



### MBGH Mission Statement

*To advance leadership, collaboration and knowledge among employers and other stakeholders to continuously improve the quality and cost effectiveness of health benefits, health care and the health and productivity of the community.*

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# Midwest Business Group on Health

## 1980-2010

### Three Decades of Pioneering, Persistence & Leadership



“MBGH has been a particularly strong partner with my office in the U.S. Department of Health and Human Services, and has played a critical role in the success of the Building a Healthier Chicago initiative. Their expertise in worksite wellness has guided our efforts and opened opportunities for exciting collaborations.

Working with MBGH for just three years of its 30 year history, it is clear MBGH significantly impacts how businesses design and improve their health benefits. We are thrilled to continue our partnership with MBGH and look forward to our mutually successful efforts to improve the health of the workforce – and the nation!”

James M. Galloway,  
MD, FACP, FACC, FAHA  
Assistant U.S.  
Surgeon General  
Regional Health  
Administrator,  
Region V,  
U.S. Department of  
Health & Human  
Services

## Celebrating 30 Years of Advancing Value in Health Care and Health Benefits

In the late 1970's employers were facing high rates of inflation in their health benefit plan costs. Congress had again failed to enact a national health insurance program, but had created new laws to have health facility resources tied to Health Systems Agencies and to mandate employers offer government recognized Health Maintenance Organizations. Employers were looking for solutions outside of Washington, DC.

At that time, the Washington Business Group on Health (today called the “National Business Group on Health”) considered a strategy to create regional coalitions of employers as a means of changing the health care marketplace. When WBGH decided not to pursue this approach, a group of major employers – Allis Chalmers, Continental Bank, Deere & Co., Esmark, FMC, Ford, General Mills, Honeywell, IBM, IMC, ITW, Meredith Publishing, Motorola, Pullman and Quaker Oats – with plants and offices in several Midwest communities, decided to act on their own. In 1980, the Midwest Business Group on Health (MBGH) was founded as an independent, 501 (c)(3), non-profit corporation, based on the idea that employers could work together at the community level to get at the root causes of health care inflation and high benefit costs.

As we *Celebrate 30 Years of Advancing Value in Health Benefits*, we now have the opportunity to look back on this three-decade odyssey to learn from our experience and to use this knowledge for the decade to come – a new era of health system, policy, insurance and payment reform.

With this knowledge, we ask: **What did we do? What did we learn?**

## 1980's

MBGH's first priority was to address the high cost of hospital care by concentrating on three actions:

- ▶ Conducting hospital utilization review to reduce unnecessary inpatient care;
- ▶ Creating education programs for business executives serving as trustees on hospital boards so they could understand the bigger picture of the health care system and their responsibilities to the patient and the community; and
- ▶ Bringing together employers with common insurers in “User Groups” to analyze claims data to understand the causes of cost increases.

A keynote speech at MBGH's first annual meeting by a CEO of one member warned that it “would take persistence and patience to see to lower health care cost results – maybe even three or four years.”



Members used these activities to form MBGH chapters in communities ranging from Omaha, NE to Kingsport, TN. By 1989, MBGH was becoming a Chicago-based, national organization, with employer members from eleven states (IL, IA, IN, KY, MI, MN, MO, NE, OH, TN and WI). Health care system leaders described these activities of business as a “gorilla waking up.”

*We learned that major, multi-site employers could work together well in communities and with the health insurance carriers they shared.*

MBGH began promoting the challenge that employers could no longer be passive payers of insurance premiums but needed to become active and knowledgeable purchasers of health care for their covered populations. MBGH constructed its “**Competitive Health Care Purchasing System**” model as a blueprint for building local administrative systems that employers could share to purchase care directly from health care providers. Pioneering purchasing systems were established in several Midwest cities producing significant savings for participating members.

These systems allowed self-insured members to move from *payer* to *purchaser* and to see more clearly how the care system performed. We began to question the quality of care we were buying and learned that few measures of care quality were in use. Coming from industries where quality control and improvement are essential management capabilities, members were shocked. They mistakenly believed health care quality to be uniformly high.

This stimulated MBGH to form another study project – this time with a major grant from the John A. Hartford Foundation - to update the competitive purchasing model to actively measure and improve the quality of care purchased. The “**Value-Managed Health Care Purchasing**” model was published in 1989. Members also started to apply cost effectiveness and quality management expectations to HMOs in a few communities where they were prominent.

