



Business Health Care Group

Driving Meaningful Change

it's the right thing to do

2008
annual report

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*“It’s the right thing to do –
for employers, consumers and the community”*

**What Is
The Business Health Care Group?**

The Business Health Care Group (BHCG) is a membership organization of more than 900 employers and employer groups in the 11-county region of southeast Wisconsin. The BHCG has nearly 100,000 employees and their dependents (as of April 2009) enrolled in Humana Preferred – plan offerings tied to a high performance network. The BHCG was formed by a group of chief executive officers of area employers who had a common interest in reducing health care costs in southeastern Wisconsin to the Midwest average or below. Secondly, they were looking for help in controlling the health care cost trend while continuing to offer quality care and reasonable health benefits for their employees.

The BHCG offers employers, both large and small, the chance to become part of a powerful collective action group to support a common strategy to improve health care delivery in the market.

**The Business Health Care Group
Mission Statement**

The Business Health Care Group is an employer-based strategic initiative to drive down health care costs in southeastern Wisconsin to at least the Midwest average. We seek optimum health care value by collaborating and promoting accountability with all stakeholders – employers, providers, consumers and the BHCG administrative partner.

letter from the executive director

“It’s the right thing to do – to effect change”

As an organization whose principal efforts and activities revolve around reducing health care costs in our region to the Midwest average, the Business Health Care Group listens with great interest to the current dialogue regarding national health care reform. We believe our mission and activities put us on the right road to help reform health care regionally, position our organization to serve as a meaningful role model for reform on a national level and allow us to work together with all stakeholders to achieve our goals. How do the BHCG’s activities align with the currently accepted tenets of health care reform?

Improve access to health care

With present estimates of more than 14,000 people losing health care coverage daily in this country, the ability of our employer members to continue to offer the best health care coverage they can afford becomes increasingly important. The BHCG’s group purchasing initiatives and efforts to improve health care value in our region are integral to employer members’ strategies to continue to offer health care benefits. In 2008 the BHCG increased its employer membership by 22 percent.

Promote provider accountability

We believe true health care value – high quality at the best price – can only be accomplished when everyone does their part. The BHCG high performance network, Humana Preferred, allows us to work closely with providers that embrace the notion that evidence-based medicine improves health and ultimately saves money.

Our provider action plan process promotes accountability and an understanding of each other’s needs. The process involves actively working with the 15 largest provider groups in the network to identify specific action plans they will adopt to bring health care costs under control. Metrics are developed and measured annually to monitor progress. Additionally, BHCG’s support and involvement with organizations like the Wisconsin Collaborative for Healthcare Quality, Wisconsin Health Information Organization and Wisconsin Healthcare Purchasers for Quality and the Wisconsin Health Information Exchange also demonstrate our strong commitment to accountability and quality improvement.

Engage consumers

Meaningful health care reform must include ways to educate consumers and encourage them to practice personal responsibility. One of the BHCG’s goals is to develop well-informed consumers that make good health care decisions. We continue to work with Humana to develop consumer tools focused on price and quality information – the all important transparency factor.

In 2008 we completed development of a series of consumer education modules for our member companies to use with their employees. We also sponsored an educational forum to help employers understand how to engage employees to take an active role in managing their health and health care.

Encourage prevention and wellness

According to the Trust for America's Health, an investment in prevention of just \$10 per person per year could save \$16 billion per year, a return of \$5.60 for every dollar invested. The BHCG, through our employer members' prevention and wellness programs, encourage consumers to obtain preventive care and make healthy lifestyle choices. We also endorsed the Well City Initiative aimed at achieving the Well City designation for Milwaukee.

Improve health care delivery systems

Fixing the existing health care delivery system is a top reform priority. Delivery and payment systems must be retooled to remove excess cost and support new reimbursement strategies focused on payment for health and outcomes versus illness and units of care. The BHCG supports efforts to accelerate the adoption of interoperable medical record systems – a measure that would dramatically support quality improvement and remove unnecessary cost.

Reduce administrative complexity

Administrative complexity in the health care system accounts for an estimated \$300 billion in annual costs that add no value to the patient, provider or payer. The BHCG takes an active interest in initiatives that seek to organize efforts to remove these complexities and looks for ways to contribute to these efforts both locally and nationally. There is no question that reducing redundancy and streamlining such things as credentialing, insurance claims and communication requirements will save significant costs. We believe it will also ease the administrative burden on providers so they can focus on care delivery and result in better consumer experiences.

