnosis. Potential harms of this routine annual screening exceed the potential benefit.” **AAFP**

Yet, recently an **EKG was ordered** by an NS member’s physician **as routine and paid as routine** by the claims administrator.



Healthcare

Employers must get involved with the big picture

While Employers can take and have taken measures within their organizations to improve employee health and manage healthcare spend, the real fix requires market-level change.

The Virginia Chamber’s initiative is enabling organized employer engagement into the healthcare discussion.



Employer Healthcare Committee

What's its job description?

- Be a collective voice to other stakeholders,
- collaboratively prioritize, consider and advance quality initiatives/healthcare reforms,
- **provide collective input for legislative action affecting healthcare, and**
- collect and disseminate best practices.



Employer Healthcare Committee

Employer Members

Planned

Approximately 14 representative employers

Current Members

Advance Auto

Estes Express

MeadWestvaco

Huntington Ingalls

RollsRoyce

Smithfield Foods

Capital One

Genworth Financial

Media General

Norfolk Southern

SAIC



Healthcare Executive Committee

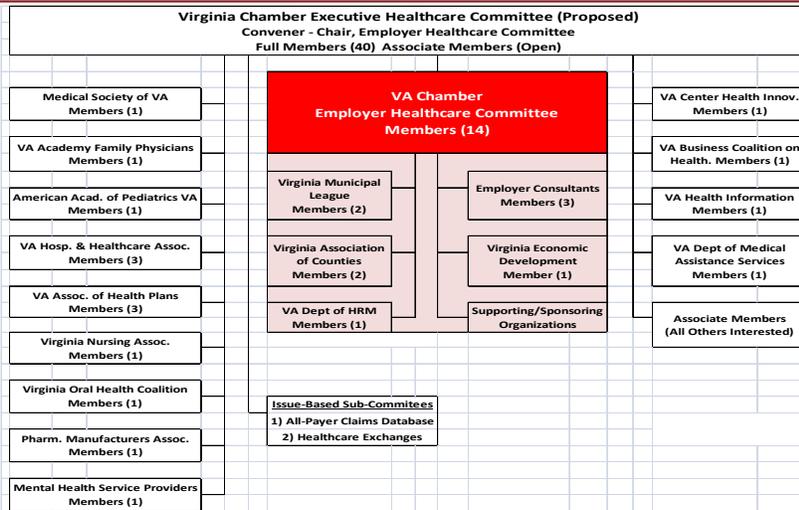
What is it?

- An employer-led collaboration of the various stakeholders, establishing
- a forum in which employers exchange perspectives with other stakeholders, to
- aid employers in advancing thoughtful healthcare quality deliverables, and
- enable other stakeholders to better align their product and service development with the needs of employers - the purchasers.



Healthcare Executive Committee

What's it look like?



Employer Healthcare Committee

Activities to date:

- Defined the Executive Healthcare Committee
- Prioritized for action the following “problem areas” in healthcare **in order to enable true consumerism:**
 - Provider payment reform, [PCPs, Outcomes]
 - Clinical outcome transparency, and
 - Cost transparency



Employer Healthcare Committee

Consumer-driven change

Change needed	Enables	First- tier Outcome(s)	Second-Tier Outcome(s)	Third-Tier Outcome(s)					
Increase Cost Transparency	Patient Consumerism	More prudent care decisions by patients	Patient-driven utilization of lower-priced services (commodities)	Demand induced lowest pricing					
			Patient-driven utilization of high value complex care alternatives	Provider rationalization of investment to accommodate highest value services					
Committee Role:	Intelligence Collection*					Decide/Define			
Impacted Stakeholder:	Hospital & Health Systems	Primary Care Physician Practitioners	Specialist Physician Practitioners	Health Plans	Alternative Service Providers**	Others (Name)	Patients/ Employees/ Workforce	Virginia	Employers
Does this stakeholder support this change?									
What's better for this stakeholder about the change vs. the current state?									
Concerns of this stakeholder if change occurs.									
Obstacles perceived by this stakeholder preventing this change.									
Current factors relevant to this stakeholder enabling this change.									
Interventions needed with or for this stakeholder to enable this change.									



Employer Healthcare Committee

Working with the JCHC to affect change

Employers and the JCHC should work together to affect changes that will advance consumer- driven services and quality in our healthcare system.

- **Provider payment reform, [PCPs, Outcomes]**
- **Clinical outcome transparency, and**
- **Cost transparency**

are essential ingredients of such reform.



Employer Healthcare Committee

Thank you

On behalf of the Virginia Chamber and the members of our Employer Healthcare Committee,

Thank you!

