

# Employers, Value-Based Purchasing, and Racial/Ethnic Disparities in Health

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# Employers' Role in the U.S. Health Care System

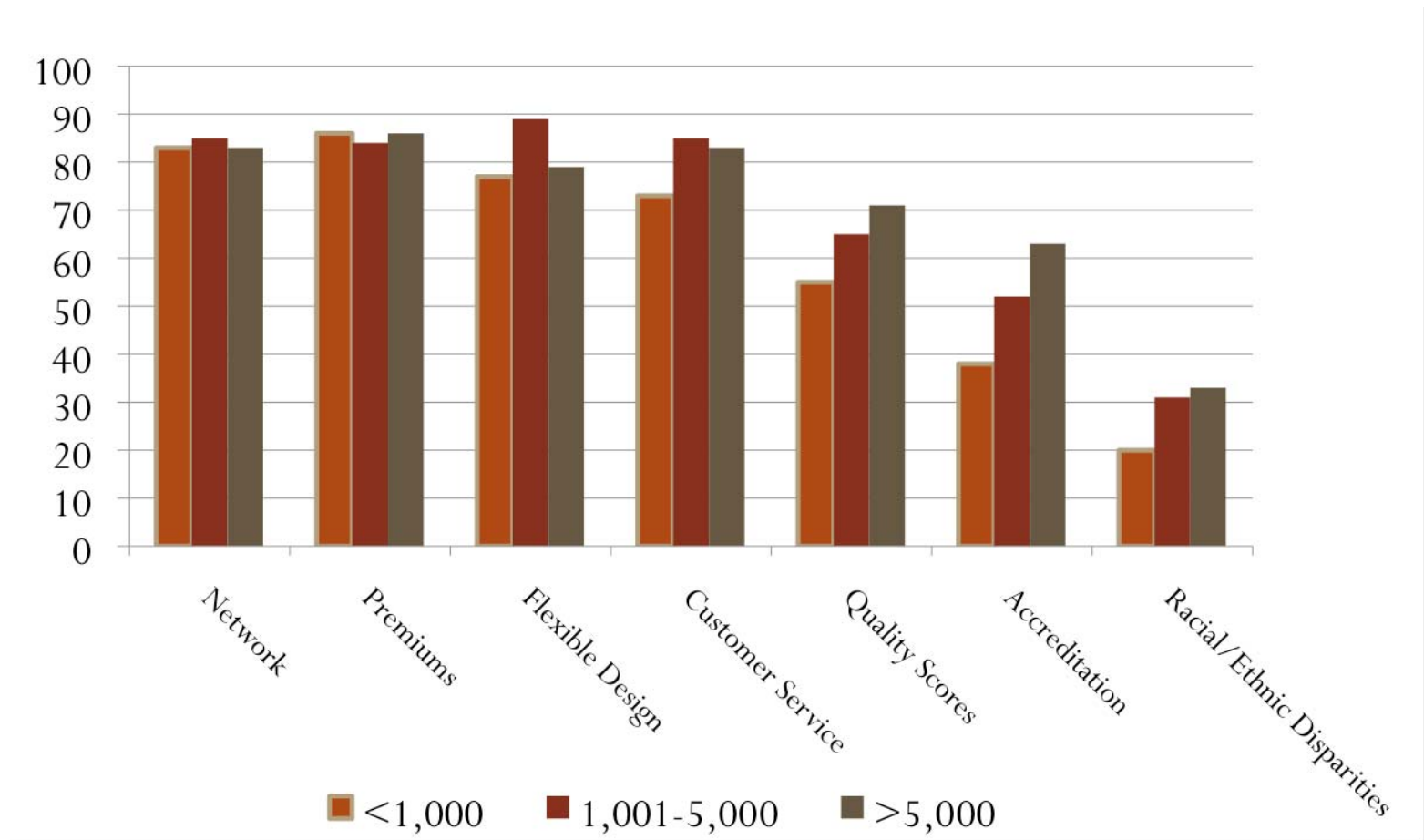
- For historical and other reasons, employers are involved with insuring roughly 60% of the non-elderly U.S. population
- Employers offer insurance as a valued part of compensation — employees give up cash wages to get these (and all) benefits
- Incentives are to spend this money wisely: more value (lower cost, better quality) means minimizing compensation for a given level of labor quality\*
- Good examples of employers that demonstrate commitment to improving value in health care: e.g., the Leapfrog Group

\*Productivity concerns may be part of the “business case” too; but these are likely to be small relative to labor market concerns.

