



Benfield

ARTHUR J. GALLAGHER & CO.

NC Chamber Healthcare Strategy Roadmap: Preliminary Report

MAY 27, 2016

NC Chamber's Roadmap to Value Driven Health

- As part of its *Vision 2030* strategic plan to make North Carolina a Top 10 state for business, the North Carolina Chamber has identified population health and healthcare value as key elements of a supportive business environment for the state. The Chamber's priority on healthcare reflects its members' concerns: in response to the Chamber's 2015 member survey, businesses identified healthcare costs as their top issue—and the one over which they believe they have the least control.
- The NC Chamber retained Benfield to help develop a Healthcare Strategy Roadmap for the state—with the goal of making North Carolina a Top 10 state for health and healthcare value. The intent of the Roadmap is to provide the framework for a state-wide, multi-stakeholder initiative under the leadership of the NC Chamber to achieve the *Vision 2030* goal.

Project Objectives

- Clearly define what it means for North Carolina to be a “Top Ten” state for health and healthcare value
- Define a high-level strategic pathway for NC to achieve “Top Ten” status
- Begin building engagement and alignment of key stakeholders whose commitment will be needed

The Current State of Health and Healthcare in North Carolina

- There was broad agreement among stakeholders around:
 - The population health challenges facing NC
 - Strengths and gaps in NC healthcare—including challenges of cost, value and access
- Health outcomes of North Carolina’s population are below average—in some cases, well below average—among the 50 states.
- Key drivers are health-related behaviors (e.g., poor habits for nutrition and exercise) and disparities in access to healthcare.
- NC has a number of well-respected healthcare delivery networks and other provider organizations, particularly those serving the population centers in the Piedmont region.
- However, NC’s per capita healthcare costs are only slightly below average (and in any case, the national trends are unsustainable), competition is not primarily focused on delivering greater value, and access to providers is grossly inadequate in many areas, particularly in the western and eastern regions of the state.

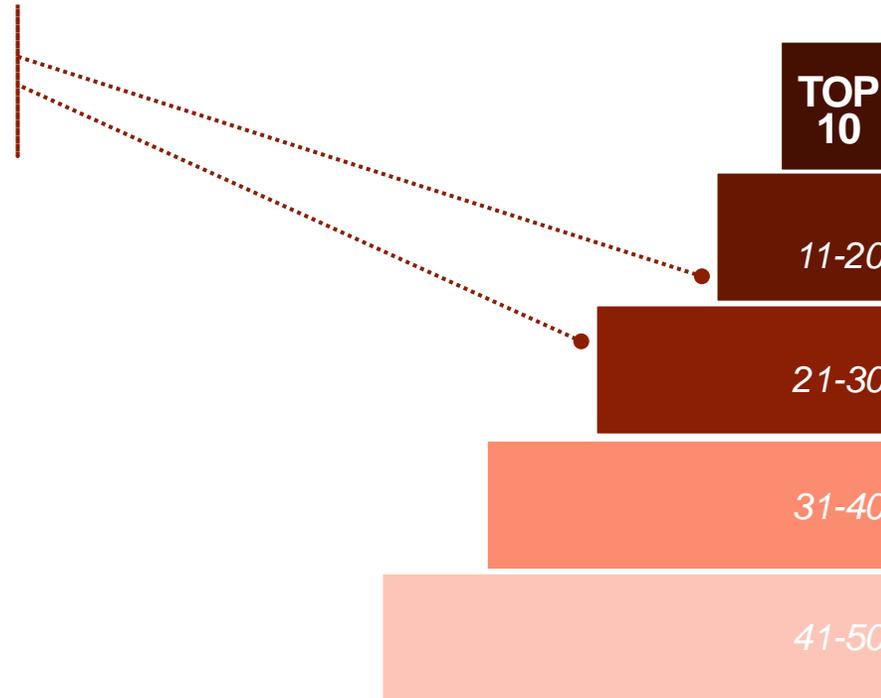
North Carolina Health Ranking 2015

Rank	State
1	Hawaii
2	Vermont
3	Massachusetts
4	Minnesota
5	New Hampshire
6	Connecticut
7	Utah
8	Colorado
9	Washington
10	Nebraska
31	North Carolina
Avg.	United States

