

A woman wearing a blue hard hat and a grey safety vest over a maroon shirt is holding a clipboard and a pen, looking upwards and to the right. She is in a warehouse setting with high shelves of cardboard boxes in the background. Other workers in blue shirts and yellow hard hats are visible in the distance.

October 3, 2023

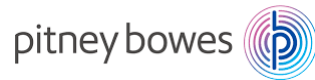
Tackling the High Cost of Health Care

Randa Deaton
Vice President, Purchaser Engagement



Purchaser Business
Group on Health

PBGH Members





Purchaser Business Group on Health

- 40 members
- Private employers and public agencies
- \$350B spend
- 21 Million Americans



Advancing Quality



Driving Affordability



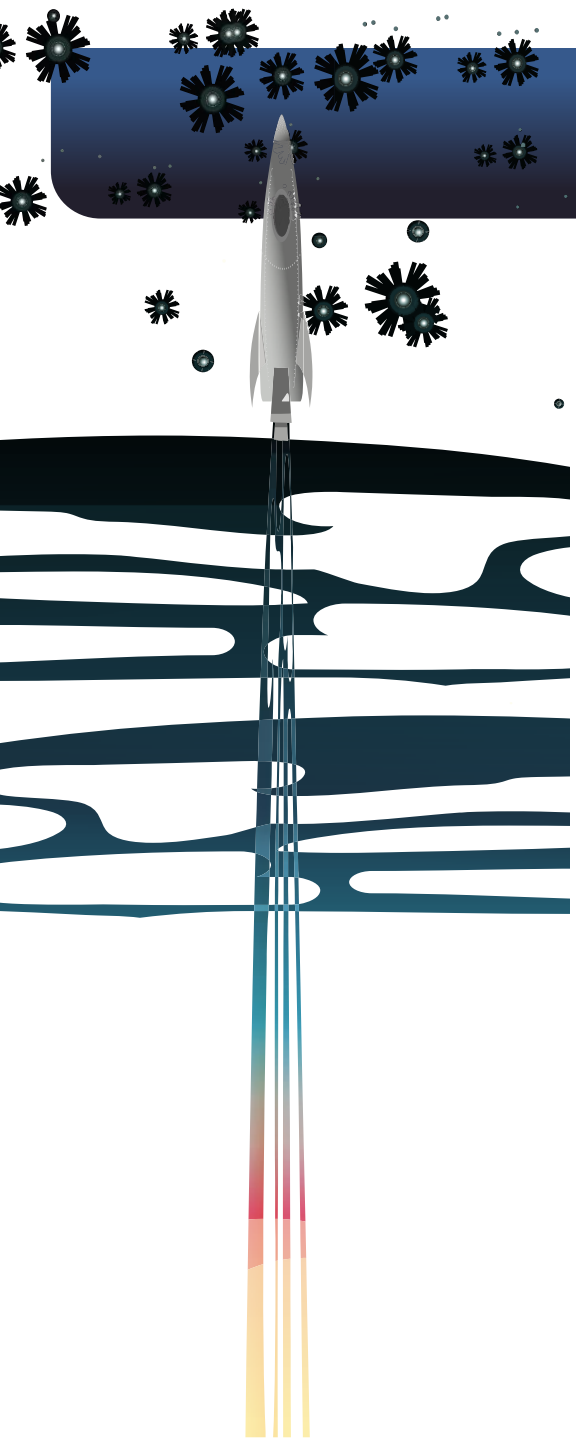
Fostering Health Equity

PBGH Goals

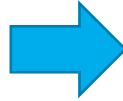
1. Redirect existing health care spend to high-quality, equitable and evidence-based care while holding total cost flat.
2. Redirect purchasing to support whole-person health and create accountability for health and well-being outcomes.
3. Eliminate disparities in care delivery and in health outcomes.

If these goals are achieved, a natural outgrowth will be meaningful improvements in health outcomes, health care affordability and health equity.

Moonshot

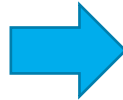


**1 Advanced Primary Care
– Designation & Network**



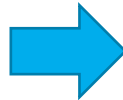
- Turnkey high-quality primary and specialty care national network built to reflect purchaser priorities. (The Health Plan that Says Yes)

**2 Address Low-Value Care
(CAA Tools and Support)**



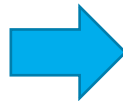
- Complete data and advisory services to establish fair pricing, outcome accountability and enable purchaser fiduciary success.

