

Saving Lives and Saving Money: Transforming Health and Healthcare in the 21st Century

The Opportunity Before Us

Columbus, Georgia

Newt Gingrich
Founder

The Center for Health Transformation
www.healthtransformation.net
202-375-2001

April 2007

KEYS TO REAL CHANGE

“Doing more of what you are already doing and expecting a different result is a sign of insanity.”

- Albert Einstein

“When I can’t solve a problem I always make it bigger. I can never solve a problem by trying to make it smaller, but if I can make it big enough, I can often find a solution.”

- General Dwight David Eisenhower during World War II

“*Real Change* requires *Real Change*.”

- Newt Gingrich and Nancy Desmond
The Art of Transformation

Creating a 21st Century Intelligent Health System with 100% Insurance Coverage

- **Premise:** It is possible to have 300 million Americans living longer and living healthier in a 21st Century Intelligent Health System with 100% insurance coverage, but it requires changing a lot more than just financing.
- **Predicate:** Solving the cost of health insurance cannot be accomplished by focusing only on financing the current system. That is a strategy for rising costs and declining health.

The Great Drivers for 21st Century Intelligent Health System with 100% Insurance Coverage

1. **Science:** There will be four to seven times as much new scientific knowledge in the next twenty-five years as in the last twenty-five years.
 - If it is four times as much change from now until 2031, it will resemble the period from 1880 to 2006.
 - If it is seven times as much change, it will resemble the period from 1660 to 2006.
2. **HIT & Wireless:** There is a system of entrepreneurial, science- and technology-based market-oriented systems that have been providing dramatic breakthroughs in quality, choice, and declining cost.
3. **Systems that Work:** There are working systems of productivity that are very powerful, such as the Toyota production system, Six Sigma, the quality principles of Deming and Juran, the management principles of Peter Drucker, and concept of lean manufacturing and markets with entrepreneurs.
4. **Individual-centered:** Empower the individual, rather than the bureaucracy. There is a customer market and values system which leads to dramatic change and innovation. It is individually centered, patient-centered, customer-centered, and citizen-centered, and it is profoundly different than the 20th Century bureaucracies which are failing. An individual-centered system must have individual accountability.
5. **American Civilization:** Historic American culture as exemplified by George Washington and Benjamin Franklin simply works. American civilization is strengthened by our work ethic, courage, individual initiative, responsibility, team work, energetic effort, savings and investing, recognizing and rewarding achievement, and having high expectations.

A 21st Century Intelligent Health System with 100% Insurance in a 300 Million-Payor System Requires Transforming 4 Boxes:

4.

Financing to Enable
300,000,000-Payor
Insurance System

3.

