

Podcast Transcript



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Health Care Reform Podcast

Bending the Curve on the Path to High
Performance: Beyond Health Insurance Reform

• Consulting • Technology • Outsourcing

Name: Health Care Reform
Speakers: Marylou Bailey, North America Health industry lead – Accenture
Russ Nash, global managing director, Health industry – Accenture
Interviewer: Patience Wait, managing partner – Panhandle Affairs
Length: 17:32

1. What's wrong with the system? [:00 – 2:14]

Patience Wait: This is Patience Wait, former award-winning journalist with *Government Computer News*, and now managing partner with Panhandle Public Affairs.

I am interviewing Marylou Bailey, North America health industry lead and Russ Nash, global health industry lead for Accenture's Health & Public Service operating group.

They're on the phone with me to talk about Accenture's new report, *Bending the Curve on the Path to High Performance: Beyond Health Insurance Reform*.

Good afternoon, Marylou and Russ.

Marylou Bailey: Hi, Patience.

Russ Nash: Hey, Patience.

Patience Wait: I think we should start with the 30,000 foot view. What's wrong with the health care system today?

Russ Nash: Sure, Patience. There's been a great deal written about the health care problems in the U.S. But I think it's probably most important for us to talk about the solutions going forward.

But in terms of today's issues, clearly we've got a rising cost trend that, if it continues at this pace, it could easily exceed 20 percent of our GDP within the next 10 years. It'll force employers and individuals into a situation where they really can't afford coverage. Challenges in terms of funding our Medicare and Medicaid business.

And perhaps most importantly, it's going to be hard to sustain the right quality in health outcomes relative to the actual cost that we're investing in the healthcare system.

What underlies that, from our perspective, is the way we pay and reimburse for care today. It is far too activity-based versus outcome and value-based. We don't achieve the level of integration that we need to in terms of coordinating care and managing health.

Finally, we've got a growing issue around public health in terms of obesity. We've got a growing number of our children and adults reaching obesity status. Adults have doubled and children have actually tripled in terms of obesity over the last 25 years. More than one-third of our adults are obese today. And that leads to a number of our chronic disease conditions including diabetes and heart failure and a number of other issues that drive our costs up significantly.

2. Top-line remedies for the U.S. health care system [2:15 – 3:30]

Patience Wait: Okay, well, then, tell me what Accenture's role is in health care reform. Marylou?

Marylou Bailey: Sure. Well, you know, there's much attention right now on the legislation, the surrounding politics, etc. And that's commanding a lot of attention. But the real work on health care reform will happen after the legislation passes.

Accenture is not a policy wonk and we're not a lobbyist, but what we do is excel at implementing change. Change that helps our clients achieve a higher performance. And what we need in the health care system is for each of the clients and the system as a whole to achieve a higher level of performance.

An underlying thread of all of the reform that's being debated now and the greater reform that is yet to come requires that we use information technology a lot better. We really use information at the right point in the decision-making life cycle—consumers, providers, payers, all of us—so that we really make better choices to get higher quality of care and outcomes at the right price.

You asked what's Accenture's role in health care reform, well, we think it's our sweet spot in terms of helping people take better use of information to actually drive outcomes. We've broadened the conversation to recognize that our industry is in much need of transformation. Perhaps reform with a capital R.

3. Three rings of reform [3:31 – 10:04]

Marylou Bailey: We need to address a lot more beyond insurance reform. And the three things that we're most focused on—payment reform so that we can have a system that incents outcomes, provider system reform that's more around the patient centricity and integration across the providers. And then the public health reform to tackle some of our endemic problems.

We're eager to see a lot more focus on these tough areas and a higher level of collaboration across the players in the healthcare system. That collaboration should really be focused on the care of its citizens at a lower cost.

Patience Wait: You've just identified three primary areas. Let's take them one at a time. The first one: the role of technology in electronic medical records. Can that really facilitate better patient care?

Marylou Bailey: Yes, but not by itself. Electronic medical records or EMRs, we see those as a core enabler to help clinicians practice better medicine and at a lower cost. There are documented studies that, having the electronic medical information, at the time of patient care, will reduce allergic reactions, medication errors, will eliminate redundant expensive testing and inconvenience for the patient, and a number of things that can really improve care and cost of care at the point at which it's delivered.

