



A Brief History of Health Care Cooperatives and Consumer-Governed Health Care

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A Few Definitions

- Cooperative is a corporate form under state law
 - Minn. Stat. 308A
 - Owner-governed
- Most cooperatives abide by seven coop principles

Seven Cooperative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation among Cooperatives
7. Concern for Community

The Dream

- Inspired by cooperative principles, goal was to:
 - Provide “direct medical care under which we would have our own doctors who would practice preventative and curative medicine, complete...with hospital care which would be paid by regular monthly payment.”

But, there were early challenges and national cooperation

- Corporate practice of medicine doctrine
- Group Health Mutual Insurance Company
 - Reserves required
 - Operating capital
 - Limitations on lobbying
- Group Health Association – educational and legislative activity
- Opposition from local medical societies
- Cooperative Health Federation of America

Key Legal Battles

- Group Health Cooperative of Puget Sound v. King County Medical Society (1952)
 - Anti-trust claim excluding MDs from membership
- Two Harbors Community Health Association v. St. Louis County Medical Society
 - Refusal to grant privileges/discrimination
 - Settled out of court
- 1955 Attorney General Opinion

Operational Challenges

- Claims ratios and medical trend
- Premium increases
- Maintaining membership
- Ability to control costs after they have established a rate and benefit structure
- Managing risks
- “Communist on Como”

HP Today

- Integrated Care and Financing System

- 11,000 employees
- Medical Group – 400,000 patients
 - Nearly 800 physicians
 - Primary Care
 - Specialty Care
 - 35 medical and surgical specialties
 - Multi-payer



- Hospitals: one 435-bed level I trauma center urban teaching hospital, two CAH hospitals, one community hospital
- Non-profit health plan: 1.3 million members in Minnesota and surrounding states
- Consumer governed

HP Member Role

- Consumer-board elected by consumers
- Standing patient and member councils
- Medical Board of Governors
- Annual meeting
- Project specific input
 - Care approaches
 - Material design
- Member Appeals

What's Different

- Longer-term perspective that only changes with the need of the end user
 - Not focused on staff interests
 - Not focused on the investor interests
 - Not focused on institutional interests
- Provides a constant and direct link to the consumer
- Links strategic objective to individual experience
- Nurture the “commons”
- Focus on different things; do things differently