HBCH CONFERENCE | 2022
STRATEGIES TO REDUCE TOTAL COST OF CARE
In Search Of The Holy Grail
In Person | December 8, 2022

TCoC Reduction Through Legislative Policy

utmb Health

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Total costs of care reduction through legislative policy

December 8, 2022

Houston Business Coalition on Health

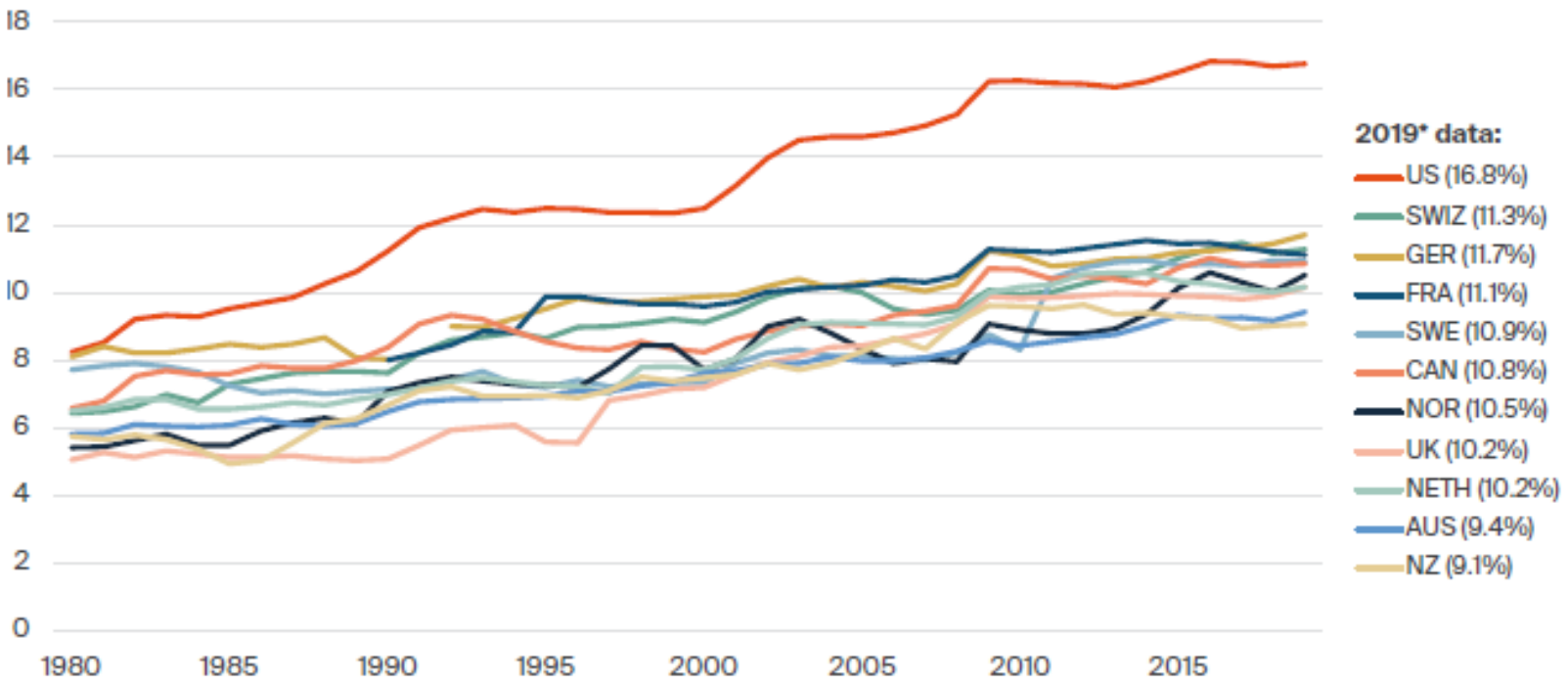
Session participants

- Peter Cram, Physician, Policy Researcher, UTMB
- Ted Barrall, Friedkin Group Director of Comp and Benefits
- Charles Miller, Texas 2036 Senior Policy Advisor
- Alan Gilbert, Purchaser Business Group on Health VP of Policy

