

King County Health Reform Curb Costs by Raising Quality

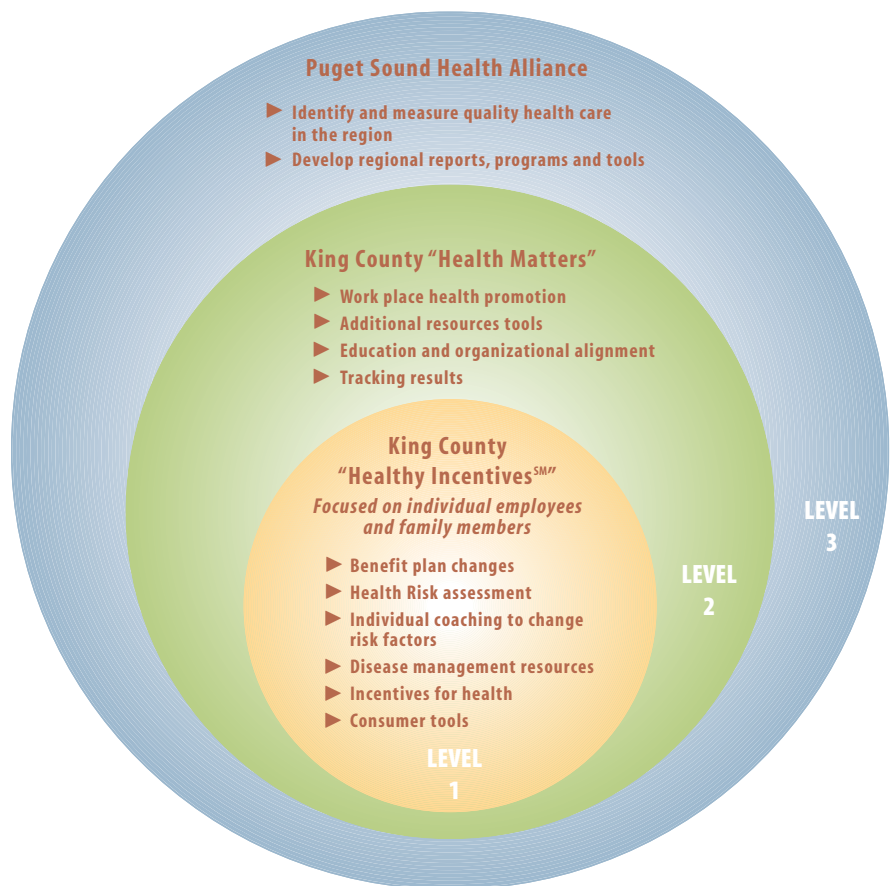
Using market forces to cut costs not benefits

As King County prepared to negotiate a new health benefits package with labor, the outlook was dismal. Health care costs were rising at three-times the Consumer Price Index, threatening to double the cost of the plan in less than seven years. The story is familiar to employers across the nation struggling to keep pace with a system that now consumes more than 15% of the nation's annual GDP. Meanwhile, the quality of care in the U.S. ranks 37th in the world.

While most employers began raising premiums and cutting benefits, King County Executive Ron Sims recognized that these shortcuts were doing little to improve health or address the underlying cause of the problem: market forces are absent from the delivery of health care. A study from the RAND group found that 41 cents of each health care dollar spent in the Seattle area does not go towards improving health outcomes.

A collaborative strategy for change, inside and out

The King County Health Reform Initiative, developed in collaboration with labor unions, is a comprehensive three-level



King County's Health Reform Initiative

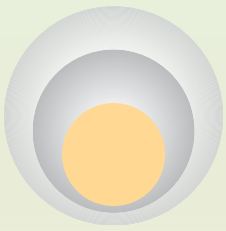
approach addressing the health care crisis from both the “demand” and the “supply” side of the health care equation. On the demand side, it seeks to empower the patient with voluntary yet powerful incentives to improve their health, thereby curbing demand for costly health care. On the supply side it seeks to control costs through a region-wide collaboration aimed at improving quality and eliminating duplications that are ineffective and costly.

The goals are simple:

- Decrease the 41% “waste” by improving quality.

- Empower employees and their families to get and stay healthy.