3 Maternal Health Equity



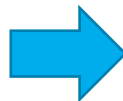
- Redesigned, patient-centric wholistic maternal care delivery system that achieves quality and equity.

**4 Community Health and
Well-Being**



- A new approach and clear path enabling purchasers to invest in social and community needs to maximize health and well-being.

5 Mental Health



- Assure that employee and family mental health needs are met through the care delivery system, workplace and community.

Everything Has Changed

- Increased transparency
- CAA risks and litigation
- Double-digit increases
- Innovation and technology
- Industry consolidation
- Provider access crisis
- Supply shortages



The combination of rapidly changing market forces presents a unique opportunity.

The System is Only Getting Worse



VS.

Members are reporting up to 25% cost increases for 2024

1. Cigna partners with providers via its [Cigna Collaborative Care](#) program. However, Cigna does not directly own healthcare providers.
 2. AllianceRx Walgreens Prime is jointly owned by Prime Therapeutics and Walgreens Boots Alliance.
 Source: Drug Channels Institute research; [The 2019 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers](#), Chapter 5.

Canary in the Coal Mine?



July 21, 2023

Elizabeth Mitchell
President & CEO
Purchaser Business Group on Health
275 Battery Street
San Francisco, CA 94111

Re: Response to Request: Projected Financial Performance Assumptions

Dear Ms. Mitchell,

On behalf of Kaiser Permanente, I am pleased to provide the Pacific Business Group response to your letter requesting further information on the projected financial performance.

Kaiser Permanente



Purchasers are Rethinking Current Health Care Partners

Members have prioritized identifying and partnering with trusted, unconflicted consultants, PBMs and health care partners looking out for their and their plan participants' best interests.



Pushing Back Against Industry Dynamics

Increased transparency



Data, analytics and member support to ensure value and leverage policy

CAA risks and litigation



Fiduciary trainings/data analysis/contract standards and evaluation

Double-digit increases



APC network/new partnerships/direct contracting

Innovation and technology



PBGH assessment and designation

Industry consolidation



Collective action/joint purchasing

Provider Access Crisis



Performance accountability

All PBGH Strategies Reinforce Each Other and Member Success



Fiduciary Responsibilities (CAA)

Community health and well-being

Addressing social needs—housing, food security and transportation—could reduce hospitalization by 11% and ED visits by 4%.

Advanced primary care

Every \$1 increase in primary care spending produces \$13 in savings.

Mental health access

Savings ≈ \$1,400 per year, per person when mental health treatment is delivered outpatient.

Maternal health equity

Collaborative care led by certified nurse midwives can result in 22% fewer primary C-sections.

Data and analytics are a key tool across all strategies to support effective purchasing.

