



**Employer  
Coalition**

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*of Louisiana*

A LOUISIANA HEALTH CARE QUALITY FORUM INITIATIVE

**Employer Members  
Kick Off Call**

**Tackling the Rising Cost of  
Healthcare  
Aligning Payment with  
Quality**

**April 3, 2023**



# Employer Coalition

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A LOUISIANA HEALTH CARE QUALITY FORUM INITIATIVE

**Welcome  
and  
Introductions**



Private, not-for-profit, 501(c)3 organization (2007)

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## MISSION

To lead evidence-based, collaborative initiatives to improve the health of Louisiana residents

## VISION

To be the recognized leader in driving fundamental improvement in health & health care in Louisiana

WORKING TOGETHER for a HEALTHIER STATE





- **ONLY** independent, trusted, nonpartisan neutral convener of Louisiana's health care stakeholders
- **Promote collective, collaborative conversations** to achieve optimal solutions
- Able to **achieve solutions** no market participant could accomplish individually
- **Drive work at the regional and community levels** across the state
- Serve as **trusted data stewards**
- Recognized as **critical change agents**
- Believe the **status quo** of our healthcare system is **unacceptable** in terms of **quality, safety, and cost**



WORKING TOGETHER for a HEALTHIER STATE





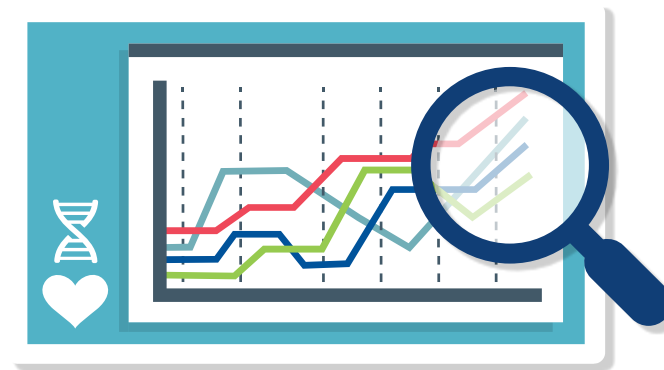
Coordinated & Integrated Approach to  
Transforming Health Care in Louisiana



IT/EHR Systems



Care Management  
Coordination



Performance  
Reporting & Improvement

## HEALTH IT: BRIDGING THE GAP

Volume-Based Model



Value-Based Model



Louisiana Health Care  
**QUALITY FORUM**

# Strategic Planning Session

January 13, 2021

## Questions for each Board Member

**What are the current challenges you are dealing with in your industry?**  
**If you could have the Quality Forum do one thing it is not currently doing, what would it Be?**

## Answers

**Healthcare affordability**  
**Focus on addressing the impact of high health benefit costs on businesses**



# Employers Bear Responsibility for Healthcare Costs

Healthcare has become increasingly **unaffordable for employees** in employer-sponsored plans, and the provision of medical benefits has become **unsustainable for self-insured employers**

**Employers** play a critical role in **funding healthcare**

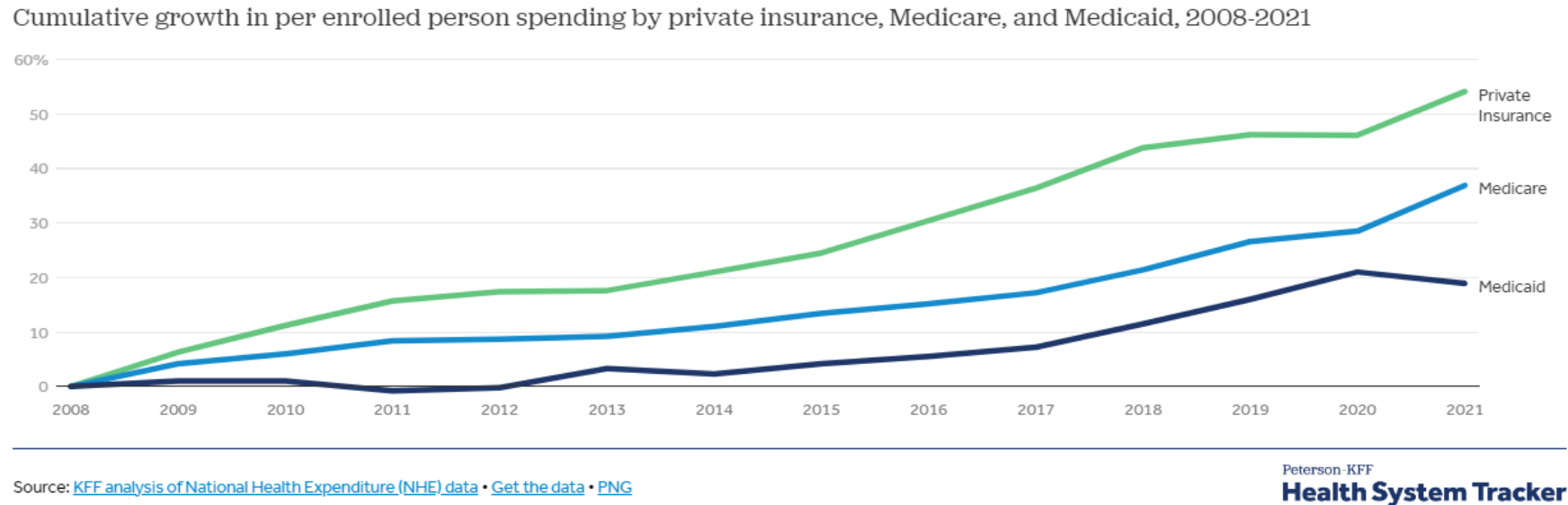
Employer-sponsored plans cover approximately **159 million Americans**

Privately insured population accounts for **34% (\$1.2 trillion) of U.S. healthcare spending**  
**\$480 billion in hospital costs**



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# Cumulative Growth in Per Enrolled Person Spending by Private Insurance , Medicare, and Medicaid

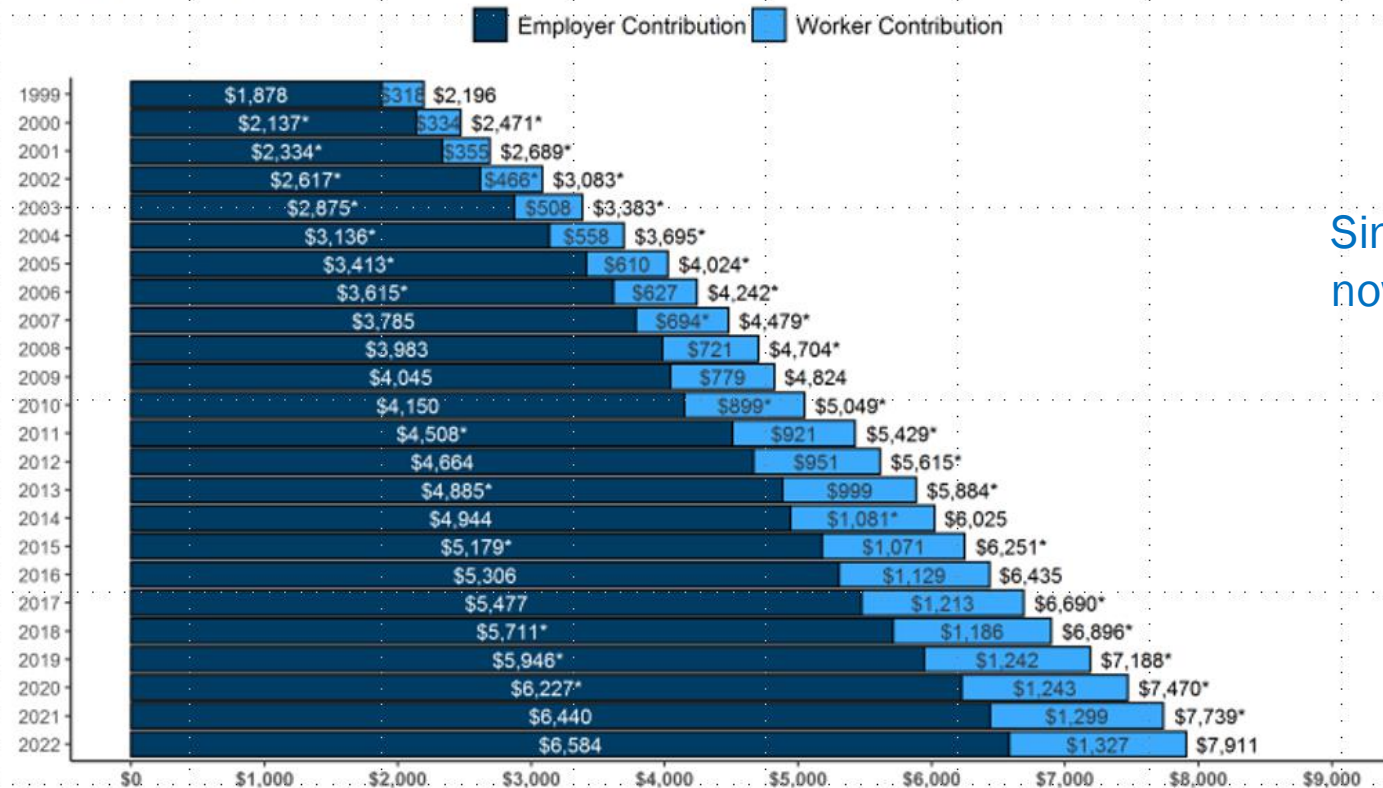


On a per enrollee basis, **private insurance spending grew by 54%** from 2008 to 2021 – much faster than Medicare (36.9%) and Medicaid (18.9%) spending growth per enrollee.



# Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999-2022

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Single Coverage, 1999-2022



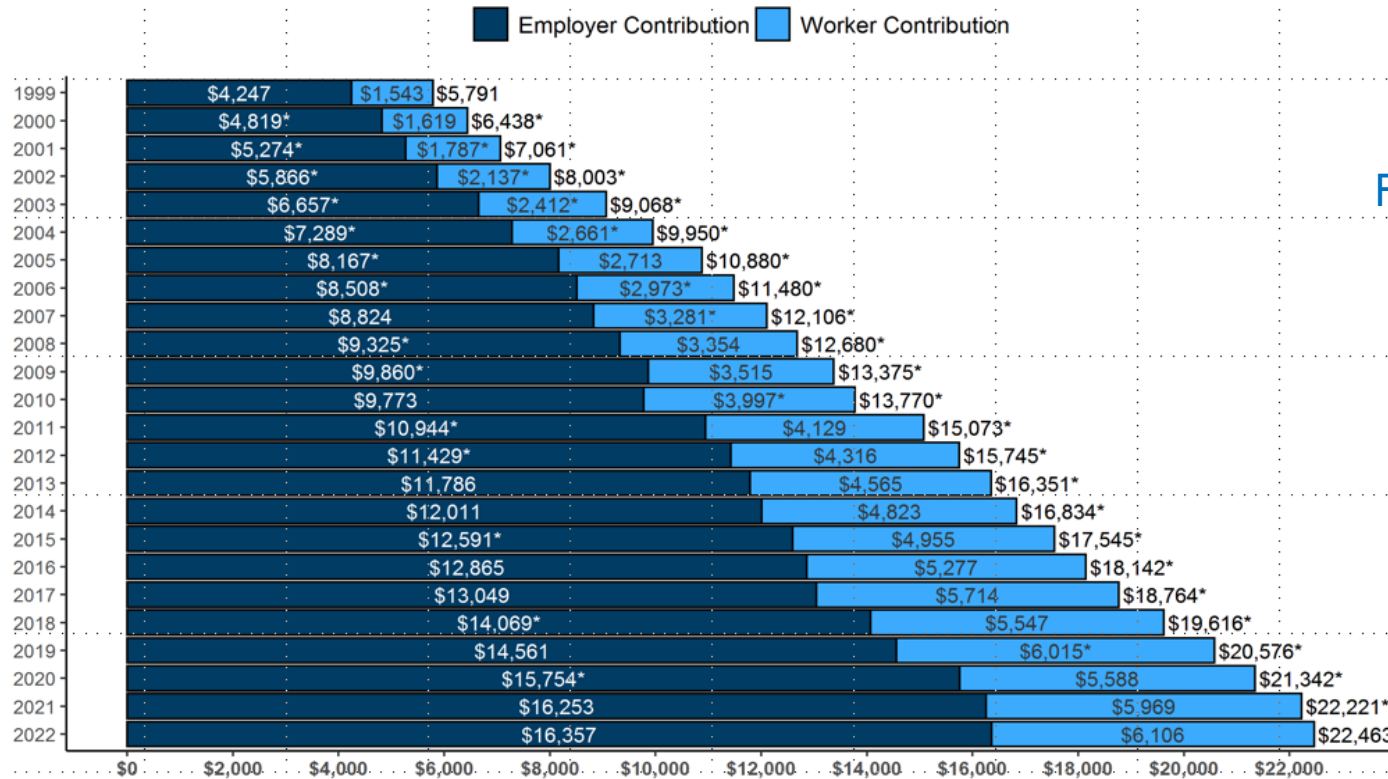
Single Premiums are now over \$7,911 per year

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

# Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2022

Average Annual Worker and Employer Contributions to Premiums and Total Premiums for Family Coverage, 1999-2022



Family Premiums are now \$22,463 per year

\* Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

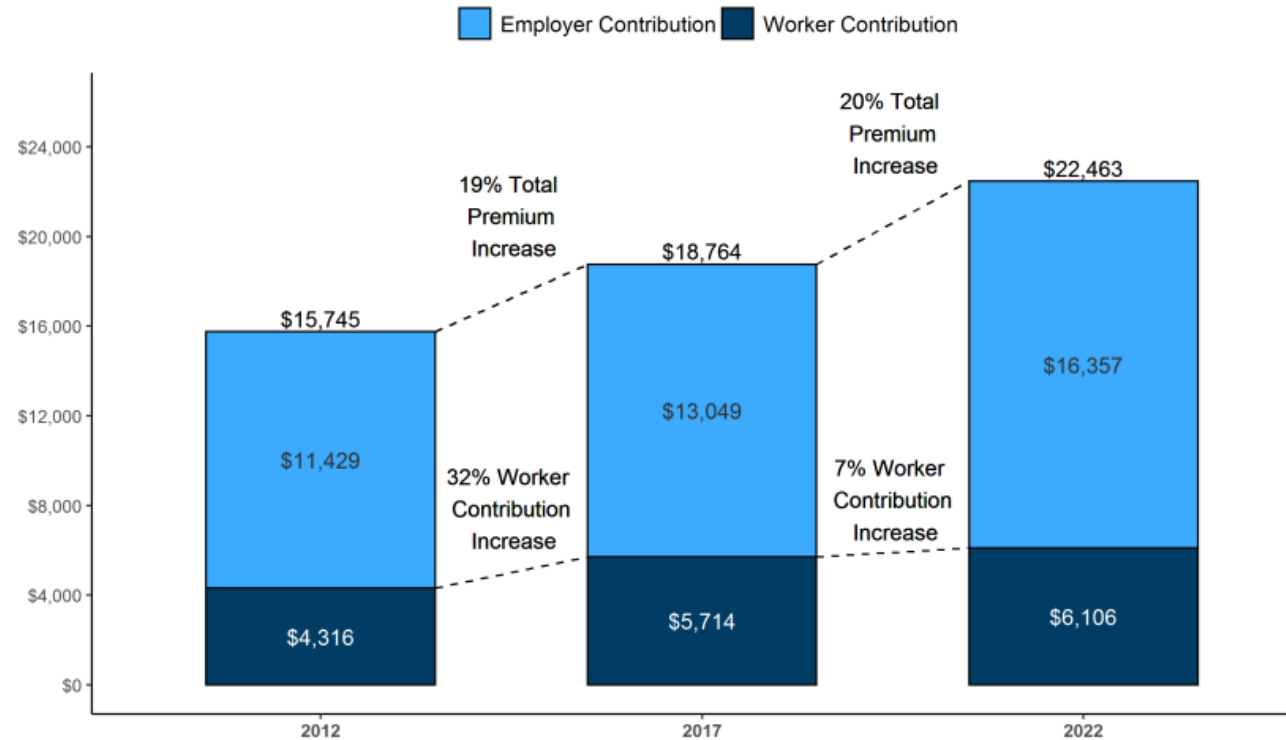
KFF



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# Average Annual Worker and Employee Premium Contributions for Family Coverage, 2012, 2017, and 2022

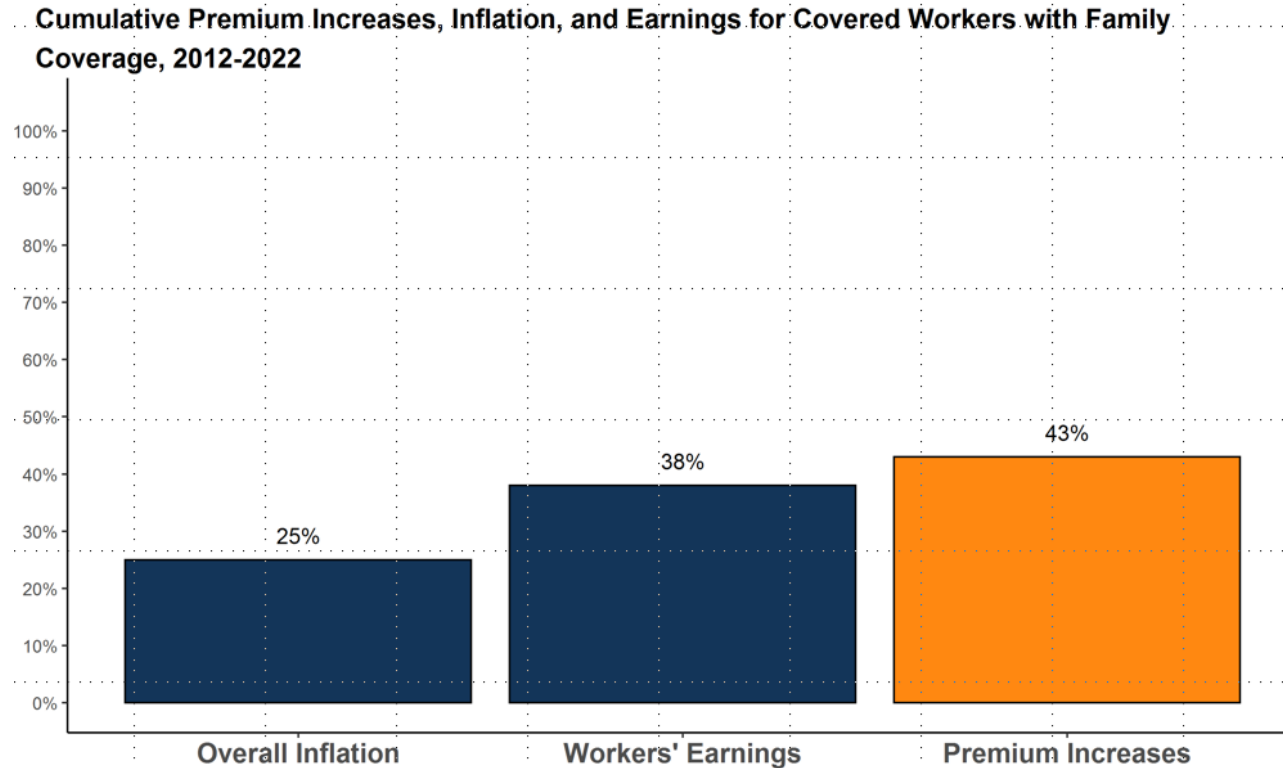
Average Annual Worker and Employer Premium Contributions for Family Coverage, 2012, 2017, and 2022



Average premium for Family coverage has increased 20% over the last five years and 43% over the last ten years.