The data should be familiar

Exhibit 3. Health Care Spending as a Percentage of GDP, 1980–2019

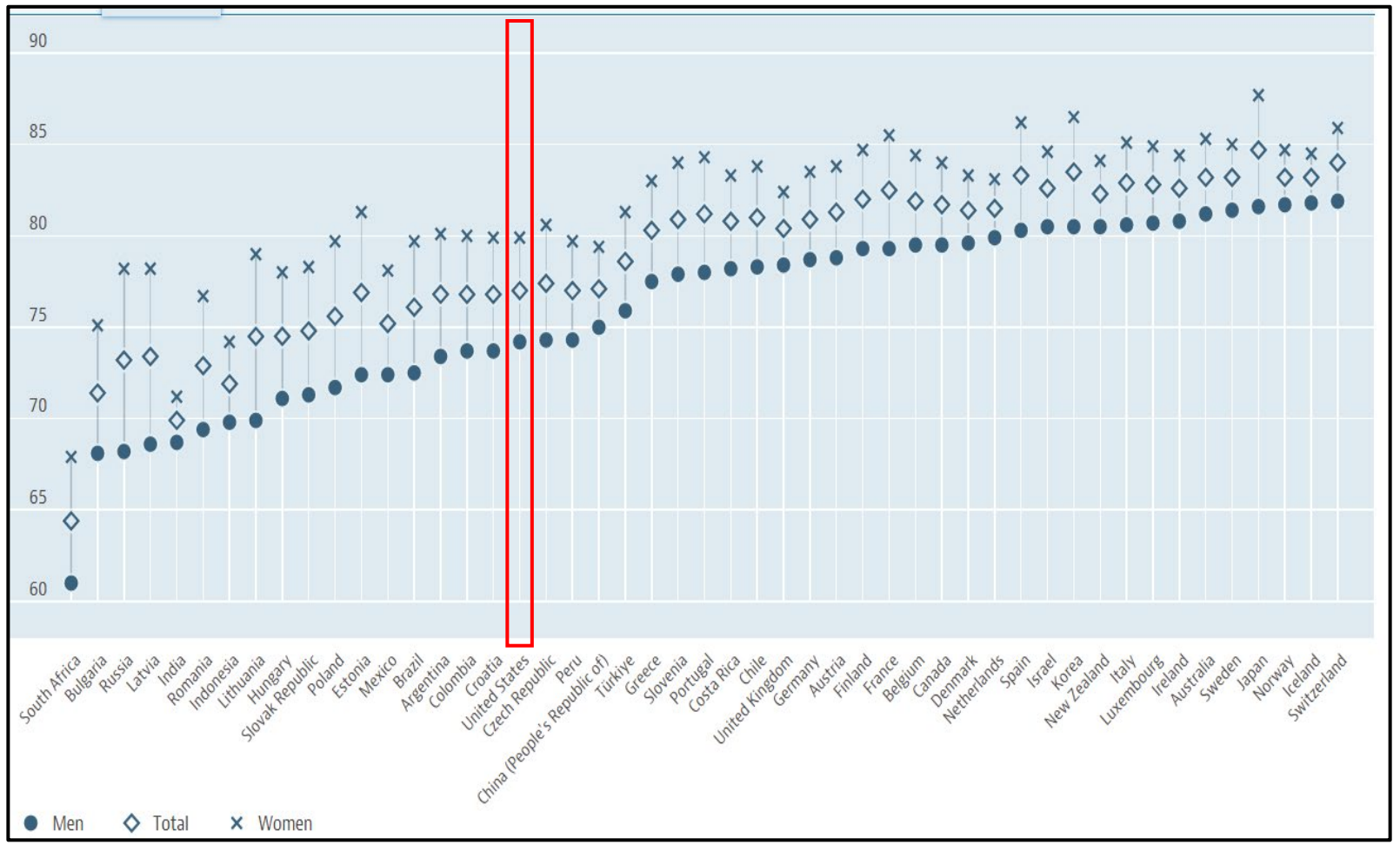
Percent (%) of GDP



Notes: Current expenditures on health. Based on System of Health Accounts methodology, with some differences between country methodologies. GDP refers to gross domestic product.