We've Made Three Big Bets



**Advanced primary care
with specialty referrals**

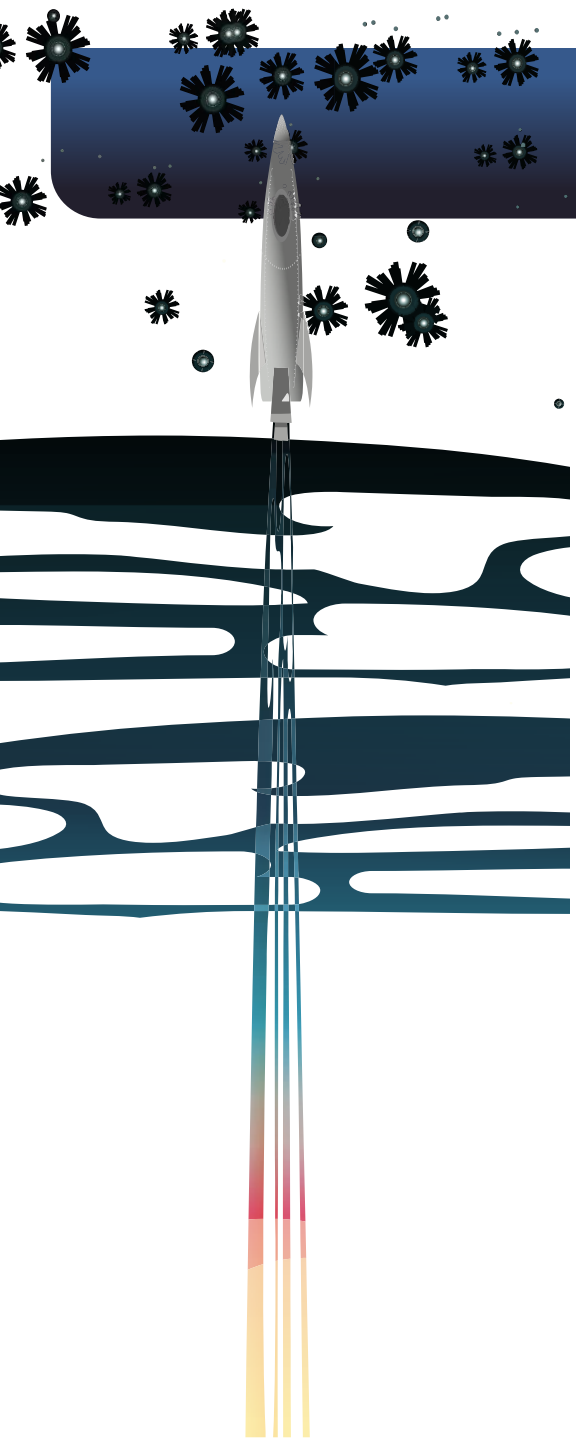


**Comprehensive
maternity care**

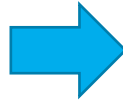


**Administrative
accountability**

Moonshot

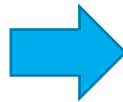


**1 Advanced Primary Care
- Designation & Network**



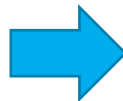
- Turnkey high-quality primary and specialty care national network built to reflect purchaser priorities. (The Health Plan that Says Yes)

**2 Address Low-Value Care
(CAA Tools and Support)**



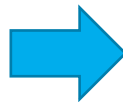
- Complete data and advisory services to establish fair pricing, outcome accountability and enable purchaser fiduciary success.

3 Maternal Health Equity



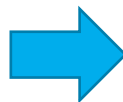
- Redesigned, patient-centric wholistic maternal care delivery system that achieves quality and equity.

**4 Community Health and
Well-Being**



- A new approach and clear path enabling purchasers to invest in social and community needs to maximize health and well-being.

5 Mental Health



- Assure that employee and family mental health needs are met through the care delivery system, workplace and community.



Purchaser Business
Group on Health

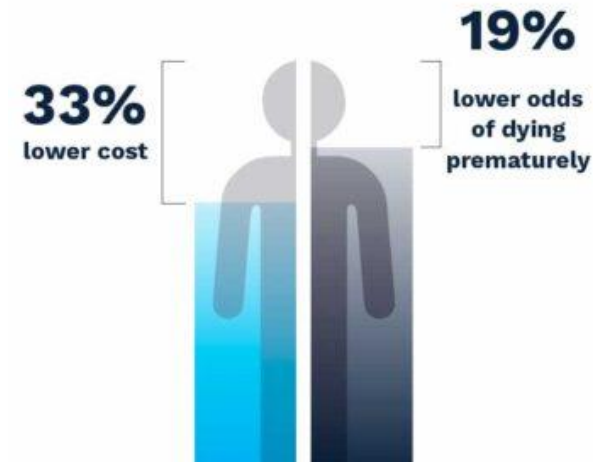
Advanced Primary Care

Primary Care Improves Employee Health, Delivers ROI

Primary care lowers costs, decreases rates of premature death and increases productivity

Despite its benefits:

- Primary care accounts for only 35% of ALL health care visits yet influences 90% of total health care spending.
- Just 4-7% of U.S. health care dollars are spent on primary care.

