



Texas Employers for Affordable Healthcare

Chris Skisak, PhD
Executive Director
chris@txeahc.org

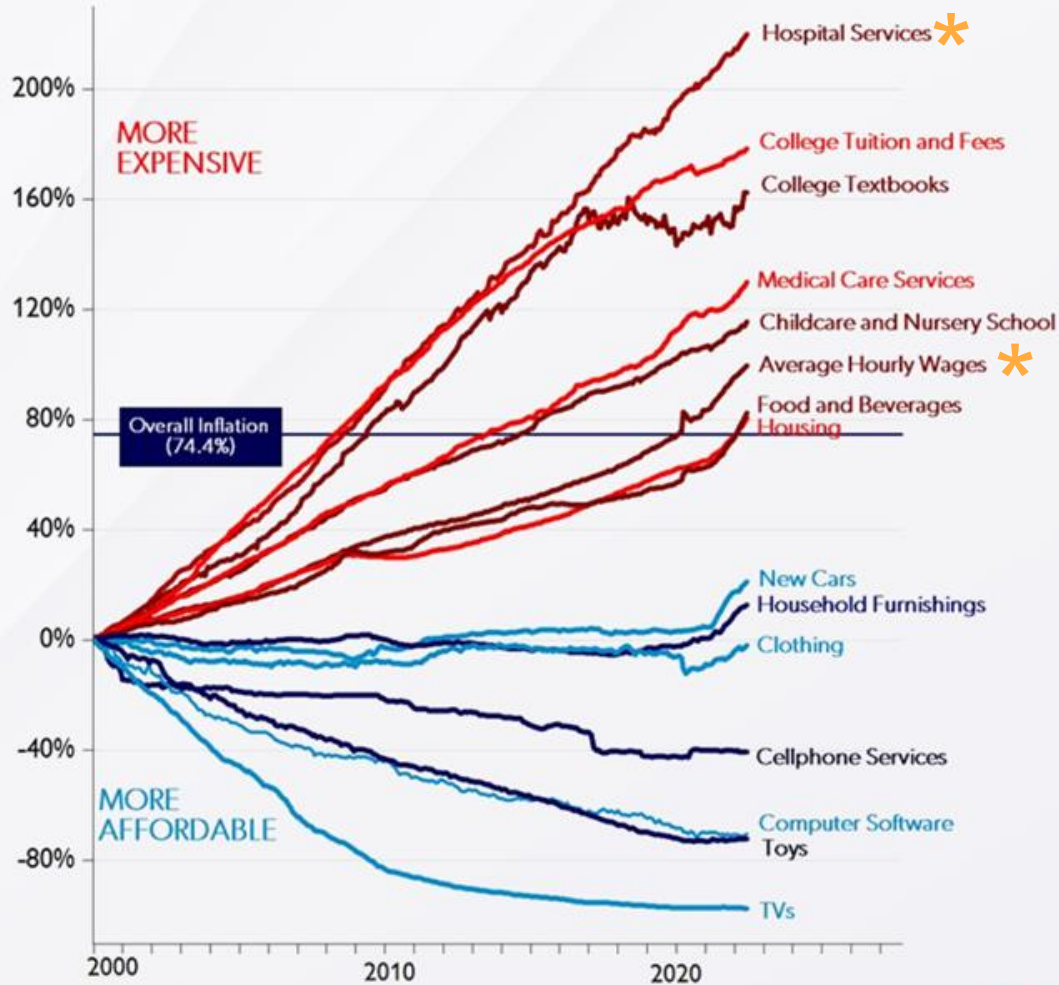
Healthcare Prices Are Out of Control and Require a United Employer Voice

- Anti-competitive contract practices have inflated the costs of healthcare at the expense of Texas employers, their employees, and their families.
- Concentrated market power has reduced the beneficial impacts of competition, and the resulting monopoly-like power is being abused.
- Hospital prices have increased 150% more than the average worker hourly earnings in the past 20 years.
- No employer in a consolidated market has enough consumers to influence prices.
- The crisis requires legislators to pass sensible legislation to increase competition.
- **Employers who fund the majority of healthcare in Texas are the only voice that will drive meaningful legislative change.**

