

## Seeking Revolution, Not Reform The Alliance 2009 Annual Seminar

The health care revolution is already underway, marked by a transfer of power away from providers and toward both purchasers and consumers.

Michael Millenson offered an overview of the possibilities posed by the health care revolution at The Alliance's Annual Seminar on May 14, 2009, in Madison.

Millenson is a national leader in the movement to measure and improve the quality of health care as well as the author of *Demanding Medical Excellence: Doctors and Accountability in the Information Age*. His experience includes serving as a principal in the health-care practice of a major human resources consulting firm, working as a Pulitzer Prize-nominated reporter for the *Chicago Tribune*, testifying before Congress, serving on the board of the American Medical Group Foundation and speaking to health care audiences nationwide.

Millenson said the prospects for reform appear promising, but he suggested that the "true revolution" currently underway must go even further to transform the fundamentals of how health care is delivered.

"We are having radical change in a real, qualitative way," Millenson said. These changes may feel "painful and disruptive" when they are introduced. For example, as recently as 1999, doctors scoffed at patients' attempts to use the Internet to gather information that would shape their care, and some doctors even threatened to stop treating patients who persisted in bringing Internet information to appointments. Today, doctors accept patients' Internet research as a reality of practicing medicine.

### 'Quality Or Else'

The need for health care reform is well established, with President Richard Nixon earning the distinction of being the first to describe it as a "health care crisis" in 1971. Millenson noted that both Republicans and Democrats have acknowledged health care's importance, with President Barack Obama's current reform efforts focused on higher quality, lower costs, and the overall value of health care. Millenson predicted that the effort to remake health care will benefit from "the level of granularity" in Obama's health care knowledge, including his sponsorship of the Hospital Report Card Act as an Illinois state senator in 2003 and Michelle Obama's experiences as a hospital executive.

### Reform vs. Revolution

"A reform is a correction of abuses.

A revolution is a transfer of power."

-- Edward George Earle  
Bulwer-Lytton

**"This is the ballgame. It's quality or else."**

Likewise, leaders in the insurance and provider industries understand the importance of value, with Millenson viewing their May 2009 pledge to voluntarily reduce costs by \$2 trillion over a 10-year period as both a political and economic event.

These developments show that focusing on quality is essential both at the national level and at the community level, where it is fostered by organizations such as The Alliance, Millenson said. Striving for health care value is both a moral and economic imperative.

“This is the ballgame,” Millenson said. “It’s quality or else.”

Technology exists to measure and improve the quality of care, but many health care organizations lack the willpower to adopt it. The \$19 billion for health care information technology included in the stimulus bill should help persuade health care organizations to adopt better systems.

Without essential changes to improve quality and reduce costs, Americans could see some elements of the health care system outsourced overseas in the same way that other jobs have moved abroad. Millenson noted that data shows that some hospitals in India can provide better quality of care at a lower cost than many of their American counterparts.

“Why? It’s systems,” Millenson said. “We have the technology for transparency. You can’t hide any more.”

### **Attacking Waste**

The need for health care reform is apparent in both quality data and health care’s economic impact.

“Health insurance costs are taking away wages and profits, so it’s affecting the entire society,” Millenson said. It’s also eroding America’s ability to prepare for the future, with total state spending on Medicare outweighing total spending on elementary and secondary education.

Reducing health care spending requires eliminating waste, Millenson said. Health care industry leaders’ promise to voluntarily cut \$2 trillion in health costs over 10 years was a good sign, but that amount represents only a fraction of the waste in the system. Eliminating the majority of the existing waste depends on the efforts of groups such as The Alliance.

“The problem with waste at the granular level is it’s not what patients or doctors think about,” Millenson said. Physicians tend to associate waste with “defensive medicine” driven by potential malpractice claims, while patients tend to think about fraud and abuse. In reality, eliminating those forms of waste would produce savings that are only “trivial to modest.”

Millenson said the real culprit is how medicine is practiced in the United States. He pointed out that all participants in the health care system have a stake in changing the practice of medicine, since hospitals earn less when complications occur, while payers’ costs soar.

The need for change is reinforced by shifts in way that health care providers are paid, with Medicare offering an example. When Medicare was introduced, self-control and peer review were expected to help contain costs. In 1972, Medicare acknowledged this voluntary system had failed and implemented measures designed to rein in costs. In 2008, Medicare announced it would no longer pay for care that is a result of specific types of complications (see box). Insurance companies and other payers quickly followed suit.

“This is a message that we won’t pay,” Millenson notes.  
“That’s really extraordinary.”