SOURCE: KFF Employer Health Benefits Survey, 2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012 and 2017

# Cumulative Premium Increases, Inflation, and Earnings for Covered Workers with Family Coverage, 2012-2022

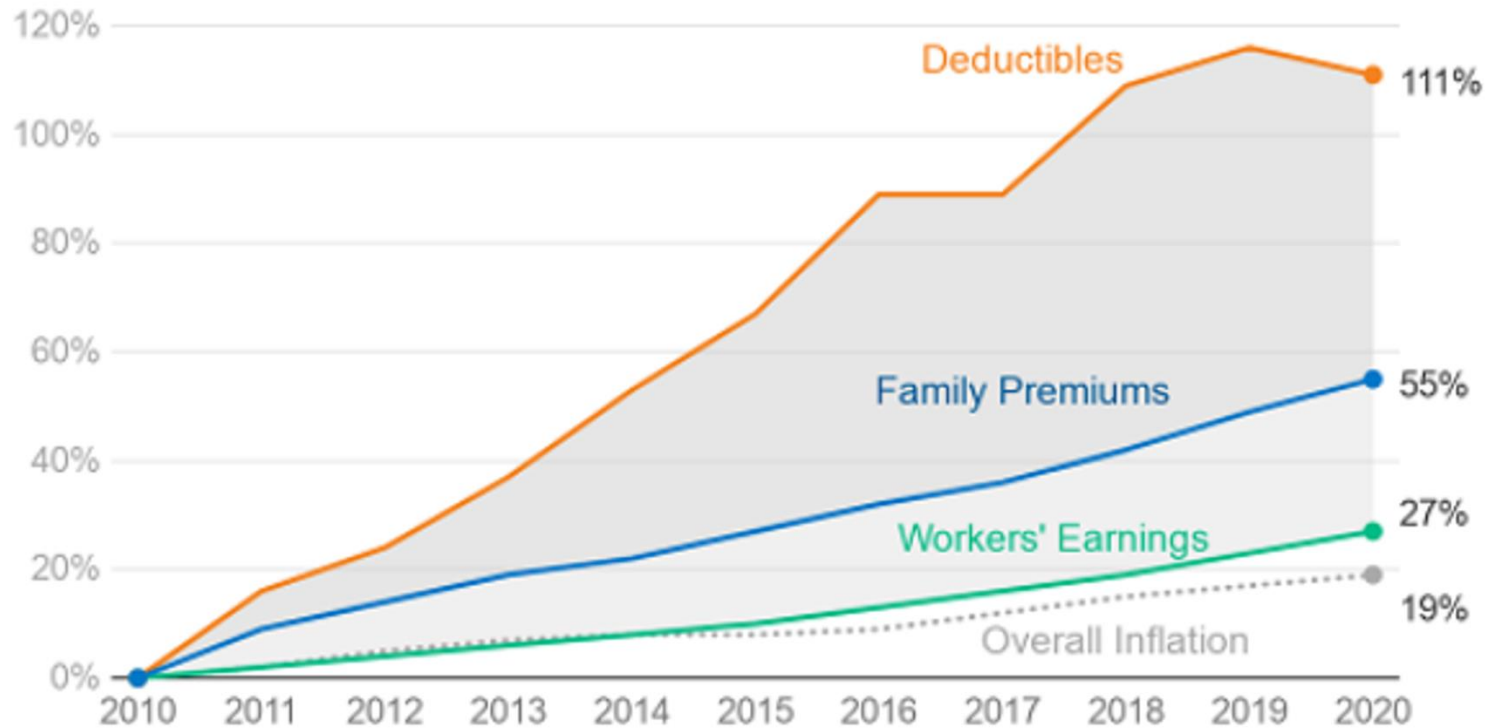


SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2012-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation, 2012-2022; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2012-2022. **KFF**



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# Employee Premiums and Deductibles Have Risen Much Faster Than Wages Since 2010



Benefits, 2010 and 2015: <https://www.kff.org/health-costs/report/2020-employer-health-benefits-survey/>

work  
ed Health

Since 2010, LA's average family **premiums** per enrolled employee in an employer-sponsored health plan have **increased by 46%** and **deductibles by 68%**



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# Louisiana Premium and Deductible Statistics, 2013-2021

Average health insurance **premiums** for **Single** coverage per enrolled employee increased **28%**

**Employee** contribution increased **45%**

**Employer** Contribution increased **23%**

Average annual **deductible** for **Single** coverage per enrolled employee increased **74%**

Average health insurance premiums for **Family** coverage per enrolled employee increased **24%**

**Employee** contribution increased **46%**

**Employer** Contribution increased **15%**

Average annual **deductible** for **Family** coverage per enrolled employee increased **68%**



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# Vulnerability to Medical Debt is Pervasive

Baked into health insurance benefits design and has transferred to the patient

OOP health spending rose 10.4% in 2021

Most households' savings are less than the maximum OOP limit allowed for most private plans

Median liquid assets of households and maximum out-of-pocket limit allowed in private plans for in-network services, by household size, 2019

**Median liquid assets, 2019**



**Maximum out-of-pocket limit in private plans (for in-network services), 2019**



Liquid assets include the sum of checking and saving accounts, money market accounts, certificates of deposit, savings bonds, non-retirement mutual funds, stocks and bonds. Among non-elderly households, those in which the head of house and his/her spouse are less than 65

Source: KFF analysis of the Survey of Consumer Finance, 2019 • [Get the data](#) • [PNG](#)

Peterson-KFF  
**Health System Tracker**



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# Medical Debt

## Kaiser Family Foundation Health Care Debt Survey

**Four in ten** adults in the U.S. carry medical debt

**Of the adults with healthcare debt:**

**Eight in ten** report **skipping or delaying care or medications due to cost**

**Six in ten** say **they or their household has had to cut back spending on necessities to pay down debt, half have used up their savings**

## Medical Debt in Louisiana

**28.4%** of adults have unpaid medical bills



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# Employers Bear Responsibility for Healthcare Costs

Privately insured population accounts for **34% (\$1.2 trillion)** of U.S. healthcare spending  
**\$480 billion in hospital costs**

In 2020, across all **hospital inpatient and outpatient services**, employers and private insurers paid on average **224 percent** of what Medicare would have paid for the same services at the same facilities

Despite new data showing hospitals require payments that represent **127% of Medicare** to cover their expenses

**Hospital services now represent largest share of total health care costs at about 37% of the total health care spending for privately insured Americans**



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# Hospital Price is the Problem, Not Utilization

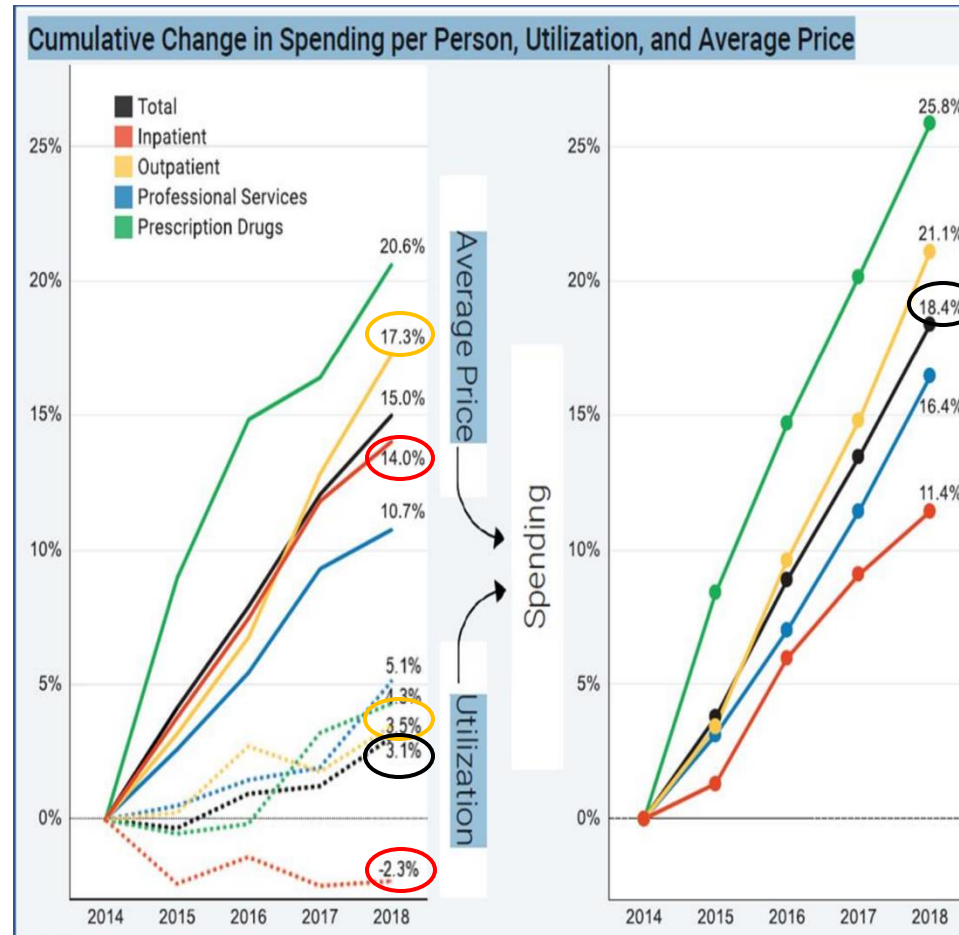
**Total annual spending per person increased 18.4%**