Health Care Prices are Unaffordable

Price Changes: January 2000 to June 2022

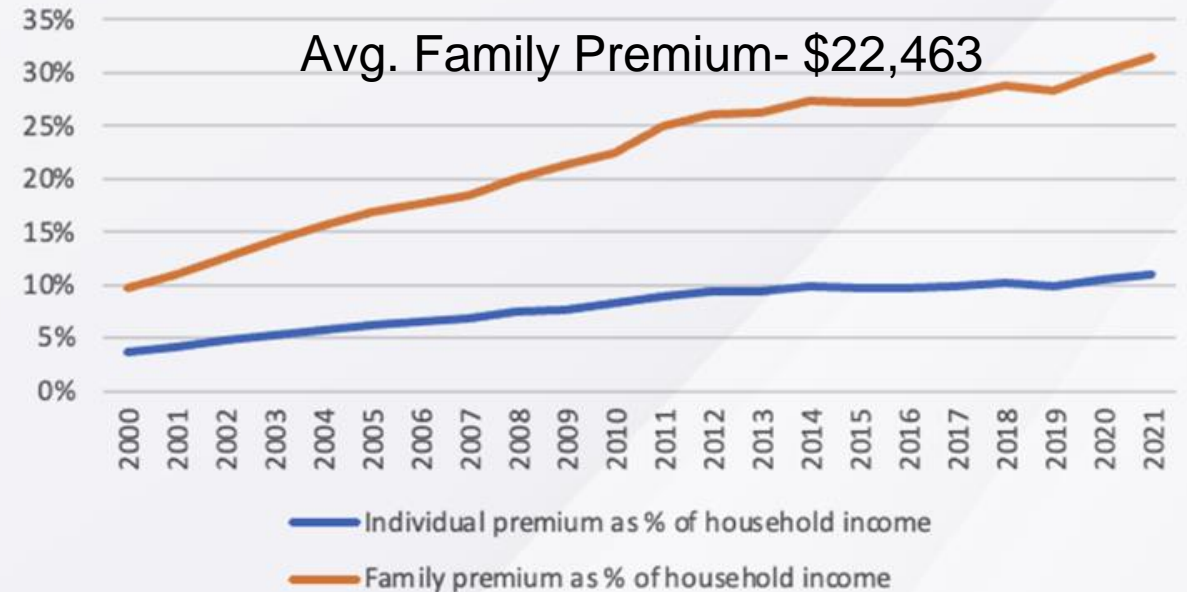
Selected US Consumer Goods and Services, Wages



