

March 1, 2019

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The Honorable Lamar Alexander
455 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Alexander,

The National Alliance of Healthcare Purchaser Coalitions (the “National Alliance”) is honored to submit these comments in response to your request for recommendations on ways to reduce waste in the U.S. health care system. We are a national, non-profit 501(c)6, membership organization of purchaser-led health care coalitions. National Alliance and its members are dedicated to value-based purchasing of health care services through the collective action of public and private purchasers. National Alliance seeks to accelerate the nation's progress towards safe, efficient, high-quality health care and the improved health status of the American population.

The National Alliance is the only Purchaser-led organization with both a national and regional structure. Our membership consists of purchaser-led employer coalitions from across the United States serving 12,000 purchasers and over 45 million Americans. Their members are composed of mostly mid- and large-sized employers of both the private and public sectors in a particular city, county or region. National Alliance member coalitions are committed to community health reform, including an improvement in the value of health care provided through employer-sponsored health plans and to the entire community. Two of our most active coalition members are based in Tennessee: HealthCare 21 in Knoxville and the Memphis Business Group on Health.

Employer purchasers have been fighting against waste and for appropriate use of medical services for decades. The employers that National Alliance member coalitions represent are at the forefront of working toward achieving value in the delivery of health care services. We believe that reducing waste, unnecessary and duplicative care is critical to moving the entire health care system toward greater value. Getting the right care in the right setting at the right time is a core component for employers to ensure their employees and their families stay healthy and productive members of their communities.

One in every three dollars spent on health care in the U.S. is estimated to be for low-value health care services, resulting in a system that is wasting as much as \$750 billion annually. This includes care that is clinically unnecessary, duplicative, or delivered in costly settings. In October of 2018, the National Alliance, along with Benfield (a consulting firm), conducted a national survey of employers regarding waste to gather information on how employers are tackling the problem. Through the survey we learned that employers perceive waste to be a significant problem within their self-insured plans, but only 40% of employers

Employer/Purchaser Waste Recommendations:

- Value-based purchasing/payment reform
- Drug pricing and real world outcomes
- Education (e.g. Choosing Wisely)
- Comparative effectiveness research (e.g. PCORI)

reported taking active measures to address waste. Those who are engaged most frequently attempt to combat inappropriate use through benefit designs, such as steering utilization to lower cost venues, increasing co-pays for low value care, channeling toward higher performing providers, and instituting prior authorization for potentially unnecessary tests/procedures. While these strategies can help, clearly, there is more that can be done to offer employers and other payers tools with which to encourage appropriate use of health care services.

Value-Based Purchasing/Payment Reform

Employers have known for years that payment reform, such as risk-based contracts, bundled payments and advanced primary care need to become more widespread across the entire health care system. In a fee-for-service payment system, there will always be an incentive to do more and bill more; there is no downside to the providers for simply ordering more tests, performing more services, and prescribing more medications, even if there is little or no marginal value to the patient. Moving toward a value-based payment system is critical to re-aligning these incentives away from encouraging waste and toward keeping people healthy. We support Medicare and other government payers moving in this direction, but we encourage government to include employers in the discussions and designs of these reforms. Well-designed and aligned bundled payment systems can neutralize certain financial incentives that may affect physicians' decisions to seek potentially inappropriate care while rewarding patient outcomes. The National Alliance and its coalitions are working to implement and accelerate the adoption of Bundled Payment arrangements and believe collaboration with government policy makers and programs is critical to design payment systems that encourage the use of high-value services, and hold providers accountable for the care they provide.

Drug Pricing and Real World Outcomes

Drug prices are of critical concern to employers. While overall prescription drug costs have continued to rise year after year, even for generic medications and commonly used medications such as insulin, growth in the number and prices of specialty pharmaceuticals is especially of concern. While some of these products are life-saving or breakthrough treatments, many others provide marginal benefits at astronomic cost. The current trajectory is not sustainable. We applaud the Trump Administration's efforts to rein in drug costs, and have been educating employers about these [issues](#). While many of the proposals contained in the American Patients First "Blueprint" are aimed at federal government action, we encourage the government to ensure that employer plan sponsors are included in these discussions and considered in any policy reforms. It should also be recognized that it highly wasteful if drugs are prescribed inappropriately or these expensive drug treatments do not achieve real-world outcomes. Emphasis on pricing transparency and value-based contracting are important, and employers have experiences to share regarding the effectiveness of these types of strategies.

