“The first [preventative] measure is what I call abandonment. Every three years, an organization should challenge every product, every service, every policy, every distribution channel with the question, ‘If we were not in it already, would we be going into it now?’ Without systematic and purposeful abandonment, an organization will be overtaken by events. It will squander its best resources on things it should never have been doing or should no longer do. As a result, it will lack the resources, especially capable people, needed to exploit the opportunities that arise when markets, technologies, and core competencies change. It will be unable to respond constructively to the opportunities that are created when its theory of the business becomes obsolete.”

- Peter Drucker, The Theory of the Business
Over the past year we’ve worked diligently to do two basic things:

We Sought to Empower Members with Knowledge - As Never Before in Our 25 Year History

Although the term “knowledge is power” (expressed originally as “scientia potentia est”) is generally attributed to Sir Francois Bacon, apparently it was coined by his secretary, Thomas Hobbes. Attribution aside, the meaning is relatively unchanged since 1668 – even if subject to various interpretations. It suggests this: Those who are informed and educated are best positioned to control, or at least have influence over, events and circumstances.

One thing we can say for certain about employers and Taft-Hartley plans over the past 20-30 years: they’ve been little able to control, or even exercise minimal influence over, the course of healthcare and the devastating impact unjustifiable price increases and unreliable outcomes have had on their own bottom lines or the impacts – clinical and financial – on enrollees. Indeed, as the Commonwealth Fund recently documented, out-of-pocket expenses for Colorado enrollees increased at a rate more than five times the national average. The almost inevitable conclusion is that Colorado employers, unable to imagine or affect other tactics to mitigate the trends, are deciding instead to pass the costs onto their enrollees.

This need not and must not be. Employees and employers should not be burdened with unjustifiable costs or unreliable outcomes. To change this, we sought to empower members with insights into not simply the results of the problem and not only into the problem itself but to document and describe the root causes of the problem that need to be addressed if employee costs of care aren’t to continue at the same rate going into the future. We committed ourselves to carefully inform members on the performance of today’s healthcare market along four dimensions:

Clinical Outcomes and Provider Performance

CBGH members have always prioritized the safety and quality of care that enrollees in their sponsored plans receive. In support of that mission, we have provided:

- **Leapfrog Safety Scores and Hospital Survey** – The Leapfrog Hospital Safety Grade is the only hospital ratings program based exclusively on hospital prevention of medical errors and harms to patients. The grading system is peer-reviewed, fully transparent and free to the public. Grades are updated twice annually, in the fall and spring. [HospitalSafetyGrade.org](http://HospitalSafetyGrade.org). The flagship Leapfrog Hospital Survey and new Leapfrog Ambulatory Surgery Center (ASC) Survey collect and transparently report hospital and ASC performance, empowering purchasers to find the highest-value care and giving consumers the lifesaving information they need to make informed decisions.
• **Leapfrog Hospital Maternity Survey** – Not all hospitals provide the same quality of maternity care for expectant mothers. In fact, maternity care can vary greatly from hospital to hospital, even within the same city. The Leapfrog Hospital Survey collects and publicly reports data that reveals the variation in hospital maternity care and helps families make informed decisions when choosing a hospital. The Survey measures these six key areas of maternity care important to purchasers and consumers: (1) Early Delivery, (2) C-Section, (3) Episiotomy, (4) Maternity Process Report Period, (5) Bilirubin and (6) DVT Prevention.

• **CareChex Hospital Ratings** – documenting reliability relative to all hospitals in the state and the nation as a “percentile.” These ratings reflect that virtually every hospital provides some of the most reliable care in the country – and some of the least.

**Pricing**

To share both hospital pricing compares to hospitals nationally as well as to non-hospital owned facilities, we supported and distributed:

• **Rand “Hospital Price Transparency Study v3.0”** – Colorado’s All Payer Claims Data Base provided the Rand Corporation with one of the most reliable profiles of hospital pricing. The results for Colorado hospitals and health systems can be downloaded here: [interactive report](#).

• **“Out-Patient Price Study”** – With support from CIVHC, CBGH produced a report comparing out-patient pricing at hospital out-patient departments (HOPDs) versus free-standing, independent facilities for the most frequent procedures.

**Hospital Value**

• **NASHP’s Hospital Cost Tool** – All Medicare-certified hospitals are required to file an annual MCR, using the Centers for Medicare & Medicaid (CMS) 2552-10 format, comprised of a series of worksheets and schedules that describe a hospital’s characteristics, financial information, costs, and charges. The MCR includes hospital utilization data, costs and charges by cost centers and payers, related party and home office costs, and hospital reimbursements. In addition, it includes Medicaid cost, charges, and supplemental payments as reported by the hospital.

