



Report to Our Community

2008



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Mission

The Alliance of Community Health Plans (ACHP) and its members improve the health of the communities we serve and actively lead the transformation of health care so that it is safe, effective, patient-centered, timely, efficient and equitable.

We realize our mission by:

- Providing a forum to solve our members' most pressing challenges
- Advocating for better health and health care
- Developing quantitative and qualitative tools to improve performance and meet marketplace challenges
- Building the evidence base for health care improvement

Message from the Chair of the Board of Directors



The Alliance of Community Health Plans, like its member organizations, is a mission-driven organization. Improving our members' health and the health of the communities we serve is why we exist. We do this through unerring commitment to delivering the highest quality care, building partnerships with the patients and families we serve and keeping health care affordable. HealthPartners is proud to be a part of the ACHP community of non-profit, community-based and regional health plans and provider organizations that are dedicated to delivering patient-centered care of the highest quality and value.

ACHP provides critical capabilities that help make health care better, safer and more efficient. ACHP's rigorous analytics allow us to better understand our clinical and operational performance. This invaluable information helps member organizations target limited resources for quality improvement projects and long-term planning.

ACHP also paves the way for us to collaborate with colleagues in other plans to identify and understand best practices on complex clinical and delivery system challenges. For example, ACHP's Patient-Centered Medical Home Collaborative has HealthPartners and other member plans engaged in a long-term initiative aimed at achieving better coordination of care, better health outcomes and a lower cost trend. I am confident of the Collaborative's success because it builds on the core strengths of ACHP member plans: strong relationships with our provider partners and our understanding of the role of primary care in a high performing health care system.

The coming years will offer rare opportunities to reshape our nation's health care policy and make great strides toward affordable coverage for all Americans. ACHP will be an important resource and voice in this debate as we seek to underscore the importance of delivery system reform and influence key public policy decisions.

It has been my honor to serve as chair of the ACHP Board of Directors in 2007 and 2008 and to work side-by-side with many of the best health plans in the nation. I applaud all ACHP member organizations for raising the bar on performance and value. I know we will continue to translate these practices into quality health care for all. I know, as well, that ACHP will continue to help us excel in innovation and achieve our mission of "making health care better."

Mary Brainerd
Chair, ACHP Board of Directors (2007-2008)
President and CEO, HealthPartners
Minneapolis, Minnesota

Message from the President and CEO



With a new president and new legislative proposals, 2009 will bring important debates not only for our health care system, but also for the future of our economy. As I look back at ACHP's work over the last year, I am confident that ACHP member organizations are prepared to provide policy makers with the models and best practices that support the goals of health reform.

ACHP understands the value of collaborative learning. Our staff and members work together to identify key challenges and present innovative solutions, practices and strategies. ACHP provides an open, unbiased and secure forum for members to discuss where they excel and where they want to improve. This free exchange of ideas and strategies among some of the leading health care organizations in the country helps member organizations create the solutions that drive improved clinical outcomes and health care delivery.

At ACHP, bold ideas are taken seriously. With the Patient-Centered Medical Home Collaborative, member plans are taking a powerful but not fully realized model of care and transforming it into a measurable, accountable set of practices that deliver on the promise to improve patient care and its outcomes, patient experience and affordability. Under ACHP's leadership, this important Collaborative will help member plans move forward in a coordinated fashion to achieve the Institute for Healthcare Improvement's Triple Aim of improving population health, strengthening patient's experience of care and lowering per capita costs.

In 2008, we significantly expanded our analytical work on clinical and operational performance. ACHP's *HealthPlan Performance Gauge* and *Medicare Advantage SnapShots* allow us to identify with great precision what ACHP member organizations do well, what they can do better and how they might position themselves in the marketplace. This is essential information for health plans that make it a priority to improve the health of their members and community.

ACHP member plans come together regularly to share information and strategies for meeting health care legislative and regulatory challenges. These open and informative discussions, along with information and analysis shared with members, help our plans conduct effective advocacy on key issues. As the complex health care reform debate unfolds, ACHP will work with our member plans to support the interests of community-based health care plans – clearly and concisely describing how these plans draw on their systems and their close connections with their provider partners to provide quality care affordably. This will be a key asset in the coming debate over how to finance and deliver the kind of health care that patients, providers and purchasers all want.

ACHP and its member plans support good health, and reflect the best that health care has to offer. I look forward to another year of collaborative learning and common efforts to shape the future of health care.

Patricia P. Smith
ACHP President and CEO

Learning and Sharing: ACHP Initiatives, 2008

The Alliance of Community Health Plans (ACHP) brings together innovative health plans and provider groups that work together to deliver affordable, high-quality coverage and care in their communities.

ACHP helps member organizations learn from one another to achieve better performance in clinical, service and administrative functions, as well as strengthen access to care and market-place competitiveness. ACHP also works with member organizations to help shape public policy and respond to regulatory challenges.

This report reviews ACHP's services, events, programming and organizational changes in 2008. It begins with some of the highlights: the Patient-Centered Medical Home Collaborative, the *HealthPlan Performance Gauge*, ACHP's preparation for health care reform legislation, and *Medicare Advantage SnapShots*.

Redesigning Primary Care

The Patient-Centered Medical Home (PCMH) is emerging as a model of care that has the potential to improve clinical outcomes, increase patient satisfaction and lower per capita cost. It offers patients increased and convenient access to primary care services and promotes coordinated care among multiple providers across different settings.

Although there are examples of cost savings and quality improvement using PCMH, the health care industry still lacks a systematic understanding of how the model works best. To fill this knowledge gap, member plans participating in ACHP's **Patient-Centered Medical Home Collaborative** (PCMH) are gathering data from 15 pilot PCMH programs on key measures of quality, patient satisfaction and cost trend.

The Collaborative began in late 2007 and developed its goals, objectives and PCMH model standards throughout 2008. While it is

not the answer to all of health care's challenges, this multi-year project is expected to result in a reimbursement and delivery system model that rewards quality and establishes a sound business case for purchasers and policy stakeholders. It will also help develop tools and resources that enable practices to transform themselves into "medical homes."

Because of their focus on health care delivery and strong ties to provider communities, ACHP member organizations are well suited to play a leadership role in this initiative. ACHP plans share a common assumption that delivering the best primary care means providing physicians with the right personnel, information technology and other resources that support prevention services, wellness programs and treatment regimens. "If [the physicians] are successful, we're successful, and our members are getting better care," said **Michael Culyba, M.D.**, vice president of medical affairs at ACHP member **UPMC Health Plan**, describing its PCMH-based Partners Program.

