



Our History

The Beginning: The Fight for Better Healthcare Begins

In the 1980s, Dane County employers faced rising healthcare costs. The State of Wisconsin, the largest purchaser of healthcare in Wisconsin, began creating health management organizations (HMOs). The HMOs gave themselves more favorable contracts, shifting costs to the rest of the market. As a result, healthcare prices began rising dramatically and suddenly, catching the attention of Wisconsin employers.

Madison's healthcare environment had some unique qualities. There were three hospitals (two community hospitals and one teaching) and three large physician groups. The physician groups each owned their own HMO. These groups dominated the market, with few independent providers outside of them. More than 60 percent of the county was enrolled in an HMO, largely due to the state of Wisconsin. The state, being the community's largest employer with approximately 20,000 employees, had nearly 98 percent of their employees enrolled in an HMO.

Even before The Alliance was created, employers were looking for ways to control the spiraling cost of healthcare while maintaining broad choice for their employees. In 1986, a group of employers formed the Madison Area Employers Health Care Coalition

(MAEHC). Their concerns centered around years of double-digit premium increases, the growing number of people in HMOs, shrinking traditional insurance plan pools, and the increasing cost burden being shifted onto these traditional plans. The main objectives of the MAEHC were to:

- Provide an employer forum for networking and education on strategies to control healthcare costs
- Create dialogue with healthcare providers, insurers, and local HMOs
- Monitor and participate in the state legislative process regarding healthcare issues
- Establish an employer healthcare purchasing initiative

In 1989, the Madison Area Employers Health Care Coalition hired a team of consultants to conduct a study to find solutions to common healthcare concerns.

The study revealed three conclusions:

1. There was little or no price competition among providers
2. Employers lacked useful data and information regarding healthcare costs and outcomes
3. Employees lacked basic healthcare consumer information and involvement

The Alliance History

In 1990, healthcare premiums were increasing by an average of 14 percent nationwide annually. Self-funded employers were hit even harder. So, a small group of employers gathered around a table to find a better way to purchase healthcare for their employees. “We were looking to level the playing field,” recalls Jac Garner, president and CEO of Webcrafters Inc., Madison. “That was the beginning of this idea that we could group together and represent a substantial portion of the employer market to gain some of the benefits of negotiated group rates from providers.”



“We were looking to level the playing field.”

The following seven Madison-area employers formed the Employer Health Care Alliance Cooperative — now known as The Alliance — to negotiate directly with healthcare providers:

1. American Family Insurance Group
2. CUNA Mutual Insurance Group
3. Oscar Mayer Foods Corporation
4. Rayovac Corporation
5. Webcrafters, Inc.
6. Wisconsin Auto & Truck Dealers Association
7. Wisconsin Bell, Inc.

These employers chose a cooperative structure to allow participating employers to share the responsibility and benefits of membership. The Alliance rapidly grew from its Madison base to include self-funded employer plans from throughout southern Wisconsin.

Since its creation, The Alliance has been committed to the following three objectives:

- Making purchasing decisions based on **quality and cost**
- Promoting consumerism in **healthcare choices**
- Creating and sustaining **value-added partnership** between employers and providers

Early Challenges

The first major challenge The Alliance faced was raising the initial capital to fund the organization. Josephine Musser, the first chief executive officer at The Alliance, reached out to chief financial officers and chief executive officers at prospective member companies, making the pitch to become founding members of The Alliance. The organization asked each employer-member for \$50,000 in startup funds. After some employers joined, The Alliance was able to get a line of credit, providing the capital necessary to start the cooperative.

The next challenge was building a provider network. The Alliance negotiates contracts directly with doctors, hospitals, and other ancillary providers on behalf of employers.

Meriter Hospital was among the early adopters of The Alliance network, as was UW Hospital & Clinics, Affiliated University Physicians, Physicians Plus Medical Group, Associated Physicians, and St. Mary's Hospital. Notably, Dean Medical Center initially refused to contract with The Alliance. Many of the founding employer-members allowed a grace period where they billed Dean Medical Center claims at an in-network rate, but eventually they began billing Dean as an out-of-network provider. This sparked The Alliance to create an educational campaign to inform employees why they were getting balance billed and how to avoid it. It also inspired a campaign where employees sent their doctors a postcard saying they

were going to have to change providers because they are not part of The Alliance network. Eventually, this gained enough traction (Dean was losing about 150 patients per month) that the president of Dean Medical Center offered The Alliance \$25,000 to stop the campaign. However, The Alliance stayed true to its mission and after a few months Dean Medical Center became part of The Alliance network. This is a powerful example of employers working together to take a stand in the healthcare market, using their role as healthcare purchasers to demonstrate their needs.

