# Transformation in Health Care Delivery: The Future in Rural America

**Keith J. Mueller, Ph.D.**
**Director**
**RUPRI Center for Rural Health Policy Analysis**
**University of Nebraska Medical Center**

**June 13, 2007**

**Delivered to the**
**Southern Regional Rural Health Conference**
**New Orleans, Louisiana**

# 2025 in Vicksburg, Mississippi: Family with moderate income and high-deductible health insurance

- 12 year-old Tommy develops cold symptoms and Mom takes him to Wal-Mart for care because the store is now a Super Wal-Mart offering health care services that include:

- Routine care
- Children and adolescent Health
- Diagnostic testing
- X-Ray imaging
- Vaccinations
- Preventative care
- [taken from www.quickqualitycare.com/services.htm on August 11, 2006; current sites in Tampa, Sturt, Fort Myers FL]
- Mom pays the bill on site, $30 in 2006 dollars, and withdraws the money from the family health savings account

## 2025 in Oakdale, Louisiana
## Lifelong 85-year-old resident with lifetime of healthy living now covered exclusively by Medicare

- 85-year-old Elizabeth has recently experienced worsening of the arthritis condition that had been only a minor pain in the ….  She had been taking over-the-counter pain killers purchased at the local convenience store.  Now she has multiple choices for upgrading care:
- Establish a medical home in Alexandria, a mere 40 miles away
- Also purchase her medications in Alexandria at Wal-Mart or IGA Foods
- Use mail order to purchase 90 day supplies of some medications
- As she needs help in activities of daily living hope neighbors can help because the home health agency does not serve Oakdale (too costly)
- Give up her lifelong commitment to remain in Oakdale and move to a place with full services in the community

## 2025 in Leesville, Louisiana
## The health care system of the future

- An integrated health care delivery system offers local access to:
- Same day surgery performed by rotating surgical teams with telehealth back-up
- 24/7 primary care in the local clinic (not the hospital ER)
- Local pharmacy which also supports the hospital and skilled nursing facility
- Behavioral health services through a social worker backed up with telehealth
- General surgery, delivery services, diagnostic imaging on site at the CAH
- Assisted living and independent living supported by a regional nursing service
- And linked to other health care services through a fully automated information system that includes electronic health records and ability to crosswalk to personal health records

# Which Future Is It To Be?

- What do we want?
- How do we affect it?

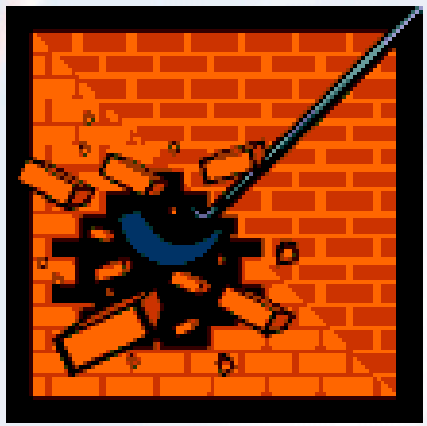
- If there are no changes ….

  “At the present time, many persons do not receive service which is adequate either in quantity or quality, and the costs of service are in equably distributed. The result is a tremendous amount of preventable physical pain and mental anguish, needless deaths, economic efficiency, and social waste. Furthermore, these conditions are largely unnecessary. The United States has the economic resources, the organizing ability, and the technical experience to solve this problem.”

*Source:* “Medical Care for the American People,” The Final Report of the Committee on the Costs of Medical Care, October 31, 1932.

# We are on the Eve of Destruction

- Expenditures for health care are spiraling beyond any single fix
- Complexity of health care problems present more opportunities for medical error
- Millions with limited access because of cost, availability, cultural misfit
- Health care professionals with declining morale
- Breakthrough policies that contribute to problems: Medicare Part D
- **WILL IT ALL IMPLODE?**



# We Have a Problem:

- "The American health care delivery system is in need of fundamental change" [1]