Education

Education is a critical component to combatting inefficient use of the health care system. The National Alliance and its member coalitions are partnering with the American Board of Internal Medicine (ABIM) Foundation to promote the [Choosing Wisely initiative](#). The mission of Choosing Wisely is to reduce use of unnecessary services by promoting conversations between clinicians and patients and by helping patients choose care that is non-duplicative, supported by evidence, free from harm, and truly necessary. Beginning in 2012, medical specialty societies have asked their members to identify tests or procedures commonly used in their field whose necessity should be questioned and discussed. This call to action has resulted in specialty-specific lists of "Things Providers and Patients Should Question." To help patients engage their health care providers in these conversations and empower them to ask questions about what tests and procedures are right for them, patient-friendly materials were created based on the specialty societies' lists of recommendations of tests and treatments that may be unnecessary.

The National Alliance actively promotes Choosing Wisely among its members and encourages coalitions to engage with employer members to disseminate information. Just 12 percent of U.S. adults, regardless of education level, have proficient health literacy, according to the U.S. Department of Health and Human Services. This means that over 77 million people have difficulty with common health tasks such as participating in care decisions. Choosing Wisely offers simple, patient-friendly resources to help people better understand their care options and effectively advocate for themselves.

In addition, a large number of our coalition members participate in The Leapfrog Group's [hospital performance ratings](#). Coalitions play a significant role in helping employers and their employees understand health care quality data, how to use it, and why it matters. Getting this kind of information into the hands of those making care decisions is critical to realizing the positive effects that can be gained from value-based purchasing and more accountable types of payment systems.

Comparative Effectiveness Research

Since the passage of the Affordable Care Act and the establishment of the Patient-Centered Outcomes Research Institute (PCORI), the National Alliance has been an active participant in and proponent of comparative effectiveness research. In order to eliminate wasteful spending, we need to understand what treatments do not work effectively. The National Alliance has partnered with PCORI on several important topics like [breast cancer treatment](#) and [type 2 diabetes](#). More recently we have been engaged by PCORI to better define the ways in which employers influence patient centered outcomes. We encourage Congress to continue supporting PCORI and providing them with the resources they need to keep doing – and disseminating – their important work.

Two topics of particular importance throughout the health care system are oncology care and mental health. Vast strides have been made in recent years toward effective cancer diagnosis and treatment. As discussed above, personalized medicine has the potential to virtually eliminate waste in the treatment of things like cancer by getting to the correct diagnosis faster and devising a treatment plan that is targeted. We encourage the government to invest in this type of research, since it will be effective in reducing waste throughout the system. Treatment for mental health care has similarly come a long way since parity requirements were enacted. Employers understand first-hand the importance of effective mental health treatment for their employees and their families. Research into effective diagnosis and treatment has been made possible through government investment, and we encourage this to continue. In both oncology care and mental health, employers have extensive first-hand experience in designing and administering benefits effectively. We encourage the government to include employers in discussions around effective treatments and ways to reduce inappropriate use of services.

In summary, given that half of all Americans receive their health care coverage through employer-sponsored health insurance, it is essential that employers and the regional and national coalitions that represent them be actively engaged with policymakers in efforts to reduce waste and increase the sustainability of the US healthcare system. We applaud your efforts to tackle this critical issue and would be happy to engage with you and other policy makers in seeking and implementing effective solutions

Regards,

A handwritten signature in black ink, appearing to read "Mike Thompson", with a long horizontal flourish extending to the right.

Mike Thompson
President and CEO
National Alliance of Healthcare Purchaser Coalitions