

The Puget Sound Health Alliance Progress Report

Background

In late 2003, King County Executive Ron Sims convened the King County Health Advisory Task Force, a broad-based leadership group made up of physicians, health care experts, economists, pharmacists, and benefit managers from local employers, to develop an integrated strategy to address the systemic problems facing the health care system in the Puget Sound region. In particular, the County Executive requested that the Task Force focus on three inter-related issues:

- The increases in health care costs for both patients (employees and their families) and purchasers (employers who buy coverage through benefit plans),
- The quality of care provided by health professionals, and
- The importance of improving the health of the community.

The Task Force delivered an initial findings report to Executive Sims in February 2004 and a final report in June 2004. The Task Force's final recommendations focused on the key strategy of driving down the rate of health care costs increases through the measurement and improvement of the quality of care delivered. Because the success of this strategy requires broad-based participation and support from Puget Sound purchasers, health care professionals, health plans, and consumers, the Task Force recommended the creation of an independent non-profit organization to provide the leadership and focus to successfully bring about change in the purchasing strategies and the delivery of high quality health care in the Puget Sound region.

King County Council overwhelmingly supported and approved the Task Force's initial findings (Motion 11890) and final report (Motion 12023). After adopting the Task Force's final report, the council approved funds (\$150,000) in 3rd quarter omnibus to begin to operationalize the non-profit collaborative entity in fall 2004. The adopted 2005 budget included funds (\$200,000) for King County's start-up membership dues in the regional partnership.

Purpose of Report

Motion 12023 adopting the HATF final report included a requirement for the Executive to transmit to the Council by motion a progress report on the creation of the independent organization/partnership by March 31, 2005. This report is provided to satisfy that request.

Purpose of the Puget Sound Health Alliance

According to a 2004 RAND study 41% of the health care we purchase in the Seattle area as employers and patients does not contribute to better health outcomes. Most experts agree the way to solve this crisis is to inject market forces into our health care system, by *measuring, reporting, rewarding and improving* high quality health care.

The PSHA is a public/private regional collaborative effort whose goal is to "steward" a transformation in health care in the four county region of King, Kitsap, Pierce, and Snohomish counties. PSHA participants agree to share data and quality improvement information and house it along with an information repository that contains clinical care treatment guidelines and tools for all purchasers, plans, consumers, and health care professional participants to use.

**Development and Recruitment Activities related to the Puget Sound Health Alliance,
August 2004 – Present**

After Council allocated funds to carry out the Task Force's recommendations, a team of King County staff members who staffed the Task Force (Dorothy Teeter, Chief of Health Operations, Seattle-King County Department of Public Health; Caroline Whalen, Deputy County Administrative Officer, Department of Executive Services; Rachel Quinn, Executive Fellow, Executive Office), with leadership assistance from a group of seven Task Force members ("Start-up Team"), began to carry out a number of development and recruitment activities to related to the creation of the PSHA.

- **Hiring of two consultants.** Judy Clegg of Clegg & Associates was retained in August to assist with development activities. Previously a consultant to the Task Force, Ms. Clegg conducted a variety of tasks including, but not limited to, facilitating bi-monthly Start-up Team meetings, development meetings with health care professionals, creating prepared materials for Start-up Team meetings, and developing recruitment materials for the PSHA (See Appendix A for a copy of the PSHA prospectus).

A second consultant, Dorothy Graham of the Graham Group, was hired in December as a development consultant to assist with purchaser recruitment strategy. Ms. Graham, formerly Vice President of Benefits at Puget Sound Energy, has assisted by recruiting and securing the membership of several employers/purchasers such as Puget Sound Energy. She has also attended internal meetings with King County staff, and promoted the Puget Sound Health Alliance in the purchaser community.