Source: America’s Health Rankings 2015 – United Health Foundation

Healthcare Costs

- ▶ **Total Premium** (combined employer & employee contribution): NC ranks 17th in cost for single coverage and 24th for family coverage
- ▶ In NC, total premium costs are equivalent to 20% or more of the income for an estimated 1/5 of under 65 population



Source: Agency for Healthcare Research and Quality (AHRQ) 2014; Kaiser Health

Defining the Vision for NC in 2030

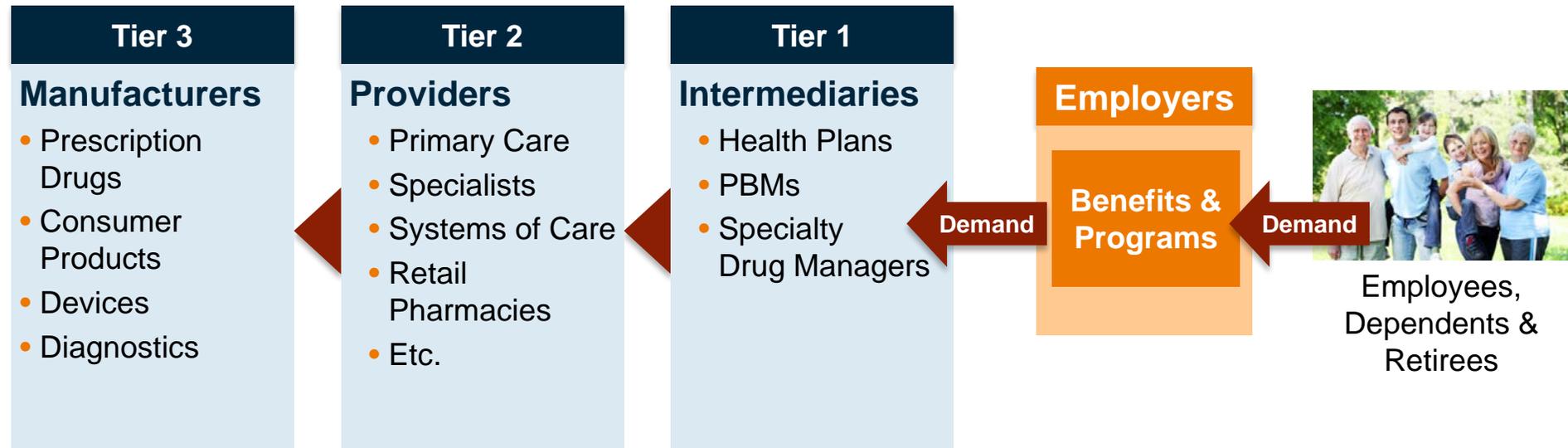
Benefits of Becoming a “Top 10” State for Health and Healthcare Value

- Healthier, more productive workforce and population
- Lower, more predictable healthcare costs
- Easier access to high-quality care for all residents
- Better quality of life
- More attractive destination for employers and for families

