

# **Transformational Progress:**

## **Presentation to the Georgia State Senate Healthcare Transformation Study Committee**

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## 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.

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

4.

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

3.

Effective, Efficient and  
Productive Health  
Delivery System

2.

Maximize Cultural and  
Societal Patterns  
for a  
Healthy Community

1.

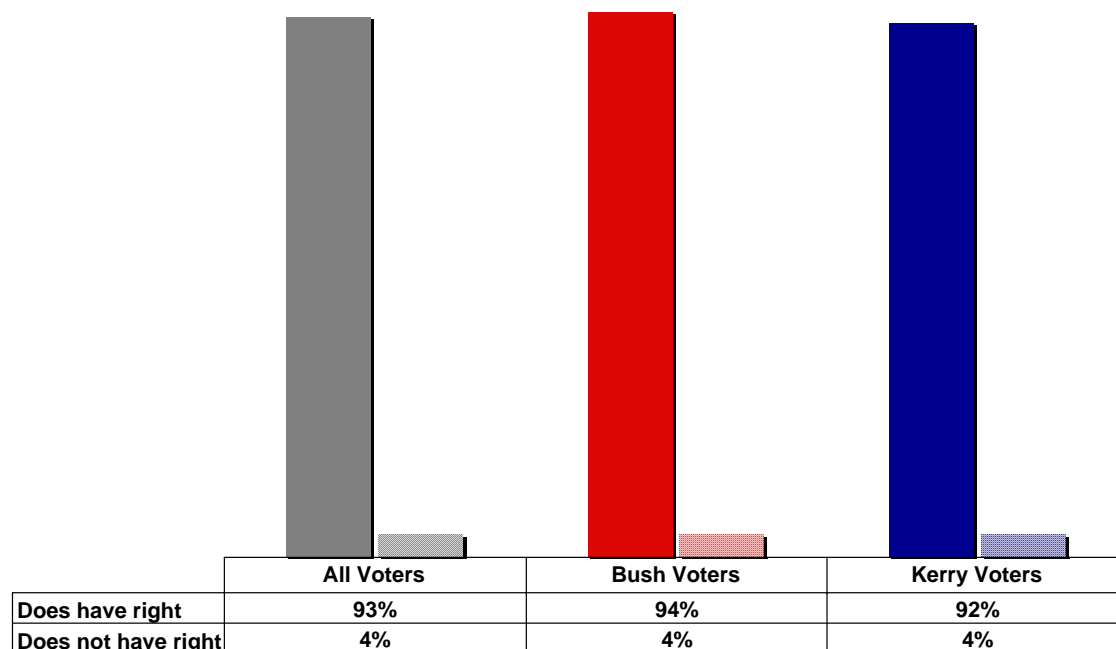
Individual Rights,  
Responsibilities  
and Expectation  
of Behavior

# **Building the 21st Century Intelligent Health System:**

- **Focus on individual**
  - **Right to know price and quality information**
  - **Individual health insurance**
- **Focus on HIT**
- **Focus on Health and Healthcare**
- **Focus on Financing**

# 93% of voters think they have a right to know quality data.

Many organizations are developing performance measures for health care providers like hospitals, physicians, and nursing homes, and then evaluating those providers on their ability to meet the performance measures. Do you think the public does or does not have a right to know the result of those evaluations?



Ayres, McHenry & Associates, Inc. | National Post-Election Survey Regarding Health Care Issues | November 3-4, 2004

# **Progress Just Since Last Fall**

- It is an individual's right to know the price and quality of healthcare procedures and outcomes. In order for the individual to make knowledgeable healthcare decisions, the public must have access to substantial but easy-to-understand information regarding quality and cost of specified procedures at hospitals, long-term care facilities and outpatient facilities. Additionally, individuals should be able to obtain up-to-date and accurate information about adoption of technologies and practices proven to increase patient safety.
- The Center for Health Transformation (CHT) is dedicated to supporting Right-to-Know efforts and provides tools/examples which are already active today. Our Web site provides a listing of resources provided by both government and private organizations.

