Corporate Healthcare

Getting the Most From Our Healthcare Resources

By Susan Messenheimer and Carol Weiszmann, aimpublications

Healthcare may be the fastest-growing sector of the American economy, **already accounting for roughly 18% of the nation's GDP, according to statistics gathered by the Center for the Study of the Presidency. But it's also in a state of crisis, plagued with significant cost, quality and accessibility problems. According to the Commonwealth Fund Commission's 2008 National Scorecard on U.S. Health System Performance — a comprehensive means of comparing U.S. healthcare outcomes, quality, accessibility, efficiency and equity with international benchmarks — the U.S. achieves an overall score of only 65 out of a possible 100 across 37 core performance indicators.**

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Symptoms of a Healthcare Crisis

So, what does a crisis look like, and how does a troubled U.S. healthcare system affect businesses and individuals? Consider these facts:

- Despite spending more than $2 trillion annually on healthcare — twice as much as any other nation[1] — a Government Accountability Office (GAO) report on healthcare challenges in the 21st century notes that the U.S. healthcare system performs below par in such measures as rates of infant mortality, life expectancy, and premature and preventable deaths.[2] In 2007, more than a third of all U.S. adults went without needed medical care because of unaffordable costs.[3]
- The U.S. ranks only 42nd in life expectancy, down frol 11th place 20 years ago, notes the Kaiser Daily Health Policy Report. [4]
- Meanwhile, as of 2006, 47 million citizens lacked healthcare insurance, according to the U.S. Censor Bureau. Many more are underinsured or have lost the benefits their healthcare plans previously provided.[2]

U.S. healthcare quality is so uneven that half of all patients do not receive recommended preventive care. For instance, it's estimated that 59% of those suffering from depression do not receive treatment, while 19% receive ineffective treatment. The result is a $12 billion annual loss in employee productivity, according to the National Quality Forum.[5]

At the other end of the spectrum, 20% to 30% of healthcare treatments are considered unnecessary.[6] These lead to reduced productivity, complications and, of course, higher healthcare costs. For example, among documented cases, 17% of all coronary angiograms and 16% of the hysterectomies performed each year are deemed unnecessary.[6] Overall, Americans get the right treatment only 55% of the time.[1] One recent study found that uninsured victims of automobile accidents receive 20% less treatment in hospitals and are 37% more likely to die of their injuries than those who are insured. [6]

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What's the Cure?

There is no single solution to the American healthcare crisis. However, changes on several fronts are combining to offer at least the promise of improvement.

Pushing Prevention. Roughly 80% of all chronic diseases in the U.S. are caused by preventable factors like obesity, smoking and physical inactivity. Patients with chronic diseases account for more than 75% of U.S. healthcare spending, yet only 5% of healthcare expenditures are devoted to prevention and public health.[1]

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Coordinating Care. The age of the solo medical practitioner may be coming to an end. The range of medical treatments is large and getting larger — too large, in many instances, for one medical professional to master. This is especially true for patients with multiple conditions. In addition, treatment spans inpatient, outpatient and various sorts of ancillary care, including a panoply of pharmaceuticals.

It's becoming imperative, then, that the activities of multiple providers are well coordinated and that use of medications is monitored to avoid harmful interactions.

Paying for Performance. The shift from a healthcare system designed for the convenience and protection of providers to one designed around overall patient care is under way, and it is creating a new culture of vigilant awareness, understanding and a sense of responsibility for patient safety.

Leading the way are major changes in Medicare, which is implementing value-based purchasing — also called pay for performance (P4P) — in phases that began in October 2008 and will kick in over several years. Key to these changes are incentives based on quality measures that will be paid to top performers. Organizations unable to meet specified standards will lose reimbursements.

Since approximately 46% of U.S. healthcare dollars are spent by the federal government, Medicare's leadership in pressing for healthcare quality is critical, especially as aging boomers begin to tax an already dysfunctional healthcare system.

Streamlining Healthcare Administration. According to the Commonwealth Fund Commission, in the U.S., administrative costs of health insurance as a share of total health spending are 30% to 70% higher than those in nations with mixed private/public insurance systems — and three times higher than costs in countries with the lowest rates.[3]

If U.S. health insurance administration costs were reduced to the average level of those in countries like Germany, Switzerland and the Netherlands, which have mixed private/public insurance systems, the amount recovered — $51 billion — would pay more than half the cost of providing comprehensive coverage to all uninsured Americans.[3]

Leveraging Information Technology.

Information technology (IT) tools can be used to link various medical providers and organize and store information about patients' conditions, care histories and billing specifics so that this information is available wherever it's needed, whenever it's needed.

EMR/EHR. As P4P gains momentum, it generates demand for electronic medical/health records. In physician practices, this means automation that integrates EMR/EHR clinical information into a database that includes billing and scheduling information. This enables physicians to deliver better care and also ensures that they're getting paid for their services.

In hospital environments, EMR/EHR systems require such integration on a larger scale, but the payoffs can be greater, too. For instance, staff anywhere in a hospital would be able to get an instant medical/scheduling/billing snapshot of a patient, so coordinating care — which can be complex and multi-varied in patients with chronic diseases like diabetes — would be more efficient and fewer errors in care would occur.

Health information exchanges. Health information exchange solutions, like the one offered by Ingenix, moves beyond the hassles of legacy electronic data interchange (EDI) systems to deliver administrative, clinical and financial transaction connectivity that simplifies the exchange of health records and decreases payer processing costs.

Getting the evidence. Evidence-based IT health solutions can help reduce lifestyle risk factors by using patient data to tailor prevention programs for at-risk populations.

Real-time medical underwriting. By using powerful data analytics to get a more precise measure of risks and rate groups, real-time medical underwriting speeds quote processes and makes quotes more accurate.

Automating the medical supply chain. Applying the principles of supply chain management can reduce costs associated with credentialing and incentivizing providers. Antifraud software can spot prospective and retrospective fraud, errors and abuse.

Trending patient data. IT tools can be used to amalgamate patient data to evaluate providers, spot inefficient care patterns, identify the most efficacious treatment combinations and aid in the early recognition of hospital-acquired infections and other disease outbreaks. For payers as well as providers, these sorts of analytic tools can help monitor and predict costs and even anticipate healthcare needs.

Decentralizing care with IT. Thanks to IT tools, medical care increasingly will be provided at local facilities or even in patient homes, rather than in hospitals or physicians' offices. Heart disease, diabetes, blood pressure and the like will be monitored and tracked from afar. This will save patients travel time and will significantly streamline the use of physician time. As such, monitoring will become more and more automated and home-centered; changes in patients' conditions will be spotted sooner; intervention can occur earlier; and costs will fall as compared to those associated with current practices.

If properly implemented, prevention and wellness programs, care coordination, P4P and a much wider use of IT could help Americans get more from the nation's healthcare resources. ■

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