1 Summary 1

Managed Care and Integrated Delivery Systems in the Twin Cities 1 Development and Role of Purchasing Coalitions 2 Minnesota Care 3 Health Care Expenditures in the Twin Cities 3 Relevance of the Twin Cities Experience 4

2 Introduction 5

3 Health Care Delivery in the Twin Cities 7

The Twin Cities' Health Care System 7 Development of Minnesota Care 13 Summary 16

4 Growth of Managed Care and Integrated Delivery Systems 17

Developmen[of the HMO Market: 1970-1980 17 Competition Among HMOs and Its Effects: 1980-1990 20 The Consolidation of the Twin Cities Health Care Market 25

5 Development and Role of Purchasing Coalitions 35

Business Health Care Action Group 35 The State of Minnesota Group Insurance Program 37 The Minnesota Employees Insurance Program 44 Employers' Association Care Buyers Coalition 46 Summary 47

6 Relevance of the Minnesota Experience 49

Implications for Managed Competition Reform *50* Concluding Comments *52*

APPENDIX A: Acknowledgments 53

REFERENCES 54