Uncertainty over future health care costs is a major concern to business and acts as a throttle, limiting new investment. This article discusses how the North Carolina Chamber is committed to making North Carolina a top-10 state for health care value, thus creating a robust business environment across the state.

In his book *The Coming Jobs War*, Jim Clifton dedicates an entire chapter to examining the need to fix health care if our country is to be competitive for global job creation. He goes as far as to say, “fix health care or destroy job creation” [1]. The data he presents is compelling, even startling, and served as the basis for the North Carolina Chamber prioritizing health care as the leading issue affecting job creation in our state.

North Carolina businesses provide a large percentage of the health insurance for our citizens. Unfortunately, businesses currently have limited ability to control costs and demand higher quality. The state needs a coordinated, comprehensive approach that emphasizes value with outcome measurements. The alternative is to leave our fate to the federal government and market forces that are rapidly escalating expenditures.

**Why Business Has to Lead**

The monumental issues that require transformational change are seriously addressed, and solutions proposed, when business takes the lead. As Clifton points out through numerous examples, business leaders serving as tribal leaders within our communities are essential to transformation. His analysis also highlights the fact that individual communities are the key catalysts in the transformation process [1].

Discussions of health care value clarified 2 things to our leadership. First, business has sat on the sidelines for too long and until now had forfeited its responsibility to demand high-quality care with predictable costs (value) from our health care system. Second, and most important, the dialogue had to change to reestablish the true payer of health care, the taxpayer. Businesses and individuals who self-insure, buy insurance, and pay local, state, and federal taxes pay for most health care in our country, state, and communities.

The North Carolina Chamber represents more than 35,000 businesses that employ over 1.3 million North Carolinians. In 2012 the leadership of the business community, working on strategic planning with the Chamber, embarked on an ambitious effort to set a vision for economic security for North Carolina. The result was North Carolina Vision 2030: A Plan for Accelerating Job Growth and Securing North Carolina’s Future, put forth in 2013 by business leaders [2].

A pillar of that plan is establishing and maintaining a competitive business climate. It quickly became clear that the quality and cost of health care topped the list of issues limiting job growth and competitiveness for businesses in our state. In a survey of chief executive officers, not only was health care an issue—it was the number 1 issue and one in which job creators in North Carolina felt they could impact the least [3]. The Chamber board, armed with a strategic plan and direct CEO input, charged the North Carolina Chamber Foundation with commissioning a study, not only to quantify health care quality and cost in North Carolina, but also to develop a roadmap to value-driven health care and turn health care quality and cost into a competitive advantage for companies looking to locate and grow in our state.

**What Did the Chamber Learn?**

A key take away early on was that business and health care professionals were talking past each other and needed to establish a common language. As we examined potential researchers, we identified a study by Johnson and Johnson, Building the Value Gap: Collaborating Along the Health Care Supply Chain to Improve Health and Control Costs, One Community at a Time, which provided us with not only the common language we were looking for, but also a strategic framework for conducting the research and providing specific examples of communities and businesses that were engaging in these efforts [4].

Second, we learned that a value-based health care system, or a system that pays for outcomes, is critical to our state’s future competitiveness. It became evident that business leaders, inside and outside of health care, had very different definitions of “value.” Absent a common definition, it was clear that the ability to align interests and address the
issues around health care would not be possible.

In order to broach a discussion, it was essential to put value in terms that business understands. The Bridging the Value Gap study used strategic supply chain management (SSCM) terms, concepts, and processes to advance that goal (see Figure 1) [4]. This framework allowed us to understand key relationships among health care market stakeholders, focus the stakeholders on a common goal (value), and encourage collaboration.

**Project Purpose and Objectives**

North Carolina Chamber leadership set the study’s main goal as making North Carolina a top-10 state for health care value. To realize that goal, 3 objectives were identified: clearly define what it means to be a top-10 state for health care value; define a high-level strategic pathway for North Carolina to achieve top-10 status; and begin building engagement, commitment, and alignment of key stakeholders along the health care supply chain.

The project consisted of 6 steps (see Figure 2). For the situation assessment, interviews were conducted with 14 stakeholder executives, including CEOs and HR leaders for large and medium employers, as well as CEOs of leading health delivery networks, the leading health insurer, and the leading pharmaceutical company based in North Carolina. Also conducted as a part of the assessment was secondary research including comparative statistics on state-level health and health care value. The findings from the situation assessment set up the framework for a daylong key stakeholder roundtable meeting. Multiple stakeholders from each component of the health care supply chain participated.

**Key Findings from the Research**

The stakeholders came to a broad agreement around the population health challenges facing North Carolina including cost, value, and access. Research also demonstrated that the health outcomes for North Carolina’s population are below average, in some cases well below average, among the 50 states. Key drivers of these bad outcomes are health-related behaviors and disparities in access to health care. Excessive drinking, physical inactivity, smoking, diet, and nutrition were leading determinants for bad health outcomes [5].

North Carolina has a number of well-respected health care delivery networks and other provider organizations. However, North Carolina’s per capita health care 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 [5]. In total premium, combined employer, and employee contribution, North Carolina ranks 17th in cost for single coverage and 24th for family coverage. In our state, total premium costs are equal to 20% or more of the income for an estimated one-fifth of the population under age 65 [5].

Finally, research showed that North Carolina ranked 31st in the nation’s health care rankings according to United Health Foundation’s America’s Health Rankings 2015 [6]. Since then, North Carolina has slipped to 32nd in the 2016 rankings, furthering the case to act now [7].

