

Healthcare Reform: Strategic Issues for the Future

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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***

What Do We Do Now?

“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

<i>Lifestyle & Behavior</i>	<i>50%</i>
<i>Environment</i>	<i>20%</i>
<i>Human Biology</i>	<i>20%</i>
<i>Medical Care</i>	<i>10%</i>

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***