# Progress in Georgia

- The Georgia Department of Community Health (DCH) has created the Health Information Technology & Transparency Advisory Board which is dedicated to accelerating the adoption of HIT strategies and creating an environment which is supportive of the individual's right to know the price and quality of healthcare procedures and outcomes.
- Consumers and the General Assembly are becoming more aware of the dynamic nature and importance of providing price and quality healthcare data to individuals. When price and quality healthcare information is released, competition is created in both categories – price and quality. Competition results in improvements in patient care.

# Progress in Georgia

Providing consumers with price and quality healthcare information is but one strategy to transform health & healthcare. These strategies should be viewed globally and the success of each is often predicated on the adoption of one or more of these solutions. Others include:

- Returning individuals to the center of healthcare decisions;
- Encouraging healthcare consumerism which supports competition in the healthcare marketplace;
- Innovative tax treatment of health insurance products;
- Focus on prevention, early detection and intervention;
- Management of chronic diseases;
- Creating incentives which support sound decisions by consumers whether that is through HSAs, HRAs, the elimination of co-pays and co-insurance for compliance with drug therapy or healthy behavior such as weight loss and participation in wellness programs.

# Progress in Georgia & Nationwide

- U.S. Department of Health and Human Services Secretary Michael Leavitt came to Atlanta in February in an effort to build momentum for transparency efforts. At that time, he designated the Center for Health Transformation as one of Georgia's "Community Leader for Value-Driven Healthcare." The distinction is awarded to an organization who leads collaborative, coalition-building efforts to create value-driven healthcare within a state or region. One of the hallmarks of the distinction is a commitment to empowering consumers by providing access to price and quality healthcare information.



# Progress Nationwide: The “Four Cornerstones”

The Executive Order is intended to ensure that health care programs administered or sponsored by the federal government build on collaborative efforts to promote four cornerstones for health care improvement:

- I. **Interoperable Health Information Technology (Health IT Standards)**: Interoperable health information technology has the potential to create greater efficiency in health care delivery. Significant progress has been made to develop standards that enable health information systems to communicate and exchange data quickly and securely to protect patient privacy. Additional standards must be developed and all health care systems and products should meet these standards as they are acquired or upgraded.

# Progress Nationwide: The “Four Cornerstones”

The four cornerstones for health care improvement include:

- 2. Measure and Publish Quality Information (Quality Standards):**  
To make confident decisions about their health care providers and treatment options, consumers need quality of care information. Similarly, this information is important to providers who are interested in improving the quality of care they deliver. Quality measurement should be based on measures that are developed through consensus-based processes involving all stakeholders, such as the processes used by the AQA (multi-stakeholder group focused on physician quality measurement) and the Hospital Quality Alliance.

# Progress Nationwide: The “Four Cornerstones”

The four cornerstones for health care improvement include:

3. Measure and Publish Price Information (Price Standards): To make confident decisions about their health care providers and treatment options, consumers also need price information. Efforts are underway to develop uniform approaches to measuring and reporting price information for the benefit of consumers. In addition, strategies are being developed to measure the overall cost of services for common episodes of care and the treatment of common chronic diseases.

# Progress Nationwide: The “Four Cornerstones”

The four cornerstones for health care improvement include:

4. Promote Quality and Efficiency of Care (Incentives): All parties - providers, patients, insurance plans, and payers - should participate in arrangements that reward both those who offer and those who purchase high-quality, competitively-priced health care. Such arrangements may include implementation of pay-for-performance methods of reimbursement for providers or the offering of consumer-directed health plan products, such as account-based plans for enrollees in employer-sponsored health benefit plans.