Another early challenge for The Alliance was making sure employers had access to their claims data. With traditional insurance, employers were not able to access their claims data to see where their healthcare dollars were being spent. The Alliance wanted to show employers what they were spending on healthcare and how much they would be able to save by using high-value providers in The Alliance network. So, the cooperative took on the claims repricing function, so employers had full access to their data. The Alliance is the only organization of its kind that reprices claims and has that information available to employer-members in a data warehouse. While other coalitions may perform direct contracting, The Alliance is the only coalition to have a claim repricing function.



Expansion and Growth

Membership Growth

The Alliance began with seven employer-members in 1990. By 2010, 20 years after its creation, the cooperative had over 160 employer-members. By its 25th anniversary, The Alliance covered over 100,000 lives. The Alliance membership continues to grow year-over-year, reaching over 425 employer-members in 2024.

Geographic Expansion

While The Alliance began in the Madison area, it quickly gained employer-members in Southern Wisconsin, and across the state. The cooperative's provider network grew organically where employer-members' employees live and seek care. Today, The Alliance network covers most of the state of Wisconsin, with additional coverage in Illinois, Iowa, and Minnesota.

Collaboration with Other Organizations

The Alliance believes working with other employer-focused organizations strengthens the voice and extends the reach of the cooperative. The Alliance co-founded WisconsinRx (WisRx, now known as National CooperativeRx), in 2003 as part of a collaborative initiative of the Wisconsin Education Association Insurance Trust (WEAIT), the Department of Employee Trust Funds (ETF), and the Fond du Lac Area Businesses on Health (FABOH) to select a preferred pharmacy benefit manager (PBM). The purpose was to negotiate lower drug prices by leveraging collective buying power and working with physicians and pharmacists throughout Wisconsin to establish a preferred formulary.

National CooperativeRx is a not-for-profit, member-owned cooperative made up of employers,

government entities, unions and coalitions, including The Alliance. Together, the employer-members of these organizations leverage their collective purchasing power to access the best discounts and cutting-edge clinical programs from a PBM chosen via a competitive bidding process. The goal is to access high-quality, cost-effective pharmacy benefits management with transparent pricing. The Alliance partners with National CooperativeRx to this day.

The Alliance regularly participates in meetings of the National Alliance of Healthcare Purchaser Coalitions (previously known as National Business Coalition on Health), the American Benefits Council, the Midwest Business Group on Health and related organizations. Since 2001, The Alliance has repriced claims for the Fond du Lac Area Businesses on Health (FABOH), another Wisconsin coalition.

The Alliance partners with local chambers and organizations like Wisconsin Collaborative for Healthcare Quality (WCHQ), and the Employers' Forum of Indiana to help lower the price of healthcare. The cooperative is involved with the Wisconsin Health Information Organization (WHIO), serving on the Board of Directors, and using their data to help our employer-members develop their benefit plan designs.

The Alliance Difference

The Alliance is different than traditional insurance options because it is a not-for-profit cooperative. This is especially important in an industry like healthcare where there is a lack of transparency. Employers have healthy skepticism about whether their benefit partners are acting in their best interest so being an employer-owned cooperative provides transparency and trust that

The Alliance History

The Alliance has worked hard to earn and maintain over time.

The Alliance works in the best interest of its employer-members. The organization listens to the needs of its members and responds by developing services and products that make their experience better, including offering events where employers can come together to learn from each other and from national experts on topics that are important to their businesses and employees.

The structural uniqueness that comes with being a cooperative that is owned and governed by employer-members translates to value in the market. Providers value working with The Alliance because it is a local and responsive organization, not a national entity; this helps the cooperative secure favorable contracts. In the end, getting the employer-members of The Alliance the best healthcare at the best price is what's most important.