All of us will be affected by reform decisions and efforts taken in the coming months and years. Together, BHCG employer members represent a powerful group of health care purchasers with the ability to make their voices heard and effect meaningful changes in health care.

Dianne Kiehl
BHCG Executive Director

2008 highlights – activities and accomplishments

“It’s the right thing to do – for better health care value”

BHCG Membership Gains – Strength in Numbers

In 2008 the BHCG made strides in its membership totals for those enrolled Humana Preferred (BHCG) and overall membership in the BHCG. As the chart below depicts, BHCG membership increased by 15 percent from the end of 2007 to the end of 2008. **Since the inception of its health care purchasing initiative on January 1, 2006, the BHCG has seen its membership grow by more than 100 percent.**

2008 BHCG Membership		
	Humana Preferred Enrollment (Employees + dependents)	Number of BHCG Employer Members
As of 12/31/08	81938	706
% Change from 12/31/07	+15%	+ 22%

In the 11 county service area, companies ranging in size from two employees to more than 7,500 have come together to jointly address the issues of health care quality and cost. As of December 31, 2008, **self-funded employers totaled 32, while fully insured employers numbered 674.**

Membership Breakdown	
Company Size	Number of Employers
2-50 Employees	586
51-100 Employees	52
101-300 Employees	34
301-500 Employees	7
501-1000 Employees	11
1001+ Employees	16

Health Care Cost Savings – Moving Toward the Midwest Average

In 2008 the BHCG continued its steady progress of moving health care costs toward the Midwest average. Highlights of BHCG’s 2008 results include:

- BHCG costs in aggregate were **9.5 percent higher than the Midwest average in 2008 compared to 13 percent higher in 2007.***
- In 2008 medical costs per member per month (prior to benefit application) for self-funded groups **rose 7.9 percent, which beat the trend for the region by approximately 2.0 percent.**
- Self-funded groups involved in the BHCG from the onset (since 2006) **saw their costs rise only 5.8 percent in 2008.**
- For the three-year period 2006-2008, **costs for self-funded groups still remain less than the base year of 2005 by 0.5 percent.**
- When taking into account southeast Wisconsin medical cost trend, the program has produced **savings totaling an estimated \$172 million** for 2006-2008 for self-funded groups.

**Midwest comparison analysis based on Mercer data.*

Renewal of Provider Network – Expanded Choices for Consumers

The high performance network associated with Humana Preferred, available exclusively to BHCG members, **re-contracted with area providers for another three-year term** which will run from 2009 – 2011.

The network was also expanded to include:

- **St. Nicholas Hospital and Physicians Health Network in Sheboygan**
- **St. Joseph’s Hospital and the West Bend Clinic in West Bend**

Consumer Engagement – A Key to Success

The BHCG is committed to working toward a health care system where consumers play an active and important role. In 2008 the BHCG completed:

- **Online Education Modules**

The BHCG **completed its series of online education modules.** The modules provide supportive education and resources to help employees and dependents understand their role in purchasing health care and becoming better health care consumers. Collectively called A Buyer’s Guide to Health Care, the eight modules feature “Joe”, an average health care consumer who focuses on various causes behind rising health care costs. Some module topics include getting the most from your health care visit, how insurance works, prescription drugs, prevention and lifestyle and understanding the BHCG strategy. The last of the eight educational modules, Business Health Care Group’s Role, was completed in 2008.

- **Consumerism Survey**

BHCG members were surveyed using Mercer’s **“Creating the Accountable Consumer” Health Care Consumer Index (HCCI) survey** utilizing the **Patient Activation Measurement (PAM)** tool. PAM reveals an individual’s level of

engagement and readiness to actively participate in his or her own health care. Higher activation levels (stages) predict a greater likelihood to engage in consumerist behaviors and better health in general. The BHCG’s goal over time is to help move consumers to higher stages of activation.

The survey establishes a baseline measure of employees’ “consumerism” to track the impact of BHCG initiatives and improvements over time. The BHCG plans to administer the survey every two years and share the results with employers in an effort to develop effective strategies to boost consumers’ personal accountability for health care.

Educational Opportunities – Raising Awareness

The BHCG actively educates and informs members, health care providers, and brokers/consultants about topics and issues related to health care benefits.

