



King County

KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

July 10, 2007

Motion 12543

Proposed No. 2007-0291.2

Sponsors Gossett and Hague

1 A MOTION relating to the Puget Sound Health Alliance;
 2 adopting policies and a report on the for the Puget Sound
 3 Health Alliance Database Project to fulfill the requirements
 4 of the 2007 Budget Ordinance, Ordinance 15652, Section
 5 108, Proviso P1.

6
 7 WHEREAS, in August 2006, the metropolitan King County council approved
 8 Ordinance 15572 making a supplemental appropriation of \$516,000 to the employee
 9 benefits fund to provide first year funding to the Puget Sound Health Alliance for its
 10 database and amending the 2006 Budget Ordinance, Ordinance 15333, Section 103, to
 11 add an expenditure restriction stating that this \$516,000 in appropriation authority shall
 12 be expended only after the King County executive certifies to the council by letter
 13 specifically how grant funds will offset the county's early investment in this project, and

14 WHEREAS, in October 2006, the King County executive certified to the council
 15 by letter that the Puget Sound Health Alliance has been aggressively pursuing grant
 16 funding to offset the county's funding of its database and that if the Puget Sound Health
 17 Alliance receives funds specifically for its database, the King County executive would

18 transmit to council a supplemental ordinance authorizing King County to accept these
19 funds, and

20 WHEREAS, with support of the King County council for the first year funding of
21 the Puget Sound Health Alliance's database in the amount of \$516,000, the Puget Sound
22 Health Alliance in September 2006 entered into a three-year contract with Milliman, Inc.,
23 a Seattle-based actuary and consultant to King County, local Puget Sound health plans
24 and the state of Washington Medicaid program, to purchase a license to an integrated
25 regional health care database known as MedInsight, and

26 WHEREAS, this database will enable the Puget Sound Health Alliance to produce
27 a comprehensive and credible report on health care provider quality and efficiency that is
28 trusted by all stakeholders and the community, and

29 WHEREAS, the database includes medical and pharmacy claims data on residents
30 of King, Pierce, Snohomish, Thurston and Kitsap counties, and

31 WHEREAS, the metropolitan King County council in approving the 2007 Budget
32 Ordinance, Ordinance 15652, included one proviso that limits expenditure or
33 encumbrance of year two funds in the amount of \$397,000 for the Puget Sound Health
34 Alliance Database Project, until the council approves by motion a report that addresses
35 issues related to the database project including how grant funds will offset the county's
36 early investment in this project, and

37 WHEREAS, King County approved first and second year funding for the full cost
38 of the Puget Sound Health Alliance's database license, and

39 WHEREAS, King County's first year funding for the Puget Sound Health
40 Alliance's database license funded the first year of the Puget Sound Health Alliance's
41 contract with Milliman, Inc., for the time period of October 2006 to October 2007, and

42 WHEREAS, King County's second year funding for the Puget Sound Health
43 Alliance's database license will fund the second year of the Puget Sound Health
44 Alliance's contract with Milliman, Inc., for the time period of October 2007 to October
45 2008, and

46 WHEREAS, second year funding will enable the Puget Sound Health Alliance to
47 produce for its members, including King County, the first region wide quality comparison
48 report on health care provider groups in Fall 2007, and

49 WHEREAS, the first region wide quality comparison report on health care
50 provider groups will be reported to the public by December 15, 2007, and

51 WHEREAS, second year funding of the Puget Sound Health Alliance's database
52 project is a logical and prudent investment for King County, because the information
53 from the database project provides the infrastructure and lays the groundwork for
54 producing the region's first health care provider comparison reports that will promote
55 health and improve quality and affordability by reducing overuse, underuse and misuse of
56 health services, and

57 WHEREAS, King County's employee benefit program known as Healthy
58 Incentives, includes a supply side strategy which relies on the Puget Sound Health
59 Alliance's comparison report to enable King County to reduce the growth in its employee
60 health benefit costs and to improve the quality of care provided to King County
61 employees and their beneficiaries, and