**Inpatient costs increased 14% while utilization decreased 2.3%**

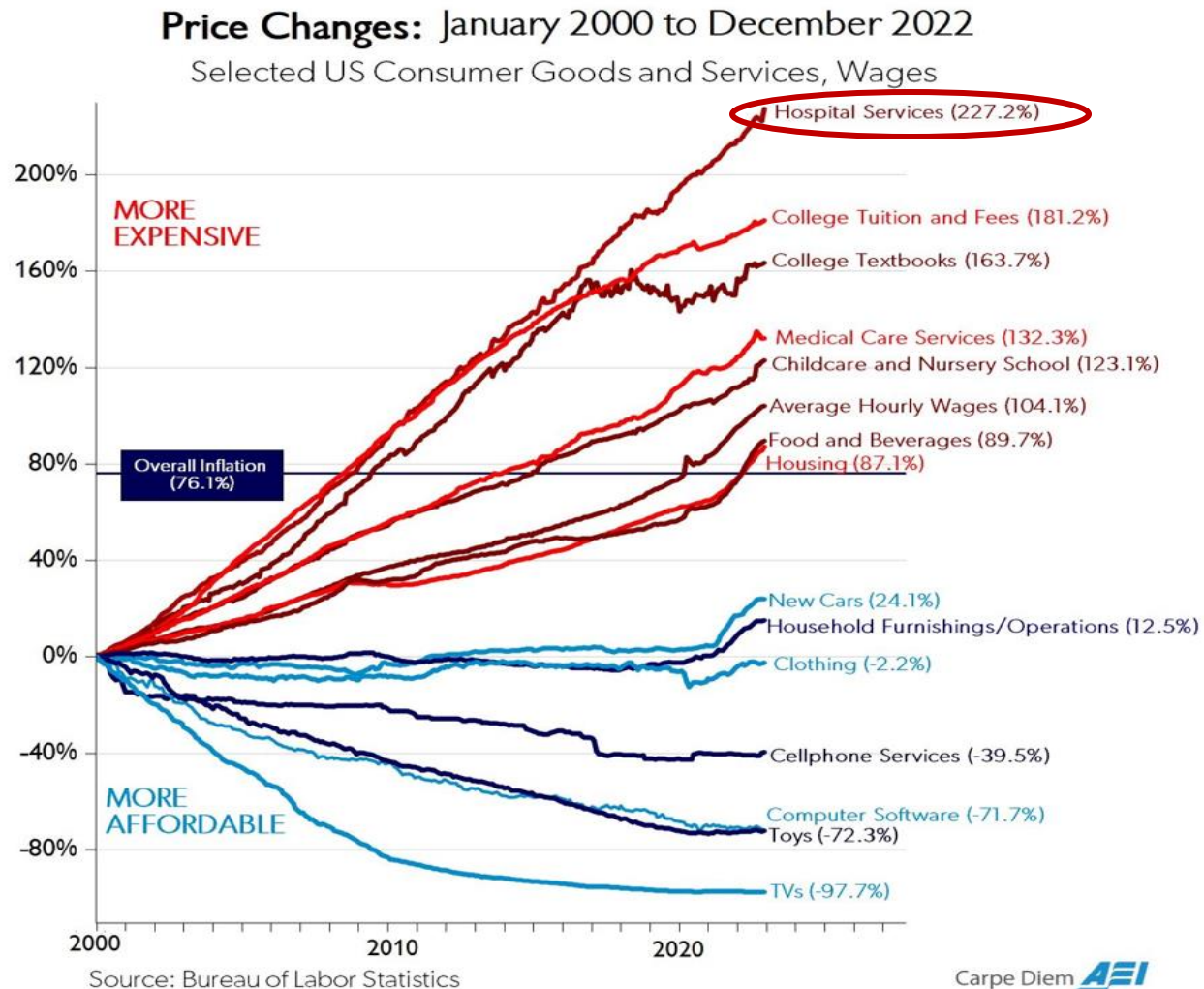
**Outpatient costs increased 17.3% with utilization increasing 3.5%**

**Utilization of medical services rose by 3.1%**

*Health Care Cost Institute: 2.5 billion medical claims - approximately 160 million people with employer-sponsored insurance*



# Hospital Services Increasing Consistently Over Time per the Bureau of Labor and Statistics



# Impact of Rising Healthcare Costs on Employers and Employees

## Employers

High health benefit costs come at the expense of **core business investments** and hold down **wages**, dampen **business growth** and squeeze **family budgets**

**Health benefits are one of the largest expenses for employers**

Healthcare costs are increasingly suffocating businesses in America



## Employees

Bear most or all of the costs of employer-sponsored health benefits through a combination of employee **premium contribution and out-of-pocket spending** and the fact that employer contributions for healthcare take the place of other forms of compensation, such as **wages** and **retirement benefits**\*



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# Employer Challenges

Employers often **lack information** to show what they are paying for and whether the prices for those services are reasonable

Employers have **limited access to useful information** on hospital prices

Unlike other goods and services, it's **nearly impossible to compare the price** of healthcare tests, procedures, or treatments

**Prices** for many standard health services **vary** both across and within geographic regions



# Fiduciary Responsibility

Self-funded employers have a **fiduciary responsibility** to “act in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them.”



**Increased scrutiny on fiduciaries** since passing of Consolidated Appropriations Act

Plan sponsors required to pay fair prices for services provided, but what is fair?

Risk of **class action and civil suits, penalties** from DOL

**How can self-funded plans fulfill fiduciary obligations without knowing prices?**

As states and other payers seek to address high and rising **hospital prices**, they confront important questions, including “**what is a reasonable price for care?**”

**New Transparency tools bring a wealth of information**



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# Hospital Price Transparency Tools

## NASHP Hospital Cost Tool

- Information on **hospital finances** (e.g., revenues, profitability, payer mix, assets, labor)/ utilizes federal government data submitted by hospitals (**Annual Medicare Cost Report**)
- **Determines Commercial breakeven** (the reimbursement rate a hospital needs to receive from commercial payers to cover all of its expenses for hospital inpatient and outpatient services, without profit)

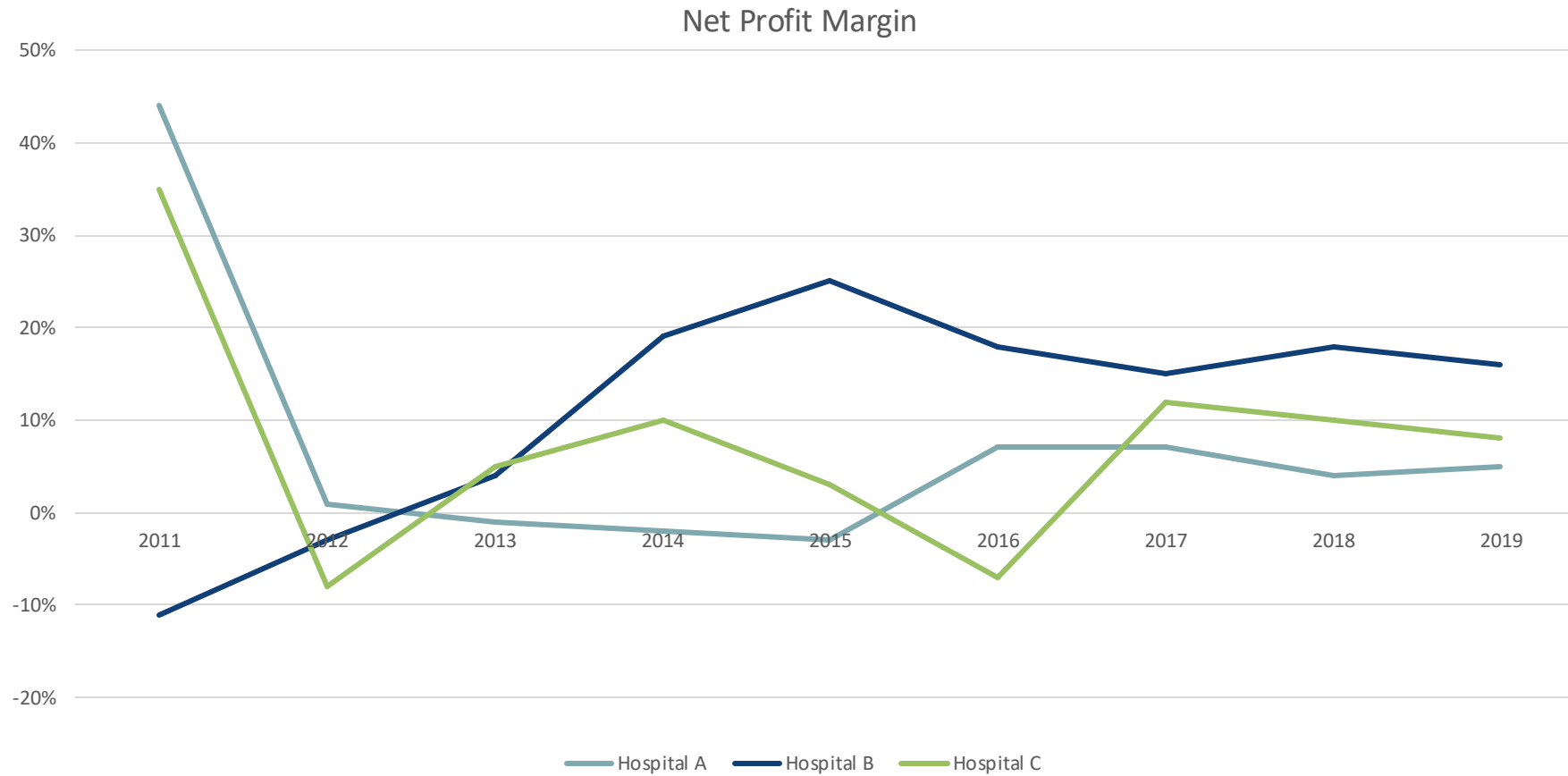
## Sage Transparency Tool

- Utilizes both **public and proprietary data** to compare **hospital prices and quality**

