



ABOUT THE HEALTHCARE PURCHASER ALLIANCE

The Alliance is a purchaser-led partnership of multiple stakeholders working collaboratively to improve health and to maximize the value of healthcare services in Maine.

60+

Members

150k+

Commercially Insured Lives

\$1B+

Annual Spend



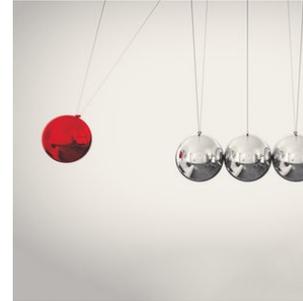


WHAT WE DO



Healthcare Cost Containment

Through initiatives like Rx group purchasing, bundled payments for inpatient procedures, and incentives that drive patients to high-value care, HPA members are on the cutting edge of healthcare purchasing.



Purchaser Advocacy

Every stakeholder in our healthcare system has an organization that advocates for their best interests. The HPA is that organization for employers, and our members believe that by joining forces they can drive the change they want to see in healthcare quality and affordability.



Networking and Learning

The HPA serves as a learning lab for purchasers around Maine who are interested in getting more value from their healthcare spend. Through groups like the Purchaser Learning Collaborative, members share what's working, and not working, at their organizations.



Custom Analytic Services

Typical health plan reports can be underwhelming and leave employers wondering what to do next. With dedicated analysts and custom reports, HPA members get insight into the factors driving their spend and help identifying strategies they can take to lower costs.

