KANSAS CITY COLLABORATIVE (KC^2)

FREQUENTLY ASKED QUESTIONS

What is the Kansas City Collaborative?

The Kansas City Collaborative (KC^2) is a three-year pilot program that has engaged a group of employers committed to investing in the health of their workforce by ensuring that employees receive high-quality, cost effective, evidence-based health care. Employers will utilize Value Based Benefits concepts and data-driven resources to better align incentives and remove health care barriers for their employees and families.

Who are the participating partners in the Kansas City Collaborative?

The Mid-America Coalition on Health Care, in collaboration with Pfizer Inc, which is providing technical and financial assistance, launched the Kansas City Collaborative in 2008. The collaborative is comprised of 15 Kansas City employers, including the American Academy of Family Physicians; American Century Investments; Blue Cross & Blue Shield of Kansas City; BlueScope Steel NA; Cerner Corporation; Children's Mercy Hospital and Clinics; City of Kansas City, Missouri; H&R Block Inc.; Hallmark Cards Inc.; JE Dunn Construction Group; Kansas State Employee Health Benefit Plan; Lockton Companies; Saint Luke's Health System; Sprint; and The University of Kansas Hospital Authority.

Technical directors for KC^2 are Thomas Parry, Ph.D., Integrated Benefits Institute; Dr. Jack Mahoney, global health strategist for Pitney Bowes; Dr. Bruce Bagley, American Academy of Family Physicians; and Marcia Wright, Pharm.D., Pfizer Inc.

Learnings and best practices from the program as well as program materials will be disseminated by the National Business Coalition on Health.

Why was the Kansas City Collaborative created?

Employers fund almost 60 percent of health care in the United States[1], often without understanding how to fully measure the return on their health investments. As health care costs rise, more employers are recognizing the value of tailoring benefits to the health risks in their employee populations. But, employers often lack the tools and models needed to collect and interpret data across a broad range of activities to make better and informed benefit decisions for their workforce.

That's why the Mid-America Coalition on Health Care launched the Value Based Benefits initiative which became the Kansas City Collaborative when Pfizer joined. The program applies Value Based Benefits concepts to help employers – both large and small – improve the health of employees and their families, promote employee wellness and prevention, and manage longer-term health care costs through sophisticated benefit strategies and health improvement programs.

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There is a lot of terminology in the health care industry around "value." What do you mean by "Value Based Benefits" and how does this differ from or relate to Value Based Insurance Design?

"Value Based Benefits" refers to a comprehensive approach to investing in health benefit and wellness program offerings to ensure that employees and their dependents receive high quality, evidence-based, and cost effective care while aligning incentives, and removing barriers to getting the best care, and using data to drive both decision-making and evaluation of health benefit and wellness programming impact.

"Value Based Insurance Design" refers to designing health insurance and pharmacy benefit offerings to drive utilization of higher value healthcare goods and services. This has been the most common "value" technique used by large employers to date.

Can Value Based Benefits concepts be applied by smaller employers?

To date, the most comprehensive applications of Value Based Benefits have been by larger employers with significant benefits budgets and in-house technical expertise. They have extensive access to workforce data and senior executive champions who understand the human capital concepts of maximizing employee health as a core value of the organization.

However, most corporations do not have the luxury of approaching benefits this broadly. They confront a corporate culture that focuses on health and welfare benefits as a cost-center, not an investment – an approach that tends to impose a narrow Return on Investment (ROI) philosophy centered on the current budget cycle. Without Value Based Benefits concepts, these Human Resource departments are at a disadvantage in selling an approach that fully reflects the return over time from targeted health investments.

While the median employer in the Kansas City Collaborative (3,800 employees, 9,500 lives firm wide, range: 375 to 65,000 employees) is not generally considered "small," they typically do not have the internal resources to accomplish more than partial, discrete value-based projects. This is why the lessons learned from the Kansas City Collaborative will be important for smaller employers interested in applying Value Based Benefits concepts throughout their organizations.

What does the Kansas City Collaborative hope to accomplish?

