



**Center for Health  
Transformation**

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**GRHA 23<sup>rd</sup> Annual Meeting  
September 20, 2004**

# ***Principles of Transformation***

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# Center for Health Transformation

**Saving Lives & Saving Money**  
Transforming Health and Healthcare  
**Newt Gingrich**  
with Dana Pivney and Anne Woodbury

**Planning & Leadership Model**

VISION  
STRATEGIES  
PROJECTS  
TASKS

Listen = Learn = Help = Lead

AARP

[www.healthtransformation.net](http://www.healthtransformation.net)

# Center for Health Transformation

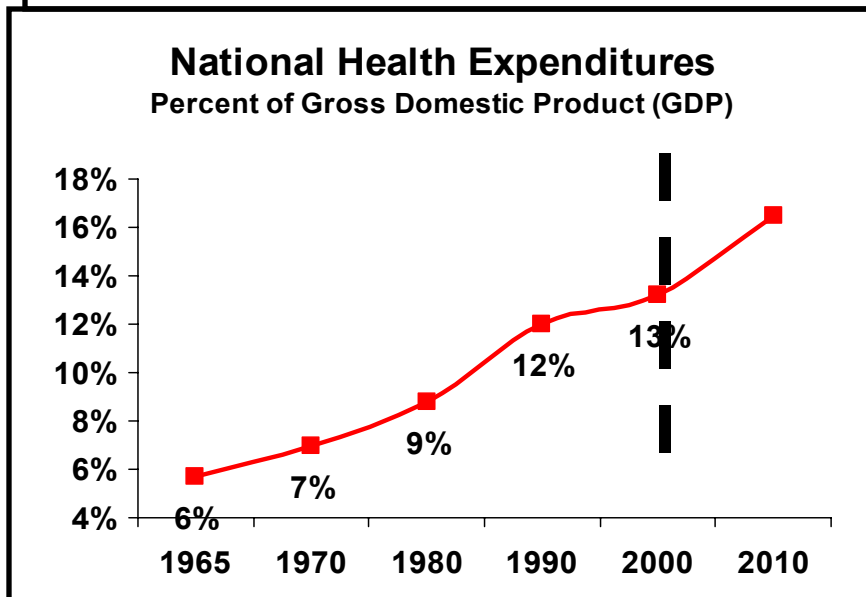
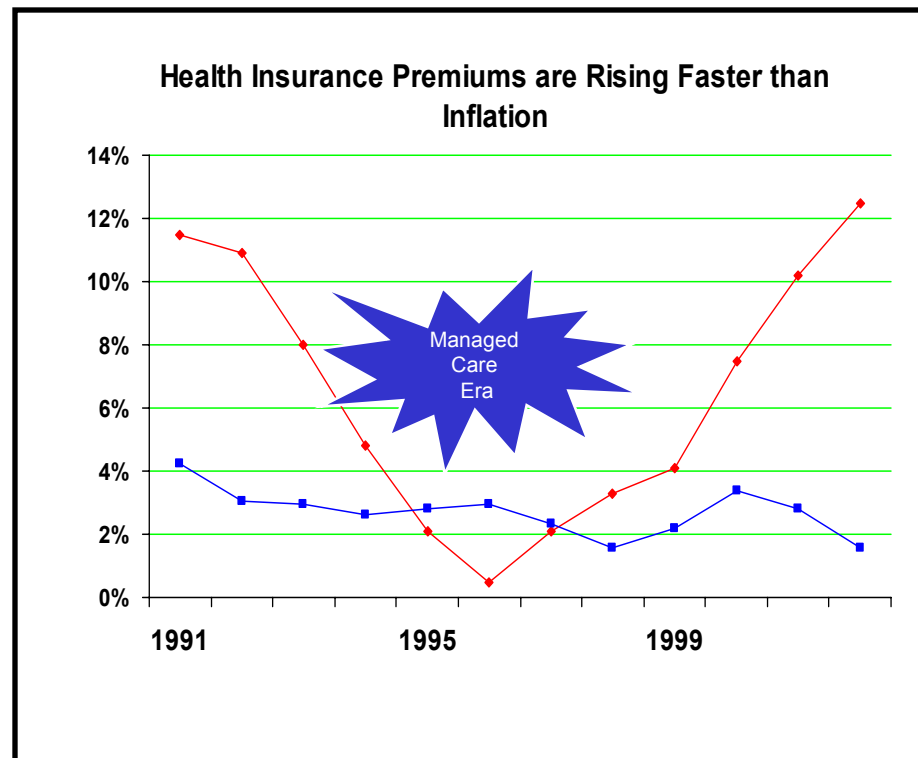
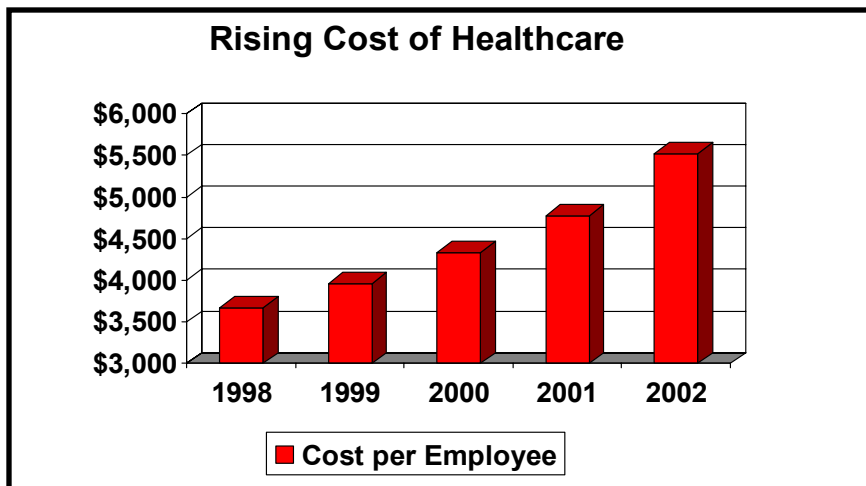
A collaboration of public and private entities dedicated to accelerating the creation and adoption of better solutions and better policies for better health