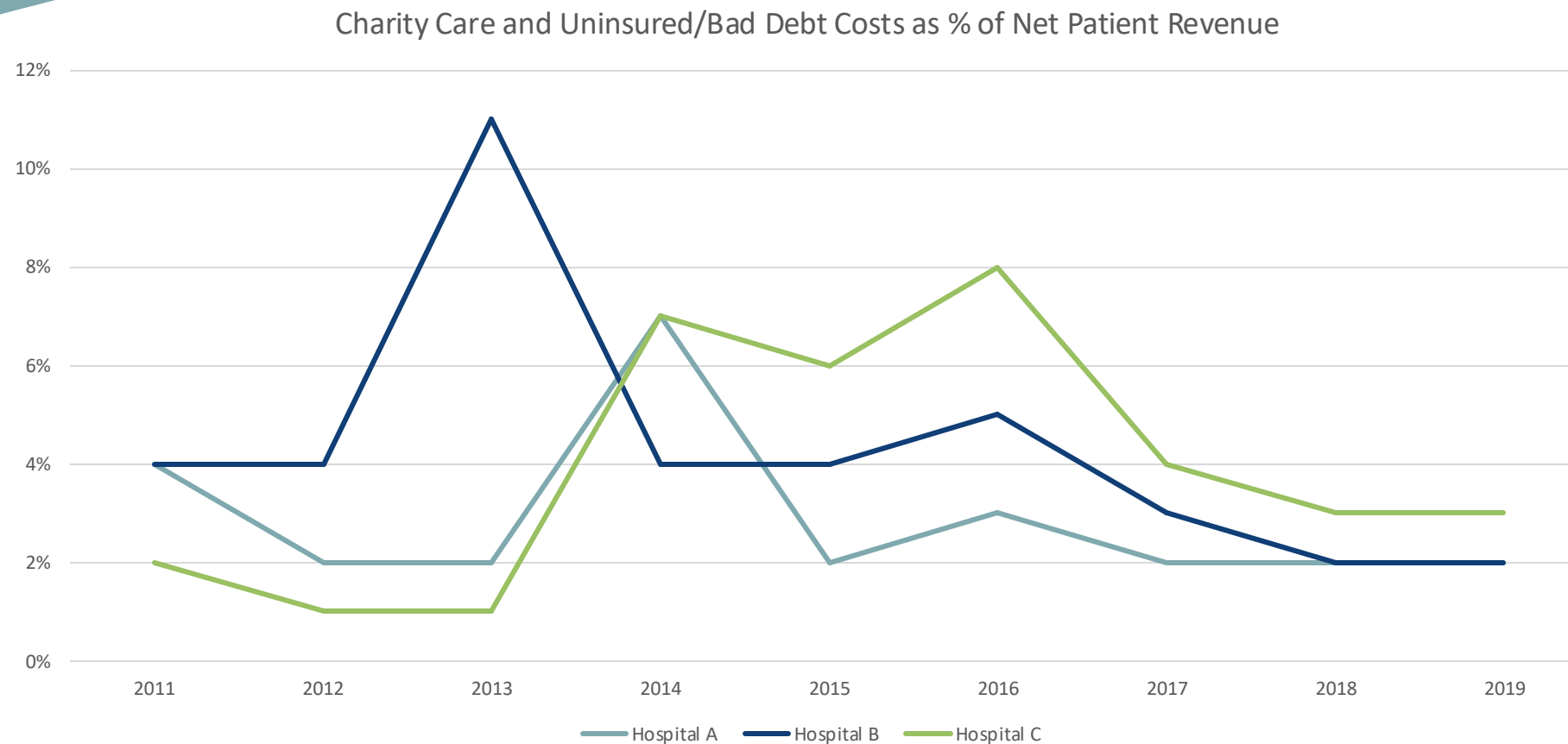
## RAND Hospital Price Transparency

- **Prices paid to hospitals by commercial payers** for inpatient and outpatient services, expressed as **Medicare rates**
- Utilizes **claims data** from employers, insurers, and APCDs

