

# Minnesota Moves from Dialogue to Action

*Accelerating Health Care  
Affordability*



## Introduction

We spend substantially more per person on health care in the United States than any other industrialized country. And yet we also have the highest rate of deaths considered preventable by timely and effective care. Our issues in this country involve more than quality of care. The Institute of Medicine provides yet another startling statistic: nearly 30 percent of total health care spending in the U.S. could be considered “excess cost.” These excess costs take many forms such as unnecessary use or overuse of services, inefficiently delivered services including errors, preventable complications, and fragmented care, excess administrative costs, prices that are too high, missed prevention opportunities, and fraud.

In addition to concerns regarding quality and waste, health care costs are increasing for most Americans. In Minnesota, the challenges around health care affordability are not that different from those experienced in the rest of the country. According to most reports, overall health care costs for Minnesotans rose between 5-6% in 2018. While health care affordability is not a new concern in Minnesota, frustration is growing about the rising cost of health care and its effect on individuals, families, businesses, and of course, government budgets. As a result of these rising costs, health care’s share of our state and national economies keeps increasing. Today we know that health care costs have continued to grow faster than most families’ incomes.

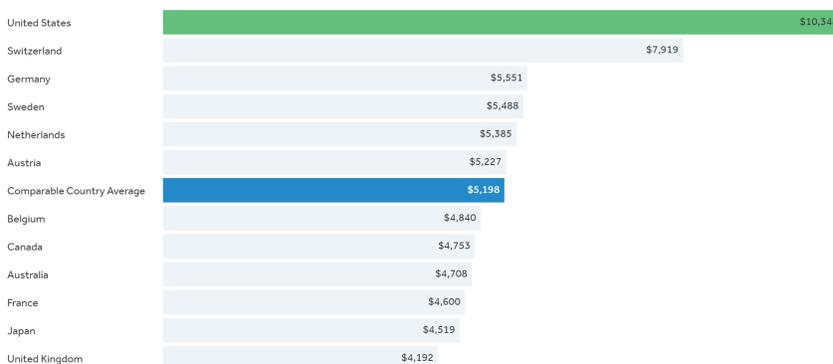
We must act with a sense of urgency when it comes to addressing the affordability of health care in our state. We need to find the solutions to fixing this critical issue within health care, and we need to find them soon.

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## As a nation, we spend a lot more on healthcare...

**On average, other wealthy countries spend half as much per person on healthcare than the U.S.**

Total health expenditures per capita, U.S. dollars, PPP adjusted, 2016



Source: Source: U.S. data are from the 2016 National Health Expenditures Account. Comparable country data are from OECD (2017), "OECD Health Data: Health expenditure and financing: Health expenditure indicators", OECD Health Statistics (database). DOI: 10.1787/health-data-en (Accessed on March 19, 2017) • Get the data • PNG

Peterson-Kaiser  
Health System Tracker

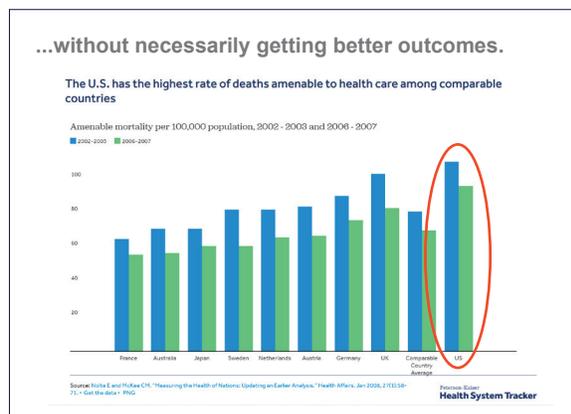
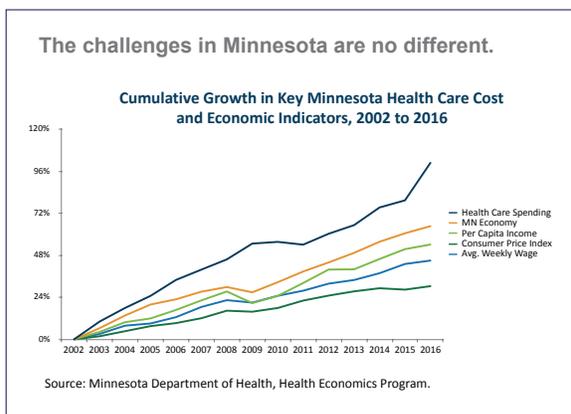
## Accelerating Health Care Affordability

Against this troubling backdrop, Minnesota leaders representing a wide range of stakeholders gathered on November 29th, 2018 to strategize multi-stakeholder approaches to accelerating affordability during Accelerating Health Care Affordability, an event convened by the Institute for Clinical Systems Improvement (ICSI), MN Community Measurement, and Stratis Health. This paper captures and synthesizes the learnings from, and reflections on the Accelerating Health Care Affordability event. In addition, it describes the foundation for future action steps in Minnesota.

