



**Center for Health
Transformation**

www.healthtransformation.net

Saving Lives and Saving Money: Transforming Health in the 21st Century to Achieve 100% Insurance Coverage

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KEYS TO REAL CHANGE

“Doing more of what you are already doing and expecting a different result is a sign of insanity.”

- Albert Einstein

“When I can’t solve a problem I always make it bigger. I can never solve a problem by trying to make it smaller, but if I can make it big enough, I can often find a solution.”

- General Dwight David Eisenhower during World War II

“*Real Change* requires *Real Change*.”

- Newt Gingrich and Nancy Desmond
The Art of Transformation

“Yes, if” rather than “No, because.”

- Newt Gingrich and Nancy Desmond
The Art of Transformation

“*Cheerful Persistence* is key to achieving real change.”

- Newt Gingrich and Nancy Desmond
The Art of Transformation



Creating a 21st Century Personalized Intelligent Health System with 100% Insurance Coverage

- **Premise:** It is possible to have 300 million Americans living longer and living healthier in a 21st Century Personalized Intelligent Health System with 100% insurance coverage, but it requires changing a lot more than just financing.
- **Predicate:** Solving the cost of health insurance cannot be accomplished by focusing only on financing the current system. That is a strategy for rising costs and declining health.



The Great Drivers for 21st Century Personalized Intelligent Health System with 100% Insurance Coverage

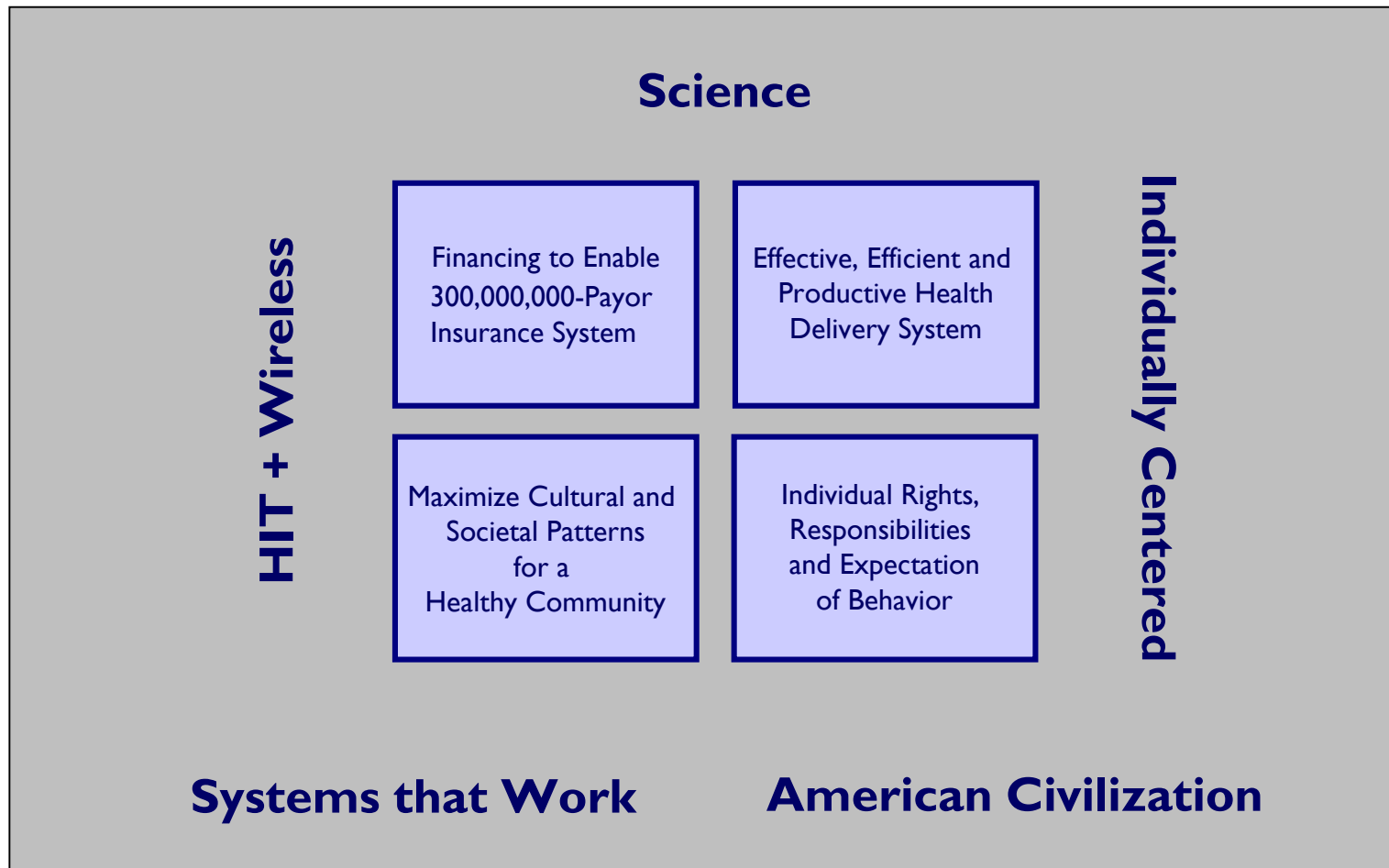
1. **Science:** There will be four to seven times as much new scientific knowledge in the next twenty-five years as in the last twenty-five years.
 - If it is four times as much change from now until 2032, it will resemble the period from 1880 to 2007.
 - If it is seven times as much change, it will resemble the period from 1660 to 2007.
2. **HIT & Wireless:** There is a system of entrepreneurial, science- and technology-based market-oriented systems that have been providing dramatic breakthroughs in quality, choice, and declining cost.
3. **Systems that Work:** There are working systems of productivity that are very powerful, such as the Toyota production system, Six Sigma, the quality principles of Deming and Juran, the management principles of Peter Drucker, and concept of lean manufacturing and markets with entrepreneurs.
4. **Individual-centered:** Empower the individual, rather than the bureaucracy. There is a customer market and values system which leads to dramatic change and innovation. It is individually centered, patient-centered, customer-centered, and citizen-centered, and it is profoundly different than the 20th Century bureaucracies which are failing. An individual-centered system must have individual accountability.
5. **American Civilization:** Historic American culture as exemplified by George Washington and Benjamin Franklin simply works. American civilization is strengthened by our work ethic, courage, individual initiative, responsibility, team work, energetic effort, savings and investing, recognizing and rewarding achievement, and having high expectations.



