

# COLLABORATION HEALTH CARE

## ALIGNING IDEAS WITH EXECUTION TO IMPROVE HEALTH CARE TODAY



### An Assessment of the Healthcare Industry- From A Health Plan Perspective America's Health Insurance Plans Conference Review An Editorial June, 2008

We're going to continue to experience some interesting times in our healthcare industry over the next year. Nobody can accurately predict what's actually going to happen- but everyone agrees that something needs to be done. Our current system cannot sustain the way it operates today- it's simply too expensive.

The AHIP (America's Health Insurance Plans) annual conference is one of the best ways to get the current viewpoint and perspective of the industry from a health plan or payer point of view. This conference highlights the key areas of interest for health plans and also provides (through its massive exhibit hall) an overview of the technologies and innovations being marketed and introduced to the industry. There are some big names taking a more significant interest in the healthcare sector (Walgreen's, Microsoft, Wal Mart) as well a growing number of new companies exploring niche areas. One thing was clear from the messages received from almost all keynotes and workshops- technology is going to play a significant role in any solution to our current system and that was further apparent by those in the exhibit hall. So we had better be ready.

The following are some of the highlights and "take-aways" from this year's AHIP conference in San Francisco. We tried to provide an unbiased assessment of some of the messages, themes, and strategies from a pretty important participant of today's healthcare system. Obviously, there are the opinions and approaches advocated by other stakeholders that will also need to be considered. This was made evident by the 1,000 individuals (primarily supported by unions) that were outside Moscone Center protesting the inequalities existing in the current system and advocating for dramatic health care reform and change. The differing perspectives of the two views (health plans and organized labor) were pretty noticeable and made it clear that any change is not going to be easy- we're going to have some challenges ahead to make the changes that need to be made.

#### Politics

The AHIP annual conference always provides a pretty good faculty of politicians from both sides of the aisle to provide a current assessment of the status of health care from a political perspective.

Our political landscape is one area that will most certainly change- but whether the change will be for the better or worse is still up in the air. Our legislative representatives haven't had the best track-record-of-late so any predictions we would make wouldn't necessarily be encouraging. The consensus of the politicians at AHIP seemed to indicate that (unless they screw it up in some way) the Democrats will likely take deeper control of both the House and Senate, and the presidential race is still too close to call. Putting all of the pieces together at this point, this group (Tommy Thompson, Bill Frist, John Breaux, Terry McAuliffe, and Dan Bartlett) had differing views on how significant of an issue health care would even be in the upcoming election. They all knew it should be, but they didn't know whether it would be, given the political climate of today.

All of these individuals agreed that the priority given to health care reform in the upcoming political contests would be dictated by and directly related to the level of interest of the individual citizen. They questioned that, with the

focus on gas prices, Iraq, and the general economy, whether health care was really an issue of concern for the American consumer. Tommy Thompson advocated a “grass roots consumer movement” to provide an incentive for politicians to make health care reform a priority in the political discussions. But, all agreed that more focus on wellness, prevention, and health needed to be components of any reform dialogue that did occur and access to appropriate health care should be available to all.

Political Summary: The political dialogue may result in a lot of discussion, but little action at the legislative level- and that’s ok from our perspective. But, some change will happen; we just don’t know how much will be driven from within the industry and how much will be legislated from the top down. McCain and Obama have differing ideas on how to approach true reform to improve our health care system- technology, health, wellness, and prevention will all be a part of it- we just don’t know how it will be put together.

## The New Landscape in Health Care

Health plans generally recognize that the landscape of the market is changing and they need to be much more innovative in introducing new ideas and being more responsive to the marketplace. Health plans are establishing whole new business lines and strategies focusing on consumer engagement and personal responsibility and focusing much more on the individual patient than they have in the past. These are good initiatives, and necessary, it’s just been difficult to get consumers involved in a system they don’t necessarily understand or.