Levels 1 and 2 of the King County Health Reform Initiative (see above) support influencing the demand for health care by focusing on the creation of an innovative benefits design package and building a healthier workplace environment. Level 3 focuses on the supply of health care in the region by reaching out to the employers, providers and health plans of our area through the Puget Sound Health Alliance, working as a coalition to improve quality and affordability of health care.



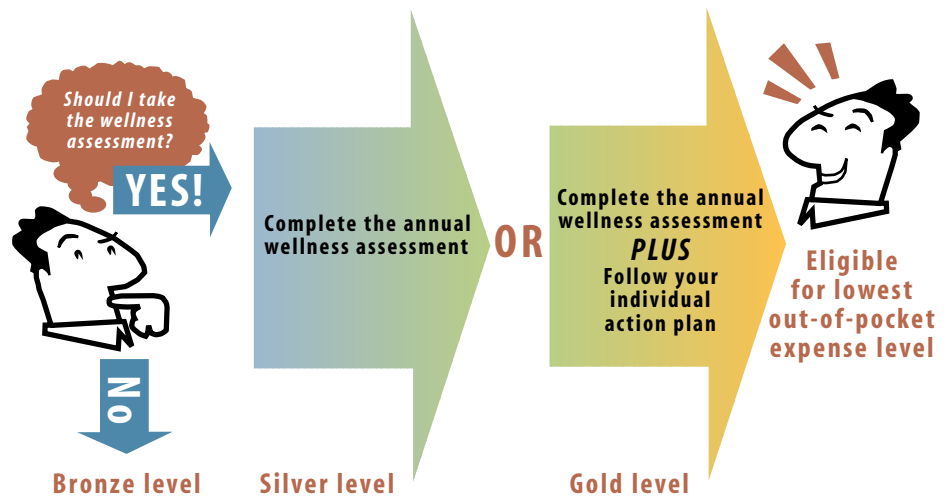
Level 1: King County's Healthy IncentivesSM benefits design

Controlling cost by empowering employees

At the center of King County's Health Reform Initiative is our innovative Healthy IncentivesSM benefits program design, providing incentives for employees (and their families) to take a far greater role in their own health. They do this by volunteering to take a wellness assessment which identifies behavior-based health risk factors. Then, they are invited to participate in an individual action plan to address those risks. In return for participating in Healthy IncentivesSM employees and their spouses/domestic partners qualify for markedly lower out-of-pocket expenses. (Lower out-of-pocket expenses are based solely on participation, never on health status.)

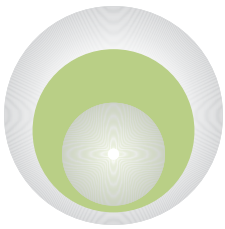
Beyond the wellness assessment and action plans, Healthy IncentivesSM provides support across the continuum of care including specific programs for managing chronic diseases, more information on preventive care and a 24/7 Nurse Hotline.

How Healthy IncentivesSM Works



Labor-Management Collaboration: cornerstone of reform.

The dynamic partnership between labor and management laid the cornerstone of the Healthy IncentivesSM program. Above members of the Joint Labor Management Insurance Committee (85% of county employees are represented) join Executive Ron Sims in signing the historic agreement. Standing from left are Dustin Frederick, Local 519 SEIU; Whitney Hupf, Local 17 IFPTE; Randy Weaver, King County Corrections Guild; Bill Dennis, WSCCCCE Council 2; and Betty Sorbo, Teamsters Local 117.



Level 2: King County's Supportive Environment

Changing behaviors, changing lives.

Research shows that a healthier workforce is a more vibrant, higher performing workforce. Getting there requires a supportive environment on the job. King County understands that a healthy workplace involves much more than the absence of illness and injury. A healthy workplace includes people leading balanced lives, participating in decisions, developing their potential and making a meaningful contribution.