In 2008, the Measurement Subcommittee of home measures that include quality, experience and cost trend metrics. Participating plans have agreed to report their outcomes for these measures through the Collaborative and produce quantitative and qualitative data that capture the experience and results achieved by their medical home pilot sites.

To assist with producing credible and reportable results, the Collaborative recruited

the Collaborative established a set of medical outside health care experts. **Tom Nolan, Ph.D.**, improvement expert with the Institute of Health Care Improvement (IHI) and senior advisor to IHI's Triple Aim initiative, will provide structure and direction to the Collaborative. ACHP will also turn to research measurement experts to consult on measurement approaches and outcomes analysis.

Case Study: The PCMH Model at Geisinger Health Plan

Geisinger Health Plan, an ACHP member plan based in Danville, Pa., has long been an innovator in the patient-centered medical home model of care. Geisinger's celebrated PCMH program began in June 2005, combining coordinated primary care with patient engagement and education. The program started with just two sites serving its Medicare population. In 2009, it will expand to 22 clinics and be available to all plan members.

Central to Geisinger's PCMH program is a team-based approach to care. From physicians to nurses, all providers are aware of a patient's needs not only during an office visit, but also when the patient receives specialty services in different settings.

Coordinating much of this care falls largely to Geisinger's case managers, who are placed in each pilot site and work directly with high risk patients. Case managers coordinate all transitions of care, calling each patient within 24-48 hours of discharge from a hospital or facility and following-up with the primary care physician within seven days of discharge.

These and other initiatives have made Geisinger a nationally recognized leader in transforming the PCMH into a workable model of care. But even with its many accomplishments, Geisinger still benefits by being an active member in the ACHP Patient-Centered Medical Home Collaborative and sharing expertise and experiences with other Collaborative member plans. Richard Gilfillan, M.D., President and CEO of Geisinger Health Plan, and a member of ACHP's Board of Directors, is the executive leader of ACHP's Patient-Centered Medical Home Collaborative.

"I think it's really useful to hear how other plans are struggling with the same things we are," says Dr. Gilfillan's colleague Beverly Blaisure, M.D., Geisinger's Medical Director for its medical home program. "Especially with end-of-life care and hospice care. It helps to share thoughts, find out what other plans are putting in place, what's worked and what hasn't, how plans are achieving the best outcomes for patients and what they're struggling with."

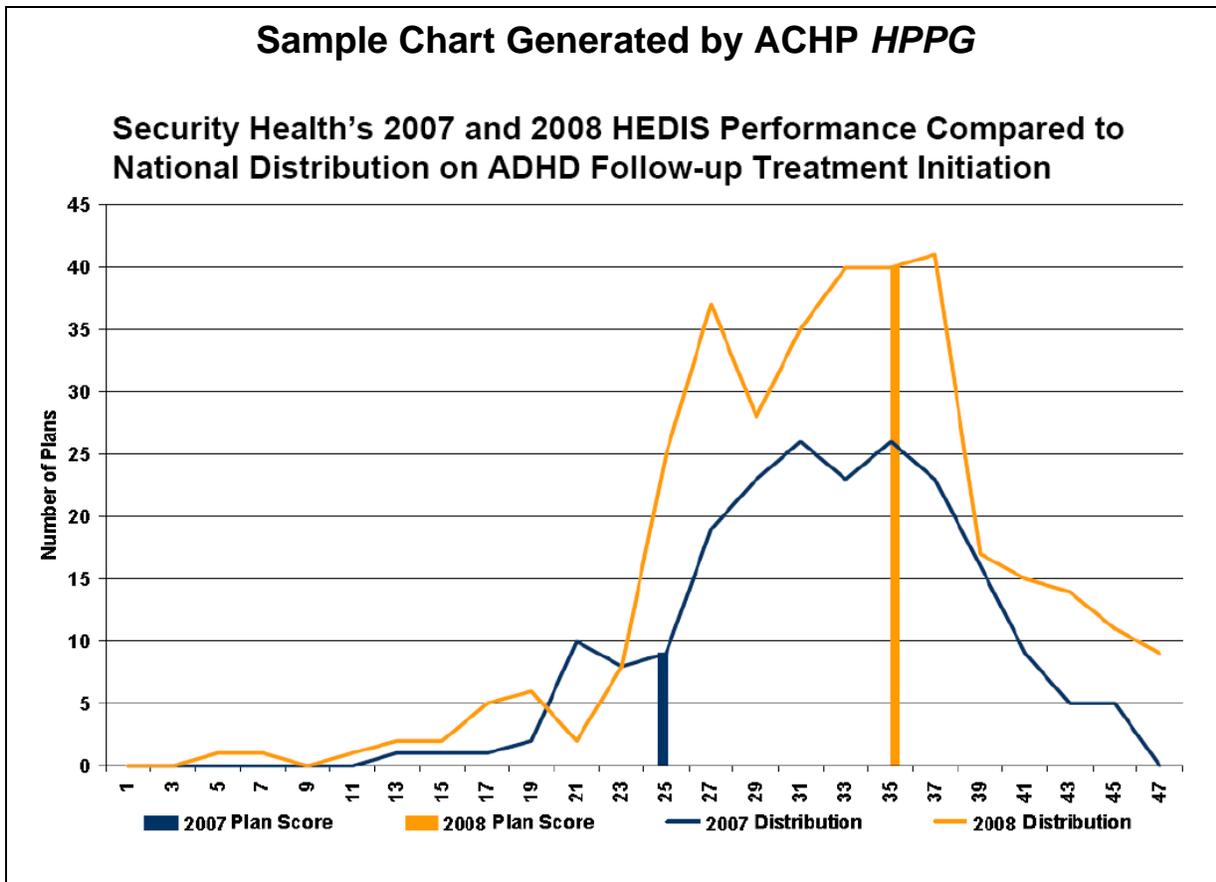
ACHP members in the Collaborative benefit too from Geisinger's active participation. Dr. Blaisure worked with other Collaborative member on adjusting Geisinger's patient satisfaction survey so that it meets the needs of all Collaborative plans. This survey will be completed in 2009 and will generate an "apples-to-apples" comparison of patient satisfaction measures across all Collaborative participants.

Targeting Opportunities for Improvement

ACHP's premier analytic instrument, the *HealthPlan Performance Gauge* (HPPG), has proven its worth as a tool used by member organizations to improve clinical quality and achieve high rankings in the *U.S. News and World Report* annual "America's Best Health Plans" survey. The HPPG uses the same data that *U.S. News* employs to generate comparisons among health plans based on clinical performance, customer satisfaction and utilization trends. It allows member plans to compare their organization's performance against ACHP peers and external competitors in a local market. It also can compare individual plan performance to national percentiles at various levels: individual or group measures, all clinical effectiveness measures or combined clinical and patient satisfaction scores.

