Employers Should Expect More from the U.S. Health Care System
Employer-sponsored health care is an investment in the health and wellbeing of employees and their families, but today’s fee-for-service system does not meet its full potential. Providers are paid mostly based on volume of services, not outcomes, and they are not compensated for preventing illness or helping patients proactively manage their health. Health care costs continue to rise, for both employers and employees, with no corresponding improvement in outcomes. Furthermore, the COVID-19 pandemic exposed and exacerbated issues of inequity and insufficient access to care. Meanwhile, employers are competing for talent and benefits are an important component of the overall recruitment and retention strategy. In light of these dynamics, employers need to raise their expectations and demand better value for their health care investment.

We know that better is possible because there are high-performing health systems that deliver high-quality care; however, this is not the experience for many patients in the United States. The question facing employers today is how to achieve better results for the ~150 million Americans who are covered by employer-sponsored health insurance. JPMorgan Chase has 285,000 U.S.-based employees and dependents covered by its self-insured health plan, and spends $1.8 billion annually on their care.
Outcomes that vary

The average premium for family coverage has increased by 22 percent since 2016 and is now greater than $22,000 per year.\(^1\) Despite that high price tag, the quality of health care patients receive through employer-sponsored insurance varies. For example, although high-performing health systems achieve blood pressure control in 80 percent of their patients, only 46.5 percent of adults with private insurance have their blood pressure controlled. Regrettably, that number has actually declined in the last ten years, and blood pressure control is even lower among racial and ethnic minorities.\(^\text{ii}\)

In another illustrative example, nearly a third (31.7 percent) of births in the U.S. are delivered via C-section,\(^\text{iii}\) and the majority of these (26 percent) are among low-risk women.\(^\text{iv}\) This is more than twice the rate recommended by the World Health Organization (10 to 15 percent), with negative health consequences for mothers and infants. Outcomes are worse among women with private insurance, who have a higher rate of C-section than women with Medicaid coverage.\(^\text{v}\)
JPMorgan Chase launched Morgan Health in May 2021 to improve the quality, equity, and affordability of employer-sponsored health care. The organization has brought in leading experts — Dan Mendelson as CEO, Dawn Alley as Head of Health Care Innovation, and others — to advance three principal areas:

1. **Accelerate health system improvement through a $250 million capital allocation.** The organization will invest in promising health care companies that are driving overall system improvements.

2. **Promote innovation in the employer-sponsored health care marketplace and work with the JPMorgan Chase Benefits team to enhance the firm’s health benefits.** Driving greater availability and adoption of accountable care models is a foundation of Morgan Health’s innovation work.

3. **Promote health equity.** Morgan Health will focus on health equity among JPMorgan Chase’s employees and their dependents, as well as within the communities the firm serves.
Morgan Health strategic focus areas

Employers are responsible for the care of more than 150 million Americans, but are working through a fragmented health care delivery system that has little accountability for health care outcomes. Morgan Health will focus on three strategic areas:

**WHERE WE HOPE TO HAVE IMPACT**

**HEALTHCARE INNOVATION**
Identify scalable innovations to improve employer-sponsored health care, including 285,000 JPMC plan members.

- Improve health care quality, equity, and affordability for JPMC U.S.-based employees and dependents.

**MORGAN HEALTH VENTURES**
Accelerate the growth of companies focused on improving employer-sponsored health care.

- Learn from other U.S.-based employers, serve as a model for others, and invest to build capacity for benefit of others as well.

**HEALTH EQUITY COMMUNITY ENGAGEMENT**
In collaboration with others, identify and work to address disparities in the U.S. health system that disproportionately impact racial and ethnic minority groups.

- Catalyze broader changes in the U.S. health care system.
Accountable care

Historically, fee-for-service payment models have undervalued high-touch primary care and prevention, and have overvalued in-person, facility-based treatment. These perverse incentives do not reward accessible, consumer-friendly health care and result in variable health outcomes. In contrast, accountable care enables high-quality, patient-centered care by changing how we pay for care (Figure 1). In accountable care, providers are rewarded for care that proactively promotes health.
**FIGURE 1** Transitioning employer-sponsored health care to accountability

