



Saving Lives & Saving Money By Active, Healthy Aging

A Vision Of Long Term Living

***National Governors Association
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The RIGHT Vision For A Lifetime of Health and Dignity Is Decisive

- Vision becomes the attracting and organizing common reference
- It must encompass the moral imperative to save lives and the practical need to save money
- The vision for addressing the long term challenges of an aging population has to be implemented as well as described; it must sound right and be functionally accurate



The RIGHT Vision For A Lifetime of Health and Dignity Must Be

- Individual-Centered (*if not, it is wrong*)
- Electronic Rich, Information Technology Rich, and Communications Rich (*if not, it is wrong*)



The RIGHT Vision For A Lifetime of Health and Dignity Must Be Transformational

- A 50 Year Old Today Can Expect to Live Another 30 Years to 2034
- As The Rate Of Change In The Next 25 Years Will Equal The Rate Of Change Of Last 100 Years, We Must Design For Transformation And Not Simply For Reform



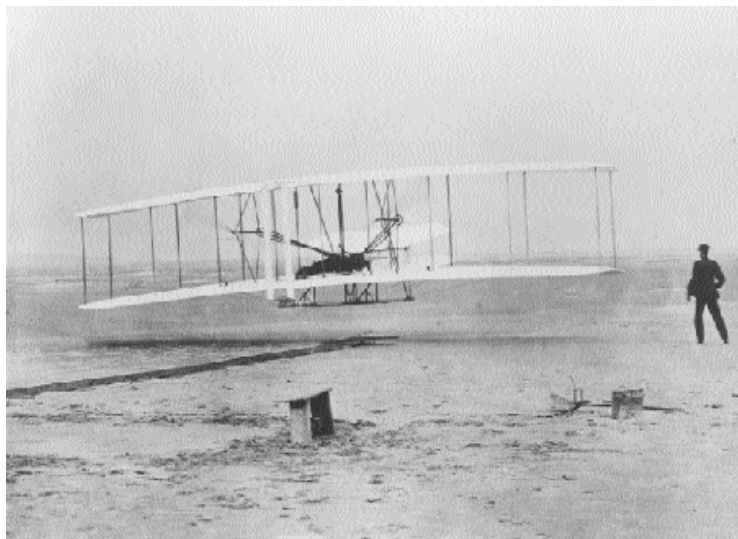
The Rate Of Change In The 21st Century Will Be Four Times The Rate Of Change In The 20th Century

This means the next 25 years (2004-2030)

Years 2004-2030

will be as much as much of the last 100 years (

Years 1903-2003





**This Scale of Transformation Will
Require Comparable Transformation
in the U.S. Health and Healthcare
System, Especially to Meet the
Challenges Posed By an Aging
Population**



But Health Is Already Behind (25 Years?) And Must Catch Up With The Current Normal Practices

- **Patient Safety**
 - Airline Quality and Outcomes Standards
- **Information Technology**
 - Department of Defense, ATMs, Gas Stations, Travelocity, E-ticket, Cell Phone
- **Culture and System of Quality**
 - Modern Manufacturing
- **Individually Centered System of Knowledge, Finance and Choice**
 - Adam Smith (1776)
 - Welfare Reform (1996)



