

Alliance, employers talk health costs

By PETER NEURATH, CONTRIBUTING WRITER

Representatives of the Puget Sound Health Alliance have begun meeting with employers to discuss recommendations for improving health care and trimming its cost.

Last month, alliance directors met with the city of Seattle's health-care committee, and soon they will meet with representatives of Recreational Equipment Inc., United Food and Commercial Workers/Union Trusts and Snohomish County.

The premise embraced by the alliance is that quality and cost are directly related. Increasing the quality of care should decrease the inflation rate of the overall cost of medical care.

The alliance's mission, in part, is to reduce the overuse, underuse and misuse of health services.

"Everyone in the community benefits when employers and individuals make health-care decisions that focus on effective and affordable health care," said Margaret Stanley, executive director of the alliance.

"The right decisions made by employers about health-benefit design, for instance, can have a positive influence on the health and productivity of employees while also creating incentives to keep health-care costs as affordable as possible."

Founded in late 2004, the Puget Sound Health Alliance is an independent nonprofit organization of employers, residents and health-care groups in King, Kitsap, Pierce, Snohomish and Thurston counties.

Members range from the Boeing Co., Starbucks Corp. and Washington Mutual Inc. to Virginia Mason Medical Center and The Everett Clinic, as well as the American Cancer Society, state Health Department and state medical and hospital associations.

The alliance plans to announce next week that Stanley and its Quality Director Susie Dade are available to meet with any and all of its 110 member organizations to discuss detailed recommendations stemming from initial work of the alliance's clinical improvement teams and other committees, and from scientific research identifying "best practices" for treating illnesses.

So far, the alliance has drafted best-practice recommendations for treating diabetes and heart disease, said Mark McDermott, the city of Seattle's acting personnel director and an alliance board member. It's also working on recommendations related to depression, low-back pain and prescription drugs, he said.

Seattle's health-care committee, comprising city officials and union representatives, is reviewing the recommendations and comparing them with the city's current health-benefits package to see whether there are "any significant discrepancies, and if so, what to do about them," McDermott said.

Both public and private employers are straining to put a leash on surging health-care costs.

At REI, costs have been soaring at a rate of up to 12 percent during the past few years, and it's no exception. "Everybody said that if the current rate continues, we're looking at the U.S.'s productivity and profitability being eaten up by health-care costs," said Jeff Johnson, REI's director of total compensation.

Giselle Sampson, REI's benefits manager and an alliance board member, said she fully agrees with the alliance's recommendations.

"We're going to consider them all and then look at how they fit into our health-care plan," she said. "The most critical part for us will be what kind of education will be involved in communicating changes in association with the recommendations to employees in terms they can understand and in a form that is accessible."

Efforts to improve health care and control costs could result in employers and unions working together instead of against each other.

Diane Zahn, secretary treasurer of United Food and Commercial Workers Local 21 and an alliance board member, said that bargaining over health benefits is a major issue everywhere. But instead of fighting about how much money each side should contribute, she suggested, attention could shift to managing cost by doing things differently and to getting better value for employees.

UFCW and the grocery industry again next year face negotiations, which will include its union trust, a health and pension plan with representatives from both sides. Zahn said the trust will consider alliance recommendations.

HEALTHY INCENTIVES

Alliance recommendations for health-benefits plans include:

- Covering fully preventive treatments, such as smoking cessation, that have proven returns on investment
- Financial incentives to encourage diabetics to take care of themselves effectively
- Ensuring that employees get a financial break when opting for generic drugs
- Financial incentives for physicians and physical therapists to give fast access to care for back pain and, in most cases, to avoid diagnostic imaging