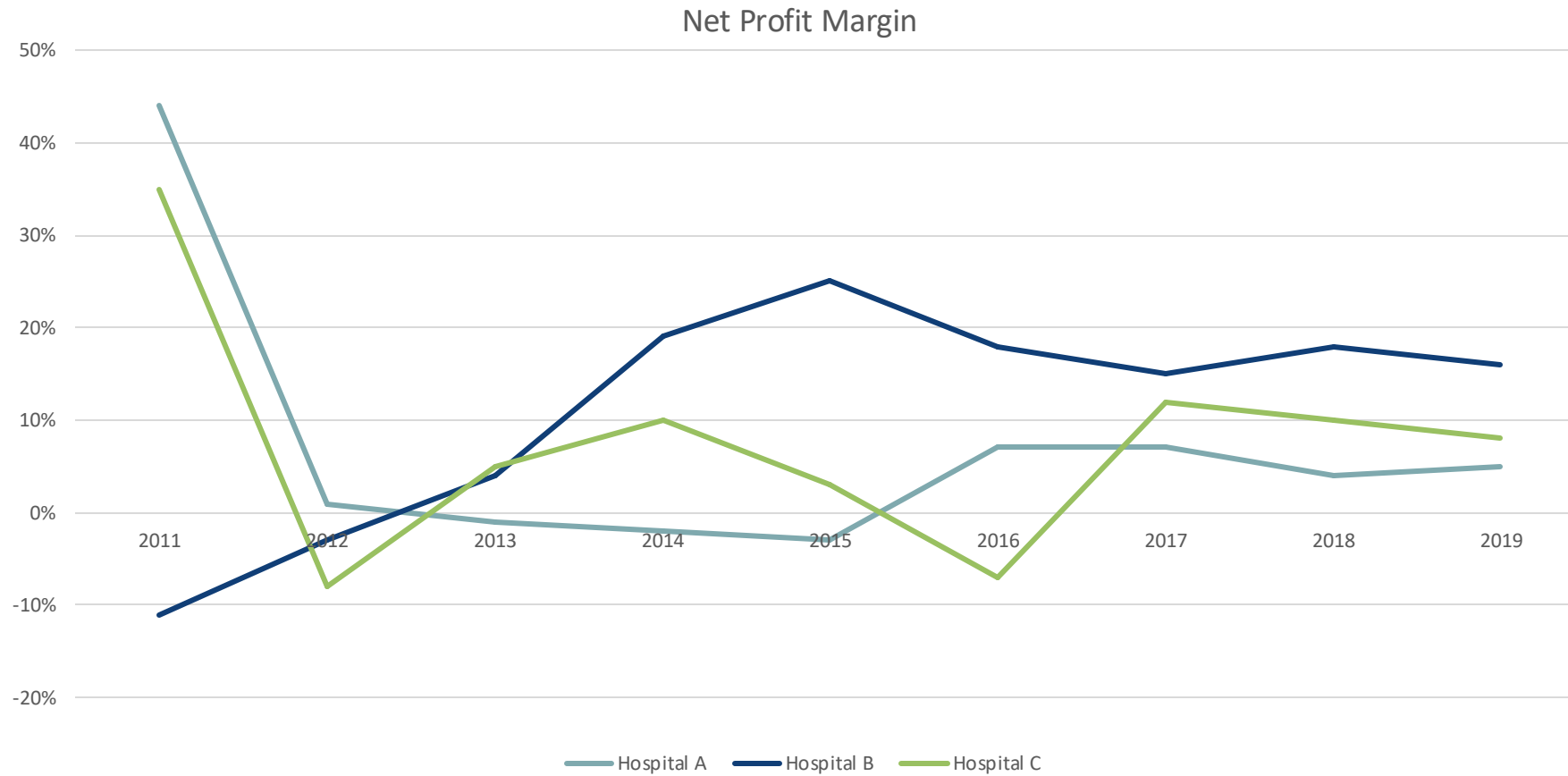
# Net Profit Margin, 2011-2019



# Charity Care and Uninsured/Bad Debt Costs as % of Net Patient Revenue, 2011-2019

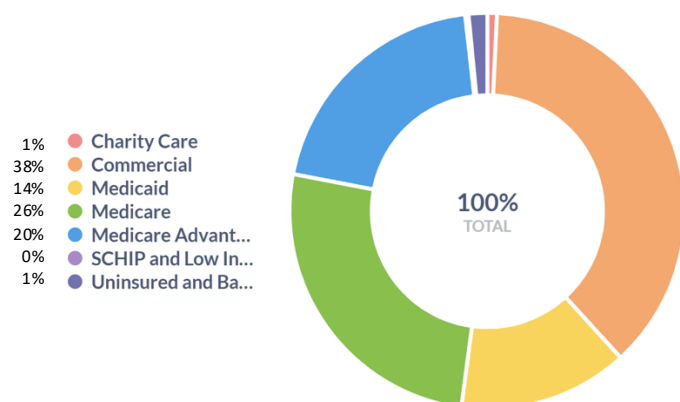


# Net Profit Margin, 2011-2019

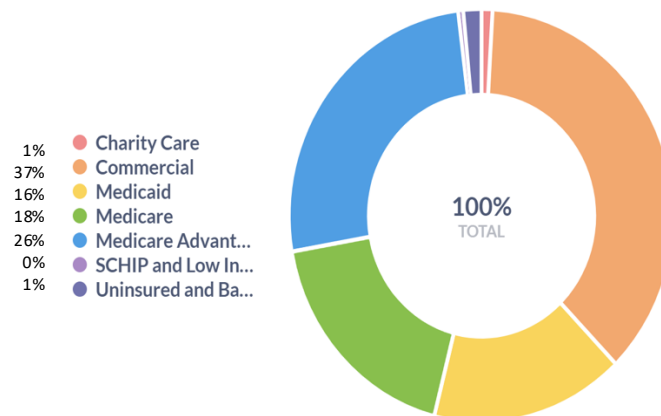


# Payer Mix Comparison, 2019

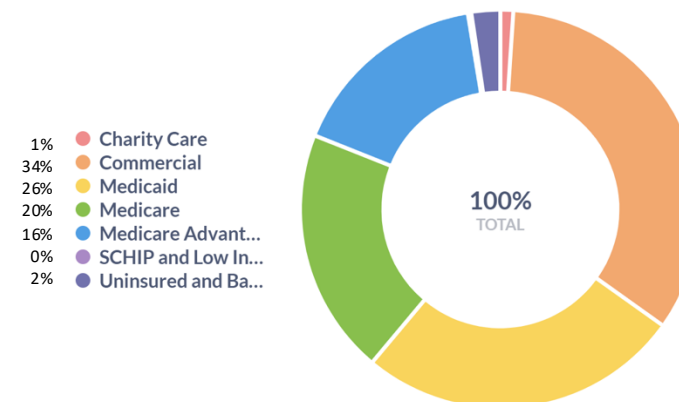
**Hospital A**



**Hospital B**



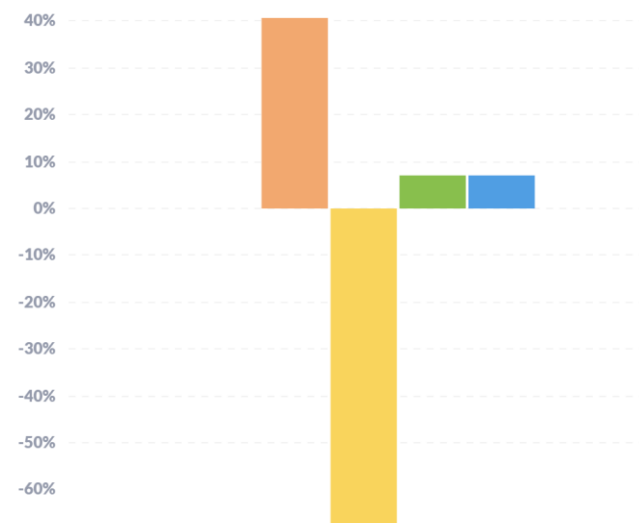
**Hospital C**



# Operating Profit Margin by Payer, 2019

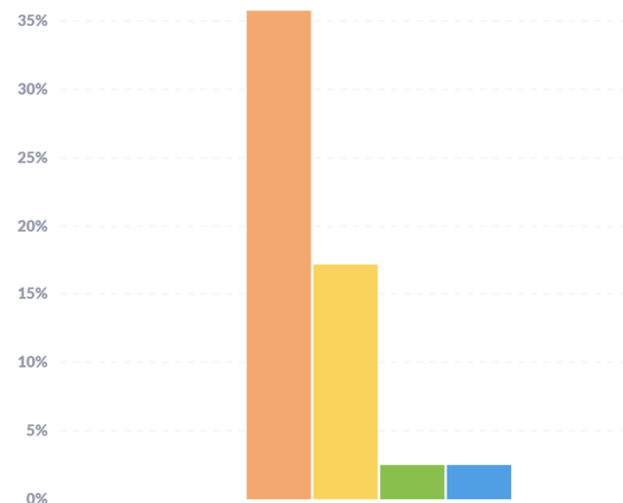
## Hospital A

Operating profit margin by payer type for the selected year  
Commercial Medicaid Medicare Medicare Advantage



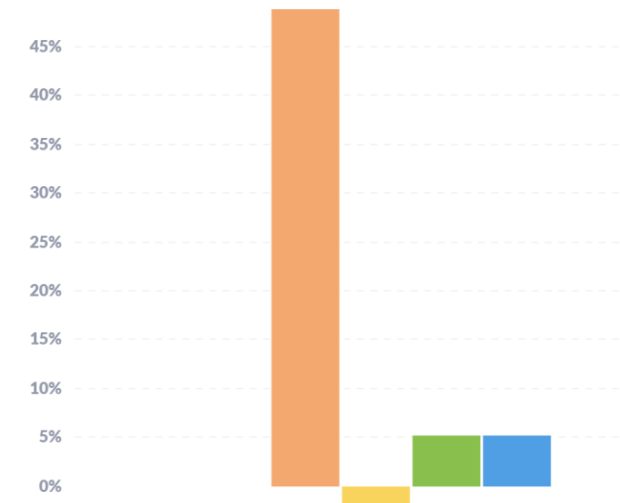
## Hospital B

Operating profit margin by payer type for the selected year  
Commercial Medicaid Medicare Medicare Advantage



## Hospital C

Operating profit margin by payer type for the selected year  
Commercial Medicaid Medicare Medicare Advantage



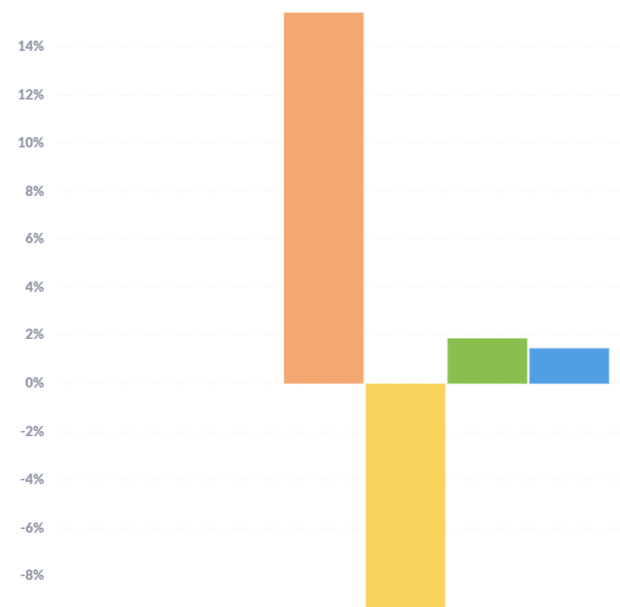
Source: NASHP Hospital Cost Tool

Operating Profit Margin: Operating Profit (Loss) divided by Net Patient Revenue

# Payer Mix Adjusted Profit (Loss), 2019

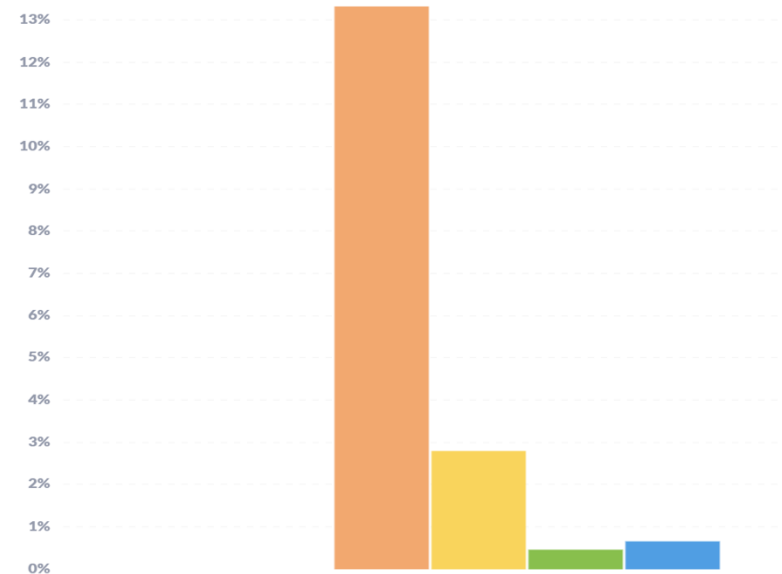
## Hospital A

Payer mix adjusted profit (loss) for the selected year  
Commercial Medicaid Medicare Medicare Advantage



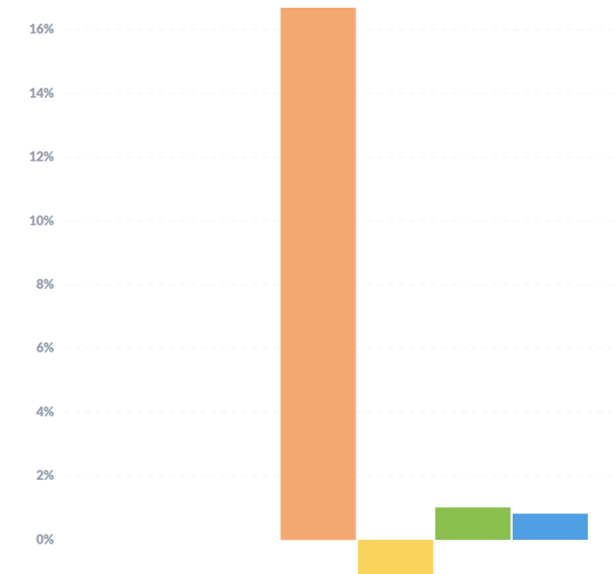
## Hospital B

Payer mix adjusted profit (loss) for the selected year  
Commercial Medicaid Medicare Medicare Advantage



## Hospital C

Payer mix adjusted profit (loss) for the selected year  
Commercial Medicaid Medicare Medicare Advantage