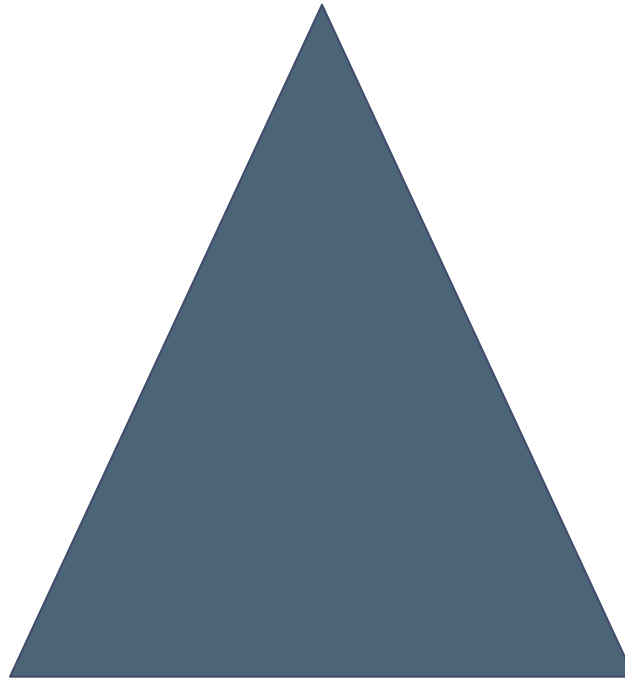
Transformations Cross Watersheds

Rainforest

Bring your
raincoat

Desert

Bring your
canteen

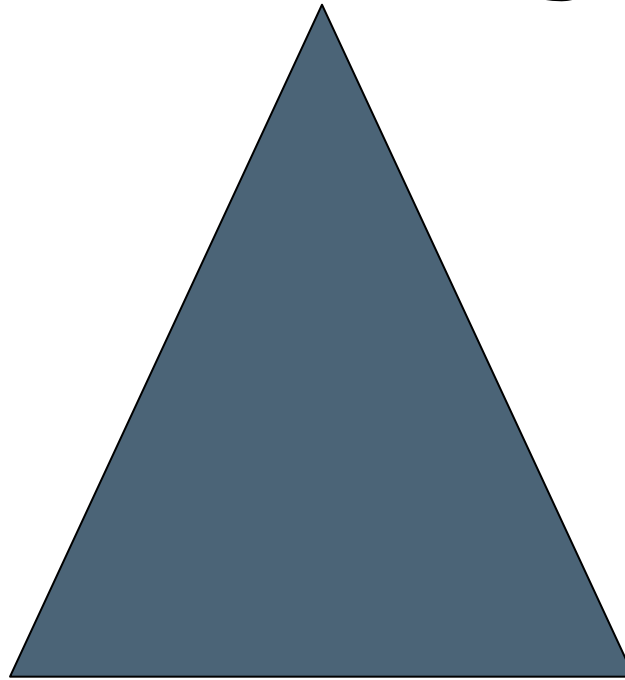




Reforms Do Not Cross Watersheds

No Change

**Reforms
operate
within
sustaining
system**

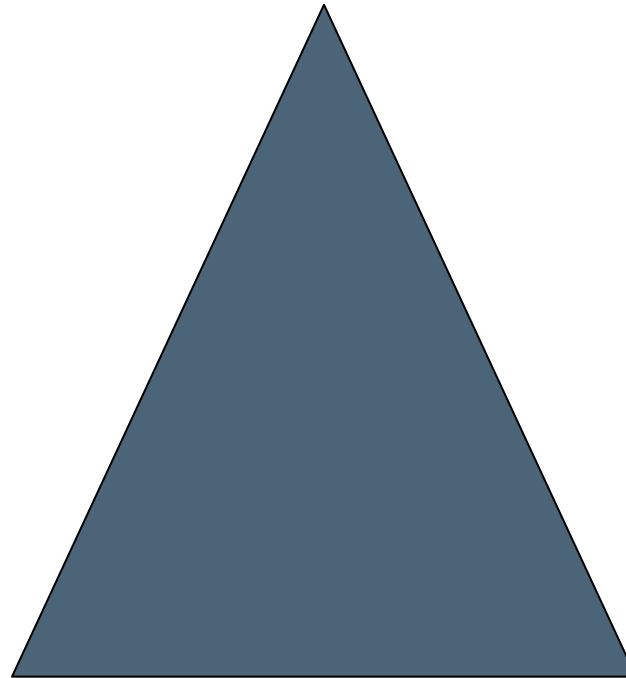




The Watershed of Fundamental Change

Lead the Transformation

**Manage the
sustaining
system**



**Manage the
sustaining
system**



Planning & Leadership Model





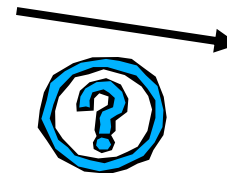
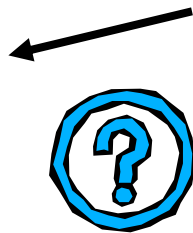
Plan Deep/Mid/Near Campaigns

Always Design for:

- Deep campaigns (3-8 years) - 10%
- Mid campaigns (1-2 years) - 20%
- Near campaigns (immediate) - 70%

Leadership Must Focus on Large Changes

(Lions, Antelopes and Chipmunks)



