

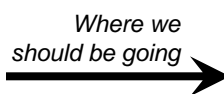
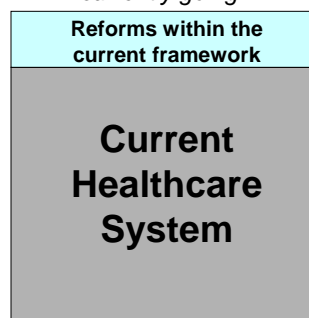
Better Health, Lower Cost for Alaska

Health Care Strategies Planning Council
August 27, 2007

Jim Frogue
State Project Director
The Center for Health Transformation
www.healthtransformation.net
202-375-2001

Health Transformation

*Where we are
currently going*

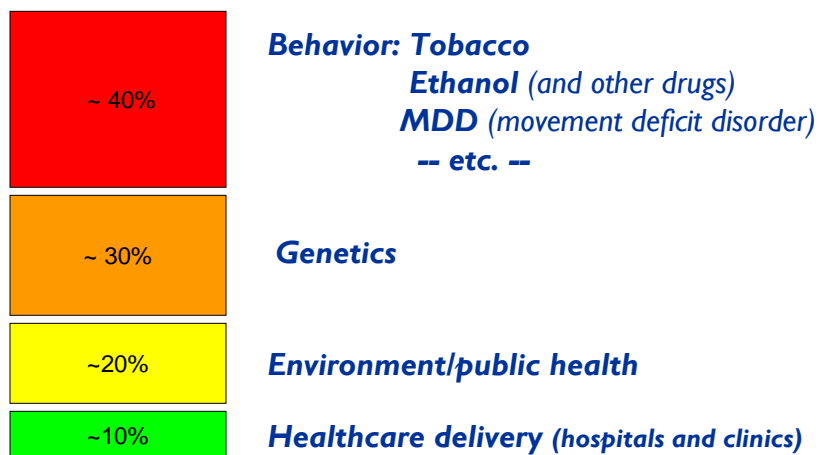


**21st Century
Intelligent
Health System**

To avoid change, most bureaucracies prefer the
comfortable routine of explaining failure.

Health Before Health Care!

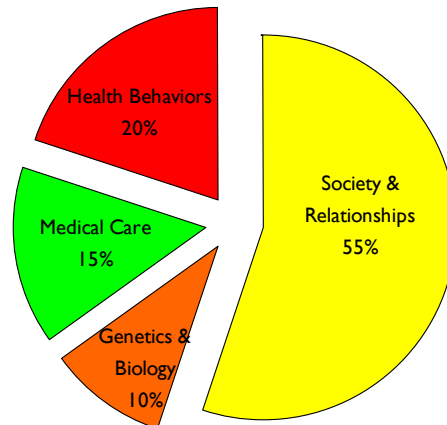
Total health: How long, how well we live



McGinnis JM & Foege WH. Actual causes of death in the United States. JAMA 1993;270 (18): 2207 -12 (Nov 10).
McGinnis JM, Williams-Russo P, & Knickman JR. The case for more active policy attention to health promotion. Health Affairs
2002; 21(2):78-93 (Mar).



Mediators of Health



Al Tarlov, Texas Program in Society and Health, Baker Institute for Public Policy, Rice University

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Aggressively Promote Exercise and Good Diet in Children

- The #1 most important thing you can do to promote health
 - No health care system can support a nation of obese 12 year olds with adult-onset diabetes
- Challenge your schools and school districts to mandate physical education and a junk food-free campus
 - Playstation's Dance Dance Revolution in WV
- Bad food in poorer neighborhoods is a serious impediment

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Nine Surprising Diabetes Risks

1. Watching two or more hours of TV daily (14%)
2. Drinking one soda a day (83%)
3. Skipping Breakfast (up to 50%)
4. A bout of major depression (23%)
5. A large waist even if you're at a normal weight (330%)
6. Waking up in the middle of the night (98%)
7. Eating fast food more than twice a week (100%)
8. High stress (184%)
9. Consuming lots of processed meat (43%)

Source: *Fitness Magazine*, April 2007



Silver Sneakers

- **A free fitness center membership** for seniors at a nearby participating location with access to conditioning classes, exercise equipment, pool, sauna and other available amenities
- **Access to any participating fitness center** throughout the U.S. while traveling
- **Customized SilverSneakers classes** designed exclusively for older adults who want to improve their strength, flexibility, balance and endurance
- **Health education seminars** and other events that promote the benefits of a healthy lifestyle
- **A specially trained Senior Advisor** at the fitness center to introduce you to SilverSneakers and acquaint you with their site

30 percent lower costs for Silver Sneakers members on average, but much lower for those who attended four times per week

www.silversneakers.com



What is Consumerism?

