



Take Action: Accelerate Value Through Transparency and Innovation

On April 13th and 20th, the Florida Alliance for Healthcare Value held its 28th Annual Conference and 37th Annual Meeting of the Board of Directors as an online event.

SESSION 1 – April 13, 2021

Transparency in Health Care – What the Doctor Ordered

Johns Hopkins surgeon, healthcare futurist, and bestselling author Marty Makary, MD, provided the keynote address and highlighted the central topics covered in his most recent book *The Price We Pay*. Sharing his unique perspective as both a practicing physician and public policy expert, Dr. Makary talked about the need to change how quality is defined. For years, it has focused on outcomes after an intervention, including indicators like complications and readmission rates. He explained that while these are the cheapest and easiest things to measure, health care needs to shift to a new science of measuring quality – appropriateness of care. These measures include examining factors such as the prevalence of performing low-value procedures. “We have good people working in a bad system,” said Dr. Makary. “Appropriateness is the future of health care. We need to take on a deep review of big data to identify the outliers and patterns.”

In addition, with 80% of healthcare spend on chronic conditions, Dr. Makary discussed the need to redefine primary care and employ alternative approaches that address the underlying issues of health. This approach includes developing new primary care models along with addressing isolation and building community through strategies like cooking classes and health coaches/navigators. “These types of programs are good for patients and providers,” he shared. “We need a revolution in medicine that builds relationships.”

Dr. Makary also emphasized the need to confront high costs and secure fair, honest billing practices. He mentioned that over the past decade, inflation has grown 56% while the cost of hospital services has grown more than 200%. In addition, according to the most recent RAND study, commercial plans in Florida pay on average 326% more than Medicare. Dr. Makary praised Florida’s transparency law that led to the development of the FloridaHealthPriceFinder website and mentioned that the new federal transparency law had bipartisan support.

Dr. Makary concluded with three recommended actions for employers to take:

- Employ alternative payment models such as reference-based pricing
- Take on direct contracting with providers
- Demand appropriateness of care measures be collected and reported

Panel Discussion

Following Dr. Makary's presentation, Florida Alliance for Healthcare Value President & CEO Karen van Caulil, PhD, MSPH, moderated a panel discussion with Niall Brennan, MPP, President & CEO of the Health Care Cost Institute; Mary C. Mayhew, President & CEO of the Florida Hospital Association; and Christopher Whaley, PhD, Policy Researcher with the RAND Corporation, to delve deeper into the issues Dr. Makary presented and the impact on Florida employers.

Ms. Mayhew emphasized four key needs:

- To access real-time data to inform daily management and guide strategies
- To align incentives, breaking free of the transactional, volume-based system and moving toward value
- To form provider teams that bring together physicians, behavioral health and social components of care
- To seek opportunities around population health and partnership to drive change

"We need to be disruptive, especially in the challenges that affect the most vulnerable populations," he said.

Dr. Whaley then provided highlights of RAND's work on healthcare cost transparency and also emphasized that over the past decade, healthcare premiums and deductibles have outpaced wages, especially impacting low-wage workers. He also shared how the COVID-19 pandemic has placed additional pressure on employers and worker wages. "Employers are in the healthcare business whether they want to be or not," said Dr. Whaley. He stated that according to the Department of Labor, self-funded employers have a fiduciary responsibility to "act solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them."

His three key takeaways for employers included the following:

1. The wide variation in hospital prices presents a potential savings opportunity for employers
2. Employers need to demand transparent information on the prices they and their employees are paying
3. Employers need to use transparency to inform benefit strategy

Mr. Brennan highlighted that while healthcare spending increased 18.4% from 2014-2018, consumption of care did not. He said this trend indicates that price is driving the increase in spending, not utilization. "While rates varied, price growth outpaced or matched inflation everywhere in Florida," said Mr. Brennan. "Inpatient increased 15% and outpatient 19%. These growth rates are not sustainable." He also believes that expecting consumers to navigate health care on a transparency basis is unreasonable as they have very little choice. "So much of health care is not shoppable," said Mr. Brennan. "However, employers need this information."

With healthcare as the second largest line item for most employers and the compounding financial impact of COVID-19, all three panelists agreed that this issue has reached a tipping point. Employers cannot continue to sustain the rising prices and must work together with providers to achieve greater value.