To promote and support this approach and formation of other local coalitions, MBGH assisted in the formation of a new national organization, the National Business Coalition on Health.

*We learned employers must be active purchasers of health care and cannot take the level of quality of care for granted. Local purchasing power through teamwork among employers is necessary to initiate value purchasing systems and to make them affordable and accountable to employers.*

MBGH's new mission statement read: *MBGH is an organization of employers working together to provide leadership and knowledge to continuously improve the quality and cost effectiveness of health services.*

“On behalf of the National Business Coalition on Health and our national network of employer based coalitions, my congratulations to MBGH for 30 years of outstanding leadership, pioneering work, and excellence representing the voice of employers in the Chicago region.

As a founding member of NBCH, MBGH's vision and steadfast commitment to improving health and the quality and value of health care has impacted millions of lives and continues to serve as a model for coalitions across the country.”

Andrew Webber, President & CEO  
National Business Coalition on Health



## 1990's

Members believed they were on the way to reforming the health care system into a strong marketplace for high quality care using their purchasing power to moderate cost increases and target quality problems. MBGH laid out an ambitious five-year strategic plan built on the value purchasing model. This extended to local projects to build health care purchasing models for smaller employers who relied on the insurance marketplace for their health benefits.

MBGH sought the expertise of health care, academic and industry leaders on quality management to strengthen its understanding of how to use these principles in managing health benefits as local purchasing systems continued to demonstrate significant savings. By 1992 annual health benefit cost inflation had **declined to about 13%**. MBGH's "Value-Managed Health Care Purchasing" system was piloted in three communities: Chicago, IL, Kingsport, TN and Milwaukee, WI.

*We learned that employers working together with advice from health care and industry experts can build local purchasing systems that actively measure and improve the quality of health care for covered populations.*

With the election of Bill Clinton as President, the national debate about health system problems generated a fresh effort at national health system reform. MBGH became active with the "Jackson Hole Group" think tank and Washington, DC based employer associations, to share what we had learned about the ability of community-based initiatives and to establish a strong marketplace for high quality health services available to employers of all sizes. We teamed with the National Business Coalition on Health to publish "**Making the Case for Purchaser Freedom – How Employers are Reforming the Market for Health Care**". This policy piece documented forty-six community and individual employer initiatives across the nation which could serve as models in health reform proposals.

*We learned that Congress would listen to the experience and knowledge gained by employer health coalitions and use some of this information in drafting legislation and the debate over national health system reform.*

*"As one who was present at the very beginning of MBGH, I remain constantly amazed at how MBGH has grown over the years into an organization of national significance, guiding our nation's health care industry forward in multiple positive and critically valuable ways."*

Edward F.X. Hughes, MD, Professor  
Kellogg School of Management  
Northwestern University

When health system reform proposals failed to achieve consensus, MBGH got back to work at advancing the concept of quality improvement and value purchasing. MBGH began its research efforts to help identify best practices and communicate new health benefit strategies:

- A new Value Purchasers Tools Committee explored ways that public sector programs like Medicare could join local employers in "**Public-Private Healthcare Purchasing Partnerships**".
- We explored and identified ways employers were "**Encouraging Employee Involvement & Responsibility in Health Care**". A new Consumer Information and Education Committee published "**Empowering Health Care Consumers – A Directory of Resources for Employers**".
- MBGH partnered with the Economic and Social Research Institute on "**Report on Report Cards**" to see how information on plan performance was obtained and used by consumers.
- Under a Robert Wood Johnson Foundation, we worked with the American Hospital Association to train employers to use "**A Health Care Purchaser's Guide to Using the Dartmouth Health Care Atlas**".
- MBGH hosted a special meeting with other coalitions and national experts to define a "**Responsible Health Care Purchasing Policy**" which could minimize cost shifting among payers and sustain local health systems with shared savings from improved quality.
- Partnering with the American Health Quality Association and NBCH, and a grant from the Agency for Healthcare Research and Quality, MBGH published "**QIOs and Business Coalitions**" to illustrate ways employer groups could work with Medicare's organizations to manage local quality improvement initiatives.
- The Chicago Business Group on Health, the local MBGH Chapter, continued to demonstrate ways value purchasing could work with HMOs. Fourteen large employers used the Midwest Health Purchasers Foundation, a new subsidiary of MBGH, to jointly evaluate performance, negotiate rates and set performance targets with HMOs. This "**Health Purchasing Initiative (HPI)**" measured annual savings of more than \$10 million shared among its participants.