Minnesota has a long history of collaborating to solve important problems related to health care access, quality, and cost. These three Minnesota non-profit organizations share a core purpose: successfully convening stakeholders to improve health and health care in Minnesota. This has positioned ICSI, MN Community Management and Stratis Health to successfully combine forces and bring thought leaders together to identify strategic priorities focused on improving health care affordability in Minnesota. During the Accelerating Health Care Affordability event on November 29th, the three organizations convened a group of stakeholders that included not only leaders from health care organizations, but patients, employers, legislators, insurers, and others with a keen interest in this problem.

## Why Affordability?

Affordability represents one of the most urgent problems impacting health care today, in Minnesota and across the United States. It's important to reiterate that health care spending per person has doubled in recent years, while the state's economic growth and per capita income have not grown nearly as rapidly. Unfortunately, this increase in spending has not improved health outcomes at the same rate.



Understanding the root causes of Minnesota's issues surrounding health care affordability was a primary driver of the event. Although some factors are outside of our control, such as an aging population, opportunities do exist to slow these rising costs. We know there is not one single solution to the problem.

The current state of health care in Minnesota is not only driving costs higher, but failing to meet the needs of payers, providers, purchasers, policy-makers, and patients.

The Network for Regional Healthcare Improvement (NRHI) has done considerable work toward addressing the affordability problem with a strategy they've termed "collaborative disruption." This disruption targets ways to improve affordability by targeting health, price, and waste concurrently.<sup>1</sup> Targeting health means enhancing community-based programs for healthy populations to help increase productivity, and direct fewer resources toward those that need less health care. When NRHI refers to waste, they describe not only unnecessary clinical procedures and the impacts of those procedures, but also the administrative burden that increases costs and contributes to the burnout of health professionals. The third cornerstone of NRHI's integrated approach addresses the manner in which high prices create barriers to care. Higher prices, as we've seen in the U.S., do not correlate with higher quality, and often cause misallocation of resources.

Creating solutions that address health, waste and price in a way that acknowledges and even takes advantage of their interdependencies, is critical to solving the problem of affordability.

## Insights and Innovative Strategies Across Sectors: Stakeholder Perspectives

To explore the affordability challenge from different points of view, a panel including representatives from care delivery, insurers, employers, and patients discussed both the problems and the opportunities. During this discussion it became clear that the current state of health care in Minnesota is not only driving health care costs higher, but failing to meet the needs of payers, providers, purchasers, policy-makers, and patients.

During the panel, entitled *Insights and Innovative Strategies Across Sectors*, panel member Jodi Hubler, Managing Director of Lemhi Ventures, noted that "Confusion is the greatest defender of the status quo." This truism emphasized that one of the key challenges addressing affordability today is the complexity of the system itself. Hubler's statement aligned with a major theme that resonated throughout the event, that health care needs bolder drivers toward affordability. Those drivers must enable health care organizations to address not only cost, but population health, social determinants of health, and the wellbeing of both patients and care providers.

Price transparency, including the need to better inform consumers about cost, was also a clear action step toward affordability. Consumers could and would make better choices given more accurate cost information. Consumer representative Christine Norton noted during the panel session that, "the problem is consumers don't know the cost, so they don't know if it's actually affordable or not. What other product or service does anyone buy where they don't know the actual cost?"

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<sup>1</sup> *The Paths to Affordable Health care*. AffordableCareTogether.org, 2018

One of the biggest barriers to improving affordability is the manner in which health care is paid for.

The CEO of Allina Health, Penny Wheeler, MD, led her panel comments representing health systems with, “Make care more affordable by making it better.” This statement reiterates the importance of a continued emphasis on improving quality as an essential driver to reducing costs.

It is clear that one of the biggest barriers to improving affordability is the manner in which health care is paid for. There are examples of innovative approaches across our community that have improved quality and reduced cost. However, these activities are often not sustainable long-term because the current fee-for-service payment system does not make such innovative practices financially viable.

