



Center for Health Transformation E-Newsletters

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The wage and price controls of the 1940s may have enticed employers to voluntarily offer healthcare insurance as an employee recruitment tool, but many Americans have come to depend on their employers for their insurance coverage. For most, it is the only dependable and affordable insurance option.

However, the double digit premium increases that are eliminating company's profit margins have threatened the ability of employers to offer benefits. Thankfully, in response to this trend, I have seen a dramatic and welcomed shift in the willingness of employers of all sizes to take head-on the challenges of healthcare by implementing transformational health benefits. Fortunately, the nexus of advances in science, technology, and communications coupled with the rise of healthcare consumerism gives CEOs, CFOs, and HR professionals the opportunity to leverage their aggregate purchasing power to offer new kinds of benefits that will transform the healthcare system. For example:

CHT
Founder
Newt
Gingrich

- Consumer directed healthcare is one growing trend that is giving employers financial relief from rising premiums while increasing their employees' satisfaction and control. While employers offering traditional insurance or managed care are desperately trying to manage the rate of increase by cutting benefits and increasing co-pays, information-rich health reimbursement accounts, such as those offered by [Lumenos](#) and [Humana](#), are decreasing their customers healthcare costs. Beneficiaries are encouraged through financial bonus to take health risk assessments, participate in health education programs, and manage their chronic conditions. With the passage of the [Medicare Modernization Act](#), employers are starting to offer the next generation CDHC plan, Health Savings Accounts, which have a number of more attractive benefits such as individual ownership and portability. ***(Executive's Guide to HSAs coming soon! Pre-order by emailing info@healthtransformation.net .)***
- Quality control, streamlining and waste elimination have become commonplace in the corporate world. Realizing the dramatic savings to be had by implementing these quality programs in healthcare, employers are offering their expertise in this area. Partnerships like the [Pittsburgh Regional Healthcare Initiative](#) and the [Wisconsin Collaborative for Healthcare Quality, Inc.](#) are transforming healthcare by implementing best practices, eliminating waste and saving lives and money in the

- process.
- Health information technology has proven to increase quality of care and decrease overall healthcare costs, but adoption on the front lines of medicine has been slow. Employer groups such as the [Business Roundtable](#) have banded together through their [Leapfrog Group](#) to survey hospitals' use of these technologies and to make the information available to their employees, thus driving patients to the institutions that are using these technologies. Also, some employers are assisting the healthcare institutions that care for their employees in implementing technologies such as secure electronic health records with expert systems to maximize accuracy, minimize errors, reduce inefficiencies and improve care.
 - Until the last few years, information about quality of care and cost has been hard to obtain. Employers are leveraging their purchasing power to make this information available to consumers. CHT's Georgia Employer Roundtable, for example, is exploring a drug price information system modeled after popular travel websites such as Orbitz and Travelocity. Our goal is to offer patients a tool that gives pricing information about prescription and over the counter drugs, such as the specific price of a given drug at various pharmacies located within a certain radius from the purchaser.
 - Our current healthcare financing system has resulted in healthcare providers being compensated for reactionary acute care. Transformational employers are offering health and disease management programs to help their employees stay well and prevent costly hospitalization. In addition, "pay for performance" is being piloted in many locations. For example, the Bridges to Excellence program, funded by employers such as UPS, Humana and GE, is paying physicians in Boston, Cincinnati, and Louisville \$100 per patient for meeting certain predefined standards for diabetes care.

The creative options for transformational health benefits design are plentiful for entrepreneurial human resources executives. The pace of transformation of health and healthcare can be accelerated by creative entrepreneurship like these companies have displayed.

CHT's [Transformational HR project](#) is allying innovative, forward-looking purchasers of health care (businesses, governments, organizations, associations) united in accelerating the transformation of the American health and healthcare system to a 21st Century System of better health at lower costs. In addition to implementing transformational solutions that create better health at lower cost within their own workforce, the alliance is dedicated to driving broad, system-wide change that will improve overall health, while also lowering healthcare costs, including costs related to healthcare-related taxes and regulations. For more information about how your company can join this project, contact info@healthtransformation.net .

Project Spotlight

Georgia Project

The Center for Health Transformation's Georgia Project is dedicated to creating a model at the state level for the development of a 21st Century Intelligent Health System that saves lives and saves money. An essential component of this project is tackling the problem of the uninsured.

Having a large uninsured population is one of the major issues impacting healthcare. In its fifth report, [Hidden Costs, Value Lost: Uninsurance in America](#), the IOM Committee on the Consequences of Uninsurance reported that those without insurance lose their health and die prematurely and uninsured children lose the opportunity for normal development and educational achievement when preventable health conditions go untreated. The cost of the 43 million uninsured Americans is estimated to be between \$65 billion to \$135 billion a year in lost earnings and output from absenteeism, chronic poor health, disability and early mortality.