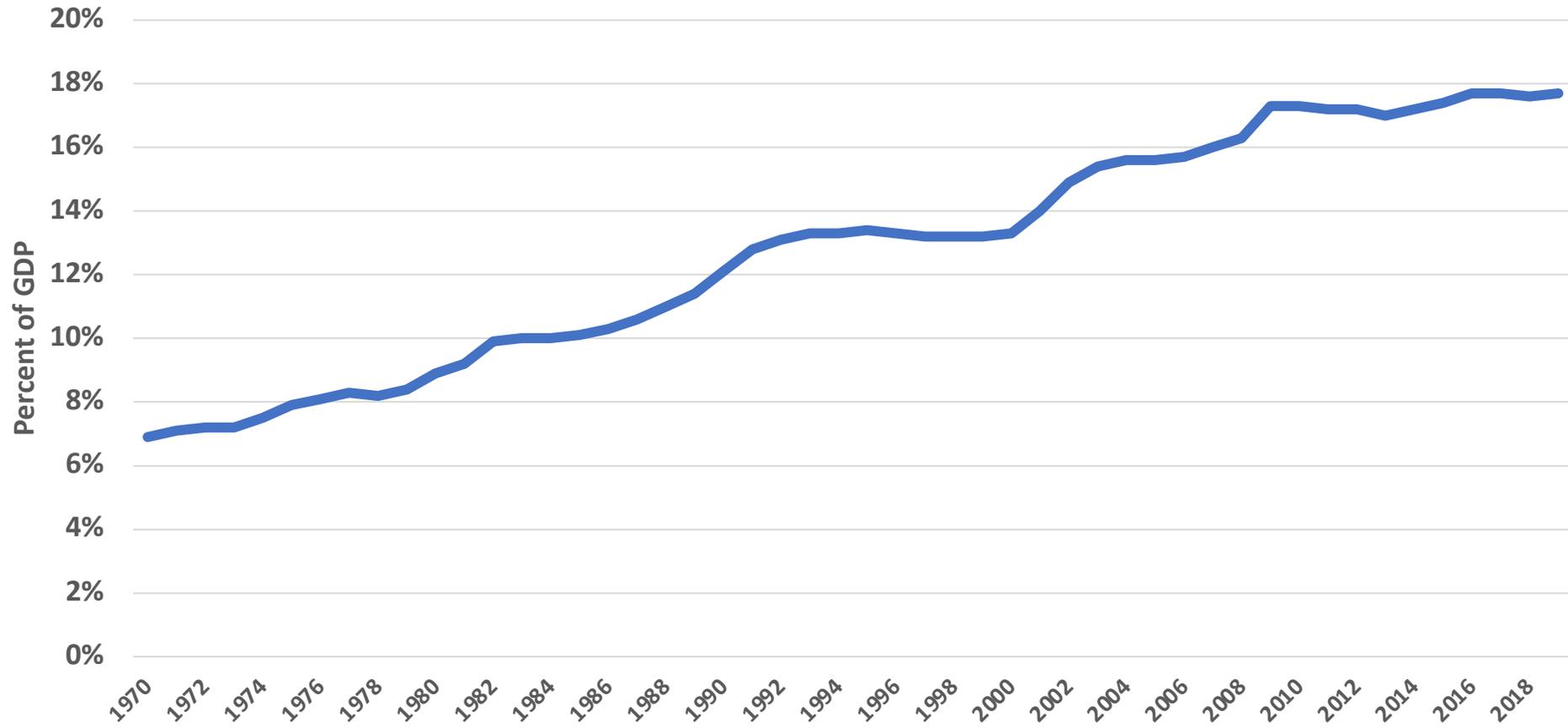


THE CURRENT LANDSCAPE

HEALTHCARE MAKES UP NEARLY 20% OF US ECONOMY



National Health Expenditures as a Share of GDP

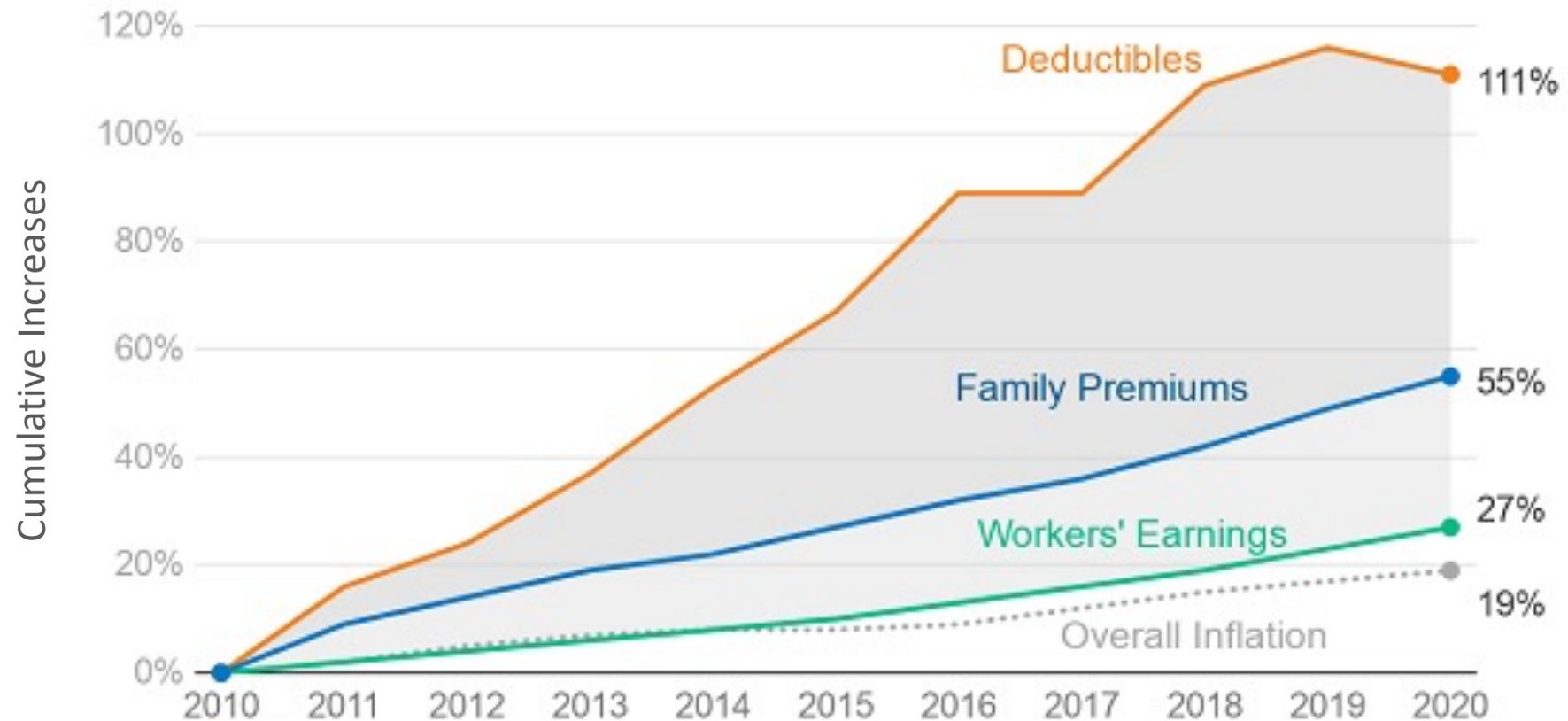


Source: Peterson-KFF Health System Tracker, from CMS National Health Expenditures data. Posted December 23, 2020.