SESSION 2 – April 20, 2021

Advancing Payment Reform in Florida: Recommendations from the Tampa-Orlando Market Assessment

Catalyst for Payment Reform’s Executive Director Suzanne Delbanco, Ph.D., and Program Director Andréa Caballero, MPA, presented the results of the market assessment that was conducted for the Florida Alliance for Healthcare Value and funded by a grant from the Peterson Center.

Dr. Delbanco opened by providing an overview of the state of payment reform throughout the United States and the need to achieve better value for the healthcare dollar. She advocated that payment must be tied to quality. She also shared that provider consolidation has been steadily increasing, which negatively impacts healthcare prices and creates challenges in achieving effective payment reform. “Purchasers must be creative in how they buy health care,” said Dr. Delbanco. “They need to leverage their collective voice and purchasing power to push for change.”

Dr. Delbanco believes employers can make a difference through the following strategies:

- Standard measurement
- Public reporting
- Payment tied to performance
- Price transparency
- Multi-payer databases
- Fighting anti-competitive behavior by providers

Dr. Delbanco also said it is critical to understand what is occurring in local markets in order to identify the payment reforms and strategies that are most likely to succeed. “Health care is local, and local dynamics matter,” she shared. “Identify who is willing to innovate.”

Ms. Caballero then delved into the results of the Tampa-Orlando study which took a 360-degree view of the market, incorporating both structural data and stakeholder input that included surveys and interviews. It aimed to identify the unique dynamic among purchasers, payers, and providers including who can influence the market. She shared that in markets with high levels of provider consolidation, some providers have the ability to resist reform. In

addition, Ms. Caballero mentioned that the influence and interests of the key players are also affected by the legislative and regulatory context of the market.

Key findings of the study included the following:

- Overall, Orlando is highly concentrated, and Tampa is moderately concentrated; however, the two markets are homogenizing, and it is expected that both will become highly concentrated
- There is a lack of health plan competition in Florida
- Providers and purchasers were identified as “market-shaping,” and the health plans were limited market-shapers

“Despite the high concentration and challenges, purchasers remain bullish that they can shape the market,” said Ms. Caballero. She outlined the study’s primary recommendations for employers/healthcare purchasers:

1. Continue building on purchaser momentum. As fiduciaries responsible for health care spending, purchasers need to be activist buyers
2. Stay active in policy forums for a more functional marketplace. Regulation can help or hinder purchaser activities in payment reform
 - a. Closely track how Certificate of Need law evolves
 - b. Take steps to address unwarranted price variation
 - c. Take steps to require more accurate price and quality reporting
3. Urge providers to move from upside-only risk arrangements to include downside-risk. Providers need a business case to reduce unnecessary care while achieving high-quality standards
 - a. Capitalize on inroads made through the Medicare BPCI and BPCI-A programs
 - b. Look to new vendors entering the market to deliver value
 - c. Use supportive benefit designs
 - d. Reduce the administrative burden for providers
4. Implement benefit designs to influence consumer shift.
 - a. Strategically use pricing differentials or other financial incentives
 - b. Develop communications strategies using best practices to convince plan participants to choose higher value providers
 - c. Continue to pursue value-based insurance design (V-BID)

Respondent Panel

A panel discussion with Francois de Brantes, MBA, SVP, Episodes of Care, Signify Health; David Snow, Jr., MHA, Chairman & CEO, Cedar Gate Technologies; and Daniel Stein, MD, MBA, CEO & Founder, Embold Health, followed the Catalyst for Payment Reform presentation. This panel session was moderated by Dr. van Caulil.

Dr. Stein emphasized the need for objective information on physician quality, including appropriateness, effectiveness, and total cost. “We’re operating largely in the dark,” he shared.

“None of us knows the quality of the care we purchase. The only way to drive meaningful market change is to openly share data.”

Dr. Stein emphasized that allowing individual providers to see their own data relative to the market is the most effective intervention to improve the quality of care. “Real change comes from real feedback on real data,” Dr. Stein explained. “We want to help the physicians by providing visibility into how they perform as most doctors have an intrinsic motivation to improve. A rising tide lifts all boats.”

Mr. Snow followed and stated that the root cause of the problem is fee-for-service/fee-for-volume, and that the market must move to fee-for-value. “Fee-for-service/volume is a fundamentally perverse incentive,” he explained. “Moving to value-based care is essential, not optional. We need to reward providers for keeping people healthy.”

Mr. de Brantes also shared that usable, actionable data is fundamental to identify and drive patients to high-performance providers. “Employers have a right and a fiduciary responsibility to have their data,” he concluded.