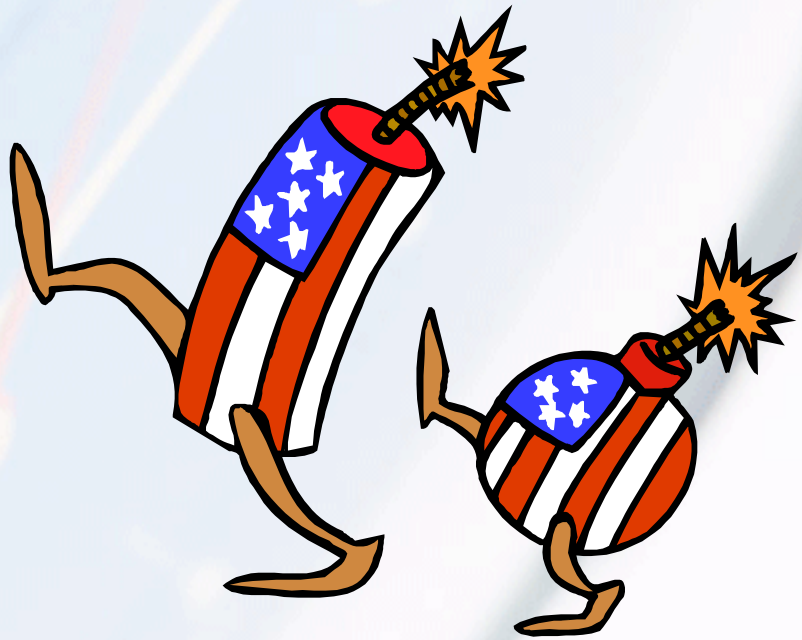
- "I see my patients continuing to wander in the health care wilderness, without much hope of finding the path out." [2]

- "In addition to cost, many Americans experience hurdles to entering the health care system simply because of where they live, where they work, the level of previous exposure to our medical system and its payment mechanisms, age, race and ethnicity, or the language they speak. Many do not have adequate health care options, and may be forced to use emergency departments for primary care. Indeed, the complexity of our system is often a barrier to access as well as a major impediment to effective and efficient treatment." [3]

[1] Institute of Medicine. *Crossing the Quality Chasm* 2001. Washington DC: National Academies Press. P. 1
[2] Bob LeBow. *Health Care Meltdown*. 2002. Boise ID: JRI Press. P. ix
[3] 2004Health Sector Assembly. Statement of Findings and Intent

# And Yet We March Forward with Changes Transforming Delivery

- Genome research and application
- Technological advances
- Changes in professional practice
- Changes in payment systems



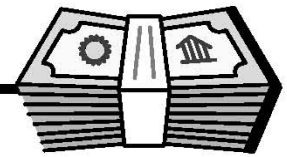
# To What End?