In addition to displaying plan performance, the HPPG enables member organizations to analyze utilization patterns and assess utilization against other plans. ACHP staff employ the utilization benchmarking features of the HPPG to assess a member organization's performance and create customized presentations that examine utilization rates and trends and identify areas for improvement.

"At Security, we are always looking for better ways to connect our members to the health care delivery system," says **Steve Youso**, chief administrative officer of **Security Health Plan** in Marshfield, Wis. "The data on quality performance and service utilization that we receive from ACHP helps to align physicians, hospitals and health plan staff to focus our quality improvement efforts. This insight is immensely valuable as we strive to improve quality and make health care more affordable for our members."



Case Study: HPPG at Security Health Plan

Few things express ACHP's commitment to supporting its members in their efforts to provide high quality health care so much as the *HealthPlan Performance Gauge* – a powerful tool that helps member organizations sharpen their service performance and improve patient outcomes.

At Security Health Plan in Marshfield, Wis., Jane Wolf, director of health services, uses the *HPPG* to determine how the health plan can best meet its quality goals and improve outcomes for patients. For example, last year Wolf was able to detect a problem using the *HPPG*: “We weren't measuring up on important respiratory measures,” she says. She saw that patients with asthma weren't getting the appropriate medications and not all providers were monitoring at-risk patients for pulmonary disease as they should.

Armed with information about where Security was falling short, Wolf and her team collaborated with Security's providers to improve medication adherence. They established systems to notify the providers when a patient's prescription wasn't filled and to stage telephone interventions with patients when necessary. Wolf notes that all of this was done with no additional incentives for providers – just additional information.

Arraying and comparing information to national trends helps to target needed improvement and motivate change. For example, as shown on the previous page, Security Health was able to substantially boost its performance on initiation of ADHD follow-up treatment from 2007 to 2008.

The *HPPG* also helps Security detect how frequently it provides specific services – an important part of complying with Medicare regulations. Officials at the Centers for Medicare and Medicaid Services monitor the frequency with which some medical services are performed and look for outliers that deviate from national or regional norms. The *HPPG* “enables me to take a quick look at the trended information of how national and regional percentiles have changed over time,” Wolf says. Using the *HPPG*, Wolf was able to detect high variation in behavioral health measures for Security – much of which was attributable to specific Wisconsin state mandates and regulations.

The broad frame of reference the *HPPG* provides is a great asset to Security, Wolf says. An *HPPG* analysis may show a plan improving in a specific service measure – providing mammograms, for example – but it may not be improving as rapidly as another plan in the same service area. Benchmarking plan performance against other plans helps Security decide where to focus its quality initiatives. “We can use that information in the Gauge to determine how much effort we need to make an impact.”

Helping Members Understand their Markets

The Medicare Advantage market has evolved rapidly, and this evolution will continue as a new Congress and administration make revisions to Medicare Advantage (MA) rules and payment. In recent years, new products, benefit packages and competitors have entered the market in many areas and challenged the market positions of established Medicare plans. To help ACHP member plans better understand the premium, demographic, payment and enrollment dynamics in their marketplaces, ACHP developed *Medicare Advantage SnapShots* (MA SnapShots). These reports can be customized to every state and county and provide an overview of the data used by member plans to assess their market, including demographics, enrollment, product growth and price-point analyses. In 2008, ACHP produced over 500 county-level packets for 14 ACHP member organizations.

MA SnapShots are based on publicly available information, including Census data, Medicare Advantage enrollment reports, Medicare Advantage risk payments, Medicare Fee-for-Service expenditures and Medicare Compare data. They are updated several times each year. *MA SnapShot* reports package relevant information from these sources into accessible graphics that illustrate market trends and help ACHP members assess how they may better serve their consumer base.

Knowing which types of MA plans are trending up or down in consumer preference gives ACHP member organizations a unique competitive advantage. *MA SnapShots* provide actionable information for developing new products and are essential tools for helping ACHP member organizations succeed in their MA markets.

Case Study: MA SnapShots at Priority Health

For community-based or regional health plans competing with larger insurers for Medicare Advantage members, ACHP's *MA SnapShot* reports, introduced in 2008, are an important, accessible tool that facilitates strategic thinking and provides a starting point for understanding the competitive landscape.

MA SnapShots collect essential information on demographics, premiums, risk scores and market share for each county in ACHP member plans' service areas and help them better understand the MA market and the needs of their customers.

"In many counties, Priority is brand new," says Leon Lamoreaux, vice president of business development at Priority Health in Grand Rapids, Mich. But by using *MA SnapShots*, "I can look at the county profiles and see what I'm going to have to come up with to ensure Priority's continued success."

The information presented in *MA SnapShots* on the product features and price points of major competitors allows Lamoreaux to position Priority Health so that it can capitalize on opportunities in its MA market.

Allowing ACHP plans to forecast membership is another important feature of *MA SnapShots* for Lamoreaux. Graphs and charts display the changes in contract types, enrollment and premium costs for products that Priority is competing against. "It gives you a sense of what changes should be happening at Priority and with competitors," he says.

Before ACHP began offering *MA SnapShots*, Lamoreaux and other member organizations had to comb through Medicare and several sources of data to understand what was happening in their marketplaces. Just finding out where the data and materials are located was a burden, Lamoreaux says.

"It's very helpful to look at" *MA SnapShots*, he says. "I like the layout. It's very informative. There's a lot of information that can easily be picked up."

Laying the Groundwork for Health Care Reform

ACHP developed a foundation in 2008 for advocacy in the coming health reform debate, which presents both opportunities and challenges. There is the opportunity to offer insurance to previously uncovered populations, possibly through health insurance exchanges or “connectors.” There is the opportunity to be recognized and rewarded for innovations such as the use of information technology, medical homes and chronic disease management. And there are risks as well, such as poorly conceived insurance reforms, rules that make it difficult to compete with publicly funded plans and revenue reductions as Medicare Advantage payments are restructured.

ACHP developed policy and strategy on **health care reform and Medicare reform**, recognizing that the two are likely to be intertwined. At its June meeting, the Board sought the insights of the former chairman of the powerful House Ways and Means Committee, **Bill Thomas** (R-Calif.), an author of the Medicare Modernization Act. The Board also met with the president and senior staff of the influential Commonwealth Fund to exchange ideas and examine reform approaches. The Board charged its Policy Committee with developing a set of principles to guide ACHP policy on reform.