The Kansas City Collaborative aims to educate employers on the value of aligning incentives for desired health behaviors and removing health care barriers for their employees. It also seeks to build data-driven resources and tools to demonstrate how Value Based Benefits concepts can be implemented across a broad range of workforces and corporate cultures to improve employee health and manage health care costs. Key learnings from Kansas City employers will be shared so that Value Based Benefits concepts can be replicated by other employers across the country.

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Why should employers invest their time and resources in Value Based Benefits?

Medical costs are a significant portion of the total health and productivity-related expenditures faced by employers. Value Based Benefits utilize evidence-based health strategies and health improvement programs to allow employers to better manage the health of their workforces and their health care costs by providing high-quality care through improved health plans, pharmacy benefit designs, and worksite interventions. Promoting employee health and reducing unnecessary health care utilization and insurance costs is a critical step for employers seeking to manage their health costs. By encouraging employee wellness, incentivizing desired health behaviors and removing health care barriers, employers may expect to increase the productivity, efficiency, and satisfaction of their workforce.

How can Value Based Benefits improve health care for consumers?

Value based benefits can be used to help encourage use of high-quality, cost-effective health care by consumers. For example, through aligning incentives with evidenced-based care, employers can help encourage consumers to adopt one or more of the following health practices: appropriate use of high value services, including certain prescription drugs and preventive services; adoption of healthy lifestyles; or use of high performance providers who adhere to evidence-based guidelines.[2]

There are several examples of employers successfully applying value-based approaches to benefits. What will the Kansas City Collaborative add to these models?

The most noted models for Value Based Benefits have come from large corporations with relatively rich Human Resource budgets, sophisticated benefits executives, and executive leadership teams who believe in the human capital approach to wellness and benefits. However, this is not the typical employer participating in the KC^2 project.

Our employers reflect the “real world” of budgetary mandates, the need to make benefit decisions in a short timeframe, and narrow ROI definitions. Many typically cannot afford an independent data integrator to help analyze and understand data on prevalent health risks of employees and their dependents at a population level or to measure the outcomes and cost impact of their interventions. Instead, they rely on the data services their health plans, consultants and brokers provide. Typically our employers do not have the market power to require vendors to integrate their reports to address workplace health risks. The diversity in size of these 15 employers, the variations among their corporate demographics and cultures has required the Kansas City Collaborative to develop a wide range of approaches with broad applicability across corporate America than other current models offer.

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How can the Kansas City Collaborative approach integrate into other projects?

The concepts and approach of the KC[2] are flexible and designed to meet local needs. In the Kansas City market, KC[2] learnings are being leveraged in the development of:

- A self-management program using a health information exchange for employees with hypertension
- A branded employer health and wellness messaging strategy
- Tools to help employers better integrate their diverse health-related data sources

Additionally, KC[2] employer learnings are being used to inform "Building a Healthier Heartland", a major public / private project in the Kansas City metropolitan area whose stakeholders include HHS, state and local health departments, and multiple community partners.

What are the next steps for the Kansas City Collaborative?

Through 2011, the Kansas City Collaborative will continue its work with participating employers engaged in implementing, evaluating and communicating results from a range of value-based interventions. Similar initiatives are now being implemented with five NBCH member-coalitions as part of the American Health Strategy Project. Concurrently, MACHC, Pfizer and NBCH will be packaging project tools and resources into an Employer Guide for use by other employers and employer coalitions interested in adopting the KC[2] approach. This comprehensive VBB planning, implementation and evaluation guide was launched at the NBCH / IBI 2011 winter conference to facilitate employer adoption and replication of VBB approaches, interventions and best practices across other regions nation-wide.

[1] DeNavas-Walt, Carmen; Bernadette D. Proctor; and Jessica C. Smith, U.S. Census Bureau, Current Population Reports, P60-235, Income, Poverty, and Health Insurance Coverage in the United States: 2007, August 2008.
[2] Houy, M, Value-Based Benefit Design: A Purchasers Guide, National Business Coalition on Health, January 2009.

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