Source: Bureau of Labor Statistics

Carpe Diem **AEI**

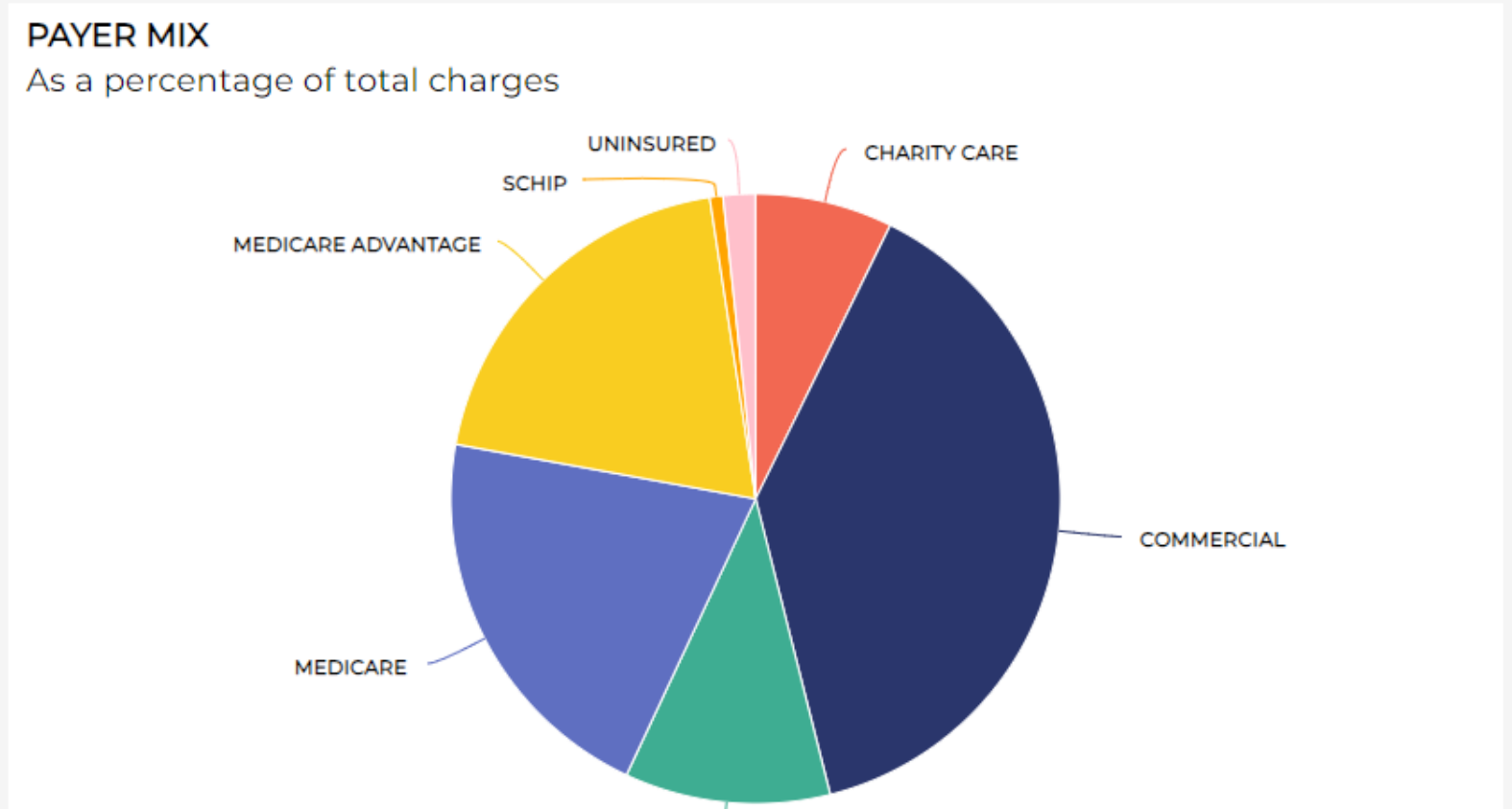
Premiums as % of income over time



The 88th Legislature is now in session. We need your support today! >>

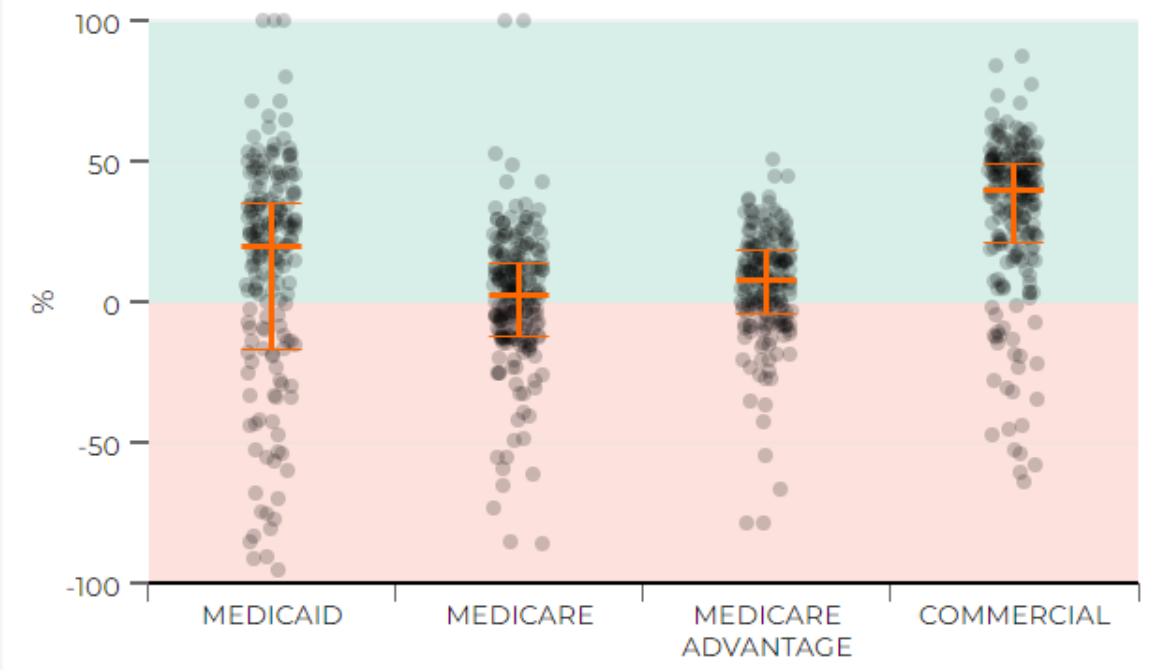
AGGREGATED DATA FOR SELECTED HOSPITALS

See data definitions here: [NASHP Hospital Cost Tool](#)