62 WHEREAS, in 2008, the Puget Sound Health Alliance's comparison reports will
63 assist King County in preparing for benefits negotiations with the Joint Labor
64 Management Insurance Committee and for the procurement and contracting of the
65 resulting benefit package, and

66 WHEREAS, in December 2007, when the initial comparison report is produced,
67 the Puget Sound Health Alliance's comparison reports will assist King County employees
68 and their families in making informed decisions about where and from whom they choose
69 to receive health care. King County will use the comparison reports to inform its
70 employees about healthcare providers who most consistently provide effective and
71 efficient care, and

72 WHEREAS, the Puget Sound Health Alliance has not as yet received grants or
73 fees to offset King County's first year investment, and

74 WHEREAS, the King County executive will continue to work with the Puget
75 Sound Health Alliance to secure grant funding to off-set the county's first and second
76 year funding of the Puget Sound Health Alliance's database, and

77 WHEREAS, the attached report on the Puget Sound Health Alliance Database
78 Project fulfills the requirements of the 2007 Budget Ordinance, Ordinance 15652, Section
79 108, Proviso P1, including:

- 80 1. How grant funds will offset the county's investments in the project;
- 81 2. The amount the county has been reimbursed by the Puget Sound Health
82 Alliance as a result of grant funds and analysis fees received by the Alliance;
- 83 3. How the project will be overseen by the county;

84 4. How the county will use the database to identify peer county and city public
85 employers to compare King County employee benefit costs; and

86 5. What the year two deliverables and payment schedule are;

87 NOW, THEREFORE, BE IT MOVED by the Council of King County:

88 The report entitled Report on the Puget Sound Health Alliance Database Project,
89 Attachment A to this motion, is hereby approved.

90 The county encourages the Puget Sound Health Alliance to develop financially
91 sustainable funding for its database. To assist the Puget Sound Health Alliance, the
92 county intends to dedicate from the employee benefit fund appropriation in 2008
93 transitional third year funding for the Puget Sound Health Alliance database project
94 which is estimated to be \$194,033. This amount of \$194,033 represents an estimate of
95 the proportional third year cost of the database license for King County residents in the
96 database. Furthermore, it is the intent of the county that, except for annual dues provided

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97 by the county, the council should not provide further funding for the Puget Sound Health
98 Alliance for its database beyond 2008.

99

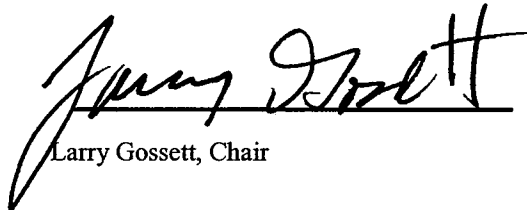
Motion 12543 was introduced on 5/7/2007 and passed by the Metropolitan King County Council on 7/9/2007, by the following vote:

Yes: 9 - Mr. Gossett, Ms. Patterson, Ms. Lambert, Mr. von Reichbauer, Mr. Dunn, Mr. Ferguson, Mr. Phillips, Ms. Hague and Mr. Constantine

No: 0

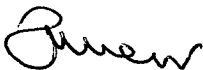
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments A. Report on the Puget Sound Health Alliance Database Project

Report on the Puget Sound Health Alliance Database Project

The Puget Sound Health Alliance (the Alliance) is a 501(c)3 non-profit coalition currently consisting of more than 140 organizations plus individuals who provide, pay for and use health care services (see Appendix A for a current member list). With initial funding support from King County, the Alliance was formed in 2005 as a regional partnership involving employers, physicians, hospitals, patients, health plans, and others working together to improve quality and efficiency while reducing the rate of health care cost increases across King, Kitsap, Pierce, Snohomish and Thurston counties.

Since its official inception, the Alliance has grown to be a financially stable and healthy nonprofit organization with a small staff of ten and a projected operating budget of approximately \$2.3 million for 2007. The Alliance made remarkable progress in 2006 and the first quarter of 2007 towards fulfilling its overall mission and goals of improving health care quality and public reporting of information, thanks to the generosity and support of the King County Council in funding the first year of the Alliance's database project. Having a license to this database in place was directly responsible for creating grant and national recognition opportunities otherwise not possible such as the Alliance's national recognition, by U.S. Secretary of Health Human Services (HHS) Mike Leavitt, as the first Community Leader for Value-Driven Healthcare in the nation, a designation that is the first step to become a part of a national value-exchange system with access to Medicare data.