Over the course of three Policy Committee conference calls and discussion at the November Board meeting, the Board developed principles that address the major issues of health care and Medicare reform and discussed strategy for how ACHP and its member plans might help shape the national debate. The principles will serve as guideposts in 2009 as ACHP assesses an evolving political environment, detailed legislative language, risks and opportunities, potential trade-offs and – the bottom line – the impact on accessible, affordable and high quality health care.

ACHP Principles for Health Care Reform

The Alliance of Community Health Plans (ACHP) and its member organizations aim to improve the health of all individuals and the communities we serve. We support health care reforms that assure access for all to a high value system of care that provides outstanding patient experience. Health care should continue to reflect a public/private partnership that builds upon the employer-based system; that partnership is the most affordable, practical, and politically acceptable way of achieving universal coverage. Access, value, patient experience, and public-private partnership are the key dimensions that underlie ACHP’s approach to reform.

Coverage

ACHP believes that all Americans should have health care coverage. Our vision is one of shared responsibility among individuals, employers, health plans, and government:

- individuals should be required to obtain coverage;
- employers should participate in financing care;
- health plans should issue affordable policies on a guaranteed basis;
- consumers should be offered a choice of health plans and delivery systems that reflect local markets; and
- government should provide subsidies for those who cannot afford coverage, strengthen current public programs, and set the ground rules for a reformed system.

Building on our current public/private partnership, the most promising approach to expanding coverage, is the development of health insurance exchanges or “connectors” to facilitate access to a choice of health plans and delivery systems for individuals not covered by an employer or Medicaid/Medicare. Health plans should compete within this system based on quality, service, and cost-effectiveness, rather than avoidance of risk. Private plans, including local or regional plans, must be able to compete in a fair market; insurance reforms, exchange or connector rules, and other policies that are adopted as part of health care reform should be structured carefully so as not to diminish private sector plans’ ability to compete.

Delivery System and Payment Reforms

Health care reform should address affordability and quality as well as coverage. Both delivery system and payment reforms are critical to encourage improved health, prevention, and coordination of care to improve quality, affordability, and value. ACHP members are committed to taking actions that will promote more affordable care and coverage.

Payment reform and financial incentives are powerful tools that should be utilized to promote a patient-centered health care system. Payment reforms should move the system towards greater coordination among providers and integrated delivery of care; evidence-based utilization of services and reductions in geographic variations in utilization; accountability for both quality and the cost of care generally and especially in the management of chronic disease; and redressing the current imbalance between primary and specialty care.

Full text of Principles available at: www.achp.org

Major Accomplishments, 2008

Enhancing Patient Quality

Patient-Centered Medical Home Collaborative

ACHP launched the **Patient-Centered Medical Home Collaborative**, a cross-plan initiative to identify key strategies that members can use to boost primary care and strengthen coordination across providers and settings. In the first half of the year, the 15 member plans in the Collaborative surveyed patient-centered medical home activity among member plans and the industry, set shared goals and objectives, drafted Collaborative standards and established work groups and subcommittees for special projects. In June 2008, the ACHP Board of Directors expanded the focus of the Collaborative to produce credible data that will demonstrate the effectiveness of medical homes supported by integrated delivery systems by 2010. *See page 5 for more on the PCMH Collaborative.*

Palliative Care

Although an estimated 10-12 percent of total health care costs each year are spent on end-of-life care, patients often do not receive corresponding value in care. Palliative care programs are relatively new additions to the range of services available that can relieve suffering and improve quality of life for people facing serious, complex illnesses.

In September, leaders from **Kaiser Permanente** shared with ACHP member plans its national strategy to build palliative care programs throughout its eight regions. The strategy provides team-based palliative care that focuses on medical, social and spiritual needs across settings – hospital, physician’s office, hospice or at home. Using this approach, the Inpatient Palliative Care team (a doctor, registered nurse, social worker and chaplain) at **Kaiser Perma-**

nente Colorado has successfully decreased its end-of-life costs by more than \$12,000 per patient, increased patient and family satisfaction with care and improved pain management.

Maternity Care

The Population Health Management Maternity Program of **Priority Health** identifies obstetrical and social risk factors, targets education materials and provides case management to improve pre-term delivery rates. In October, leaders at Priority Health shared with ACHP members their approach to managing the needs of the maternity population and discussed how they designed benefits and marketing strategies to engage care providers and mothers-to-be.

Priority Health has achieved a 7.2 percent pre-term birth rate for members, compared to the national average of 12.6 percent. For high risk populations, Priority’s pre-term birth rate is 10.7 percent, compared to the national average ranging from 20 percent to 40 percent. Priority estimates that the potential cost savings to employers for 24 fewer pre-term births is \$914,000 and the potential cost savings to hospitals is \$146,000.

Cultural Competency

Paul T. Doyle, a principal at Paul T. Doyle & Associates, presented on Culturally and Linguistically Appropriate Services standards (CLAS) and shared his knowledge and experience with ACHP members in developing and implementing a methodology to produce a culturally competent workforce and provide culturally competent patient care. ACHP member plans learned how to identify systematic gaps that inhibit their ability to provide quality care to all patients.

Improving Organization Performance

HealthPlan Performance Gauge

ACHP's premier analytic tool, the *HealthPlan Performance Gauge (HPPG)*, generates clinical performance, customer satisfaction and utilization trends. In August, ACHP released the 2008 version of the *HPPG*, which facilitates comparisons among health plan ratings based on the method used for *U.S. News & World Report's* "America's Best Health Plans." ACHP members use the *HPPG* to identify areas of clinical or operational strength, compare their performance against other plans, and identify opportunities for improvement. *See page 7 for more on the HPPG.*

U.S. News and World Report Rankings

In September, ACHP provided member plans with an overview of the *U.S. News* rankings methodology and how the rankings changed for 2008. Plans received predicted rankings results and performance trend comparisons to previous years' rankings. ACHP staff used its 2008 *HealthPlan Performance Gauge* to compile these findings, which showed that ACHP plans improved on clinical performance measures at a faster rate than other plans across the country.

"ACHP had a real hand in elevating everyone's score," says **Richard Gilfillan, M.D.**, president and CEO of **Geisinger Health Plan**. "The ability [ACHP] gave us to really understand the scoring system, identify opportunities to improve, and collaborate with our fellow ACHP plans on interventions was central to our plan's improvement."

"ACHP had a real hand in elevating everyone's score."

— Richard Gilfillan, M.D., president and CEO of Geisinger Health Plan.

Boards of Directors Symposium

The 21st annual ACHP Boards of Directors Symposium, held in Scottsdale, Ariz., in March, offered governance leaders of member plans new perspectives on health care and provocative questions to consider in rethinking their roles in improving health care, including:

- ACHP member plans face immediate and unique challenges in their local markets. How do health plans perform well by helping consumers?
- How do plans grow their membership in an ever-shifting market landscape?
 - How do community-based plans remain relevant and valuable to their communities?

