



Puget Sound HEALTH ALLIANCE

(Formerly the Puget Sound Health Partnership)

A Collaborative Strategy for Better Care, Healthier People, and Affordable Costs

History of the Puget Sound Health Alliance (PSHA)

In late 2003, King County Executive Ron Sims created a Health Advisory Task Force, whose charge was to:

- ◆ Craft a set of strategies to stem the rate of health care cost increases and
- ◆ Improve the quality of care being purchased and provided in the Puget Sound region.

The Task Force recommendations focused on the **key strategy of driving down the rate of health care cost increases through the measurement and improvement of the quality of care delivered.**

Because the success of this strategy requires broad-based participation and support from Puget Sound purchasers and health care providers, the Task Force recommended the creation of an independent non-profit organization to provide the leadership, market clout, and focus to successfully bring about change in the purchasing strategies and, therefore, in the delivery of high quality health care in the Puget Sound region.

Why Should Organizations Join the PSHA?

Improving the quality of care and reducing the costs of care is a regional problem that requires a regional solution. A May 2004 RAND study of the health care delivered to individuals in 12 US cities found that in the Seattle area, **our health care system failed to provide recommended standards of care 41% of the time.** This is *not* a criticism of our medical professionals. Rather, our waste is an indictment of the financing and delivery system in which health care professionals perform.

No one purchaser, plan, or provider group is capable, by itself, of creating the market impact necessary to decrease waste, improve the quality of care, and decrease the cost trends in the Puget Sound region. Collective market power and clinical expertise is vital to this endeavor.

The fragmentation and misalignment of strategies and incentives in the current system in the Puget Sound region can only be remedied if a significant number of purchasers and providers, in concert with the health plans in the region, agree to:

- ◆ Collaborate to align incentives,
- ◆ Improve the quality of care, and
- ◆ Decrease wasteful spending.

Improving the quality of care and reducing the costs of care will require uniform standards for clinical quality, shared data, and measurement of results. In addition, high quality performance improvement requires a systematic, broad-based and uniform approach for provider groups, plans, and purchasers. Otherwise, fragmentation will continue and individual investments and efforts to improve quality will be effectively cancelled out.

Collaboratives for sustained, long-term clinical improvement must be organized on a regional basis to ensure purchasers that the health care they are purchasing is evidence-based, high quality, and consistent for consumers throughout the region.

The Puget Sound Health Alliance will have the market influence, clinical expertise, and quality/cost performance measurement systems to align health care financing and delivery systems into a continuously improving high performance regional health care enterprise.

PSHA Key Goals

- ◆ Improve the quality of care
- ◆ Slow the rate of increase in health care expenditures in the Puget Sound region
- ◆ Improve the health outcomes for people
- ◆ Improve consumers' and providers' ability to become partners in managing health
- ◆ Ensure collaborative decision-making based on evidence

PSHA Products and Services

PSHA will build, oversee, and maintain the quality of the following services and products:

- ◆ A shared repository of evidence-based clinical guidelines and tools that all purchasers, plans, and provider members agree to use
- ◆ A shared repository of evidence-based tools for self-management and health education
- ◆ A data repository/warehouse where data is stored, retrieved, and analyzed for quality and cost performance and improvement
- ◆ Regional reports on quality and cost that can be analyzed, understood, and published in various levels of specificity: by employer, by plan, by provider group, and by providers
- ◆ A regional infrastructure for collaborative quality improvement health care providers.

Guiding Principles of the PSHA

- 1) Collaborative, not punitive, approaches among purchasers, plans, and providers will improve health care delivery.
- 2) The use of neutral and qualified experts in the measurement, analysis, and reporting of health care cost and quality performance will build trust among all partners.
- 3) The sharing of data in this regional public/private alliance is core to the success of the PSHA.
- 4) Shared, evidence-based clinical decision guidelines and self-management tools are vital to the PSHA's success.
- 5) Quality improvement principles, tools, and techniques are fundamental to sustainable performance improvement.

Incorporation, Financing, and Membership

PSHA was recently incorporated as a Washington nonprofit corporation and is currently applying for federal tax exempt status. PSHA hopes to be recognized as a tax exempt public charity by the end of 2005.

As of February 8, 2005, King County, Pierce County, King County Medical Society, Qualis Health, the Foundation for Health Care Quality, Pacific Medical Centers, Peter Dunbar, MD, Puget Sound Energy, The Polyclinic, Port Blakely Companies, Regence BlueShield, Hope Heart Institute, City of Seattle, Community Health Plan of Washington, Group Health Cooperative, REI, Seattle Surgery Center, Starbucks, State of Washington, Virginia Mason Medical Center, and Washington Mutual have joined the Alliance. Other purchaser, health care professional, and health plan members are in the process.

A board of 15-20 directors will govern the PSHA. The technical work of the Alliance will be carried out under the aegis of expert advisory groups and staff.

Financing will take place through a dues structure. Provider, health plans, and purchasers will have different dues structures that are compatible with the overall financing strategy. In addition, it is expected that the PSHA will seek outside funding as a national demonstration project.