Introduction:

Divining the Future Intersection of Quality, Cost, Choice, and Scarce Resource Allocation

AAMC
Tomorrow's Doctors, Tomorrow's Cures

Learn
Serve
Lead

Group on Business Affairs/
Group on Institutional Planning (GBA/GIP)
Joint Spring Meeting (April 27-29, 2011)
Philadelphia, PA

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(Please Note:
This presentation does not represent an endorsement by the AAMC nor GHSU)

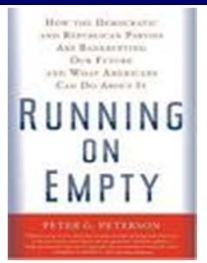
Association of
American Medical Colleges

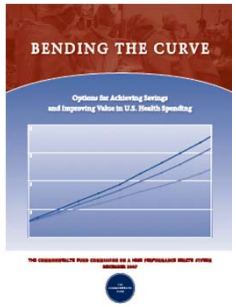
Informed Consent Intro – Part 1

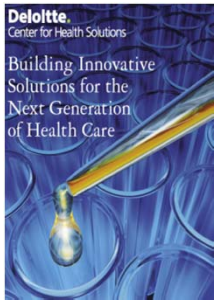
I have no conflicts of interest to declare….

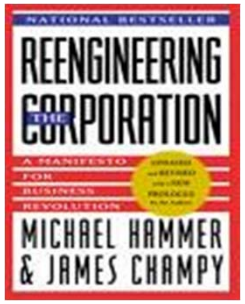
Informed Consent Intro – Part 2

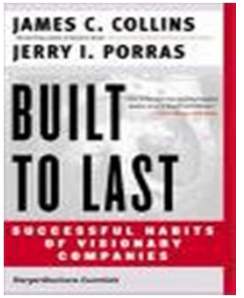
1. **We have a wholly unsustainable "system"**
2. **Universal Coverage + Financing ≠ Reform**
3. **Pre-occupation with the Revenue Curve *(which we are incredibly parochial and protective of)***
4. **Real reform lays under the Cost Curve by eliminating the waste, duplication, redundancies, inefficiencies, unnecessary variations *(redeploy $650B of $2.5T)***
5. **The Pathway to Quality is Through the Doors of Cost**
6. **Our core processes require fundamental reengineering enhanced by Information Technology & Leadership Development for sustainability**
7. **The adage *"culture eats strategy everyday for lunch"* is true. (But if we don't have the courage to lead a state change, then we should stop complaining.)**