This desire to move more rapidly toward value-based payments as one strategy to help address affordability was emphasized by panelist Dan Trajano, MD, of Blue Cross Blue Shield of MN, who provided the payer perspective. To move toward value-based payments, Trajano said, there is a need to align quality measures across payers, down to the measure specifications level, to increase efficiency and focus. He added that we must encourage patient engagement in quality improvement and outcomes also.

Although value-based payments continued to be a topic of great interest throughout the event, new payment models were only one of several possible solutions discussed by the panel and during cross-sector discussions held by small groups in the afternoon.

Lastly, across stakeholder perspectives the panelists agreed on the need to dramatically improve access to patient health information. It was agreed this must be done, however, at the *right* time by the *right* care team for the *right* purpose. Access to information must be improved across the continuum of care as well as within social and human services programs. Effective and efficient health information exchange can eliminate waste, duplication, and frustration among patients and care teams. By committing to open and transparent patient access to care information, and efficient just-in-time data access at the point of care, these stakeholders could influence electronic health record vendors, health information exchanges, and policy makers to eliminate current barriers.

## Beating Back the Status Quo Surrounding Health Care

The structure of our current health care payment and delivery systems supports the status quo. There are many who advocate for the status quo, and who have a great deal of influence on policies and programs. This makes innovation and bold changes challenging to initiate. Large-scale disruptive change may be more likely to come from new partnerships.

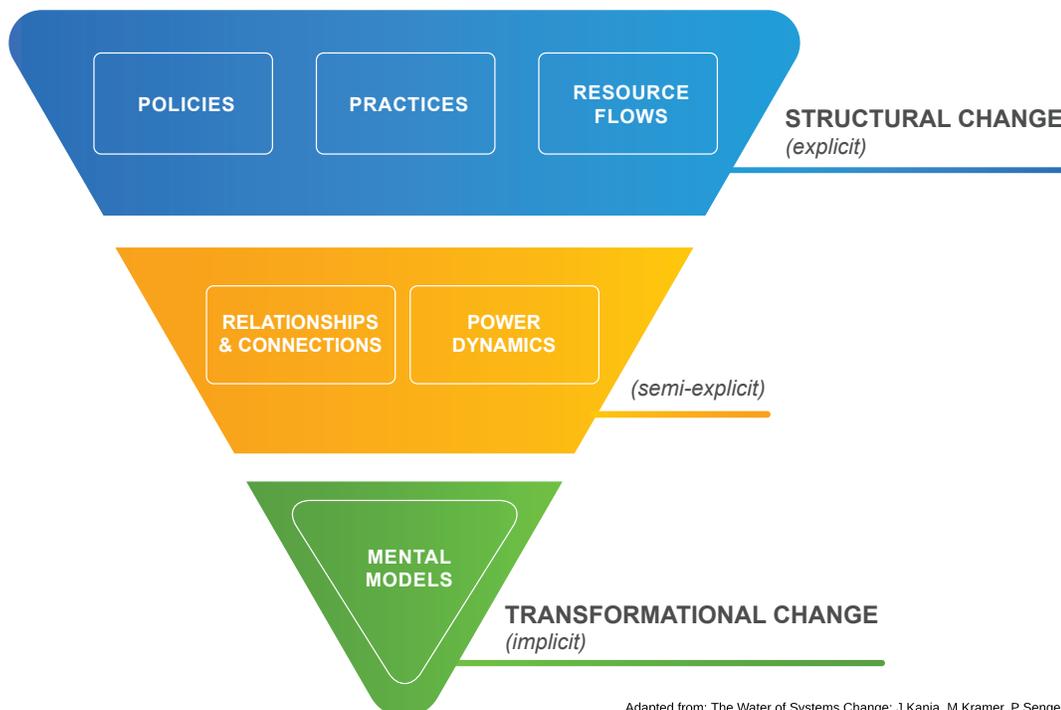
After hearing the panel discussion, participants broke into small groups to discuss the immense challenge of changing the status quo. Each small group was asked to identify

action steps that could be taken individually and collectively in organizations and communities to address the question of affordability.