*We learned by using experts and a case-study approach, MBGH could produce practical research to define the science of health care purchasing and publish reports for use by employers in putting value purchasing principles and new tools into practice. We found that the leverage of combining lives and dollars could be used to influence and improve large health care organizations and increase the value of health benefits.*

*"MBGH and its leaders have long had a keen appreciation for the need to think "upstream" and combine strategies to improve health with those directed at improving "health care"; a deft ability to balance the interests of the employer / purchaser with those of other key actors (providers, payers, patients, and public agencies) long before the advent of the concept of multi-stakeholder collaboration; and, an indefatigable sense of optimism and determination in the face of the most vexing problems and daunting challenges.*

*This foundation has enabled MBGH to continue to serve as both an incubator of ideas and a catalyst for positive change in Chicago, the upper Midwest, and beyond.*

*Congratulations on this significant milestone and best wishes for continued success."*

Christopher Queram  
President/CEO

Wisconsin  
Collaborative for  
Healthcare Quality



In 1998, the MBGH board invited Dr. Jack Wennberg of Dartmouth Medical School and Dr. David Kindig from the University of Wisconsin to a day-long discussion on "Are we spending too much on health care as employers and as a nation?" The answer was a clear "Yes." With a grant from 3M, the findings were published in a report titled, "Orders of Magnitude".

*We learned that the health care system accounts for only one-third of the impact on the health status of our population, while consuming the large majority of what we spend. We learned that large variations in health care utilization and cost patterns at the local level are persistent over many years, and show that there is little medical care impact on the health status of covered populations.*

## 2000's

MBGH's third decade began with a question: "What is the cost of poor quality health care?" The MBGH board met with Dr. Mark Chassin, then at New York's Mount Sinai School of Medicine, who helped define the MBGH Value-Managed Health Care Purchasing model at the end of the 1980's. He reintroduced us to the concepts of overuse, underuse and misuse of care as three dimensions for measuring the cost of poor quality (COPQ) care. COPQ estimates are commonly used in industry to set priorities for quality improvement projects.

With major financial support from the Centers for Medicare and Medicaid Services (CMS), MBGH engaged the Juran Institute and the Severyn Group as consultants working with two panels: sixteen business executives and twenty-seven nationally distinguished health care experts. Based on medical outcomes research literature, knowledge of the two panels, and the experience of MBGH purchasers, a landmark report was published: "Reducing the Costs of Poor-Quality Health Care through Responsible Purchasing Leadership".

With concurrence from the prestigious panelists, MBGH estimated that the cost of poor quality health care being paid for by public and private purchasers was **at least 30%**. The report offered an updated, four-step model for purchasing using built-in quality management methods that could address the unique problems of overuse, underuse and misuse. The Wall Street Journal and New York Times summarized the report when it was released.

*We learned that wide-spread and complex quality problems are consuming at least one-third of health benefit dollars and that fundamental changes in health care purchasing policy and methods are required to reduce this waste.*

"As someone who has followed the work of the Midwest Business Group on Health for nearly all of its thirty years, what stands out to me is the constancy of purpose in trying to make medical care better, as well as more affordable. That commitment has made MBGH a respected national voice in the community of those fighting for higher-value care."

Michael L. Millenson, President  
Health Quality Advisors  
Former reporter, Chicago Tribune & Author of "Demanding Medical Excellence"

MBGH moved deeper into the realm of quality improvement, convening clinical teams from more than twenty health care systems in the Chicago area for a two-year "Diabetes Care Improvement Collaborative". This series of learning sessions for process improvement was done in partnership with the Institute for Healthcare Improvement and support from several pharmaceutical manufacturers. Results showed improved diabetes health status for patients treated in these facilities and practices.

*We learned that health care providers welcomed technical assistance with clinical quality improvement programs from employers and other stakeholders in the health system. Providers expect purchasers will re-think the way they pay for high quality care as a result of this collaboration. We also found that the pharmaceutical industry could be a great partner, offering both intellectual and financial resources that could be used without strings attached, to advance MBGH's mission and activities.*

MBGH observed that its companies were also members of a number of national organizations working on health policy issues and health benefits management. Calling together leaders involved in these national organizations, the group decided that more coordination and collaboration among these entities might produce better results, greater influence in the ongoing debate on national health policy and offer some efficiency in association operations. These discussions led to the formation of the "Consumer-Purchaser Disclosure Project" which continues to be active in promoting highly accessible information from health data systems.