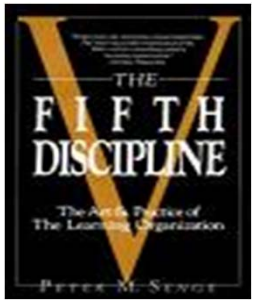




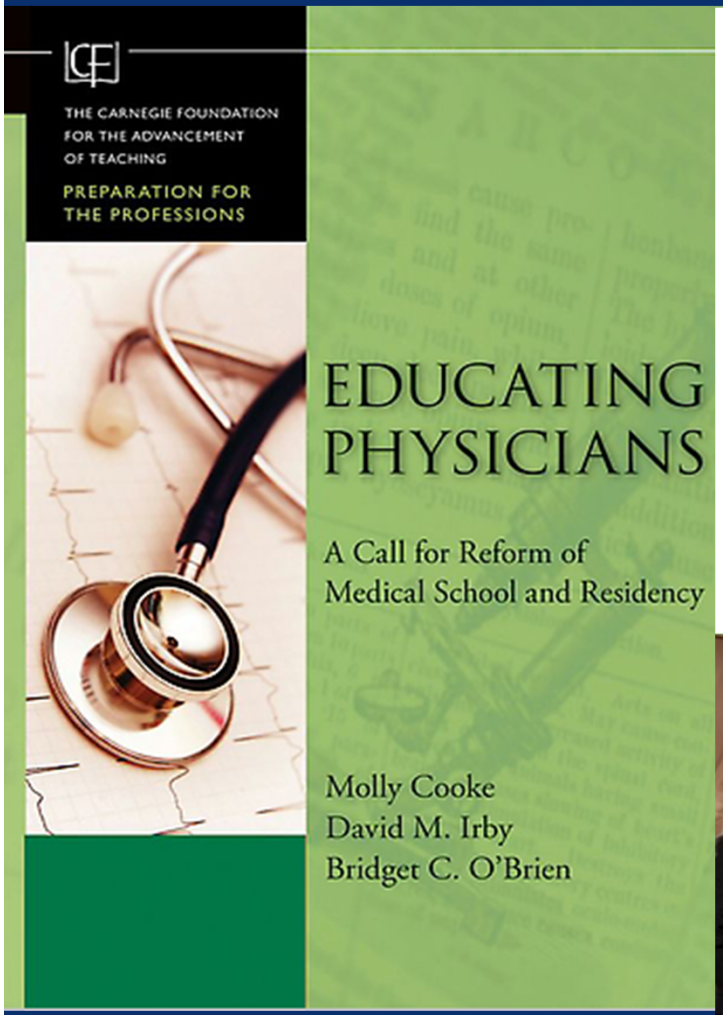


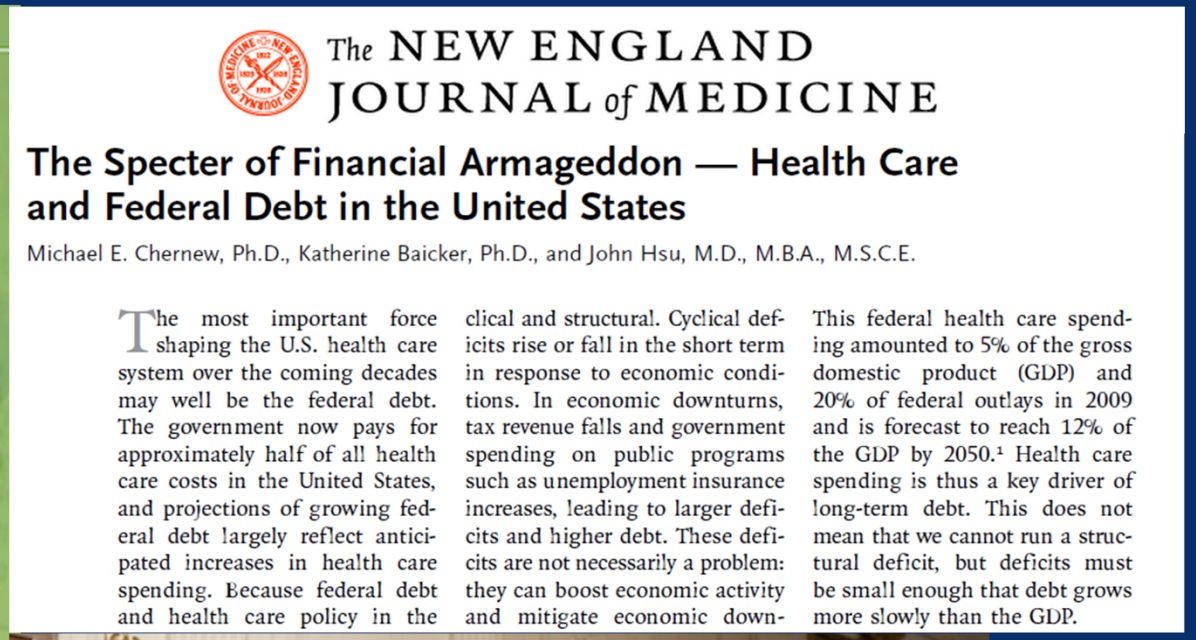






Is This Time Different…?





The NEW ENGLAND JOURNAL of MEDICINE

The Specter of Financial Armageddon — Health Care and Federal Debt in the United States

Michael E. Chernew, Ph.D., Katherine Baicker, Ph.D., and John Hsu, M.D., M.B.A., M.S.C.E.