Mr. de Brantes then shared that the estimated cost to Florida employers of controllable variation is 1/3 of plan spend. This calculation includes the following:

- Actionable adverse events
- Potentially avoidable services
- Excessive volumes of services
- Price disparities

He cautioned against creation of pure narrow networks and instead advocated for creating a quality-based tiered network that is kept fluid to promote improvement and competition. “Steerage doesn’t have to be punitive,” Mr. de Brantes said. “We need to incentivize improvement.” He also encouraged employers to develop robust RFPs and exercise their purchaser rights. “There is no excuse to stand still,” Mr. de Brantes concluded. Dr. Stein agreed. “It’s a journey. Stick with it and build upon successes.”

Following the panel session, Dr. van Caulil invited the attendees to participate in the Annual Meeting of the Board of Directors. She reviewed the mission, purpose, and value of the Florida Alliance, its members, and key partnerships as well as the employer/healthcare purchaser rights that guide the work of the Florida Alliance.

Dr. van Caulil reviewed the organization’s 2020 Annual Report and 2021 Plan of Work which includes continued involvement with The Leapfrog Group patient safety initiatives, The Path Forward for Mental Health and Substance Use initiative, Smart Care Florida, and increasing employer participation in the RAND Hospital Price Transparency Study. The Florida Alliance will also expand of their Cancer Navigation Program to include patients with complex chronic conditions and rare diseases.

Dr. van Caulil then informed the participants that the new Board of Directors is installed at the Annual Meeting each year. She thanked outgoing Board members, Jon Stolp from the Florida Retail Federation, Brian Anderson from LYNX, and Tom Keller from Valencia College. She then introduced the 2021 – 2022 Board of Directors members:

- Ashley Bacot – Rosen Hotels & Resorts
- Dave Blasewitz – City of Tampa
- Dr. Raymond Bowman - MarineMax
- Beth Curran – Orange County (FL) Public Schools
- Jessica Mason – City of Orlando
- Rosa Novo – Miami-Dade Public Schools
- Doug Peddie – Siemens Energy
- Patrick Peters - Orange County (FL) Government
- Kimberly Ramos – The Mosaic Company
- Heather Russo – The Walt Disney Company
- Ann-Marie Sharpe – City of Miami
- Mark Weinstein - Independent Colleges and Universities Benefits Association

The following individuals were elected by the Board of Directors to serve as the 2021 – 2022 Executive Committee members of the Board of Directors of the Florida Alliance for Healthcare Value:

- Board Chair (Officer) – Ann-Marie Sharpe
- Vice Chair (Officer) – Heather Russo
- Secretary/Treasurer (Officer) – Patrick Peters
- At-Large Director – Jessica Mason
- At-Large Director – Kimberly Ramos
- Chief Executive Officer – Karen van Caulil

There were no objections received from the public for the installation of the new Board of Directors and Officers.

“We are pleased to welcome our new Board of Directors and Executive Committee members,” said the Florida Alliance for Healthcare Value’s President and CEO Karen van Caulil. “Each member of this high-profile group brings a wealth of knowledge from the healthcare industry and will be a significant asset for achieving our mission.”

Board Chair Ann-Marie Sharpe closed the meeting with the following comments:

“Thank you so much for joining us today for our Annual Conference and our Annual Meeting of the Board of Directors. I am honored to continue as Board Chair of the Florida Alliance and to work with such an inspiring group of people. We appreciate that so many of you spent time with us this afternoon learning about the Florida Alliance’s work and the opportunities we have ahead of us to transform health care in Florida. I continue to be impressed with the innovative

work accomplished by the staff and the employers who are engaged with the Florida Alliance, but there remains so much more work to do to improve quality and significantly reduce health care costs in Florida.

Our Board is undertaking strategic planning process to develop our three-year plan. The presentations and conversations today and also last week at the first session of the conference will be considered very seriously as we forge our path forward. A special thanks to Catalyst for Payment Reform for their report and recommendations.

Thank you again to all our sponsors and the excellent speakers and to the Florida Alliance staff for putting together a great Annual Conference and Annual Meeting. I hope we will be able to come together in person before too long, but in the meantime, please stay healthy and safe.”

The meeting was adjourned.

The Florida Alliance for Healthcare Value thanks all of the Annual Meeting sponsors for making this event possible: AdventHealth/Cedar Gate, Amgen, Imagine Health, Merck, Novo Nordisk, Pfizer, and Signify Health.