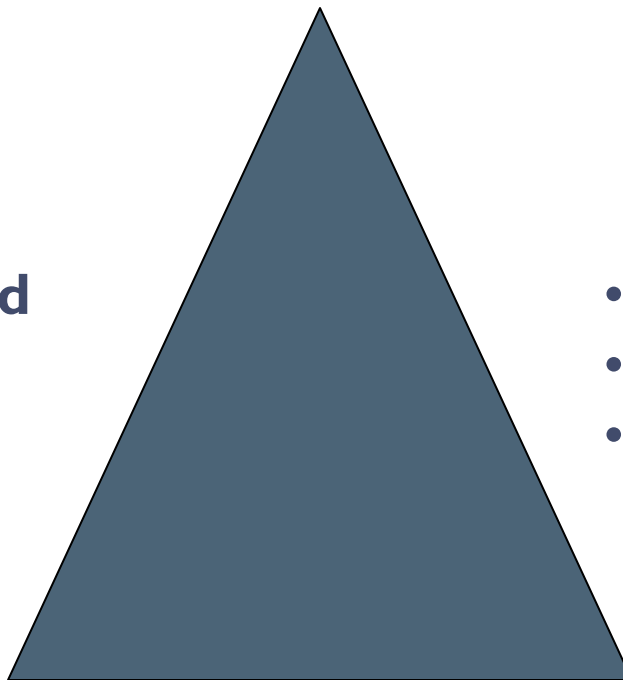
- Lions can't hunt chipmunks; they will starve to death. They must hunt antelopes and zebras to stay alive.
- Define the antelopes and don't get distracted by the chipmunks
- What achievements would decisively transform quality for the aging population in each state? (***Example: Rapid Adoption of Health Savings Accounts For the Purchase of Long Term Care Insurance***)



Developing a New Vision Of Long Term LIVING To Support A Lifetime of Health and Dignity

20th Century Vision For
An Aging Population –
Long Term Care

- **Institution Centered**
- **Acute Care**
- **Retirement As A
Cliff**



21st Century Vision of
An Aging Population –
Long Term LIVING

- **Individual Centered**
- **Preventive Care**
- **Retirement As New
Period of Activity**



Transformation From Long Term Care to Long Term LIVING

Long Term Care

Continuum of Care

Institution-centered

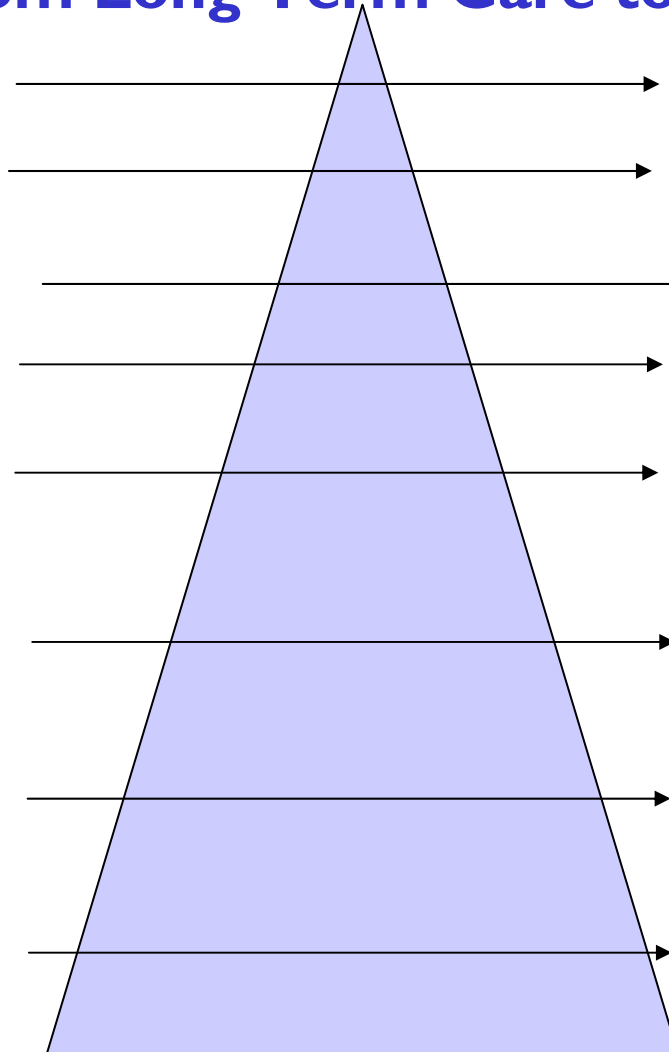
Paper Centered

Acute Focus

Retirement– a cliff that decisively changes your life

Government is the principle payer under a 3rd party controlled model

Government has an adversarial approach to quality



Long Term LIVING

Spectrum of Care

Individual-Centered

IT and Communications Centered

Wellness-focus

Daily knowledge & maintenance of health

You remain active all your life at your pace

Binary payment model with private sector as principle payer

Government as a supportive model of incentivizing best practices and high quality



Achieving The Vision Of Long Term LIVING

Key Strategies For State Leaders

1. **Promote Individual Responsibility.** Return market power, decision authority, and ownership back to the individual. Advocate the adoption of information rich health savings accounts by state government and private employers.
2. **Advocate For Long Term Care Federal Tax Credits.** Advocate changes to the federal tax code to incentivize individuals to buy long term care insurance by the time they turn 40.
3. **Educate the Public On The Virtues of HSAs for the Purchase of Long Term Care Insurance.** The new health savings account law provides for the purchase of long term care insurance with tax free dollars. State leaders should avail themselves of every opportunity to explain how this account can help individuals better plan for the potential health costs of retirement.
4. **Leverage State Government Strengths To Accelerate Transformation.** Use aggregate purchasing power, market leverage, legislative expertise, and influence with state employees to accelerate the transformational solutions in health and healthcare as it relates to an aging population.
5. **Litigation Reform.** Actively support reforms to lead to a better system of civil and health justice.