The most important force shaping the U.S. health care system over the coming decades may well be the federal debt. The government now pays for approximately half of all health care costs in the United States, and projections of growing federal debt largely reflect anticipated increases in health care spending. Because federal debt and health care policy in the clical and structural. Cyclical deficits rise or fall in the short term in response to economic conditions. In economic downturns, tax revenue falls and government spending on public programs such as unemployment insurance increases, leading to larger deficits and higher debt. These deficits are not necessarily a problem: they can boost economic activity and mitigate economic down- This federal health care spending amounted to 5% of the gross domestic product (GDP) and 20% of federal outlays in 2009 and is forecast to reach 12% of the GDP by 2050.[1] Health care spending is thus a key driver of long-term debt. This does not mean that we cannot run a structural deficit, but deficits must be small enough that debt grows more slowly than the GDP.

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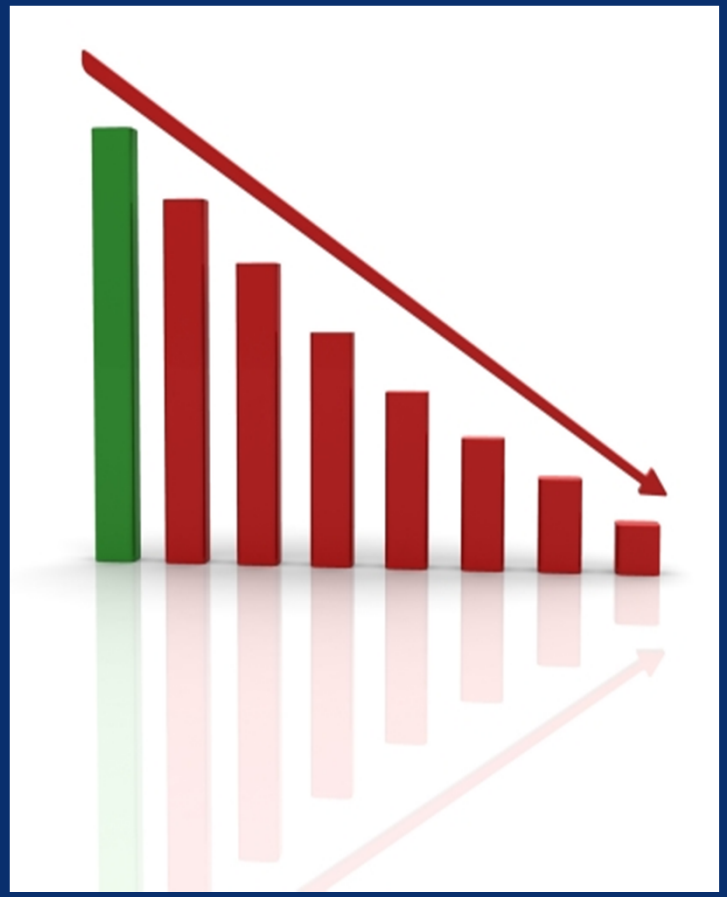
Moody's Outlook on Providers, Payers, and Universities is Negative for the First Time Ever



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A Word About "Health Reform" Implications (circa 2009)

↑ Access = ↑ Demand + Continued Perverse Incentives = ↑ ↑ Costs *(which will burden margins & potentially stress the ability to cross-subsidize)*

↑ Demand + ↑ ↑ Costs = ↓ Value = ↑ Upset

↑ consolidation of health plans; ↑ hospitals

↑ consolidation of physicians in larger medical groups and employed vehicles

SGR non-fix & CBO (re)calcs add another $400B to the $1T increased spend

NIH funding to be → (or likely ↓)

GME funding likely to ↓ ($30B at-risk over 10 years through MedPac or IPAB)