# Why Health and Healthcare?

- Healthcare is the biggest single sector of the economy and growing faster than the economy.
- Healthcare is the biggest cost center in state government.
- Healthcare is the biggest cost pressure on small and large businesses.
- Healthcare is a matter of life and death.

# Today: Rising Costs



Sources: Employer Premium Info:

<http://www.hschange.org/CONTENT/472/table1.shtml>

Inflation Info: [http://inflationdata.com/Inflation/Inflation\\_Rate/HistoricalInflation.aspx](http://inflationdata.com/Inflation/Inflation_Rate/HistoricalInflation.aspx)

[www.cms.gov/researchers/pubs/datacompendium/2002/02pg14.pdf](http://www.cms.gov/researchers/pubs/datacompendium/2002/02pg14.pdf)

And info from CMS Office of Actuary

The Houston Chronical, April 24, 2002

# Today: Needless suffering and death

- **Death**
  - 44,000 - 98,000 die EVERY YEAR from Medical Error
  - 88,000 die from hospital induced illness
- **Suffering**
  - 2 million hospital induced illnesses
  - 1.5 million nursing home induced illnesses
- **Money**
  - Billions linked to errors

\*Figures from the Institute of Medicine (IOM)

\*\* Figures from the Center for Disease Control (CDC)

† Figures from Agency for Healthcare Research and Quality

## **Today: The Gap Between a Quality Systems Approach & the Lack of a Quality System is Paid in Lives**

- **One** out of every **1,000** patients admitted to a hospital dies due to medical errors\*

***But only***

- **One** out of every **1,860,491** passengers flying on a major U.S. commercial airline dies in an airplane crash\*\*

**You are *2000 times* more likely to die in a hospital from errors than on an airplane!**

\*Figure from American Hospital Association \*\*Figure accumulated from NTSB reports since 9/11 and traffic figures of the six major U.S. commercial airlines: Delta, American, U.S. Air, United, Continental, and Northwest



**Today: \$100 billion a year wasted,  
tens of thousands of lives lost *unnecessarily***  
Submitted by Agency for Healthcare Research and Quality (AHRQ) June 28, 2003