The Alliance made tremendous progress and achieved many accomplishments in calendar year 2006:

Transparent Information / Public Reporting

- ✓ **Completed clinical improvement planning work, including recommended guidelines for evidence-based care, measures and change strategies**, to improve care for heart disease, diabetes, low back pain, depression and use of pharmaceuticals (Phase II in 2007).
- ✓ **Defined and implemented the health information strategy** to secure a data vendor and lay the groundwork for producing the region's first comparison reports starting in 2007.
- ✓ Negotiated agreement from **major health plans and many self-insured employers to provide data for the report**; Medicaid and Medicare data likely added later.
- ✓ Completed and distributed the Board's **Proposed Approach to Developing the Comparison Report on Health Care Performance**. Began outreach to gather input, including letters to **more than 550 medical practices, clinics and hospitals** in the region.

- ✓ **Adopted a strategy to make best use of Alliance members as “trusted sources”** for effective and broad-based communication with consumers, providers, and purchasers. Began developing and creating access to useful tools through the Alliance website.
- ✓ **Recommended that all organizations that communicate with consumers about health care apply key principles to ensure effective communication.**

Incentives

- ✓ Provided assistance for the distribution of **\$1 million in awards to clinics and hospitals for electronic medical records, registries and other health information technology**, via the WA Health Information Collaborative in partnership with First Choice Health, WA HCA and Qualis Health.
- ✓ Received a WA State Department of Health grant to **encourage physicians and clinics to seek NCQA recognition** for quality care for diabetes and heart disease.
- ✓ Recommended that clinics and hospitals **limit the sales and marketing influence of pharmaceutical companies on clinical decisions**, by restricting access of sales people in practice locations and eliminating the distribution of free samples of brand-name drugs.
- ✓ Co-sponsored conferences on **Value Based Purchasing / Pay-for-Performance and Employer-Sponsored Programs to help Employees Quit Smoking.**
- ✓ **Adopted public policy guidelines** focused on encouraging and rewarding improvement in health care quality and efficiency.
- ✓ Completed the first progress report from the **Incentives Work Group.**

Organizational Sustainability

- ✓ **Received a three-year grant from the Robert Wood Johnson Foundation**, as one of four Aligning Forces for Quality sites. Funds are dedicated to supporting public performance reporting, consumer engagement and creating a quality improvement infrastructure.
- ✓ **Increased shared knowledge among Alliance members by bringing in nationally renowned speakers** such as HHS Secretary Mike Leavitt; Karen Davis, president of the Commonwealth Fund; Francois de Brantes, national coordinator of Bridges to Excellence; and Peggy O’Kane, president of the National Committee for Quality Assurance.
- ✓ **Completed stakeholder assessment and branding process**, identifying Alliance brand attributes as collaborative, bold, trusted and results-oriented. Revised the design and layout of Alliance logo and materials, and created a robust website including member-only access.
- ✓ Created the **Consumer Advisory Group**, the **Incentives Work Group** and teams to shape the Alliance measurement and reporting approach for **hospitals and patient satisfaction.**

- ✓ **Shared information about Alliance progress through presentations and discussions** with national, state and local organizations such as the World Health Congress, the Progressive Policy Institute, National Business Coalition on Health, Institute for Healthcare Improvement, the WA State Blue Ribbon Commission, and many others.
- ✓ **Secured earned media coverage, including** articles and editorials in major Puget Sound newspapers, and in national publications including the Bureau of National Affairs, Kaiser Family Foundation, and the Commonwealth Fund Report.
- ✓ **Rounded out staff expertise** by filling positions in quality improvement (two, with one funded by RWJF), consumer engagement (funded by RWJF), and health information.