The Alliance Product Evolution, Expansion, and Innovation

Quality Forum

The Alliance story is one of learning and evolving. When The Alliance was first created, in addition to building the provider network, the focus was on forging new relationships between employers and providers. The cooperative created the Quality Forum to bring together employer leaders from The Alliance and the CEOs of the provider organizations in The Alliance networks to apply the concepts of Edwards Deming (Total Quality Management), identify inefficiencies and waste, and improve the quality of care for everyone system wide. Successes from the Quality Forum include a smoking cessation campaign to make smoking the fifth vital sign.

Small Employer Initiative

The Small Employer Initiative started in 1994 and was The Alliance's first program to help bring more affordable insurance to small, fully insured employers with fewer than 100 employees. Three carriers offered products using The Alliance network: Midwest Security, American Administrative Group (AAG), and BCBS. Today, The Alliance has a number of employer-members with 100 lives or fewer.

A-CHIP

After the Small Employer Initiative sunset, The Alliance and area Chambers of Commerce partnered to develop the Alliance-Chamber Health Insurance Program (A-CHIP), which helped small employers offer affordable health insurance to their employees. This product did not use The Alliance network, instead Group Health Cooperative HMO was the underlying insurer.

The Alliance Choice

The Alliance then tried a different approach, creating a product called The Alliance Choice. This product applied learnings from the Quality Forum and other work the cooperative was doing, to remove some of the obstacles employers faced when purchasing healthcare.

In response to provider complaints about The Alliance working with any Third-Party Administrator (TPA), The Alliance Choice product required employers to use one TPA. The cooperative offered more favorable pricing for employers using The Alliance Choice. This product required providers to participate in quality improvement projects and share the results with The Alliance, including the administration of a patient satisfaction instrument. Ultimately, this product was sunset due to low uptake as it was difficult at the time for employers to switch their TPA.

The Alliance History

QualityCounts®

In 1999, The Alliance created the *QualityCounts*® program and focused on measurement and public reporting of quality data. The cooperative released a quality report on hospitals using information from the hospital discharge data set, along with measures from the Agency for Healthcare Research and Quality (AHRQ). The Alliance brought in consultants to help with risk adjustment and computing and worked with a researcher from the University of Oregon, Doctor Judy Hibbard, an expert in understanding how consumers use information to make choices about healthcare.

The Alliance designed a first-of-its-kind Quality Counts report to be user-friendly and digestible for consumers. The report measured overall hospital care, cardiac care, and obstetric care and was shared by AARP, the Wall Street Journal, and in newspapers in Madison and surrounding areas.

There were two types of reporting: one that named the providers and one that did not. Results found that providers that performed poorly that were publicly reported took steps to dramatically improve their quality scores. While providers that were privately reported or not reported did not.

The cooperative found that obstetric care at the time performed worse than expected. After talking with the Wisconsin Association for Perinatal Care, The Alliance found that providers in Wisconsin were focused on high-risk obstetric care and neonatal intensive care, neglecting regular obstetric care. A major driver of these poor results was postpartum hemorrhage. This inspired an educational campaign about identifying the risk for postpartum hemorrhage and how to prevent it. So, while the report created tension with providers, it helped uncover a quality problem that needed to be addressed. The report also was a step toward giving people information they can

use to make informed decisions about their healthcare.

Although The Alliance met with hospitals before releasing the report and shared blinded results, the release of the report sent shockwaves across the healthcare industry in Wisconsin. One health system specifically was not happy with their results and threatened to sue The Alliance and leave the network unless the cooperative retracted the report. Again, The Alliance held its ground, addressed the provider's concerns, explained how the organization arrived at the results, and substantiated the data with expert testimony. This is another example of the integrity of The Alliance in the face of hardship and adversity. The Alliance came through this event stronger and more engaged than ever before.

The Alliance received the National Health Care Purchasing Award from the National Health Care Purchasing Institute for its work on the Quality Counts report. The cooperative also received the Elwood Award from the Foundation for Accountability. This national recognition was much appreciated given that The Alliance was under duress from the release of the initial Quality Counts report.

Provider Quality Investment Fund

As a not-for-profit cooperative, The Alliance returns a share of its net income to employers in the form of patronage (cash and equity) – also called the Cooperative Shareholder Benefit. The percentage each cooperative shareholder receives is based on their level of participation, including using The Alliance network to purchase healthcare.