**Solution**

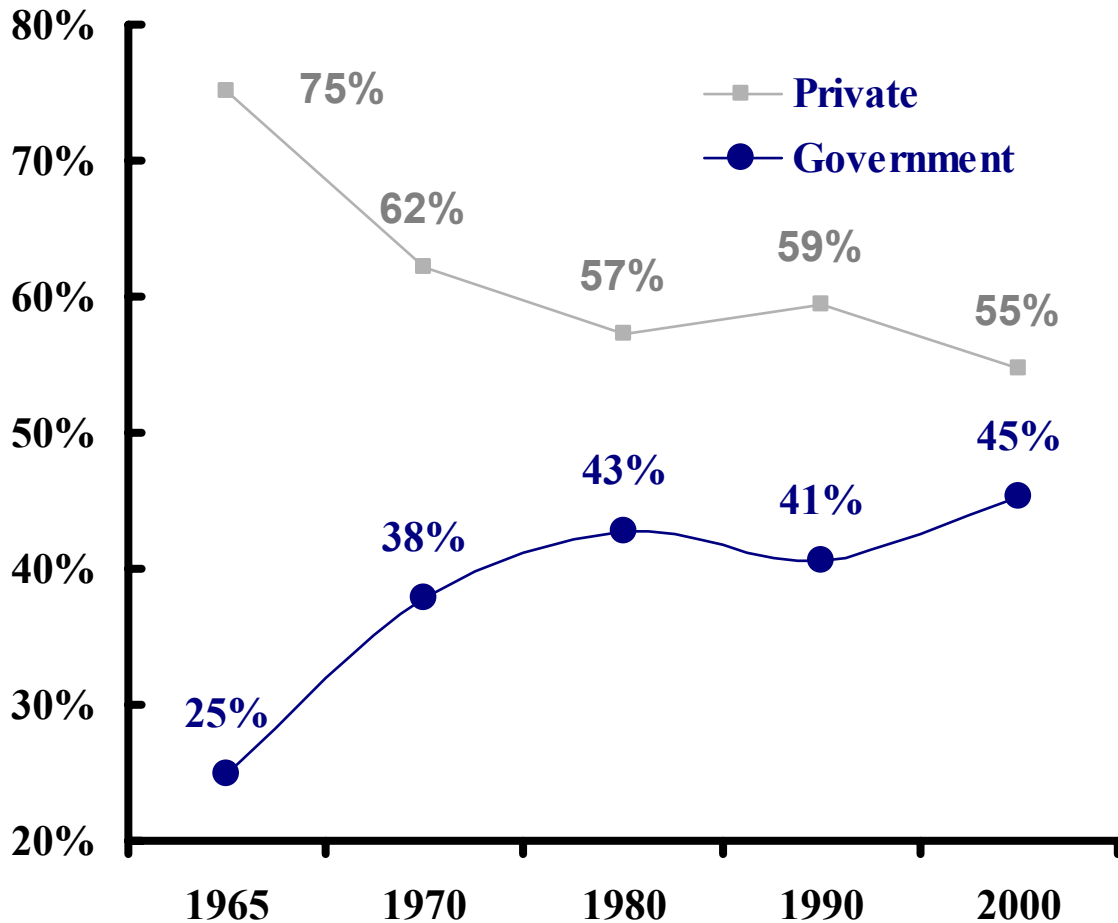
**Result**

**Savings**

Computerized Physician Order Entry (inpatient)	↓ rate of serious med error by 55%; ↓ rate of potential adverse drug events by 84%	Total annual savings range from \$7 to 14 billion (nationally)
Clinical Decision Support Technologies	↓ ordering of drugs that pt. is allergic to; ↓ in orders for wrong (ineffective) meds;	↓ antibiotic cost by ~\$200 per hospitalization; lower cost of hospital care (\$26,315 v \$35,283) and shorter hospital stays (10 v 12.9 days)
Automated Medication Dispensing Systems (inpatient)	Significantly fewer missed doses of drugs (↓ 16.9%);	One hospital realized savings of \$1.28 million over 5 yrs.
Bar Coding Technologies	75% decrease in errors caused by administration of wrong meds; 93% reduction in errors from wrong med to wrong pt.	Annual national savings of \$15.3 billion
E-Prescribing in Physician Practices	Decreased medication errors; Improved physician efficiency	One study demonstrated ↓ pharmacy costs of \$1.15 PMPM; 30% decrease in physician to pharmacy phone calls;
Computerized Physician Order Entry (outpatient)	Eliminate 2 million adverse drug events; Avoid 1.3 million office visits and 190,000 hospitalizations	\$27 billion savings in medication expenses (nationally)
Electronic Medical Records (Primary Care Settings)	34% reduction in adverse drug events; 15% decrease in drug utilization; 9% decrease in unnecessary lab utilization	↓ Spending by \$44 billion per year: Savings of \$86,400 per provider over a five yr period.