The electronic medical records can be really impactful across the population so if electronic records become more widespread, we will be able to look across a number of providers and more rapidly advance the standard of care.

And what do I mean by the standard of care? I'm talking about being more and more specific for an individual patient who has this disease state, and these co-morbidities and is this gender and this age and has these other factors, what is the best practice to heal that patient as quickly as possible.

If we aggregate data, mindful of the protection of individual patient identities, and do the analytics on that we can rapidly advance our overall healthcare system to keep people healthier and to heal them faster when they're sick.

Patience Wait: Then where does payment reform fit into this more integrated approach to healthcare?

Russ Nash: I think it is an absolute critical dimension. We're going to spend a lot of money getting more people insured and creating a more connected system, and we need to do that. But without changes in the way we incent and pay and reimburse for our care, we're not going to achieve the level of impact that we want to see in the marketplace.

Today, most of the reimbursement structures are based on activity. If you see your physician a multitude of times, there's compensation for each of those visits. Sometimes they are totally appropriate, some of them may

be unnecessary. Same thing in terms of some of the tests that are run, there's a lack of integration and there's a payment mechanism that continues to reinforce that.

We see the need for a much more holistic and integrated approach around health management, which means we're really focused on the right level of care at the right time, and reinforcing the incentive of outcomes and value-based activity.

So we see a movement away from more activity-based reimbursement and payment to a more bundled or episodic based approach that really looks at the impact you're having on that patient and the way you're actually improving the health outcome of that patient or a population of patients.

Patience Wait: I looked at the report and you talked about obesity as a major epidemic problem in the United States. I presume you saw the news reports earlier this week that 75 percent of American youth are too overweight or too out of shape to consider enlisting in the armed services. So, clearly, it's a significant problem for the country, and we spend about twice as much per capita as some industrialized European countries spend on healthcare, some of it having to do with obesity. How do we tackle that?

Russ Nash: We've had significant growth in obesity within our children, and we do think that is the place to intervene.

A really integrated approach to attacking childhood obesity has to be much broader than the way we traditionally think about health. It needs to include education, not just of the children but also of their families because a lot of the impact occurs from the influence that happens within the home, and within the school system.

We need to change nutritional programs within schools, greater focus on fitness. And then we need to reinforce it through our normal healthcare system, specifically through the primary care docs, as we move forward in a more reformed system. They've got to deal with medicine, overall nutrition, and fitness as a kind of integrated approach to dealing with this issue.

We think it's got to be tackled in a very aggressive way. And if it's not, a vast majority of those kids are going to grow into obese adults and have significant chronic disease issues early in life which is going to continue to drive up costs and reduce quality of life.

Marylou Bailey: I agree with what my colleague, Russ, was just talking about in terms of the problem with obesity and the public health reform. It's very tied to the other three rings that we're focused on, again, payment reform, provider system reform and the health policy reform.

Russ was talking about the fee for service model, the primary reimbursement model in our system incents people to do more procedures and that's how physicians make money. They don't get paid to educate children and moms and dads on proper eating habits, as an example. I mean, that's just not even incented in our system. And so this payment reform problem is also one of these underlying causes to the things that Russ commented on nutrition programs in schools, and restoring PE classes, and things like that.

Also our second ring, the providers system reform, we have an under-supply of primary care physicians. The fee for service model actually promises some higher income to doctors to go into specialized medicine. But providers are not incented to do that care coordination that Russ mentioned.

4. Driving reform [10:05 – 12:30]

Patience Wait: It took us decades to get into this situation. And we have a lot of argument among all of the players. How do we make a change in that, and how long does it take to get these fundamental changes that you're talking about?

Marylou Bailey: I do feel like there's tremendous contention in the healthcare system today.

There's, frankly, a lot of misinformation out there. For example, there are reports in the media that the insurance companies have fat margins, and, you know, while there are some things that have to be reformed in the insurance industry, there is not boatloads of money to be garnered there, and I recognize the physicians are under incredible economic stress, to see more patients, do more procedures, to make their top line.

We believe that the cornerstone of reform is actually this payment reform. We are a free market economy, we have a lot of social programs that take care of our citizens, but at the end of the day, we've got to get the financial incentives flowing for the outcomes we want. We want to keep people healthy. When they get sick, we want to heal them as quickly as possible.