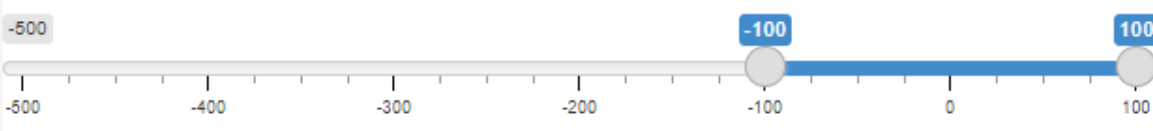


The 88th Legislature is now in session. We need your support today! >>

OPERATING PROFIT MARGIN

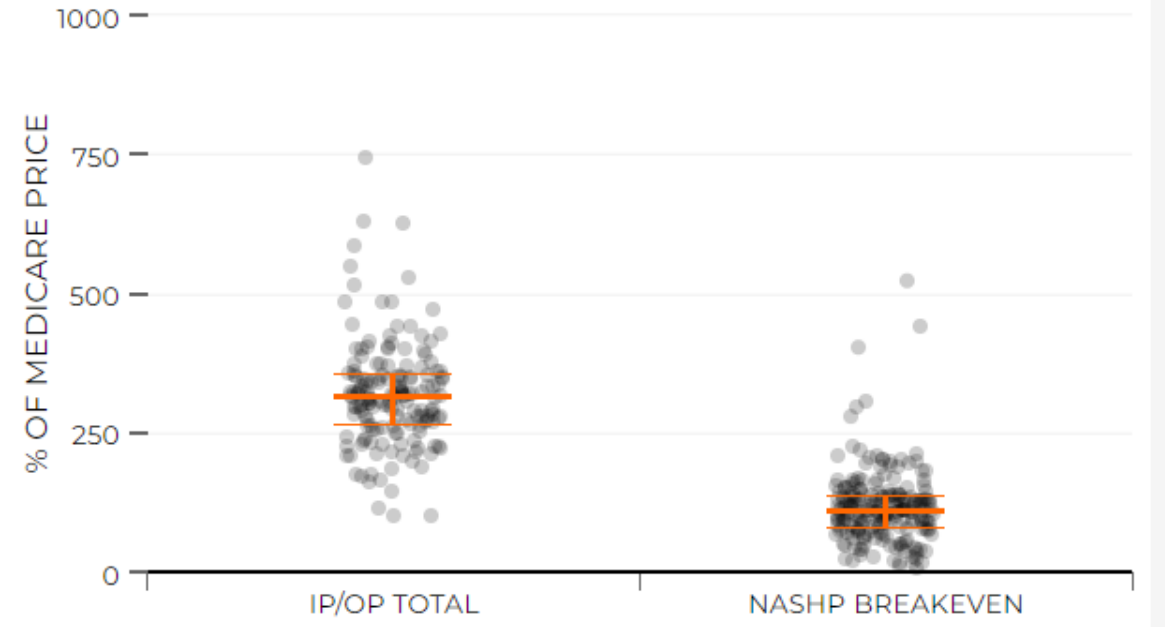


Zoom to range

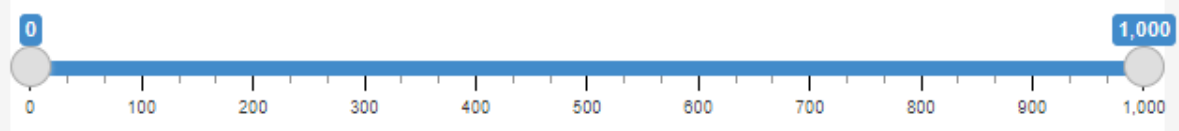


COMMERCIAL & BREAKEVEN

RAND 2018-2020, NASHP 2019



Zoom to range



HB711 will prohibit the following anti-competitive practices in contracts:

Anti-Steering Clauses are used to prevent health plans from encouraging their members to utilize more cost-effective or higher quality providers.

Example of beneficial activity prevented by these clauses:

Employer to employee: Hospital A is in our network, but we prefer that you visit hospital B, which has higher quality scores and lower copays.

