

THE HEALTH INDUSTRY FORUM

2008 YEAR-END REPORT



THE HEALTH INDUSTRY
Forum

Informing innovative healthcare policy and practice

CHAIRMAN'S LETTER

TO OUR MEMBERS



STUART ALTMAN, PhD
Chairman and professor,
Brandeis University

This has been a year of extraordinary events marked by economic uncertainty, record rates of unemployment, and unprecedented numbers of American families without health insurance. It's no surprise that Barack Obama, newly elected as the forty-fourth president of the United States, has made healthcare reform a key issue in the presidential race and in his new presidency.

The Health Industry Forum continues to contribute to the national discussion on healthcare reform. With forums on payment and delivery system reform, healthcare innovation, electronic health records, specialty pharmaceuticals, and Medicare's ability to accelerate delivery system reform, we remain out in front of the policy community on many critical policy issues.

One reason for our success is that we consistently attract the "right people to the table"—thought leaders, decisionmakers, and innovative managers and scientists—who really matter for healthcare policy debates. Our forums provide a neutral venue for these experts and leaders to address the challenging issues facing the U.S. healthcare system. Furthermore, through the realm of academic research and publications, our staff continues to contribute with thoughtful and insightful policy analyses and articles.

This year we worked closer with our members to understand their top policy issues, their perspectives on the value that the Health Industry Forum brings to their organizations, and additional products or services they need from us in order to improve their business processes. After listening carefully to our members, we developed an action plan for new products and services to better meet our members' policy and business needs. You will read more about our plan in this annual report.

I FORUMS

Conferences continue to be the core product of HIF. Ranging in size from forty to sixty participants, these invitation-only meetings provide a venue for dialogue among a diverse group of stakeholders and experts. We specifically craft the agenda to allow for open, interactive discussions. While many of these meetings are designed to “start conversations” among stakeholders, HIF is also committed to holding multiple meetings to explore issues and build consensus around key themes. In 2006 and 2007, HIF held a series of conferences examining different aspects of comparative effectiveness research. In 2008, it hosted two conferences focused on specialty pharmaceuticals: one to identify key policy issues and a second to develop and debate policy options for resolving specific issues. Below is a brief synopsis of HIF’s 2008 conferences.

Payment and Delivery System Reform: Creating Conditions for More Efficient and Effective Healthcare Services (April 10, 2008).

The current structure of fee-for-service reimbursement in the United States has become a major impediment to reforms that could improve the quality and value of healthcare services. This conference examined recent payment policy innovations developed by Blue Cross Blue Shield of Massachusetts, Geisinger Health Plan, and United Health Group and assessed their potential impact on healthcare delivery. It then examined the potential for exporting these new techniques to other markets and settings and discussed the future role of Medicare payment policy.

Managing Specialty Pharmaceuticals: Balancing Access and Affordability (July 19, 2008).

The growing availability of specialty pharmaceuticals—typically biological therapies that can cost tens of thousands of dollars for a course of treatment—represents an emerging challenge for U.S. social policy. While these products have sometimes demonstrated miraculous results in clinical trials, it is often difficult to identify which patients will benefit from specific treatments. In addition, because of the high cost of these products, some benefit plans have moved specialty drugs into a “Tier 4,” with significantly higher coinsurance. As a result, patients may be responsible for significant costs and face agonizing decisions over whether to accept potentially lifesaving treatments. This HIF meeting focused on strategies for balancing the access and affordability in the U.S. market for specialty pharmaceuticals. It included an analysis of the specialty pharmaceutical market; an examination of specific health plan



Man in dark suit standing at the head of the table, addressing the group.

People seated around the long U-shaped table, listening to the speaker.

Richard Ban

Arnold Milstein

Ron Paulus

Open book or document on the table in the foreground.

strategies covering clinical management, reimbursement, specialty pharmacy contracting, and benefits design; an assessment of key Medicare issues; and a discussion of future policy issues.

Specialty Pharmaceuticals: Policy Solutions for Encouraging Access and Affordability
(October 2, 2008).

Designed as a follow-up to HIF's July 16 meeting, this conference examined specific policy options for addressing the following concerns: 1) overlapping structures of medical and pharmacy benefits, which can reduce potential for integrated medical management; 2) physician financial incentives that may conflict with the most appropriate choice of specialty pharmaceuticals; 3) uncertainty about the effectiveness of specialty pharmaceuticals, which can limit rational payment and coverage policies; and 4) high coinsurance requirements that create extreme financial burdens for beneficiaries who need expensive drug therapies. The objective of this meeting was to develop a refined set of policy options that provide an acceptable basis for continued discussion among a broad range of stakeholders.