*We learned that employer organizations can do more working together at the national level as well as at regional and local levels.*

"For three decades, MBGH has been a progressive, clear, and scientifically-grounded voice for needed changes in American health care. Its impact at a critical time in the evolution of our health system has extended far beyond its own region. It has been a major, trusted force in the national landscape."

Donald M. Berwick, MD, MPP  
President and CEO  
Institute for Healthcare Improvement

"For me the landmark MBGH conference that I attended brought together Juran and other quality control gurus and Don Berwick who challenged our assumptions by posing questions like what if better quality doesn't result in lower cost and maybe public reporting isn't such a good idea."

I think MBGH has been masterful at putting together very high quality educational sessions at a very early time. MBGH has been pioneering and an inspiration."

Dennis White  
Senior Vice President of Value-Based Purchasing  
National Business Coalition on Health

"Congratulations on 30 years of dedication to improving the value of health care. MBGH's work with both businesses and providers has been a model for the nation. It has been rewarding — and exciting — to work with you."

Paul M. Schyve, MD  
Senior Vice President  
The Joint Commission



MBGH looked in new directions in 2003 as Jim Mortimer retired and Dennis Richling, MD, from Union Pacific Railroad was engaged as president. MBGH began a new focus on educational and networking opportunities for its membership and the health benefits and health care communities at large, under the mantle of the “MBGH Learning Network,” offering events and regional health benefits roundtables. These activities were used for exploration of the concept of “Value-Based Benefits Design” and other key industry topics. During this time, new projects exploring health management tools to improve the productivity of covered populations were started with Harvard Medical School and the Integrated Benefits Institute. Merging productivity surveys with health risk appraisal surveys was tested.

*We learned employers and others health care stakeholders appreciate frequent learning and networking opportunities which also offer the chance for collaboration on a wider range of topics and issues. Also, by making a strong case for the impact of health and productivity, employers could engage the interest of the C-Suite in gaining resources to support health management and wellness programs.*

In 2005, Larry Boress was named president and CEO, after serving as MBGH vice president for fourteen years. MBGH began expanding its efforts to identify and address changes in the health care marketplace. The coalition received a grant from the Commonwealth Fund for its project “**Finding Doctors in Chicago**” focusing on how to improve the use and value of online physician directories, testing the new NCQA Physician Directories Guidelines.

During this time, MBGH expanded the frequency and reach of its education and networking programs, offering them to coalitions around the nation and broadcasting them on the Internet. MBGH redesigned its Learning Network series to focus on employer best practices in health benefits management, value-based benefit designs, wellness, lifestyle and disease management, and increased educational offerings to monthly, half-day programs.

“As a fellow “big city coalition,” MBGH has always been a source of best practices and ideas for NYBGH.

Congratulations on 30 years of making a difference in healthcare, both in the Chicago area and nationally.”

Laurel Pickering, Executive Director  
New York Business Group on Health

In 2006 MBGH was selected to be Regional Roll-Out Leader for the Leapfrog Group, a national employer movement to improve patient safety in hospitals. The coalition received a grant from the Michael Reese Health Trust for its “Driving Quality with Data” project to bring together plans, providers, employers and consumer groups to explore ways to bring consistency and credibility to physician performance reports.

MBGH launched the “**Employer Readiness To Adopt Value-Based Benefit Designs (VBD)**” a landmark survey that assessed an employer’s understanding, use of and readiness to adopt VBD strategies. This was the beginning of a series of research topics focused on supporting employers in the design, communication and evaluation of worksite health management programs.

MBGH was selected as a site for the “Diabetes Ten City Challenge” which tested a “value-based benefit design” approach to disease management. By offering waived co-pays for medications and doctor visits, along with free medical supplies, the program, “**Taking Control of Your Health**,” used these incentives to motivate those with diabetes to see a specially-trained, licensed pharmacist diabetes coach. Results showed this model could improve health, reduce costs and enhance productivity for those with chronic disease.

MBGH was recognized for its work and leadership ability by several organizations. The National Business Coalition on Health awarded MBGH the “NBCH Membership Award” as top coalition in the country. In 2008, MBGH received “Community Leader” designation from the US Department of Health and Human Services for its efforts to improve community health in the Chicago area.