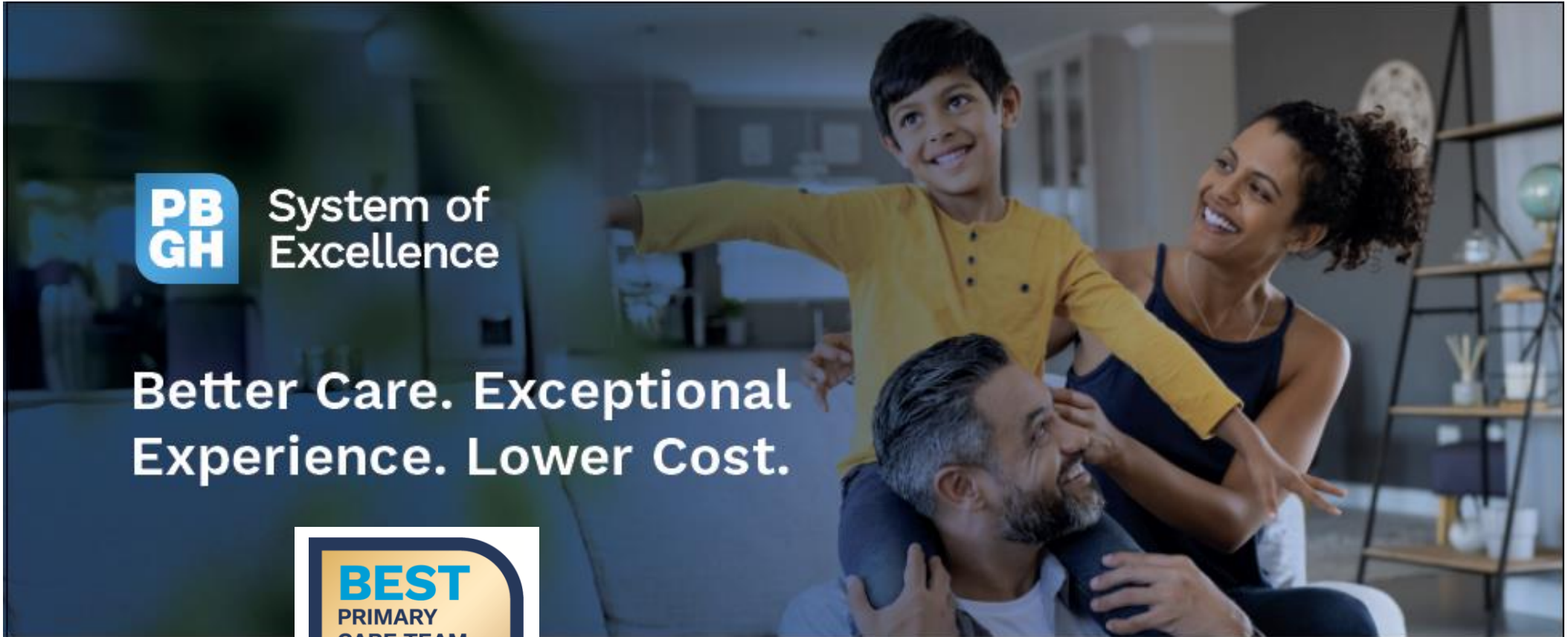


Fixing primary care: <https://www.medicaleconomics.com/view/fixing-primary-care>

Advanced Primary Care can Steer to Quality, Cost-Effective Providers: <https://www.mercer.us/our-thinking/healthcare/advanced-primary-care-can-steer-to-quality-cost-effective-providers.html>

Delivering value in healthcare starts with increased primary care investment: <https://www.medicaleconomics.com/view/delivering-value-healthcare-starts-increased-primary-care-investment>

Introducing the PBGH System of Excellence



**PB
GH** System of
Excellence

**Better Care. Exceptional
Experience. Lower Cost.**



(At Least) Three Regions by 2024





Purchaser Business
Group on Health

Maternity Care

Why Focus on Maternity Care?

\$1 of every \$5
of employer spend is maternity

The Rise of C-Sections – and What It Means

America's propensity for cesarean surgeries at childbirth has come with no clear benefit.

By Neel Shah Contributor Sept. 25, 2019, at 12:01 a.m.

Bloomberg Equality

U.S. Maternal Mortality Rate Among Black Women Is Nearly Triple That of White, Hispanic Peers

In 2020, 861 women died of maternal causes in the U.S., up from 754 in 2019, according to a new CDC report.

Sign In

Subscribe

Improving Maternity Care

- PBGH Members have defined comprehensive maternity care attributes and purchasing priorities
- We have consensus on a purchaser measure set
- Private and public purchaser priorities are aligned





Purchaser Business
Group on Health

Bolstering Fiduciary Responsibility

You are Increasingly Accountable (just when everything is getting worse)

You are now
legally being
held to an
expert standard.

