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From The Idea to The Alliance

A COOPERATIVE MOVING HEALTH CARE FORWARD



From The Idea to The Alliance: Twenty Years of Moving Health Care Forward

The business leaders who banded together to form The Alliance were determined to change the way they purchased health care for employees.

Thanks to their efforts, employers with self-funded benefit plans now can measure the value of health care, access a cost-effective and extensive network of providers, track outcomes and maintain a healthy workforce.

Getting there took 20 years of working together to create a strong cooperative of employers linked by the common goal of moving health care forward.

THE ALLIANCE 
Employers moving health care forward

From Discussion to Action

Even before The Alliance was formed, employers sought information about how to impact the spiraling cost of health care while creating positive outcomes for employees. Employers and health care providers originally came together in 1985 for education and debate as part of the Madison Area Employers Health Care Coalition.

Then a small group of self-funded employers took the next step by creating an organization that could take aim at the health benefit issues dragging down the bottom line.

Seven Madison-area employers formed The Employer Health Care Alliance Cooperative — now known as The Alliance — to negotiate directly with health care providers. The members chose a cooperative structure to allow participating employers to share both the responsibility and the benefits of membership.

Alliance Founding Members

- CUNA Mutual Insurance Group
- Rayovac Corporation
- Webcrafters, Inc.
- Wisconsin Auto & Truck Dealers Association
- American Family Insurance Group
- Oscar Mayer Foods Corporation
- Wisconsin Bell, Inc.



I truly believe The Alliance is one of the few entities in the health care arena that is really working totally for the best interest of the employer and the employees.

– Jerry Ward, Vice President of Operations, Seats Inc., Reedsburg, Wis.

Leveling the Playing Field

When The Alliance was founded in 1990, health care premiums were increasing an average of 14 percent nationwide annually. Self-funded employers were hit even harder.

“We started to get a sense that the health care market was negotiating advantageous rates with group structures while self-funded employers with individual plans were being confronted with price schedules at a higher level,” recalls Jac Garner, president and CEO of Webcrafters Inc., Madison. Webcrafters was a founding member of The Alliance, with Garner chairing The Alliance board for one year and Judy Peirick, Webcrafters’ vice president of human resources, later serving as board chair.

“We were looking to level the playing field,” Garner says. “That was the beginning of this idea that we could group together and represent a substantial portion of the employer market to gain some of the benefits of negotiated group rates from providers.”

The Alliance rapidly grew from its Madison base to include self-funded employer plans from throughout southern Wisconsin. Today, The Alliance represents 160 employers covering 83,000 individuals in southern Wisconsin and neighboring counties in Iowa and Illinois.

Accessing Data

Garner notes that The Alliance has always been about more than discounts. From the beginning, The Alliance gave employers a unified voice in health policy discussions.

“When we were strictly on our own, it was very hard to have that level of involvement and that opportunity to have a say,” Garner notes.

Joining together also allowed employers to purchase the expertise needed to examine pricing models, gain access to data about health care and translate that data into meaningful information for employers.

When Seats Inc. decided to join The Alliance in 1994, the availability of discounts ranked lower than a desire to gain access to data-based information about health care expenditures, according to Jerry Ward, vice president of operations at the Reedsburg, Wis., company. Ward served on The Alliance board from 1999 to 2008, including two terms as chairman.

“We were looking for a reliable source of information regarding what our health care spending was, where we were spending it and who we were spending it with,” Ward says.



“I have watched The Alliance grow from ‘just a network’ to an organization that challenges health care providers to give quality care at an affordable price.”

Vikki Brueggeman, Director of Human Resources, Zimbrick, Inc., Madison, Wis.

Working Together

Over time, it became apparent to The Alliance leaders that getting value for health care expenditures would require a deeper understanding of health care quality. The *QualityCounts™* report, which was developed by The Alliance to help consumers select providers based on cost and quality, affirmed that high cost sometimes fails to correlate with high quality.

"I have watched The Alliance grow from 'just a network' to an organization that challenges health care providers to implement quality care at an affordable price," notes Vikki Brueggeman, director of human resources at Zimbrick, Inc., Madison. Zimbrick joined The Alliance during the cooperative's first year of operation.

At the time The Alliance began its work with quality reporting, they were far ahead of what the industry was used to. The Alliance continually sought to collaborate with health care providers in its efforts to improve quality.

"The Alliance pursues a spirit of cooperation to help employers and providers work together to try to make things better in health care," Ward says.

Supporting Employees

Examining quality and negotiating savings rates was essential so employers could continue to help employees maintain affordable access to health benefits. A vital part of this process was offering tools and information that enable employees to make better health care decisions.