<table>
<thead>
<tr>
<th>TRADITIONAL CARE</th>
<th>ACCOUNTABLE CARE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PATIENT EXPERIENCE</strong></td>
<td><strong>PATIENT EXPERIENCE</strong></td>
</tr>
<tr>
<td>• Reactive: You reach out for an appointment when you have a medical concern or need an annual appointment</td>
<td>• Proactive: Care team reaches out to assess health needs and offer preventive care</td>
</tr>
<tr>
<td>• Inaccessible: Often hard to get timely appointments; hard to get answers to questions outside of appointments</td>
<td>• Accessible: Care available when and how you need it (e.g., virtual or in-person, same-day)</td>
</tr>
<tr>
<td>• Incomplete: Hard to get all of your needs addressed in one place</td>
<td>• Comprehensive: Addressing physical and mental health needs in one place</td>
</tr>
<tr>
<td>• Fragmented: You have to do the follow-up and coordinate your care across multiple providers</td>
<td>• Simple and coordinated: Single point of contact coordinating care across specialists and settings</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROVIDER PAYMENT INCENTIVES</th>
<th>PROVIDER PAYMENT INCENTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Volume-driven: Fee-for-service payments aligned to more visits and procedures</td>
<td>• Outcome-driven: Value-based payments aligned to improved quality and equity at lower cost</td>
</tr>
</tbody>
</table>

Accountable care enables high quality, patient-centered care by changing how we pay for care

Advanced primary care is a critical component of accountable care. It gives patients a single point of entry into a complex health care system — a provider who is “in their corner” to help navigate the health care system to get the care they need.
need. Advanced primary care meets patients where they are, providing a variety of access points — in person, virtual, 24/7 — along with integrated solutions for acute and chronic needs. It uses technology and team-based care to enable proactive outreach to patients, medication and chronic disease management, and integrated behavioral health.

Today, most primary care practices do not have a full suite of capabilities to deliver advanced primary care or successfully manage accountable care payment models.

**FIGURE 2** Accountable care ecosystem

**VIRTUAL FRONT DOOR**
- Virtual first-care options
- 24/7 access by app or text
- Connected to PCP

**ADVANCED PRIMARY CARE**
- Person-centered
- Prevention-oriented
- Team-based
- Coordinated
- Multimodal

**Payment tied to quality, cost, and equity**

**HIGH-VALUE SPECIALISTS**
- Selected for performance on outcomes and cost
- Bidirectional communication with PCP

**POINT SOLUTIONS**
- Tools for acute and chronic condition management
- Referred by PCP
- Communicate progress back to PCP
Building on lessons learned

Accountable care models have been successfully deployed in Medicare and Medicaid and by a small group of innovative employers frustrated with the status quo. These early efforts have generated valuable lessons learned.

**LESSON 1** Accountable care is feasible and impactful

As of 2019, 11 percent of commercial insurance payments and 24 percent of Medicare Advantage payments were made through provider relationships that include accountability.\(^vi\) Boeing engages in Direct Contracting in four markets through its Preferred Partnership Plan, and General Motors’ Accountable Care Organization contract saved 17 percent of total cost of care.\(^vii,viii\) An all-payor accountable care organization in Vermont saved Medicare 7 percent of total cost of care.\(^ix\) These examples show that accountable care approaches can drive financial results, while also maintaining or improving quality of care.\(^x\)

**LESSON 2** There’s no one-size-fits-all approach to accountability

There is a spectrum of capitation approaches (e.g., primary care capitation, full capitation), financial risk (e.g., partial risk, full risk), and accountability for quality and equity outcomes (e.g., performance guarantees, payment
withholds that are earned back based on quality outcomes, a shared savings rate tied to a quality score, and patient-facing incentives tied to quality). Each approach has different pros and cons, and the right solution may vary based on factors such as provider experience with risk.

**LESSON 3**  
Success requires aligning capacity, incentives, and tools to create a high-value experience for patients

Many previous efforts have either tested advanced primary care, tools targeted to particular specialties or conditions, or innovative financing approaches. Relatively few have tested all three of these components together, but experience suggests that all three are necessary. For example, a capitated payment model with limited provider engagement typically results in procedures that limit patient choice or create administrative burden (e.g., narrow networks, prior authorization). Advanced primary care without significant financing changes may improve patient experience, but typically raises cost (as observed in the Comprehensive Primary Care Plus Model\(^\text{xi}\)). Delegating accountability to primary care providers without tools to manage that risk (e.g., COEs for specialty cost management, technology to support post-acute transitions, patient incentives to choose high-value options) does not work, because primary care has limited ability to impact outcomes without those tools. Instead, an accountable care ecosystem supports advanced primary care and catalyzes system transformation.
Morgan Health is accelerating accountable care

We believe accountable care is the future of employer-sponsored health care, but these models either do not exist in certain geographies or do not exist at the scale needed to meet the overall need of the employer-sponsored health care marketplace. That’s why Morgan Health is driving innovation and investing in this critical area.

**SPOTLIGHT Vera Whole Health**

Morgan Health has made a $50 million investment in Vera Whole Health, a company looking to offer comprehensive services through diverse provider teams through capitated payment rather than fee-for-service.