Consumerism is how you bought your car,
your personal computer, your last vacation,
and chose your child's college

You gathered as much reliable information as
possible and then made a decision based on
price, convenience, and what you value



What is Healthcare Consumerism?

When employers, insurers, hospitals, physicians, drug and
device manufacturers, and individuals know and share
accurate price and outcome data for all players

It is bottom-up where providers respond to empowered,
informed patients

Individuals, employers, and insurers all have strong incentives
to promote wellness, prevention, and early testing

It is better for **all** people, *particularly* those with multiple
chronic conditions.



“Right to Know”

93%

Percentage of people who believe they have the
“right to know” cost and quality information
about a healthcare provider

(Leaving “God” in the Pledge of Allegiance polls 91 percent)



State of Florida Websites

www.FloridaCompareCare.gov

Outcomes comparisons among all Florida hospitals

www.MyFloridaRx.com

Prices of the 100 most commonly prescribed drugs at all pharmacies



Results of Healthcare Consumerism

Individuals will have more choices of higher quality at lower cost with greater convenience

Think cell phones, personal computers, flat screen televisions

Beware the Absurd Myth:

“You can’t shop around when lying unconscious.”



Current System

- Provider-centered**
- Price-driven**
- 45 million uninsured Americans**
- Hidden price and quality information**
- Knowledge-disconnected**
- Slow diffusion of innovation**
- Disease-focused**
- Paper-based**
- Third party controlled market**
(patient – provider – payor)
- Process-focused government**
- Limited choice**
- Predatory trial lawyer litigation system**
- Overall cost increases**
- Quantity and price measured**



21st Century System

- Individual-centered**
- Values-driven**
- 100% coverage**
- Transparent price and quality information**
- Knowledge-intense**
- Rapid diffusion of innovation**
- Prevention and health-focused**
- Electronically-based**
- Binary mediated market**
(individual – provider)
- Outcomes-focused government**
- Increased choice**
- New system of health justice**
- Overall cost decreases**
- Quality of care and quality of life**

The Consumerism Grid	1 st Generation Consumerism	2 nd Generation Consumerism	3 rd Generation Consumerism	4 th Generation Consumerism
	Focus on Discretionary Spending	Focus on Behavior Changes	Integrated Health & Performance	Personalized Health & Healthcare
Personal Care Accounts	Initial Account Only	Activity & Compliance Rewards	Indiv. & Group Corporate Metric Rewards	Specialized Accts, Matching HRAs, Expanded QME
Wellness/Prevention Early Intervention	100% Basic Preventive Care	Web-based behavior change support programs	Worksite wellness, safety, stress & error reduction	Genomics, predictive modeling push technology
Disease and Case Management	Information, health coach	Compliance Awards, disease specific allowances	Population Mgmt, Integrated Hlth Mgmt, Integrated Back-to-Work	Wireless cyber – support, cultural DM, Holistic care
Information Decision Support	Passive Info Discretionary Expenses	Personal health mgmt, info with incentives to access	Health & performance info, integrated health work data	Arrive in time info and services, information therapy
Incentives & Rewards	Cash, tickets, Trinkets	Zero balance acct, activity based incentives	Non-health corporate metric driven incentives	Personal dev. plan incentives, health status related

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What ISN'T Healthcare Consumerism?

- Our current third party payer system (public and private) where true costs and quality outcomes are obscured or hidden from individuals and employers
- A high deductible health plan by itself absent usable, accessible, understandable information
- A system where prices for the same service go *up* every year

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Alegent Experience 2006

- 8,500 employee hospital system in Nebraska and Iowa
- CEO Wayne Sensor led aggressive effort to promote consumerism. Plans were chosen by 88% of employees.
- RESULTS:
 - 3x the national average in preventive care (100 percent covered)
 - Mammograms, check ups, childhood immunizations, etc
 - 670 employees lost 6,500 pounds, 400 quit smoking
 - Each employee *paid* \$100 to take optional on-line health survey
 - Nearly \$2 million in carryover HRA/HSA savings by employees

1 percent overall cost increase for 2006!



Alegent Results Turned into Wages?