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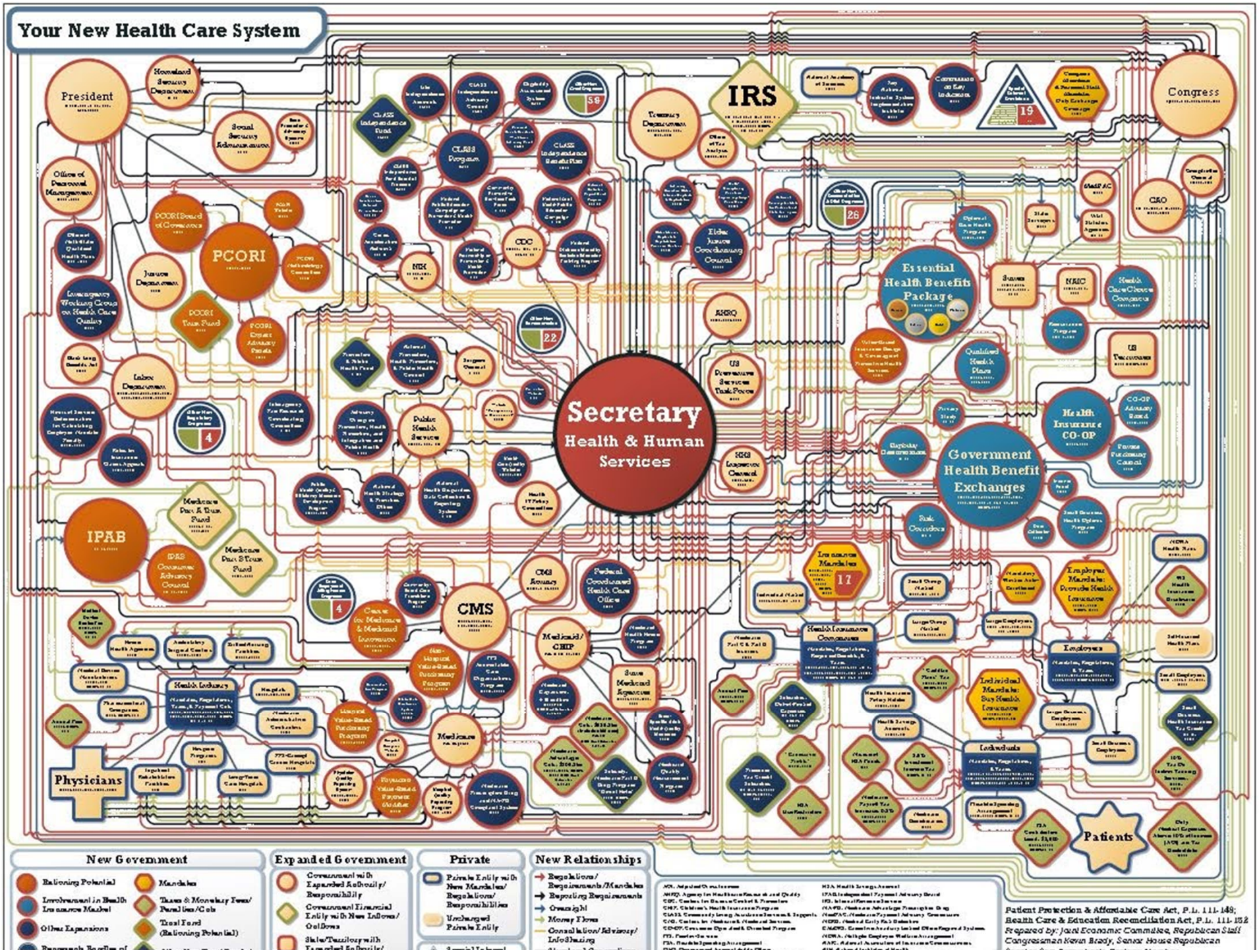

Patient Protection & Affordable Care Act, P.L. 111-148;
Health Care & Education Reconciliation Act, P.L. 111-152
Prepared by: Joint Economic Committee, Republican Staff
Congressman Kevin Brady, Senior House Republican