Can Medicare Accelerate Delivery System Reform? Options for Creating a Sustainable U.S. Healthcare System (November 24, 2008).

Past efforts to reform Medicare have historically focused on extending the program's fiscal solvency through provider payment limits and new revenue sources. However, in the face of the current healthcare cost crisis, Medicare must begin to play a greater role in encouraging a more efficient, sustainable healthcare delivery system for all Americans. This meeting began by examining the current U.S. delivery system structure and possible options for promoting a more integrated delivery system. It then examined Medicare policies that could accelerate change. Finally it discussed governance; organizational and resource challenges facing the Centers for Medicare & Medicaid Services; and potential changes that could help the agency become a more effective catalyst for delivery system reform.

II WORKGROUP MEETINGS

The Health Industry Forum has established policy workgroups to drill down in greater detail on key issues of interest to HIF and to expand HIF's capacity to produce high-quality deliverable products. In 2008 HIF hosted meetings of its Evidence Workgroup and of a newly formed Innovation Workgroup. These meetings are summarized below.

"Road Testing" Electronic Medical Records (EMRs) for Effectiveness Research (June 6, 2008).

HIF's evidence workgroup convened a group of thirty-five policy analysts, EMR experts, and bioepidemiologists to discuss when and under what conditions EMR data can be used to develop credible evidence on the effectiveness of new and existing medical therapies. The meeting used case studies of EMR systems at the Palo Alto Clinic, Veterans Administration, and Geisinger Health System to examine the current capabilities of EMRs to generate new evidence of effectiveness and discuss the strengths and weaknesses of utilizing such analyses for decision making. While we did not reach consensus on how to use such non-randomized data, the meeting successfully identified several ways in which public policy can support development of high-quality data.

Incentives for Greater Value in an Era of Constrained Resources (April 30, 2008).

HIF's innovation workgroup convened representatives from pharmaceutical and biotechnology firms, health plans, delivery systems, and policy experts to discuss frameworks for assessing the role of policy in healthcare innovation. The group also discussed issues that could be covered as part of the Innovation Workgroup's ongoing agenda including 1) establishing more precise working definitions of innovation to support more effective policy discussions; 2) identifying barriers and facilitators to innovation; 3) developing models for encouraging disruptive innovation; 4) improving methods for ensuring new technologies are used appropriately; and 5) finding ways to kill low-value products and services to free up resources for new innovations. The group agreed that more deliberative analysis and policy development on healthcare innovation is needed.





III COSPONSORED CONFERENCES

The Health Industry Forum cosponsored two conferences of importance to our members in 2008.

The Use of QALYs in Healthcare Decision Making: Implications, Lessons, and Future Directions (with Johnson & Johnson, National Institute for Healthcare Management, and National Pharmaceutical Council)

As Congress considers establishing a comparative effectiveness research entity in the United States, there is growing interest in other countries' approaches to evaluating medical treatments and technologies. Areas of particular controversy include cost-effectiveness analysis and the use of quality adjusted life years (QALYs) as a method to assess the value of treatments. This symposium explored the risks and benefits of using QALYs as a metric for assessing and comparing the value of different treatments. International experts from England, Canada, and Germany offered their experience and perspectives on using QALYs, documenting the strengths and weaknesses of using QALYs. In response, stakeholder groups representing insurers, providers, and patient groups discussed the risks and benefits of incorporating QALYs as an official measure for comparing treatments in the United States.

Securing Evidence of Clinical Utility for Genetic Testing (with the University of Washington Resource Center for Health Policy)

Though there are a number of challenges associated with the integration of genetic testing into healthcare, no issue is more pivotal than clinical utility, primarily because demonstrating the clinical utility of a test is a necessary precondition to its comprehensive translation into medical practice, and concomitantly, its reimbursement. This workshop sought to find consensus on: a) appropriate levels and types of evidence to establish clinical utility, which may vary with the nature and proposed use of a test; b) the process for collecting evidence through public/private partnerships; and c) what analytic tools, such as decision modeling or risk-benefit analysis, should be used. The meeting also addressed the means by which such testing can be added to the armamentarium of clinicians.