- **Best Practices Report Card**

In 2008 an aggregate report card was published that illustrated to what extent BHCG member companies are offering best practice designs, support programs and tools to their employees. Thirty-one member companies participated, including self-insured companies and fully insured member companies with customized plan designs. For each employer, the results were based on the plan with the greatest enrollment. The report card reflected employers’ performance concerning:

- Enrollment
- Cost Sharing/Design
- Wellness and Health Management
- Communication/Education

These areas were targeted for measurement due to their importance in driving employee behavior change.

HCCI Survey Results	
STAGES	BHCG RESPONDENTS
Stage 1: Does Not Yet Believe Have Active/Important Role	13%
Stage 2: Lack Confidence and Knowledge to Take Action	19%
Stage 3: Beginning to Take Action	36%
Stage 4: Maintaining Behaviors Over Time	32%

For a summary of the report card's findings, please click here: [Best Practices Report Card](#)

In 2008 the BHCG sponsored the following forums and educational events:

• **Behavioral Health Summit**

A Behavioral Health Summit was held on November 13, 2008. Invited guests included area employers, brokers, consultants and behavioral health professionals. National experts addressed:

- Emerging policy and innovations in behavioral health
- The value of integrating medical and behavioral health and aligning benefits to support best practices and enhance employee health and productivity
- The newly passed federal mental health parity law and its impact on benefit plan design

For a summary of the day's events, please click to review the complete [Executive Summary](#) or visit the BHCG website at www.businesshealthcaregroup.org and click on News and then Events.

• **Health Care Consumer Engagement Forum**

One of the keys to controlling health care costs and improving quality is engaging consumers to take an active role in their health care. How do employers engage their employees and their families to take an active role in managing their health and health care?

On September 16 the BHCG sponsored a special presentation by **Judith Hibbard**, MPH, PhD, professor at the University of Oregon and renowned expert on health care consumer engagement. Dr. Hibbard is the lead author of the widely recognized Patient Activation Measure.

2008 Events

Event	Agenda
August 6 Fully Insured Forum	<p>Presentations by employers, Keith Nosbusch, chairman and CEO of Rockwell Automation and Ed Shanley, president of DMT; Report of 2007 BHCG year-end results; Humana Preferred Network renewal and update announcement; Broker/consultant awards presented to:</p> <p>Small Group (< 100 lives)</p> <ul style="list-style-type: none"> ▪ Jon Rauser – Most lives sold ▪ Frett/Barrington – Most renewals ▪ AN Ansay & Benefit Networks (tied) – Most member companies <p>Large Group (> 100 lives)</p> <ul style="list-style-type: none"> ▪ Willis-HRH & BeneCo (tied) – Most new member companies ▪ Willis-HRH – Most lives sold
July 22 BHCG Breakfast Forum	<p>Presenters: Michael B. McCallister, president and CEO of Humana and Karen Timberlake, Wisconsin Secretary of the Department of Health and Human Services</p> <p>Moderators: Dianne Kiehl and Kris Seymour, Humana</p> <p>Invitees: CEOs of BHCG member companies and prospects and BHCG Full Committee members.</p>

For a summary of Dr. Hibbard’s presentation and the resources available through the BHCG and Humana to improve consumer engagement, please click to review the complete [Executive Summary](#) or visit the BHCG website at www.businesshealthcaregroup.org and click on News and then Events.

- **Employer and Broker/Consultant Forums**

The BHCG continues to provide opportunities for its members and strategic partners to communicate and exchange information.

Communication Initiatives – Consistency of Message

2008 brought a renewed effort to develop and utilize consistent messaging in BHCG materials and communications:

- Adopted the branding message, “**It’s the right thing to do,**” to convey the concept that BHCG membership and its mission make sense on many levels for many different stakeholders and the community
- **Produced marketing collaterals** to communicate the BHCG value proposition

External Activities – Helping Shape the Future

In 2008 the BHCG continued its support and involvement in a number of organizations whose efforts are compatible with BHCG’s strategies, mission and goals. The BHCG executive director, Dianne Kiehl, is a member of the board of directors of:

- **Wisconsin Collaborative for Healthcare Quality (WCHQ)** – a voluntary consortium of organizations committed to improving health care quality in the state of Wisconsin. WCHQ is

committed to:

- The development of ambulatory care measures that enable physician groups and health systems to collect data on all patients
- Public reporting of performance data
- Identification and sharing of best practices

Click here to visit their web site at: [WCHQ](#)

- **Wisconsin Health Information Organization (WHIO)** – a voluntary partnership that brings together key health care stakeholders to:

- Develop a statewide data mart of health care information that spans provider and systems
- Utilize data to improve the quality, affordability, safety and efficiency of health care delivered to patients statewide using a central repository for health care claims.

