



# Fixing Health Care: Practical Lessons from Business Leaders

Event Summary  
January 2017



The Pacific Business Group on Health (PBGH), American Enterprise Institute (AEI), and Brookings Institution recently hosted an event to highlight innovative health care purchasing strategies from large employers and discuss their implications for federal policy.

U.S. House of Representatives Energy and Commerce Health Subcommittee Chairman Michael Burgess (R-TX) keynoted the event. A three-minute summary video is available [here](#). To view the full video of the event, visit, [www.aei.org](http://www.aei.org).

## Health Care Purchaser Innovations

### HSA's and high deductible health plans

Elli Dai, Wells Fargo & Company

[Video](#) (10:26)

- Wells Fargo promotes a 'shared responsibility' consumerism philosophy predicated on the use of health savings accounts (HSAs).
- While this approach has kept the firm's health care spending growth below the national average, increasing the amount of publicly available information on cost and quality, adding flexibility to waive co-pays and deductibles in certain situations, and allowing former military to participate in consumer-directed arrangements would amplify the impact of the company's initiative.



### Reference pricing

Yvette Fontenot, CalPERS

[Video](#) (10:57)

- CalPERS uses reference pricing to address dramatic cost variation for several 'shoppable' services like hip and knee replacements, cataract surgery, and colonoscopies.
- While the initiative has lowered costs without harming quality or patient satisfaction, increased data transparency across the U.S. health system is needed before the model can be widely scaled.
- CalPERS supports continued experimentation and testing of value-based payment initiatives at the federal level to drive system-wide transformation.

## Bundled Payments in Centers of Excellence

Sally Welborn, Walmart Stores, Inc.

[Video](#) (10:18)

- Walmart is a national leader in utilizing ‘bundled’ or ‘episode-based’ payments to improve care and lower costs for its 1.5 million associates.
- The firm has negotiated comprehensive bundles for joint replacement, spine surgeries, and other conditions treated within a national Centers of Excellence network.
- Prospective negotiation of these bundles has produced more predictability for costs and introduced strong financial incentives for providers to coordinate across the continuum of care.

## Accountable Care Organizations

Jeff White, The Boeing Company

[Video](#) (10:51)

- The Boeing company is a national leader in employer-driven accountable care organization (ACO) arrangements.
- The ACO contracts include significant patient and provider incentives: employees are encouraged to elect and stay within an ACO network, while providers take on two-sided performance risk.
  - Reform initiatives should continue to promote ACO and other pay-for-value models in public programs, and increase the amount of publicly available cost and quality information for consumers.

To hear additional commentary from a panel of policy experts including David Lansky, Len Nichols, Clay Alspach, Karen Fisher, and Avik Roy, please see the archived videos [here](#).

You may also find these fact sheets to be of interest:

[Alternative Payment Models for Providers](#)

[Improving value in the Healthcare System through Consumerism and Transparency](#)

[Improving Care for High-Need, High-Cost Patients](#)

**For more information on purchaser innovation visit, [www.pvnetwork.org](http://www.pvnetwork.org).**



## Implications for Policymakers

- **Alignment is crucial.** Large employers and government purchasers can learn from one another and join together to have more impact on care delivery and cost containment. Panelists emphasized the importance open dialogue between private sector leaders and those working to develop health care policy to send a united signal to providers.
- **Programs must be carefully designed and measured.** The complexities of the health care system demand that innovations be carefully crafted and monitored to adequately address diverse populations. Course corrections are sometimes needed.
- **Quality drives the program innovation.** Focusing on improving the quality of health care drives cost containment results.
- **A balance of flexibility and structure is needed.** Changes in health policy must allow for appropriate flexibility but also necessary and socially desirable alignment.