

Center for Health Transformation E-Newsletters

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July 2005

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Newt Notes

Medicaid is a mess. It is an obsolete 1965 welfare state system with an assumption of irresponsibility and dependency on the part of the recipients and a micromanaged, centralized bureaucratic control system with both state and federal layers of bureaucracy. Its thousands of pages of state and federal complexity are impossible to manage and make innovation very difficult and very slow.

For forty years the combination of the U.S. Congress, the federal CMS bureaucracy and 50 state legislatures have interacted to produce a dance of loophole exploitation by states, followed by loophole closings by the federal government, followed by clever consultants finding new ways to cost-shift.

The result has been a money-oriented, red tape-ridden culture which is a major contributor to health disparities, a significant source of cost shifting to private payers, and a significant burden on doctors and hospitals.

As Medicaid has grown in size and cost its implications for both the federal and state budgets have grown. We are entering a period when Medicaid will be an unavoidable major issue in our political-governmental system.

The odds are very high that the system at the federal and state level will have a strong bias towards doing really dumb and destructive things. The emphasis will tend to be on "show me the money" rather than show me the health innovations that will save money.

There have been few more discouraging sights than the mindlessness of most of the Medicaid maneuverings over the past six months. The feds have the money. The states want the money. The providers are powerless and get cheated by government. The impact on the patient's life and well-being is almost never considered.

HHS Secretary Mike Leavitt is trying to break out of this cycle of maneuver and manipulation by getting people to think in terms of the longer time.

On July 8th, HHS Secretary Mike Leavitt announced the names of the 13 voting

members and 15 non-voting members of the Medicaid Commission. The Secretary is to be commended for assembling a broad and diverse group of health policy experts – we sincerely hope that real progress on Medicaid transformation will emerge as a product of this unique collaboration.

The real test for this Commission will be whether it can focus steadfastly on the possibility of a better future for those who depend on Medicaid – a future that is only possible if it works to create a 21st Century Intelligent Health System, rather than merely propping up an obsolete system that doesn't work.

The Commission must commit itself to finding workable solutions. America deserves a better Medicaid system, and rather than getting lost in the short-term squabbles of how best to earmark \$10 billion in required cuts to the program, we should remember that true transformation requires a collective focus on the long-term possibilities. Anyone who claims to have the American people's best interests in mind when tackling Medicaid reform should embrace this philosophy: the key to progress is saying "Yes, if..." not "No, because..."

Yes, we can transform Medicaid – *if* people are willing to work to create a better future. Let's focus on the positive – the new Medicaid Commission has the unique opportunity to help effect a more efficient and equitable Medicaid system. It is my hope that this Commission will not shy away from tackling Medicaid's biggest issues, such as its failure to provide mainstream care to poor beneficiaries and glaring problems with the program's overall structure, which is clearly unsustainable. Commissioners should be forthright enough to recognize that Medicaid traditionally has an abysmal record of delivering high-quality, timely, and appropriate care to its beneficiaries. This inability is a contributing factor to the continued racial health disparities that plague our country. Since Medicaid's inception in 1965, the black-white divide has narrowed in all major categories – civil rights, housing, education, and income. But health disparities between the races have stayed the same and in some cases – such as cancer and heart disease – they have worsened.

Medicaid is also in trouble on the fiscal side. Rapidly ballooning Medicaid spending at the state level is crowding out other priorities such as education, law enforcement, and highways. Federal spending is projected to grow at well over seven percent annually for the next decade. The program simply contains too many perverse incentives that encourage excessive spending. Ironically, all these extra dollars are not increasing access to care for Medicaid patients. The federal matching system is also an open invitation to questionable financing practices by states who have taken to employing contingency fee based consultants to help them draw down federal matching dollars, as recently documented by the GAO. There is no guarantee these dollars even go to the Medicaid program, or even to health care services. This is at least a violation of the spirit of the federal/state partnership.

Medicaid Commissioners have an historic opportunity to make a real difference in how the Medicaid program delivers healthcare services to America's most vulnerable. It is my sincere hope that this Commission does not waste the next 18 months on platitudes and window dressing reforms that fail to address the root causes of Medicaid's failures. We at the Center for Health Transformation stand ready to work with this Commission to ensure that it does not.

Furthermore, we stand ready to work with the Congress and with the 50 states to ensure that they are as innovative and transformation-oriented as the Commission should be so there is a genuine momentum for creating a 21st Century Responsible Citizen Medicaid Act which will truly eliminate racial disparities, improve health for the poor, maximize independent living and quality of life for people with disabilities, improve the satisfaction and lives of providers, and lower long term costs for the taxpayer.

This is a goal worth a lot of work and a lot of effort.

It can be achieved.

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New Members

The Center for Health Transformation would like to recognize [HealthCare Dimensions](#), who has recently renewed as an Associate Member.

Please visit the [list of members](#) often to keep abreast of who is joining the Center or the "[Member News](#)" page to learn about the awards or honors won by our members.

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Project Spotlight

Georgia Diabetes and Obesity Project

As it is nationally, diabetes is a common, serious and costly disease in Georgia. Approximately 7% of the adult population in Georgia has been diagnosed with diabetes. For every two patients diagnosed with diabetes, another remains undiagnosed. The prevalence of Type 2 Diabetes is increasing throughout Georgia, including in children and adolescents. In 2000, diabetes was the 6th leading cause of death in Georgia, killing approximately 1,500 Georgians.