* 2019 data are provisional or estimated for Australia, Canada, and New Zealand.

Data: OECD Health Data, July 2021.


90
85
80
75
70
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60
South Africa
Bulgaria
Russia
Latvia
India
Romania
Indonesia
Lithuania
Hungary
Slovak Republic
Poland
Estonia
Mexico
Brazil
Argentina
Colombia
Croatia
United States
Czech Republic
Peru
China (People's Republic of)
Türkiye
Greece
Slovenia
Portugal
Costa Rica
Chile
United Kingdom
Germany
Austria
Finland
France
Belgium
Canada
Denmark
Netherlands
Spain
Israel
Korea
New Zealand
Italy
Luxembourg
Ireland
Australia
Sweden
Japan
Norway
Iceland
Switzerland
Men
Total
Women

The Friedkin Group

Automotive, Entertainment, Investments, Sports, Travel & Adventure

Automotive

- Gulf States Toyota
- Westlex, Ascent
- USAL
- Gulf States Financial Services

Benefits:

- 2,300 lives
- Self-funded medical plan with two TPAs
- Costs
  - Largest: Hospitalization
  - Fastest Growing: Pharmacy

Collective Action by Employers

Impact of rising costs

- Higher premiums
- Higher copays and deductibles
- Increased cost to the company

Opportunities for employers to act collectively

Legislation to address hospital price transparency

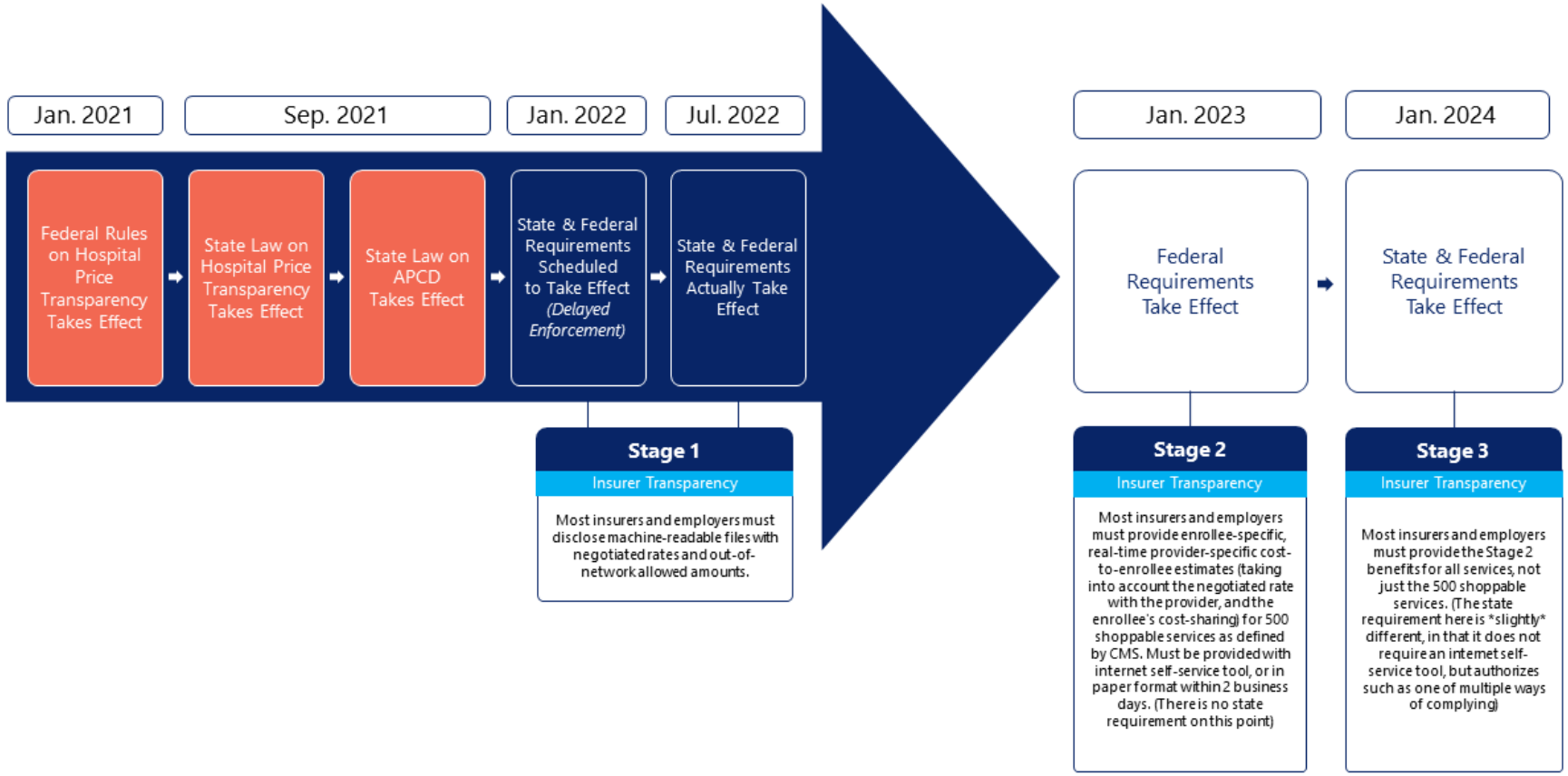
- Texas Employers for Affordable Healthcare