- **Development meetings with stakeholder groups.** King County staff and the Start-up team held a number of development meetings with stakeholders in fall 2004. A meeting with a group of practicing physicians from large and small clinical practices, medical directors, health plans, as well as members from medical associations was convened in the beginning of October 2004, to discuss health care professional participation in the PSHA. After this meeting, a smaller group of health care professionals was created to lend their support in inviting health care professionals to join the PSHA. This smaller group of health care professionals met three times during November and December 2004.
- **Leadership and dedication of King County Executive Ron Sims.** King County Executive Ron Sims has invested considerable amounts of personal time and effort to operationalizing the recommendations of the King County Health Advisory Task Force and improving the health of the King County and Puget Sound communities. Since September 2004 Executive Sims has conducted 32 informational meetings with representatives from prominent companies such as Boeing, Microsoft, Group Health Cooperative, Virginia Mason Medical Center, Regence BlueShield, and Premera Blue Cross. Executive Sims has also spoken on behalf of the PSHA to various business and medical groups including the Seattle Chamber of Commerce Board of Directors and the Washington State Medical Association Inter-specialty Council. Executive Sims continues to play an active role in the PSHA to ensure its mission and goals are carried out.
- **Informational meetings and presentations with stakeholder groups.** Since August 2004, King County staff members, members of the Start-up Team, and the development consultant Dorothy Graham have conducted more than 100 informational meetings or made

presentations to employers/purchasers, health care professionals, and health plans and other interested parties.

Start-up staff also convened a large invitational/educational meeting hosted by Executive Sims and the inaugural members of the PSHA for health care professionals at the end of January, at the Seattle Public Library. This meeting was attended by over 70 physicians and interested parties from the community. A press event with PSHA members was held after the meeting and received coverage from local newspapers and television news networks.

- **Hiring of legal counsel.** Legal counsel from the law firm of Davis, Wright, & Tremaine was retained in November 2004 to assist with legal issues such as incorporation as a non-profit organization, establishing tax-exempt status, and drafting a set of proposed by-laws for PSHA.
- **Interim Board of Directors.** After the PSHA became a separate non-profit entity in December 2004, five members of the Start-up Team agreed to assume responsibility for the PSHA and provide the leadership necessary to conduct the start-up activities associated with creating and staffing it. Interim Board members will tender their resignation once the Inaugural Board of Directors convenes in mid-April. Interim Board members include:
 - Dorothy Teeter, MHA, Seattle-King County Department of Public Health (Chair of Interim Board)
 - Richard Onizuka, PhD, Health Care Authority, State of Washington (Vice-Chair)
 - Dan Lessler, MD, University of Washington (Secretary)
 - Michael Cochran, Washington Mutual (Treasurer)
 - Ed Wagner, MD, MacColl Institute for Health Care Innovation, Group Health Cooperative
 - David Fleming, MD, Gates Foundation
- **Recruitment of executive search firm for PSHA Executive Director search.** The Interim Board hired the search firm Korn/Ferry International to recruit an Executive Director for the PSHA. Korn/Ferry is a highly respected executive search firm with nationally recognized success recruiting health care leaders for non-profit and for-profit organizations. The Interim Board is currently reviewing candidates' resumes, and will recommend three candidates to the Inaugural Board when it convenes in mid-April. The Inaugural Board will be responsible for hiring the Executive Director by the end of May.
- **Creation of a bank account.** Michael Cochran, Treasurer of the Interim Board, opened a bank account for the Alliance at Washington Mutual in January 2005.

Use of King County Council Appropriated Funds

Council approved \$150,000 in the 3rd quarter omnibus to operationalize the PSHA in 2004. These funds have been used to pay for consultants' time and meeting materials for development/invitational meetings with stakeholder groups. A small amount of funds remain at this time, and will continue to pay for consultants' time, as they will assist with the transition process during March and April.

Funds approved to support the PSHA to be matched by other partnership members in 2005 have been used to pay legal fees and the executive search firm for the executive director search. These funds (King County's \$200,000 membership dues) are held in the PSHA bank account.

