



Center for Health Transformation E-Newsletters

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According to a Commonwealth Fund survey, the health reform stance of presidential and congressional candidates is “very important” in determining who to vote for in the November election for 57% of U.S. residents. Yet the current debate in Washington is not addressing the important issues in health. Rather, it is shallow inside-Washington rhetoric about the differing cost of the Medicare Prescription Drug/HSA bill (\$540 billion v. \$395 billion.) and its implications on March’s Trustee Report that Medicare will be insolvent by 2019.

Here is the bottom line: it is enormously difficult to predict the future cost of the Medicare program and given the current system for predicting these costs— it’s not really that important. Different assumptions about medical innovation, personal health management, human behavior in choosing health services, and a host of other variables all contribute to different projections. The assumptions are so complex that the Center for Medicare and Medicaid Services’ (CMS) projections alone run to 33 pages. In addition, the report of the Technical Review Panel on the Medicare Trustees Reports (which review the economic assumptions and methods for the Medicare Trustees’ financial projections) runs 66 pages itself.

CHT
Founder
Newt
Gingrich

Faced with such complexity, the technical review panel candidly noted in its report: “The only thing certain about such [Medicare Trustee] forecasts is that they will be wrong.”

The real debate that voters should be hearing should not be about number crunching but about the action that needs to be taken to transform Medicare into a 21st Century Intelligent Health system. Transformational actions can be taken now to change the growth trajectory dramatically. In fact, rough estimates conclude that in 2014, if Medicare only grew at the same rate as the GDP during that same period, the cost would be 10%, or \$480 billion, lower than the trust fund estimates.

The key will be CMS’ leadership in transforming the program over the next few years. For example, transforming the health system from an acute care, reactionary model of care to a prevention and wellness model of care can be accomplished by implementing in a serious way the provisions authorizing chronic disease management programs. In fact, the chronic disease management program that has been tested over the last three years at the Veterans

Administration has achieved such impressive outcomes that it is estimated to save CMS \$445 billion over the next decade if it were implemented with Medicare's beneficiaries. That is more than the Congressional Budget Office projected it would cost to implement the entire bill over 10 years, including the prescription drug benefit.

In addition, adopting an electronic health record for every Medicare beneficiary, incentivizing electronic prescribing, encouraging the adoption of Health Savings Accounts and a corresponding system that allows individuals to choose their healthcare providers based on quality indicators and price, building a Travelocity-style model for prescription drug purchasing, and other transformational initiatives will dramatically improve the quality of care and result in significant savings. These are the topics that voters need to be considering as they are casting their vote in November.

The Center for Health Transformation would like to welcome our newest members of the Center: [Lumenos](#) and [NDCHealth](#). *Please visit the [list of members](#) often to keep abreast of who is joining the Center.*

Member Meeting

Planning for our second quarterly member meeting is currently underway. The member meeting will take place on **Wednesday, April 28, 2004 in Washington, DC**. Access to this meeting is limited to Charter, Premier, Associate and Small Business Advisory Members only. *If you have any questions regarding the member meeting, please contact Amy Nyhuis at ANyhuis@gingrichgroup.com or call 202-414-1800.*

Project Spotlight

Information Rich Health Savings Account Project Update. Because of the transformational potential of the historic health savings account (HSA) legislation that the Congress passed as a part of the Medicare drug legislation, the Center for Health Transformation has made the rapid adoption of HSAs one of its top priorities in 2004 and launched the "Information Rich Health Savings Account Project" to coordinate activities in support of this priority.

HSAs will help transform the health and healthcare system because it will begin to move us away from the current third party payment, acute care focused, and paper based model, in which insurance companies dominate the health care transaction. Nevertheless, HSAs alone will not transform the health system.

The new HSA will only have transformational impact in combination with information rich decision support and health management tools that are already being offered by companies like Center members [Lumenos](#) and [HealthTrio](#). Such decision support tools include price and quality information about doctors, hospitals, prescription drugs, and chronic care services. Health management tools include extensive information about an individual's health condition and treatment and health management options.

Health reimbursement accounts (HRAs- a less robust predecessor of the HSA) offered by employers have already produced results. One of Health Trio's clients, Mercy Health in St. Louis, realized a 9% health cost reduction in a blue collar factory in 2003. Lumenos has a client that reduced its claims cost by 45% in 2003 and another by 19% during the same period. Logan Aluminum in Kentucky realized an 18.7% reduction in healthcare costs in 2003 over 2002. All of these results occurred during a time the national trend was for 12-15% increases in healthcare costs. Also, because these plans generally reimburse preventive care at 100%, early results indicate that preventive care spending has substantially increased and anecdotal evidence suggests that life threatening diseases such as cancers are being caught at an earlier stage.

While it will necessarily take time, we at the Center for Health Transformation aim to help provide the leadership to push the adoption of transforming solutions, such as the information rich HSAs, throughout the health and healthcare system to greatly accelerate the transformation. With that mission, the Center has established deep, mid, and near goals to guide its work in the Information Rich HSA Project.