Available at: <https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-start>

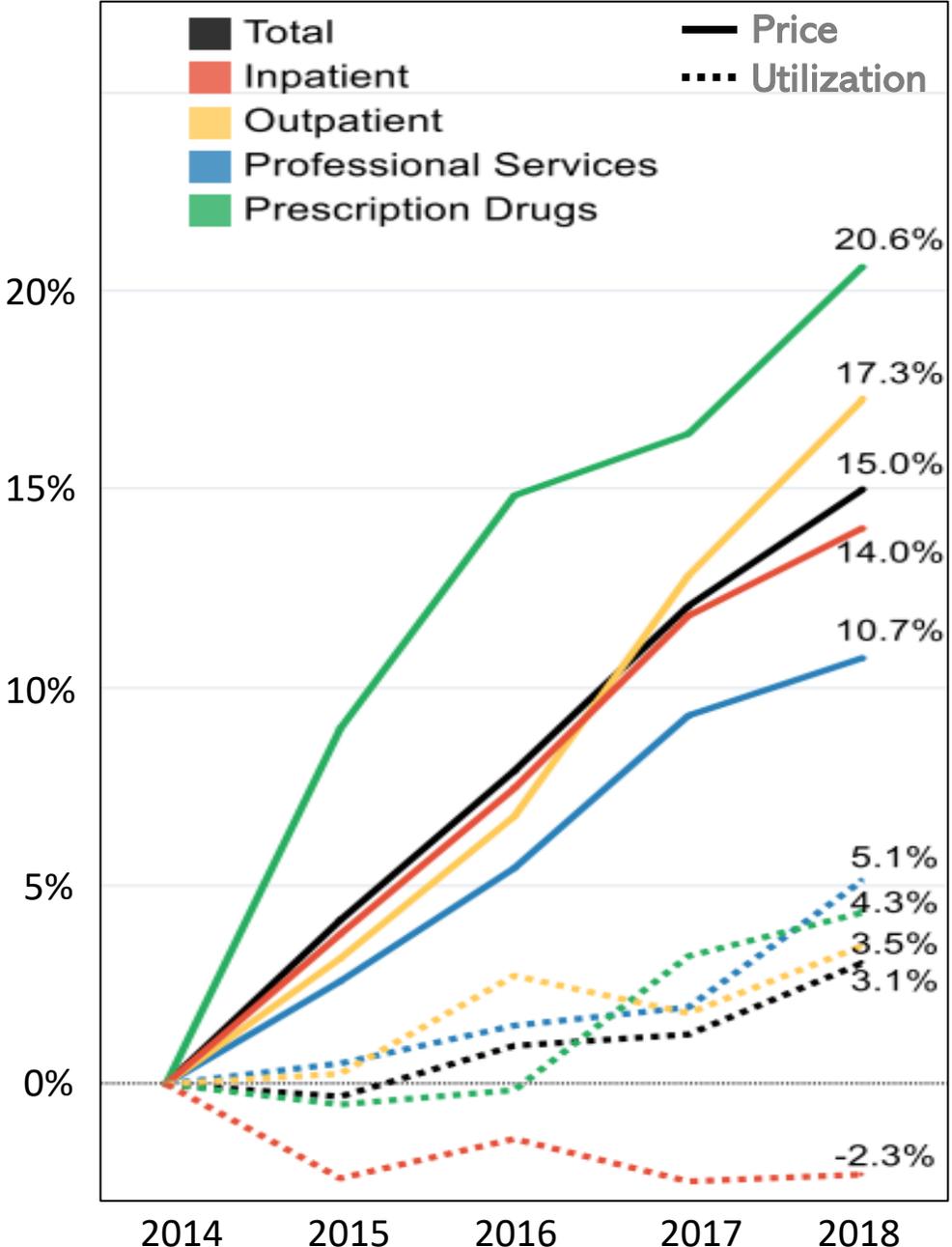


DEDUCTIBLES AND PREMIUMS RISING FASTER THAN WAGES



NOTE: Average general annual deductibles are for single coverage. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.
Source: *KFF Employer Health Benefits Survey, 2020*; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2010 and 2015. Available at: <https://www.kff.org/health-costs/report/2020-employer-health-benefits-survey/>.
As found in: Gloria Sachdeva and Chris Whaley, "Hospital Price Transparency Study: Aligning Payment with Value," Employers' Forum of Indiana, December 14, 2020. Available at: <https://employersforumindiana.org/media/formidable/8/MASTER-DECK-on-RAND-3.0-National-Hospital-Price-Transparency-Study.pdf>.

Prices, Not Utilization, Driving Costs



Specialty drugs are used by only 2 percent of the population but comprised 48% of total drug spend in 2019¹

- Between 2014–2018, per capita healthcare spending among those with employer-sponsored plans grew an average of 4.3 percent annually—more than 25 percent higher than per capita GDP
- After adjusting for inflation, prices accounted for nearly 75 percent of spending growth
- Utilization increases accounted for 21 percent of spending growth
- Changes in patient demographics (e.g., aging population) accounted for the remaining 4 percent

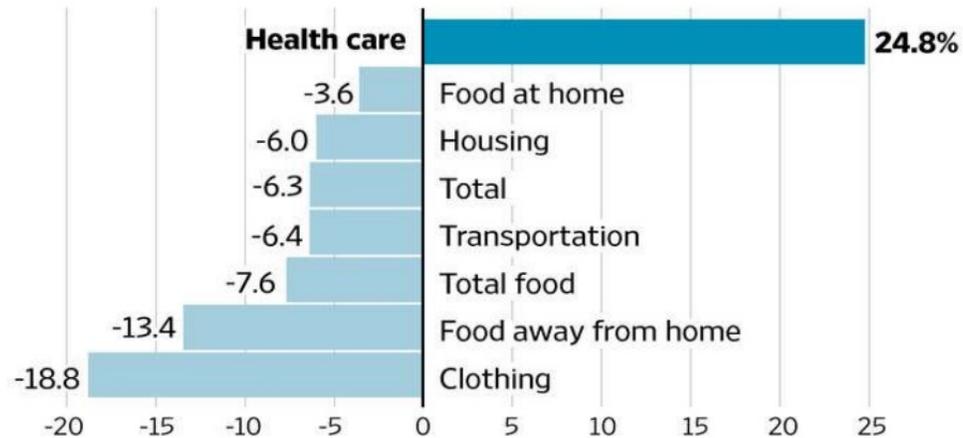
Source: Health Care Cost Institute, *2018 Health Care Cost and Utilization Report*. Available at: https://healthcostinstitute.org/images/pdfs/HCCI_2018_Health_Care_Cost_and_Utilization_Report.pdf.

SPENDING ON HEALTHCARE CROWDS OUT OTHER PRIORITIES



Impact on Family Budgets

Percent change in middle-income households' spending on basic needs (2007 to 2014)



Sources: Brookings Institution analysis of Consumer Expenditure Survey, Labor Department
THE WALL STREET JOURNAL.

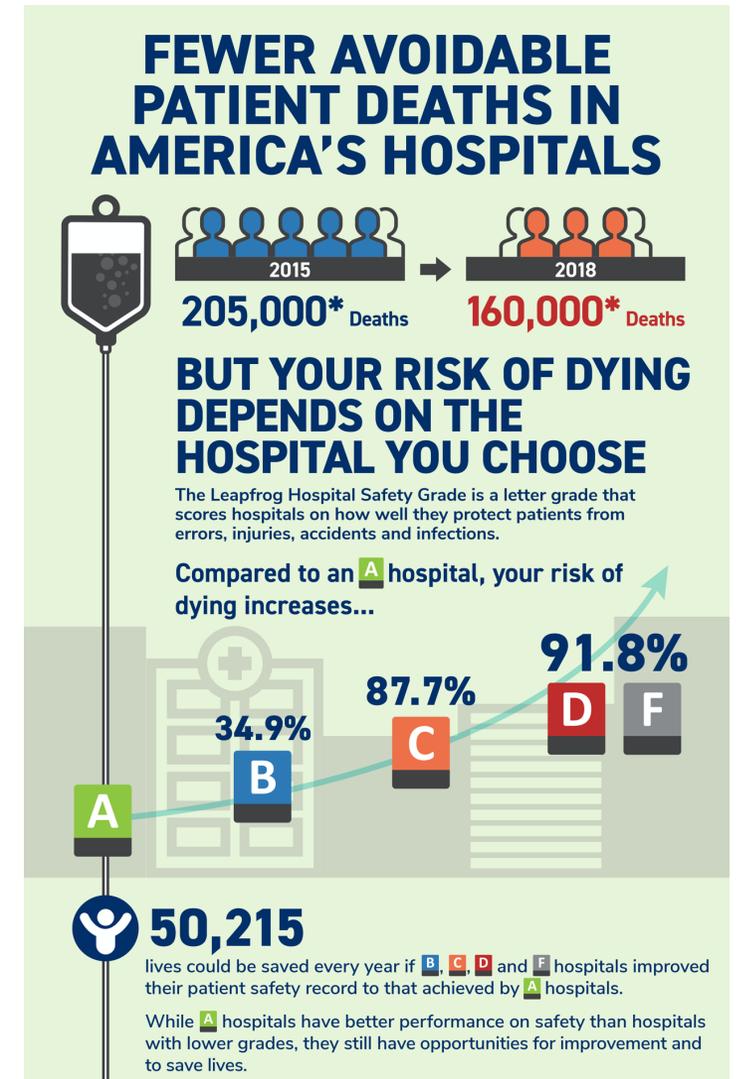
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Twenty years of wage stagnation on the middle class has been 95% caused by exploding healthcare costs. -WSJ