A 21st Century Personalized Intelligent Health System with 100% Insurance in a 300 Million-Payor System Requires Transforming 4 Boxes:



The **BIG** picture in Creating 100% Insurance Coverage





Transformative Health Agenda for 2009

- 1. Health-Based Health Reform:** best practices to inform policy; data-driven healthcare and reimbursement
- 2. Eisenhower Electronic Health System:** a modernized, interconnected system by Dec. 2012
- 3. Fraud as the Pay-For:** electronically detect, eliminate, and prevent criminal fraud; \$70-200 billion a year in savings
- 4. Capital Investment Budgeting:** change scoring models and budget rules to allow for long-term investment and forecasting savings



\$950 – \$190 \$375 – \$75 \$750 – \$150

\$6,750 \$5,750 \$3,300 \$950

\$46,000 – \$103,000

\$3,300 – \$14,300

3 to 1

\$8,000 plus with earlier deaths – \$5,000 minus with longer lives

For Explanation of Numbers Please go to:

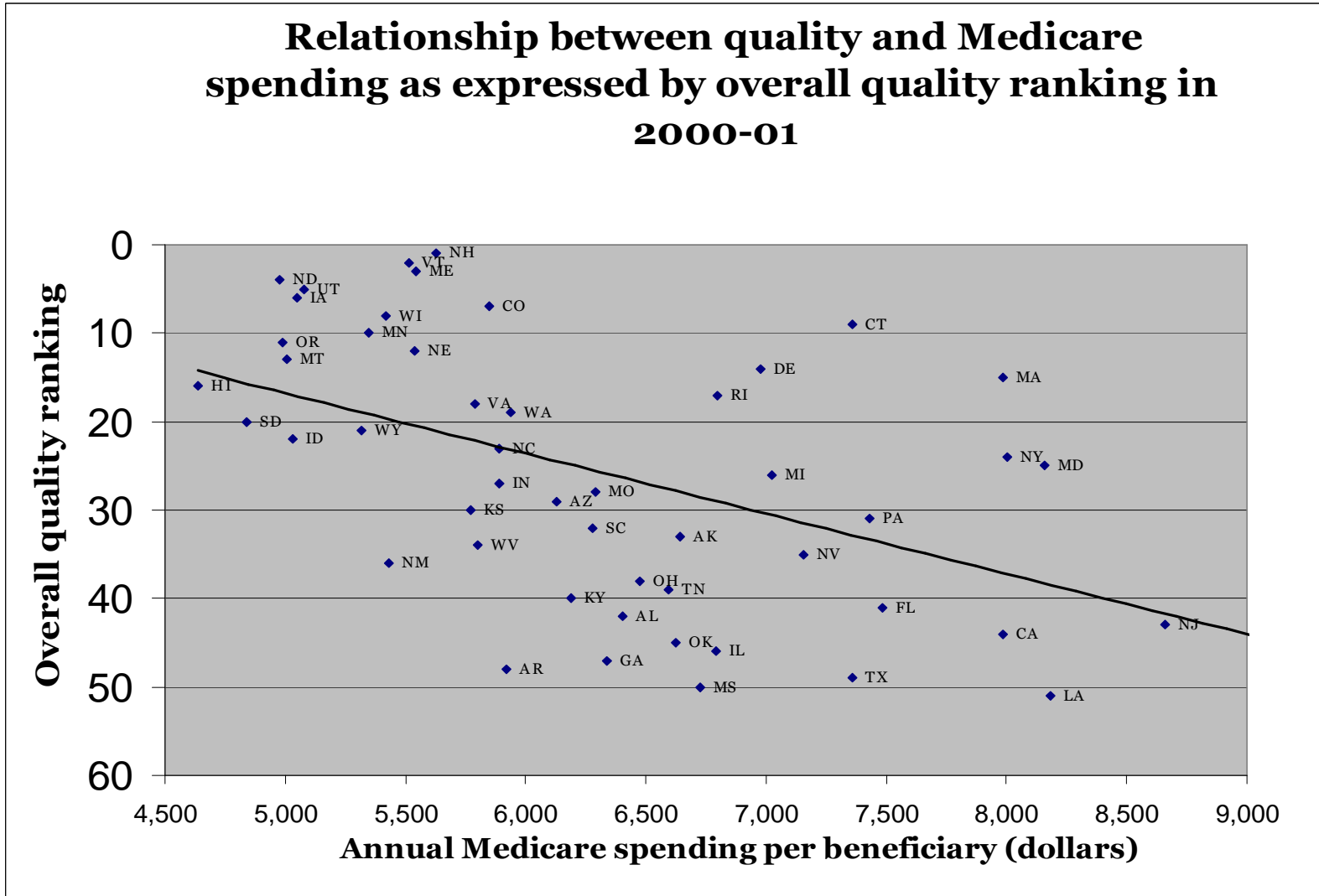
http://www.healthtransformation.net/cs/explanation_of_numbers

Reading List for Creating a 21st Century Intelligent Health System

- *The Effective Executive*, Peter F. Drucker, HarperCollins (1967).
- *Leadership*, Rudolph W. Giuliani, Miramax Books (2002).
- *Turnaround*, William Bratton, Random House (1998).
- *Moneyball*, Michael Lewis, W. W. Norton & Company (2004).
- *Winning the Future*, Newt Gingrich, Regnery (2005).
- *Saving Lives and Saving Money*, Newt Gingrich, with Dana Pavey and Anne Woodbury (2003).
- *The Art of Transformation*, Newt Gingrich and Nancy Desmond (2006).
- *Paper Kills: Transforming Health and Healthcare with Information Technology*, David Merritt (ed.) (2007).
- *Real Change: From the World That Fails to the World That Works*, Newt Gingrich, Regnery (2008).



Relationship between quality and Medicare spending as expressed by overall quality ranking in 2000-01



SOURCES: "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998-1999 to 2000-2001," *Journal of American Medical Association* 289. no. 3(2003); 305-312. AND Statehealthfacts.org "Medicare Spending: Program Payments per Beneficiary, 2002" (excludes Washington, D.C.)



High Quality, Low Cost - 38%

- | | |
|---------------|----------------|
| New Hampshire | Nebraska |
| Vermont | Montana |
| Maine | Hawaii |
| North Dakota | Virginia |
| Utah | Washington |
| Iowa | South Dakota |
| Colorado | Wyoming |
| Wisconsin | Idaho |
| Minnesota | North Carolina |
| Oregon | |