Examples of the near goals (by Jan 2005) include:

1. We will work to ensure that all 50 Governors and every state legislator will be aware of the benefits of information rich HSAs in terms of improved health for state employees, the opportunity to save money for the state budget, the opportunity to offer information rich HSAs for Medicaid, and the degree to which information rich HSAs can both lower the cost of health insurance for small business and create opportunities for the uninsured to buy health insurance.
2. We will work to ensure that all U.S. Senate and House members will be aware of the benefits of information rich HSAs in terms of improved health for all Americans (including federal employees), the opportunity to save money for the federal budget, the opportunity to offer information rich HSAs for Medicaid, and the degree to which

- information rich HSAs can both lower the cost of health insurance for small business and create opportunities for the uninsured to buy health insurance.
3. We will find and publicize as many companies as we can that have actually reduced their health costs year-over-year by using information rich health reimbursement accounts (HRAs), HSAs, and/or flexible spending accounts (FSAs).
 4. We will work to ensure that all Fortune 500 CEOs (and their human resource departments) will be aware of the benefits of information rich HSAs in terms of improved health for their employees and improved health for their corporate bottom lines.

Read the [full list of deep, mid, and near goals for the Information Rich HSA Project](#)

Read the [full description of the Information Rich HSA Project](#)

Read a [Fact sheet on HSAs](#)

If you have any questions or would like to learn more about the Information Rich HSA Project, please contact [Vince Haley](#).

In Newt Gingrich's op-ed in the Washington Post, Speaker Gingrich writes, "A new, better health care system would lower the cost of health care for employees so that it is no longer an obstacle when competing against or attracting foreign companies. But transformation must mean higher-quality care at lower cost to keep employees productive and therefore give companies an incentive to invest more in creating new jobs." [Read more.](#)

Visit the [CHT in the News](#) section on the Center for Health Transformation's web site to read more!

Exclusive Monthly Member Teleconference - May 20th

Due to the April Quarterly Member Meeting, we will not be having an April Member Conference Call. The next monthly member teleconference will be held on Thursday, May 20th at 2:00 p.m. Eastern. Access to this call is restricted to Charter, Premier, and Associate Members. If you would like more information about how to become a Charter, Premier or Associate Member of the Center, please contact us at **(202) 414-1800** or info@healthtransformation.net.

April 20: Miami, FL- Newt Gingrich to keynote IMS Health

April 28: Washington, DC. - CHT Quarterly Member Meeting

April 29-May 1: Orlando, FL- Newt Gingrich to speak at the Long Term Care Forum

May 13: Atlanta, GA – Health Transformation Presentation to GAHE

May 20: Washington, D.C. – CHT Member Conference Call

For more information on these events or to view other CHT events, please visit <http://www.healthtransformation.net/events>.

Transforming Example Spotlight

The Center for Health Transformation is constantly seeking solutions that improve quality and lower cost. You may find numerous transforming examples on our website by visiting <http://www.healthtransformation.net/cases/>. We encourage you to submit your own transforming example via the website.

This month's Transforming Example Spotlight:

Lumenos



The mission of [Lumenos](#) is to engage consumers in their health care by giving them control of routine health decisions and dollars and the tools to make wise, informed decisions about their care.

Individuals in Lumenos' plan gain:

- An opportunity to save money – unused dollars from their Health Reimbursement Account rollover from one year to the next, creating a pool of funds to spend on future health care needs.
- Choice and control – Consumers and their doctors can make health care decisions without a managed care intermediary. They can use cost and quality information to choose which medications to take (generic vs. brand) and to select a provider – there are no geographic service areas or referral restrictions.
- Improved health – through its integrated health improvement initiative plus online tools ("high tech") and personal health resources ("high touch") such as the Personal Health Coach program, Lumenos provides employees with comprehensive information on managing their health and health care dollars.

For employers, these dynamics lead to a multi-year, national health care strategy that will significantly mitigate medical trend and result in very high consumer satisfaction.

To read more about Lumenos' outcomes, please visit the [complete case study](#).



If you would like to become a member of the Center or are interested in financially sponsoring a specific project, please contact us at 202.414.1800 or info@healthtransformation.net. Please also visit our website at <http://www.healthtransformation.net/>.

The Center for Health Transformation, founded by Speaker Newt Gingrich is dedicated to saving lives and saving money through driving transformational solutions and policies throughout the system. These e-mails from Newt are updates about the Center for Health Transformation, providing an insider's view of key events and opportunities for transformation. Some of you have already signed up for membership in the Center. Others are being sent this email as an invitation to membership.

The Center for Health Transformation does not provide lobbying services nor directly or indirectly participate in lobbying activities of any kind. The Center for Health Transformation further does not render legal advice, perform accounting services, nor act as an investment advisor or broker-dealer within the meaning of applicable state and federal securities laws.