VALUE = COST & QUALITY

- High value care must be both affordable and high quality
- Many studies of the U.S. healthcare system have found significant variation in quality and that poor quality results in negative outcomes and higher costs
 - Over 200,000 patients die annually due to preventable harm in hospitals.
 - 30 percent of the nation's direct healthcare costs are attributable to poor quality care
- Many surgeries are unnecessary.
 - Surveyed physicians believe that over 20 percent of medical care is unnecessary
 - 50 percent of spinal surgeries are unnecessary
- High-quality providers are safer and have better outcomes. Patients at hospitals with D and F Leapfrog grades on average have a 92 percent greater risk of avoidable death than patients at A hospital





10 STRATEGIES TO MAXIMIZE THE VALUE OF YOUR BENEFITS



USE A FLEXIBLE, INDEPENDENT TPA



- TPA incentives should be aligned with employer goals. Consider the incentives of your current TPA.
 - TPA revenue should be restricted to admin fees
- Access to your data – at a granular, claims level – is crucial. You cannot fix or measure what you cannot identify.
 - Employers should understand metrics like demographics, disease burden, price variation, and utilization.
- TPA should be willing to “unbundle” services like pharmacy benefits, stop loss, and care navigation.
 - TPA should be able to carve out and fully integrate with point solutions at no additional cost.
- TPA should allow for network and benefit design flexibility.



USE A TRANSPARENT, PASS-THROUGH PBM



- Employers should adopt pharmacy contracts that eliminate spread, pass through 100% of rebates (with a broad definition of rebates), and allow for total control of formulary and network.
 - **SPREAD:** Employers should pay the same amount that the PBM pays the pharmacy for drugs. Avoidance of spread can save 15%..
 - **REBATES:** Rebates must be broadly defined, and employers must ensure “aggregators” are not skimming off the top. Rebates can make up 20% of total spend.
 - **FORMULARY:** Formularies are most often designed to maximize rebates, which are retained by the PBM. Employers should focus on a ‘lowest net cost formulary.’ Formulary changes can save over 10%.
 - **NETWORK:** Drug prices vary depending on where scripts are filled. Employers should have the ability to remove high-cost pharmacies and/or incentivize low-cost pharmacies. Network changes can save 5-10%.
- PBM revenue should be restricted to admin fees.
- Employers are increasingly seeking performance guarantees like capped PMPM expenses.
- Rx re-pricing exercises should compare the vendor against the incumbent using a same drug, same dose, same day, same pharmacy methodology. AWP discounts are meaningless.



CONSIDER REFERENCE-BASED PRICING



- To more easily compare hospitals' commercial prices, some entities are starting to consider reference-based pricing (RBP), which converts hospital prices to percentages of Medicare.

COMMERCIAL PRICE	MEDICARE PRICE	COMMERCIAL AS % OF MEDICARE
\$5,000	\$2,000	$(\$5,000 \div \$2,000) = 250\%$

- Why Medicare?
 - Largest purchaser
 - Transparent, publicly available rate-setting process
 - Includes adjustments for patient acuity, geographic market, intensity of services, percent of medically underserved, teaching hospital status, etc.
- The American Hospital Association claims Medicare reimbursements cover only 87 percent of Medicare costs, suggesting 115 percent of Medicare would cover the cost of services. Commercial reimbursement in Maine currently averages 275% of Medicare.

PATHWAYS TO RBP



- 1) Some large employers have begun to execute RBP contracts directly with hospitals.
 - Montana implemented reference based-pricing for its state employee health plan, executing direct contracts with all hospitals in that state saving \$47.8M over 3 years.



- 2) Some employers work with RBP vendors who pay hospitals a set percentage of Medicare, which ranges from 120–200 percent, depending on the vendor
 - As RBP vendors do not contract with hospitals, such vendor-based programs occasionally result in balance billing, where the hospital bills the patient for any charges not covered by the RBP payment; RBP vendors manage balance bills for impacted patients
 - Several RBP vendors are starting to execute RBP contracts directly with hospitals to avoid balance billing



- 3) **Many organizations implement RBP alongside traditional plans to minimize disruption, but employees overwhelmingly move to the RBP option when given the choice**



PATIENT EXAMPLE



Patient advised by their doctor to get a CT scan. Patient has an annual family deductible of \$4,000 and an annual salary of \$45,000.

TRADITIONAL PPO PLAN

- Patient has CT scan at a Maine Hospital
- Because patient hasn't met their deductible, they owe the full \$1,528 for the procedure
- \$1,528 is 41 percent of the patient's monthly salary, substantially reducing their ability to pay other monthly bills
- If patient doesn't pay, the hospital may send them to collections, leading to credit impairment or legal action
- If this happens, patient will have no support, and may not know—or want—to contact their HR team



RBP PLAN

- Patient has CT scan at same Maine hospital
- Because patient hasn't met their deductible, they owe the full amount, which under RBP is just \$150
- The \$150 bill is 4 percent of patient's monthly salary
- If this is one of the 1 percent of cases where the hospital doesn't accept RBP payment, the RBP vendor's support team works to bring the bill to resolution, keeping patient informed along the way
- Patient is guaranteed to never have to pay more than the amount on their original EOB: \$150

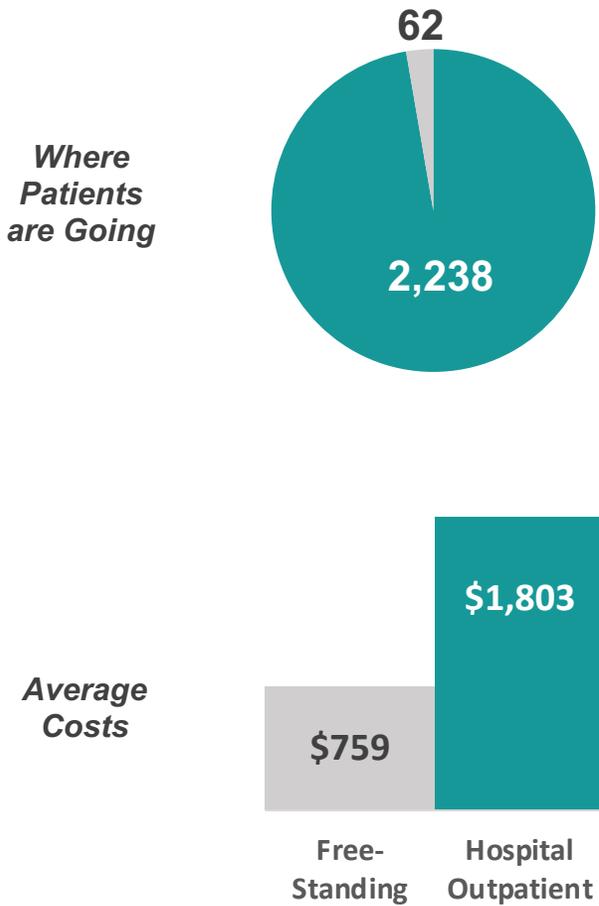
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STEER EMPLOYEES TO USE HIGH-VALUE PROVIDERS



