



Asking for Money

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By: Ward Keever, CTG HealthCare Solutions Executive Director of Executive Services

Last month I wrote about the economic slowdown, the potential need to cut back your IT staff, and how you might go about this onerous chore with compassion. Since then I've seen several articles announcing hospital staffing reductions. My sense is that this situation will only get worse for the next several months as we approach a national unemployment average between eight and nine percent. While we're going through this economic downturn, we are simultaneously being challenged to find ways to apply IT to the need for healthcare reform at local and national levels. This edition of *Insights* provides a few ideas for such initiatives.

This week I read three articles that, taken together, present a problem as well as an opportunity for you to make a significant contribution to your organization—and the status of healthcare reform in our country.

First, I read in *Time* magazine that annual healthcare expenses have reached \$7,026 per capita and will soon represent 20 percent of our country's gross domestic product (GDP). This is more than any other country spends, yet our average life expectancy (at birth) trails nine other countries. Additionally, a breakdown of U.S. healthcare spending shows that hospitals account for the major portion—31 percent. Physicians and clinical services were next in line, at 21 percent of annual healthcare spending.

The message is clear. To reverse this trend and reduce healthcare expense as a percentage of GDP, we must start with hospitals. You may recall that when Hillary Clinton tried to reform healthcare, she attempted to address all constituents at once and that approach created enough angst and lobbying money to cause her to fail. But if government healthcare reform addresses only one constituent at a time (e.g. hospitals), maybe the other constituents (doctors, lawyers, pharmaceutical companies, etc.) won't defend the status quo with the same alacrity they previously demonstrated. Maybe by breaking the problem down, we'll have a shot at achieving something worthwhile! Thirty-one percent of the healthcare dollar is certainly enough that CIOs should be able to identify specific opportunities for improvement.



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The second article was in *Healthcare IT News*. It reported that hospitals were delaying investments in IT projects in order to conserve cash. Delayed IT investments will further contribute to the layoffs we previously discussed. Although cash is conserved, benefits are definitely delayed. IT projects with short durations that can achieve demonstrated results for cost cutting, cost avoidance, and operational/clinical efficiency must be our focus to assist our institutions. There's no appetite for long, complex projects even if the ROI is good.

These two articles simply report the situation in which we find ourselves. But it's the third article that I found most interesting. In *Healthcare IT News*, a few of our healthcare IT pundits have seen fit to encourage Tom Daschle to begin his service as Secretary of Health and Human Services by basing national healthcare reform on significant investments in IT.

I have previously observed that we live in a Nintendo society where we need instant gratification for our efforts. But this article goes one step further: Daschle is not even on the job yet, and we want 'instant-instant' results. We want the government to make up for what our own organizations have withdrawn from our IT piggy banks. Those quoted in this article "urge Daschle, if he is confirmed, to focus on healthcare IT as a pivotal part of a U.S. healthcare transformation." It goes on to state that Senator Daschle "understands critical healthcare issues and how IT can be leveraged to improve the quality, safety, and efficiency of care."

I have a question for these industry leaders who have positioned themselves as healthcare IT experts: can any of them describe the specific IT investments and programs that will reduce the hospital or physician portions of current healthcare expenditure—and provide examples of how these IT investments will improve quality of care? It's just not enough to suggest the latter without also addressing the former. We can go broke with IT investments that only improve quality. I think offering this perspective and guidance to Mr. Daschle without giving specific examples for the judicious application of IT shows real chutzpah.

In the past, community healthcare information networks (CHINS) were viewed as the correct IT solution for what ails healthcare. When those didn't work, we remarketed them as regional healthcare information organizations (RHIOs). There have been numerous attempts at RHIOs, but most seem to struggle once the initial grant funds are consumed. One reason for their struggles is that they represent a net add in expense, but it's not yet clear that RHIOs actually improve quality. Is this our primary IT-based suggestion to address national healthcare reform? I think we can do better. For example:

- 1. Disease management protocols:** Implement computerized best practice disease management protocols (DMPs) for ambulatory care, e.g. diabetes and asthma. When successfully implemented in the past, such protocols kept people out of hospitals, reducing hospital revenue and profits. Wait— isn't that what national healthcare reform is all about?
- 2. Online physician visits:** Work with the government and insurance companies to create an online visit, and documentation of the visit, via the internet. Allow the



Ward Keever
serves as
Executive Director
for **CTG HealthCare**
Solutions'
Executive Services.
As a former CIO,
he has over 35
years of experience
in the healthcare
IT industry, with a
strong background
in strategy
development and
implementing
strategic and
tactical IT systems
in large health
system settings
and specific
solutions for
applications within
the healthcare
industry.

For more
information,
contact:

Ward Keever
ward.keever@ctghs.com

physician to bill at a reduced rate for an 'interactive remote visit' (since we like acronyms, call it an 'IRV'). The technology is already available to do this, once the government and insurance companies enable appropriate reimbursement models. In fact, such an approach may prove to be the physicians' defense against new competition from certified nurse practitioners, now available in many drug stores, who provide similar services at reduced rates.

- 3. Shared patient information database:** How about requiring every physician and every department within every hospital to access a common, secure, automated information bank to provide basic patient demographic information along with problems, allergies, medications, etc.? This certainly seems more efficient and less expensive than having a patient sit in front of an ADT clerk giving this information. The current approach is laborious and time consuming. Imagine that we could implement a more effective ADT registration process that actually improves patient satisfaction and takes real dollars out of the registration process.
- 4. Healthcare directives:** And finally, if such a database were available, it would be easy to include each patient's healthcare directives and living will. Most Americans don't have these documents at all; forget about having them readily available in an emergency. Yet I suspect that few older Americans would want all the heroic medicine currently provided to keep a person alive for a few weeks at the end of their life. Having these documents readily available (and perhaps required by Medicaid/Medicare) could eliminate significant hospital and doctor expenses for services that have little value and might in fact go against patients' wishes.

There are many other ideas that can be pursued at every level that will help reduce our healthcare costs and improve the quality of care. Besides the federal and state levels, every hospital has numerous prospects for IT to contribute to reducing that 31 percent. In today's environment, the smaller, quick hits can prove most valuable in the short run. What are yours?

The opportunity before us is truly exciting. But I suggest that, before we ask Mr. Daschle to provide funds for IT to become a "pivotal part of U.S. healthcare transformation," we identify the cost and benefit of *specific ideas that are worthy of funding*. I've attempted to offer a starter set, and our collective wisdom should make this eminently possible for healthcare. This puts us in a stronger position to provide a compelling business/clinical case if Mr. Daschle asks us to expand on our initial exhortation to "show us the money." After all, that's what Congress just asked our automotive industry to do—present specific plans and outcomes before we give you money!

Tally Ho.

1. "5 Truths About Health Care in America," infographic by Jackson Dykman. *Time*. 2008.
2. "Troubled Economy Spells Trouble for Hospital IT Projects, AHA Reports" by Bernie Monegain. *Healthcare IT News*. November 21, 2008.
3. "Healthcare Leaders Urge IT Focus for Daschle," by Diana Manos. *Healthcare IT News*. November 24, 2008.