# Public Sector Examples

- [Hospitalcompare.hhs.gov](http://Hospitalcompare.hhs.gov) - Created through the efforts of CMS and organizations representing various health stakeholders Hospital Compare is a tool which provides free information on how well hospitals care for adult patients with certain medical conditions.
- [California Office of Statewide Health Planning and Development Healthcare Quality & Analysis Division](http://www.oshpd.ca.gov/HQAD/Hospital/hospchrgmstr.htm) - To help improve transparency in California, the state in July began requiring hospitals to submit annually a copy of a so-called chargemaster, which contains prices of all services, goods and procedures for which a separate charge exists.  
<http://www.oshpd.ca.gov/HQAD/Hospital/hospchrgmstr.htm>
- [Comparecarewv.gov](http://Comparecarewv.gov) - Developed by the state Health Care Authority, this website allows residents of West Virginia to compare average prices for medical procedures or services at 300 of the state's health care facilities. It enables users to see the breakdown of hospital and physician costs by zip code and specific medical procedure.

# Public Sector Examples

- [FloridaHealthStat.com](http://FloridaHealthStat.com) - The Florida Health Care Administration's (AHCA) new website is “the first step in an ambitious program.” This site will ultimately give Florida’s health care consumers, purchasers and professionals an unprecedented degree of easy-to-access and understandable information on quality, pricing and performance.
- [MyFloridaRX.com](http://MyFloridaRX.com) - Developed by the Florida Attorney General and the Agency for Health Care Administration (AHCA), the Florida Prescription Drug Price website provides pricing information for the 50 most commonly used prescription drugs in Florida.
- [Floridacomparecare.gov](http://Floridacomparecare.gov) - This website includes performance data and information on selected medical conditions and procedures in Florida's short-term acute care hospitals and ambulatory (outpatient) surgery centers.

# Public Sector Examples

- [HealthCost](#) - This site enables residents of New Hampshire to obtain a cost estimate of the amount that a hospital, surgery center, physician, or other health care professional receives for its services.
- [Hospital Consumer Assist](#) - The Arkansas Hospital Association launched this site to provide consumers with the average price Arkansas hospitals charges Medicare for 25 types of inpatient stays. It also allows patients to consider the cost of similar care. In addition, users can compare hospitals nationally and statewide on 20 measures developed by the Hospital Quality Alliance and listed on CMS' Hospital Compare Web site.
- [Kyha.com](#) - This website includes information on hospital-specific and includes for each Refined Diagnosis Related Group, the number of cases each hospital treated for the DRG, the median length of stay, and median charges by four severity of illness levels, and the median age of patients.

# Public Sector Examples

- [Louisiana Hospital Inform](#) - The Louisiana Hospital Association has launched a site to provide patients with information about hospital procedures, prices and quality in all parishes of the state.
- [Maryland Drug Prices](#)- This site allows Marylanders to compare prices of prescription drugs across the state.
- [Maryland Hospital Pricing Guide](#) - For each acute care hospital in Maryland, the Pricing Guide lists the number of cases, the average charge per case, and the average charge per day for 15 of the most common diagnoses.
- [Michigan Rx Price Finder](#) - This site allows Michiganders to compare prices of prescription drugs across the state.

# Public Sector Examples

- [Minnesota RxConnect](#) - This site allows Minnesotans to compare prices of prescription drugs across the state.
- [Minnesota Hospital Quality Report](#) - This site gives you a snapshot of hospitals' performance in four key areas: heart attack, heart failure, pneumonia and surgical care.
- [Minnesota Hospital Price Check](#) - The Minnesota Hospital Association launched a Web site to provide patients with the costs of the 50 most common inpatient procedures and the 25 most common outpatient procedures at specific hospitals.
- [Missouri Rx Price Compare](#) – This online system allows Missourians to interactively search and display pharmacy prices of commonly used prescription medications. The site also displays generic alternatives for many brand name medications.