In fiscal year 2002, instead of returning a percentage of the cooperative's net income to employer-members as a patronage dividend, The Alliance created the Provider Quality Investment Fund (PQIF) to invest savings from employer-members. This fund was used for grants to invest in provider improvements to increase the capacity to

The Alliance History

measure and improve quality in areas of importance to The Alliance's members. Providers applied for a grant, a committee of The Alliance employer-members evaluated the grant applications and awarded money, and then providers publicly reported their results. Over two years, The Alliance invested over \$1 million in provider projects. Through PQIF, The Alliance demonstrated its willingness to partner with providers and to "put our money where our mouth is." The PQIF was an interim strategy that led to the QualityPath® program.

QualityPath®

QualityPath® was a voluntary program that invited providers to participate in quality measurement. The Alliance negotiated lower bundled prices with warranties for specific procedures with providers that met high-quality standards. The bundled pricing was made available to employer-members who agreed to implement significant benefit plan design incentives to encourage employees to go to these quality-path-designated providers. Employees also had to follow through on the recommendations from their physician or the warranty could be voided.

QualityPath identified what each entity (providers, employers and consumers) needed to do to get better results. The program focused on a handful of schedule level procedures, including hip replacements, knee replacements, CT scans, MRIs, and colonoscopies, procedures that consumers had an opportunity to shop for and schedule.

QualityPath® was significant because it was the first time employer-members used benefit plan design to influence where their employees sought care. This program was novel in the market and helped The Alliance demonstrate the rewards of using benefit plan design in a strategic and impactful way. However, this program was limited in the number of procedures

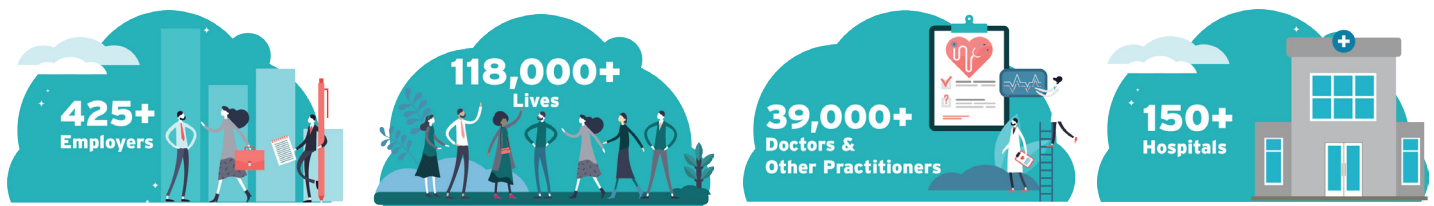
that could be included. Again, The Alliance shifted focus, using learnings from previous programs to focus on encouraging employers more broadly to use plan design to incentivize employees to go to preferred-value providers for over 80 procedures.

Preferred-Value Providers

Since its inception in 2023, there has been significant employer participation in The Alliance's Preferred-Value Provider program. This program is designed to save employers and their employees and their covered family members money by directing care to providers who offer good care at lower costs. Currently, 80% of employer-members with 100 or more employees utilize benefit plan design strategies to encourage the use of Preferred-Value Providers. The Alliance is working to incorporate quality measurement into this program and to make it simpler for employees to use.



The Alliance History



The Alliance Today

As of 2024, The Alliance represents over 425 employers and covers 118,000 individuals in southern Wisconsin, Illinois, Iowa, and Minnesota. The Alliance provider networks include over 39,000 medical practitioners, 9,700 clinics, and 150 hospitals.

The Alliance works with other national alliances, coalitions, and organizations, including the National Alliance of Healthcare Purchaser Coalitions, RAND Corporation's Hospital Price Transparency Study, the Employers' Forum of Indiana, NASHP, and the American Benefits Council. However, The Alliance is the only business coalition in the country that provides the breadth of services the cooperative provides. The Alliance offers education, events, and networking for employers at no additional cost to employer-members and partners. The cooperative fights for employers and their employees and families in health policy matters.

The business leaders who banded together to form The Alliance in 1990 were determined to change the way they purchased healthcare for employees. Thanks to their efforts, employers with self-funded benefit plans can measure the value of healthcare, access a cost-effective and extensive network of providers, track outcomes and better maintain a healthy workforce.