Many members of The Alliance are committed to value-based benefit design, which aligns health coverage with the potential for long-term savings through practices such as encouraging preventive care and appropriately managing chronic conditions.

Value-based plan design is part of The Alliance's evolution beyond simply delivering discounts toward identifying the health conditions and practices that drive up health care costs, according to Lee Bauman, president of the Wisconsin Auto and Truck Dealers Insurance Corp., a founding member of The Alliance. Bauman served on the board from 1990 through 1993 and again beginning in 2005, including three one-year terms as chairman.

"It is still an ongoing process of employers learning how to set up their plans so they're built around value," Bauman says. "You design your plan toward the best medical outcomes. It's a difficult, ongoing process, but there's a tremendous amount of enthusiasm for it among employers."



"It's easy to stay connected when you're always concerned about health care cost and quality. That issue has really not dissipated in 20 years."

Lee Bauman, President, Wisconsin Auto and Truck Dealers Insurance Corp., Madison, Wis.

Gaining Leverage

Information and networking are critical functions of The Alliance. Meetings and Alliance Learning Circle events enable employer representatives to network with colleagues to share ideas, best practices and mistakes to avoid.

Tips about value-based design, wellness programs, effective management of chronic conditions and other issues are often shared through panel presentations, while expert speakers provide current information about health reform efforts and significant national and regional trends.

The Alliance has been able to leverage its membership clout to obtain preferred relationships with partners for new services. For example, The Alliance helped found WisconsinRx, a pharmaceutical benefits management cooperative based in Madison. Other preferred partners offer critical services ranging from dental insurance, to management of chronic conditions, to coaching employees to make better personal health care choices. Recently, The Alliance signed two new partnerships with Quantum Health and Health Solutions, Ltd.®, receiving no commissions from these partners, instead passing all of the savings on to members.

The Alliance has also become an advocate for self-funded employers on legislative issues. The health policy committee was formed in 2009 to work with state and federal legislators to share employers' perspectives and objectives.



It's a perfect expression of the cooperative philosophy, which is that banded together, we can achieve more than if we're strictly on our own.

– Jac Garner, President and CEO, Webcrafters Inc., Madison, Wis.

Integrity Matters

Early leaders in The Alliance say its continued success is a result of combining commitment with expertise. Financially, The Alliance saves its member companies more than \$27 for every \$1 they spend on membership.

"It's a perfect expression of the cooperative philosophy, which is that banded together, we can achieve more than if we're strictly on our own," Garner says.

Trust and integrity are critical to this relationship. Over time, The Alliance has gained the respect of employers, health care providers, legislators, and other critical participants in the health care system.

"I truly believe The Alliance is one of the few entities in the health care arena that is really working totally for the best interest of the employer and the employees," Ward notes. "That's who owns them and therefore I can trust them."

Beyond Reform

Looking at the future of health care only in terms of national reform might cause observers to shortchange the contributions of regional organizations such as The Alliance.

"I hope that policymakers continue to pay attention to what The Alliance is doing," Bauman says, noting that the cooperative's focus on cost and quality is part of a broader movement to make the health care system more transparent to health care consumers.

The companies that founded The Alliance believe their cooperative will continue to prove its value by helping self-funded employers understand the changes brought about by health reform legislation. By working together to move health care forward, these employers remain dedicated to getting more for their money — better care, higher quality, more positive outcomes — for both their organizations and their employees.

1990

Health care comprises 12% the U.S. Gross National Product (GNP).

Observers believe conditions are ripe for health care reform.

Increase from previous year in health insurance premiums: 14%

Consumer Price Index (CPI) increase: 6.1%

Annual cost to provide coverage for a single employee: \$1,480

Annual cost to provide family coverage: \$4,040

Average employer share of premium: 76%

Americans spent \$558 billion on health care.

12% of population is obese.

Sources: New England Journal of Medicine, Kaiser Family Foundation, Hewitt Associates, 2009 Towers Perrin Health Care Cost Survey

Today

- ▶ Health care nears 18% of the GNP.
- ▶ Health care reform is signed into law.
- ▶ Average projected increase in employers' premiums: 6%
- ▶ CPI for 12 months ending in February 2010: 2.1%
- ▶ Annual cost to provide coverage for a single employee: \$4,860 (2009 figure)
- ▶ Annual cost to provide family coverage: \$14,244 (2009 figure)
- ▶ Average employer share of premium: 78% (2009 figure)
- ▶ Americans estimated to spend \$2.6 trillion (2009 figure)
- ▶ 26% of population is obese.

The Alliance Mission: To move health care forward by controlling costs, improving quality, and engaging individuals in their health.