

THE HEALTH INDUSTRY FORUM

2009 YEAR-END REPORT



THE HEALTH INDUSTRY
Forum

Informing innovative healthcare policy and practice

CHAIRMAN'S LETTER

TO OUR MEMBERS



STUART ALTMAN, PhD
Chairman and professor,
Brandeis University

The Health Industry Forum had another successful year in 2009. We continued to focus on developing strategies for improving the quality and value of the U.S. healthcare system through topical conferences and insightful policy analysis. By convening national experts, public officials, and health industry leaders, we attempted to initiate new ideas relevant to promoting healthcare efficiency. Our contributions to the national healthcare reform discussions were characterized by several organizational attributes:

Independence and credibility

Centered at an academic institution with a national reputation in health policy, we are able to initiate balanced, nonideological discussions of business and policy issues that have credibility with decisionmakers.

Unique stakeholder mix

We effectively bring together stakeholders from multiple health industry sectors, in addition to relevant public policy experts and other key constituents, to support serious policy discussions and consensus building.

The right issues

We are consistently on the leading edge of critical healthcare policy issues, including comparative effectiveness research, payment/delivery system reform, and the financing and adoption of new healthcare innovations.

The right people

We engage renowned thought leaders, important decisionmakers, and innovative clinical managers and scientists. We have a reputation for having “the right people at the table.”

Starting important conversations

We carefully research the scope of key issues and bring together objective data and expertise to inform the policy debate in an intimate, interactive environment where participants are urged to put rhetoric aside and focus on the real issues.



I FORUMS

Forums continue to be our core product. Ranging in size from forty to sixty participants, these invitation-only meetings provide a venue for dialogue among a diverse group of stakeholders and experts. We specifically craft the agenda to allow for open, interactive discussions. While many of these meetings are in response to timely and topical issues, we are also committed to holding multiple meetings around key themes. For example, in 2006 and 2007, we held a series of forums examining the need for a dedicated national capacity to provide comparative effectiveness research (CER). After federal policymakers allocated substantial funding, we hosted a senior policy roundtable in 2009 that focused on how and where to target CER investments to achieve maximum value in the long run.

Implementing Bundled Payments for Healthcare Services (April 29, 2009)

There is broad consensus on the need to establish new payment methods to replace the current fee-for-service system, and there is growing support for payment models that bundle reimbursement for hospital, physician, ancillary, and postacute care services over defined episodes of care. Episode payments create incentives for efficient resource utilization, reduction of avoidable complications, and greater integration of healthcare providers. While the notion of episode payments is conceptually appealing, there are considerable challenges to practical implementation, particularly provider readiness and the administrative complexity of these systems. This meeting gathered leading policy analysts, insurers, delivery system managers, and federal officials to discuss practical considerations for implementing episode payment models. Both payers and providers presented case studies of episode payment pilots, and they discussed opportunities and challenges of different approaches. Participants also examined options for establishing episode payments under Medicare and discussed the role of payment reform in driving meaningful delivery system reform.

Enhancing Market Competition for Biologics (June 11, 2009)

One proposed strategy for slowing the rate of growth in spending for biologics is increasing market competition by creating an abbreviated U.S. Food and Drug Administration (FDA) approval pathway for “biosimilars.” This is the subject of several bills filed in the 111th Congress and a Federal Trade Commission report on biologic product competition. This forum examined key scientific and regulatory issues, such as the FDA’s capacity to determine

“interchangeability” between biosimilars and biologics; the idea of setting a data exclusivity period for branded products; and potential changes in reimbursement policy that would help Medicare purchase effectively in a more competitive market.

Options for a National Health Insurance Exchange (July 20, 2009)

New health insurance exchanges are central to healthcare reform proposals under consideration in Congress. Exchanges allow small employers and individuals to access an array of health insurance choices through a gateway with the administrative efficiencies and purchasing power of large group programs. Although there is broad consensus about the benefits of health insurance exchanges, there is substantial disagreement about important design elements. Key questions include: Who is required or allowed to purchase coverage through exchanges? Should exchanges be organized on a national, regional, or state basis? And to what extent should exchanges have the authority to define benefits or negotiate premiums? This forum examined the experience of Massachusetts’s Health Insurance Connector Authority in implementing that state’s universal coverage law and contrasted that with proposals under consideration in Congress.

Accelerating Evidence-Based Practices in Healthcare Organizations (October 14, 2009)

National pressure to bend the cost curve will create an imperative for healthcare delivery systems to establish new models for reliably delivering high-value interventions and eliminating waste and errors. New payment models that reward high-quality, low-cost providers are clearly needed. Nevertheless, some healthcare systems already achieve superior outcomes with fewer resources. This forum examined strategies adopted by three innovative systems that have achieved outstanding gains in quality and efficiency: Virginia Mason Medical Center, Alegen Health, and Ascension Health. The case studies framed a broader discussion about strategies that providers, payers, policymakers, and employers can use to accelerate delivery reforms more broadly across the system.