Identifying the Gaps vs. Filling the Gaps

Readiness for Reform

An Assessment Tool for National Health Reform Preparedness

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Respondents

Atlantic Health
BJC HealthCare
Boston Medical Center
Cedars-Sinai Medical Center
Children's Hospital
Children's Hospital Central California
Children's Hospital of Philadelphia
Christiana Care Health System
Cleveland Clinic Foundation
Dartmouth-Hitchcock Medical Center
Drexel University College of Medicine
Duke University Health System
Emory Healthcare
Fletcher Allen Health Care
Froedtert Hospital and Health System
George Washington University Hospital
Greenville Hospital System
Health Alliance of Greater Cincinnati
HealthPartners, Inc.
Henry Ford Hospital
Hospital of the University of Pennsylvania
Howard University Hospital
INOVA Fairfax Hospital
LeBonheur Children's Medical Center Medical Center
Lehigh Valley Hospital
Loma Linda University School of Medicine
Maimonides Medical Center
Massachusetts General Hospital
Medical College of Georgia Hospital and Clinics
Medical University of South Carolina Medical Center
Methodist Hospital
Montefiore Medical Center
NewYork-Presbyterian Hospital The
University Hospital of Columbia and Cornell
Northwestern Memorial Hospital
NYU Hospitals Center
Oakwood Hospital and Medical Center
Oregon Health & Science University
OU Medical Center
Palmetto Health
Saint Francis Hospital and Medical Center
Saint Louis University Hospital
Saint Luke's Shawnee Mission Health System
Southern Illinois University School of Medicine
St. John's Mercy Medical Center
Stony Brook University Hospital
Strong Memorial Hospital
SUNY Downstate Medical Center/University Hospital of Brooklyn
The Milton S. Hershey Medical Center
Truman Medical Center Hospital Hill
U of L Health Care University Hospital
UCLA Medical Center
UCSF Medical Center
UMass Memorial Health Care
UNC Health Care System
University Health System
University Hospitals Case Medical Center
University Hospitals HeatlhSystem
University of Alabama School of Medicine
University of California, Davis, Health System
University of Chicago Division of the Biological Sciences The Pritzker School of Medicine
University of Colorado Hospital
University of Iowa Hospitals and Clinics
University of Kansas Hospital
University of Mississippi School of Medicine
University of Missouri Health Care
University of New Mexico School of Medicine
University of South Alabama College of Medicine
University of South Florida College of Medicine
University of Texas Health Center at Tyler
University of Texas Medical Branch Hospitals at Galveston
University of Virginia Medical Center
University of Washington Academic Medical Center
University of Wisconsin Hospital and Clinics
Vanderbilt University School of Medicine
Virginia Commonwealth University
Wake Forest University Baptist Medical Center
Washington Hospital Center
Washington University School of Medicine
West Virginia University Hospitals, Inc.
Yale-New Haven Hospital