PSHA accomplishments to-date

- **PSHA Membership.** As of April 1, 2005, 39 public and private and local and national organizations, small and large employers and health care professionals, health plans, and local associations have joined the PSHA, totaling over 400,000 covered lives. PSHA's first year goal is to reach 500,000 covered lives, the uppermost number recommended by the Task Force needed to make a rapid impact in the Puget Sound health care delivery system. Many more organizations have shown interest and are expected to join in the near future. To date over \$800,000 has been committed in member dues by Alliance members. PSHA members include:

Employers/Associations (22)

- King County
- Starbucks
- Boeing
- State of Washington
- Washington Mutual
- REI
- City of Seattle
- Hope Heart Institute
- Port Blakely Companies
- Puget Sound Energy
- Foundation for Health Care Quality
- Qualis Health
- Pierce County
- City of Everett
- King County Medical Society
- Washington State Pharmacy Association
- American Heart Association
- Washington State Medical Association
- Freestanding Ambulatory Surgery Center Association (FASCAWS)
- Washington State Hospital Association
- Fisher Communications
- Free & Clear

Health Care Professionals (12)

- Virginia Mason Medical Center
- The Polyclinic
- Seattle Surgery Center
- Pacific Medical Centers
- The Everett Clinic
- First Choice Health
- Woodinville Pediatrics
- John Verrilli, MD
- Overlake Surgery Center
- Puget Sound Family Physicians
- UW Medicine (Harborview Medical Center, University of Washington Medical Center, University of Washington School of Medicine, and Neighborhood Clinics)
- Visiting Nurse Services of the Northwest (VNS-NW)

Health Plans (5)

- Group Health Cooperative
- Community Health Plan of Washington
- Regence BlueShield
- Premiera Blue Cross
- Uniprise, a UnitedHealth Group Company

- **Incorporated as a non-profit organization.** The PSHA was recognized as an independent, non-profit organization by the State of Washington in December 2004. King County staff and Judy Clegg are currently working with legal counsel to apply for federal tax-exempt status (501 (c) 3).

- **Start-up membership dues structure.** The Interim Board of Directors recommended a proposed framework for start-up membership dues for different member categories. Start-up membership dues committed by organizations that have joined the PSHA are based on the following structure:
 - *Employers and professional associations:* \$5 per covered life (per number of employees and their spouses and dependents covered by an organization's health insurance plan),
 - *Health care professionals:* active involvement and provide clinical expertise to clinical workgroups, and voluntary financial contributions,
 - *Health plans:* Based on 2003 net revenues for four county area.

Future Activities

While the PSHA accomplished a variety to start-up tasks and includes over 39 members, many tasks will need to be completed during the second half of 2005 and during 2006.

- **Seeking PSHA employer members' input on clinical focus area priorities.** In June 2004, the King County Health Advisory Task Force carefully examined the available research and employer data to determine where cost and quality strategies would produce the most significant gains in quality, cost, health outcomes, and workplace productivity. This research was validated by the purchasers on the Task Force and served as the group's foundation for identifying a set of five high leverage clinical focus areas around which to initiate its integrated strategy for quality improvement and cost containment. Executive Fellow Rachel Quinn is currently conducting interviews with all employer members to validate the Task Force's findings and ascertain which clinical areas the PSHA should concentrate on in Year 1. It is the vision of the PSHA that a combination of short-and long-term clinical treatments will be chosen, so that the PSHA can evaluate its effectiveness in the near term. (See Appendix B for Task Force's findings on clinical priority areas).
- **Creating a clinical workgroup framework.** Both Ed Wagner MD, co-chair of the Task Force, and Dan Lessler MD, member of the Task Force, have proposed a framework for the structure of the clinical technical workgroups.
- **Convening the Inaugural Board of Directors.** As mentioned above, the PSHA Inaugural Board of Directors will be convened in mid-April 2005. The Inaugural Board will include, but not be limited to, representatives from King County, State of Washington, Washington Mutual, City of Seattle, Starbucks, Boeing, Virginia Mason Medical Center, The Polyclinic, Group Health Cooperative, the Community Health Plan of Washington, Regence BlueShield, and Premera Blue Cross. The Inaugural Board will finalize the bylaws, choose the clinical focus areas the PSHA will focus on in Year 1 and the framework for the clinical workgroups (made up of members, will advise the Board on clinical decisions).
- **Hiring an Executive Director and staff.** The Interim Board is currently reviewing applications and interviewing candidates, and will recommend candidates to the Inaugural Board at the end of April 2005.
- **Obtaining federal tax-exempt status.** As mentioned previously, King County is working with legal counsel to secure tax-exempt status for the PSHA. A decision is anticipated by fall 2005.