One presenter (from Kaiser Permanente- I didn’t catch his name) provided an interesting perspective of the current evolution in our health care system that has significant merit and can be applied in the health plan strategies you may expect to see in the future:

### The Evolution of Health Care- A Time-Line

*1980s- “Rules of the Game”; gatekeeper, utilization management, pre-authorization, strict controls*

*1990s- “Skin in the Game:” Higher copays, deductibles, more sharing of the costs by the patient/member/consumer*

*2000s- “Brain in the Game” Consumer accountability/responsibility, lifestyle management*

Our current health care delivery model is an extremely personalized experience that needs to be delivered on a large scale to a broad market. The question many health plans are facing is how to organize all of the activities required in delivering a personalized experience to a single individual, in a manner that can be replicated for many. It’s no small task.

The Rules of the Game and Skin in the Game will continue to be a large part of the healthcare landscape. They may just be less of a focus than in the past. Its how the health plans will get the Brain in the Game of the individual consumer that will be the new challenge to bring it all together.

## The Medical Home

While not a new concept in itself (the Medical Home was actually introduced in 1967 for the coordinated delivery of pediatric care), the introduction of a Medical Home to the broader health care system is being viewed as an innovation. Quite simply, a Medical Home is a method to organize and coordinate the delivery of primary care and chronic care services to patients through collaboration, technology, and patient education. (For an interesting white paper on the Medical Home that was developed by the Deloitte Center for Health Solutions go to [www.deloitte.com/us/medicalhomereport](http://www.deloitte.com/us/medicalhomereport) and look for the attachment)

The primary care system is deteriorating rapidly in our country. In 1998, over 53% of medical residents chose primary care as their focus and direction. In 2006, that number had declined to 15%. The economics of the current payment system simply don’t work any more, and the supply of primary care physicians in our country is reflective of this reality.

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The Medical Home concept is being evaluated by a number of health plans as a new way to provide cost-effective and quality-focused primary care to their members. They are beginning to reach out to interested provider groups to collaborate on ways to restructure primary care delivery with this model.

There is no firmly established model yet and the Medical Home concept is still being tested but there already some interesting success stories developing in the market. All models include some basic fundamental principles in clinic structure and focus:

- Providing a Personal Physician and Establishing a Personal Relationship with the Patient
- Team-Based Practice with Coaches, Educators, Mental Health Practitioners
- A “Whole-Person” Orientation
- Coordinated and Integrated Care for the Patient
- Technology and Outcomes Driven – EMR/PHR to Support Patient Decision-Making and Measurement
- Enhanced Access- (Multiple Access Points for the Patient)
- Payment Model That Covers Costs and Rewards Performance

The Medical Home may restructure the delivery of primary care services and establish new ways of collaboration, integration, and service execution throughout the broader health care system. Providers currently involved with delivering these services (or positioning to deliver these services) will need to be aware of the concept, as they evaluate the ways they will be participating in care delivery in the future.

### **Some Re-Occurring Themes**

The topics of the workshops and Concurrent Sessions at this conference provide an indication of the current focus on interest of the industry in general. This year they included:

- Wellness and Prevention: Creating Healthier Communities
- Business Operations and Health IT: Systems to Advance Health
- Consumerism: Engaging Consumers in Health Care
- Driving Quality in the Health Care System
- Driving Innovation to Advance Care

These are not new topics but you can begin to see where the consumer engagement, health, and prevention are starting to come more to the forefront in strategic thinking and direction of the health plans than they ever were before. Electronic Medical Records, Integrative Medicine, Retail Health Care, Value-Based Purchasing, Data Management and Technology, Clinical Outcomes Measurement, and System Transparency will continue to be initiatives that will be pursued and part of the larger strategic direction of the plans. It’s just that (slowly but surely) the industry is realizing that they cannot address the significant issues that need to be addressed today without the collaborative input of the providers of care, and the individual.

### **In Summary**

We’ll certainly continue to anticipate changes in the delivery of health care services through the health plans in the years ahead. The current political landscape presents a wild-card of uncertainties but significant legislative/government involvement doesn’t seem to be in the cards- unless the citizens make it so.

The health plan market is changing. It is trying to move from an authoritarian system that dictates medical care delivery- to one that is focused on the consumer, the individual patient, and collaborates with those delivering the care- a “softer, gentler, health care system” if you will. But, watching the hundreds of protestors outside the doors holding signs that read, “Take Greed Out Of Healthcare”, and “What’s A Life Worth?”- I realized we may have a long way to go.