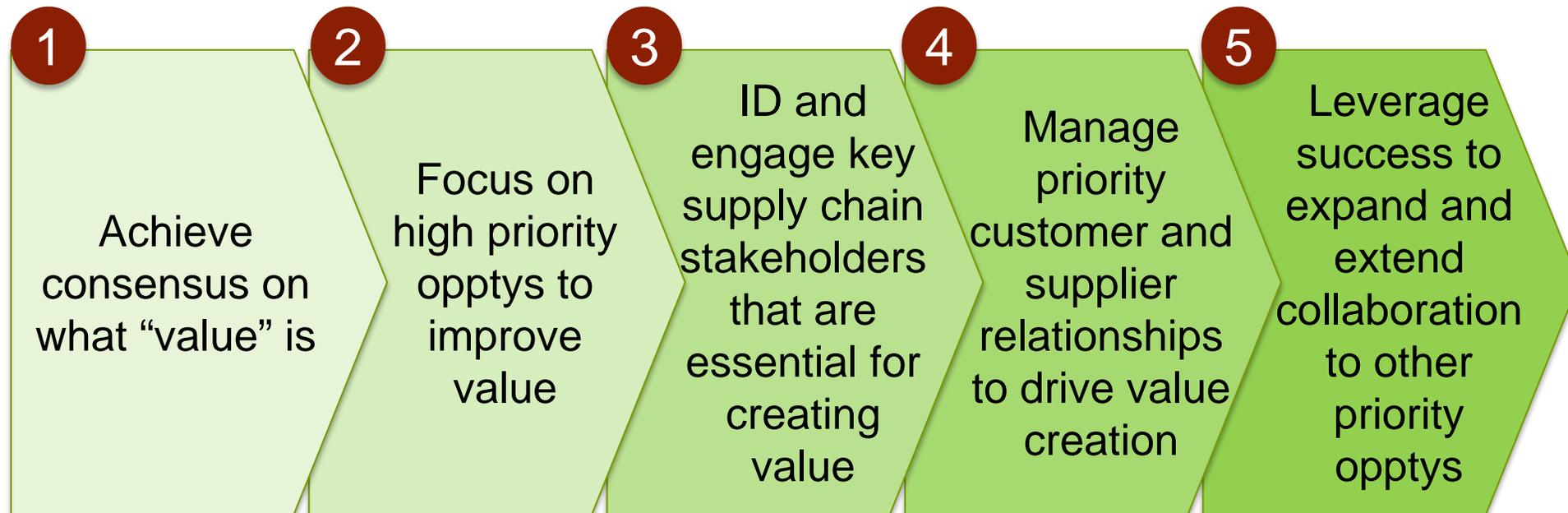


The Framework: Strategic Supply Chain Management

The Health Benefits Supply Chain



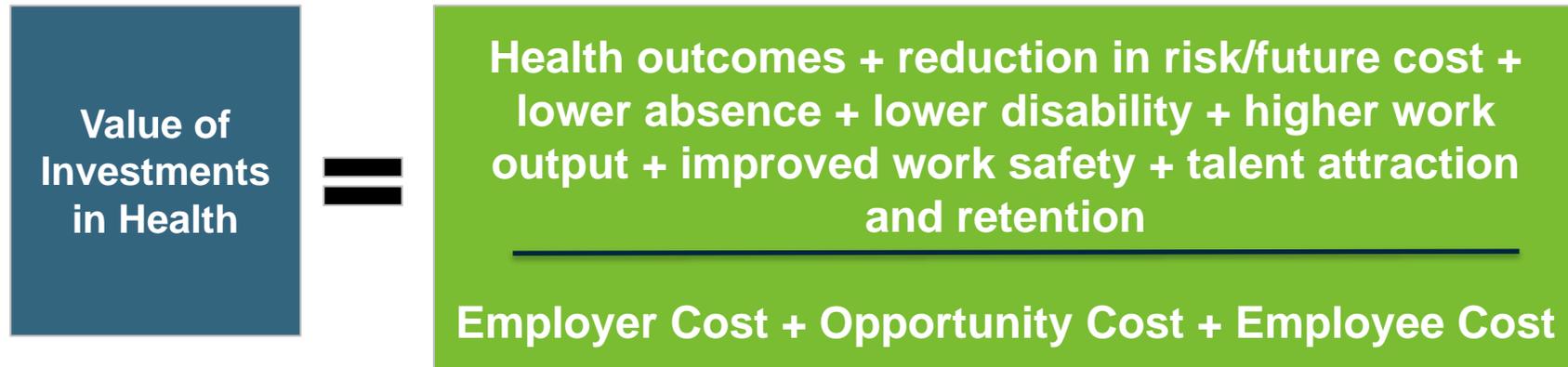
Strategic Management of the Health Benefits Supply Chain - Principles