Symposium attendees heard real-life responses to each of these challenges and learned what their colleagues are doing to transform health care delivery, financing and performance.

Mary Brainerd, president and CEO of **HealthPartners**; **Scott**

Armstrong, president and CEO of **Group Health** of Seattle, Wash.; and **Arthur Southam, M.D.**, executive vice president of **Kaiser Permanente**, discussed new marketplace challenges for health plans and proven strategies for staying ahead. **Richard Gilfillan, M.D.**, president and CEO of **Geisinger Health Plan**, presented an in-depth overview of Geisinger's medical home strategy and ACHP's Medical Home Collaborative. **Nancy Feldman**, president and CEO of **UCare**; **Raymond Baxter**, vice president of **Kaiser Permanente**; and **Michael Cropp, M.D.**, president and CEO of **Independent Health**, shared innovative ideas for bolstering members' community benefit activities.

The Symposium also brought highly regarded health care policy experts and practitio-

ners to share their experiences and lessons learned, including **Chris Jennings**, former health policy advisor to President Clinton, and **Jon Kingsdale**, executive director of the Massachusetts Commonwealth Connector. Attendees were briefed on new academic research on the Patient-Centered Medical Home model of care by **Diane Rittenhouse, M.D., M.P.H.**, professor of medicine at the University of California, San Francisco; and **Judith Hibbard, D.Ph.**, professor of public policy and management at the University of Oregon. **Ed Levine, M.D.**, and **Gregory Lewis** of McKinsey & Company presented their findings on the value-conscious consumer and other marketplace trends. **Jeff Zimman**, chairman and CEO of Posit Science, explained how brain fitness is set to become a major focus among consumers and health care providers.

Board of Directors Meetings

The ACHP Board of Directors met four times in 2008 to review ACHP initiatives and advance policy and planning strategies. Highlights of these meetings included:

1. **John Hogan**, chief executive officer of **Capital Health Plan**, discussed with Board members the factors that drive demand for financial reserve levels for non-profit health plans and recent state efforts to regulate reserve maximums, at the January Board of Directors meeting in Tallahassee, Fla.
2. **James Roosevelt**, president and CEO of **Tufts Health Plan** and a member of the Democratic National Committee leadership, briefed the Board in March on the issues affecting DNC decisions relating to the nomination of the Democratic candidate for president.
3. **Dave Ford**, chief executive officer of **CareOregon**, arranged to have **John Kitzhaber, M.D.**, former governor of Oregon and a forward-looking thinker

on allocation of health care resources, discuss his ideas for focusing on “health,” rather than “health care,” through prevention and chronic care, at the November Board Meeting in Stevenson, Wash.

Site Visits

Senior ACHP staff made several on-site visits with member organizations in 2008. **Presbyterian Health Plan, Tufts Health Plan** and **Fallon Community Health Plan** hosted meetings with ACHP staff to provide information about their clinical and market initiatives and discuss opportunities for ACHP to add value to their efforts. ACHP staff discussed federal legislative and regulatory developments and reviewed ACHP products and services, including the Patient-Centered Medical Home Collaborative, the *HealthPlan Performance Gauge* and *MA SnapShots*.

Additional member organization site visits addressed specific issues. ACHP met with plan leaders at **HealthPartners** and **HIP Health Plan** (now **EmblemHealth**) to present recent analysis of service performance survey results and review potential improvements. At **UCare**, ACHP staff presented an analysis of the health plan’s quality care performance and MA product. Using the *HPPG*, ACHP was able to demonstrate specific ways in which UCare could improve quality performance.

At a conference to celebrate the 25th anniversary of **Group Health** of Seattle’s Center for Health Studies, ACHP President and CEO **Patricia Smith** spoke on the future of integrated health care systems. Ms. Smith noted in her remarks that while the public policy debate over integrated health care plans will revolve around cost, an important challenge for health plans will be to attract patients based on the strength of the positive patient experience that they can provide. While visiting with Group Health, Ms. Smith also observed Group Health’s use of LEAN practice methods

throughout its health plan operations, as well as its specialty practice facility and a medical home pilot site. ACHP is exploring ways to disseminate to member organizations the wealth of lessons and best practices that Group Health's adoption of LEAN practices has to offer.

Affordability

Concern about costs and affordability are one of the key issues in the health care reform debate. ACHP member plans are devising ways to lower the cost trend and to use evidence-based guidelines to support lower demand for expensive services.

The **ACHP Medical Directors** met twice this year to formulate cost-containment strategies and identify high-use, high-price services that contribute to escalating costs. Group discussions on curbing the medical cost trend were led by **Michael Ostrov, M.D.**, medical director at **Group Health Cooperative-South Central Wisconsin** and chair of the ACHP Medical Directors Council. While the list was long, they isolated emergency department use, hysterectomy, back surgery and high-tech imaging services as key areas for further examination. Leaders from **Priority Health** and **HealthPartners** shared strategies for containing medical costs; **UCare** and **Security Health Plan** discussed their success in strengthening plan-provider relationships.

The Medical Directors are also active participants in the Patient-Centered Medical Home Collaborative, providing plan-level leadership and coordination of individual pilot sites with the overall Collaborative's goals and objectives. At a Directors' meeting, leaders from **Group Health** of Seattle, Wash. and **Independent Health** updated attendees on the

successes and lessons learned from their PCMH pilot programs.

Organizational Best Practices

Many health plans have been active in adapting best practices from other industries to improve services for their members. In February, **Group Health** of Seattle, Wash., discussed with ACHP member plans its success in replicating "The Toyota Way" across an entire line of business.

In 2007, Group Health made a commitment to adopt the LEAN methodology in all of its strategy, planning, cross-functional and daily team work. As Group Health leaders explained, it took a cultural transformation to allow health plans to prioritize affordability, excellent quality and respect for members and staff in everything they do.

It took a cultural transformation to prioritize affordability and quality.

— Group Health of Seattle and its adoption of LEAN practice methods.

Kaiser Permanente Colorado's Performance Improvement Learning team presented to ACHP members in May the structure and progress of LEAN learning efforts within its organization. The team showcased an example of using LEAN methods to enhance front-desk payment collection within their clinics. **Kaiser Permanente Mid-Atlantic** also has integrated LEAN methods into its business practices.

In September, its team leaders showed ACHP member plans how they used the five key LEAN steps – define, measure, analyze, improve and control – to improve on-time appointments. As a result of their efforts, plan members are now seen within five minutes of appointment time, staff overtime has decreased by 50 percent, and patient satisfaction scores have improved.