The work The Alliance does is not easy. The Alliance is resilient, and the longevity of this organization is a testament to its tenacity.

Health Policy

Just as The Alliance helps employers achieve high-value healthcare, the cooperative advocates for healthcare policy that benefits employers and their employees and families. The Alliance works closely with state and federal legislators, providing the education and insights they need to make well-informed decisions about healthcare topics that matter to businesses. The cooperative also keeps employers up to date on health policy trends that affect their businesses.

The Alliance has spoken to both state legislature and Congress about health policy issues that affect employers. Former CEO, Cheryl DeMars has also spoken before the Senate Health Committee and the Senate Finance Committee against the anti-white bagging laws. This is just one more way The Alliance supports its employer-members.

In 2023, The Alliance supported the creation of Advancing Free Market Healthcare (AFMH), an organization dedicated to amplifying the collective voice of employers on health policy matters that impact employees and their families and all healthcare consumers. AFMH was created by employers who want policymakers to focus more time and energy addressing the problem of high healthcare costs and the flaws that drive those costs in Wisconsin.

The Alliance History

The Alliance Culture

The Alliance has a culture of collaboration, openness, and caring about one another and Wisconsin employers, employees, and their families. The organization has been fortunate to attract smart, talented, mission-driven people and has maintained the kind of workplace people want to work in.

The work done at The Alliance is hard and never-ending. It would not be possible without leadership supporting employees and employees helping each other. The cooperative's commitment and care for one another is directly connected to the ability to achieve The Alliance's mission and serve the needs of employer-members.

During COVID The Alliance pivoted from fully in-person to fully remote in one weekend, almost seamlessly. This is a great example of the teamwork, adaptability, creativity and resolve of the cooperative's employees. Today, The Alliance prioritizes flexibility and work-life balance allowing many employees to work hybrid or remote. The Alliance continues to focus on employee connections, even when not in-person.



Mission

The Alliance's mission is to move health care forward by controlling costs, improving quality, and engaging individuals in their health.

Vision

The Alliance is working toward a future where:

- High-quality, affordable health care is reliably delivered to all patients.
- People have confidence that their health plans enable them to take care of themselves and their families.
- The Alliance employers thrive by joining together to control the trend of health care costs.

Values



Employer Driven



Quality



Respect



Integrity



Talent



Fun



The Alliance Timeline

1990 - 1991

- Employer Health Care Alliance Cooperative (The Alliance) is established with 7 members
- Josephine Musser named President and CEO of The Alliance

1991 - 1992

- First provider directory published
- Began receiving claims electronically

1992 - 1993

- Added mental health and chiropractic networks

1993 - 1994

- Christopher Queram named President and CEO of The Alliance
- Preferred pricing relationships developed for HRAs, flu shots, and Wellness Council membership

1994 - 1995

- Home Health providers added to the network

1995-1996

- Longevity retainage fee reduction introduced for members in the cooperative four years or more

1996 - 1997

- Preferred pricing relationship approved for prescription benefit management

1997 - 1998

- Balanced Scorecard introduced to evaluate operational efficiency

1998 - 1999

- Preferred pricing relationships developed for dental coverage
- Online provider directory launched

1999 - 2000

- The first *QualityCounts*[®] Medical Group Report released on 24 hospitals and five areas of care, working with Employers Health Cooperative in Janesville
- *QualityCounts*[®] for employees and *QualityCounts*[®] website launched for consumers
- Awarded National Healthcare Purchaser Award by the National Healthcare Purchasing Institute

2000 - 2001

- Established The Alliance Provider Quality Investment Fund to reward providers for quality improvement
- Joined The Leapfrog Group
- Enhanced electronic claims transmission to reduce operating costs and improve operational efficiency

2001 - 2002

- Awarded the Ellwood Award from the Foundation for Accountability for our work with *QualityCounts*[®]
- Became a Regional Roll-Out Leader for Leapfrog
- Co-sponsored meeting which would lead to development of the Wisconsin Purchasers for Quality (WHPQ)
- Began working with Fond du Lac Area Businesses on Health to reprice claims

2002 - 2003

- One of three groups to found WisconsinRx not-for-profit prescription drug purchasing coalition

