

The Role of Nonprofit Healthcare Organizations in Controlling Costs and Improving Quality for Retirees

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Presentation by Bruce McPherson

Executive Director

Alliance for Advancing Nonprofit Healthcare

About The Alliance

Unique Blend of Nonprofit Healthcare Enterprises

- Hospitals
- Health Plans
- Integrated Systems
- Home Care
- State Groups
- Others

About The Alliance

Mission: Advancing Nonprofit Healthcare (NPHC)

- Research and Public Education, e.g.:
 - Value & Performance of NPHC
 - Conversions
- Enhancing NPHC Performance, e.g.:
 - Governance
 - Community Benefit
 - Relationships Among NPHC Organizations

Role of NPHC in Controlling Costs and Improving Quality for Retirees

Point # 1

Vital role in financing and delivering healthcare, both historically and currently

- Almost 2/3 of hospitals NP
- NP Blues alone account for over 30% of private health insurance market

Role of NPHC in Controlling Costs and Improving Quality

Point # 2

Significant body of research finding nonprofit hospitals and health plans performing well by comparison on both costs and quality

- See “Nonprofit Results” section of the Alliance’s website: www.nonprofithealthcare.org
- Key sources as follows

Research Sources: Hospital Costs

1. P.J. Devereaux, et al, “*Payments for Care at (U.S.) Private For-Profit and Not-For-Profit Hospitals: A Systematic Review and Meta-Analysis*”, Canadian Medical Association Journal, 2004
2. P.V. Rosenau and S. Linder (U. Texas), “*Two Decades of Research Comparing For-Profit and Nonprofit Health Provider Performance in the U.S.*”, Social Science Quarterly, 2003
3. E. Silverman, J. Skinner and E. Fisher, “*The Association Between For-Profit Hospital Ownership and Increased Medicare Spending*”, New England Journal of Medicine, 1999

Research Sources: Hospital Quality

1. P.V. Rosenau and S. Linder (U. Texas), *“Two Decades of Research Comparing For-Profit and Not-For-Profit Health Provider Performance in the U.S.”*, Social Science Quarterly, 2003
2. P.J. Devereaux, et, al, *“A Systematic Review and Meta-Analysis of Studies Comparing Mortality Rates of (U.S.) Private For-Profit and Private Not-For-Profit Hospitals”*, Canadian Medical Association Journal, 2002
3. D.H. Taylor, et al, *“Effects of Admission to a Teaching Hospital on the Costs and Quality of Care for Medicare Beneficiaries”*, New England Journal of Medicine, 1999

Research Sources: Health Plan Financial and Cost Performance

1. Susan Barrish, “*Nonprofit Health Insurers: The Financial Story Wall Street Doesn’t Tell*”, commissioned by the Alliance, 2003
2. Carl Schramm, “*Implications for Health Care Providers from a Sale of Kansas Blue Cross Blue Shield*”, Health Affairs, 2001
3. Treo Solutions, “*Costs, Commitment and Locality; A Comparison of For-Profit and Not-For-Profit Health Plans*”, commissioned by the Alliance, 2003

Research Sources: Health Plan Quality and Service

1. H. Tu and J. Reschovsky, “*Assessment of Medical Care by Enrollees (Private) in For-Profit and Nonprofit HMOs*”, New England Journal of Medicine, 2002
2. B. Landon, et al, “*Health Plan Characteristics and Consumer Assessments of Quality*”, Health Affairs, 2001

Research Sources: Health Plan Quality and Service

3. D. Himmelstein, et al, “*Quality of Care in Investor-Owned Vs. Not-For-Profit HMOs*”, JAMA, 1999
4. P. Born and C. Geckler, “*HMO Quality and Financial Performance: Is There a Connection?*”, Journal of Health Finance, 1998
5. “*Comparing Medicare HMOs: Do They Keep Their Members?*”, Families USA, 1997

Role of NPHC in Controlling Costs and Improving Quality

Point # 3

Controlling costs and improving quality is hard, continuous work:

- Monitoring best practices
- Reengineering processes and jobs
- Retraining
- Revising goals/standards and monitoring

Mostly about people and IT enhancements

Role of NPHC: Beyond Costs and Quality

Point # 4

Beyond cost and quality improvement, NPHC organizations uniquely obligated to provide other social benefits to retirees and other population groups in their communities. What they do, and how much, depends on priority needs in their communities and their available resources at any point in time.

Other Community Benefits

- Subsidized services, such as charity care, safety net insurance products for the uninsured, Medicaid participation
- Cash or in-kind donations for community outreach programs benefiting the frail elderly or other at-risk or underserved groups
- Community health promotion programs
- Community development activities (housing, education, environmental hazards)

Other Community Benefits- Continued

- Health research and health professions education
- Less tangible, but important areas – staying in the community through tough times, community representation on the board and committees, advocating publicly for the disenfranchised

The Future of NPHC in Serving Retirees and Others

Point # 5

Most NPHC organizations have their heads and hearts in the right place, but are often faced with very tough challenges and choices in the current environment. The following questions are examples.

The Future of NPHC in Serving Retirees and Others

- If we spend more on community benefit programs to aid retirees and/or others, will our bond rating drop, thereby increasing interest expenses and reducing our ability to borrow more to invest in IT for possible long run reductions in cost and/or quality?
- Can we invest in IT for possible long run cost and quality pay-offs when we have needs to modernize facilities and offer new products or services so that we can compete effectively in the short-to-near term?

Conclusion

NPHC organizations, retiree groups and other stakeholders need to work together, both in their communities and at public policy levels, to make and support these kinds of tough decisions