Anti-Tiering Clauses are used to prevent employers from developing benefit plans that encourage their employees to incentivize the use of especially high-quality/low-cost providers by providing employees with lower cost-sharing or out-of-pocket expenses if they use that subset.

Example of anti-tiering clause:

If you visit hospital A, we will waive your deductible and any other out-of-pocket expenses. If you visit any other hospital in our network, your normal \$1,000 deductible applies.

Gag Clauses keep hospitals and health plans from revealing their payment rates or other contractual provisions. Health plans use gag clauses to hide the prices they pay from competitors and clients. Likewise, hospitals use gag clauses so that other hospitals, health plans, or employers from finding out actual payment provisions of contract.

Examples of Gag Clauses <https://txeahc.org/gag-clause/>



SMART Network Program

A Population Health Services Organization

...for employers, by employers



Houston's Smart Network: Vision and Objectives

...for employers, by employers (triple aim add)

Achieve Better
Outcomes



Demonstrate
Cost Savings



Achieve Better Outcomes

Design a solution that delivers measurably better, high quality outcomes for Employees



Demonstrate Cost Savings

Generate cost savings through better prices and reduction of low-value services



Promote
Innovation



Deliver an
Integrated
Experience



Deliver an Integrated Experience

Simplify healthcare for Employees via an integrated platform approach that result in higher patient satisfaction



Promote Innovation

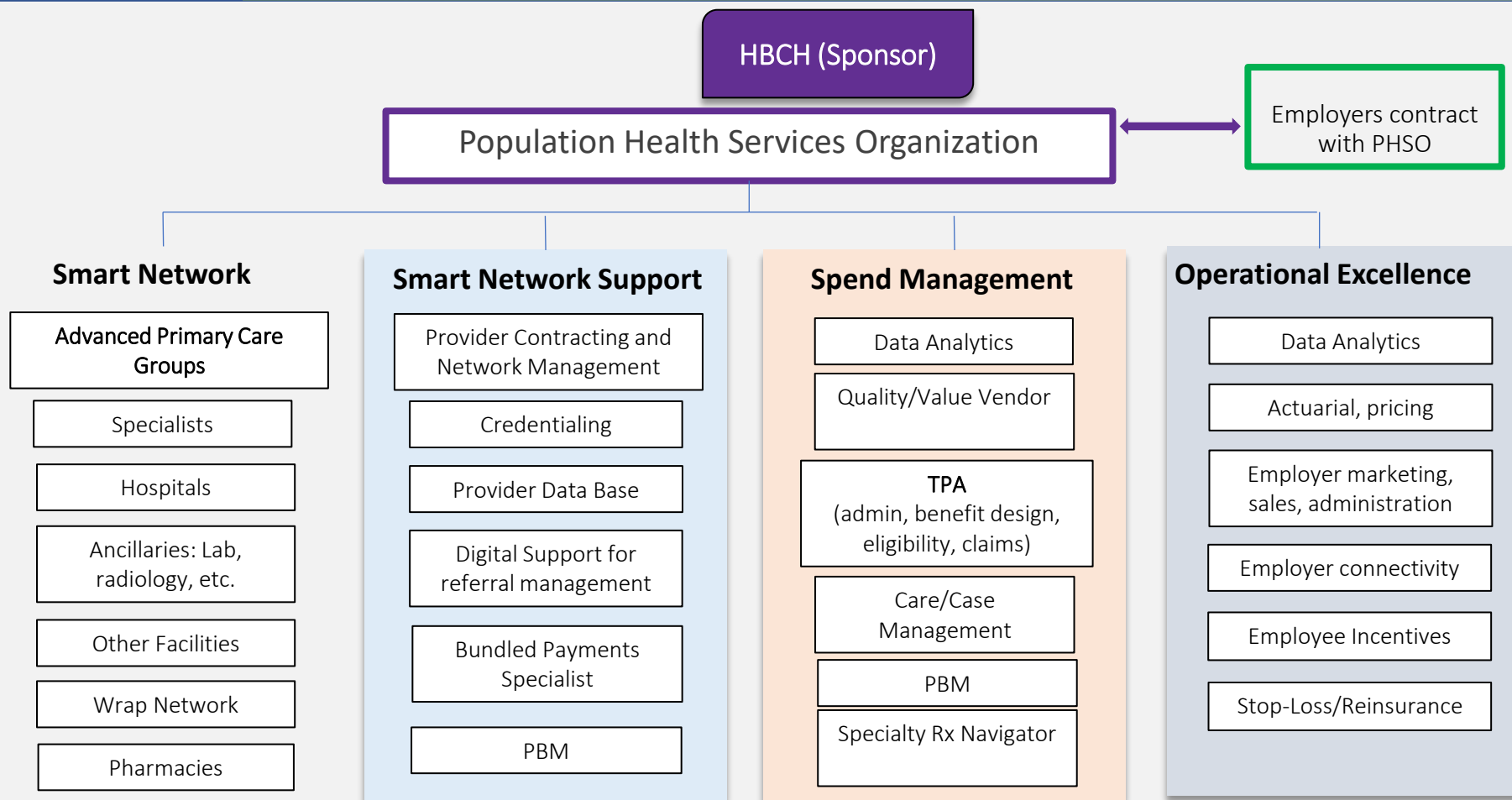
Align with healthcare partners who believe in continuous improvement and innovation