Claims Submissions

Health plans, physicians and hospitals have rapidly implemented electronic health transactions to contain rising health care costs. Several ACHP member plans are industry leaders in integrating health care technology that produces operational efficiencies and allows more of every health care dollar to be spent on direct patient care. In January, **UPMC Health Plan** described for ACHP member plans its innovative strategies to increase electronic claims submissions and its success in containing costs. UPMC's OnLine Claims Submission Tool, provider eLearning solution and internal incentives all enable the plan to increase productivity, efficiency and accuracy of claims submissions.

Creating Marketplace Success

Medicare Advantage SnapShots

To help ACHP member plans better understand premium, demographic, payment and enrollment dynamics in their marketplaces, ACHP developed *Medicare Advantage SnapShots*. These reports are customizable to every state or county in the country and provide an overview of the data that is essential to local market assessment, including demographics, enrollment, product growth and price-point analyses. In 2008, ACHP produced over 500 county-level packets for 14 ACHP member organizations. *See page 9 for more on MA SnapShots.*

New Product Development

ACHP member plans are highly successful at adapting to new market developments and finding inventive ways to market new products. Several factors in the health care market are leading to an increased demand for **individual products**. Disaggregation of the employer market, larger numbers of self-employed and the popularity of individual pur-

chasing solutions in health care reform proposals all point to a need for health plans to develop products and competencies in the individual market. In August, **HealthPartners** discussed with ACHP member plans the recent revitalization of its individual product portfolio, including new products, new consumer engagement tools and integrated marketing strategies. Key to its success has been "The Tool" – a web-based interactive guide with graphics and a voice narrative that explains plan options and provides a customized, suggested plan – and its "Three for Free" policy. This offers three free office visits a year with a delayed deductible product and a compelling value for plan members.

Chronic Care Special Needs Plans (SNPs) have been a growth niche in the HMO market for patients with diabetes, heart disease or other illnesses that require more intensive services and case management. In September, **Group Health** of Seattle, Wash., shared with ACHP member plans the business case for its Chronic Care SNP. Critical to managing this population, Group Health leaders report, is an emphasis on evidence-based medicine, shared decision making with patients and sound stewardship of finite resources. Using this approach, Group Health succeeded in meeting its 2008 plan targets and benefits: 2,350 SNP members, 100 percent coverage for medical equipment, zero drug deductibles and Tier 1 and 2 copayments, one routine foot care visit per month and 100 percent coverage for an annual planned cared visit.

In Medicare, high-deductible benefit designs connected to **health savings accounts** have been available for several years. Their uptake, however, has been more limited than other Medicare Advantage products. One plan that has had success with this benefit design is **Geisinger Health Plan**. In June, leaders from Geisinger shared with ACHP member plans the basics of Medicare Savings Accounts, their experience with current enrollees in the prod-

uct and how their marketing strategy has succeeded with more than 200 enrolled customers.

Innovations in Marketing

Independent Health's Medicare Advantage products have grown in both absolute enrollment and market share in recent years as the plan implemented a comprehensive marketing approach in its region. Its success results from coordinating different marketing initiatives – from seminar-style information sessions to traditional, advertisement-based promotional offers to community-based wellness and activity centers.

In October, leaders from Independent Health shared its **comprehensive marketing strategy** with ACHP member plans and discussed the specific initiatives that have produced strong results. Its signature “Red Shirt Treatment” puts “red shirt” sales reps in one-on-one contact with beneficiaries and prospects at seven Medicare Information Centers in its market area. With fixed locations and convenient hours, the message to beneficiaries is: We're in the community where you live and we're here for you. In the first year of the initiative, Independent Health's MA membership grew to 49,000 members, up from under 30,000, and its market share has increased from 36 percent to 47 percent.

Marketplace Focus Meeting: Incorporating New Technologies

Each year, ACHP brings together plan leaders and decision makers facing marketplace challenges to exchange best practices, network with colleagues and report on their experiences with new products at the **ACHP Marketplace**

Focus Meeting. This annual meeting's agenda focuses on the innovative approaches that ACHP member plans are developing and implementing to enhance their product pipeline.

The theme of 2008's meeting was “Enhancing the Product Pipeline through Technology.” Leaders from **UPMC Health Plan** shared their experience with new technology products that bolster Medicare sales capabilities and allow real-time Medicare enrollment verification. **HealthPartners**, along with **Tony Miller**, chief executive officer of **Carol.com**, discussed the challenges and opportunities using a Web-based portal to promote health care services directly to consumers.

Fallon Community Health Plan described using market and demographic research to create successful new health care products.

At the Marketplace Focus meeting, **Priority Health** highlighted the technology systems that support and strengthen its product development process.

Independent Health shared how it uses Web-based sales and data repository tools to increase its sales efficiencies. And **Kaiser**

Permanente shared its successful strategies for using software to streamline workflow management and reporting.

Advocating Sound Public Policy

Health Care and Medicare Reform

With the guidance and active participation of the Board's Policy Committee, ACHP has made significant progress towards positioning itself to be visible and active in forthcoming debates on health care reform and Medicare payment reform and to support advocacy by member plans. Three related elements consti-

The message to beneficiaries:

We're in the community and we're here for you.

– Independent Health and its Medicare Advantage marketing strategy.

tute ACHP's approach:

1. The ACHP Board of Directors approved a set of principles on coverage, delivery system reform and financing, putting ACHP on record as supporting universal coverage under a system of shared responsibility among employers, individuals and government. ACHP calls for a public/private partnership, under which private coverage would be offered by employers through health insurance exchanges or "connectors" and public programs would be strengthened. *See page 10 for more on ACHP's health care reform principles.*
2. Recognizing that Medicare payment reform is likely to be intertwined with health care reform and drive delivery system changes, the Board also outlined strategy for promoting Medicare financial incentives that would reflect the strengths of ACHP member plans – use of information technology, chronic disease management, patient-centered medical homes and value-based purchasing. These ideas are included in many health care reform proposals and are likely to be considered along with changes in Medicare Advantage payments.
3. ACHP is working with member plans to develop data which, along with more qualitative information, demonstrates the value of integrated or coordinated systems. This material will be necessary to support lobbying activities.

ACHP and its member plans increased their visibility and participation in the policy process in 2008. Three plan leaders testified before the Senate Finance Committee in the latter half of the year. The Board had an in-depth discussion of issues related to health care reform with senior leaders of the Commonwealth Fund. ACHP staff have met with Congressional committee staffs and participated in health care reform policy forums. An ACHP side-by-side analysis of the Obama and McCain health care

proposals was circulated widely to members and others.