The Puget Sound Health Alliance Database Project

In fall 2006, the Alliance entered into a three-year contract with Milliman, Inc., a Seattle-based actuary and consultant to local Puget Sound health plans as well as the State of Washington Medicaid program. The contract is to create, and purchase a license to access, an integrated regional database containing claims data from health plans, self-insured employers and union trusts. Milliman is responsible for consolidating, storing, and analyzing the claims data to populate the Alliance's reports to the public comparing health care quality and efficiency across the region.

Milliman is using MedInsight, an established, integrated data warehousing and reporting tool specifically developed for the healthcare marketplace. MedInsight's integrated data warehouse features analytics that include the calculation of evidence-based measures, including the Institute of Medicine measures adopted by the Alliance, and several integrated querying and reporting tools to allow ad hoc analyses on different issues of interest to Alliance participants.

The creation of a single report for the region is a step forward in the evolution of health care transparency (information sharing and empowerment). Today, various reports are produced by health plans, employers and others, each with their own approach to defining, measuring and analyzing aspects of health care performance, often using only the subset of data to which they have access as an employer, health plan or other organization. The current result is a multitude of reports, some of which are shared publicly but none of which reflect comprehensive data from across the region. These reports reach different and sometimes conflicting conclusions. Not surprisingly, that makes it difficult for individual consumers, employers and other purchasers to know where the best quality, value and customer service/patient experience is provided in health care. And, for physicians and hospitals, the multitude of reports present more confusion than clarity in helping to identify where improvement is needed, because nearly every report has "nuanced differences" in how issues are defined, measured and summarized.

Using the Alliance's comparison report, King County employees and their families and the public will be able to identify those physician clinics and hospitals that are most consistently providing effective health care services. The report will compare health care claims data based

on measures of quality that reflect best-practices in clinical care, especially for people with chronic conditions. In addition, the single regional comparison report will ensure that the analysis applied to the aggregated data and the format in which the results are displayed will be understandable, objective, consistent and reliable for health care decision-making by individuals, employers (health care purchasers) and others.

King County's Role in the Alliance Database Project

The King County Council in summer 2006 approved a supplemental appropriation of \$516,000 (Ordinance 15572) to fund the first year of the Alliance contract with Milliman (Year 1 is October 2006 – October 2007). The Executive's 2007 budget included an appropriation request of \$397,000 to fund the second year's cost of the Milliman contract (Year 2 is October 2007 – October 2008). The adopted 2007 budget contained a proviso restricting use of the second year funds until the Council approves a report that addresses the following:

1. How grant funds will offset the County's investments in the project;
2. The amount the County has been reimbursed by the Puget Sound Health Alliance as a result of grant funds and analysis fees received by the Alliance;
3. How the project will be overseen by the County;
4. How the County will use the database to identify peer county and city public employers to compare King County employee benefit costs; and
5. What the year two deliverables and payment schedule are.

This report provides an update on the status of each condition required by the proviso.

1. How the grant funds will offset the County's investments in the project

The Alliance has been pursuing additional grant funding that has potential for being applied to the Milliman contract. The existence of investment funding from King County has been critical in enabling the Alliance to attract potential additional funding for the health care data collection and reporting. Four funding sources have been pursued, with three funding opportunities still pending. Each are listed and explained below. At this time, neither the Alliance nor King County has received additional funding appropriate to offset the County's investment.

- **Community Health Care Collaborative Program** (Washington State Health Care Authority). In January 2007, the Alliance applied for a \$250,000 grant, over two years, to cover the necessary operational cost of the research and programming associated with developing the public version of the comparative report. With this grant, existing funds in the Alliance budget to cover this necessary cost could have been repurposed as potential source to offset the County's investment. The Alliance was not awarded the grant.
- **US Department of Health and Human Services (HHS) funding.** In January 2007, the Alliance was designated by U.S. Department of Health and Human Services (HHS) Secretary Mike Leavitt as the nation's first "Community Leader of Value-Driven Health Care", a prerequisite to gaining access to Medicare data for use in public reporting and for possibly

receiving funds from HHS for this purpose. The Alliance was recognized as a “Community Leader” in part because it embodies and supports Secretary Leavitt’s Four Cornerstone Goals of Value-Driven Health care: 1) support new technology to enhance the exchange of health care data; 2) provide information on the quality of care delivered by health care providers; 3) provide information on the cost of health care; and 4) promote high-quality and cost-effective health care.