- **Continue to recruit members.** King County staff and the development consultant will continue to recruit new members for the PSHA.

What will the PSHA produce in 2005?

The Interim Board expects the Inaugural Board to choose the clinical areas of focus by May. If the clinical areas of focus are chosen by mid year 2005, then baseline data will be collected during summer 2005, health care professionals will be asked to implement selected clinical guidelines, and Year 1 data collection will start in the fall.

For more information on the King County Health Advisory Task Force or the Puget Sound Health Alliance, visit the websites: www.metrokc.gov/hatf or www.govlink.org/psha, respectively.



Puget Sound

HEALTH ALLIANCE

121321

(Formerly the Puget Sound Health Partnership)

A Collaborative Strategy for Better Care, Healthier People, and Affordable Costs

History of the Puget Sound Health Alliance (PSHA)

In late 2003, King County Executive Ron Sims created a regional Health Advisory Task Force. The task force membership included self-insured public and private employers, experts in the health care arena, including physicians and a nurse practitioner, legal, labor and economic experts and a pharmacist. Their charge was to:

- ❖ Craft a set of strategies to stem the rate of health care cost increases and
- ❖ Improve the quality of care being purchased and provided in the Puget Sound region.

The Task Force recommendations focused on the **key strategy of driving down the rate of health care cost increases through the measurement and improvement of the quality of care delivered.**

Because the success of this strategy requires broad-based participation and support from Puget Sound purchasers and health care providers, the Task Force recommended the creation of an independent non-profit organization to provide the leadership, market clout, and focus to successfully bring about change in the purchasing strategies and, therefore, in the delivery of high quality health care in the Puget Sound region.

Why Should Purchasers Join the PSHA?

- ❖ **No one purchaser, plan, or provider group is capable, by itself, of creating the market impact necessary to decrease waste, improve the quality of care, and decrease the cost trends in the Puget Sound region. Simply said, collective market power and clinical expertise is vital to this endeavor.**
- ❖ Improving the quality of care and reducing the costs of care is a regional problem that requires a regional solution. A May 2004 RAND study of the

health care delivered to individuals in 12 US cities found that in the Seattle area, **our health care system failed to provide recommended standards of care 41% of the time.** This is *not* a criticism of our medical professionals. Rather, our waste is an indictment of the financing and delivery system in which health care professionals perform.

- ❖ The fragmentation and misalignment of strategies and incentives in the current system in the Puget Sound region can only be remedied if a significant number of purchasers and providers, in concert with the health plans in the region, agree to:
 - Collaborate to align incentives,
 - Improve the quality of care, and
 - Decrease wasteful spending.

- ❖ The Puget Sound Health Alliance will have the market influence, clinical expertise, and quality/cost performance measurement systems to align health care financing and delivery systems into a continuously improving high performance regional health care enterprise.

As a Business and A Purchaser, What Will I Receive?

The benefits to you as a business and a purchaser of health care for your employees are substantial and include:

- ❖ The ability to design health care plans and education and wellness programs from data specific to your employees' health care usage and medical conditions while preserving the privacy of any one individual's health care information.
- ❖ Information that will allow comparison of your employees' health care usage and medical conditions to a large data base of regional consumers.
- ❖ Access to state-of-the-art, evidenced-based self-management and health education tools and programs to assist in educating employees to be better consumers of health care.
- ❖ Improving your employees' ability to obtain a variety of information that will help them use the health system more effectively, including guidance in accessing centers of excellence and assistance in finding high-quality providers and hospitals that practice evidence-based medical care and deliver high quality and cost effective services.
- ❖ Reducing current and controlling future increases of both your cost of health care and your employees' cost of health care through an improved quality health care system using proven evidence-based clinical guidelines and technology.

- ❖ Be recognized as a leader in creating a system of quality improvement and cost reduction that will have a tremendous positive long-term impact on the health and well-being of not only your employees and families but all individuals in the Puget Sound region.

Guiding Principles of the PSHA

- 1) Collaborative approaches among purchasers, plans, and providers will improve health care delivery.
- 2) The use of neutral and qualified experts in the measurement, analysis, and reporting of health care cost and quality performance will build trust among all partners.
- 3) The sharing of data in this regional public/private alliance is core to the success of the PSHA.
- 4) Shared, evidence-based clinical decision guidelines and self-management tools are vital to the PSHA's success.
- 5) Quality improvement principles, tools, and techniques are fundamental to sustainable performance improvement.

