

Yet Another Business Coalition Forms To Tame Health Costs

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A new coalition of 20 large employers said they have formed a new business coalition known as the “[Health Transformation Alliance](#)” in effort to reign in the rising cost of healthcare.

While [the Wall Street Journal](#) breathlessly described it as a move that could “ripple through the world of employer-provided health coverage,” it is just one of a number of similar, overlapping efforts that have so far failed to keep the rate of employer medical cost increases even on par with general inflation.

The group joins an already crowded field of national and regional coalitions of employers including regional business groups on health including the [Business Roundtable](#), the [National Business Coalition on Health](#) and the [National Business Group on Health](#). Of the 20 companies that are part of the Health Transformation Alliance, 14 of them are all part of the National Business Group on Health.

The new group said it will focus on “reforms to the supply chain that are designed to reduce redundancies and waste.” Like the other coalitions, they will also “share expertise” with a focus on making the “current multilayered supply chain more efficient.”

Year	% Increase	Total Premium Cost Per Employee	Average Employer Share of Premium	Average Employee Share of Premium	Average Employee Out-of-Pocket Cost
2016*	4.1%	\$11,484	\$8,849	\$2,635	\$2,433
2015	3.2%	\$11,032	\$8,542	\$2,490	\$2,208
2014	4.4%	\$10,686	\$8,325	\$2,361	\$1,955
2013	3.3%	\$10,237	\$8,000	\$2,237	\$1,708
2012	4.9%	\$9,906	\$7,770	\$2,136	\$1,514
2011	8.5%	\$9,447	\$7,421	\$2,026	\$1,425

*Projected

2011-2016 28% 21.6% 19.2% 30% 71%

The average amount that employees need to contribute toward their healthcare has increased more than 134% over the past decade, according to Aon Hewitt

The Health Transformation Alliance includes companies like [American Express AXP -0.02%](#), [Caterpillar CAT +0.60%](#), Shell Oil and Verizon. “Even the most successful companies won’t be able to afford the rising costs of healthcare in the not too distant future,” Kevin Cox, the chief human resources officer at American Express said in a statement.

The alliance is the brainchild of the [American Health Policy Institute](#). Its president, [Tevi Troy](#), a former health official in the administration of George W. Bush, said the employers involved will come together to [share data on costs, prices and health outcomes from medical claims information submitted from each alliance member](#). Troy said the alliance’s effort also has “buy in at high levels of the corporations involved” thanks to input from each company’s chief human resources officers.

These days, many employers reduce their healthcare cost burden by shifting a larger share of health costs onto their employees. The combined premium and out-of-pocket costs will surpass \$5,000 for the first time next year, according to an analysis from [Aon Hewitt](#)

But health coalitions working with employers already say the Health Transformation Alliance cannot just focus on costs if it’s going to succeed. [“Employers should be thinking not only about how they can work together to drive prices down, but also how they can push to improve quality and change the payment and delivery of care,”](#) says Karen van Caulil, board chair, [National Business Coalition on Health](#), and President & CEO, [Florida Health Care Coalition](#). “Our coalitions have been doing this work for years in their respective markets and have the regional intelligence and boots on the ground to make a difference. Many of the companies engaged in this new alliance are not involved in the regional coalitions and we would welcome them to play a more active role to bring about change in the communities where their employees live and work.”