



(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, health care professionals, health plans, and consumers, 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 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 health care professionals. Rather, our deficits in care are an indictment of the financing and delivery system in which health care professionals perform.

No one purchaser, plan, or health care professional 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 health care professionals, in concert with the health plans and consumers 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, measurement of results, sharing of data, and collaborative efforts to improve medical practice. Otherwise, fragmentation will continue and individual investments and efforts to improve quality will be far less effective.

Sustained, long-term clinical improvement must be organized on a regional basis to build the infrastructure and learning models necessary to ensure consumers and purchasers that the health care they are purchasing is evidence-based, high quality, and consistent 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
- ◆ Improve the health outcomes for people
- ◆ Slow the rate of increase in health care expenditures in the Puget Sound region
- ◆ Improve consumers' and health care professionals' ability to become partners in managing health
- ◆ Ensure collaborative decision-making based on evidence

PSHA Products and Services – What will health care professionals receive as members of the Alliance?

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 health care professional members agree to use.** Health care professional members will be asked to approve and follow rigorous, evidence-based clinical guidelines. Clinical guidelines will be developed by teams of expert member clinicians built upon existing evidence-based quality guidelines and protocols.
- ◆ **A shared repository of evidence-based tools for self-management and health education.** Health care professional members and their patients will have access to state-of-the-art, evidence-based self-management and health education tools and programs to assist in educating patients to be better consumers of health care.
- ◆ **A data repository/warehouse where specified data are stored, retrieved, and analyzed for quality and cost performance and improvement.** Member health plans and health care professionals will contribute patient medical record and claims data to a shared data repository. It is anticipated that an interoperable clinical data exchange system will be built over time to support the database. To facilitate the collection of clinical data useful for local and regional measurement and quality improvement, the Alliance will encourage and support the development of patient registries and electronic health records among member practices.
- ◆ **Regional reports on quality and cost that can be analyzed, understood, and published at various levels of specificity and anonymity: by employer, by plan, by health care professional group, and by health care professionals.** Only Alliance members will have access to confidential quality and cost performance data on their consumers along with aggregate comparator data on other health care professionals, purchasers, and health plans in the Puget Sound region. The purpose of the reports is to assist health care professionals in providing high-quality care, and to financially reward health care professionals who practice and deliver high-quality health care.
- ◆ **A regional infrastructure to support quality improvement in health care.** Health care professional members will have access to educational collaboratives, best practice information on up-to-date quality improvement health care strategies, and other supports for practice improvement.
- ◆ **Increased involvement in pay for quality improvement programs.** A key Alliance strategy will be to encourage purchasers, health plans, and medical organizations to participate in programs that measure quality performance and provide financial incentives for improvement and high quality.

Guiding Principles of the PSHA

- 1) A collaborative effort among purchasers, plans, and providers rewarding high quality care 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. At this time, the board is envisioned as a "rotating" board, where active leaders of each of the 4 key groups will serve on the board for a limited term. The technical work of the Alliance will be carried out under the aegis of expert member advisory groups and supported by Alliance staff.

Financing will take place through a dues structure. Health care professionals, health plans, and purchasers will have different dues structures that are compatible with the overall financing strategy. Membership financial contributions will support the Alliance's operating budget of between \$1.5 and \$3 million. Included in the operating budget are staff salaries (e.g., the executive director of the Alliance, other Alliance staff members, research costs). "In-kind" support will supplement the alliance's ongoing revenues. In addition, it is expected that the PSHA will seek outside funding as a national demonstration project.

What will my role be if I or the group practice I'm affiliated with joins the Alliance?

As members, health care professionals will have many opportunities to share their input and expertise as the Alliance forms. Members with expertise in specific quality areas such as evidence-based medicine, clinical information systems, performance measurement, and continuous quality improvement will be expected to serve on the expert advisory groups and work with Alliance staff.

Why Should *Health Care Professionals* Join the PSHA?

Our currently flawed health care delivery system needs to change, but faces perverse incentives and fragmentation that make change difficult. Health care professionals who aspire to high quality medical care are ready to change if the incentives were aligned and support in place. Health care professionals recognize the promise of the PSHA to bring some order and focus to the chaos of the pluralistic health market. The PSHA fosters dialogue between purchasers, health care professionals, and health plans, and offers health care professionals a large role in influencing and guiding change in a regional health care improvement effort.