Groups identified a number of important mental models that present barriers to change. One common mental model is that “more is better”. Other important mental models included the idea that experts always have the single “best” answer to problems, and if there is a bad outcome, someone is to blame, that all screening is good, and more screening is better. Identifying mental models that may need to be set aside was, as ICSI’s President, Claire Neely, MD, stated, “one purpose for using the ‘system triangle’ outlining six conditions of systems change. We wanted to provide a new framework that would require people to think together, not just repeat things that they might have been saying over and over in other settings.” A proven change management process, system triangle, or the **Six Conditions of System Change**, provided a framework for discussion within each small group.

The small group discussions were a critical part of the day, generating energetic and enthusiastic conversations. The small group table exercises were clearly where the most actionable ideas emerged. As each group reported their findings, several key themes emerged that could become a blueprint for further action.

## Six Conditions of Systems Change



Adapted from: The Water of Systems Change; J Kania, M Kramer, P Senge; June 2018

## Potential Areas for Collaboration to Improve Affordability

Three key priorities were identified that could drive affordability improvements through collaboration. The priorities were articulated as:

**First**, we need better sharing of data within and across systems to achieve improved health outcomes. We need to reduce the fragmentation of data to make relevant data more available, timely, and actionable both at an individual level and to help manage progress toward population health goals. This goal can be accomplished while also ensuring adequate data privacy protections.

**Second**, we need to build common or shared administrative systems and practices to eliminate duplication and waste and ease the burden for patients as they navigate the health care system, while allowing each health care and payer organization to maintain controls needed for internal operations.

**Third**, stakeholders of all types tell us that the push toward paying for value rather than paying for volume must not only continue but must accelerate. Our current fee-for-service payment limits the spread of innovations that have been shown to decrease costs and improve the wellbeing of patients and clinicians. All stakeholders, including patients, must work together to build a successful pathway to make this change.

Clearly, forward momentum toward each of these priorities will not be easy. However, articulating a common direction across such a disparate group of stakeholders was clearly a major accomplishment of the day, and a major step forward.

## What's Next?

For every individual present, this event provided a unique and groundbreaking opportunity to put aside competitive forces, and come together to begin building ways to improve health care from providing greater access, to lowering costs, to improving overall quality. Allina CEO Penny Wheeler perhaps stated it best that although we have made great strides toward the type of cross-sector collaboration required to address affordability, we also “need to be courageous enough to take more risk.”

Improving the affordability of health care needs to be addressed not only from a cost perspective, but also from one that addresses waste and most importantly, focuses on improving health. Improvements we've already seen are due in part to the willingness of our state's health care leaders to continue to find ways to collaborate on solutions around affordability and other major issues impacting health. This strengthens our resolve to seek solutions to affordability and other issues surrounding health care together.

We've learned from the long history of collaboration in Minnesota that we can accomplish more through collaboration than any one stakeholder alone. The three organizations hosting the Accelerating Health Care Affordability event have proven track records convening, collaborating, and creating real change within Minnesota's health care system. MN Community Measurement's nationally recognized work on measurement, Stratis Health's work to improve the quality of health in communities across the state, and ICSI's long history of creating actionable solutions through collaboration between health care leaders, have proven the power of collaboration. These three organizations provide Minnesota with a unique opportunity to collaboratively create and drive toward impactful solutions for affordability.

This convening of patients, payers, purchasers and care providers, has identified several good starting places for collaboration to improve health care affordability. It's time for our whole community to get to work to make these ideas a reality.

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and the Robert Wood Johnson Foundation for funding this work.*



A trusted influencer in healthcare for over 25 years, **ICSI** convenes organizations to find solutions to healthcare's toughest challenges. As ICSI, healthcare leaders work together to find ways to initiate positive change and improve health outcomes. ICSI is activated by an independent, objective non-profit organization with one clear goal – improving health together. For more information visit [ICSI.org](http://ICSI.org).



**Stratis Health** leads collaboration and innovation in health care quality and safety, and services as a trusted expert in facilitating improvement for people and communities. Stratis Health aims to help healthy care providers understand and integrate quality improvement and safety into their work, and to support Medicare and all health care consumers in their quest for health education and quality information. Stratis Health is also the parent organization for the Minnesota Alliance for Patient Safety. For more information visit [www.stratishealth.org](http://www.stratishealth.org).



**MN Community Measurement** empowers health care decision makers with meaningful data to drive improvement. As a primary trusted source for health data sharing and measurement, MN Community Measurement drives change that improves health, patient experience, cost and equity of care for everyone. A key initiative of MN Community Measurement is MNHeathScores.org – a website for health care consumers to compare cost and quality of health care in Minnesota communities. For more information visit [www.mncm.org](http://www.mncm.org).