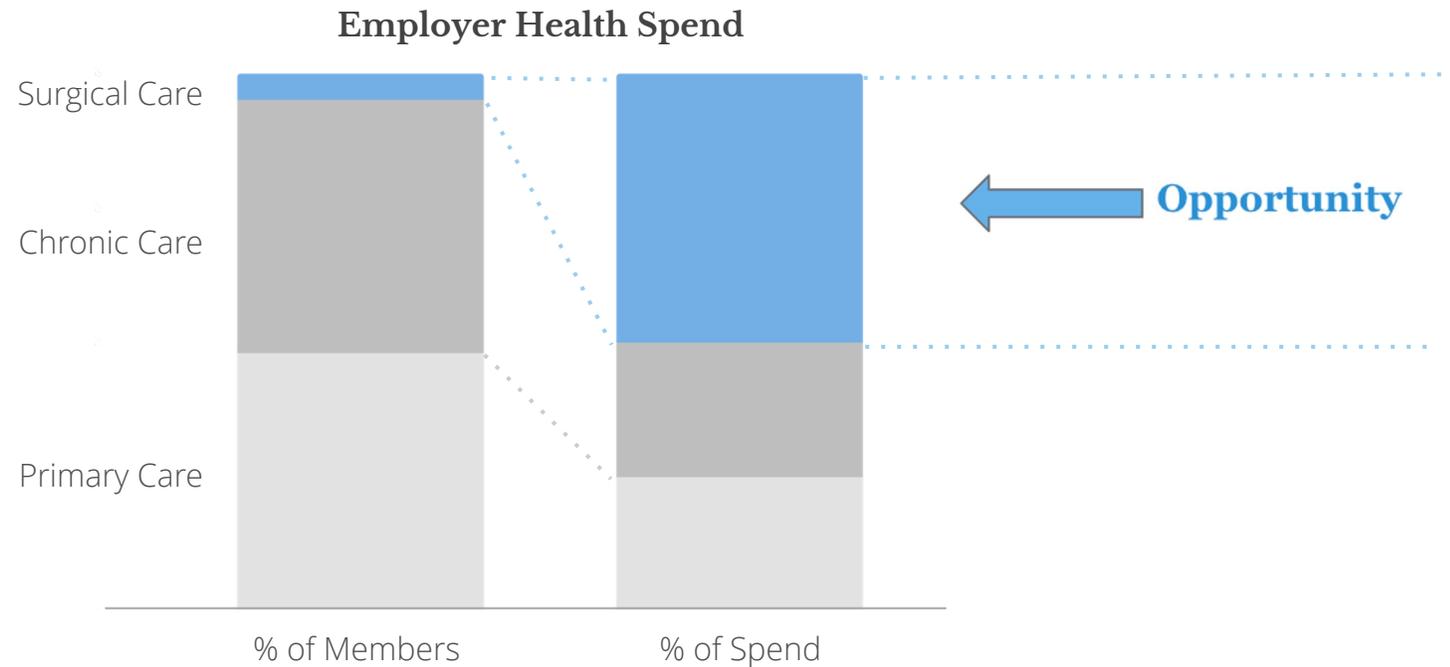
- Significant variation exists in the quality and cost (value) of medical services.
- Employers are increasingly leveraging benefit design (waived or lowered copays) to steer patients to high-quality, affordable providers.
- Some employers are pursuing direct contracts with providers and creating narrow networks based on value.
- Others are implementing shopping tools that pay employees for “shopping” for commodity services and choosing high-value providers.

CT Scan, Abd & Pelv w/ contrast





- Surgeries represent a small percentage of services delivered, but a high percentage of cost.
- Bundled payments are an effective strategy for ensuring quality care at a reasonable cost, and often include warranties to protect against costly readmissions.
- Both vendor and direct contracting strategies are increasingly common.



MEDIAN KNEE REPLACEMENT PRICES IN MAINE





ENSURE ACCESS TO HIGH-VALUE PRIMARY CARE



- Studies have repeatedly demonstrated the potential of primary care to reduce downstream costs. Unfortunately, our current fee-for-service model often does a poor job accomplishing this goal.
- Primary care is often treated as a feeder system for health systems. PCPs generate \$2M in downstream revenue annually.
- Employers are increasingly implementing direct primary care and onsite/near-site/shared-site clinic strategies to improve health and mitigate costly downstream services. These models are characterized by:
 - Capitated payments, longer visits with the provider (1 hour vs 7 minutes), expanded office hours, integrated behavioral health, and high-value specialist referrals.



AUDIT CLAIMS FOR FRAUD, WASTE, & ABUSE



- 9 out of 10 medical bills contain an error such as double billing, incorrect coding, or inflated charges. These errors comprise 3-5% of total medical spend.
- Claims auditing vendors can review your claims for accuracy/integrity and recoup excessive and/or fraudulent charges.
- Many vendors are paid on contingency, so they only get paid when they find savings.
- For ERISA plans, auditing vendors help ensure fiduciary compliance.



TARGET WELLNESS INITIATIVES THAT REDUCE CHRONIC DISEASE



- All wellness programs ARE NOT created equal. The literature has consistently shown that broad wellness strategies focused on improving the overall health of a population fail to deliver a return on investment.
- Employers should implement wellness programs that are targeted at specific conditions that drive up costs like cardiometabolic (ex: diabetes), musculoskeletal, and behavioral health.
- Wellness vendor contracts should include performance guarantees to ensure measurable success, but be careful how performance is measured.
- Before contracting with a wellness vendor, ensure they (or you) have an effective means to communicate the offering to employees. Too many programs fail for lack of engagement.