*We learned that as the primary purchasers of health care, employers can be effective catalysts for change in being able to raise issues and bring competitors in the health care marketplace together to address common challenges and issues.*

In 2008, MBGH launched a second “Employer Readiness to Adopt Value-Based Benefit Designs” survey focusing on the use of incentives/disincentives and the integration of wellness/health management programs. Research from 2006 to 2008 showed tremendous acceptance and growth in the use and success of VBD plans. MBGH then focused its research on the consumer, conducting employee focus groups to help the employer better design, administer and communicate benefits, incentives and wellness program for employees. Staff presents the research findings across the country.

*We learned that listening to the voice of the consumer/employee can have a significant impact on how employers design their benefits, programs and most importantly, how they communicate.*

“The Midwest Business Group on Health has been our stellar partner in breathing energy into the value proposition that health is achievable, community by community. By sharing their expertise and camaraderie, MBGH has encouraged our development, pushing, prodding, demanding excellence.

We are proud to call them allies, advisors, and fellow experts in value. May you all be blessed with many more high performance work-life years!”

Cyndy Nayer,  
President/CEO

Center for Health  
Value Innovation

“It has been a pleasure working with you, Larry, and with the MBGH! We look forward to the next 30 years of collaboration on behalf of our constituents.”

Barry S. Eisenberg,  
CAE

Executive Director  
American College  
of Occupational  
and Environmental  
Medicine (ACOEM)



“The Illinois Academy of Family Physicians appreciates the leadership of MBGH in the Illinois health care environment. MBGH is in a unique position to bring together the disparate sections of the health care economy (employers, doctors, hospitals, health plans, pharmaceutical companies) to work together on solutions.

IAFP appreciates MBGH's willingness to pilot interesting innovations in health care delivery and looks forward to continuing to work with MBGH to improve health care outcomes for all Illinoisans.”

Vincent D. Keenan  
Executive  
Vice President  
Illinois Academy of  
Family Physicians

“The Midwest Business Group on Health always has been on the leading edge of expanding the definition of health and quantifying the value of a healthy workforce. MBGH has been a great collaborator and partner with IBI.”

Thomas Parry, PhD  
President  
Integrated Benefits  
Institute

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## 2010

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Today, MBGH continues its work as an educational and research organization, and continues to receive grants to conduct nationally-applied, practical research including:

- ▶ A national physician survey to determine the provider perspective on employer-sponsored health benefits, and employee use of wellness programs and incentives;
- ▶ Employee, spouse and health coach focus group research on their understanding and use of VBD and wellness program, and the triggers and barriers for employee participation and engagement; and
- ▶ Physician focus group research on the role of the employer in helping to manage employee health

The next phase of this research will focus on the creation of an employer “Communications Road Map” and research into working with physicians to support employee/patient health improvement.

MBGH is exploring new approaches to reduce chronic disease and the cost impacts by offering programs and projects that will help people manage and understand their conditions, motivate changes in behavior and decisions and encourage them to partner with health care professionals. MBGH will also expand the “Taking Control of Your Health” program to include other disease states.

Program results show a significant return on investment in benefit coverage through better health for people with diabetes and a new focus on integrating these and other programs onsite and through worksite clinics - making for greater convenience for employees, and increased productivity and less costs for employers.

*We learned that employers, who have their workforce for over 1000 hours each year, are uniquely qualified to support and have a significant impact on the acute and chronic conditions of their covered populations through the use of incentives and wellness activities.*

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## Conclusion

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In 2010, with the passage of a new national health reform law, health care purchaser's commitment to offer health benefits is challenged. New sources of information about quality and cost effectiveness will come in this decade from the new legislation's provisions that make adoption and meaningful use of health care technology a priority. The law also includes pilots for payment reform and changes in the way medical care is delivered.

Now, more than ever, MBGH will assist health care purchasers in focusing their efforts on keeping their covered population's healthy to avoid the high costs that still exist in the system. Employers still have the freedom and responsibility to purchase health care wisely.

2010 is a good time to reassess what MBGH has done, and more importantly what we have learned, so we can apply this knowledge to the opportunities and challenges that lie ahead.

*By Jim Mortimer and Larry Boress – April 28, 2010*

“Congratulations! MBGH can take pleasure in 30 years of making a difference for millions of workers as its reports and programs have helped employers and providers navigate change and separate myth from fact for benefits design. Health reform will make the work of MBGH even more vital in the decade ahead. Charge!”

Dallas L. Salisbury, President and CEO  
Employee Benefits Research Institute (EBRI)