



Center for Health Transformation
Better health, lower cost

Saving Lives and Saving Money In the 21st Century

Center for Health Transformation

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When Americans observe the world around them, they recognize the potential to access all the tools and conveniences afforded to them by 21st century advances in technology, communications, and transportation. Everyday, citizens experience the 21st century model of America, and it is one of effectiveness, accuracy, speed, flexibility, efficiency, lower cost and greater achievement. People can shop online, compare prices for goods and services, and when decisions need to be made, individuals and families can effectively rely on their ability to choose from a wide array of sources to inform their decisions. In short, Americans enjoy great latitude in their power to determine what is best for them.

This is not so in healthcare. In our current health system, individuals are dependent on a structure which has resisted the natural progress and modernization achieved through time by most other surviving American institutions. The information age has been leaving health behind; in the health sector, prices continue to rise, despite the fact that it is the nature of a science- and technology-based entrepreneurial free market to provide more choices of higher quality at lower cost.

It is the difference between the downward price pressures in the rest of society and the price increases of health that will increase the demand for change in the health system. Those with an interest in improving the health system so that it will sustain the challenges of the 21st century must recognize that we cannot simply continue to tweak the system at the margins – this has been tried, and it is simply not working.

Accelerating Health Transformation: New Results Require New Ideas, New Actions

The healthcare system as it exists today cannot be reformed. The system we have inherited is one that is marked by ineffective bureaucracies and mountains of disconnected paper records. The current, 20th century system on which we still rely is provider-centered, price-driven, knowledge-disconnected and disease-focused. In a land of immeasurable opportunity and wealth, our health system is plagued by 45 million uninsured Americans and a third party-controlled market. Accurate health service price and quality information is scarce, the diffusion of innovation is sluggish, and choice is limited. All the while, costs continue to skyrocket, and according to the Institute of Medicine, as many as 100,000 Americans continue to die each year as a result of medical errors.

We can and ought to do better: we must recognize that real change requires real change. In order to realize our vision of a better future for America's health system, it is vital that we begin an honest dialogue about what needs to be changed and improved. Armed with vision and commitment, we can transform

our health system into one that provides better outcomes for more people at lower cost, dramatically changes the current trajectory of state and federal budgets, better prepares us for disaster response and recovery, and truly leads people to live longer, healthier lives.

At the Center for Health Transformation, we are working with our members and with government leaders to create a health system which saves lives and saves money for all Americans. The system should be knowledge-intense and electronically-based, and structured so that innovation diffusion is rapid, choice is increased, and there exists transparency in price and quality information. Using the modern tools that are all around us, we believe we can build a 21st Century Intelligent Health System that is outcomes-based, values-driven, and focused on the individual, with special attention to prevention and optimal health management.

In order for our health system to satisfy the demands of the 21st century, the health sector must confront 20th century systemic biases, such as reliance entirely on third-party systems and paper records. We witnessed a collapse of the health system in the Gulf in the aftermath of Hurricane Katrina; millions of paper records were lost, at the very time they were most necessary. Hurricane victims in need of emergency medical care faced additional difficulty and risk, as caregivers were unable to access patient histories. And while floodwaters rose, needy patients and caregivers were trapped in hospitals where power had been lost, with little or no hope of receiving help, since there was no centralized communications system in place by which to triage an emergency response.

Hurricane Katrina was a stunning reminder of the fragility of our health system, as it exposed the weaknesses of a system in which demand has far exceeded capacity. The American health system is rooted in a 1950s archetype of static paper records stored in filing cabinets, hospital basements and warehouses. We are incapable of responding to a disaster on the scale of Katrina, or of maintaining order in the health system in the event of a major terrorist attack. The health system as it operates today cannot ensure the safety of Americans.

Health Preparedness and Homeland Security

The very nature of our times gives us no choice but to transform or decay. With the looming threat of a potential avian flu pandemic – or other natural or engineered biological disaster – it is imperative that we capture this opportunity to reinvent our health system so that it is able to withstand *multiple* crises simultaneously. As it operates now, the system cannot adequately cope with a major public health crisis or disease outbreak, as it cannot sufficiently monitor the situation or alert officials to carry out vital action.

Sustainability of the health system is a matter of the highest national security. As such, our leaders must embrace this chance to seek out and apply solutions that will aid in the creation of a more dependable, modernized 21st Century Intelligent Health System. If those decision-makers who wield the power in American healthcare and politics neglect to confront the serious failings of the current system, they place themselves in the position of having ignored their most basic duty: to protect the lives of Americans.