- **Wisconsin Healthcare Purchasers for Quality (WHPQ)** – an organization with a mission to identify issues, promote change and organize resources to transform the health care system in Wisconsin through improving health care quality, safety and value. The BHCG is a founding member of WHPQ.

- **Wisconsin Health Information Exchange (WHIE)** – a nonprofit organization whose mission is to improve the quality, safety, efficiency and accessibility of health care through the secure delivery of timely, accurate electronic health information to authorized users across institutional boundaries. Click here to visit their web site: [WHIE](#)

Dianne Kiehl is also involved in numerous national initiatives and activities focused on health care reform.

2009 strategic initiatives

“It’s the right thing to do – for today and tomorrow”

Against a backdrop of potential health care reform at the national level and unyielding medical care cost pressures felt by employers in an economic downturn, the BHCG plans to continue to increase its value to its member companies through initiatives designed to:

Lead the Market – Innovative Solutions Leadership

The BHCG intends to remain a leader in bringing effective change to the southeastern Wisconsin health care market through:

- Use of data analytics to identify cost drivers and actionable activities designed to improve quality and/or reduce costs
- Engagement of the region’s CEOs concerning its strategy
- Use of provider action plans to spur provider quality improvement efforts and improve provider practice patterns including compliance with evidence-based medicine
- Collaboration with WCHQ, WHIO, WHPQ, WHIE and other Wisconsin organizations seeking to improve health care in the state

Participation in national initiatives and conferences, seeking ideas to bring to the southeastern Wisconsin health care marketplace

Enhance Consumer Engagement – Actionable Information for Purchasers

Enhanced consumer engagement remains a significant goal for the BHCG and its member employers. Working with Humana, we hope to **focus on increasing the use of Humana’s web-based consumer tools**. We will also continue to **promote use of the completed BHCG consumer education modules** and **explore ways to help employers communicate with employees and dependents**.

In 2009, the BHCG will:

- Develop and rollout a consumer engagement campaign to heighten understanding and use of Humana’s transparency tools.
- Promote use of its consumer modules to member companies to educate employees and improve consumer purchasing decisions
- Offer turnkey solutions for employers to share and create employee benefit communications which will include printing and fulfillment through a web2print solution

Grow and Retain Membership – Leveraging Purchasing Power

The BHCG plans to grow its membership in 2009. We will embark on an aggressive mission to involve as many regional employers as possible in efforts to reduce health care costs and improve health care outcomes. The BHCG:

- Hired its first director of membership development in February 2009
- Will actively engage the broker and consultant community by sharing the BHCG value proposition and providing timely updates and support activities
- Will continue to sponsor forums and seminars throughout the year to educate and inform members

“It’s the right thing to do – for all of us”

BHCG Leadership - Committee Structure

Committee Name	Member Profile	Meeting Frequency	Responsibilities
Full Committee	Human resources executives representing member employers	Quarterly	Review financials; provide input on strategy and act as a voting body in compliance with the BHCG operating agreement
Steering Committee	Representatives elected by full committee vote representing 5 to 9 employer members (including one fully insured member)	Monthly	Direct, manage and control BHCG business affairs and assets
Benefits Subcommittee	Benefits managers representing member employers	Eight times per year	Share ideas; formulate possible benefit-related strategies; review vendors as needed; receive administrative partner updates and information regarding BHCG initiatives
Consumer Transparency Advisory Group	Representatives from member employers and Humana	As needed	Determine transparency initiatives; communicate expectations, provide support to Humana; Organize employee focus group activities regarding transparency issues as needed
Fully Insured Subcommittee	Representatives from fully insured member employers and Humana	Quarterly or as needed	Discuss needs of fully insured employers and provide ideas to meet needs; review Humana-related activities
Provider Subcommittee	Representatives from member employers and Humana	As needed	Provide input to Humana on provider network-related strategy and issues
Systems Subcommittee	Representatives from member employers and Humana	Quarterly	Provide input regarding Humana system capabilities
Quality Subcommittee	Representatives of member employers and Humana	Quarterly	Review, develop and enhance quality controls, processes, education, performance management and technology issues related to Humana services; determine any needed enhancements to ensure quality of service delivered by Humana

Staff

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