PSHA Key Goals

- ❖ Improve the quality of care
- ❖ Slow the rate of increase in health care expenditures in the Puget Sound region
- ❖ Improve the health outcomes for people
- ❖ Improve consumers' and providers' ability to become partners in managing health
- ❖ Ensure collaborative decision-making based on evidence

How Will This Be Achieved?

PSHA will build, oversee, and maintain the quality of the following services and products:

- ❖ A shared repository of evidence-based clinical guidelines and tools that all purchasers, plans, and provider members agree to use
- ❖ A shared repository of evidence-based tools for self-management and health education
- ❖ A data repository/warehouse where data is stored, retrieved, and analyzed for quality and cost performance and improvement
- ❖ Regional reports on quality and cost that can be analyzed, understood, and published in various levels of specificity: by employer, by plan, by provider group, and by providers
- ❖ A regional infrastructure for collaborative quality improvement health care providers.

Incorporation, Financing, and Membership

PSHA was recently incorporated as a Washington nonprofit corporation and is currently applying for federal tax exempt status. PSHA hopes to be recognized as a tax exempt public charity by the end of 2005.

As of March 31, 2005, 39 organizations have joined the PSHA. Organizations include:

- King County
- Boeing
- Pierce County
- King County Medical Society
- City of Everett
- The Everett Clinic
- Washington State Pharmacy Association
- First Choice Health
- Woodinville Pediatrics
- John Verrilli, MD
- Qualis Health
- Virginia Mason Medical Center
- The Foundation for Health Care Quality
- Premera Blue Cross
- Pacific Medical Centers
- Regence BlueShield
- Hope Heart Institute
- City of Seattle
- Community Health Plan of Washington
- Group Health Cooperative
- REI
- The Polyclinic
- Seattle Surgery Center
- Starbucks
- State of Washington
- UW Medicine
- American Heart Association
- Puget Sound Family Physicians
- Uniprise, a United Health Group
- Washington State Hospital Association
- Freestanding Ambulatory Surgery Center Association of Washington State (FASCAWS)
- Overlake Surgery Center
- Washington Mutual
- Port Blakely Companies
- Puget Sound Energy
- Washington State Medical Association
- Fisher Communications
- Free & Clear
- Visiting Nurse Services of the Northwest (VNS-NW)

Other purchaser, health care professional, and health plan members are in the process.

Current membership represents over 330,000 covered lives in the four county Puget Sound region of King, Pierce, Snohomish and Pierce counties. The goal is 500,000 covered lives to achieve the critical mass needed for data analysis.

A board of 15-20 directors will govern the PSHA. The technical work of the Alliance will be carried out under the aegis of expert advisory groups and staff.

Financing will take place through a membership dues structure. In addition, it is expected that the PSHA will seek outside funding as a national demonstration project.

Join Now

Purchasers can take action right now to reduce the 41% gap in care and help put an end to wasteful spending. The critical first step is to take collective control over the system through participation in the Puget Sound Health Alliance.

For more information about PSHA, please go to the PSHA website, at www.govlink.org/psha.

To join the Alliance, please call Rachel Quinn at 206.296.4165 or rachel.quinn@metrokc.gov.