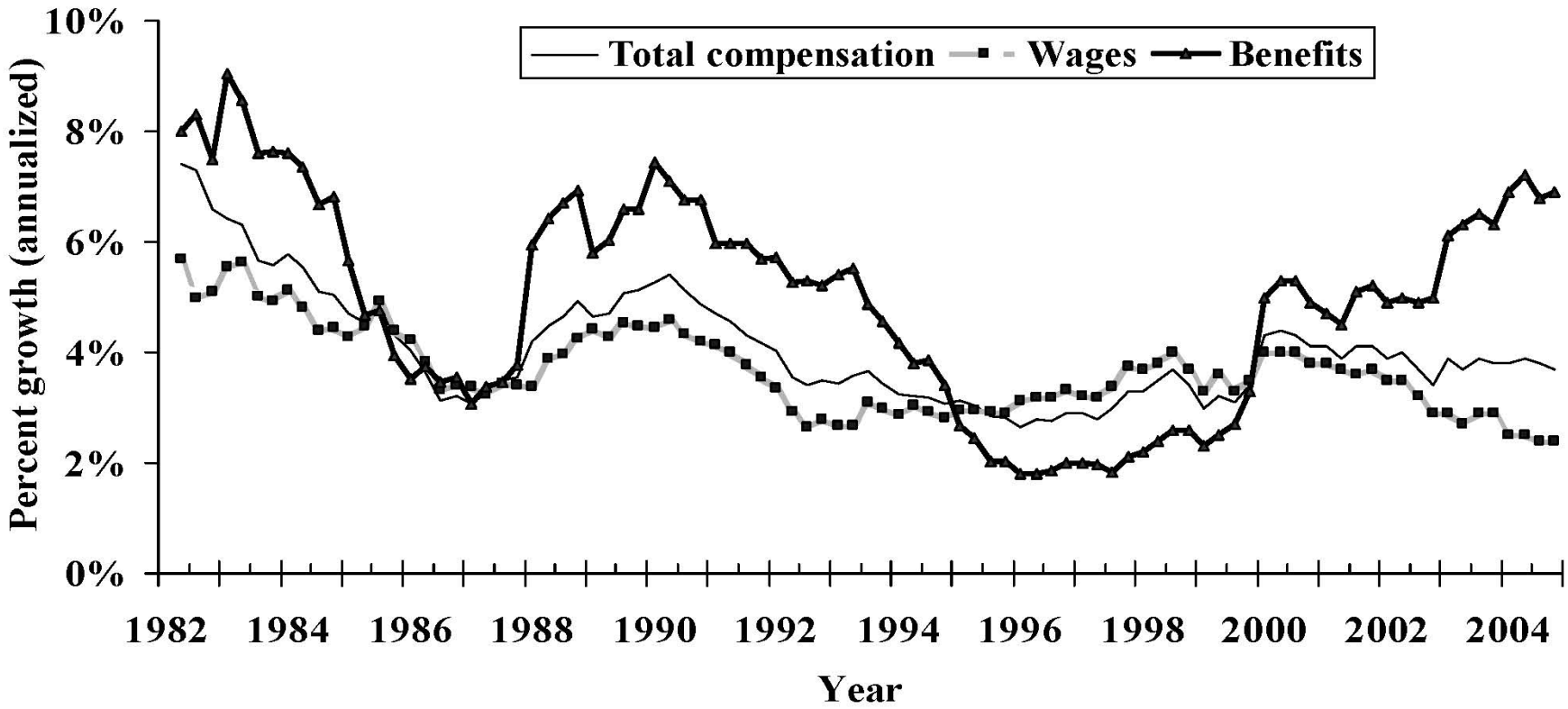
- System silos become policy silos
- Divide and conquer a prevailing approach – we deal best with incremental pieces
- Add up the pieces and ask: "Is this real, or is this a mirage?"
- Can't run away from reality

# Unsustainable Trends

- In overall health care expenditures
- In the combined Medicare and Medicaid expenditures
- In the underlying demand for services that is driving expenditures
- In supporting a system that kills people
- Graphically illustrated in what is happening with wages and benefits

# Growth in Total Compensation, Wages and Benefits, 1982-2004






Source: Bureau of Labor Statistics, Employment Cost Index: http://www.bls.gov/ncs/ect/home.htm

# For an underperforming system

- Taken from the work of the Commonwealth Fund Commission for a High Performance Health Care System
- US performance as a percentage of benchmark (what some nation is achieving)
- Long, healthy, and productive lives (outcomes dimension score: **69**
- Getting the right care dimension score: **71**
- Coordinated care dimension score: **70**

## For an underperforming system (con't)

- Safe care dimension score: **69**
- Patient-centered, timely car dimension score:**72**
- Overall access score: **67**
- Efficiency dimension score: **61**

**IS THIS SYSTEM WE DOUBT AS THE BEST IN THE WORLD?**

*Source:* C. Schoen, K Davis, S KH How, and SC Schoenbaum. "U.S. Health System Performance: A National Scorecard." Health Affairs web exclusive 25 (2006): w457-w475; 10.1377/hlthaff.235.w457.

# Some specific bad signs

- Health insurance premium increases exceed earnings increases all but 4 years since 1988
- Uninsured and underinsured more likely to do without care due to costs: 59, 54, 25 percent (not fill a prescription, not see a specialist, skip recommended care, not see a doctor)
- Adults receive half of recommended care
- States with high quality indicators spend least per capita