IV PUBLICATIONS

In addition to policy briefs and conference reports, our staff developed several other publications in conjunction with the 2008 conferences.

Mechanic R. and S. Altman, “Payment Reform Options: Bundled Payments Are the Best Place to Start,” *Health Affairs* Web Exclusive (January 27, 2009).

Thomas, C., “Key Medicare Issues for Coverage and Reimbursement of Specialty Pharmaceuticals,” Background Paper for Health Industry Forum Conference on Specialty Pharmaceuticals, July 2008.

During the year, the Health Industry Forum wrote a number of policy briefs.

Can Medicare Accelerate Delivery System Reform?

The Health Industry Forum, November 2008

Specialty Pharmaceuticals: Policy Options to Promote Access and Affordability

The Health Industry Forum, October 2008

Managing Specialty Pharmaceuticals: Balancing Access and Affordability

The Health Industry Forum, July 2008

Electronic Health Records for Effectiveness Research: Gold Mine or Tower of Babel?

The Health Industry Forum, June 2008

Healthcare Payment Reform: Creating Conditions for More Efficient Health Delivery

The Health Industry Forum, April 2008

Optimizing Information Under Coverage with Evidence Development

The Health Industry Forum, November 2007

Value-Based Payment for Medical Technologies

The Health Industry Forum, October 2007

V OTHER ACTIVITIES

The Health Industry Forum also organized a breakfast symposia series in Boston titled *Healthcare Cost Management in Massachusetts: A Review of Options*. These meetings brought together leading hospitals, health plans, state health policymakers, researchers, and practitioners to discuss the published evidence on cost-control strategies and the implications for public policy in Massachusetts.

Stuart Altman and Rob Mechanic moderated the seven sessions. Presentations and conference reports can be found on our Web site.

Overview of Cost-Management Options

Presenter: Stuart Altman, PhD, Sol C. Chaikin Professor of National Health Policy, Brandeis University

Healthcare Reimbursement and Purchasing Strategies:

Presenter: Joseph Newhouse, PhD, professor, Harvard University

Consumer-Focused Cost-Management Strategies:

Presenter: Michael Chernew, PhD, professor, Harvard University

Delivery System Strategies:

Presenter: Glenn Steele Jr., MD, PhD, president and CEO, Geisinger Health System

Employer Cost-Management Strategies:

Presenters: Delia Vetter, senior director of benefits, EMC Corporation; and Michael Taylor, principal, Towers Perrin

Developing a Capacity for Measuring the Comparative Effectiveness of Medical Treatments:

Presenter: Steven Pearson, MD, MSc, director, Institute for Clinical and Economic Review

State Regulatory Strategies:

Presenters: Frank A. Sloan, J. Alexander McMahon Professor of Health Policy and Management and professor of economics, Duke University; Stephen M. Weiner, Esq., Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

VI | PROPOSED NEW ACTIVITIES FOR 2009

As an independent, credible, multi-stakeholder organization, we believe the Health Industry Forum can continue to play an important role in mediating discussion of key health policy issues in 2009. We will continue to host an ongoing series of conferences and workgroups, and, when helpful, will serve as a trusted source for Congressional briefings. In addition, after interviewing a number of member companies during fall 2008, we identified several new activities that could help us more effectively meet current member needs, recruit new members, and enhance revenue. Therefore, we plan to develop and implement the following new products during 2009:

Senior Policy Roundtables

The Forum will organize periodic “Senior Policy Roundtables,” through which a group of approximately fifteen Forum members and staff will meet with senior government officials for an informal discussion of a specific policy issues. We anticipate that this will afford us very rich discussions that incorporate both business and policy considerations. These roundtables will be available only to organizations that are charter members of the Forum.

Onsite Policy Seminars

The Forum will develop a series of onsite policy seminars that build directly on prior conferences. In these seminars, a senior policy analyst from the Health Industry Forum will lead a discussion based on one of a number of our prior conferences for a broader group of staff from member companies.

Meeting Cosponsorship

Some members expressed an interest in providing additional support for meetings that we are holding on topics of interest. Although the board reviews all conference topics, allowing members to cosponsor meetings provides us with opportunities for additional industry feedback and participation. The cosponsors will have cobranding opportunities on written materials, be able to post conference reports on their Web sites, and can invite additional representatives from their organizations.

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