A Population Health Services Organization (PHSO)





- The PHSO will be a legal entity connected to Houston Business Coalition on Health; controlled and managed **by employers, for employers.**
- It will offer **integrated services** designed to improve the management of employee populations, available to employers ideally on a comprehensive basis. This includes the ability to contract with one legal entity for:
 - **Advanced primary care services** (integrated, team-based care)
 - **Directly contracted provider network**
 - **Spend management capabilities** (e.g. TPA, PBM, specialty referrals)
 - **Operational enhancements** (e.g. analytics, stop-loss, risk management)
- **Goal** is integrating the services to **improve employees' health** while **reducing the total cost of care** for your employees; vetted, curated and procured for **ease of use.**

PHSO Construct / Components



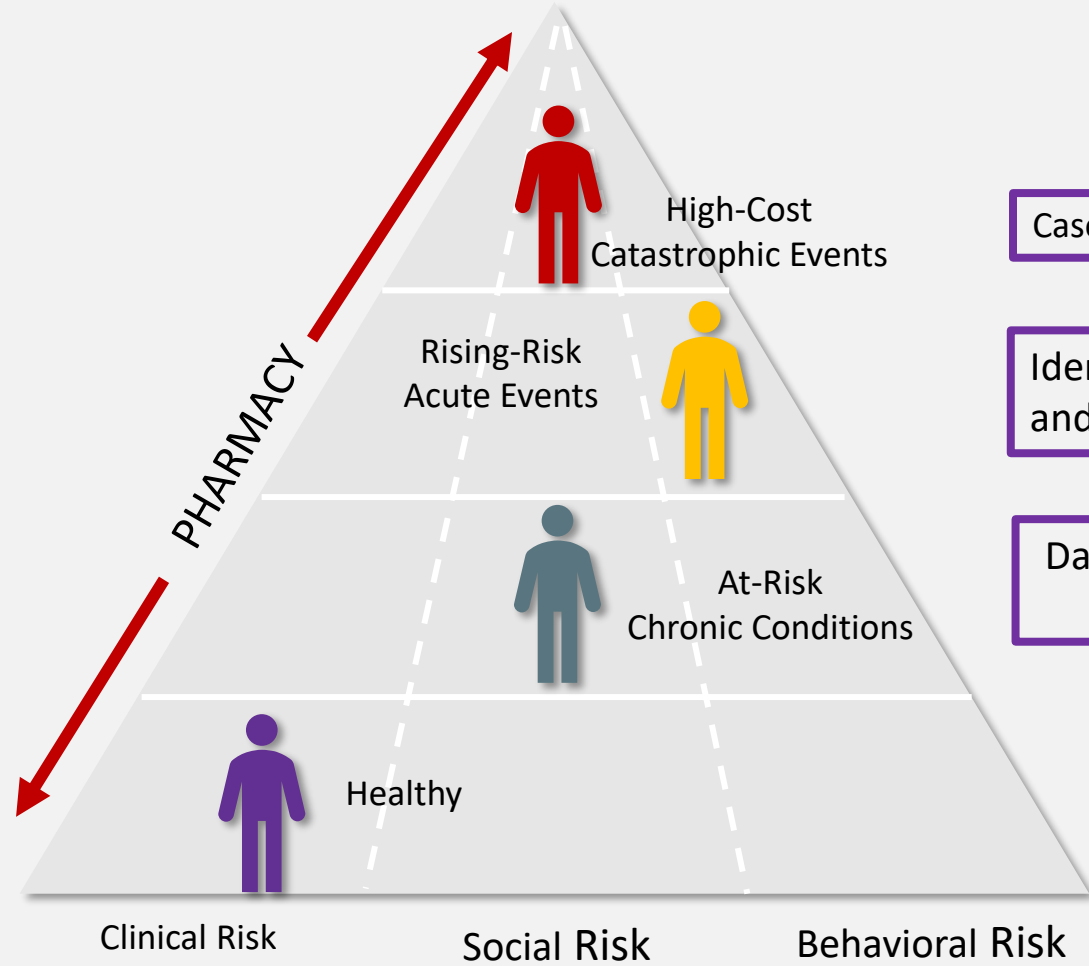
To be determined: which services will be maintained by PHSO staff vs. contracted vendors (most will be contracted)