• **Value Variation by Hospital** – As follow-up to last year’s “Hospital Value Report,” we’ve posted scatterplots on the CBGH website for four high-cost hospital services showing hospital-specific pricing and outcomes.

• **“Hospital Cost, Price, and Profit Review”** – from the Department of Health Care Policy and Finance documenting that Colorado’s hospitals have high prices, high costs, and some of the highest margins in the country.

**Marketplace Trends**

Through our Monthly Newsletter we’ve shared blogs about what’s happening in the healthcare market and highlighting such studies as:

• **“State Trends in Employer Premiums”** – from The Commonwealth Fund Premium showing that Colorado premiums in 2019 increased at twice the US average and enrollee out of pocket expenses went up at five times the average.

• **“The Effects of Hospital Consolidation in Colorado”** – from the Center for Economic and Policy Research concluding that “The clearest reason why this consolidation [of Colorado hospitals] is happening is that hospitals want market power in order to command higher prices for their services.”

• **“Myths and Facts: Revealing Hospital Price Transparency Truths”** – from the National Alliance of Healthcare Purchaser Coalitions providing numerous studies that counter self-serving interests.

• **“Aggregated Purchasing of Health Care Services: Lessons Learned and Blueprints for Success”** – from Catalyst for Payment Reform providing direction on how employer coalitions and alliances can be more effective.
And We Created the Means for Change.

Let’s be clear about a fundamental principle: As a “market-based” model, the US health system has been shaped much more by the way the dollars flow through it than by any coherent or purposeful social policy. Quite simply, what’s been paid the most and is the most profitable has gotten done the most – quite aside from the tax-status of any given provider. That, after all, is how free markets work. And since employers and Taft-Hartley plans (the actual “payers” of healthcare), write the checks monthly checks, that merge like tributaries into what become a vast river of cash, they can alter the flow of funds; redirect and channel them for better outcomes – both financial and clinical.

To facilitate the proactive purchasing, rather than passive paying, for healthcare service, CBGH sought both to provide the information that could become power (e.g., “Strategy Sessions” and then to create the infrastructure through which such power could be directed (e.g., The Colorado Purchasing Alliance”).

**Strategy Sessions**

CBGH’s Strategy Sessions intend to do more than provide information. They intend to provide CBGH members with actionable strategies and tools for improving the value received for the healthcare dollars spent – generally through their existing plan administrators and healthcare providers. In 2021, we offered Strategy Sessions on topics including:

- The success of the *Self-Insured Schools of California* in consolidating 400 districts into a cohesive and popular purchaser.
- The *economics of hospital care* in Colorado showing hospital cost-charge ratios and other financial measures.
- Addressing *obesity* in the workplace.
- Rights and responsibilities of *health plan fiduciaries*.
- How the Colorado *All-Payer Claims Data Base* can be used by purchasers
- *Health plan terms* to look (and look out) for.

**The Colorado Purchasing Alliance**

In 2020 we outlined the requisite infrastructure for transitioning from payer to purchaser. In 2021, we began building it out, putting in place:

- Direct contracts with the Colorado IPA, Boulder Valley Care Network and Boulder Community Hospital, SurgOne, and other physician governed/led organizations.
- A nationally recognized partnership with the Purchaser Business Group on Health (PBGH) that combines the purchasing power of national, jumbo employers and the sophistication of PBGH to our own.
- Negotiated guaranteed ROI with Healthcare Bluebook (HCBB).
- Negotiated agreement with Signify for implementing episodes of care at guaranteed pricing.
- Negotiated contract with The Alliance for repricing.
- Drafted a three-year budget.
- Restructuring CBGH to bring on staff for TCPA (Provider contracting and relations)
Empowering Your Planning & Purchasing

In 2021, CBGH provided reports on the following:

- Premium and Enrollee Out-of-Pocket Trends: Colorado vs US Average
- Rand Price Transparency
- The Effects of Hospital Consolidation in Colorado
- HCPF’s Cost, Price, Profit
- Myths and Facts about Hospital Pricing
- Aggregated Purchasing: Blueprint for Success
- Action Briefs (COVID, mental health, obesity, etc)
- National Alliance Facts and Myths
Other Accomplishments

Financial
• Reduced Membership Fees
• PPP Forgivable Loans
• Operating Expenses

Public Testimony
In 2021, we provided public testimony on and in support of the drug implementation bill.