1. Same day access
2. Rapid return to function
3. Evidence-based care
4. 100% patient satisfaction
5. Improved outcomes for



II SENIOR POLICY ROUNDTABLES

In 2009, the Health Industry Forum began a new Senior Policy Roundtable series for its charter members. These roundtables bring together Forum members and senior government officials for informal discussions of specific, key policy issues. The Forum's initial Senior Policy Roundtables are described below:

Next Steps Toward a Robust U.S. Comparative Effectiveness Research Enterprise (September 16, 2009)

The momentum for expanding the nation's capacity to generate comparative effectiveness research (CER) has reached a critical stage following new funding authorized by the 2009 stimulus bill along with current plans for establishing a national CER center. Most stakeholders agree that better evidence about quality and value will drive better clinical decisions and could potentially slow growth in health spending in the long run. But the success of any national CER initiative will depend on how evidence is developed, whether it is trusted, and how it is used by patients, providers, and payers. This Senior Policy Roundtable brought together officials from the U.S. Department of Health and Human Services, the Agency for Healthcare Research and Quality, the National Institutes of Health, and the Centers for Medicare and Medicaid Services (CMS) with Health Industry Forum board members to discuss how public and private investments in CER should be targeted to achieve maximum long-run value.

Jump-Starting the Medicare Innovation Center (January 14, 2010)

Health reform legislation passed by the U.S. House of Representatives and under debate in the U.S. Senate would create a new Medicare and Medicaid Innovation Center within the Centers for Medicare and Medicaid Services (CMS). The objective of the center is to test innovative payment and service delivery models to reduce program expenditures while preserving or enhancing the quality of care. Ideally the center would implement pilot projects rapidly, evaluate them efficiently, and expand successful concepts into the broader Medicare program. However, CMS's record of translating demonstrations and pilots into broad system changes is mixed. The central issues for discussion at this roundtable were (1) how can the center be structured to ensure flexibility and maximum effectiveness? (2) how should the center prioritize the many potential pilot programs it will consider? and (3) how can it facilitate productive interactions with innovator organizations?





III PUBLICATIONS

Forum staff prepared policy briefs and conference reports for our 2009 events that were distributed to our mailing list of nearly 1,000 individuals. In addition, our staff had several publications in peer-reviewed journals:

1. Mechanic, R., and Altman, S., “Payment Reform Options: Episode Payment Is a Good Place to Start,” *Health Affairs* (January 27, 2009).
2. Zinner, D., Bjankovic, D., Clarridge, B., Blumenthal, D., Campbell, E., “Participation Of Academic Scientists In Relationships With Industry,” *Health Affairs* (November 1, 2009).
3. Zinner, D. and Campbell, E., “Life-Science Research within U.S. Academic Medical Centers,” *Journal of American Medical Association* (September 2, 2009).



Ashar Patel

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Stanford University

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Forum
William Streck
President & CEO
David Spain

IV PRESENTATIONS

Health Industry Forum staff members discussed key healthcare issues, including comparative effectiveness research, payment policy, healthcare value, and national health reform in conferences and other venues. Select presentations included:

On February 5, 2009, Stuart Altman moderated America's Health Insurance Plans' Executive Leadership Summit in Phoenix, Arizona.

On March 11, 2009, Stuart Altman discussed national healthcare reform with the Advanced Medical Technology Association board of directors in San Diego, California.

On May 12, 2009, Stuart Altman testified before the U.S. Senate Finance Committee in Washington, D.C., and participated in a roundtable discussion on "Financing Comprehensive Healthcare Reform."

On May 1, 2009, Robert Mechanic was the keynote speaker at the annual meeting of the National Association of Long Term Hospitals in Washington, D.C., where he discussed episode payments for healthcare services.

On May 20, 2009, Robert Mechanic spoke in Alexandria, Virginia, at the Third Annual Chronic Care and Prevention Congress on "Aligning Healthcare Payment Incentives with Quality and Value."

On October 21, 2009, Robert Mechanic addressed the Connected Health Symposium in Boston, Massachusetts, on "Bending the Cost Curve to Keep Care Excellent and the Health Care System Solvent."

In 2009, Stuart Altman was interviewed by WBUR, Fox News, and PBS's *Talk of the Nation* and *NewsHour*, where he weighed in on fixing the healthcare crisis. He also was quoted frequently in the *Boston Globe*, *New York Times*, *Los Angeles Times*, and a range of other publications.

V MEMBERSHIP DEVELOPMENT

During 2009, as the nation continued to focus on reform of the healthcare delivery system, we had substantial Health Industry Forum participation by innovative healthcare delivery systems. We are delighted to welcome some of these systems as Forum members, including Ascension Health, the Geisinger Health System, and Premier Inc. In 2010 we will continue our efforts to recruit delivery systems. We are also pleased to welcome our new health plan members: BlueCross BlueShield of Tennessee and Highmark Blue Cross Blue Shield.

During the year, we were privileged to welcome the following new advisory board members: Daniel Finke of EmblemHealth Inc., Steven Kelmar of Aetna, Mary Ella Payne of Ascension Health, Eleanor Perfetto of Pfizer, and Scott Serota of Blue Cross and Blue Shield Association.

MEMBERSHIP

CHARTER MEMBERS

AETNA INC.
ASCENSION HEALTH
ASTRAZENECA US
EMBLEMHEALTH INC.
JOHNSON & JOHNSON
KAISER PERMANENTE
PFIZER INC.

MEMBERS

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ELI LILLY AND CO.
GEISINGER HEALTH SYSTEM
GENENTECH

GLAXOSMITHKLINE
HIGHMARK BLUE CROSS AND BLUE SHIELD
MEDTRONIC INC.
NOVARTIS PHARMACEUTICALS CORPORATION
PARTNERS HEALTHCARE SYSTEM INC.
PREMIER INC.

ADVISORY BOARD

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