PHSO Construct / Components

 What it is... 	 What it is not... 
<ul style="list-style-type: none"> • A legal entity, connected to HBCH 	<ul style="list-style-type: none"> • Profit-oriented, as the value of the PHSO will accrue to employees, through better health, and employers, through more affordable, higher value care
<ul style="list-style-type: none"> • Controlled and directed by employers, for employers 	<ul style="list-style-type: none"> • Controlled by HBCH, as the role of HBCH is more akin to a general contractor than an owner
<ul style="list-style-type: none"> • A services organization, housing best-in-class services to better manage employee health 	<ul style="list-style-type: none"> • A provider organization, as the PHSO will maintain contracts with providers to deliver high value care
<ul style="list-style-type: none"> • Contracting vehicle, enabling employers to contract with a single entity for: <ul style="list-style-type: none"> ○ Advanced Primary Care (Integrated, team-based care) ○ Directly contracted provider network ○ Spend Management Capabilities (e.g., TPA, PBM, specialist navigation and referrals) ○ Operational Enhancements (e.g., analytics, stop-loss, risk management) 	<ul style="list-style-type: none"> • Health Plan, as the insurance risk for employees and health plan benefit design will remain with the employer if self-funded or carrier if fully-insured; over time, the PHSO may include an integrated health plan option, as employers and PHSO leadership explore strategic opportunities
<ul style="list-style-type: none"> • Flexible, allowing the employer to engage with the PHSO for some or all the available capabilities and services 	<ul style="list-style-type: none"> • Rigid, where every employers' relationship with the PHSO will follow a defined and structured relationship

SMART Network: Population Health Approach

- Direct Contracting with Providers
- Facilities and Other Services
 - Hospital, rehab, skilled nursing
 - Ambulance, DME, supplies
 - Contracts Referenced to Medicare Pricing
- Specialty Care
 - Surgical, medical and chronic care bundles or population-based payments (60-70%)
 - FFS payments for emergency and other services not bundled
- Advanced Primary Care
 - Prevention, wellness, chronic care
 - Sick visits, urgent care
 - Integrated mental health, lab, telemedicine
 - Care coordination, Navigation services
- Pharmacy
 - Transparent PBM
 - Aggressive formulary based on lowest net prices
 - Patient incentives (low copays, etc.)



- Case Management, Stop-Loss
- Identification of High Value Facilities and Providers (Quality & Price)
- Data Analysis, Risk Stratification and Navigation

Financial Analysis: Where Do the Savings Come From?

1. Increase in primary care utilization resulting in:
 - a. Reduction in specialty physician costs from:
 - 1) More effective primary care coordination and triage
 - 2) Bundled payments
 - 3) Smart contracting with free-standing professionals and facilities
 - b. Reduction in facility, specialty physician and surgical utilization
2. Reduction in facility costs due to direct contracts
3. Reduction in prescription drug spending from:
 - a. Smart formulary
 - b. Better management of high-cost, specialty, and office administered drugs

Projecting total savings of 15% to 25% of allowed cost

In developing these estimates, Humaculture, Inc. relied on a dataset of utilization rates and per capita claim costs for a typical Houston-area employer provided to us by a third-party provider of actuarial services in the healthcare industry and a Rand study of HBCH member hospital-based health care costs. We did not complete an audit of these third-party datasets as a part of our work, but we did review the third-party datasets for general reasonableness.

“Small enough to accomplish, big enough to matter”

*No employer can accomplish the Smart Network on their own.
Together we are big enough to matter.*