The Community Leader designation puts the Alliance on the path to joining a national network of sites also working on performance reporting. As of mid-April, HHS has not yet released additional information about the Community Leader designation. HHS is working on establishing criteria to enable access to Medicare data and determining what, if any, federal funding support will be available to organizations designated Community Leaders. HHS has made it clear that if funds are to be available, the Community Leader designation is required. The Alliance has satisfied the necessary first step and is in regular communication with HHS to receive additional details regarding federal funding as soon as the information is available.

- **Federal appropriation request.** The Alliance submitted in early March 2007 an appropriation request for \$350,000 in FY2008 federal funds to support the multi-year data collection, analysis, and public dissemination of findings related to the development of the Alliance’s first consolidated public report comparing quality and efficiency in physician clinics and hospitals in the Puget Sound area.¹ Specifically, the requested federal funds will help cover the cost of the multi-year process of collecting data from health plans and self-insured employers on a quarterly basis, data aggregation and analysis, reasonableness review by key stakeholders, and public dissemination of final performance reports. This appropriation request was made to three members of the Washington state delegation: Senators Maria Cantwell and Patty Murray, and Representative Adam Smith. The Alliance will be notified in late summer 2007 if this appropriation request was approved.
- **State funding request in the 2007-09 biennial budget.** Both the Governor and the Legislature made a funding request to take the Alliance performance reporting statewide in their 2007-2009 biennial budgets. On April 22, 2007, the Legislature passed the Blue Ribbon Commission Health Reform Bill (ESSB 5930), an act relating to providing high quality, affordable health care to Washingtonians based on the recommendations of the Blue Ribbon Commission on healthcare costs and access. However, the requested funds to take the Alliance performance reporting statewide were not funded in the bill. Governor Gregoire is signaling she will sign this bill on May 2, 2007.

One quality strategy included in Bill ESSB 5930 is the Washington Quality Forum, modeled after a clinical variability effort in Maine and the Dartmouth Atlas. According to the Washington Health Care Authority, this Forum will measure and report on clinical variability, not fund performance reporting. The Washington Health Care Authority will need to develop a plan on how to implement this effort and will rely on the Alliance and its members for involvement in the design of the Washington Quality Forum. See Appendix B

¹ This appropriation request is included in King County’s 2007 (FY 2008) Federal Agenda, which was unanimously approved by King County Council on January 16, 2007.

for a copy of the Blue Ribbon Commission Health Reform Bill (ESSB 5930) passed by the Legislature on April 22, 2007.

A formal discussion at the Alliance Board level about how grant funds will offset the County's investment in this project has not occurred.

2. The amount the County has been reimbursed by the Puget Sound Health Alliance as a result of grant funds and analysis fees received by the Alliance

To date, King County has not been reimbursed by the Alliance as a result of their receipt of appropriate funding in the form of grants or fees. As mentioned previously, the Alliance has three pending funding opportunities which may potentially provide funds that could be available to reimburse King County, depending on the specific parameters set forth by each funding source. However, to date they have not received any funds appropriate for reimbursement to King County. For example, the Alliance was awarded a three-year grant from the Robert Wood Johnson Foundation earlier in 2006, but these funds are designated by the grantor to building a sustainable infrastructure for quality improvement and for consumer engagement, so the money cannot be applied to the Milliman contract.

The Alliance Board has not held discussions on analysis fees. This discussion may take place in late 2007 or 2008, following publication of initial public comparison report, in anticipation of report production in 2008 and beyond.

3. How the project will be overseen by the County

Rachel Quinn, Health Policy Liaison in the Executive Office, is overseeing this project with support from Caroline Whalen and Karleen Sakumoto (Department of Executive Services) and Dorothy Teeter (Seattle-King County Department of Public Health). This project is also overseen by the Project Review Board (PRB) and the Office of Information and Resource Management (OIRM) staff that support the PRB. PRB members are Sheryl Whitney, David Martinez, Paul Tanaka and Bob Cowan. Michelle Seelig, MD, Director of Health Information and Technology at the Alliance, with assistance from Ms. Quinn, submits monthly progress reports to the PRB.

