Healthcare Reform:
Strategic Issues for the Future

Richard de Filippi
Chairman, American Hospital Association
and Trustee, Cambridge Health Alliance

Intermountain Healthcare’s
Healthy Dialogues
May 24, 2010
Overview of Today

The past and future of healthcare reform
• Pre 2010
• 2010 forward

Where do we go from here: Opportunities
• Improved delivery and business models
• Broader community role for healthcare
• New leadership models
Healthcare Reform: A Decade of Starts & Stops

- **Successful performance improvement**
  - IOM Quality Chasm Report & Six Aims
  - IHI 100,000 Lives Campaign
- **Inadequate Business Models**
  - Volume-based payment
  - Fragmented delivery system
- **Poor access: 15% uninsured**
Healthcare Reform: A Decade of Starts & Stops

• Counter-incentives for good health (shortage of primary care providers)

• For many, progress thwarted by lack of financial & human resources

• Medicare running dry, threat of drastic cuts, cost shift driving private pay rates way up

• Several state reform initiatives, and now national reform
The Healthcare Reform Law
Key Measures...

• **Coverage for over 32MM uninsured, plus insurance reforms**

• **Healthcare delivery system reforms, many with incentives rather than directives**

• **Hospital Medicare payments: reduction in inflation allowances (an actual decline in 2010)**

• **Safety-net hospital (DSH) payments to be reduced**
The Healthcare Reform Law

...Key Measures

• Workforce grants and loans, including medical education

• Prevention, wellness, and public health funding

• Quality improvement incentives: increased payments for better-quality care, research on comparative effectiveness
“The most interesting under-discussed and potentially revolutionary aspect of the law is that it doesn’t pretend to have the answers.....In large part, it entrusts the task of devising cost-saving healthcare innovation to communities.....it counts on local communities and clinicians for success. **We** ... are the ones to determine whether costs are controlled ... and health care improves.”

- Atul Gawande, MD (April 2010)
Organizing and Communicating Goals for Change

- Expanded coverage
- Wellness and prevention
- Quality and safety improvements
- Lower costs
- Advancing information systems

From AHA’s Health For Life Policy Framework
Areas of Opportunity

- Improved delivery systems and business models
- A wider community role for hospitals
- New leadership models
Improved Delivery Systems and Business Models

What’s in a global payment model-

• Shared savings
• Accountable care organizations
• Payment structure & risk adjustment
• Developing and sharing data
• Performance milestones
Improved Delivery Systems and Business Models

The challenges in a global payment model -

• A safety net for low-income patients
• Essential 24/7 hospital operations
• Education: MDs, nurses, allied professions
• A robust capacity for research
• Behavioral health & special needs
Improved Delivery Systems
and Business Models

Disruptive business innovations: dividing the work differently –

• Solution shop
• Routine value-added fixed-price work
• Network facilitation

From Christensen, Grossman, & Hwang, “The Innovator’s Prescription”
A Wider Community Role For Hospitals

Challenge #1: driving down risk as hospitals are positioned to assume more of it

Challenge #2: understanding the imperative for new community responsibilities for healthcare organizations, and how are they structured?
A Wider Community Role for Hospitals - Health Determinants in the US

Lifestyle & Behavior 50%
Environment 20%
Human Biology 20%
Medical Care 10%

From “Healthy People 2010”, US Dept. of HHS
New Leadership Models

Physicians –
• Role of the Chief Medical Officer
• Joint executive office

Governance –
• The venue for our most challenging future decisions
• Improved trustee-specific competencies
• Bridge to our broader community responsibilities
Five Urgent Tasks for Healthcare Leadership

1. Accelerate quality improvement and cost reduction
2. Invest more in the health of your employees, as a model of the community
3. Share accountability for other community social services, including education
4. Develop a leadership team, including the board, that represents your community’s diversity
5. Invest in serious measurable trustee education