

A Business Lesson for Health-Care Reform

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By Tommy Thompson

In the often contentious but vital debate over health care reform, one issue unites patients, doctors, business owners and workers alike: the need to reduce how much Americans pay for the care they receive.

As our nation's population ages, staggering increases in the cost of providing health care threatens to bust budgets from Main Street to Wall Street, killing jobs and sapping the strength of our economy. Far too many hard working families are priced out of the health insurance market and driven into bankruptcy. Businesses' health costs, in particular, are skyrocketing, meaning impaired bottom lines and depressed wages for workers.

Among the biggest cost-drivers in health care today is treating chronic illness, including heart disease, cancer and diabetes. The Centers for Disease Control reports that: chronic disease treatment accounts for 75 percent of all health care spending in America and 99 percent of Medicare spending. More than half of Medicare beneficiaries are treated for five or more chronic conditions annually. And yet patients who suffer from these conditions still aren't receiving all the treatments that are recommended. A RAND study found that patients typically receive only half of the clinically recommended treatments for their chronic disease conditions.

We can do better. We can no longer afford not to.

The closest thing to a silver bullet to improving efficiency in health care delivery is to focus on disease prevention and management. This requires incentives to control risk factors like smoking and lack of exercise, and to support a more holistic notion of health care delivery. Rather than waiting for people to get sick before paying for their health care, we need to make more up-front expenditures to prevent down-the-line costs.

For example, IBM sponsors an innovative employee wellness program that relies on incentives and care coordination to improve the health of its workforce. Their employees are given access to at least one health plan at no cost. This plan includes coverage for preventive service, as well as a "Healthy Living Rebate" that gives \$300 to employees for participating in healthy activities. A Children's Health Rebate program gives IBM families similar incentives.

The result? Between 2004 and 2007, the reduction in employee health risks alone resulted in an estimated health cost savings of \$79 million. Meanwhile, employees benefit from improved access to health care leading to more productive and healthier lives.

There are other good examples of the value of prevention and care coordination in catching problems early and thereby helping to reduce long-term costs.

For instance, many states employ a comprehensive care model to cover Medicaid patients. Vermont, North Carolina, Colorado, Pennsylvania, and other states fund Community Health Teams (CHTs), which work with patients to improve their overall health and reduce costly trips to the hospital. Members of a CHT serve as advisers on healthy living and work hand-in-hand with a patient's doctors and hospital to coordinate care. Vermont has seen amazing results with a 30% decrease in emergency room visits in the first year of the program.

The federal health reform legislation winding through Congress offers a big opportunity to lower our nation's health costs by expanding the use of CHTs. Most Medicare patients receive health

care through a fee-for-service model, which provides payments to doctors and hospitals based on the number and type of services they provide. If a patient comes back six times for the same problem, the doctor or hospital gets paid six times.

Medicare offers no incentives to prevent over-use of health care services or to coordinate care among a patient's doctors and hospital. Medicare pays for people who are sick, but doesn't do much to keep them healthy.

Community health teams will make the primary care provider the patient's essential quarterback in coordinating delivery of quality care. An abundance of evidence shows that the kind of care coordination that physician-managed community health teams provide for patients improves their health outcomes, while reducing health costs over the long run.

According to a recent survey commissioned by *America's Agenda: Health Care for All*, 75 percent of voters support reform that will give their primary care or family doctor the support of a coordinated team. We should amend the bill in the Senate to move Medicare in this direction, provide increased support for CHTs and encourage businesses to offer more wellness and prevention services.

Whether it is the amount we pay in premiums or the total contribution made by employer to the company health plan, America must begin to focus this debate where it belongs: on the bottom line. American taxpayers, from consumers to large businesses, cannot and should not be forced to shoulder the burden of a failed system that only accelerates cost and benefits a handful of insurance companies and investment bankers.

It's time for Congress to enact a reform package that provides all Americans with quality, affordable health care for years to come.