LEVERAGE DATA ANALYTICS



- You cannot fix what you cannot measure. Employers should ensure they have access to claims-level data (see TPA slide) and work with your consultant or another resource to identify and track key metrics.
- Health plan analytics often lack the detail needed to craft effective risk mitigation strategies. Employers may know that their surgical spend is high, but not whether it is driven by price or utilization.
- Identifying cost drivers should be the first step in creating an effective healthcare strategy, and any interventions should be tracked from baseline.



10

JOIN A PURCHASER ALLIANCE

- Purchaser Alliances (like the HPA of Maine) are uniquely positioned to advocate for employers in the healthcare market.
- Alliances vary in their activities from region to region, but their activities generally include education, networking, analytics, group purchasing, and advocacy.
- "...to control costs going forward, employers may have to confront the true underlying causes of rising health care expenditures: high prices and health care inefficiencies. To address these challenges, they will have to band together in purchasing coalitions that give them the local market power to force health systems to reform."

**Harvard
Business
Review**

To Control Health Care Costs, U.S. Employers Should Form Purchasing Alliances

by David Blumenthal, Lovisa Gustafsson, and Shawn Bishop

November 02, 2018



Tim Robbarts/Getty Images

Summary. When it comes to health care costs, America's employers are at a crossroads. Competing for scarce labor in a tight market, they will have trouble continuing to shift medical bills onto employees as they have for several decades. That means that to control costs... [more](#)



WORRIED ABOUT “DISRUPTION?”

Too many employers stick with the status quo for fear of disruption, but consider this...

Which is more “disruptive” to your workforce?

- Traveling a few hours to a Center of Excellence **OR** complications from a low-quality surgery
- 1% of members receiving a balance bill **OR** 100% of members paying high (and increasing) cost shares
- Being required to see a physical therapist **OR** recovering from an expensive, unnecessary surgery
- Cutting CVS and Walgreens from your Rx network **OR** higher Rx copays for everyone

Employers must embrace positive disruption

If you clearly communicate the rationale for a change and keep it simple, then most members will understand and appreciate efforts to keep benefits affordable



Healthcare is already fixed.

You just need to put the right pieces in place.



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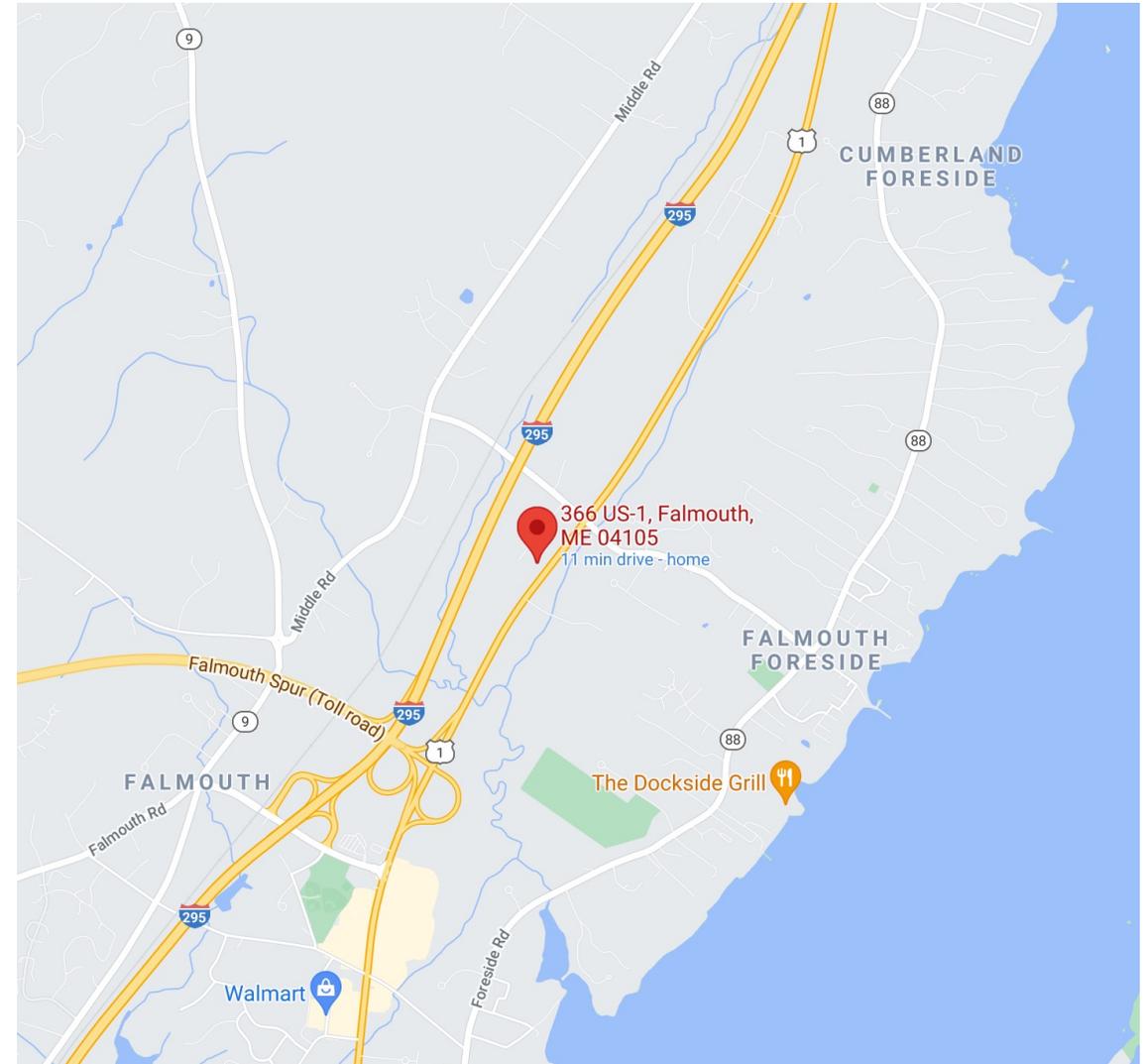
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FREE RESOURCES



