# Written Testimony of

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Working Group on Health Information Technology

**Health information technology saves lives and saves money.**

The average hospital patient is subject to at least one medication error per day. This totals at least 1.5 million preventable medication errors every year. This costs us nearly $5 billion in hospital and ambulatory care errors alone—and more importantly—it costs thousands of lives every year.[1]

One of the key solutions: health information technology. The Institute of Medicine recommends that all prescribers use electronic prescribing by 2010. Pioneers who have already implemented this safe, affordable technology have seen amazing results. The Indiana Heart Hospital in Indianapolis built a new facility that is totally paperless, which reduced medication errors by 85%. PeaceHealth in the Pacific Northwest worked with GE Healthcare to create a sophisticated electronic health record that reduced medication errors by 83%.

If we could achieve the same results nationwide, if every hospital, physician's office, and long-term care facility were wired for electronic prescribing, we would save more than 6,000 Americans every year, since medication errors kill nearly 7,500 citizens annually.[2] Additionally, with billions of paper prescriptions written every year, electronic prescribing could save an estimated $27 billion every year.[3]

Other technologies have similar results, proving that a modernized, 21st century approach to care saves lives and saves money. From electronic health records and computerized physician order entry to barcoding and decision-support tools, the rapid adoption of health IT is absolutely vital to transforming health and healthcare.[*]

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[1] Institute of Medicine, *Preventing Medication Errors*, 2006.
[2] Institute of Medicine, *To Err Is Human: Building a Safer Health System*, 2000.
[3] eHealth Initiative, Electronic Prescribing: Toward Maximum Value and Rapid Adoption, April 2004.
[*] For more information, including documented case studies, please see the testimony by former Speaker and founder of the Center for Health Transformation Newt Gingrich before the Senate Commerce Subcommittee on Technology, Innovation, and Competitiveness, June 21, 2006. It is available at www.healthtransformation.net.

To put it simply, the adoption of technology is essential to transforming health. We cannot do so with a paper system. But ensuring that IT systems are connected and compatible is just as important. Accurate and updated patient information, such as medication lists, allergies, and family history, is vital to delivering quality care. Currently most IT systems speak different technical languages, which effectively blocks them from sharing information, even though they may have vital medical information about the same person. Without the ability of IT systems to speak with one another, this information with any provider that needs it simply creates a system of electronic silos that each contains a snapshot of a patient. An interconnected (or interoperable) system will allow providers to obtain timely and accurate information from many different sources.

Efforts are underway, namely through the American Health Information Community, which was established by Secretary Leavitt, to come up with technical data standards to allow the exchange of information from one system to another. A public-private partnership called the Health Information Technology Standards Panel will soon report to the AHIC an initial set of data standards that create a common technical language that accomplish this.

**Recommendation: The Secretary of Labor should, to the greatest extent possible, support President Bush by requiring the Department of Labor to follow his Executive Order signed on August 22, 2006. This outlines that key federal departments "require in contracts or agreements with health care providers, health plans, or health insurance issuers that as each provider, plan, or issuer implements, acquires, or upgrades health information technology systems, it shall utilize, where available, health information technology systems and products that meet recognized interoperability standards." This would put the purchasing power of the Department behind finding that common language and building a national health information network.**

**Transforming how we purchase healthcare will transform health.**

Today's acute-care system is based on the myth of the fifteen-minute cure: just go see your doctor, and he will make you better. This approach has to change—starting with how we purchase healthcare. The nation's employers and governments must make purchasing decisions based on the quality of the care that is delivered, not simply that it was delivered. This means that the performance of physicians and hospitals will be measured, the results made public, and payments based on outcomes. This is a radical departure from the current approach, but real change requires real change.
We can see glimmerings of this value-based future now, from private efforts like eValue8 and the Leapfrog Group to public initiatives like CMS's pay-for-performance demonstrations and Minnesota's use of Bridges to Excellence in Medicaid.

How does health information technology fit into this approach? Purchasing decisions drive provider behavior, be it a new test, technology, or treatment. By building a purchasing model that incentivizes providers to deliver better care we will inherently incentivize providers to adopt health IT—because it is an effective way to deliver better

care. Please see appendix one for more information on how employers can drive transformative change in healthcare.