The current model of relying on consultants and vendors no longer provides the protection from risk it once did.

The CAA Lawsuits are Coming

Are you a current **State Farm** employee who has participated in the company's healthcare plan?

You may have a legal claim—and we'd like to speak with you.

Contact our office today for a no-obligation, confidential consultation.

Schlichter Bogard & Denton

100 S. 4th St. Suite 1200, St. Louis, MO. 63102
The choice of a lawyer is an important decision and should not be based solely upon advertisements. Attorney Nelson Wolff, licensed in AR, IL, and MO, is responsible for the dissemination of this ad. Individuals portrayed are not clients/attorneys. Actor portrayal. Advertisement/advertising material.



Are you a current **Nordstrom** employee who has participated in the company's healthcare plan?

You may have a legal claim—and we'd like to speak with you.

Contact our office today for a no-obligation, confidential consultation.



Are you a current **PetSmart** employee who has participated in the company's healthcare plan?

You may have a legal claim—and we'd like to speak with you.

Contact our office today for a no-obligation, confidential consultation.



Schlichter Bogard & Denton

100 S. 4th St. Suite 1200, St. Louis, MO. 63102

investigations@uselaws.com
800-873-5297 | uselaws.com

The choice of a lawyer is an important decision and should not be based solely upon advertisements. Attorney Nelson Wolff, licensed in AR, IL, and MO, is responsible for the dissemination of this ad. Individuals portrayed are not clients/attorneys. Actor portrayal. Advertisement/advertising material.

Are you a current **Target** employee who has participated in the company's healthcare plan?

You may have a legal claim—and we'd like to speak with you.

Contact our office today for a no-obligation, confidential consultation.



Schlichter Bogard & Denton

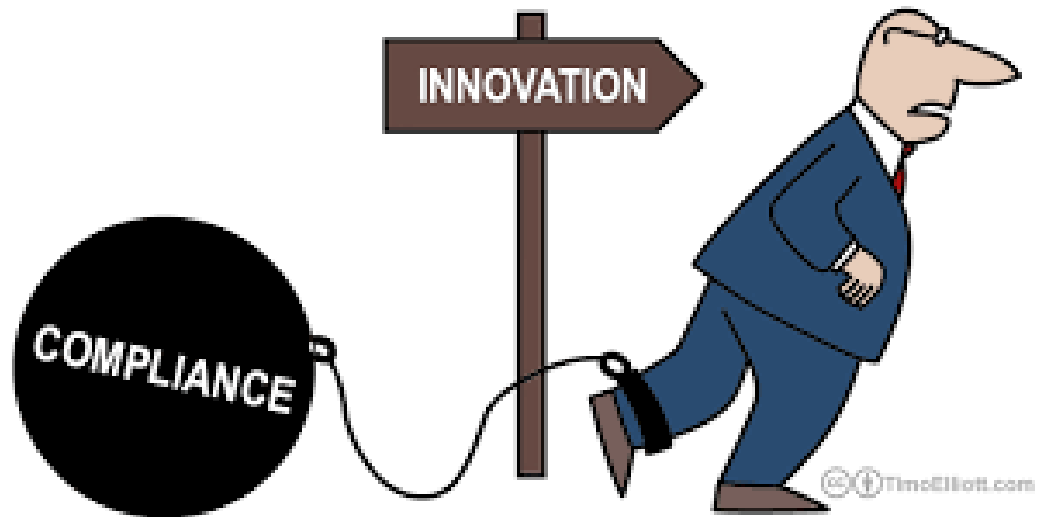
100 S. 4th St. Suite 1200, St. Louis, MO. 63102

investigations@uselaws.com
800-873-5297 | uselaws.com

The choice of a lawyer is an important decision and should not be based solely upon advertisements. Attorney Nelson Wolff, licensed in AR, IL, and MO, is responsible for the dissemination of this ad. Individuals portrayed are not clients/attorneys. Actor portrayal. Advertisement/advertising material.

Experienced ERISA trial attorneys are already seeking employees to bring class action lawsuits against large employers.

Compliance and Innovation Are Not Mutually Exclusive



We have a once-in-a-generation opportunity to transform health benefits