Medicare Payment and Policy

Medicare issues figured prominently in both the legislative and regulatory arenas this year. ACHP's work on these issues reflects its general approach to advocacy: strengthening member plans' advocacy work and, when there is value added, being "out front" as an organization and speaking on behalf of member plans.

In July, Congress passed the **Medicare Improvements for Patients and Providers Act of 2008 (MIPPA)**, with several provisions of significance for Medicare Advantage plans. During consideration of the bill, ACHP provided continuous updates and analyses for plan members via e-mail and conference calls. Major provisions of the legislation included the phase-out of Indirect Medical Education (IME) payments to Medicare Advantage plans and new requirements that Private Fee-for-Service plans contract with physicians and hospitals, as do HMOs and PPOs, rather than "deem" them to be part of the plan by virtue of a patient encounter – a change expected to reduce the number and size of those plans. ACHP was able to calculate for member plans the year-by-year projected reduction in IME payments.

ACHP was asked to support a provision that was eventually included in MIPPA. It requires the Department of Health and Human Services to develop a methodology for the collection and reporting of **quality data by race, ethnicity and gender** in Medicare Advantage and fee-for-service, with the intent of reducing disparities in care. After consultation with member plans, ACHP conveyed its support for the provision and was able to raise a number of legal and practical issues that will need to be considered by the Department when the provision is implemented.

In the spring, CMS published a proposal on “coding intensity” that would have significantly reduced Medicare risk scores for some members. Working with its member plans, ACHP argued in a formal response, backed up by advocacy efforts, that the proposal would be an arbitrary reduction not related to individual plan experience and would have an undue impact on plans that were built around a capitated business model. These and other efforts resulted in CMS withdrawing the proposal for the 2009 plan year. CMS is now proceeding to validate risk adjustment scores based on actual audits of clinical records – an effort described in a special CMS briefing for members arranged by ACHP.

CMS published a proposed rule in May to codify **marketing, compensation and other requirements** that it had previously issued as guidance to Medicare Advantage and Prescription Drug Plans. ACHP worked closely with member plans in several conference calls and written analyses to develop formal comments submitted in July on the regulation.

CMS issued an Interim Final Rule for comment on the marketing and compensation requirements, taking into account related provisions of MIPPA. Particularly problematic for ACHP member plans were provisions on how compensation must be structured, applicable to both employed sales staff and outside brokers. ACHP was involved in subsequent conversations with CMS officials to point out that employed staff are compensated in a different way and largely do not have ongoing relationships with enrollees.

In response to industry concerns, CMS suspended enforcement of the provisions for employed staff until a Final Rule is adopted. ACHP also submitted formal comments on the

Interim Final Rule and recommendations for changes.

Non-Profit Health Care

As an organization of non-profit health plans, ACHP is uniquely positioned to represent member plans on issues that may affect tax-exempt status. For example, ACHP closely monitored the extensive revisions to the **IRS Form 990** and filed a formal letter of comments on a draft published by the IRS in 2007. It followed up with a comment letter in 2008 on the draft Form 990 Instructions, noting especially an inconsistency in the instructions on an important question relating to which institutions must complete Schedule H. IRS later made a change reflecting ACHP’s recommendations.

ACHP convened legal experts from member plans to discuss appropriate responses to the U.S. **Ninth Circuit Court of Appeals’ decision** upholding an IRS determination that *Vision Service Plan* was not a tax-exempt entity. ACHP had filed an *amicus* brief in this case, which potentially affects the tax status of non-profit health plans, even though the

facts of the VSP case differ significantly from those of comprehensive health plans.

VSP sought to have the Supreme Court review the case. In light of the limited scope of the District Court’s decision (which was not published and which the Court explicitly labeled as non-precedential) and other considerations, counsels of ACHP member plans affirmed an earlier decision not to participate further in the case. The Supreme Court recently denied the petition for review. ACHP will be monitoring related cases in U.S. District Court in Ohio.

These and other efforts resulted in CMS withdrawing the proposal for 2009.

– ACHP’s advocacy work in response to CMS’ coding intensity proposal.

Legislative Committee

The ACHP Legislative Committee provides a mechanism for the policy and government relations staffs of member plans to discuss major issues with ACHP staff. The Committee met monthly throughout 2008 to review major legislation and regulations, share information and discuss coordinated responses. Conference calls were also scheduled on an *ad hoc* basis as necessary. The Committee focused its attention on the Medicare payment legislation (MIPPA), the CMS proposed rules on marketing and compensation for Medicare Advantage and Prescription Drug Plans, information technology legislation, coding intensity and risk adjustment data validation, the mental health/substance use disorders parity bill and other issues. The Committee also is the mechanism through which ACHP disseminates policy updates, analyses and other resources on an ongoing basis via e-mail and the ACHP Web site.

Keeping Members Informed

ACHP Bulletin

ACHP's monthly newsletter offers readers an in-depth look at member plans as well as program and public policy priorities. The *ACHP Bulletin* reaches approximately 2,000 contacts, including policymakers, academics, industry leaders and ACHP members. Articles published this year included an analysis of the ACHP member organizations' rankings in the *U.S. News and World Report's* "America's Best Health Plans," profiles of important Patient-Centered Medical Home projects from around the country, and a look at the Massachusetts health insurance exchange/connector.

Leadership Matters

At the request of the Membership Committee, ACHP launched a new electronic communications tool designed for Board members and

chief medical officers. This publication, *ACHP Leadership Matters*, informs plan leaders of upcoming ACHP events as well as key findings and lessons learned from previous months' in-person meetings, Web conferences and conference calls. Included in each edition are links to documents, presentations and other related materials and contact information to answer additional questions.

Events

This notice replaced ACHP's *Member Minute* as a general alert, e-mailed before the beginning of each month to all ACHP member plan contacts about upcoming ACHP events. It provides an easy-to-use and brief description of the event, time and date and registration information.

Media Monitoring Report

Distributed daily, ACHP's *Media Monitoring Report (MMR)* provides a focused look at timely health business and policy issues and offers links and a concise summary of articles appearing in the national and trade press. In 2008, the format and abstracts of *MMR* were revised for ease of use. *MMR* also includes a Subscriber's Corner, which summarizes relevant articles from *Health Affairs*, *New England Journal of Medicine*, *The Journal of the American Medical Association* and other subscription-only publications, and Health Policy Corner, which highlights important new health care policy proposals and reports from think tanks, government agencies and advocacy groups.