TEXAS 2036

Reducing Employer Health Care Costs: State Legislation

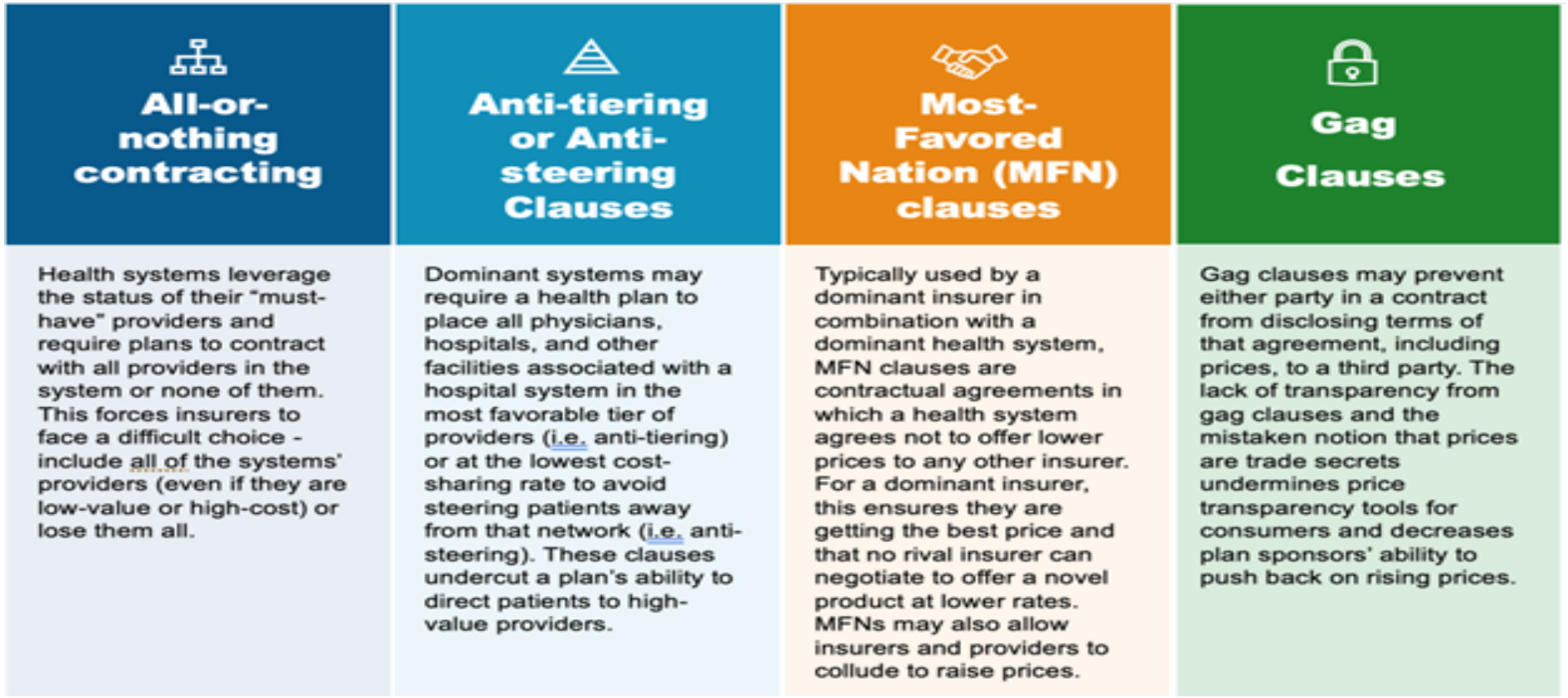
Month XX, 2022

Health Price Transparency Timeline