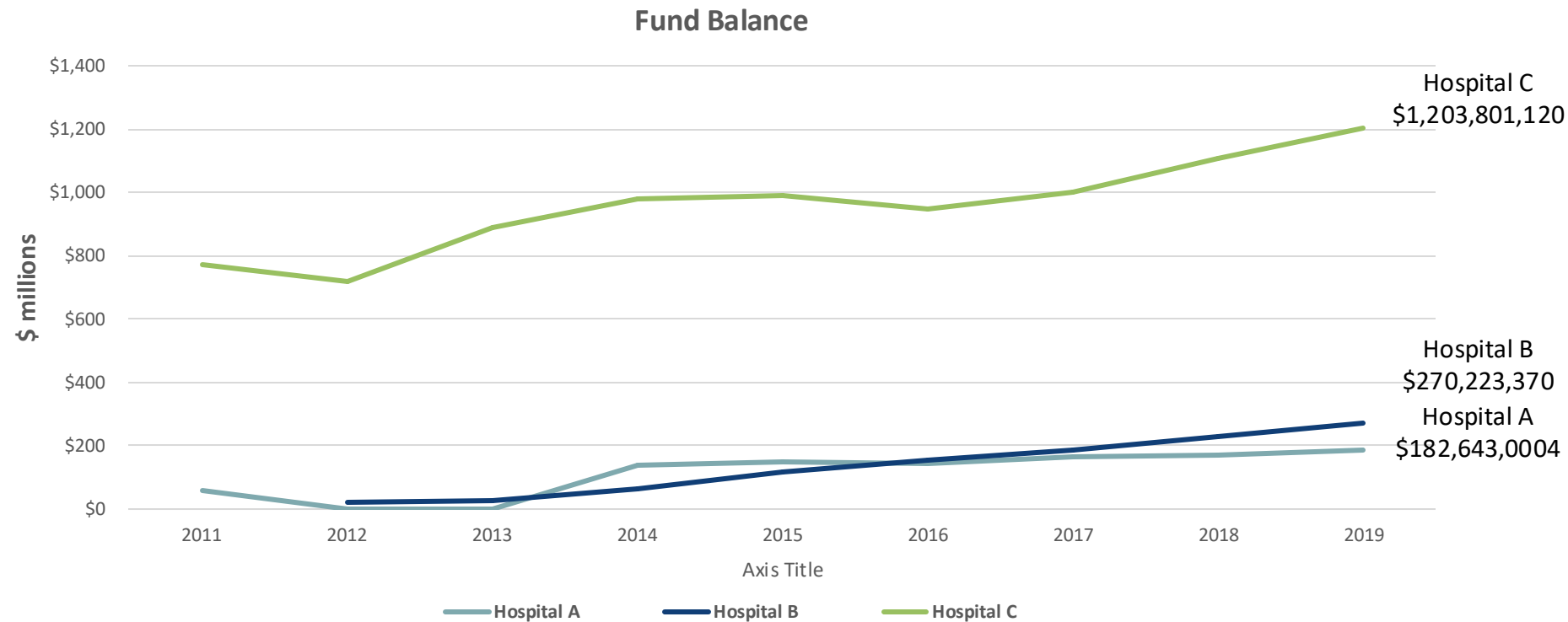


Source: NASHP Hospital Cost Tool

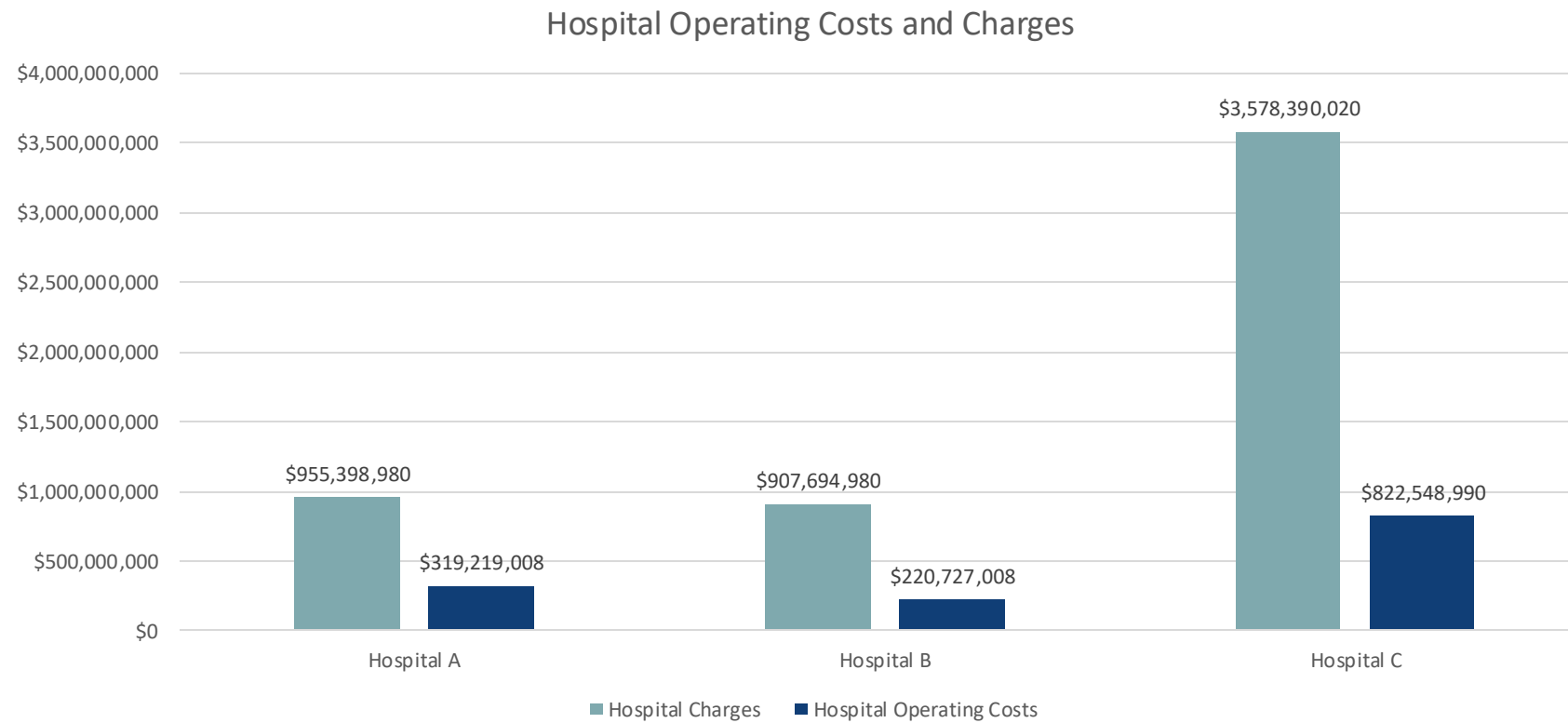
Payer Mix Adjusted Profit (Loss): **Operating Profit Margin** multiplied by **Payer Mix**, which represents the payer's impact on the hospital's financial performance



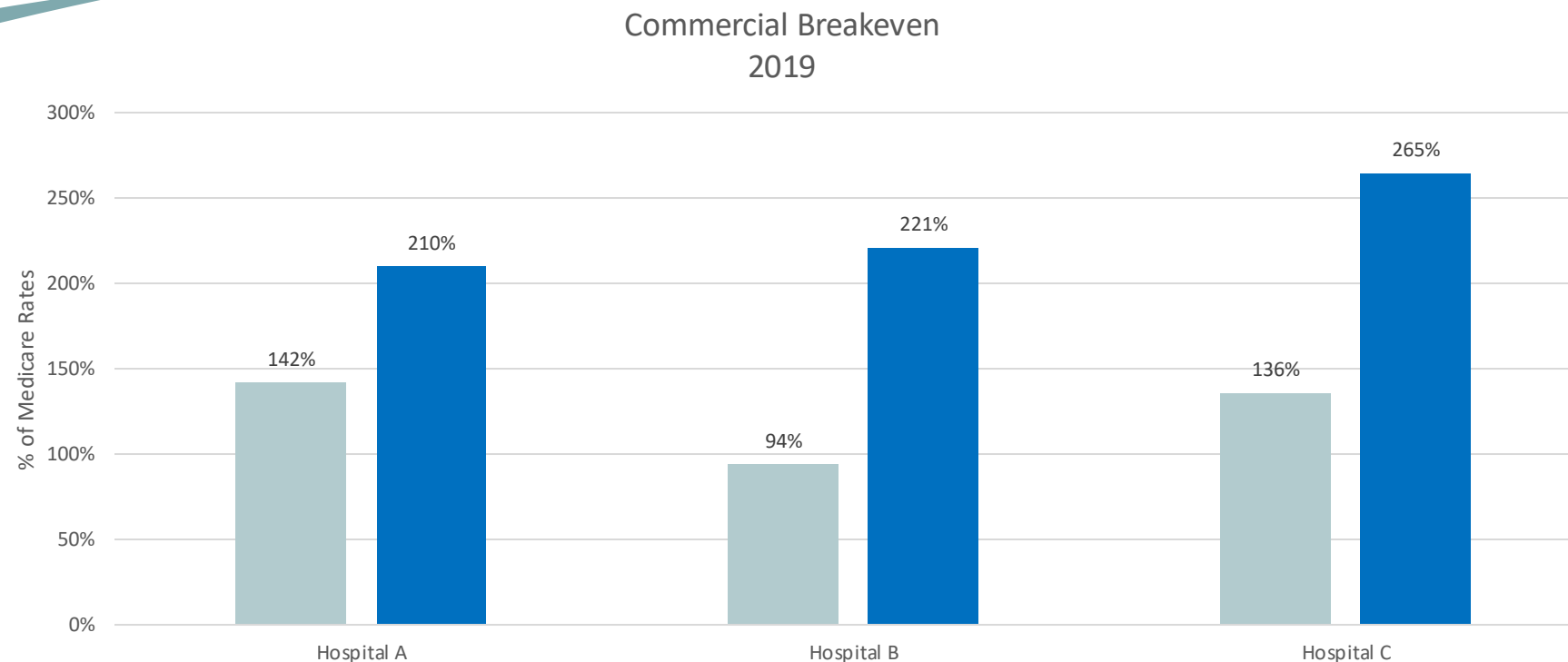
# Fund Balance, 2011-2019



# Hospital Operating Costs and Charges, 2019



# Commercial Breakeven, 2011-2019



Source: NASHP Hospital Cost Tool

**Commercial Breakeven (NASHP):** Payment level required from commercial payers (expressed as a percentage of Medicare rates) to allow the hospital to cover maximum hospital expenses, with no profit, for hospital inpatient and outpatient services. Covered hospital expenses include commercial patient hospital operating costs, shortfall of coverage from public health programs, charity care and uninsured patient hospital costs, Medicare disallowed costs, and hospital other income and expenses.

**RAND Commercial/Medicare Comparisons:** Prices paid to hospitals by commercial payers for inpatient and outpatient services, expressed as a percentage of Medicare rates. Prices are calculated based on paid claims from 2018 through 2020 by health plans participating in the RAND Corporation's Nationwide Evaluation of Health Care Prices Paid by Private Health Plans.