And when they have a chronic condition, we want to help them cope with that to avoid what we call crash incidents that threaten their health and that could drive incredible costs.

Russ Nash: In addition to the payment reform, we should really invest in terms of health records. One: that gives us the information and the metrics that actually track improving health outcomes. And, two: it gives the information to the physicians, both primary care and specialists, to really understand the underlying health issues and actually track their improvement over time. Obesity at the children's level is something that can be improved.

When we have multiple conditions and multiple chronic diseases at an older level we can sustain quality of life and at times we can improve it, but often it's late in the game, and here it's still early.

So the investment in health information, taking a more coordinated approach to improving their health outcomes is key. Leveraging emerging technology for monitoring their health status and for reinforcing the right behavior, reinforce certain protocols around nutrition and fitness as well as kind of monitor key illness statistics.

5. Bending the curve [12:31 – 14:42]

Patience Wait: In the title of the report, you say 'bending the curve.' And it sounds as though it could actually refer to multiple aspects of this because if you start having an impact on children's health, that's a curve you're bending. Then you are also bending the cost curve, which is what everybody has been so alarmed about. Are there other similar changes that you think will come out of this, or have you begun thinking about what comes next, after some of these basic reforms?

Russ Nash: I'm not sure I'd call them basic reforms because they're actually pretty major change associated with this. We have a real risk of spending an enormous amount of money, to get people covered, to get access to a much greater amount of information on a digitized basis. However, the curve may actually bend the wrong way, and we've got a real risk of making major investments and not reducing cost and not having the impact we want to have.

If you took the healthcare trend from 6 percent to 4 1/2 percent annually, which is actually a very challenging thing to do; you could save \$2 trillion over the next 10 years that could be reinvested into the system and deal with some of the issues we're talking about such as the obesity issue.

This requires major change in our clinician behavior as well as what we refer to as the health consumer, be it a child or an adult, making decisions every day that impact their health.

We're going to have to make significant investments leveraging health information and leveraging the changes that we've talked about on payment reform to really move to a situation where clinicians can narrow the variability in the way they practice. We're going to need to use that information to really support what we call personalized medicine. And we're going to have to provide the right level of education and reinforcement at multiple levels, adult and children, if we're really going to have a meaningful change and not have the curve go the wrong way.

6. Final thoughts on electronic medical records [14:43 – 17:32]

Patience Wait: Okay. Now, I traditionally end with, what else is important about this that I don't know enough to ask?

Marylou Bailey: We were talking a little bit about whether EMRs can really have an impact on the quality of care and the cost of care. The issue is how do we get them implemented at scale in the U.S.? The people going to benefit from this are often the payers, but the people who have to put them in are the providers, and so it's another example of incentives being a little screwy in the U.S. healthcare system, because the providers don't really have the incentives or the ability to afford the technology.

Some of the funds coming out of the stimulus will assist with that but we do still have to tackle the practical problem of being able to implement these EMRs, not only in the hospital setting but in the ambulatory and clinic setting as well as in the physicians' offices. At Accenture, we're working on that and have a number of solutions. We've actually done some studies a couple of years ago, and then again more recently where people or providers are what I call stuck in the middle. Where they've spent a tremendous amount on technologies, but haven't achieved the implementations to really drive a difference in care.

At Accenture, we have some ideas about how to tackle that problem on a more cost effective basis in a manner that's very integrated with the physicians and other clinicians.

Russ Nash: As we talk through payment reform, part of that is definitely going to shift more risk to the providers. And today, a lot of the care management, disease management efforts actually start at the health insurance level, and that's where a lot of the investment is made. What's going to have to happen is a much more coordinated effort between health insurers and providers in the whole care and integrated health management process. That really just fits with the provider reform that we talk about and it's going to be driven somewhat by the payment reform.

We need to also sort out how we're going to get the most out of the effort we put into our system which also ties back to the payment reform. We do have situations where physicians are incented and reimbursed in a different way. The Kaiser Permanente system would be an example. In one of their regions they focused much more on telephonic and online interaction with their physicians. They actually reduced office visits by 25 percent and improved patient satisfaction.

When you get the right incentives in place, and we make the most use of current and emerging technology, both from the health information as well as different forms of connectivity, that gets greater return on the effort and costs that we put into our healthcare system.

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