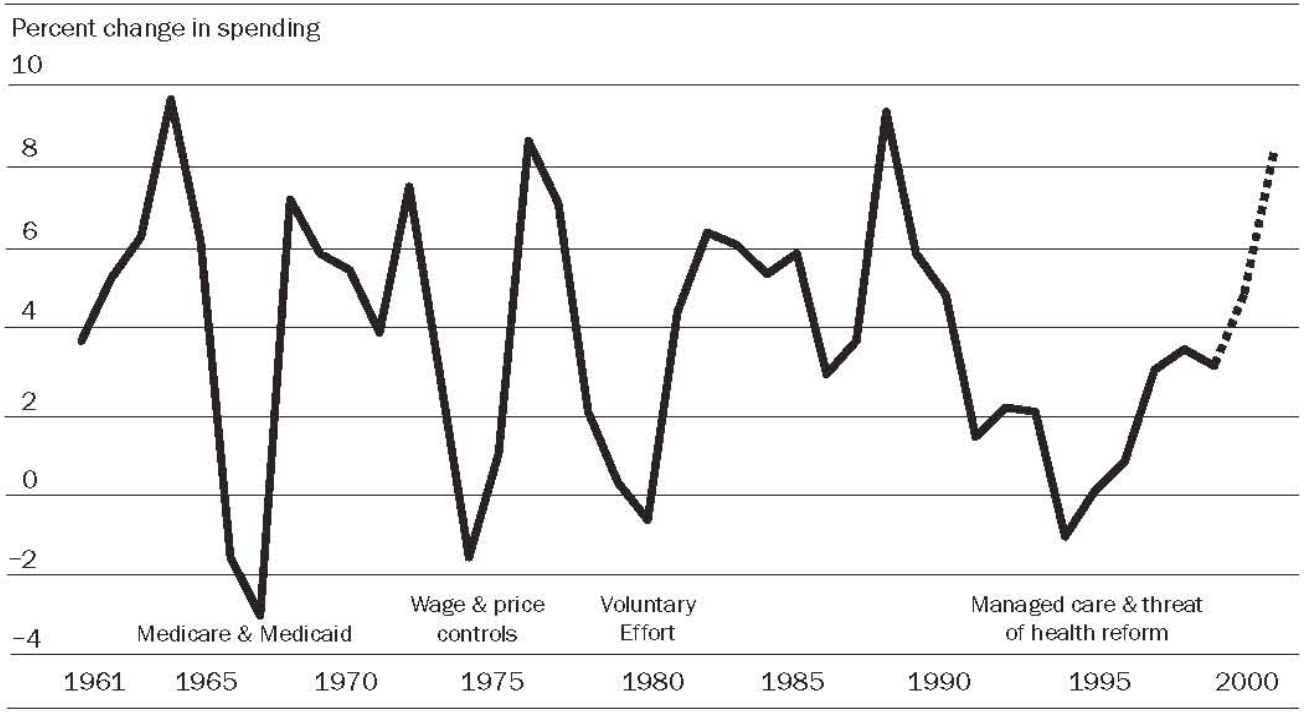
*Source*: various sources summarized in "A Need to Transform the US Health Care System: Improving Access, Quality, and Efficiency (a Chartbook)." Guthier and Serber. October, 2005. www.cmwf.org

# Old policies fall short

- The success and failure of PPS
- The success and failure of RBRVS
- The success and failure of managed cost
- Let the market prevail?
- Let administrative pricing prevail?

# The history of cost containment in a single graph

**EXHIBIT 1**
**Annual Change In Private Health Spending Per Capita (Adjusted For Inflation), 1961–2001**




**SOURCES:** Henry J. Kaiser Family Foundation analysis. Private health expenditures per capita, 1960–1999, are from the Centers for Medicare and Medicaid Services (CMS). Change in private spending per capita, 2000–2001, is estimated based on average premium increases for employer-sponsored coverage from the Kaiser/HRET Survey of Employer-Sponsored Health Benefits.
**NOTES:** Real change in spending is calculated using the Consumer Price Index (CPI-U) all items, average annual change for 1961–2000 and July-to-July change for 2001. This analysis was inspired by an analysis done by Jeff Merrill and Richard Wassermann more than fifteen years ago. See J.C. Merrill and R.J. Wassermann, "Growth in National Expenditures: Additional Analyses," *Health Affairs* (Winter 1985): 91–98.