Effective, Efficient and
Productive Health
Delivery System

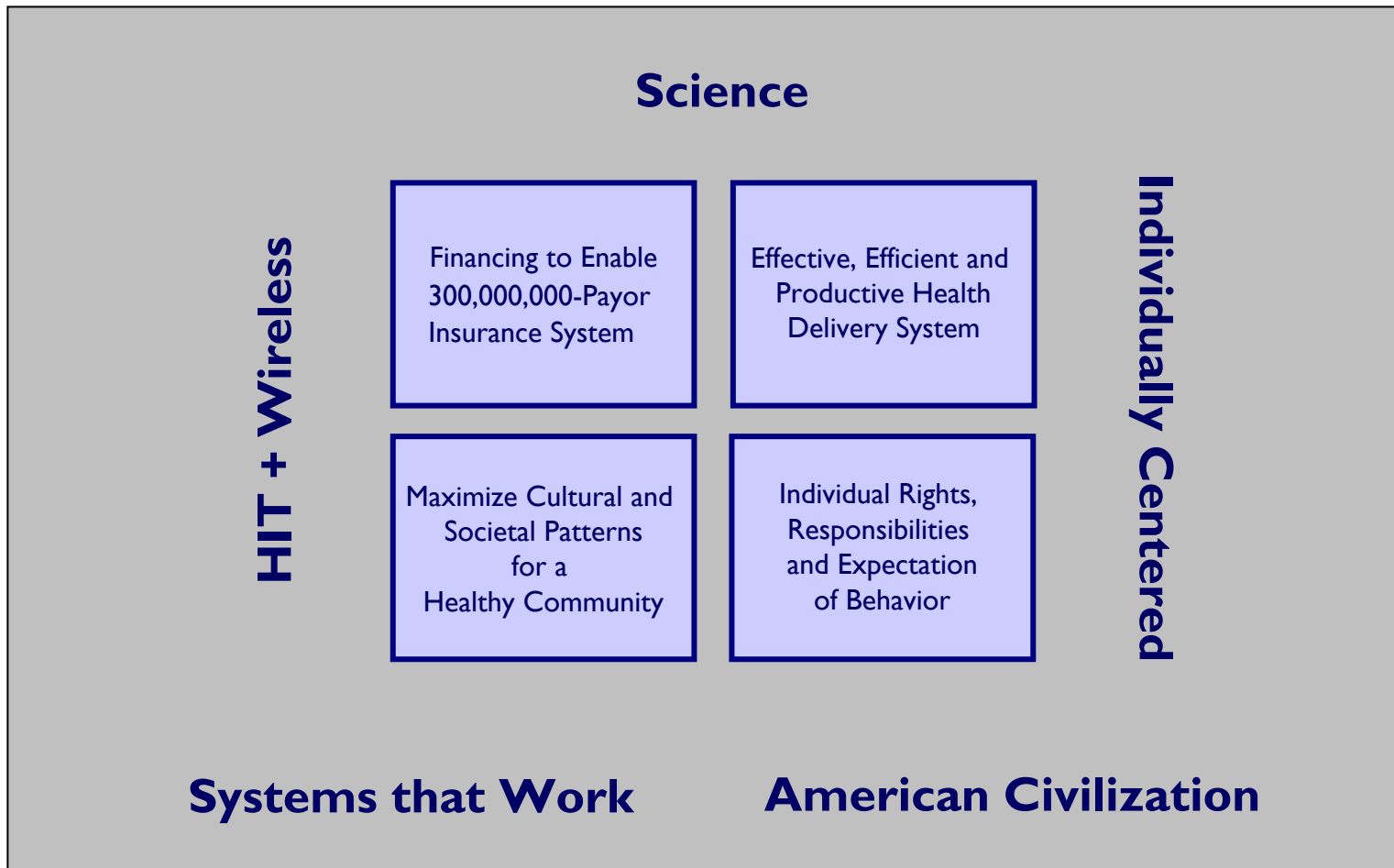
2.

Maximize Cultural and
Societal Patterns
for a
Healthy Community

1.

Individual Rights,
Responsibilities
and Expectation
of Behavior

The BIG picture in Creating 100% Insurance Coverage



\$950 – \$190 \$375 – \$75 \$750 – \$150

\$6,750 \$5,750 \$3,300

\$46,000 – \$123,000

\$3,300 – \$14,300

3 to 1

\$8,000 plus with earlier deaths – \$5,000 minus with longer lives

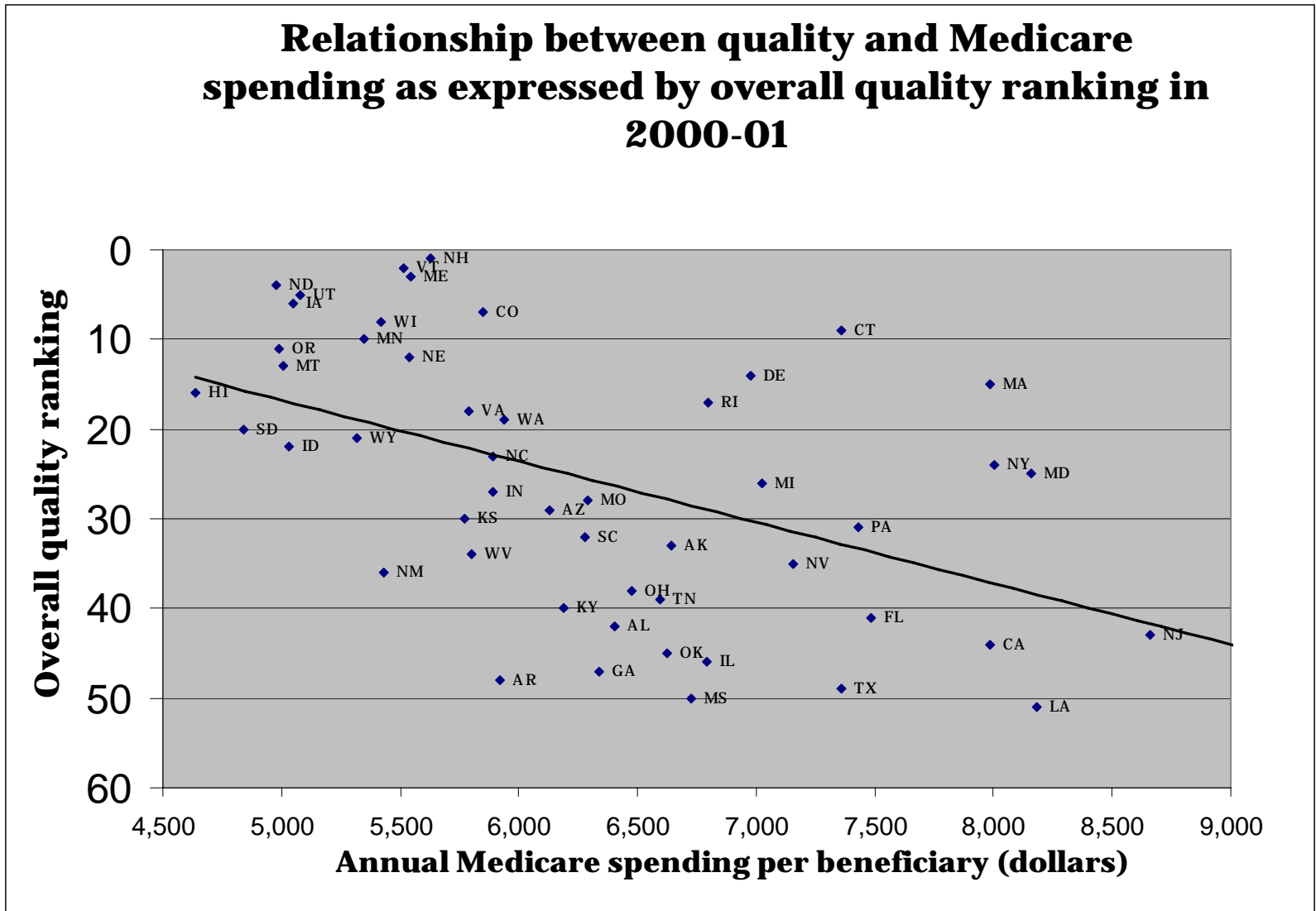
For Explanation of Numbers Please go to:

http://www.healthtransformation.net/resources/speeches___presentations/6118.cfm

Reading List for Creating 21st Century Intelligent Health System

- *The Effective Executive*, Peter F. Drucker, HarperCollins (1967).
- *Leadership*, Rudolph W. Giuliani, Miramax Books (2002).
- *Turnaround*, William Bratton, Random House (1998).
- *Moneyball*, Michael Lewis, W. W. Norton & Company (2004).
- *Winning the Future*, Newt Gingrich, Regnery (2005).
- *Saving Lives and Saving Money*, Newt Gingrich, with Dana Pavey and Anne Woodbury (2003).
- *The Art of Transformation*, Newt Gingrich and Nancy Desmond (2006).

Relationship between quality and Medicare spending as expressed by overall quality ranking in 2000-01



SOURCES: "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998-1999 to 2000-2001,"

Journal of American Medical Association 289, no. 3(2003); 305-312. AND Statehealthfacts.org "Medicare Spending: Program Payments per Beneficiary, 2002

(excludes Washington D.C.)

High Quality, Low Cost - 38%

| | |
|---------------|----------------|
| New Hampshire | Nebraska |
| Vermont | Montana |
| Maine | Hawaii |
| North Dakota | Virginia |
| Utah | Washington |
| Iowa | South Dakota |
| Colorado | Wyoming |
| Wisconsin | Idaho |
| Minnesota | North Carolina |
| Oregon | |

High Quality, High Cost - 10%

Connecticut
Massachusetts
Delaware
Rhode Island
New York

Low Quality, Low Cost - 10%

Indiana
Kansas
West Virginia
New Mexico
Arkansas

Low Quality, High Cost - 42%

| | |
|----------------|-------------|
| Maryland | Kentucky |
| Michigan | Alabama |
| Missouri | Florida |
| Arizona | New Jersey |
| Pennsylvania | California |
| South Carolina | Oklahoma |
| Alaska | Illinois |
| Nevada | Georgia |
| Ohio | Texas |
| Tennessee | Mississippi |
| | Louisiana |



Current System

Provider-centered

Price-driven

45 million uninsured Americans

Hidden price and quality information

Knowledge-disconnected

Slow diffusion of innovation

Disease-focused

Paper-based

Third party controlled market
(patient – provider – payor)

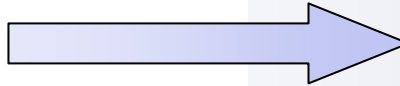
Process-focused government

Limited choice

Predatory trial lawyer litigation system

Overall cost increases

Quantity and price measured



21st Century System

Individual-centered

Values-driven

100% coverage

Transparent price and quality information

Knowledge-intense

Rapid diffusion of innovation

Prevention and health-focused

Electronically-based

Binary mediated market
(individual – provider)

Outcomes-focused government

Increased choice

New system of health justice

Overall cost decreases

Quality of care and quality of life