## Sage Transparency Tool

### RAND Total Facility Plus Physician (%)

Clinical Category	Hospital A	Hospital B	Hospital C
CT/MRI	241%	286%	325%
Emergency Dept	253%	234%	304%
GI Procedures	217%	264%	282%

Clinical Category	Hospital A	Hospital C	ASC
Orthopedics	191%	307%	119%

## Cost Variance Example from the RAND Hospital Cost Study

Procedure	Medicare Reimbursement	Current Price Baton Rouge*	Potential Ref Price (1.5 Med)	Potential Savings
<b>Coronary Artery Bypass Graft Surgery</b>	\$45,358.00	\$122,013.02	\$68,037.00	\$53,976.02
<b>Arthroscopic Knee Surgery</b>	\$3,389.00	\$9,116.41	\$5,083.50	\$4,032.91
* 269% of Medicare				

Savings would be split between plan sponsor and the patient, dependent upon plan design specifics

Benefit plans can be designed to steer care to value providers

# CMS Overall Star Rating

Hospital A



Hospital B



Hospital C



# CMS Patient Survey Rating

Hospital A



Hospital B



Hospital C





# THE LEAPFROG GROUP

## Leapfrog Hospital Safety Grade

Hospital A



Hospital B



Hospital C



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# How Does Price Transparency Help Employers Negotiate Prices?

Price transparency **allows employers to compare how much hospitals and providers charge for the same services.** Employers can use this information to **advocate for better value and push back on higher priced providers**

With the **savings**, employers can **increase wages, hire new employees, make investments in infrastructure or expand.** It is important to note that **prices are only one piece of the puzzle** – they must be considered with quality in mind

# Rising Cost of Healthcare – Call to Action

## Employers

- Pressured by **rising healthcare costs**
- **Trajectory** is insupportable
- Need **transparent price information**
- **No employer can go it alone**
- **No organization** focused on healthcare affordability or price transparency

## Quality Forum

- **Ready to act on cost of healthcare**
- **Neutral convenor** of stakeholders to bring about **meaningful solutions**
- **Trusted relationships** across key stakeholders
- Facilitate ways to **increase price transparency**
- Equipped to **enter into partnership** with employer community



With a mission to lead evidence-based, collaborative initiatives to improve the health of Louisiana residents, the Louisiana Health Care Quality Forum is ready to make a difference and act on the costs of healthcare in our state. The Quality Forum believes that by applying our multi-stakeholder approach to delivering data-driven solutions, we find ways to increase price transparency and bring about meaningful solutions which reduce costs while still striving for high-value and high-quality care.

Though we need all stakeholders onboard to achieve such an aim, it is important to note that employers are bearing the burden of this affordability crisis. Now more than ever, employers need transparent information, specifically on hospital prices and employee benefits.

We know that healthier employees create healthier and more productive populations. Yet, in our current state, premiums and deductibles have outpaced wages and are harming employees financially, emotionally, and in some cases physically. It is time that employers are empowered to negotiate changes in what they are paying for and to start paying for what matters most.

This said, we want to acknowledge that hospitals and health professionals are critical members of the communities we serve. The Quality Forum is well positioned as a neutral convenor and data supplier to support employers with facts and necessary information to make decisions about what they are paying for, and to negotiate for fair hospital prices and benefits which are aligned with value. This ability to navigate trusted relationships across key stakeholders is what makes LHCQF both a unique and effective partner.

This is an urgent matter. Rising health care costs have placed pressure on employers and on worker's wages particularly during the COVID-19 pandemic. The trajectory is insupportable. By equipping employers and those they insure with transparent information, they can begin decreasing the wide gap in variation that we see in hospital prices and in benefit design.

The Quality Forum is equipped to enter into a partnership with the employer community which will help to bring about the necessary change.

No employer can go it alone. We encourage companies across the state to join us in this effort to establish the collective influence necessary to put employers on equal footing with the other stakeholders in the healthcare equation.

Please join us at Sullivan's Restaurant on August 31<sup>st</sup> from 11:30 AM to 1 PM to discuss the potential opportunities with this partnership.

Cindy Mosen  
Chief Executive Officer  
Louisiana Health Care Quality Forum

Daniel Burke  
Incoming Chair, Louisiana Health Care Quality Forum  
Director of Corporate Benefits, Turner Industries



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# Rising Cost of Healthcare – Call to Action

**Employers purchasing health benefits need better information on healthcare prices and value to make good decisions**

## **Health Benefits Consultants**

Alliant Insurance Services

HUB International

BXS Insurance

Gallagher Benefit Services

Willis Towers Watson

**Employers, Health Systems, Health  
Plans, State and Local Government  
Officials, Providers**



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# Employer Coalition

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A LOUISIANA HEALTH CARE QUALITY FORUM INITIATIVE

Employers who work **collaboratively with a unified voice** can more effectively move the **healthcare discussion** and **influence change** with hospitals, providers, health plans, and other partners **to address healthcare affordability, quality, and safety**

# Employer Coalition of Louisiana - Who We Are

**Employer-led health care coalition whose goal is to improve the value received by payers and patients for their healthcare expenditures.**

**Value considerations include price, quality, safety, and consumer satisfaction.**

## **Membership**

**Includes employers, providers, hospitals, health plans, benefit consultants, and other interested parties.**

## **Guiding Principles**

**We all share responsibility** for the healthcare affordability crisis

**We don't have malicious leaders in healthcare; we have good people working in a fragmented system \***

**Through collaboration, we can align payment with high-value medical care and create better health**



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# Employer Coalition of Louisiana - Who We Are

## We Believe

**No single employer can create the impact needed** to improve the quality and affordability problem in LA.

**Employers who work collaboratively with a unified voice can more effectively move the healthcare discussion and influence change** with providers, health plans, and other partners to address healthcare affordability, quality, safety, and consumer experience

**Greater cost transparency paired with quality measures are critical tools** to level the playing field and allow employers to **engage in strategies to lower costs and increase high-value care**

**Empowering employers and people with evidence-based data** allow them to make more informed decisions

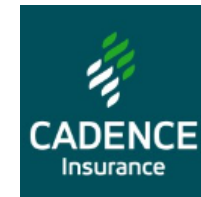


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A LOUISIANA HEALTH CARE QUALITY FORUM INITIATIVE

## **Mission**

To collaboratively increase the value of health benefits spending for the state's employers and patients by lowering the cost and improving the safety, quality, and consumer experience

## **Vision**

Louisiana residents will receive more accessible, affordable, equitable, safe high-quality healthcare

# Membership Discussion

**A majority of members are committed employers/healthcare purchasers who are not providers of healthcare services**

**Membership** includes **forward-thinking, innovative** employers, benefit consultants, hospitals, health plans, providers, and other interested parties, in addition to LHCQF Board representation

- Employer Membership

- General Membership

- Affiliate Membership

# Leadership/Governance Discussion

**Reports to the Quality Forum Board of Directors**

**Led by two Co-Chairs, who are employer members and not providers of healthcare services**

Each Co-Chair shall commit to serving in that capacity for at **least one year and no more than three years**

**Employer members, who are not providers of healthcare services, may be nominated to serve as Coalition  
Employer Coalition April Co-Chair**

Employer members **will vote on new Co-Chairs when there is an anticipated change in leadership**

# Strategic Priorities Discussion

**Increase Coalition membership and participation**

Promote **transparency** and provide **insights** that help **bring clarity to healthcare pricing**

Address the broad and unwarranted **pricing variations**

Create a **more competitive market**

**Promote providers** committed to migrating away from fee-for-service to value-based care

# Responsibilities Discussion

**Actively participate** in Coalition meetings and initiatives

**Recruit** key employers and other healthcare stakeholders

Plan and set **priorities**

**Represent the Coalition** within the sphere of personal influence and responsibilities

**Educate** the employer community on the Coalition and its initiatives

**Attend** Coalition-sponsored training and educational sessions

**Network, coordinate and/or collaborate** with staff and other Coalition members

# Meetings Discussion

Coalition shall **initially meet monthly for TBD hours**

**Could transition** to different frequency **as determined by the Coalition members**

Most meetings will be held **in-person**, with option of **participating virtually**

The Coalition may form **workgroups** as needed for work on **specific topics**

# Reporting and Communication Discussion

The Coalition **reports to the LHCQF Board of Directors** and **coordinates organizational direction** and **priorities with the Board and the CEO** to ensure alignment

The Coalition Co-Chairs **shall report to the LHCQF Board quarterly**

**Minutes** from the Coalition meetings **shall be made available** to the LHCQF Board and Coalition members **no later than one week prior to the next scheduled Coalition meeting**



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A LOUISIANA HEALTH CARE QUALITY FORUM INITIATIVE

**Controlling Healthcare Costs**

**Approaches Taken by Successful  
Coalition Across the Country**



# Controlling Health Costs – Different Approaches Discussion



Anthem is attempting to support a core goal of the RAND study by holding hospital systems accountable for their prices, which in turn will benefit our employees' mental and physical health and their financial wellness.

—Purdue Senior Director of Benefits

Sunday, March 01, 2020 1:00 am

**Insurer pushes Parkview on costs**  
Says charges too high, citing study hospital calls unfair  
SHERRY SLATER | The Journal Gazette



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Coalition	Region	Strategies
Employers' Coalition of Indiana	Indiana	<ul style="list-style-type: none"> <li>Increasing Price Transparency</li> <li>Advocating for Policy Change</li> </ul>
The Alliance	Wisconsin	<ul style="list-style-type: none"> <li>Increasing Price Transparency</li> <li>Steering to High-Value Providers</li> <li>Price Negotiations</li> </ul>
Network of Distinction	Connecticut	<ul style="list-style-type: none"> <li>Increasing Price Transparency</li> <li>Steering to High-Value Providers</li> </ul>
Peak Health Alliance	Seven Counties in Colorado	<ul style="list-style-type: none"> <li>Increasing Price Transparency</li> <li>Price Negotiations</li> </ul>
Houston Business Coalition on Health	Houston, Texas	<ul style="list-style-type: none"> <li>Development of a Smart Network</li> </ul>

# Common Reasons Employer Coalitions Stall/Fail to Achieve Goals

## Discussion

Lack of **active participation** by employers

**Funding/revenue streams ???**



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Coalition**

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A LOUISIANA HEALTH CARE QUALITY FORUM INITIATIVE

**2023 Goals Discussion**

**Schedule Planning Session**