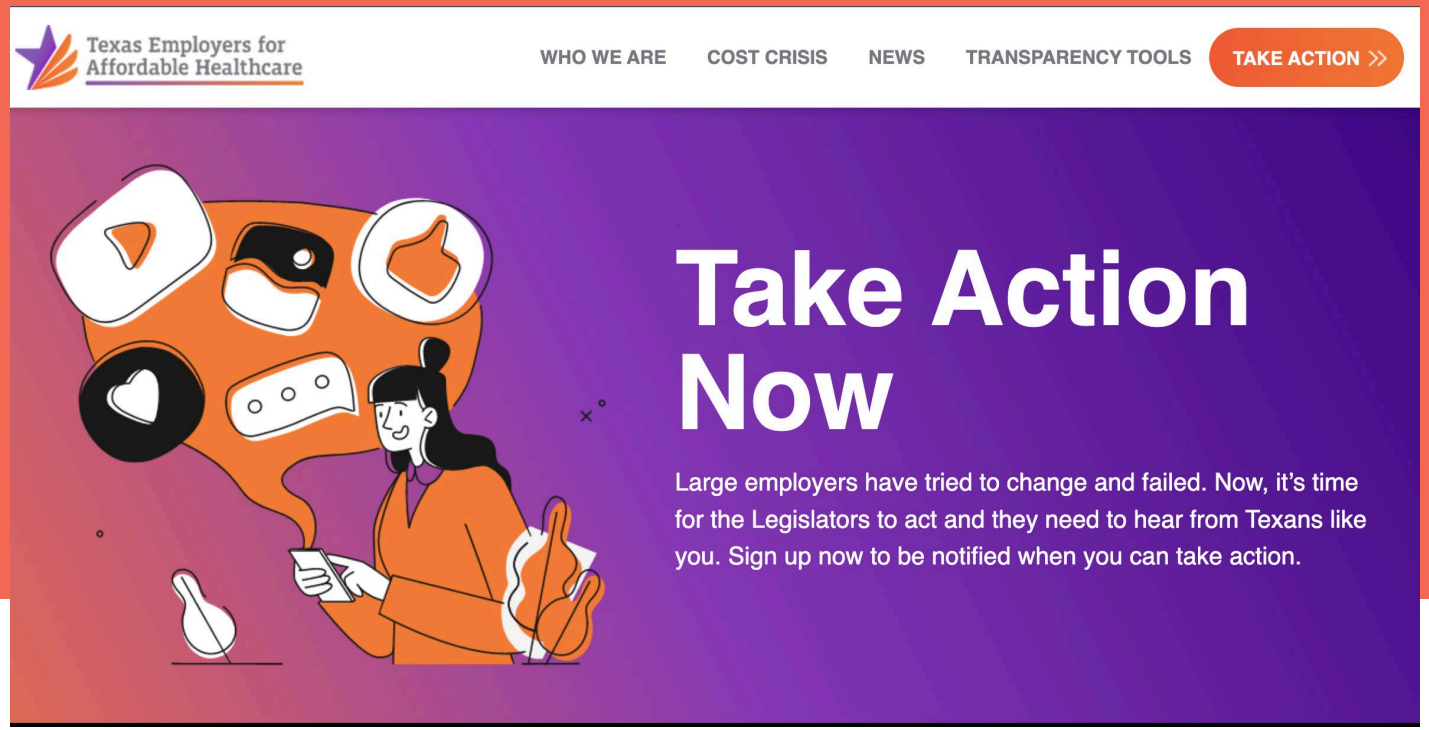


Potential Legislation

a. Anti-Competitive Contracting
b. Site-Neutral Payments / Facility Fees
c. APCD Improvements
d. ERS/TRS Benefit Design Changes