4. How the County will use the database to identify peer county and city public employers to compare King County employee benefit costs

Department staff indicated in response to questions during the 2007 budget process that the Alliance database will not contain cost data at this time. The County will therefore not be able to compare its specific actual costs for health care to other public and private employers in the Puget Sound region through the Alliance database. This absence of cost data is a key condition with the data suppliers. Data suppliers are Alliance members that are supplying claims or administrative data to Milliman for use in the regional performance reports to the public. Data suppliers include all of the major health plans in the region, the State, union trusts, and large public and private self-insured employers like King County, Boeing and REI. It is envisioned that efficiency will be compared across providers, approximated using relative weight values by

Milliman. These relative weights might then be used to calculate relative efficiency indices among providers.

While cost data isn't being collected initially, it also might be possible to use a proxy for cost, such as an RBRVS conversion factor. RBRVS is a Medicare payment schedule and the acronym stands for Resource Based Relative Value Scale. There are many potential uses of this database. The database is unique to the region, so in anticipation of this type of request from King County and other stakeholders, a Data Stewardship Subcommittee of the standing Health Information and Technology Committee is being formed. This subcommittee is made up of all data suppliers, who will recommend to the Board the standards for and types of ad hoc reports to be produced from the aggregated data, including the situations in which permission from each data supplier must first be secured. This protocol is based on language in the signed data supplier agreements.

The information produced by the Alliance database enables King County, other employers, providers and plans to implement strategies that produce significant and lasting reforms focused on quality of care and cost containment. The public reports made possible by this data will compare the performance of physicians' and hospital' quality and efficiency. There is interest in adding some aspect of patient experience to the reports as well, but that depends in part on the Alliance's ability to secure additional funding to cover the cost of collecting and compiling such data. The comparison report will give the region a credible means of identifying specific medical conditions where there is significant room for improvement. It will help patients make informed decisions about where and from whom they choose to receive health care. King County will use the comparison reports to drive our employees as consumers to providers who most consistently provide effective and efficient care. It is critically important to have a neutral and valid third party source of reliable data from which to create incentives that improve health care quality and control costs.

Since January 2007, King County has been working with the State of Washington's Uniform Medical Plan (UMP), administered by the Washington State Health Care Authority. The State has been very helpful and willing to share regional analyses of their claims with King County. For example, the State, per King County's request, shared their medical costs by month as well as cost of diabetes per month among females. King County looks forward to working closely with the State in the future and reciprocating the State's data requests.

5. What the year two deliverables and payment schedule are

The Alliance's Year 2 (September 2007- September 2008) comparison report deliverable schedule will be similar to the Year 1 deliverable schedule. The following deliverable schedule is based on the Alliance's best information at this time; however, this is the first time a public report is being created for the region. The multi-stakeholder leaders on the Alliance Board understand that building the infrastructure to produce a report that is credible, trusted and used by all stakeholders requires a careful process and willingness to listen, learn and adjust as needed. Schedules may vary, based on what is learned in the initial work to collect, compile, analyze, review and present the results to medical practices, hospitals, purchasers and others in the community. With that, the timetable below may be revised by the Alliance Board if needed.

Year Two Deliverables:

SERVICES/DELIVERABLES	ESTIMATED DUE DATE AND COST
The Alliance produces for King County the draft private report and King County completes its reasonableness review within the 60-day period.	October 2007 Cost: \$197,000.00 to be paid in accordance with the payment procedures outlined in Section 3.
The Alliance produces the first public report comparing health care quality and efficiency.	December 2007 Cost: \$200,000.00 to be paid in accordance with the payment procedures specified in Section 3.

With the release of Year 2 funds, the current Scope of Work in the contract between King County and the Alliance will be updated to reflect the current approved Year 2 deliverable and payment schedule.