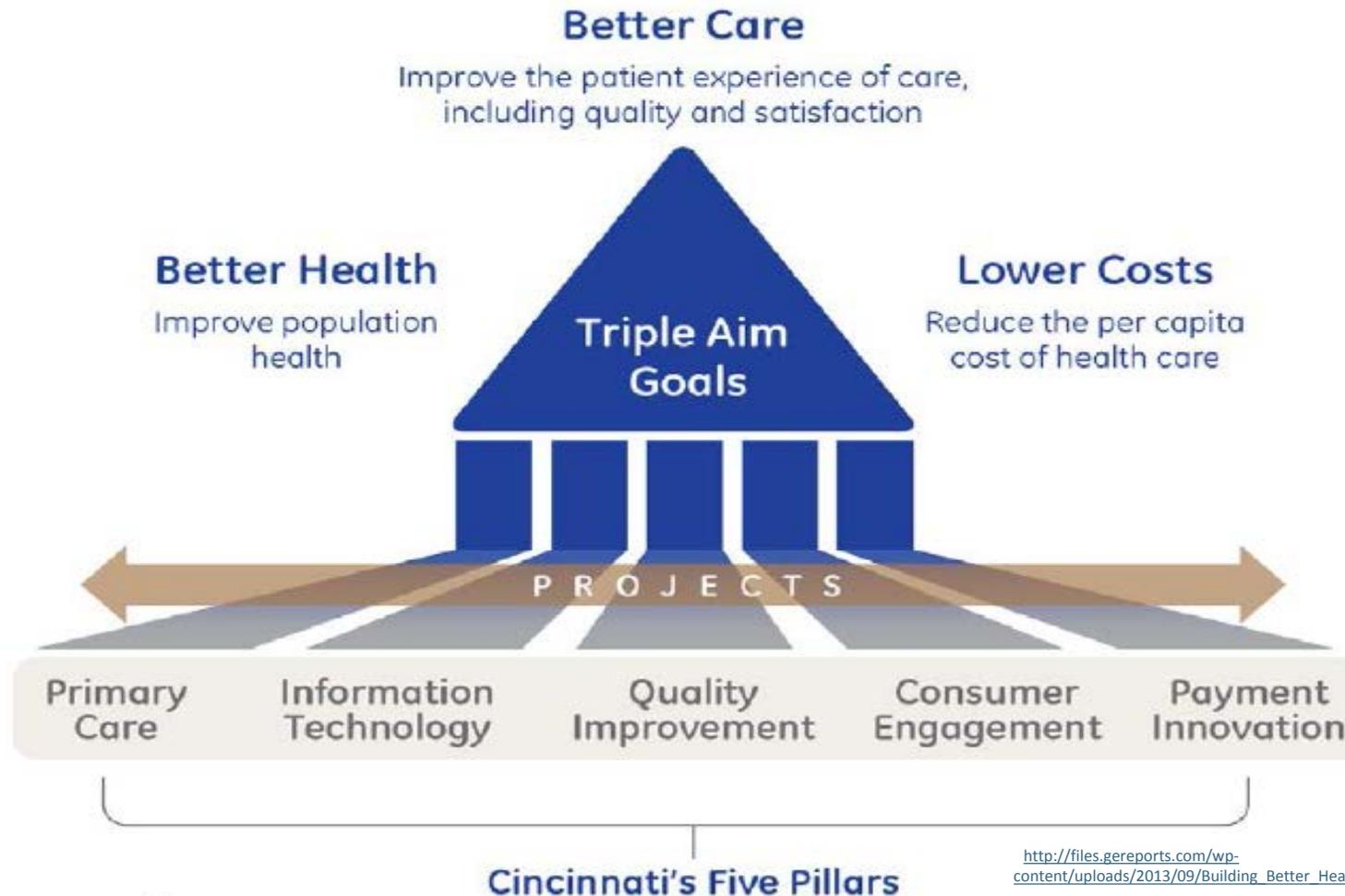
Defining Value – Employer Perspective



Defining Value – Employer Perspective

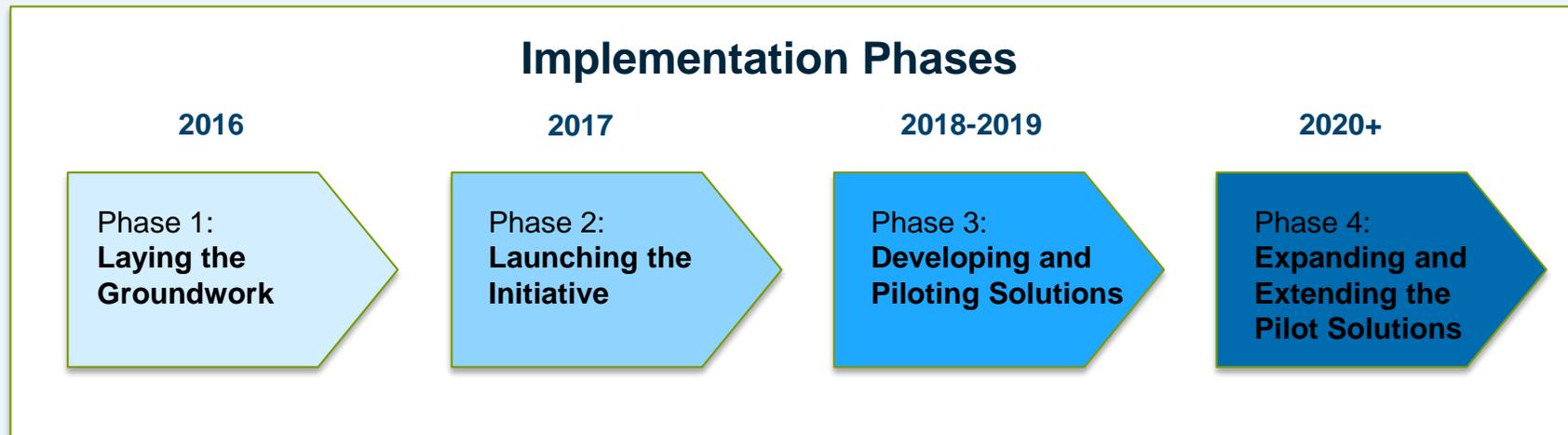


Following an Overarching Strategic Framework from Cincinnati



Implementing the Roadmap to Value Driven Health

- The following recommendations are high-level and meant to characterize the deliberate and staged approach that will be needed to implement the roadmap successfully. It is based on insights from studying other statewide/regional health and healthcare value improvement initiatives.
- A critical early step will be to establish a project plan and timeline that will, by its nature, be significantly detailed for early phases, but will account for key milestones through 2030. For now, we can identify four implementation phases and the key tasks in each one.



Recommended Action Plan

- We have identified the following 8 work streams in support of the three imperatives:

Objective/Imperative	Work Stream
Build a Critical Mass of Support	1. Gain guidance from the NC Chamber Board and finalize the high-level Roadmap
	2. Identify and recruit a critical mass of employers committed to the initiative
	3. Identify and recruit an expanded set of other stakeholder leaders
Establish an Advisory Board	4. Establish a multi-stakeholder Advisory Board to advise the Chamber on the Roadmap initiative
Gather Information to Inform the Strategic Plan	5. Benchmark leading state/regional initiatives nationally
	6. Identify and prioritize health and healthcare improvement opportunities for NC using data analytics
	7. Evaluate in-state organizations and initiatives that can be leveraged/engaged
	8. Identify funding sources/programs that align with the Roadmap