- The Maine Health Data Organization, in collaboration with the Maine Quality Forum, is required by Maine State law to promote the transparency of healthcare cost and quality information via a publicly accessible website.
- CompareMaine.org shows the average amount paid by an insurance company, including the members' cost share, to a facility and/or provider for a healthcare service.
- You can also see prescription drug costs, trends in health care costs over time, patient experience ratings and how Maine hospitals compare on patient safety.
- For employees on high-deductible plans, CompareMaine.org can be a great resource to find affordable care in their region.

www.comparemaine.org

The screenshot shows the CompareMaine.org interface for searching healthcare costs. The search results are as follows:

Facility Name	Address	Average Total Cost	Cost Breakdown
Cary Medical Center	163 Van Buren Road Caribou, ME 04736-3567	\$63	cost breakdown count of 1,250
Central Maine Medical Center	300 Main Street Lewiston, ME 04240-7027	\$146	cost breakdown count of 9,400
Down East Community Hospital	11 Hospital Drive Machias, ME 04654-3325	\$268	cost breakdown count of 1,510



TURQUOISE HEALTH

- Turquoise Health leverages the machine-readable price files that hospitals are required to post under the Transparency in Coverage (TiC) Act to offer consumer-friendly cost data
- Consumers can access their health plan's specific negotiated rate for a wide range of services to shop for the most affordable care in their region
- Users can browse the site by procedure, hospital, or insurance plan
- The site also includes information on
 - what a given procedure is;
 - why it is performed;
 - what happens during the procedure; and
 - What to expect after the procedure

<https://turquoise.health>

The screenshot displays the Turquoise Health website interface. At the top, there is a navigation bar with the Turquoise Health logo and links for Patients, Solutions, Products, Resources, and Company. A 'Sign Up' button and a 'Platform Login' button are also present. The main heading reads 'Compare prices before you get care.' Below this, a sub-heading states: 'Last year, all hospitals were required to list their prices for elective services on an annual basis. Whether you have insurance or plan to pay cash - find and compare prices below.' A search bar is visible with the text 'Enter service name or code...' and a location dropdown set to '04101'. The search results are displayed in a list format, showing the HCPCS code 45378 for 'Colonoscopy, Diagnostic' and the corresponding cash prices for four different hospitals.

HCPCS Code	Procedure	Cash Price	See All Rates
45378	Colonoscopy, Diagnostic	\$850.26	See All Rates
Northern Light Mercy Hospital - State Street 144 State Street Portland, ME, 04101 1 Miles Away			
45378	Colonoscopy, Diagnostic	\$1,713.06	See All Rates
Maine Medical Center 22 Bramhall Street Portland, ME, 04102 1 Miles Away			
45378	Colonoscopy, Diagnostic	\$2,342.77	See All Rates
Southern Maine Medical Center One Medical Center Drive Biddeford, ME, 04005 17 Miles Away			
45378	Colonoscopy, Diagnostic	\$1,578.64	See All Rates
Mid Coast Hospital 123 Medical Center Drive Brunswick, ME, 04011 25 Miles Away			



CMS HOSPITAL COMPARE

- Centers for Medicare and Medicaid services provides quality and cost data for:
 - Doctors and Clinicians
 - Hospitals
 - Nursing Homes
 - Home Health Services
 - Hospice Care
 - Inpatient Rehab facilities
 - Long-term care hospitals
 - Dialysis facilities
- Consumers can access overall quality scores, patient experience survey data, info on timely and effective care, complication and death rates, and more

The screenshot shows the Medicare.gov search interface. At the top, there are navigation links for 'Basics', 'Health & Drug Plans', and 'Providers & Services', along with a 'Log in' button. The main heading reads 'Find & compare nursing homes, hospitals & other providers near you.' Below this is a search form with three input fields: 'MY LOCATION *' (with placeholder 'Street, ZIP code, city, or ...'), 'PROVIDER TYPE *' (a dropdown menu currently showing 'Hospitals'), and 'NAME & TYPE (optional)' (with placeholder 'Facility name or type'). A 'Search' button is to the right of the third field. Below the search form is a link for 'Show search history'. Underneath the search form, it says 'Or, select a provider type to learn more:' followed by four icons and labels: 'Doctors & clinicians' (with a doctor icon), 'Hospitals' (with an 'H' icon), 'Nursing homes including rehab services' (with an 'NH' icon), and 'Home health services' (with a house and heart icon). At the bottom left is a 'Display a menu' button and at the bottom right is a 'What's New?' button.

www.medicare.gov/care-compare/



THE LEAPFROG GROUP

- The Leapfrog Group is an independent, non-profit organization that scores the safety of hospitals and ambulatory surgical centers (ASCs) using letter grades from A to F.
- The website is intended for consumers to help them choose high-quality facilities for non-emergency care. It has the added benefit of encouraging quality improvement by making scores public.
- Data is based on data submitted by participating hospitals and ASCs.
- Consumers can access data on:
 - Infection rates (e.g. MRSA, C. diff, sepsis after surgery)
 - Problems with surgery (e.g. Dangerous object left in patient's body, death from serious treatable complications)
 - Safety problems (e.g. Patient falls, air or gas bubble in the blood)
 - Practices to prevent errors (e.g. handwashing, discharge communication)
 - Hospital staff information (e.g. Enough qualified nurses, responsiveness of staff)

This Hospital's Grade **Northern Light Inland Hospital**



200 Kennedy Memorial Drive
Waterville, ME 04901-4595

[View the full Score](#)