# Percentage of Healthcare Expenditures



## **Center for Medicare and Medicaid Services (CMS)**

- CMS spends \$400 billion annually and rising (1)
- 33% of all US health spending is done by CMS (1)
- Medicare expenditures grew from 3.7 percent of the federal budget in 1970 to 13 percent in 1995. (2)
- By 2008, Medicare and Medicaid will be an estimated \$605 Billion annually . (3)
- Number of Medicare recipients will almost double by the year 2030 (4)

1. <http://www.cms.gov/charts/default.asp>, US Healthcare System Powerpoint Slide 6
2. Healthcare Markets Group Executive Summary, 1997
3. (Budget for Fiscal Year 2004, Historical Table 16.1 Outlays for Health Programs 1962-2008 page 299
4. <http://www.cms.gov/charts/default.asp>-Profile of Medicare Beneficiaries Powerpoint, Slide 4

# Medicaid Spending

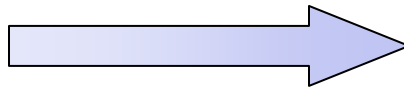
- States' single largest healthcare expenditure.
- Doubled in last 10 years.
- 2001 - 11.6 % spending increase  
2002 - 11.7 % spending increase  
through 2011 6-8% increase every year

<http://www.nasbo.org/Publications/PDFs/medicaid2003.pdf>

# **What is Needed**

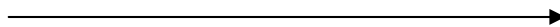
- The system is broken and incremental reforms in silos will not work.
- It must be transformed. System-wide change in health and healthcare is needed because elements of the health and healthcare system impact and interact with one another and cannot be dealt with in isolation.
- We must first define the overarching vision and shared values, followed by bringing all sectors together within this shared purpose.

**Current Antiquated  
Health System**



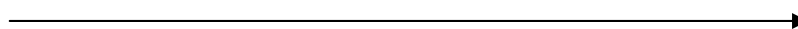
**21<sup>st</sup> Century Intelligent  
Health System**

Provider-centered



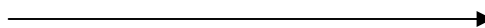
Individual-centered

Price-driven



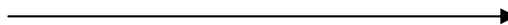
Values-driven

Hidden Price and  
Quality Information



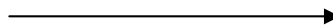
Transparent Price and  
Quality Information

Knowledge-disconnected



Knowledge-intense

Slow diffusion of innovation



Rapid diffusion of innovation

Disease focused



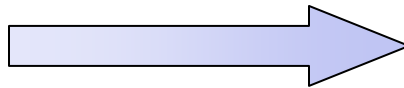
Prevention and health-focused

Paper-based



Electronically-based

**Current Antiquated  
Health System**



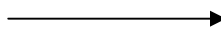
**21<sup>st</sup> Century Intelligent  
Health System**

Third party controlled market  
(Patient - Provider - Payer)



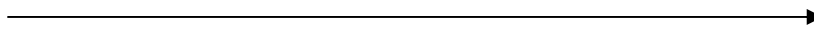
Binary mediated market  
(Patient - Provider)