Web Site

ACHP's Web site (www.achp.org) was redesigned this year to remove duplicative information, update older material and reorganize important ACHP documents so that they are easy to find and use. There continue to be both public and members' only sections of the Web site. The Web site homepage will

prominently link to presentation materials, ACHP summaries of key findings and other documents and resources related to ACHP's Patient-Centered Medical Home Collaborative. The Web site homepage also prominently displays ACHP's "Key Issues in National Health Care," the *HealthPlan Performance Gauge* and other learning and innovation tools.

Communicating U.S. News Rankings

ACHP hosted a conference call with staff members from the National Committee on Quality Assurance (NCQA) and communications staff from ACHP member plans to discuss and clarify the rules and guidelines for using information in the *U.S. News and World Report* rankings in advertising, marketing and communications materials. Among the guidelines covered were what health plans are (and are not) permitted to say about their rank and score in advertisements, how to draw comparisons with other plans and what to do with printed materials that reference last year's

rankings.

ACHP issued a press release when the rankings were published, highlighting the achievements of member plans and the model of coordinated or integrated health care delivery systems as a new Congress and president address health care reform.

NCQA State of Health Care Quality Report

NCQA issued its annual "State of Health Care Quality" report in early October on the quality and service performance of health plans across the country. NCQA had previously briefed ACHP staff on the report's findings. In a statement on the report, President and CEO Patricia Smith noted, "Setting standards, measuring against those standards and making those measures accessible to patients, providers and purchasers are essential components of building an accountable health care system."

Strengthening Our Organization

ACHP had 17 member organizations at the end of 2008, collectively providing health care and coverage for approximately 15 million Americans. ACHP anticipates further membership growth in 2009, including the addition of **Capital District Physicians' Health Plan (CDPHP)** of Albany, N.Y., at the beginning of the year. Continued membership growth, along with a Board decision to strengthen dues revenue, will help ACHP maintain capacity to meet strong demands for expanded activities.

New Members

ACHP welcomed three new member plans this year, extending its total 2008 membership to 17 community-based and regional health plans.

Priority Health of Grand Rapids, Mich., joined ACHP in January. For over 20 years, Priority Health has been one of the leading health plans in Michigan in providing its customers with high quality and high value health care. Priority Health serves nearly 500,000 people and 8,500 employers in 55 counties throughout Michigan.

Also joining ACHP in January was **Tufts Health Plan** of Waltham, Mass. Tufts Health Plan is the Boston area's third largest not-for-profit health insurer with membership of over 600,000. Tufts Health Plan is also the first health plan in Boston to earn a J.D. Power and Associates award for 11 years, for outstanding member satisfaction or service excellence.

Presbyterian Health Plan of Albuquerque, N.M. joined ACHP in June. Established in 1985, Presbyterian Health Plan (PHP) is a division of Presbyterian Healthcare Services, New Mexico's largest locally-owned health care system. It is the state's largest health plan and serves over 418,000 members with over 6,000 physicians and providers in its network.

Staff Growth and Development

In 2008, ACHP filled the following critical staff positions: Director of Policy and Communications, Policy and Communications Associate, Business and Policy Analyst, Director of Operations and Board Support and Executive Assistant to the CEO. With this lean but strong staff, ACHP expanded its learning and innovation programming, marketplace and analytical capacity and public policy activities. ACHP also provided new communications vehicles to keep members abreast of important issues.

Throughout the year, ACHP invested in training to provide staff with greater knowledge and resources to perform at their highest capacity. Program Assistants were trained in work organization and time management skills, while other staff learned uses and applications of Microsoft Access. Other trainings and educational opportunities in which staff participated included a web-based certification offered by the AHIP Professional Academy for Healthcare Management, a seminar for the Controller on retirement contributions, the Annual Meeting of the Institute for Healthcare Improvement and several conferences and symposia on Medicare, health system capacity, the private insurance market and health care reform.

To measure staff performance and ensure that all staff work is aligned with our mission, ACHP uses formal processes for annual staff performance evaluations and the identification of the following year's goals, objectives and metrics for performance. ACHP also uses an organization-wide "dashboard" to track indicators and meet annual goals. Staff meets quarterly to review the original goals and uses feedback from the Board of Directors to assess organizational performance throughout the year, as well as at year-end.

Governance Policies

ACHP has adopted new corporate governance policies to comply with the revised IRS Form 990. The Board of Directors approved policies for Whistleblower Protection, Conflict of Interest and Document Retention, with the first two applying at both the Board and staff level. To assist with document retention, ACHP also made modest investments in computer system upgrades in order to retain critical organizational records.

Summary of Financial Position

ACHP continued to contribute to its reserves in 2008, which stood at approximately 30 percent of annual operating expenses at the end of the year. Revenue was higher than projected and expenses were lower than the budgeted amounts for 2008. The majority of revenue comes from membership dues. ACHP received a clean audit for 2007, indicating ongoing discipline and fiscal management.

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ACHP Membership

At the core of every ACHP health plan and provider organization is a commitment to patients and communities, the provision of affordable benefits and value, a solid track record of high-quality care and a passion for continued improvement.

ACHP member organizations pride themselves on building strong relationships among the plan, its providers and the people they serve, and they consistently score among the top performers on national quality measures.

CAPITAL DISTRICT PHYSICIANS' HEALTH PLAN
Albany, New York
www.cdphp.com

CAPITAL HEALTH PLAN
Tallahassee, Florida
www.capitalhealth.com

CARE OREGON
Portland, Oregon
www.careoregon.org

EMBLEM HEALTH
New York, New York
www.emblemhealth.com

FALLON COMMUNITY HEALTH PLAN
Worcester, Massachusetts
www.fchp.org

GEISINGER HEALTH PLAN
Danville, Pennsylvania
www.thehealthplan.com

GROUP HEALTH
Seattle, Washington
www.ghc.org

GROUP HEALTH COOPERATIVE OF SOUTH CENTRAL WISCONSIN
Madison, Wisconsin
www.ghc-hmo.com

HEALTH PARTNERS
Minneapolis, Minnesota
www.healthpartners.com

INDEPENDENT HEALTH
Buffalo, New York
www.independenthealth.com

KAISER FOUNDATION HEALTH PLAN AND THE PERMANENTE FEDERATION
Oakland, California
www.kaiserpermanente.org

PRESBYTERIAN HEALTH PLAN
Albuquerque, New Mexico
www.phs.org/phs/healthplans

PRIORITY HEALTH
Grand Rapids, Michigan
www.priorityhealth.com

SECURITY HEALTH PLAN
Marshfield, Wisconsin
www.securityhealth.org

TUFTS HEALTH PLAN
Waltham, Massachusetts
www.tufts-health.com

UCARE
Minneapolis, Minnesota
www.ucare.org

UPMC HEALTH PLAN
Pittsburgh, Pennsylvania
www.upmchealthplan.com







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