2003 - 2004

- Introduced a Performance-Based Reimbursement pilot program

2004 - 2005

- Introduced skilled nursing facilities and ambulance services to provider network
- Judith Hibbard article *Does Publicizing Hospital Performance Stimulate Quality Improvement Efforts?* about *QualityCounts*[®] appeared in *Health Affairs*

The Alliance Timeline

2005 - 2006

- Preferred pricing relationship developed for a broader national wrap network
- Joined with other Wisconsin healthcare leaders to create the Wisconsin Health Information Organization

2006 - 2007

- Recognized as a Community Leader for Value-Driven Healthcare by the US Department of Health and Human Services
- Began providing customer service assistance for Spanish speakers
- Cheryl DeMars named President and CEO of The Alliance

2007 - 2008

- Launched new brand identity and tagline Employers Moving Healthcare Forward

2008 - 2009

- Enhanced our health policy strategy and started member health policy committee
- Added 351 retail clinic locations to the provider network
- Introduced the first-ever QualityCounts®
- Outpatient Procedures and Tests report on the cost of non-emergency care

2009 - 2010

- Preferred relationships introduced with Quantum Health and Health Solutions, Ltd.®

- Celebrated 20 years as a Cooperative of Employers Moving Healthcare Forward by Controlling Costs, Improving Quality, and Engaging Individuals in Their Health

2010 - 2011

- Began expanding primary network by contracting with providers in 8 Illinois counties

2011-2012

- Began focusing on value-based benefit design (VBBD)
- Provided claim repricing to other coalitions to Fond du Lac Area Businesses on Health (FABOH)

2012-2013

- Implemented new reimbursement model for outpatient care
- Continued to expand geographically

2013-2014

- The Alliance supported employer-members who want to offer worksite clinics by leveraging our contracts, facilitating a user group of employer-members with on-site clinics, and encouraging employers to capture utilization data
- Completed VBBD pilot plan with four employer-members. This project built capacity for interested employer-members to implement VBBD

2014-2015

- The Alliance launched the *QualityPath*® program to guide patients to high-value providers for shoppable procedures
- The Alliance launched the Find a Doctor tool to help patients search for and compare in-network providers

2015-2016

- Completed Benchmark Project 360, a comprehensive multi-stakeholder market research study to understand market and member perceptions and satisfaction with The Alliance
- Improved the *QualityPath*® program, continued to enroll employers in the program. The Alliance continued to provide implementation and ongoing support for members

2016-2017

- Expanded the network in La Crosse, Eau Claire, and Marshfield to grow new membership and better serve existing members

2017-2018

- Focused on expanding the network in Illinois.
- The Alliance rewrote its custom claims repricing software application
- Completed a data warehouse expansion project

The Alliance Timeline

2018-2019

- Expanded the *QualityPath*[®] program to include colonoscopies

2019-2020

- The Alliance began exploring new models of primary care, including a near-site vs on-site clinic to be shared by a geographic concentration of The Alliance employer-members to improve care and control costs

2020-2021

- The Alliance widely embraced remote work to manage the COVID pandemic, a policy that continued with flexible remote and hybrid work options
- The Alliance began focusing on steering and tiering and working on a tiered premier network

2021-2022

- The Alliance and the Northcentral Employers Healthcare Alliance (NEHA) announce NEHA's merger with The Alliance

2022-2023

- The Alliance launched a campaign to promote steering and tiering among employer-members

2023-2024

- Introduced the Premier Networks by The Alliance (Premier Network Ruby and Premier Network Emerald) customizable, tiered networks to further increase savings
- Sunset the *QualityPath*[®] program
- Rebranded high-value providers to preferred-value providers to clarify our tiering system

2024-2025

- Began pilot quality designation program "*Quality Verified*" to identify preferred-value providers that offer high-quality care at lower costs
- Longtime President and CEO Cheryl DeMars retires; Curt Kubiak hired as the organization's next leader

the-alliance.org

This history was written and compiled by Natalie Gardner, Marketing Content Strategist for the Alliance, in November 2024 in preparation for the 35th Anniversary of The Alliance in 2025.

Sources

- Interview with Cheryl DeMars, former President and CEO of The Alliance, in July 2024
- Previous The Alliance anniversary documents
- Previous The Alliance product documents and communications