

Introduction:

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

**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)***



Tomorrow's Doctors, Tomorrow's Cures

Learn

Serve

Lead



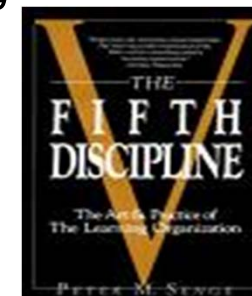
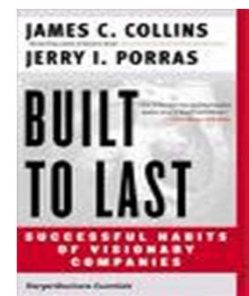
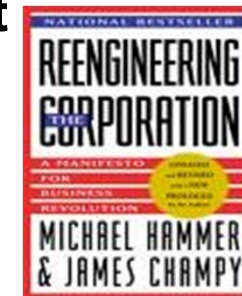
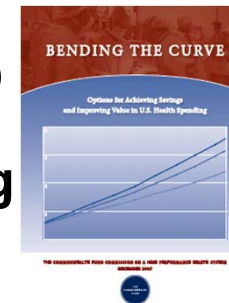
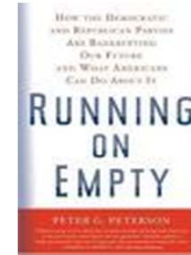
Association of
American Medical Colleges

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 CARNEGIE FOUNDATION
FOR THE ADVANCEMENT
OF TEACHING
PREPARATION FOR
THE PROFESSIONS



EDUCATING PHYSICIANS

A Call for Reform of
Medical School and Residency

Molly Cooke
David M. Irby
Bridget C. O'Brien



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.

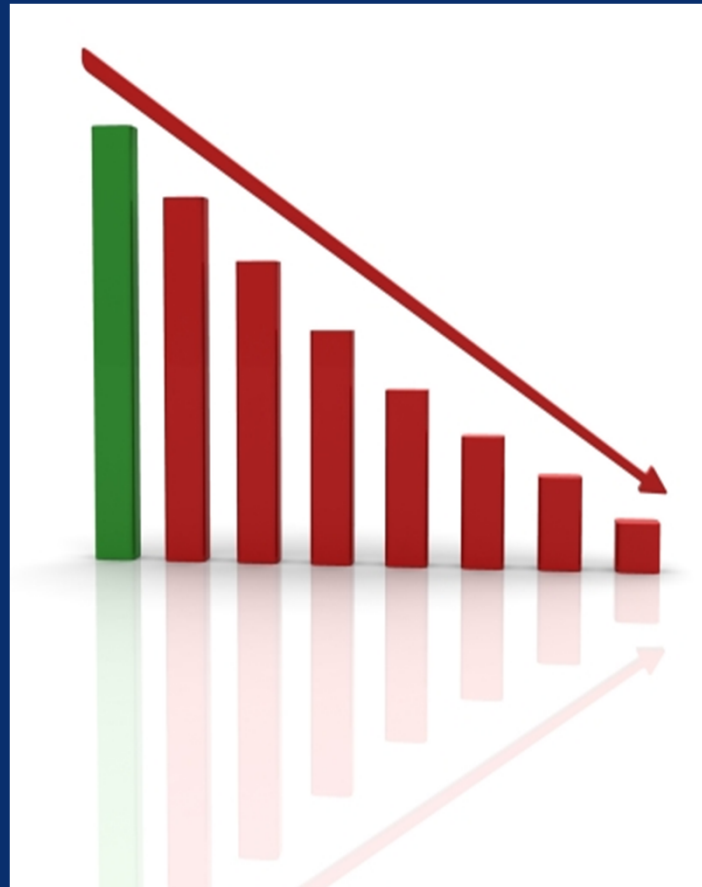
The most important force shaping the U.S. health care system over the coming decades may well be the federal debt. The government now pays for approximately half of all health care costs in the United States, and projections of growing federal debt largely reflect anticipated increases in health care spending. Because federal debt and health care policy in the

clinical 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.