Process focused government



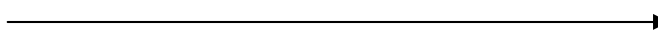
Outcomes focused government

Limited choice



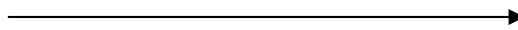
Increased choice

Predatory Trial Lawyer  
Litigation System



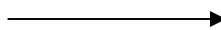
New System of  
Health Justice

Overall cost increase



Overall cost decrease

Quantity and price measured



Quality of care and quality of life



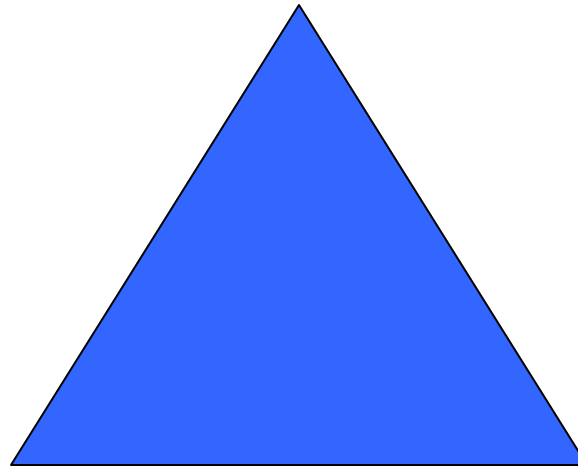
## Mission Statement

The Center for Health Transformation is dedicated to saving lives and saving money by helping develop a 21st Century intelligent system of health and healthcare.



# **Triangle Model of Health and Healthcare Transformation**

**Individual-Centered – Incentive - Psychology-  
Empowerment – The Right to Know Information  
about Price, Quality, Providers, and Personal Health Status**



**Prevention - Early Detection-  
Self Management – Best Practices**

**IT- Quality - Expert  
Systems**



## Health Transformation Strategies

1. Create information-rich health savings accounts
2. Create secure electronic health records
3. Develop a new system of health justice
4. Create a “Travelocity” type system for drug purchasing
5. Create a system and culture of rapid adoption of solutions

## Health Transformation Strategies

6. Capture costs and benefits of better solutions
7. Develop a real-time continuous research database and discover-develop-deliver ability
8. Create a virtual public health network
9. Turn health from a problem into an opportunity

## Key Georgia Strategies

1. Information rich HSAs
2. Data transparency and access related to both clinical and financial outcomes, including Travelocity for drugs (The “Right to Know Project” – Empowering Individuals through Information)
3. Moving to electronic systems, including electronic health records
4. Health justice transformation
5. 21<sup>st</sup> Century Universal Coverage Initiative



## Transforming

### **Developing a New and Different Pattern**

In February 2003, The Rhode Island Quality Institute teamed up with SureScripts to launch a state-wide electronic prescribing program to achieve 100% electronic prescription writing in the State of Rhode Island

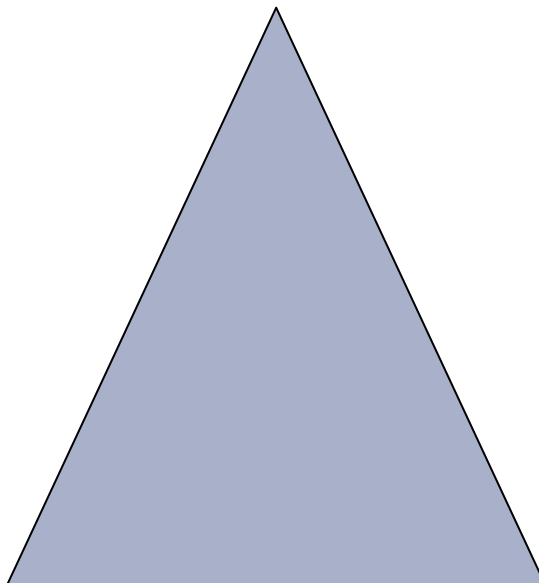
## Reforming

Making Current Patterns Work Better

## Reforming

Making Current Patterns Work Better

Integrating electronic prescriptions into electronic health records



“... A written prescription for a medicinal drug issued by a health care practitioner licensed by law to prescribe such drug **must be legibly printed...**”

(Florida House and Senate Passed Section 456.42 on May 23, 2003)