We know that diabetes can contribute to heart disease, stroke, blindness, kidney failure, and amputations. In Georgia, the cost of diabetes due to medical care, lost productivity and premature death is over \$4 billion per year. In 2002, per capita medical expenditures totaled \$13,243 for people with diabetes and \$2,560 for people without diabetes.

We have the opportunity to change these statistics in Georgia, and to create a model for saving lives and saving money. Combating diabetes and obesity in Georgia and nationally is a major focus of the Center for Health Transformation.

We have launched the [Georgia Diabetes and Obesity Project](#) in order to accomplish the following objectives:

- Reduce the incidence of diabetes and obesity, as well as the complications and death rate associated with both conditions through consistent implementation of best practices.
- Reduce disparities in health in racial and ethnic populations that are disproportionately impacted by diabetes and obesity.
- Improve public awareness and patient understanding of diabetes and potential for control of the disease.
- Promote better self-management among diabetics and obese individuals, including by accelerating the migration from paper to electronic record-keeping so that access and accuracy of information will be improved.
- Improve healthcare providers' understanding of diabetes and its control and rapid adoption of proven best practices.
- Promote policies that increase prevention and improve the quality of and access to diabetes care.

The four major components of the project are public education; quality of care with an initial focus on pay-for-performance initiatives and *Bridges to Excellence*; minority health disparities; and improving the health of Georgia's children. Led by the vision principles of a 21st Century Intelligent Health System and working with our Center members, the state of Georgia and other community leaders, we are creating a new model of care in Georgia.

For more information on the Georgia Diabetes and Obesity Project, visit our website at <http://www.healthtransformation.net/>

If you are a Center member and are interested in working with the Center for Health Transformation in creating a better future for Georgia that will serve as a model for other state initiatives, please contact Laura Linn at llinn@gingrichgroup.com

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Transforming Example

WellStar Health System

Nationally, diabetes projected growth from 1995-2010 is expected to increase by 35%. In the WellStar five county service areas with over one million residents, approximately 146,000 people have diabetes. Of that 110,000 are diagnosed and 36,000 are undiagnosed, while another 324,000 are estimated to have prediabetes. Diabetes accounts for 20% of all patient admissions, 1-3 day longer length of stay, and medical expenditures are estimated to be 2.4 times higher than those without diabetes with the same admitting diagnoses.

To help stem the tide of diabetes, WellStar is implementing JCAHO-certified diabetes management programs and ADA-certified diabetes educational classes; the health system is also pioneering an employee-focused pilot for diabetes disease management. WellStar's Diabetes Initiative focuses on (1) enhancing inpatient diabetes care through evidenced-based clinical practices, (2) supporting primary care and specialty physicians in the office environment to deliver high quality diabetes care, (3) and raising the awareness of the growing prevalence and impact of diabetes through community

outreach and partnership programs that support better patient self-management.

WellStar's efforts are generating a clear return: since 1998, they have consistently demonstrated reductions in hospital admissions (61% reduction) and emergency room visits (42% reduction), and patients in their diabetes education classes demonstrated a significant reduction in A1C levels (from 8.55 to 6.99). Patient satisfaction with the Disease Management Programs is at 95%, and WellStar predicts a potential annual financial savings of \$1,000,000.

For more information, visit the CHT website and view the [transforming example](#).

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CHT In the News

Speaker Gingrich Keynotes Diabetes Roundtable in Texas

On July 14th, CHT Founder Newt Gingrich joined Novo Nordisk and other healthcare leaders for "The Diabetes Challenge for Texas: An Executive Colloquium." [Read the press release](#)

Raising Awareness about Diabetes and Obesity

Listen to Newt discuss diabetes and obesity with Dayna Steele on her [July 14, Houston/Dallas radio show](#), "The Art of Doing Business" (Newt's interview is the first 20 minutes of the show).

American Doctors Slow to Adopt HIT

CHT project director David Merritt provides insight on the dearth of HIT in physician offices for United Press International. [Read More](#)

Making Healthcare Smarter - Medical Bills Go Public

In a story for BusinessWeek SmallBiz, CHT's David Merritt comments on the budding trend of price transparency in the health industry. [Read More](#)

Frist-Clinton Legislation Promotes Health IT

CHT supports transformational bipartisan bill that will expedite the rapid adoption of healthcare information technology in America. [Read the press release](#)

Bringing America's Health Industry into the 21st Century

On June 15th, CHT joined prominent health leaders in Atlanta at the Georgia e-Health Summit, a collaborative effort to modernize and improve American health and healthcare. [Read the press release](#)

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Upcoming Events

July 2005

July 21st – “Ceasefire on Health Care”: Speaker Newt Gingrich and Senator Hillary Clinton

July 21st – Newt Gingrich to speak to the SHPS roundtable

July 22nd – Newt Gingrich to participate in The National Commission for Quality Long-Term Care public forum/meeting in Washington, D.C.

July 23rd – Newt Gingrich to speak to MISYS Healthcare Systems annual conference, Orlando, FL

July 27th – CHT to participate in a Novo Nordisk Roundtable in Georgia

August 2005

August 3rd – Newt Gingrich to speak to MetLife Sale Staff

August 8th – Newt Gingrich to speak to the American Legislative Council (ALEC)

August 17th – CHT member-only conference call at 3:00 p.m.

September 2005

September 19th – Newt Gingrich to speak to the Prescription Drug Marketing Act Sharing Conference

September 20th – CHT 3rd Quarterly Member Meeting: Best Practices of Medicaid

September 29th – Newt Gingrich to speak at 3rd Annual Revolution Symposium

September 30th – Newt Gingrich to speak to Spectrum Health Board Retreat

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