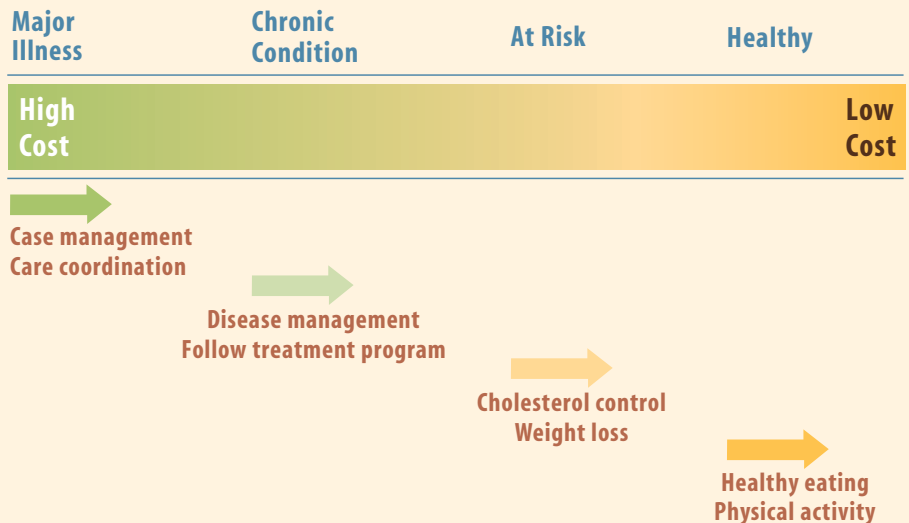
Managers now attend an annual **Health Leadership Forum** to review the progress of the Health Reform Initiative and provide direction for the coming year. They also receive **training on collaborative workplace strategies** and are invited to join groups such as the **Health Promotion Leadership Committee** which helps get the word out to employees about health-related events and programs.

In the workplace, numerous programs and events are now in place, designed to foster a “community of wellness” that helps employees—with the support of

their supervisors—to embrace good health practices. For instance, the **Healthy Workplace Funding Initiative** provides funds to self-organized workgroups to purchase healthy goods and services—from yoga to stress reduction; **Weight Watchers at Work®** holds regular sessions at several county workplaces; the **Live Well Challenge** is a friendly annual competition attracting hundreds of workgroups engaged in healthy activities; and our annual workplace **Flu Shot Program** provides shots—at no charge—to thousands of employees before each flu season.

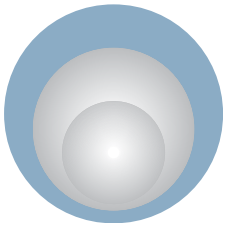
Health and Cost Continuum

(moving people to the right improves health and saves money)



Communication: the key to lasting change.

King County's Supportive Environment strategy is backed by an aggressive communications program that helps to get the word out. The award-winning **Health Matters** newsletter is distributed to every employee household on the first of each month. Our “**Focus on Employees**” website gives employees 24/7 access to information on all our programs and benefits.



Level 3: Puget Sound Health Alliance — *a regional strategy for sustained reform*

The non-profit **Puget Sound Health Alliance** is designed to influence the external “supply side” factors of the health care economy across the Puget Sound region.

Formed in 2004 under the leadership of Executive Sims, the Alliance is a direct result of the recommendations of the King County Health Advisory Task Force which recognized that sustainable reform is only possible by addressing factors influencing the entirety of the region’s inter-dependent health care economy. Alliance membership includes over 150 organizations—from business, government, unions, consumers, providers and plans—representing over 1.5 million insured people. Member organizations range



in size from single-practice physician offices to hospitals and clinics, Boeing, Starbucks, REI, Washington Mutual, Premera, Regence, Group Health, the State of Washington and others.

Alliance projects include:

- **Producing reports comparing health care quality in local clinics and hospitals** to encourage providers to improve quality and to support informed health care decision-making.
- **Promoting the use of evidence-based treatment guidelines**, developed nationally and selected by

local physicians and medical experts.

- **Recommending strategies to improve clinical care** for people with diabetes, heart disease, back pain or depression, and on topics like prescription drugs.
- **Helping align incentives to reduce barriers to quality care** including recommendations on health benefit design to cover and promote effective treatment, and ways to recognize and reward doctors and hospitals for providing quality care.

King County’s Health Reform Initiative can be implemented anywhere.

King County has produced a “Health Reform Toolkit” with links to all aspects of our programs, including results:

http://www.metrokc.gov/employees/hri_toolkit/index.htm

Contacts

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King County

Alternate Formats Available

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