The notion that healthcare in the U.S. should be safe *and* affordable resonates with Americans, who are beginning to sense that our expensive health system is obsolete. The public is eager to experience the same conveniences in healthcare that they do in the rest of their lives. The momentum of demand for health transformation continues to be compounded by people's negative encounters with the health system, such as overcrowded emergency rooms, months-long waiting lists for physician appointments, confusing health pricing mechanisms, and exposure to media coverage of waste, fraud, abuse and neglect in the health system.

From the grassroots, there will be four key drivers of health transformation: Public concern over patient safety and outcomes; awareness of improvements in information and communications technology; a desire to infuse the system and culture with quality benchmarks; and increased individual knowledge, responsibility and power to choose within the health system. Regardless of institutional resistance from those powerbrokers of the old health system, as the 20th century model collapses under the weight of its inefficiency, the American public will call for a 21st Century Intelligent Health System.

Defining the Vision: A 21st Century Intelligent Health and Healthcare System

The Center for Health Transformation envisions a 21st Century Intelligent Health and Healthcare System that will draw upon the advances in technology and communications which have helped drive down the costs of products and services in other sectors of the economy, such as with cell phones, airline tickets and worldwide package delivery services. We use the term 'intelligent' to reflect the commonsense improvements essential to every stakeholder's capacity to interact with the health system on a meaningful level. The U.S. health system must address the needs of individuals, of doctors, of hospitals and of the entire extended healthcare community, including long-term care facilities, nursing homes, pharmacies and home health agents – connectivity and real-time data sharing between all sectors of the health system is fundamental to a workable 21st century health system.

In an Intelligent Health System, the individual is the center of knowledge, decision-making and responsibility for their own health. Knowledge of health and knowledge of finances are available in the most accurate, least expensive and most convenient manner possible. Individuals are provided with accurate, timely knowledge of their health needs, access to the best information about how to maintain their health (and systems which encourage sound health management), knowledge of who and where to go if they have health needs, an assurance that their health providers will be using best practices based on the most recent understanding of outcomes-based medicine.

By creating a 21st Century Intelligent Health System, we can transform the current problem of inadequate health outcomes – combined with steadily rising costs – into two great 21st century opportunities:

- An Intelligent Health System will improve health outcomes, improve the quality of life, lead to longer lives at lower cost and save individuals, companies and governments billions of dollars.
- An Intelligent Health System will be the greatest single 21st century source of high-paying jobs and foreign exchange earnings as people across the world discover they want the quality of life, the level of health, and the effectiveness of health care which the American Intelligent Health System will make possible.

Taking into account the current political landscape and the state of health reform initiatives as they are operating today, the Center for Health Transformation has developed nine key strategies for implementing health transformation in America.

The Center for Health Transformation's Key Strategies for Transforming Health:

1. Create information-rich health savings accounts to both incentivize and empower the individual.
2. Create secure electronic health records with expert systems to maximize accuracy, minimize errors, reduce inefficiencies and improve care.
3. Develop a new system of health justice.
4. Create a buyers' market for pharmaceuticals by building a transparent system for individuals, doctors, and pharmacists of price and efficacy information about prescription drugs and medically appropriate over-the-counter drugs. The system would have an open formulary with an "after-pay," rather than a co-pay (a "Travelocity" for drug purchasing).
5. Create a system and culture of rapid adoption of solutions that result in better outcomes at lower cost for both the public and private sector.
6. Establish an intellectually credible, accurate system for capturing the *cost and benefits* of better solutions, better technologies and better outcomes

- in order to create a technically correct model of return on investment for solutions resulting in better outcomes at lower cost.
7. Develop a real-time continuous research database and discover-develop-deliver ability (turning cancer into a chronic disease by 2015 and eliminating preventable complications from diabetes by 2015).
 8. Knit together these electronic systems into a virtual public health network for health protection against natural outbreaks and a bioshield against deliberate biological attack.
 9. By implementing the first eight strategies, turn health and healthcare from a problem into an opportunity, making it the leading creator of high-value jobs and foreign exchange earning in American society (including as a first step the creation of an undersecretary of commerce for health).

At the Center, we apply the above principles to each of our projects, which have been designed to tackle issues ranging from consumerism to long-term care to healthcare and homeland security. Other fundamental endeavors include the Insure All Americans, Health Savings Accounts, Diabetes and Right-to-Know Projects.

Our most comprehensive operational project is our State of Georgia Project, which is dedicated to creating a state model for the development of an intelligent health system that saves lives and saves money. The Georgia Project includes the Healthy Georgia Diabetes & Obesity Project, a collaboration of public and private sector leaders dedicated to improving the treatment and outcomes for people with diabetes and to promoting early diagnosis and prevention of diabetes, including decreasing the prevalence of obesity. Goals of the project include reducing the incidence of diabetes and obesity (as well as the complications and death rate associated with both conditions) through consistent implementation of best practices; reducing disparities in health in racial, ethnic and rural populations disproportionately impacted by diabetes and obesity; and improving public awareness and patient understanding of diabetes and its control.