For many years, employers used their clout in local markets to focus on gaining access to a wide-area network, rather than addressing specific cost and quality issues. Now, employers are demanding value for their health care expenditures.

“If the employers all band together, you can do things faster than the government,” Millenson said.

Health care organizations that focus on value consistently prove it’s possible to lower costs while improving quality. Ascension Health System was able to significantly reduce its mortality rate below expected levels by hiring physicians who could help eliminate medical deaths. As a result, data shows they have eliminated more than 900 deaths.

“If they can do it, why can’t you?” Millenson asked health care providers.

### **Using ‘Zeitgeist’**

The economic environment and access to better technology both help to create an opportunity for change. That opportunity is supported by the evolving expectations of consumers and political leaders, which Millenson described as “the changing zeitgeist.” This “zeitgeist” makes consumers likely to act on health care data that is displayed in a consumer-friendly format that makes it easy to compare the quality of different health care organizations and providers.

While health care organizations often protest that it’s unfair to tie different types of quality measures together in a single, easy-to-understand snapshot, Millenson says that snapshot can answer two vital questions about hospitals for consumers: “Do you have your act together? Are the processes in your hospital under control?”

When consumers have access to easy-to-understand information, 57% would be willing to switch hospitals if their preferred hospital received a below-average rating for clinical quality. If physicians receive below-average ratings, 24% of consumers are willing to change.

That gives “consumer zeitgeist” the potential to serve as a “wedge” to help transform how medical care is delivered. Millenson said some health care organizations are already responding to this shift by disclosing quality data, marketing the results and guaranteeing

### **Medicare “closes the checkbook” in Oct. 2008 on complications due to...**

- Object left in during surgery
- Air embolism
- Blood incompatibility
- Catheter-associated urinary tract infection
- Pressure ulcers (bed sores)
- Vascular catheter associated infection
- SSI-Mediastinitis after CABG
- Falls, trauma fractures, dislocation, intracranial injuries, crushing, burns

quality to payers. To date, a relatively small number of health care organizations have proven willing to pursue this type of management innovation, but Millenson suggested payers nationwide should urge its adoption.

“If you have something that will kill fewer people and save money, at what point should my community be following their example?” Millenson asked. He noted that relatively simple measures, such as a physician checklist, have been shown to make a big difference in quality when used appropriately.

Value-based insurance design (VBID) aligns economic incentives to allow hospitals and other health care organizations to pursue quality measures without losing money. “You must make it possible, easy and profitable for this kind of care to be in your community,” Millenson said.

### **Creating Consensus**

Millenson said consensus has emerged on three issues linked to health care “revolution:”

- **Transparency** based on clinical and satisfaction data that is made public.
- **Consumerism** driven by new and more kinds of data.
- **Measurable value** that allows quality to be compared to cost.

Despite this consensus, resistance is likely due to differing levels of economic pain, differing perceptions of the value and role of technology, and consumers’ persistent belief that “my physician and my hospital” are providing good care regardless of evidence to the contrary.

Benefit managers have the advantage of being able to move forward despite dissenting opinions, since benefit managers need neither voter approval nor public accolades for their work. That will help drive change even when political factions or providers attack specific elements of health care reform.

“You have to be a hero sometimes to change things for your own population when people are happy with their own care,” Millenson said. He described the “new expectations” likely to drive policies on paying for health care (see box). He suggested that the moderation of the Madison community offers an environment that makes it easier to link the economic and moral aspects of health care reform, making it possible to do the right thing for the community and employers alike.

#### **The health care revolution drives new expectations, new rules**

- “Who measures, matters”
  - Consumer-driven measures of clinical and service quality
  - Peer assessment
  - Payer-driven and government-driven measures
  - Regulators, accreditors, lawyers, reporters
- Power Shifts
  - Physician-patient partnering: “A new professionalism”
  - Hospital-physician partnering: “A capital idea”
  - Plans are prodded to add more value: “More than paper pushers”

The impact of the health care revolution will include the intertwining of clinical and financial accountability, which means employers will be told to put their money where their mouth is and consumers will be held accountable for personal choices. Expect arguments about quality measurements, reporting and money. In addition, expect changes in the way that the “cottage industry” of health care is organized.

“As the reimbursement changes, so too does the way that medicine is organized and that’s a good thing,” Millenson said. “It will allow people to practice better medicine and have a better relationship with patients.”

The outcome of this revolution will be a culture of value-driven health care, with information and evidence offered to clinicians and patients to optimize the chances of obtaining a better result. Health care providers will have some anxiety at the destruction of accepted ways of doing things, but Millenson said they will be reassured by the results.

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