



October, 2021

## **A Little Less Conversation, A Little More Action**

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### **5 Takeaways from the PBGH**

### **Primary Care Payment Reform Summit**

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Efforts by the nation's largest employers to transform health care by influencing and helping to shape how care is designed and delivered reached a major inflection point Sept. 30 with the Purchaser Business Group on Health's (PBGH) primary care payment reform summit.

The event, entitled *Purchasers Speaking with One Voice: Achieving High-Value Care Through Payment Reform*, created a platform for expanding the implementation of new PBGH tools designed to induce payers and providers to deliver the same levels of value and quality employers routinely expect from other vendors.

The day-long, virtual event was attended by more than 170 stakeholders from across the nation and included presentations from a broad range of employers and experts. The sessions focused on emerging threats and opportunities in health care. They also highlighted the actionable steps purchasers are taking today to strengthen primary care, the critical precursor to a high-quality, cost-effective health care system.

Extensive research and pilot programs over multiple decades have repeatedly shown that a robust, integrated and accountable approach to primary care—characteristics collectively defined as advanced primary care—can significantly reduce overall health care costs while improving patient outcomes and experience.

“We’ve talked long enough,” said Elizabeth Mitchell, CEO of PBGH. “It’s long past time to take action. Our goal is to foster meaningful, widespread change in health care within three years.”

### **Key Summit Takeaways:**

**1. Employers have long accepted poor value for their health care dollars in ways they never would for any other product or service.** Employer-sponsored health plans routinely pay 200-600% times the rates charged to Medicare and effectively provide most of the profit margin for both health plans and providers. In addition to paying exorbitant prices through the predominant fee-for-service model, purchasers have very little visibility into the quality of care their employees receive. Years of provider and insurer consolidation means even the largest employers tend to lack enough employees in any particular market to exercise adequate leverage to compel greater transparency and accountability.

**2. Purchasers feel they’ve given health care stakeholders ample opportunity to reform the care payment and delivery system. But the time is up.** Industry efforts to transform health care have largely failed due to a lack of shared alignment and goals, a fragmented care system, the continued reliance on fee-for-service and the

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industry's resistance to change. With rising health care costs now threatening to make employer-sponsored coverage unaffordable, purchasers are collectively taking action to improve value and quality. Some actions announced during the summit include:

- PBGH's [Common Purchasing Agreement](#), a health coverage contract template that employers can leverage to ensure health plans and direct contracting partners support effective, advanced primary care, is being implemented in markets across the U.S. The purchasing agreement helps accelerate the transition from fee-for-service reimbursement to a payment system that supports advanced primary care.
- The [Health Value Index](#) is a new, one-of-a-kind tool managed by PBGH and designed to track and report health plan performance for employers and purchasers. Index data offer actionable insight into the effectiveness of the purchasers' health plan spending and identify opportunities for improvement. In its initial deployment across 30 major employer and purchasing organizations, the Health Value Index illuminated numerous opportunities to improve primary care, reduce low-value care and promote adoption of biosimilars to lower specialty drug spend. Significantly, the results also showed a high degree of performance variation and among provider organizations.
- Covered California and the California Public Employees' Retirement System (CalPERS) —two of California's largest purchasers of health care— have partnered with PBGH to launch a [pilot program](#) that will introduce standardized provider performance measures to quantify provider success in delivering advanced primary care. The measures, developed by PBGH's California Quality Collaborative (CQC), focus on health outcomes, patient safety and patient experience and will be implemented in all Covered California payer contracts beginning in 2022. Covered California provides coverage for 1.6 million people statewide. CalPERS, which provides health benefits for 1.5 million state employees, will pilot the measure in its 2022 health plan contracts to assess the uptake of advanced primary care by plan networks and providers. The City and County of San Francisco will now be joining this effort and private employers are also expected to join.

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- Employers will build it themselves when the industry won't respond. Employers said they are looking for new partners and new strategies to meet the needs of their employees. Boeing announced they will be using PBGH's new Advanced Primary Care and specialty navigation company, EmsanaCare, to find and use only the highest quality health care in regions starting in 2022.

**3. Point solutions are making fragmentation worse and threaten to increase costs.** In an effort to better serve members and reduce costs, many employers are turning to third-party vendors for singular, or point, solutions that address specific care functions or services. While many of these new, often digital capabilities are useful in isolation, they're collectively making worse the already substantial problem of fragmentation and complexity across the care continuum. Point solutions likewise can contribute to the rising cost of care by adding redundant capacity to the existing system. Finally, many are backed by venture capital firms that are seeking maximum profit potential and hence have little incentive to reduce the overall cost of care.

**4. Integrating behavioral health into primary care is vital.** Mental health has been a top priority for employers for many years and the urgency has only increased during the pandemic. Mental health care is hard to access and of variable quality but mental health care IS primary care and needs to be part of advanced primary care practice. Mental health concerns often emerge during primary care visits, yet only 3% of psychiatrists and psychiatric nurse practitioners coordinate care with primary care practitioners. Evidence shows that integrating behavioral health services into primary care can enhance mental health care access and coordination, improve outcomes and reduce overall costs.

**5. Achieving lasting change will require that purchasers pull together to achieve critical mass.** Employers today have an opportunity to leverage their immense buying power to promote fundamental change in how health care is accessed, purchased and delivered. But even the biggest purchasers in the country lack leverage in most markets. Change on this scale cannot occur unless purchasers work in concert in every region in the country. Only by collectively setting high standards and demanding change through using tools like the PBGH Common Purchasing agreement and the Health Value Index can employers hope to overcome the existing system's enormous inertia. Over 80% of C-suite corporate executives said they support aligned employer action. **Purchaser consensus and alignment around shared goals will be essential for driving standardized expectations across the payer and provider communities.**

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## **The Time to Act is Now**

Employers want to buy the best health care benefits on behalf of their employees. But they understand better than most how costly and dysfunctional our health care system has become. They provide the critical lifeline of health insurance to about half of Americans, and they grapple every day with ways to keep coverage affordable.

Yet they're losing the fight to sustain this most vital of benefits. A recent PBGH-Kaiser Family Foundation-West Health survey found that nearly 90% of executives at 300 of the country's largest companies believe the cost of providing health benefits will be unsustainable within five-to-10 years.

By coming together and committing to investing in advanced primary care with integrated behavioral health and a commitment to equity, employers can change the U.S. health care system. Employers hold the key to compelling payers and providers to make these changes on behalf of their employees and their families.

PBGH invites employers and purchasers to help accelerate the momentum behind the long-overdue transformation of our health care system, and to generate tangible, lasting benefits for your organization and employees.

## **Voices from the Field – Telling Quotes from Summit Presenters**

- *“Want to go fast? Go alone. Want to go far? Go together.”*
- *“If Medicare isn't big enough to achieve transformation, it's going to take all of us.”*
- *“As employers, we should be ashamed that the federal government is ahead of us.”*
- *“Why do employers tolerate such performance from a supplier?”*
- *“What are insurers doing for you? They're robbing you.”*