In 2005, one of our most active projects was our Health Information Technology (HIT) Project. The HIT Project serves as the springboard for a variety of new ideas designed to accelerate the adoption of health IT and electronic health records for the purpose of building an interoperable national health information network that can share accurate medical data in real-time. The HIT Project has been instrumental in bringing attention to the issue of the negative consequences of Stark/Anti-kickback laws, which serve as a barrier to health IT implementation by prohibiting hospitals from collaborating with doctors on health IT. The Center has also provided a strong voice in various U.S. publications, calling for congressional scoring reform that takes into account the inherent savings potential of implementing health IT. Most recently, on the heels of the October

2005 “CHT Connectivity Conference: Accelerating Transformation through Health Information Technology,” CHT and IDX Systems Corporation (a CHT member) released a report outlining achievable goals and specific recommendations to spur the adoption of health IT and regional health information organizations (RHIOs).

The Center has also worked to effect change in the public health sphere. Through our Medicaid Transformation Project, we have brought together major players in the Medicaid reform movement as we look to infuse the system with the tenets of responsibility, choice and equity. The mission of the Medicaid Transformation Project is to create a responsive 21st Century Intelligent Medicaid System that leverages the most cutting-edge technology to provide better health outcomes at lower cost. Furthermore, the project aims to emphasize health over healthcare and to eliminate racial disparities in health.

Forging the Path to a 21st Century Intelligent Health System

Transitioning into a 21st Century Intelligent Health System necessarily requires us to mix the old and the new. Those components of the health system which are working effectively and are compatible with a 21st century system should be preserved and improved. On the other hand, we must learn to discard those elements which are clearly not working and replace them with new solutions invented for the 21st century.

Provider organizations that are ‘islands of excellence’ must lead the way in working together to transform the system. Success stories in health transformation presently exist under the current structure, and we need to look for and adopt solutions that are already working to save lives and save money. In most sectors we are looking to improve upon, there are functioning fact-based models of success from which we can learn. Since one of our main strategies is to identify such solutions, the Center for Health Transformation has dedicated a portion of our website for the purpose of highlighting transformational technologies and approaches that are helping create better health at lower cost. Please visit the CHT website (www.healthtransformation.net) to view the list of innovative solutions exhibited in our Transforming Examples Resource Center.

21st century challenges demand 21st century solutions; problems inherent to the American health system are no exception to the rule. Clearly, we cannot maintain a commitment to our moral imperatives and simultaneously postpone our obligation to reach new levels of patient safety, quality care and cost-effectiveness.

Although the scale of change necessary may seem daunting, the result in lives saved will be worth our effort a thousand times over. We must learn to say “yes – if” and not “no – because.” Health transformation will not be easy, but a forward march is our only viable option. Those who resist change without consideration of the need for improvement will see themselves left behind.

About the Center for Health Transformation (CHT)

The Center for Health Transformation, founded by former House Speaker Newt Gingrich, is a unique collaboration of leaders dedicated to accelerating the adoption of transformational solutions, policies and technologies in order to create a 21st Century Intelligent Health and Healthcare System characterized by better outcomes and more choices at lower cost. The Center accomplishes this by: acting as a catalyst to accelerate transformational change; identifying better solutions that provide more choices, better health and lower cost; sharing those solutions with the widest array of opinion leaders and decision-makers across all sectors and levels to accelerate their adoption by the system; and helping to create, advance and improve the public policies (state and federal) that will accelerate health transformation.

For more information, please visit www.healthtransformation.net.

About the Author – Speaker Newt Gingrich

Newt Gingrich served as Speaker of the U.S. House of Representatives from 1995-1999. Since retiring from Congress, Speaker Gingrich has worked extensively on the issues of health and healthcare, devoting the majority of his time to advocating a transformation of the entire system. In 2003, Speaker Gingrich founded the Center for Health Transformation (CHT).

During Speaker Gingrich’s twenty years served in Congress, his leadership helped save Medicare from bankruptcy, prompted FDA reform to help the seriously ill and initiated a new focus on research, prevention and wellness. Mr. Gingrich is currently a member of the Advisory Board for the Agency for Healthcare Quality and Research and sits on the Board of Regents at the National Library of Medicine. In addition, he co-chairs the National Commission for Quality Long Term Care. A longtime advocate of people with diabetes, he is an active member of the Board of the Juvenile Diabetes Research Foundation.

Speaker Gingrich has authored numerous health publications, columns and books, including the book [Saving Lives & Saving Money](#), which was co-

written by staff of the Center for Health Transformation and lays out the vision, principles and strategies of the Center. His recent best-seller, Winning the Future, includes key chapters on health and healthcare, based on his work at CHT.