High Quality, High Cost - 10%

- Connecticut
- Massachusetts
- Delaware
- Rhode Island
- New York

Low Quality, Low Cost - 10%

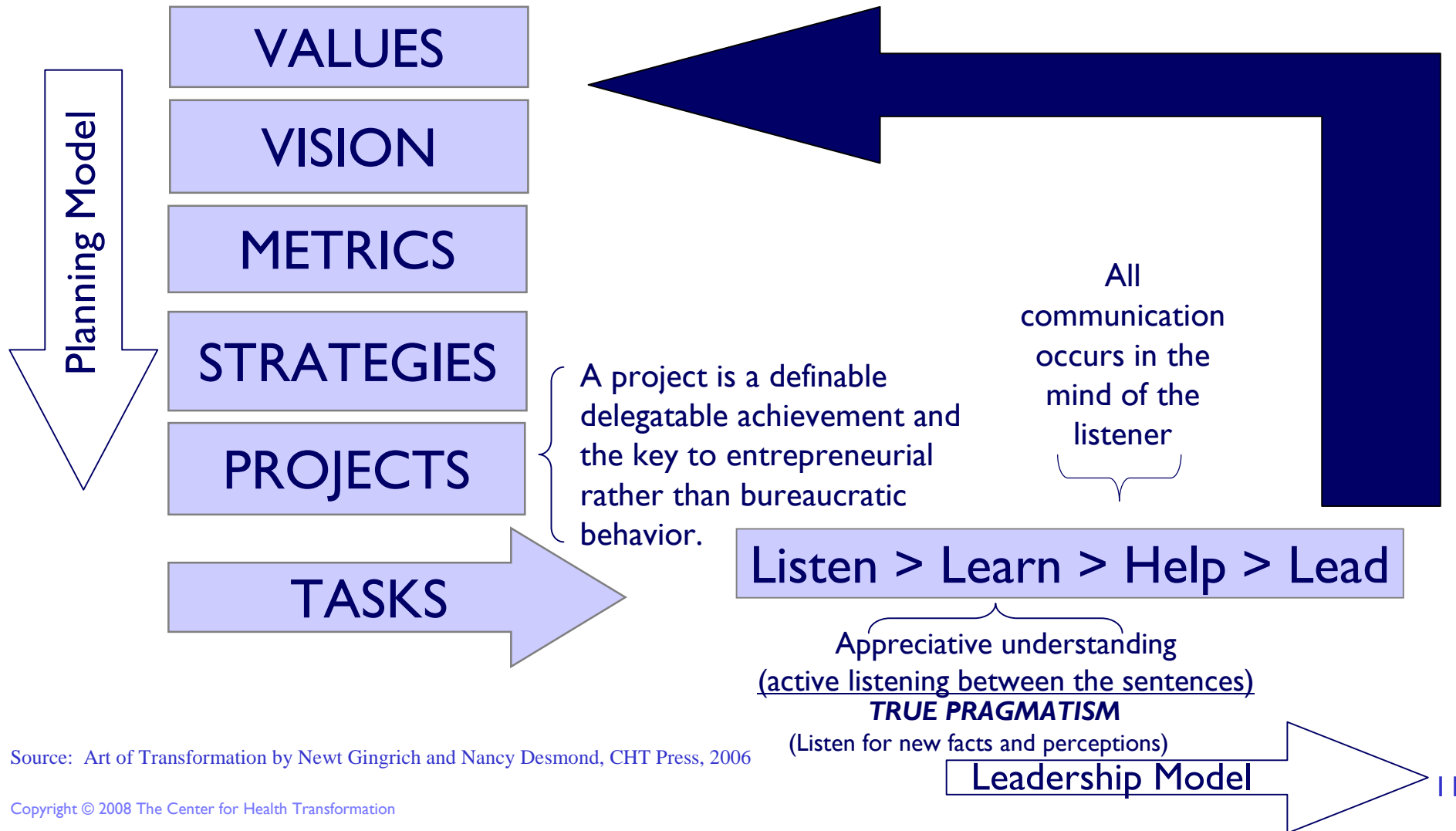
- Indiana
- Kansas
- West Virginia
- New Mexico
- Arkansas

Low Quality, High Cost - 42%

- | | |
|----------------|-------------|
| Maryland | Kentucky |
| Michigan | Alabama |
| Missouri | Florida |
| Arizona | New Jersey |
| Pennsylvania | California |
| South Carolina | Oklahoma |
| Alaska | Illinois |
| Nevada | Georgia |
| Ohio | Texas |
| Tennessee | Mississippi |
| | Louisiana |



Planning & Leadership Model



Source: Art of Transformation by Newt Gingrich and Nancy Desmond, CHT Press, 2006



Current System

Provider-centered

Price-driven

45 million uninsured Americans

Hidden price and quality information

Knowledge-disconnected

Slow diffusion of innovation

Disease-focused

Paper-based

Third party controlled market
(patient – provider – payor)

Limited choice

Punishment-driven

Predatory trial lawyer litigation system

Quantity and price measured

Process-focused & administered

Bureaucratic management

Overall cost increases



21st Century System

Individual-centered

Values-driven

100% coverage

Transparent price and quality information

Knowledge-intense

Rapid diffusion of innovation

Prevention and health-focused

Electronically based

Binary mediated market
(individual – provider)

Increased choice

Incentives-pulled

New system of health justice

Quality of care and quality of life

Metrics-led & outcomes-focused

Collaborative leadership

Overall cost decreases