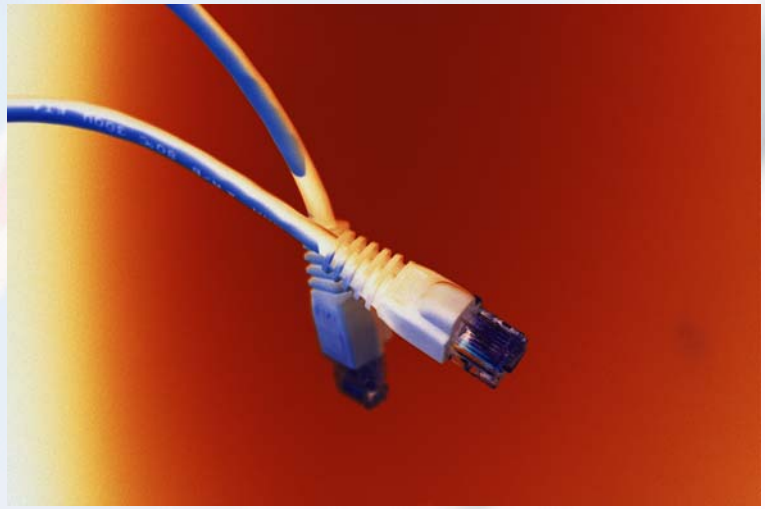
*Source*: **Health** Affairs Web Exclusive, February 23, 2002, W83-93

# Leaders in Health Care Policy are calling for breakout, transformation

- Cross the quality chasm (IOM)
- Transform the system (Karen Davis, Newt Gingrich)
- Dissolve hardened silos (RWJ President Risa Lavizzo-Mourey)
- Comprehensive health care reform (National Coalition on Health Care)
- Transform into retooled, dynamic, streamlined health system (Senator Frist)
- Develop a new social contract for a new century premised on joint responsibility (Senator Clinton)

# We have the means to do better

- We have the resources – projections of $3 trillion by 2014
- We have the technology – health information technology, genealogy
- We have the expertise – health care and research
- We have the ideas to use when the policy window opens



# Have We Reached a Tipping Point?

- The Law of the Few:  Gingrich, Clinton, Frist, AMA, Hea Sector Assembly?
- Stickiness Factor:  Uninsured, Rising Expenditures – thought they went away, but they're baaaaack (actually never left)
- Power of Context:  Some element of the "health care crisis" hits nearly everyone

*Source*:  Malcolm Gladwell.
The Tipping Point  Little, Brown:  2000.

# Policy streams coming together

- Reaching the agenda
- Political forces
- Ideas for change

- 1936 – 1946
- 1965 – 1972
- 1993 – 1994
- 2009?

# Idea: principles of value-based competition

- The focus should be on value for patients, not just lowering costs
- Competition must be based on results
- Competition should center on medical conditions over the full cycle of care
- High-quality care should be less costly
- Value must be driven by provider experience, scale, and learning at the medical condition level

# Idea: principles of value-based competition, con't

- Competition should be regional and national, not just local
- Results information to support value-based competition must be widely available
- Innovations that increase value must be strongly rewarded

*Source:* Redefining Health Care – Creating Value-Based Competition on Results. Michael E. Porter, Elizabeth Olmsted Teisberg, Harvard Business School Press, 2006.

# Idea: Recommendations of the Citizens' Health Care Working Group

Based on values

- Health and health care are fundamental to well-being and security of American people
- Health care is shared responsibility: community and individual
- All Americans should have access to set of core health care services across the continuum that includes wellness and preventive services
- Health care spending in the context of other societal needs and responsibilities

# Working Group recommendations

- It should be the public policy that all Americans have affordable health care and access to affordable and appropriate core services by 2012
- No one in America should be impoverished by health care costs; public and private program to assure protection against high costs for everyone, with ability to pay as guide
- Foster innovative integrated community health networks
- Establish a nonpartisan pubic/private group to define America's core benefits and services and update

# Working Group recommendations (con't)

- Promote efforts to improve quality of care and efficiency
- Fundamentally restructure the way end-of-life services are financed and provided

*Source:* Citizens Health Care Working Group "Health Care that Works for All Americans: Recommendations." Submitted September 29, 2006. http://www.citizenshealthcare.gov/recommendations/recsoverphp.

