

Discussion with Mary Brainerd, President and CEO, HealthPartners

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

Friday, September 11, 2009

Present: Verne Johnson (Chair); David Broden, Janis Clay, Jan Hively (phone), Ted Kolderie (phone), Tim McDonald, John Mooty, Bob White, Donna Zimmerman

A. Context of the meeting—There has been growing sentiment among the Caucus’s core and digital membership that Minnesota is slipping. How do we make it the state we want it to be? This is a question the Caucus is working on, presently. As President and CEO of one of the largest non-profit health care organizations in the country, a native Minnesotan, and a founding CEO of the Itasca project, we hope Mary Brainerd may provide some useful insights on the question.

B. Welcome and introductions— Those present shared a moment of silence and reflection on the eighth anniversary of the September 11 attacks in New York, Washington, and Pennsylvania.

Mary Brainerd is president and chief executive officer for HealthPartners, a “family of nonprofit Minnesota health care organizations” headquartered in Minneapolis. She has been with the organization since 1992. Prior to joining HealthPartners, Ms. Brainerd held senior level positions with Blue Cross and Blue Shield of Minnesota.

A graduate of the University of Minnesota and the University of St. Thomas, Mary grew up in St. Paul and has been actively involved in the Twin Cities community for several years. She is one of the founding CEOs of the Itasca Project.

C. Comments and discussion—During Brainerd's comments and in discussion, the following points were raised:

1. Business leadership via The Itasca Project--Brainerd opened discussion by describing the origins of the Itasca project, a group of 40 current and retired business and civic leaders formed in 2004 to address issues that affect the long-term economic vitality and quality of life of the state.

“When I became a CEO,” she said, “I understood that was in a position to make a difference. We were getting too much politics focused in the short-term, and not enough long-term thinking.” Her special concerns are disparities in socioeconomic status which threaten the vitality of the region, including income, education and health.

The work of Itasca has become integrated into HealthPartner’s mission. The entire Itasca group—all 40-50 members—meet four times a year, she said. A smaller ‘working team’ of ten meets every Friday morning, and this is a committed team of individuals who get more directly involved with Itasca’s strategies and tactics. McKinsey provides basic staffing for the group.

A member asked what kind of vote would be needed to adopt a plan, within the Itasca group? “We haven’t had to take many hard ones,” Brainerd considered, because they operate generally on consensus. “The harder questions come really in deciding how political we want to become.”

The speaker was asked about the Metro v. statewide linkage in Itasca, and representation from rural business. Involvement is concentrated within the Cities. The Itasca group recognizes that many of the issues they have championed, such as early childhood education, transportation, disparities and now job growth impact the entire state. “The challenge is getting people involved” who reside out-state, she said. “Friday morning meetings just are not feasible for those outside of the Metro area.

A member asked about Itasca’s procedures: Do they have a process, like the Civic Caucus, for bringing people in front of the group, for a visit? And, for educational purposes, circulate notes? “We have people come in often,” Brainerd said, “but we haven’t sent around notes. That’s an interesting idea, and we have used our working group meetings to generate discussion and plans for the initiatives, as well as communications with the larger Itasca group.” She thought on it some.

2. The problem of structural governance in school districts--Itasca has been working with the Minnesota Business Partnership, and McKinsey, a consultant firm, in support of the Minneapolis Public Schools strategic plan. That commenced development this past year, presently in the implementation stage. From the process, Brainerd drew some lessons.

“There is a problem in the structural governance of districts,” she argued. Separately-elected board members, especially rooted in constituencies, create a dynamic of factionalism. Adults are putting their interests first, whether they see it or not.

“Who works for the kids?” she asked, rhetorically. “It’s hard to identify who the real advocates are for kids. Itasca and the Business Partnership are not in a position to do so as a sustained voice of advocacy. It needs to be in the system itself.”

The outgoing Minneapolis superintendent (Green; tenure up at the end of ‘09/10) will tell you, it’s very difficult to run a district with all the competing constituencies.” Brainerd cited cities where mayors have taken control of districts, or appoint board members, as interesting models.

On the role of technology in schools, a member observed that we need a ‘productivity increase’ in schools, and electronics offers the most cost-effective approach as in business. Brainerd agreed. Itasca has wanted to see more of an effect than they have in school district results. “We’re frustrated at our ability to have an impact on performance,” she said, frankly.

The chair prodded, with some gentle teasing: Is it a problem with Minnesota’s structure, or your own inadequacy? “Maybe our own inadequacy,” she grinned...but there are structural problems that the business community can’t solve from the outside. The system is very resistant to change. Every component of it. A morass. “The rigidity of seniority and bumping, the governance structures.” They all present a challenge.