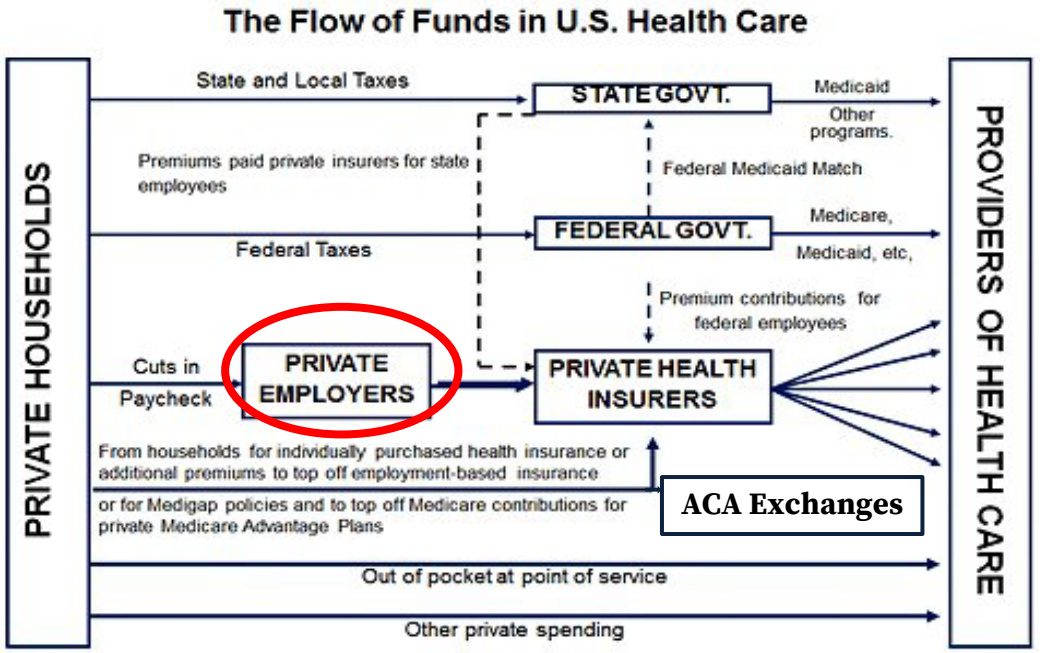
Spotlight: Anti-Competitive Contracting



What Can You Do?

Visit www.txeahc.org and sign up!

Role and Problems Employers are Trying to Solve in the Healthcare Ecosystem



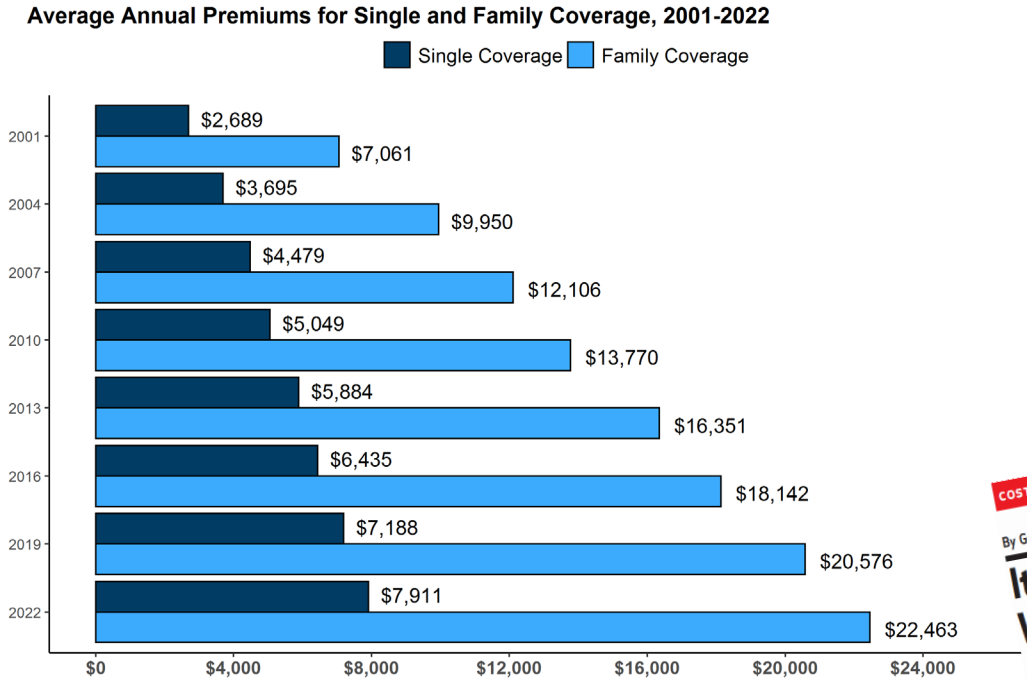
Source: Uwe Reinhardt, "The Money Flow From Households to Health Care Providers". New York Times Economix blogs. Sept. 20, 2011. https://economix.blogs.nytimes.com/2011/09/30/the-money-flow-from-households-to-health-care-providers/