# Idea: Commission on a High Performance System

- Expand health insurance coverage
- Implement major quality and safety improvements
- Work toward a more organized delivery system that emphasizes primary and preventive care that is patient-centered
- Increase transparency and reporting on quality and costs

# Getting there: Commission on a High Performance System (continued)

- Reward performance for quality and efficiency
- Expand the use of interoperable information technology
- Encourage collaboration among stakeholders

*Source*: The Commonwealth Fund Commission on a High Performance Health System. "Framework for a High Performance Health System for the United States." August 2006. www.cmwf.org

# Times they are changin’

- So don’t stand in the doorway, don’t block off the hall…

# Instead follow the IOM Blueprint

- Quality Through Collaboration
- Adopt integrated, prioritized approach to addressing personal and population health needs
- Establish stronger quality improvement infrastructure
- Enhance the human resource capacity of rural communities
- Monitor rural health care systems to ensure financial stability
- Invest in building an ICT infrastructure

*Source*: Committee on the Future of Rural Health Care. Quality Through Collaboration: the Future of Rural Health. National Academy Press. 2005.

## By Trying

- NEW systems
- APPROPRIATE relationships
- ACROSS THE CONTINUUM

# The power of 2 Recommendations from the Citizens' Working Group for Rural America

1. Innovative Integrated Community Health Networks: Public/private

    - Focus first on people and localities where improved access to high quality care is most needed by offering a source of coordinated health care
    - Identify governmental agencies at the national, state and local levels to coordinate private and public funding sources currently dedicated to helping provide care to the underserved by supplying the necessary information and leadership

# The power of 2 Recommendations from the Citizens' Working Group for Rural America (con't)

- Establish a public/private group or entity at the national level responsible for advising the federal government on the community health care network's performance, funding streams, best practice and research
- Expand and modify the FQHC concept to accommodate other community-based health centers and practices serving vulnerable populations with special emphasis on families and prevention (page 15 of recommendations)

**WE CAN ADD TO THAT LIST**

# The power of 2 Recommendations from the Citizens' Working Group for Rural America

2. Promote Efforts to Improve Quality of Care and Efficiency

- Integrated health care systems built around evidence-based best practices
- Health information technologies and electronic health record systems
- Elimination of fraud and waste in administration and clinical practices
- Widespread availability of consumer-friendly information about health care services

# The power of 2 Recommendations from the Citizens' Working Group for Rural America (con't)

- Increased focus on health education, disease prevention and health promotion, patient-provider communication, and patient-centered care

- Biomedical research aimed at improved quality and efficiency

**THIS FITS RURAL**

# A Rural Fit:  Patient-Centered Primary Care

From leaders at the Commonwealth Fund

- Superb access to care
- Patient engagement in care
- Clinical information systems that support high-quality care, practice-based learning, and quality improvement

# A Rural Fit: Patient-Centered Primary Care (con't)

- Care coordination
- Integrated, comprehensive care and smooth information transfer across a fixed or virtual team of providers
- Ongoing, routine patient feedback in a practice
- Publicly available information on practices

*Source:* K Davis, SC Schoenbaum and A-M Audet. "A 2020 Vision of Patient-Centered Primary Care." Journal of General Internal Medicine 2005; 20: 953-947.

# The Rural Way: Illustrated with the Flex program

- “The goal of the state grant program is to strengthen the rural healthcare infrastructure using Critical Access Hospitals as the hub of organized, local systems of care. The overarching program goal is to foster the growth of collaborative rural delivery systems across the continuum of care at the community level with appropriate external relationships for referral and support.”

(from the Flex Monitoring Team May 2004 synthesis of state flex program plans)

# Break the Mold, but Without Cutting Lifeline

- Finance issues will not simply go away
- Building local systems of care
- Local pieces of continuum of care include emergency medical services
- Care for persons in the most appropriate environment

# Visions for Health Delivery and Community Health: The Community Foundation

From the IOM Committee on the Future of Rural Health Care report (p 4):

"The committee encourages rural communities to build a population health focus into decision making within the health care sector, as well as other key areas (e.g., education, community and environmental planning) that influence population health."

# A transformed system is an investment

- In human capital
- In social capital
- In institutional capital
- With tremendous return-on-investment

# Ask: Is This Decision Consistent with Breaking into a New Approach in Health Care Delivery?

- Do not reinforce policy choices of the past
- A patient-centered, not provider-centric system
- Across the continuum of care
- Using information systems and technology effectively

## And Finally …

- Influence policy by telling the story
- The future is now.

# Thank you

For more information, please visit:
http://www.rupri.org/healthpolicy/