Vera works directly with primary care practices to provide infrastructure that integrates behavioral health, care coordination, population health analytics, and non-hospital-based interventions. These resources are critical for managing an attributed member population. Vera also seeks to include performance guarantees related to improving health equity metrics. In Ohio, Vera’s anchor partner is Central Ohio Primary Care. It is the type of collaboration that can be replicated in other metro areas, and it provides a glimpse of what a more dynamic, responsive primary care system in the employer-sponsored marketplace looks like.
Significant work to implement new models successfully remains. For example, effective patient engagement may require more robust efforts to educate employees about new options and enhanced services. Primary care providers need tools to identify and engage with high-value specialists and support patients, as well as clarity on how new models will impact their revenue and workflow. Employers and providers alike will need more reliable and timely data to identify and act on opportunities for improvement. These improvements require better data sharing (with interoperable electronic health records) and enhanced infrastructure.

The JPMorgan Chase Benefits team is finalizing details of a commercial relationship with Vera to offer its services to employees in Central Ohio. As a part of this advanced primary care model, this partnership will include performance guarantees related to closing health equity gaps beginning in year two.

**SPOTLIGHT Kaiser Permanente**

As part of JPMorgan Chase’s effort to expand accountable care options to its employees and their families, the firm has offered employees based in California the opportunity to participate in a Kaiser Permanente plan for fully integrated health care and coverage starting January 1, 2022.

Kaiser Permanente’s integrated model includes doctors, hospitals, and a health plan that works together to keep members healthy and restore them to health after injury or illness. This integrated model includes all elements
of the accountable care ecosystem through a single system. Kaiser Permanente is also among the few risk-bearing organizations that has created a holistic digital strategy, allowing patients to access the system through a single entry point, and transition seamlessly between communication channels (i.e., virtual, in-person, and analog) when accessing care.

Kaiser Permanente has a longstanding commitment to delivering equitable high-quality health care and working to eliminate racial and ethnic health disparities. Through their integrated care model and electronic health record system, they measure quality of care data by race, gender, and ethnicity to identify disparities and act to close those gaps. The organization is also at the forefront of research in areas of care quality and care outcomes, which they can apply at scale to improve equitable population and community health. Although many accountable care models to date have focused on accountability for cost and quality, few have included accountability for health equity.

JPMorgan Chase and Kaiser Permanente have worked together previously to address equity issues. Examples include: a joint investment in a fund to support the preservation and production of affordable housing along the Purple Line corridor in Prince George’s County and Montgomery County, Maryland; and, a joint effort to develop and preserve affordable housing in San Francisco and Oakland, California.
Accountable care marketplace: Accountability means different things to different people. Among vendors providing services to employers and health plans, some put ‘fees at risk’ based on employee engagement and utilization metrics, while others tackle costs. Omada Health and Vida Health, two digital therapeutic providers, offer such risk-based contracting, but only tackle metrics related to some chronic conditions and not total cost of care. Among providers, only a few truly offer an accountable care model where they take total cost of care risk for an entire patient population. For example, Kaiser Permanente and Geisinger, two leading “payvider” organizations, are among the few that have operationalized accountable care by network design and incentives structure, but remain regional in focus. Among payers, large national plans have publicly committed to moving to value, but struggle to find provider and vendor partners with scale and expertise to meet local care needs. Additionally, even organizations experienced with accountability for quality and cost are very early in considering approaches to accountability for health equity.
**Consumerism and accountable care:** Consumers have little visibility into quality or prices and don’t expect or demand accountable care today. Data show that consumers care about experiences that resemble those provided by the financial, travel/entertainment, or retail industries: mobile-enabled, simple, intuitive, with prices clearly shown and products easily compared. In order to be successful in an accountable care model, providers will need to find ways to drive engagement, both proactively and for follow-up care. The best providers coordinate care, seek the best way to reach the patient, and often communicate digitally when an in person visit is not required. The goal is an experience that is simple and accessible for the patient, but this can require significant complexity for the provider.

**Digital tools and accountable care:** For provider organizations that have taken total cost of care risk, digital technologies hold promise for helping meet accountable care goals while maintaining high patient satisfaction rates. However, these solutions remain largely underutilized by risk-based providers, with few exceptions like Kaiser Permanente, whose mental health care providers are encouraged to prescribe apps like Calm for low acuity mental health needs.
The way forward

Transforming the current care delivery model will be challenging; however, innovators in the marketplace are driving change and building capacity for more accountable care models. It will take time, and certainly more engagement from payors, providers and carriers, but the elements to fundamentally change the system are in front of us. Employers play a critical role in this transformation, and they have a right, as well as an obligation, to demand more. Medicare and Medicaid have done so and achieved meaningful progress, but there remains more to do. That is why Morgan Health is joining others in focusing on and investing in a more accountable care system for patients in the United States.
Notes

i.  https://www.kff.org/report-section/ehbs-2021-summary-of-findings/#figurea

ii.  https://jamanetwork.com/journals/jama/fullarticle/2770254

iii.  https://www.cdc.gov/nchs/fastats/delivery.htm


v.  https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5629699/