This Hospital's Grade **Northern Light Maine Coast Hospital**



50 Union Street
Ellsworth, ME 04605-1599

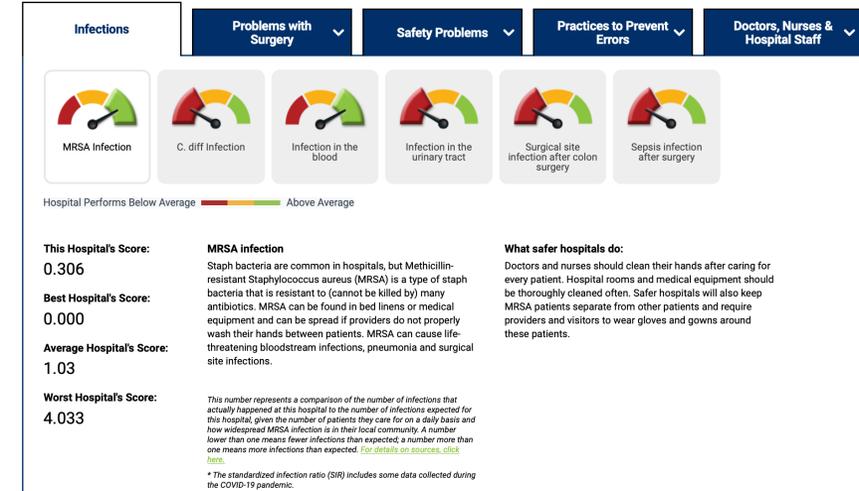
[View the full Score](#)

This Hospital's Grade **Northern Maine Medical Center**



194 E. Main Street
Fort Kent, ME 04743

[View the full Score](#)



www.hospitalsafetygrade.org



NASHP HOSPITAL COST TOOL

- The National Academy for State Health Policy (NASHP) has developed a tool that provides 10 years of detailed data on hospital costs and revenues by payer (Medicare, Medicaid, commercial, charity/uninsured), as well as a broad range of other hospital financial data, for over 4,600 hospitals
- The tool leverages publicly available Medicare Cost Reports, which all hospitals serving Medicare patients must prepare and submit to the Centers for Medicare and Medicaid Services (CMS)
- The tool calculates the commercial rate (as a percent of Medicare) that a hospital needs to break even and cover any losses from Medicare, Medicaid, and uncompensated care (charity care and bed debt)
- **Purchasers and state alliances are pairing the tool with RAND 4.0 data to compare a hospital's breakeven point (as a percent of Medicare) to its actual prices as a percent of Medicare (RAND 4.0)**
 - Breakeven points are significantly lower than the actual prices hospitals are paid

Self-reported
hospital cost
reports



Commercial breakeven points

<http://d3g6lgu1zfs2l4.cloudfront.net>



EMPLOYER'S FORUM OF INDIANA: SAGE TRANSPARENCY

- The Sage Transparency tool combines public and proprietary cost and quality data to provide unprecedented insight into hospital costs
- The tool leverages NASHP's Hospital Cost Tool, CMS Hospital Compare ratings, RAND 4.0, Turquoise Health prices, and Quantros/Healthcare Bluebook quality ratings
- Users can view data at the individual hospital and clinical categories level, or they can zoom out to the hospital system or state level
- While this tool is likely too complex for consumers, it provides a wealth of information for employers to use in network design and direct contracting efforts

Hospital Directory Hospitals by System Hospitals by State Clinical Categories States Glossary

Controls

Select State: **Maine** Select Hospital: **MAINE MEDICAL CENTER**

Hospital	CCN	Address	City	State	Zipcode	Health System
MAINE MEDICAL CENTER	200009	22 BRAMHALL ST	PORTLAND	Maine	4102	MaineHealth

NASHP Payer Mix 2019

Commercial 41%
Medicare 29%
Medicare Adv 16%
Medicaid 11%
Uninsured
Charity care

CMS Patient Experience Star Rating
2020 Q3 - 2021 Q1
1 represents lowest score; 5 represents highest score

CMS Overall Star Rating
2020 Q3 - 2021 Q1
1 represents lowest score; 5 represents highest score

Quantros Quality Scores
2018 Q3 - 2021 Q2
0 represents lowest score; 100 represents highest score

<https://dashboard.sagetransparency.com/>



PRESCRIPTION DRUG RESOURCES

- **GoodRx or other Rx discount cards** allow consumers to compare prices across their local pharmacies and get discounts on prescriptions
- **MedAccess** works with the patient and doctor to enroll in patient assistance programs that are offered by pharmaceutical manufacturers
- **ME Rx Plus** was established by the legislature and offers a 15% discount on brand drugs and a 60% discount on generics to residents with a limited income. They will also cover some over-the-counter items like products to stop smoking, syringes, and blood glucose test strips
- **Manufacturer Assistance** is available for many drugs, and discounted or free drugs are sometimes available without limits on income.

www.goodrx.com

www.mainehealth.org/Patients-Visitors/Billing-Insurance/Financial-Assistance/MedAccess

www.benefitscheckup.org/factsheets/factsheet_rxgov_me_rx_plus/#/

Visit manufacturer website



ADDITIONAL SMALL BUSINESS STRATEGIES

- Add a sticker on your insurance card to utilize Quest Diagnostics for labs. They are almost always less expensive than hospital-based laboratory services.
- Ask your pharmacist if your script is cheaper if you pay cash or use your insurance card. Either way, look up the script on GoodRx.com and ask the pharmacist if they'll accept a coupon.
- Educate employees on how to read their EOB and dispute charges – don't pay for services you didn't receive!
- Utilize your PCP or walk-in/urgent care center instead of the ED (ConvenientMD, Concentra, Mercy Express Care)
- Avoid hospital-based services (labs, radiology, PT) when possible.
- Encourage employees to use Centers for Diagnostic Imaging, Shields, and Marshwood Imaging
- If you're on infused medications utilize a doctor's office, ConvenientMD, home infusion provider, or Portland Gastro instead of hospital-owned providers
- Utilize telehealth for minor acute episodes of care and behavioral health.
- Carry a card authorizing emergency treatment at reasonable and appropriate charges up to 200% of Medicare.
- If you are having elective surgery, call ahead and ask for a price estimate.
- Before having a test or procedure recommended by your doctor, check to see if it's on the ChoosingWisely.org lists; and ask your doctor how the results of the test will change the recommended treatment.



THREE MAGIC WORDS...

“Is it negotiable?”

- Most patients don't realize it, but healthcare bills are negotiable in most cases.
- You catch more flies with honey than with vinegar. In other words, be polite, avoid confrontational language, and simply ask if your bill is negotiable.
- Healthcare providers are used to haggling over reimbursement for their services. They do it all the time with insurers, so why wouldn't they do it for you?
- In some cases, providers may be willing to discount a charge by 50% or more.