# Public Sector Examples

- [New Jersey Prescription Drug Price Registry](#) - This site allows consumers to compare the retail prices charged by many pharmacies for the 150 most-frequently prescribed prescription drugs.
- [New York Drug Prices](#) - This site allows New Yorkers to compare prices of prescription drugs across the state.
- [North Carolina Hospital Quality](#) - This site helps patients, family, and friends compare the quality and safety of care in North Carolina hospitals.
- [Oregon.gov](#) - The state of Oregon has launched a web site where consumers can find out the average hospital payments for 82 common medical procedures and conditions. The Compare Hospital Costs site, which launched last week, shows what the nine largest private health insurance carriers paid statewide for these treatments to acute-care facilities in 2005. The data do not include Medicare or Medicaid claims. While many other states provide information on hospitals' billed charges, only two other states—New Hampshire and Pennsylvania—report the actual charges that most insurers pay.

# Public Sector Examples

- [Tennessee Hospital Inform](#) - This site lists the average prices for most common procedures using hospitals' annual reports to the state from October 2003 through September 2004
- [Texas Health Care Information Collection Center for Health Statistics](#) – Sponsored by the Texas Health Care Information Council, this DHS resource provides free data on hospitals and HMOs.
- [Vermont Prescription Drug Price Finder](#) - This site allows Vermonters to compare prices of prescription drugs across the state.
- [Virginia Health Information](#) - VHI has information and data on Virginia hospitals, health insurance, nursing facilities, physicians, retirement centers and other health care providers. Learn about care options, compare services and choose providers. VHI also licenses databases and creates special reports for employers, researchers, consultants, and health care providers. Lastly, VHI reports group cardiac care into three Cardiac [Care Service Lines](#). These groups include medical care for heart disease and heart surgery.

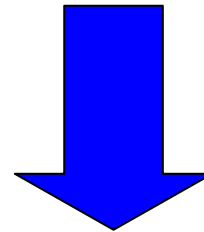
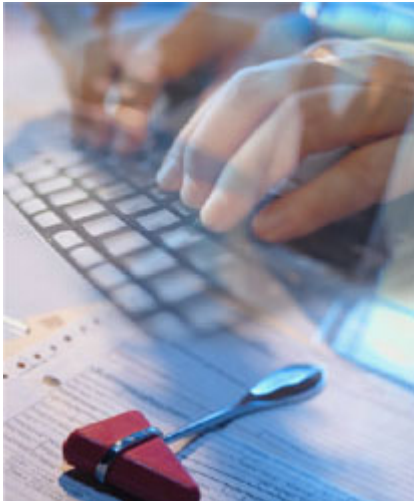
**Health Information  
Technology** is the key lever to  
transform health and healthcare.

## Impact of HIT on Consumer Level

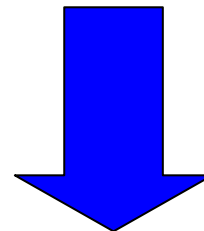
**HIT**



**Transparency**  
(Cost and Quality Info)



**Competition**  
(Providers based on Cost and Quality)



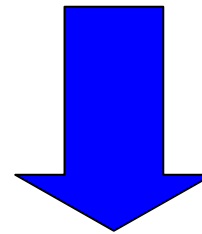
**Lower Costs & Improved Quality**  
(Based on competition)

## Impact of HIT on Provider Level

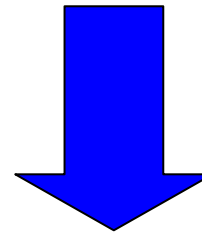
**HIT**



**Cost & Quality Data**



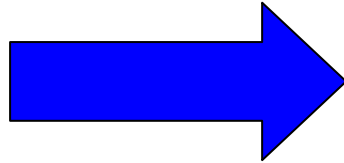
**Process Improvements  
(Efficiencies)**



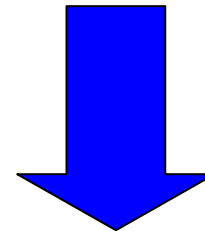
**Improved Quality at  
Decreased Costs**

