

“The Employer-Led Health Care Revolution”

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The following summary of the July-August, 2015 Harvard Business Review article describes how one large technology employer, Intel, has collaborated with payers and providers to devise outcomes-based protocols that direct care within the existing community health care infrastructure of Portland, Oregon. As employers become more engaged with insurance companies and hospital systems in directing and controlling their employee’s health care utilization, providers will need to articulate the value they add in reducing costs and improving outcomes while developing data-sharing relationships with integrated community delivery systems.

Health care costs in the United States have been steadily rising over the past several decades putting the onus on large corporations to find ways to continue providing insurance for their employees while still protecting their bottom lines. Silicon chip maker Intel has tried several methods of reducing costs including implementing consumer-driven health plans, opening primary care clinics at Intel work sites, and offering wellness and fitness incentives. However, none of these efforts have been successful at materially reducing Intel’s health care expenditures because they have not addressed the root cause of rising costs.

Intel projected in 2009 that without a major overhaul, health care expenditures for its 48,000 U.S. employees and their 80,000 dependents would reach \$1 billion by 2012. Instead of shifting these rising costs to employees, Intel tried something revolutionary—“Employer-led Health Care.”

Intel’s pilot Health Care Marketplace Collaborative launched in metropolitan Portland, Oregon in 2009. In five years, the Collaborative has been able to successfully reduce the cost of three common conditions by 24-29% within the confines of the traditional fee-for-service delivery system. It successfully eliminated unnecessary processes, decreased administrative burdens, and reduced patient wait times; thereby improving the quality of care, increasing patient satisfaction, and controlling overall costs.

Intel is confident that other large employers can successfully replicate its efforts and achieve similar results by implementing the following critical elements of the Collaborative Model:

1. Establish what each team member is bringing to the effort. Reforming the health care system requires players with different skills and capabilities. Strong partnerships must be formed in order to increase cooperation and to overcome the natural challenges and conflicts over priorities:

- **Employers** – Intel provided the customer base. As a technology innovator, it is also skilled in systems engineering, improvement methodologies, and supplier management. Additionally, Intel invited two state agencies to participate, demonstrating to the Portland community that the Health Care Marketplace Collaborative would benefit everyone and not just Intel employees.
- **Providers** – Intel invited participation of Providence Health (a multistate integrated health care system) and Tuality Health (a small local system with two community hospitals). Their differing sizes demonstrated that standard, lean processes could be successfully applied to a range of health care systems. Additionally, their inclusion accommodated differing preferences for large or small institutions.
- **Insurers/Administrators** – Payers have access to claims data which provides information on costs and utilization of health care. Additionally, they can ensure that patients’ privacy will be protected. Intel invited Cigna to join the initiative.
- **Physician Leadership** – Provides the necessary health care expertise and can effectively engage with other health care providers. Dr. Robert Mecklenburg, an expert in applying lean techniques, joined Intel’s initiative as Medical Director in order to explain these methods to providers.

2. Establish a shared aim in the interest of all stakeholders, including patients. In the traditional health care system, interests are not aligned and each player (employer, payer, and health care provider) tries to secure the best deal for itself. As a consequence, little information is shared. The Collaborative's aim was to provide "the right care in the right place at the right time and the right cost for Intel employees and families and all other Portland-area health care users." The goal was to eliminate waste, achieve zero defects, and focus on preventative rather than reactive care.

3. Don't reinvent the wheel. Whenever possible, utilize existing proven clinical content and work processes, also known as "value streams," and draw on sources of expertise. Intel acquired value streams and quality metrics from Seattle-based Virginia Mason Health System, whose lean clinical processes were evidence-based and focused on the patient. Intel also provided training for employees at the health systems in using its proprietary Rapid Integrated Lean (RIL) version of the Toyota Production System.

4. Allow for flexibility. Intel recognized that health care providers vary in size, structure, and operations; therefore, clinical processes would need to be modified to meet their individual needs. Providence and Tuality could decide whether or how to adopt new clinical processes. Proposed changes to any of the Virginia Mason value streams were discussed and then implemented. The changes were evaluated by testing and monitoring the results and then looking for opportunities for improvement.

5. Prioritize based on impact and difficulty. Initial efforts focused on improvements that benefitted the most employees, reduced costs, and simplified/standardized processes across multiple care-delivery systems. Intel understood that it was necessary for all stakeholders to benefit from implementation of each value stream. It believed that the benefits of increased patient volume due to efficient patient throughput and reduced costs would more than offset any reduction in revenue associated with eliminating unnecessary care. In fact, health care providers would likely increase their marketshare as a result of improved outcomes and reduced costs. As its first value stream, Intel successfully improved the treatment of uncomplicated back pain.

6. Choose simple standard metrics and goals. Metrics should enable the employer-driven initiative to measure progress. Intel chose five metrics that had been adopted by the Seattle Collaborative. These metrics gauged medical quality, patient satisfaction, same-day access to care, return to function, and total cost to employer and patient of treating a condition.

7. Use a single improvement methodology. All members of the Collaborative agreed to apply the same quality improvement methodology including varieties of the Toyota Production System and Six Sigma. Intel's RIL approach had many benefits including the length of time necessary to achieve exceptional results. The RIL approach is designed to be completed within three weeks by standardizing work and by concentrating on problems where the most impact can be made. Intel required that providers share results with everyone involved in the Collaborative.

8. Fix the business side. More than 25% of U.S. health care expenditures are spent on administrative costs. Therefore, reducing the overall cost of health care must address business as well as clinical components. Additionally, administrative processes, such as booking appointments and billing, significantly impact patient satisfaction. The Collaborative removed non-value-added activities from the two health care systems. These wasteful activities included billing, inventory management and the patient check-in process. By March of 2014, 48 business operations had been improved at Providence and Tuality, saving an estimated \$2.6 million annually.

Although Intel's efforts have not been without challenges, the Collaborative demonstrated that an employer can engage all the players in a market and revolutionize health care. The Collaborative's focus on patient-centered care reduced costs, resulted in high-quality evidence-based health care, and greater patient satisfaction. What providers can learn from Intel is that collaboration can improve outcomes, lower costs, and increase profitability. Providers should strive to standardize clinical and business processes and to be transparent about prices and outcomes.

Summary Points:

- Intel's costs for providing consumer-driven health care were predicted to increase threefold between 2004 and 2012.
- In 2009, Intel launched the Health Care Marketplace Collaborative, an employer-led health care system, in Portland, Oregon.
- In this revolutionary system the employer, rather than hospital systems or insurers, leads health care reform and delivery.
- The Collaborative included employers, providers, insurers, and physicians, among others.
- Using Intel's Rapid Integrated Lean (RIL) approach, the Collaborative was able to successfully reduce the costs of treating three common conditions by 24-29% within the confines of a traditional fee-for-service system.
- The Collaborative's focus on patient-centered care reduced costs, resulted in high-quality evidence-based health care, and greater patient satisfaction.
- Providers are encouraged to join collaboratives in their regions that seek to improve outcomes and lower costs, resulting in better financial performance.