- Let's say a 10,000 employee company in Indiana agreed with its employees to plow 50 percent of health savings under trend back into wages. The other half goes back to the company.
 - Average wage of \$15 per hour. Average health plan \$6,000 per year.
 - Agree on a 10 percent annual trend in current health plan spending (absent health plan changes) for 5 years.
 - Let's say the average trend ends up at 1% instead of 10% over 5 years
- The average health plan in 2012 would've been \$9,663 at an annual rate of 10 percent. Instead it is \$6,306.
 - That is a savings of \$3,357 in 2012.
 - **Total raise per employee of \$2.35 per hour**



Successes in private market

- United/Definity study of 50,000 participants in their consumer directed health plans
 - Costs per member *decreased* 3-5 percent in 2004 and 2005 off of 2003 baseline
- Aetna study of 134,000 people
 - Full replacement plans showed a 1 percent cost trend since January, 2003
- Wellpoint/Lumenos study of 40,000 people
 - 8 percent cost *decrease*



New Health Plan on the Market

- Measures Body Mass Index, blood pressure, LDL (bad cholesterol), and nicotine use
- Voluntary enrollees can earn credits to lower their deductible up to 80 percent if they meet or exceed benchmarks
 - Benchmarks are easier to achieve than NIH's
- Goes after the 70 percent of health care costs that are related to lifestyle choices



Florida Medicaid Enhanced Benefit Accounts

- Designed to affect positive patient behavior change which has long term advantages of better health outcomes at lower cost
- Children: dental exam, vision exam, age-appropriate screenings and immunizations, wellness visits, keep primary care appointments
 - Each activity eligible for \$25 deposit
- Adults: mammogram, pap smear, colorectal screening, vision exam
 - Each activity eligible for \$25 deposit
- All participants: disease management program, smoking cessation, alcohol/drug treatment programs, weight loss, exercise program
 - Each activity eligible for up to \$25 deposit
- So what can beneficiaries “buy” with that money?
 - OTC cough/cold medicines, first aid products, vitamins, dental supplies, ear drops, antacids, sinus nasal sprays



New Mexico Care Coordination Model

- Governor Richardson has a new program in place to coordinate care among 17 government agencies to create comprehensive picture of each individual's interfaces with government programs
 - Human Services; Health; Children, Youth & Families; Corrections; Aging and Long Term Services; Public Education; Transportation; Labor; Indian Affairs; Finance & Administration; Division of Vocational Rehabilitation; Office of the Courts; Mortgage Finance Authority; Health Policy Commission; Developmental Disabilities Planning Council; Governor's Commission on Disability; Governor's Health Policy Advisor
- Allows: system-wide reporting for improved patient care; better accountability and planning; limits opportunity for waste, fraud and abuse; streamlines administration; ensures consistent standards of quality; improves oversight; *and yields financial savings to the state*
- Gov Richardson's speech on this can be seen as an archived webcast on our site at our 2nd Annual, “Creating a 21st Century Intelligent Medicaid System,” event on Sept 27, 2006



Gallup Survey on Medicaid Consumerism

- September, 2006
 - 67 percent of respondents indicated Extremely or Very Likely to switch to Medicaid program with “Shared Savings”
 - 79 percent extremely/very likely to doctor’s office instead of ER
 - 73 percent extremely/very likely to adopt a healthier lifestyle
 - Health Care (27%) and Housing (24%) and Food (16%) were three highest categories for where shared savings could be spent
- September, 2007
 - To be released on September 18th at our Third Annual Creating a 21st Century Medicaid event
 - Larger sample size, more detailed question about the potential of consumerism in Medicaid



Creating a 21st Century Medicaid System event

- Featuring Minnesota Governor and NGA chair Tim Pawlenty, and former Florida Governor Jeb Bush with Newt Gingrich as host
- Release of new Gallup Poll on Medicaid Consumerism
 - Panel 1 “The Medicaid System That Works” with officials from Arizona, West Virginia, and Florida
 - Panel 2: “The Medicaid System of the Future”

Live Webcast

September 18th, 2007:
www.healthtransformation.net



Other Medicaid Ideas....

- Governor Pawlenty is the first to incorporate Bridges to Excellence pay-for-performance diabetes care into Medicaid
- Governor Manchin is asking Medicaid beneficiaries to sign a contract of responsibility
- Know your data – Real time access to use patterns by providers allows you to spot and fix fraud instantly
 - Massive prescription fraud, ER use, provider abuse
- Reimburse more for e-prescribing and/or use of EHRs
 - Nationalerx.com allows doctors to download software for free
- *Making Medicaid Work* book by CHT and SHPS



“One cannot solve a problem with the same
thinking that created it.”

- *Albert Einstein*

Background reading material.
Will be posted on <http://www.hss.state.ak.us/hspc/resources.htm> after 8/27/07.