This is NOT private employers' day jobs …yet they are facing:

- Unacceptably high and growing **costs**
- Inexplicably variable and mediocre **quality** of care
- Enormous **waste** in the health care system
- Serious inequities in health care and outcomes

Both sides of the value equation going the wrong way.

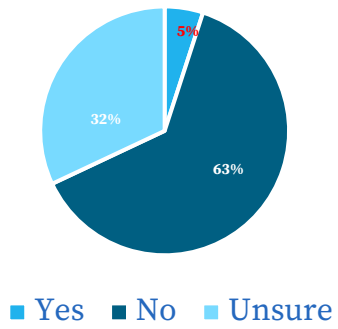
Relentless Increase in Costs



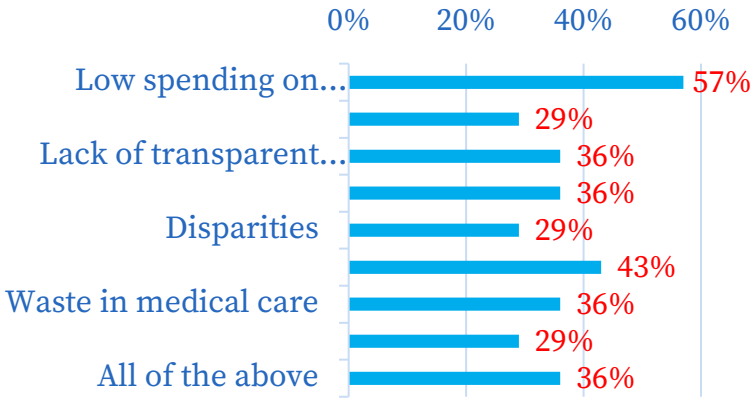
SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001-2017

- **Prices rising** 5-10% year-over-year
- **Increased consolidation** allowing for monopolistic business practices
- Hospitals buying up smaller hospitals and underpaid primary care providers to **further control referral patterns and increase prices**
- PBMs **manipulating formularies and including hidden fees** in their contracts that increase costs by millions for employers
- Hospitals and doctors **fighting surprise billing legislation and regulations** with multiple lawsuits
- PBMs, insurers and health systems **refusing to give their self-insured employers access to their own data**
- Hospitals **making it difficult to access price data,** if they comply with the law at all (many haven't)
- Hospitals **refusing to engage** in arrangements with employers that would lower their cost
- Hospitals, physicians and health plans **refusing to use standardized metrics** so performance can be evaluated by customers

For the money you spend on health benefits and services, do you believe your employees'/members' health is improving?



If you answered no, why are you not getting what you want from your health spending?



PBGH uses a multipronged approach to get results for our members.
We enable the **INNOVATIVE PURCHASING** of **QUALITY** health care.

- Care Redesign
- Direct Contracting
- Strengthening Mental Health
- Reducing Pharmacy Costs
- Payment Reform
- Measuring What Matters
- Influencing Policy

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