## Impact of HIT on Payer Level

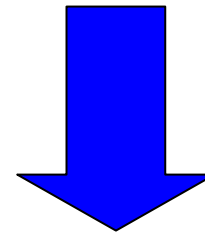
**HIT**



**Provider Competition**



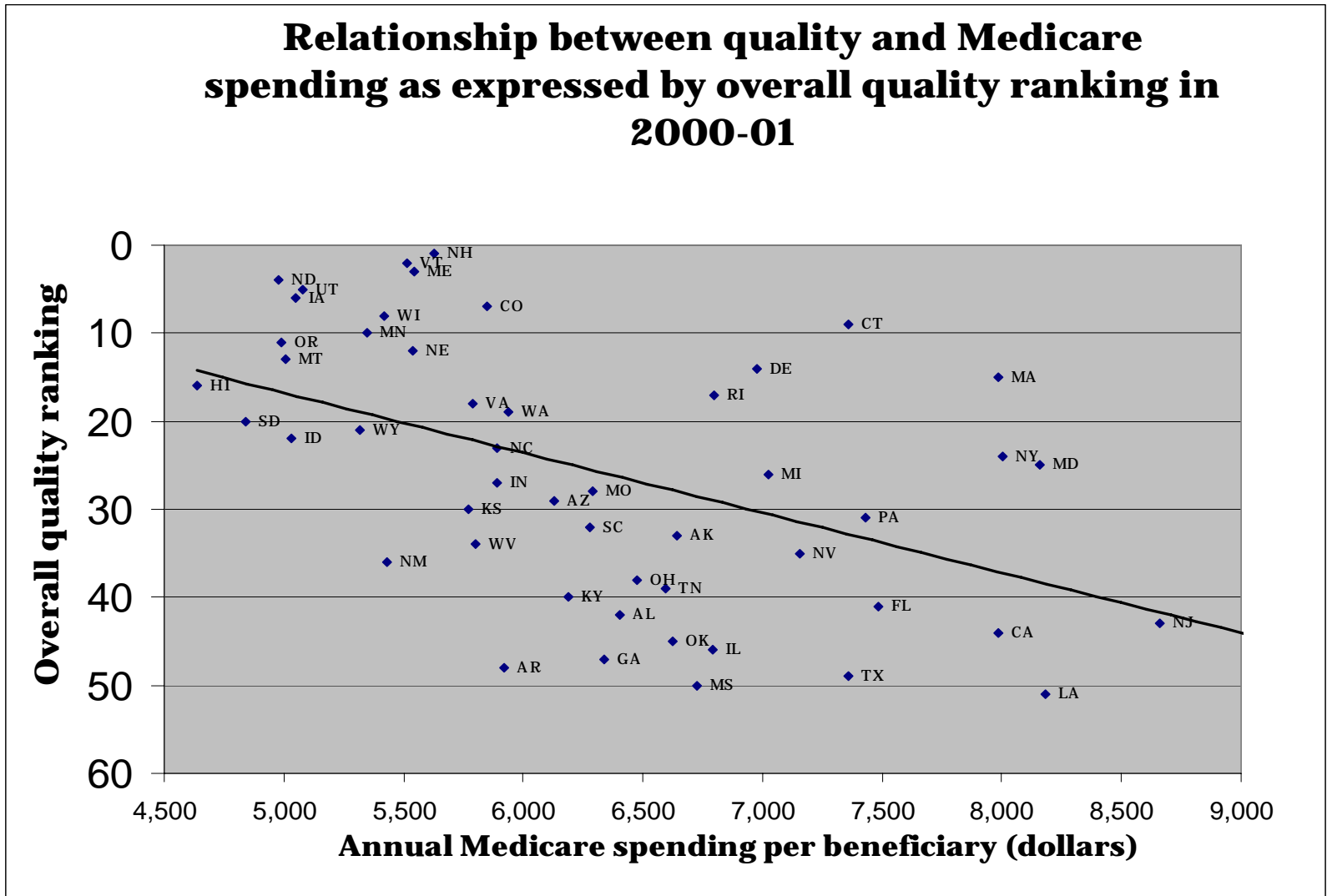
**Decreased Costs/Premiums**  
(For individuals & employers)



**Expanded Coverage  
Opportunities**



## 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