## Behaviors Essential for Transformation:

- Learn to say “Yes, if...” not “No, because...”
- Cheerful persistence



# Planning & Leadership Model

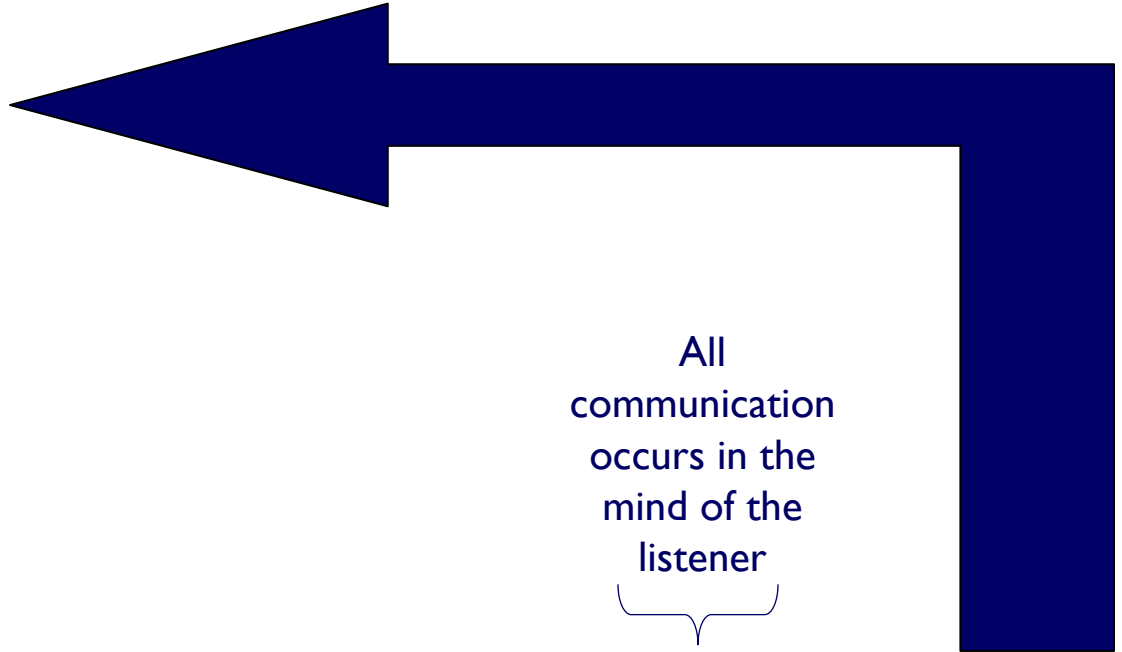
Planning Model

VISION

STRATEGIES

PROJECTS

TASKS



All communication occurs in the mind of the listener

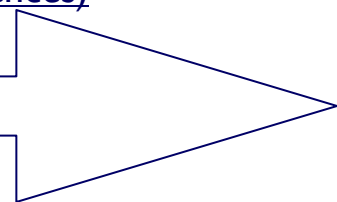
Listen > Learn > Help > Lead

Appreciative understanding (active listening between the sentences)

**TRUE PRAGMATISM**

(Listen for new facts and perceptions)

Leadership Model



# Ten Principles of Transformation

- I. Create and communicate a clear and compelling vision.
  - The attracting and organizing common reference



# Principles of Transformation

2. Focus on large changes
  - Antelopes not chipmunks

# Principles of Transformation

## 3. Incentives Work

- Change should be incentive-pulled but not punishment-driven



# Principles of Transformation

4. Define the deep-mid-near plan.  
(Always done in that order)

Deep – 10%

Mid – 20%

Near – 70%

# Principles of Transformation

5. Take context into account
  - Move to the sound of the guns.
  - Identify leverage points

# Principles of Transformation

6. Find transformational solutions outside and apply to your industry
  - Bar coding
  - ATMs
  - Travelocity



# Principles of Transformation

## 7. Acquire allies

- You can't validate yourself

# Principles of Transformation

## 8. Plans should reflect future reality

- Aging population
- Increased minority population
- Increased electronic based systems



# **Principles of Transformation**

9. Plan back from victory rather than forward from the present

# Principles of Transformation

## 10. Measure success

- What are the right success metrics?
  - For yourself
  - For your profession
  - For your organization
  - For rural health