	Evidenced Based Clinical Decision Support Available?	Improved Quality Leads to Decreased Costs? (ST/LT)	Improved Quality Leads to Increased Health?	Evidence of Unnecessary Resource Variation?	Evidence of Unnecessary Quality Variation?	Consumer Involvement in Care Leads to Decreased Costs?	Consumer Involvement in Care Leads to Improved Health?	Proven Preventive Strategies Lead to Decreased Costs (LT)?	Improved Quality Leads to Increased Workplace Productivity?	Healthy Lifestyle Impacts Cost?	Healthy Lifestyle Reduces Disease Impacts?
Area 1: Chronic Disease Management											
Coronary Artery Disease	Yes	Yes (ST/LT)	Yes	Yes	Yes	Yes (LT)	Yes	Yes	Yes	Yes (ST/LT)	Yes (LT)
Pediatric Asthma	Yes	Yes (ST/LT)	Yes	Yes	Yes	Yes (ST/LT)	Yes	Yes (LT)	Yes	Yes (ST/LT)	Yes
Diabetes	Yes	Yes (ST/LT)	Yes	Yes	Yes	Yes (ST/LT)	Yes	Yes	Yes	Yes (ST/LT)	Yes
Depression and Anxiety	Yes	Yes (LT)	Yes	Yes	Yes	TBD	Yes	TBD	Yes	TBD	TBD
Hypertension	Yes	Yes (LT)	Yes	Yes	Yes	Yes	Yes	Yes	TBD	Yes	Yes
Congestive Heart Failure	Yes	Yes (ST/LT)	Yes	Yes	Yes	Yes	Yes	Yes	TBD	TBD	Yes
Area 2: Acute and Episodic Care											
Low Back Pain	Yes	Yes (ST/LT)	Yes	Yes	Yes	Yes	Yes	TBD	Yes	Yes	Yes
Maternity Services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	TBD	TBD	Yes	Yes
Digestive Disorders (TBD)											
Musculoskeletal Disorders (TBD)											
Breast Cancer / Colorectal Cancer (TBD)											
Procedure Rates:											
Myringotomy	Yes	Yes (ST)		Yes	TBD						
Tonsillectomy	Yes	Yes (ST)		Yes	TBD						
Cholecystectomy	Yes	Yes (ST)		Yes	TBD						

	Evidenced Based Clinical Decision Support Available?	Improved Quality Leads to Decreased Costs? (ST/LT)	Improved Quality Leads to Increased Health?	Evidence of Unnecessary Resource Variation?	Evidence of Unnecessary Variation?	Consumer Involvement Leads to Decreased Costs?	Consumer Involvement in Care Leads to Improved Health?	Proven Preventive Strategies Lead to Decreased Costs (LT)?	Improved Quality Leads to Increased Workplace Productivity?	Healthy Lifestyle Impacts Cost?	Healthy Lifestyle Reduces Disease Impacts?
Laminectomy	Yes	Yes (ST)		Yes	TBD			Yes		Yes	
Cardiac Catheterizations	Yes	Yes (ST)		Yes	Yes			Yes		Yes	
Coronary Artery Bypass Grafts (CABG)	Yes	Yes (ST)		Yes	Yes			Yes		Yes	
Angioplasty	Yes	Yes (ST)		Yes	Yes						
Prostatectomy		Yes (ST)		Yes	TBD						
C-Section	Yes	Yes (ST/LT)		Yes	Yes						
Pharmaceutical Prescribing Profiles	Yes	Yes (ST/LT)	Yes	Yes	Yes	Yes	Yes			Yes	
Area 3: Preventive Services											
Childhood Immunizations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Smoking Cessation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes
Mammograms	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Cervical Cancer	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Pneumococcal Vaccine	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Chlamydia Screen	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Healthy Weight	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Area 4: Safety Practices											
Medication Errors	Yes	Yes (ST)	Yes	Yes	Yes	Yes	Yes				
Surgical Wound Infections	Yes	Yes (ST)	Yes	Yes	Yes	Yes	Yes	Yes			

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	Evidenced Based Clinical Decision Support Available?	Improved Quality Leads to Decreased Costs? (S/L/T)	Improved Quality Leads to Increased Health?	Evidence of Unnecessary Resource Variation?	Evidence of Unnecessary Variation?	Consumer Involvement in Care Leads to Decreased Costs?	Consumer Involvement in Care Leads to Improved Health?	Proven Preventive Strategies Lead to Decreased Costs (L/T)?	Improved Quality Leads to Increased Workplace Productivity?	Healthy Lifestyle Impacts Cost?	Healthy Lifestyle Reduces Disease Impacts?
Area 5: Service Quality											
Provider/Patient Communication	Yes	Yes	Yes		Yes	Yes	Yes				
Appointment Wait Time	Yes	Yes			Yes	Yes	Yes		Yes		
Use of Electronic Communication		Yes		Yes	Yes	Yes			Yes		