Achieving The Vision Of Long Term LIVING

Key Strategies For State Leaders (con't)

6. **Adopt Transforming Solutions.** Work to incorporate transformational solutions that have a track record of saving lives and saving money into the state's benefits programs and work with private sector businesses to adopt transformational solutions that help the state as a community, the state as an employer and the state as a provider of Medicaid and other services. The rapid adoption of transformational solutions will improve care for seniors and save money for the state budget.
7. **Take Note of the Early Lessons From Consumer Choice Healthcare For Application in Long Term Living.** We know from experience in just about every area of economic activity, when individual Americans are empowered with good information and freedom to choose, they drive an astonishing level of innovation, technological and otherwise, that delivers increasingly better results at an increasingly lower cost. We should not be surprised then that we are starting to see this same pattern occur in consumer choice healthcare. New information-age health improvement and decision support tools are allowing individuals to be better informed about their own health and how to seek value in buying health services, and are thereby saving lives and saving money. State leaders need to help accelerate these trends so that individuals can

Achieving The Vision Of Long Term LIVING

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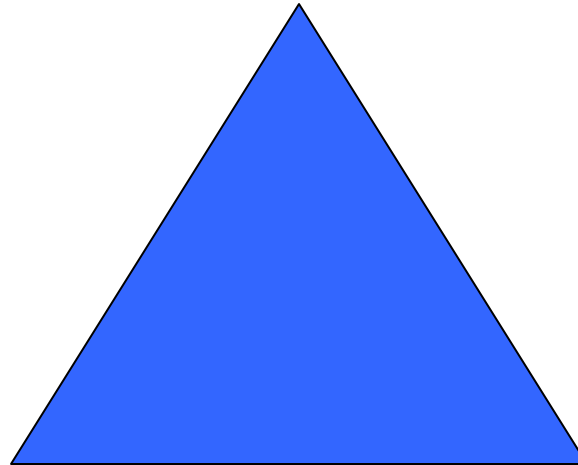
have the tools to stay healthy and active for as long as possible. The innovations from consumer choice healthcare are also likely to lead to an enormous innovation in information technologies, dramatically increasing the ability of families with loved ones in long term care settings to be involved in their lives, as well as making possible in these settings the best of medical knowledge. Moreover, as noted in Slide #20, there are early success examples in consumer choice healthcare where health costs have actually declined, which should certainly be the pattern demanded by a vision of long term living that is individual centered and information, communication, and technologically rich.

8. **Communicate A Transformational Vision.** Have an ongoing communications program that uses the language of saving lives and saving money and the language of better outcomes at lower cost so people understand what they should be demanding in the health and healthcare system of the future as it relates to an active, healthy aging population.



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**

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Consumer Choice Health Care – Early Success Examples

#	Company	CCHC Plan/Tools	Budgeted Health Inflation Trend for first year of CCHC Plan	Actual Health Inflation Trend First Year After CCHC Plan Introduced	# of Participating Employees	Notes
1.	Equitrac (FL)	Lumenos	+15%	-45%	330	2003 Results
2.	Company S	Lumenos	+20%	-6%	3,359	2003 Results
3.	Hospital System	Humana	+15%	-31%	7,300	2003 Results
4.	Trover Health Solutions (KY)	Humana	+19%	-26%	750	2002 Results
5.	Logan Aluminum (KY)*	Aetna	--	-18.7%	1,000	2003 Results
6.	Mercy Health Plan (MO)	HealthTrio	+16%	-9%	300	2003 Results
7.	Wise Business Forms (PA, GA, IN)	Definity	+10%	-13.3%	500	2002 Results

Note: The above are early results and are not necessarily representative of the experience of each company utilizing consumer choice health plans. Year-to-year claim activity will vary and annual results will show more volatility if the population is small. For small employers with slightly higher or lower numbers, large claims will have a significant impact.

** For more information about Logan Aluminum's experience with consumer choice healthcare, see the testimony of Howard Leach, Logan's Director of Human Resources, before the U.S. Congress Joint Economic Committee, February, 25, 2004, <http://jec.senate.gov>.*