**Health and Health Care Value Improvement Initiatives**

Health care stakeholders in North Carolina have pursued a range of internal, local, and statewide efforts to improve health and health care value; however, these efforts are too fragmented to meaningfully and sustainably change the trajectory for North Carolina. Most employers are trying to address cost challenges through internal strategies including benefit design and wellness programs. Only a very small number of employers are engaging with partners along their health benefit supply chain to drive greater value.

In contrast, there are well-established multi-stakeholder initiatives in other states that for several years have successfully pursued better health outcomes, better care, and lower costs. These initiatives are raising the bar for membership in the top-tier states and provide models for North Carolina to
learn from. The most successful initiatives have built strong multi-stakeholder leadership and professional staff, and are aligned with national programs that provide funding and other support.

We identified 6 initiatives in North Carolina that embody elements of the drive to greater value (see Figure 3). There are clearly key learnings to include from these past and current initiatives. An initiative identified in the research that is particularly interesting to North Carolina Chamber leadership is the Health Improvement Collaborative of Greater Cincinnati. Through a grant from the Robert Wood Johnson Foundation’s Aligning Forces for Quality, business leaders along the health care supply chain in Cincinnati, led by a GE executive on loan, have established community-wide capabilities to promote and establish better health care value in the greater Cincinnati area. This initiative has become a recognized model for community-based change, and has served as the framework for the North Carolina Chamber Foundation’s strategic health care roadmap [8].

The summary of the research findings identified 5 benefits of North Carolina becoming a top-10 state for health care value: healthier, more productive workforce and population; lower, more predictable health care costs; easier access to high-quality care for all residents; better quality of life; and more attractive location for employers.

**Developing the High-Level Roadmap**

At the roundtable meeting, after presentations and discussions on the status of North Carolina’s health care, the researchers presented case studies of other transformational initiatives in order to frame discussion about a strategic path to better health care value. Following the presentations and related discussion, the researchers led a structured discussion of key elements and asked stakeholders for their stances on each element’s inclusion in a high-level strategic roadmap. Stakeholders agreed that each of the following 6 indispensable points should be part of a preliminary, high-level roadmap for this initiative:

*The roadmap should reflect an employer-driven but collaborative approach.* The primary focus of the initiative will be joint action by the health care stakeholders to shift the health care market towards a greater concentration on quality and value. All participants stated that they want to stay engaged in the initiative.

*It makes sense for the North Carolina Chamber to be the convener—the Chamber is a “natural owner” of this process.* The sense of the roundtable was that there should be a single statewide initiative, with the proviso suggested by a few participants that the approach address the unique challenges facing different regions of the state. The Chamber’s membership includes representatives of all key stakeholder groups and an extensive set of employers.

*Strategic supply chain management (SSCM) should be used as the framework for collaboration.* To apply SSCM concepts to health care, employers must act collectively as major health care purchasers to set clear and consistent expectations for value, that is in alignment with the value-based purchasing strategies of the other major purchaser, Centers for Medicare and Medicaid Services. Businesses must work collaboratively with other stakeholders to translate those expectations into practical, sustainable solutions.

*The roadmap should use the “Bridge” model for improving health and health care value by developing the following:* patient/consumer accountability; physician/provider accountability; measurement and reporting of quality and cost data; aligned incentives among all stakeholders; and information technology infrastructure.

*The roadmap should include intentional processes to...*
learn from others and to leverage their solutions and experiences. “Others” include efforts and entities outside of North Carolina (eg, similar initiatives in other states); efforts and entities inside of North Carolina (eg, transparency initiatives at Blue Cross Blue Shield of North Carolina); and other initiatives within North Carolina that can at least provide reference points if not be enlisted in the collaboration.

The roadmap should include early research and a collaborative focus on employee/consumer/patient engagement and activation. The results, measurable changes in patient/consumer behavior, so far have been disappointing [5]. Nevertheless, roundtable meeting participants recognized that shifting behavior of patients/consumers will be critical to initiative success. A collective approach to engagement involving employers, providers, and health plans will greatly increase the odds of success—particularly if the approach is supported by greater insight into employee/consumer/patient perspectives and the most effective levers for engaging and activating them.

Implementing the Strategic Roadmap

The roadmap will be implemented in 3 phases. Phase 1, laying the groundwork, foundation research, and engagement was completed in 2016. Phase 2, developing a business plan to execute on the findings, was launched at the beginning of 2017. That business plan includes establishing leadership and governance through a CEO steering committee and engaging stakeholders directly through a series of briefings and work groups.

In the second quarter, additional research will be conducted to identify projects in North Carolina that are working, identify gaps, secure funding, prioritize policy issues, and develop a statewide plan that will be regionally deployed based on local gaps and priorities. Beginning in 2018 Phase 3 will focus on deployment of the strategy established in 2017.

Conclusion

Addressing the challenge of costs and value in our health care system is daunting. The numbers are massive—by recent estimates the United States spends more than $2.5 trillion a year and growing on health care. The numbers are simply too big for our country to buy our way out of this problem. Solving it will require the commitment of our community’s tribal leaders, those that create the jobs and pay the bills, to lead this effort in a collaborative way with clear measurements and accountabilities for all members of the health care supply chain. NCM

Gary Salamido, MS vice president of governmental affairs, North Carolina Chamber, Raleigh, North Carolina.

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