**Recommendation:** **The Secretary of Labor should, to the greatest extent possible, support President Bush by requiring the Department of Labor to follow his Executive Order signed on August 22, 2006. In addition to interoperability standards, the Executive Order outlines that key federal departments "shall implement programs measuring the quality of services supplied by health care providers to the beneficiaries or enrollees of a Federal health care program." It further states that "each agency shall develop and identify, for beneficiaries, enrollees, and providers, approaches that encourage and facilitate the provision and receipt of high-quality and efficient health care. Such approaches may include pay-for-performance models of reimbursement consistent with current law." Again, this, in essence, puts the purchasing power of the federal government behind efforts to create a value-based system of care, not a transaction-based model. The Department of Labor, with its 11,000 employees, could make a tremendous impact by advancing the President's goals.**

## Employers can lead by driving transformation through health information technology.

Employers can take a leadership role in promoting the adoption of health information technology—not only through their purchasing decisions, such as supporting President Bush's Executive Order, but by becoming active leaders with their own employees. Global leaders like IBM, Intel, Dell, and other companies are rolling out personal health records for their employees. These tools are typically personalized with a consumer's personal health information, including claims history and insurance information. These tools allow employees to better manage their own health through interactive education, tracking chronic conditions, researching new treatments, and emailing with their providers. Some employers have created wellness programs that incentivize employees to use these tools, and the return on investment has been amazing.

WellPoint is rolling out its 360 Health product where employees can use an online personal health record to comprehensively address preventive care, health improvement, and care coordination. Employers in pilot programs saw a 2:1 return on investment for their employees enrolled in the program.

Employers can also play a significant role by actively leading new initiatives in adoption of technology. For instance, in Michigan the Health Alliance Plan and Henry Ford Health System partnered with Daimler Chrysler, Ford Motor Company, and General Motors to implement electronic prescribing in the region. This summer Henry Ford announced that in the first 17 months of use the technology stopped nearly 100,000 prescriptions for drug-interaction or allergenic alerts. This undoubtedly saved lives. The $1 million investment generated a $3.1 million savings in the first year alone, primarily due to increased generic drug utilization. Through employer leadership, the patients at Henry Ford, many of whom are employees of the Big Three, receive better care at lower costs.

**<u>Recommendation:</u> The Secretary of Labor should leverage her role as the head of a large employer to drive health information technology: specifically, the Secretary should implement a program where every employee of the Department can get a personal health record. Just as the Secretary recently implemented web-based tools for Department employees to manage their retirement needs, the Secretary should make a personal health record an integral part of the Department's health offerings. This should be part of a broad-based wellness program that incentivizes and rewards employee participation and improved health.**

## Regulations can be barriers to the adoption of health IT.

The unintended consequences of regulation often block the adoption of health information technology. Take, for example, a Medicaid rule that effectively blocks home health workers from using IT. Common technology exists that allows home health workers to use a patient's home telephone to punch in their timecard when they get to a residence and punch out when they leave. This information is captured electronically—which can also be reported electronically—and gives providers a down-to-the-second record of their work. This is not only far more efficient than paper record-keeping, it is an effective tool to combat fraud and abuse. Unfortunately, 36 states still require home health workers to send in paper documentation. For those companies that have invested in this technology, Medicaid requires them to take a step back in time, print out the material, and physically mail them to the state. This is the epitome of cumbersome, backwards, and bureaucratic regulation.

Other regulations, like Stark and Anti-kickback rules, were designed with a different world in mind, making them barriers to progress and modernization. Self-insured employers and other ERISA plans face regulatory barriers on many different fronts, with health IT just one of them. From state privacy laws to reporting, government at every level should make the regulatory structure as generous and flexible as possible to allow the market to deliver better solutions. Regulations should complement technological progress, not complicate it.

**<u>Recommendation:</u> the Secretary of Labor should order a full-scale review of the Department's regulatory structure to ensure that it does not unwittingly burden ERISA plans with rules that block the adoption of health information technology or the sharing of electronic data. The Secretary should also ensure that future rulemaking encourage employer efforts to expedite the adoption of health information technology.**

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*The Center for Health Transformation, founded and led by former Speaker Newt Gingrich, is a collaboration of leaders dedicated to the creation of a 21st Century Intelligent Health System that saves lives and saves money for all Americans. Members cited in this testimony include IBM, WellPoint, Ford Motor Company, General Motors, DaimlerChrysler, and GE Healthcare. For more information on the Center and our Health Information Technology project, please visit www.healthtransformation.net.*