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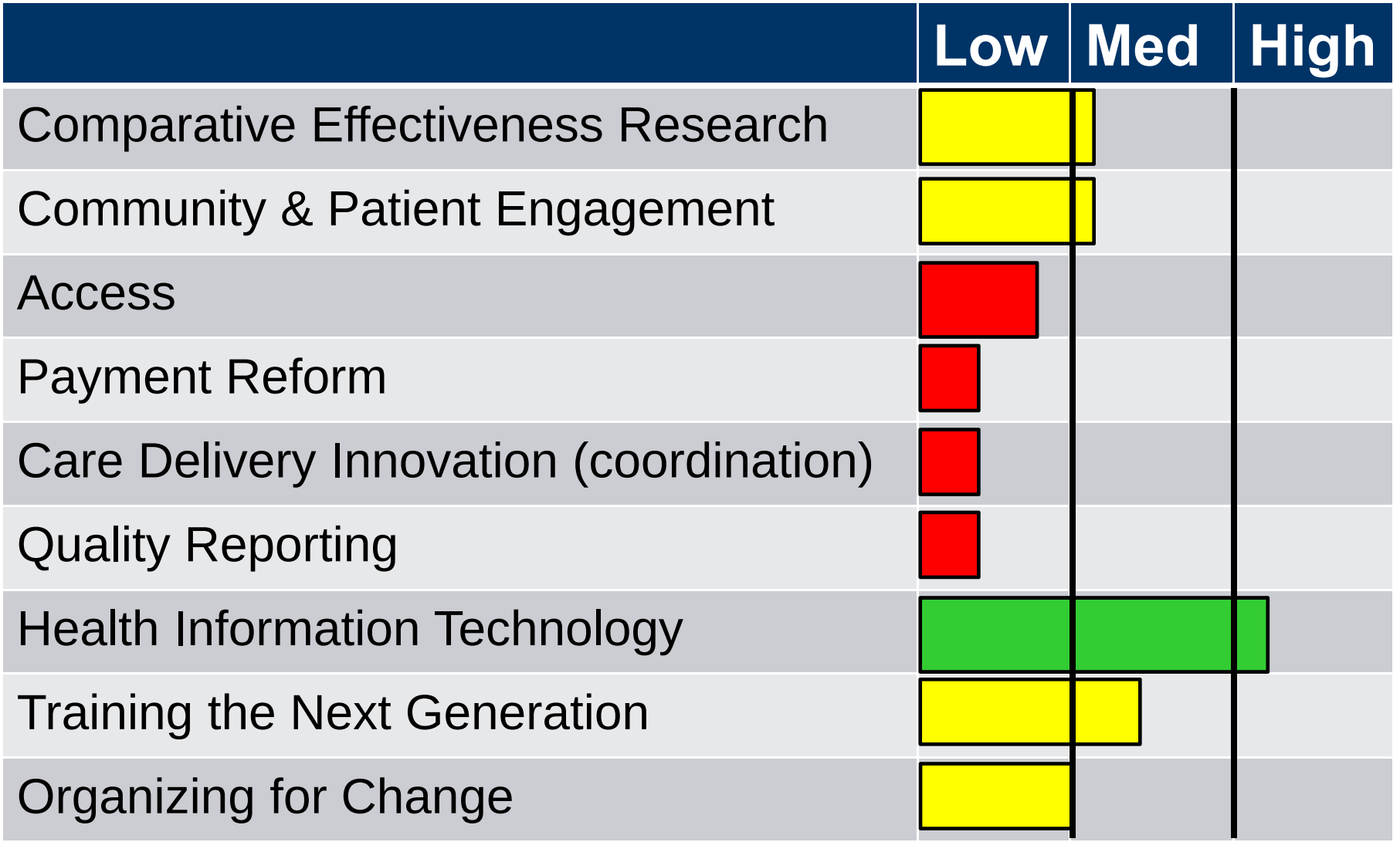
Summary – Health Reform Preparedness



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Unhinged From Reality?

What Americans want from the Healthcare system:*

- We want the best care;
- We want it immediately;
- We want the most advanced drugs and technology;
- We want someone else to pay the bill; and…
- …if anything goes wrong, we want to sue someone.

AND

- We don't want to change any of our lifestyle choices and habits, even when they know their health suffers and costs rise because of them.
- We want to live as long as possible, regardless of the cost or the quality of the extended life we get.

*** Tom Gorrie , Johnson & Johnson**

Today's Speakers on *Divining the Future Intersection of Quality, Cost, Choice, and Scarce Resource Allocation*

1. **Integrated AMC Provider POV → Dr. Jeffrey Punch, Univ of Michigan**
   Jeremiah & Claire Turcotte Professor of Transplantation Surgery
   Director of Transplantation
   Medical School, Residency, Fellowship all @ UM

2. **Health Plan/Payer POV → Dr. Randall Krakauer, Aetna**
   Aetna National Medicare Medical Director
   Professor of Medicine; Seton Hall Univ Graduate School of Medicine
   Board certified Internal Medicine and Rheumatology
   Medical School @ Albany; Residencies @ Fairview & Mass General; MBA @ Rutgers

3. **Large Self-Insured Employer POV → Dr. Paul Grundy, IBM**
   IBM Corporation's Global Director of Healthcare Transformation
   Chairman , Patient Centered Primary Care Collaborative www.pcpcc.net
   Medical School @ UCSF; MPH @ UC Berkley; Residency @ Hopkins

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