A comment was brought up about McKinsey’s staffing of Itasca meetings, and a curiosity: Consultancies tend to work with systems, as they are. In the case of Minneapolis Public Schools they worked with the challenges of the institution of the District. But the problems—the ultimate causes—may lie even further up, at political and policy levels. Would Itasca be missing a piece of the picture?

Brainerd said that the policy-level of K-12, and the design of the K-12 system, is also on their mind. Itasca and the Business Partnership were supportive this past legislative session on the site-governed schools legislation that is now being applied in Minneapolis.

3. Health care reform--“Minnesota has done a good job in health care,” she said, “when you look at the product we get for its cost—though it still costs too much.”

“We have Mayo, we still have many small and efficient practices, and we have been using technology far ahead of other states. We’ve had clinics and hospitals incorporating health information technology for ten years, while many states are just now beginning.”

And, it is important that Minnesota has the not-for-profit model of health insurance.

A member asked: How do we get to resolving the question of cost control? “We have been operating on the notion,” Brainerd began, “that more is better. I have a mantra: More is not always better. Sometimes, more is worse.”

There needs to be a compensation system that pays for things other than volume. She emphasized that much of the talk today does not include the notion of personal responsibility—for co-pays, for living a healthy lifestyle.

4. Importance of healthy living--And prevention through healthy living is one of the areas with greatest raw potential for cost savings. When looking at information on HealthPartners members as to how they answered questions on healthy behaviors—(healthy nutrition fruits/vegetables, exercise, no tobacco, no to moderate alcohol use) only 3 percent responded that they engaged in all of the healthy behaviors.

“Many common chronic illness, such as heart disease or diabetes, could have their onset delayed if not fully prevented, if we lived healthier.”

A member asked if price incentives worked into insurance plans, such as a credit for visiting a gym regularly, is a proper mechanism. The topic of personal responsibility is nowhere to be found in the health care bill presently being considered in Washington, she said.

That reminded a member about something: “I’ve been conscious lately,” he said, “because of the coverage of health care of the importance of understanding how these systems work. How do you fix a system without understanding it first? Baseball writers know how the player contracts work; we’re trying to restructure this large system while we learn about it.”

“That’s a very good point,” she agreed.

5. Opposition to public option--What is the speaker’s view on the public option being discussed in the national health care debate? “It would be a disaster in Minnesota because it would collapse Minnesota physician practices and hospitals if based on Medicare payment rates.” “The dynamic is reversed in other states. Because we cost less to deliver care here in Minnesota, the government has decided to reimburse us less than other states. This has been engrained since the 1960s,” and is an example of the potential for perverse incentives, and unfair competition. “We need to equal out things nationally first.”

6. Concern over malpractice--On the question of doctors over-ordering tests, to cover themselves against malpractice, Brainerd said, “We do have some requirements in our law that

help mitigate malpractice concerns in Minnesota” procedures that minimize the risk of meritless lawsuits.” But she feels that this focus on malpractice costs as the major driver is a “red herring, at least in Minnesota.”

7. Leadership in Public Affairs--A member wants to know, Where is leadership coming from today—the business or political realms?

“It isn’t happening on the political side,” she said. Mary Carlson Nelson had a good observation. There used to be a time, she said, thinking of Governor Perpich, when government and the civic community were active in leading a progressive agenda for our state’s growth and future. “It hasn’t been like that in recent years. And its time for that to change,” Brainerd lamented.

8. Common objectives in the political parties--“This is what I’d like to see from both political parties...and I’ve thought about it since hearing Dave Durenberger quote Ted Mitau at a recent event. Despite occasional differences in degree and method of approach, the platforms of the two parties, ...stress the necessity for stimulating economic growth and business development, for initiating action to protect consumers, for reorganizing state government, for safeguarding human rights, for assuring racial justice, for conserving natural resources, for controlling air and water pollution, for assuring greater highway safety, for improving and advancing education, for strengthening health and welfare, for easing the impact of the property tax on the elderly, for providing tax incentives to corporations willing to train the unskilled and economically handicapped, and for improving public transportation.”

9. Preserve what is working well--The chair asked the speaker if she had any closing thoughts, anything she’d like to leave the meeting on. “In health care,” Brainerd advised, “as we talk about reforms, let’s preserve two things that have worked well in Minnesota: group practice, and the non-profit model. With federal reform, “We want to maintain local controls; local exceptionalisms.”

She agreed with the Caucus’ hypothesis that Minnesota is slipping. She cited a study that showed a slide in the business climate of Minneapolis/St. Paul from a position of 20—nationally, in 2003—to 71st in 2008. This is a problem of the civic sector as much as government.

On that challenge, and others, the Caucus will continue to work. Stay tuned. Thanks all around.