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



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

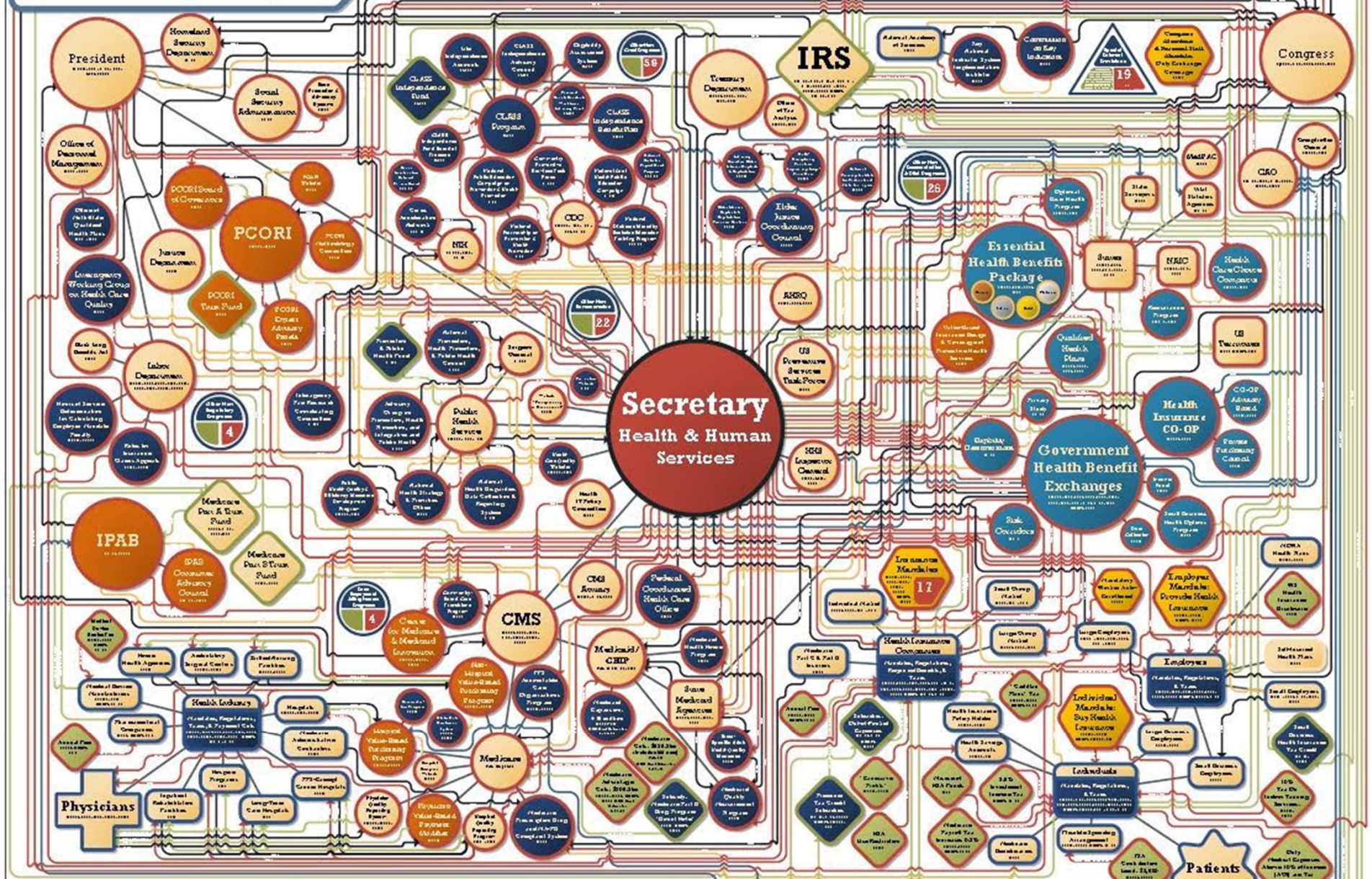
↑ consolidation of physicians in larger medical groups and employed vehicles

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)

Your New Health Care System



New Government

- Red Circle: Balancing Potential
- Yellow Circle: Involvement in Health Insurance Market
- Blue Circle: Other Expansions
- Orange Circle: Mandates
- Green Circle: Taxes & Monetary Tools
- Purple Circle: Trust Funds (Balancing Potential)

Expanded Government

- Red Circle: Government with Expanded Authority/Responsibility
- Yellow Circle: Government Financially Entitled with New Endorse/Outlays
- Blue Circle: Share/Participate with Expanded Authority

Private

- Blue Circle: Private Entity with New Mandates/Responsibilities
- Yellow Circle: Unchanging Private Entity

New Relationships

- Red Arrow: Regulators/Mandates/Responsibilities
- Yellow Arrow: Oversight
- Green Arrow: Money Flows
- Purple Arrow: Contracting/Services/Outsourcing

ACA: Affordable Care Act
 AMQ: Agency for Healthcare Research and Quality
 CBO: Center for Budget and Priorities
 CHIP: Children's Health Insurance Program
 CLASS: Community Living Assistance Services and Supports
 COB: Center for Medicare and Medicaid Services
 CO-OP: Consumer Operated and Oriented Program
 FFS: Fee-for-Service
 FSA: Flexible Spending Account
 HSA: Health Savings Account
 IPAB: Independent Payment Advisory Board
 IRB: Internal Revenue Board
 LHA: Local Health Authority
 MCO: Managed Care Organization
 NAC: National Center for Health Statistics
 NCI: National Cancer Institute
 NIDDK: National Institute of Diabetes and Digestive and Kidney Diseases
 NIA: National Institute on Aging
 NIAH: National Institute on Alcohol Abuse and Alcoholism
 NID: National Institute of Deafness and Other Communication Disorders
 NIDCR: National Institute of Dental and Craniofacial Research
 NIDM: National Institute of Diabetes Mellitus
 NINDS: National Institute of Neurological Disorders and Stroke
 NIOSH: National Institute for Occupational Safety and Health
 NLM: National Library of Medicine
 NLMH: National Library of Medicine Health Services Research and Statistics Branch
 NLMIS: National Library of Medicine Integrated System
 NLMIS2: National Library of Medicine Integrated System 2
 NLMIS3: National Library of Medicine Integrated System 3
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 NLMIS20: National Library of Medicine Integrated System 20

Patient Protection & Affordable Care Act, P.L. 111-148;
 Health Care and Education Reconciliation Act, P.L. 111-352
 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



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 HealthSystem
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

Summary – Health Reform Preparedness

	Low	Med	High
Comparative Effectiveness Research	Yellow bar (approx. 80% of Low)		
Community & Patient Engagement	Yellow bar (approx. 80% of Low)		
Access	Red bar (approx. 40% of Low)		
Payment Reform	Red bar (approx. 20% of Low)		
Care Delivery Innovation (coordination)	Red bar (approx. 20% of Low)		
Quality Reporting	Red bar (approx. 20% of Low)		
Health Information Technology	Green bar (approx. 100% of Low)	Green bar (approx. 100% of Med)	Green bar (approx. 10% of High)
Training the Next Generation	Yellow bar (approx. 80% of Low)	Yellow bar (approx. 40% of Med)	
Organizing for Change	Yellow bar (approx. 80% of Low)		

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.



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