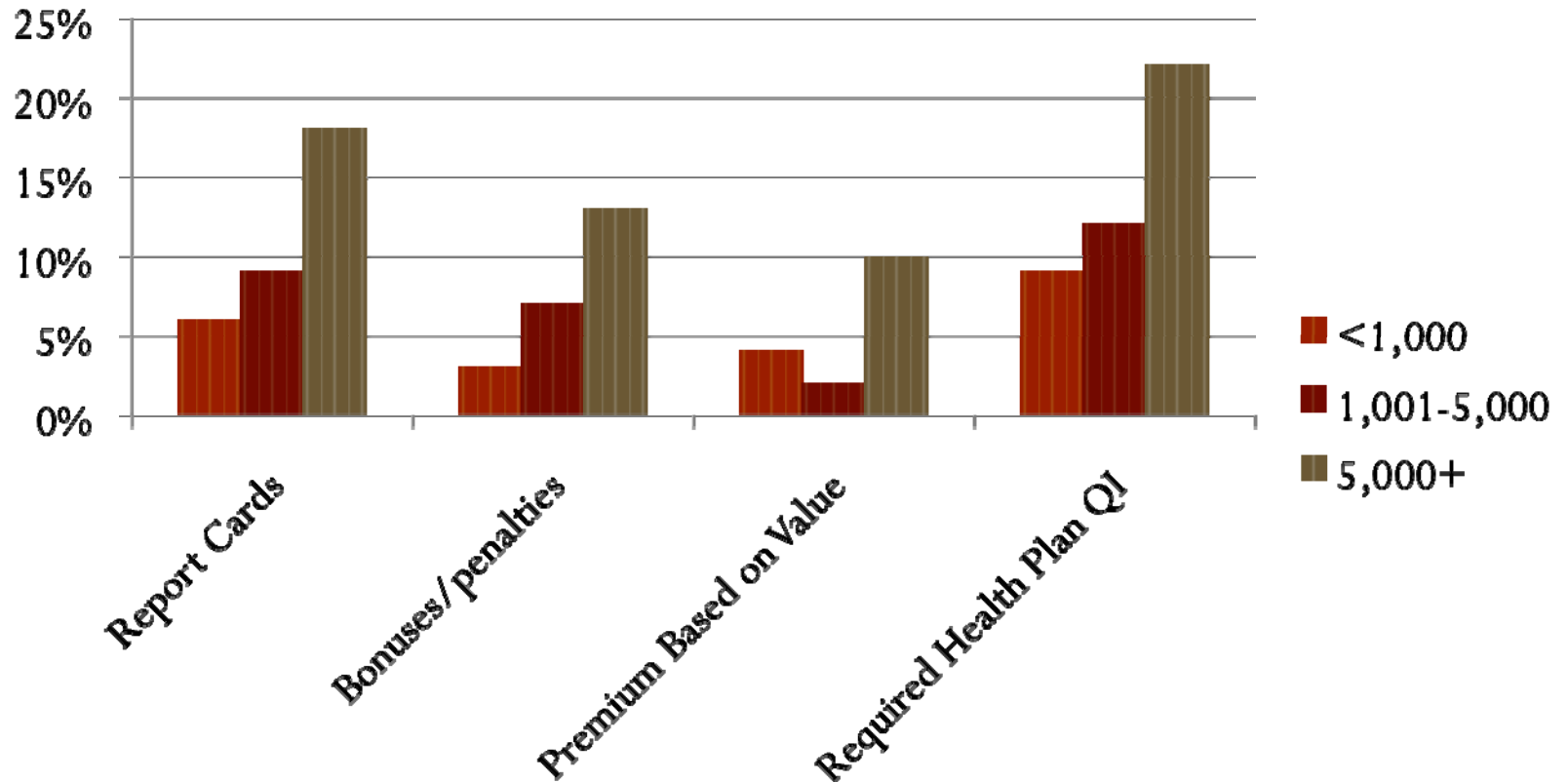
# Value-based Purchasing (VBP)

- Explicit efforts by employers and other benefit sponsors to improve quality and cost-efficiency of care
  - Selective contracting and incentives for health plans
  - Provider-centered approaches
    - Quality, cost-efficiency measurement, reporting
    - Pay for performance
  - Employee-centered interventions
    - Incentives for health behavior
    - Health coaching
    - Disease management
- VBP is the logical framework for thinking about employers role in reducing disparities

# Employers' Ratings of Health Plan Characteristics as Moderately/Very Important



# Percentage of Employers Using Specific VBP Tactics



# Employer Views on Disparities

Viewpoint	Percentage responding “a lot” or “a moderate amount”
How much do racial and ethnic disparities in health care exist in society?	58%
How much opportunity do you have to reduce racial and ethnic disparities in health care?	49%
How much impact do you have on health plan efforts to reduce disparities?	47%
How much do health plans vary in their effectiveness at reducing disparities?	20%

# Employer Efforts to Assess/Address Disparities

- Based on initial interviews/pre-tests, we asked only about two activities:
  - Assessing disparities among employees either directly or through health plan partnership (3%)
  - Using VBP tactics (e.g., selective contracting, incentives) to encourage health plans to address racial and ethnic disparities (3%)

# What Are the Implications for Engaging Employers in Reducing Disparities?

- Employers are still not keenly focused on health care quality (because they perceive no return or the costs are too high?)
  - Coalitions on health may be a more cost-effective route if the question is cost/capability vs. no return
- Influential purchasers (jumbo employers) may still move market
  - The most important predictor of health plan pay for performance (i.e., incentives from plans to providers) was having at least one performance contract with an employer
- All this is true for disparities and moreso
- Given public good nature of disparities reduction, coallaboration and public policy are critical