Because of the major health and economic impact of the uninsured, the Center's [Georgia Project](#) has made this challenge a significant focus of our efforts, recently launching a "21st Century Universal Coverage Initiative." As our first act, on August 5th, we held a roundtable on the topic of the uninsured, made up of major employers, providers, Georgia government leaders, and representatives from the insurance community.

Dan Yager, Senior Vice President and General Counsel of the [HR Policy Association](#), participated in the meeting and provided an overview of the uninsured in America, including findings from 2002 that revealed:

- 43.6 million (or 15.2% of the population) were uninsured;
- 33.6% of the 43.6 million uninsured were full-time, year-round workers;
- 33.9% of all persons who were uninsured were in households with annual incomes less than \$25,000;
- 33.6% of all persons who were uninsured were in households with incomes from \$25,000 to \$49,999;
- 16.7% of all persons who were uninsured for the entire year were in households with incomes of \$75,000 or more.

The impact of these numbers on employers, providers, government and the insurance community is dramatic. Employers in the group discussed the cost of health benefits and the need for increased quality of healthcare and information on cost and quality. Providers addressed the problems of uncompensated care adding to the instability of the healthcare system and the costs associated with emergency rooms being used by the uninsured for routine health care. In addition, the hospitals noted the growing problem of those with insurance who refuse to pay the co-pays or deductibles.

Participants from Georgia's state government provided the following Georgia statistics:

- Currently 18% of the total population of Georgia are uninsured. Of those that are age 64 and younger, 13 % are uninsured (1 million people).

- 68% of the total uninsured population in Georgia are either employed or self employed or the dependent of a worker.
- 60% of Georgia employers offer health benefits.
- The financial impact on the state of Georgia is projected to be \$1.2 billion annually for the reported cost of care provided.

The insurance community highlighted the issue of those with adequate financial resources refusing to buy insurance which tends to be a behavior of the younger workers. They also noted the subset of people who are eligible for government programs but who are not signed up to participate.

Participants agreed that the “uninsured” is not a homogeneous group and that several solutions will be needed to address the various factions. Center founder, Newt Gingrich, presented the group with a model that involves three parallel layers of health transformation: scientific change; institutional or provider change that will help take the cost out of the system; and individual change that involves re-centering the system on the individual.

After asserting the principle of 100% coverage as part of the Center’s vision, strategies were offered for two major groups: those who can afford to pay for insurance but do not and those who cannot afford insurance. For the former, solutions discussed included penalties, mandatory insurance and bond options; for the latter, solutions included tax credits and voucherizing Medicaid back into insurance. General solutions included on-line information for lowest cost insurance in the state, minimizing the cost of signing up for insurance, and development of IT systems for outcomes and quality information.

Next steps for the group include the development of a white paper on solutions for the uninsured and the identification of working groups to develop the model for getting to 100% insured. If you are a member of the Center for Health Transformation and are interested in becoming a member of a working group, please contact Laura Linn at llinn@bellsouth.net .

The American Medical Journal interviewed Speaker Newt Gingrich on his “grand vision: a medical world without paper.” [Read entire interview.](#)

E-records vital to health strategy. CHT Chief Health Advocate, Anne Woodbury, was interviewed in Federal Computer Week. According to Ms. Woodbury, “health care reformers need to focus on patients gaining ownership of their health records.” [Read entire article.](#)

In a July CHT press release, Speaker Gingrich stated that “To transform the system into an electronically based system, all of us-- private and public entities, Democrats and Republicans-- need to unite to create a 21st Century Intelligent Health System that achieves more choices, of higher quality, at lower cost.” [Read entire press release.](#)

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

A "[Member News](#)" page has recently been added to the CHT website. We encourage all members to send us information on any honors or awards for which your organization has been recognized, and we will post to the web site. Please email **awards and honors only** to info@healthtransformation.net .

September 8th - Washington, DC - CHT Quarterly Member Meeting

September 8th - Washington, DC - CHT VIP Reception / Open House

September 9th - Washington, DC – **CHT Founder, Newt Gingrich**, to speak to US Chamber Small Business Summit

September 9th - Washington, DC – CHT Charter Member Summit

September 16th - Lake Geneva, Wisconsin – **CHT Chief Health Advocate, Anne Woodbury**, to keynote at the Wisconsin Hospital Association Annual Convention

September 20th - Jekyll Island, Georgia – **CHT Project Director, Laura Linn**, to keynote at the Georgia Rural Health Association Annual Meeting

November 29th – Washington, DC - CHT Quarterly Member Meeting

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 case studies on our website by visiting our [transforming examples section](#). We encourage you to submit your own transforming example via the website!

This month's Transforming Example Spotlight:

IDX Systems Corporation and Lehigh Valley Hospital and Health Network Prevent Medication Errors

[IDX Systems Corporation](#) is a leading provider of information technology solutions that maximize value in the delivery of healthcare by improving the quality of patient care, enhancing medical outcomes, and reducing the costs of care. Core to IDX is Carecast™, an enterprise-wide clinical software solution that creates a comprehensive lifetime patient record by automating the workflow of users and supporting clinical, financial and administrative processes. The system helps safeguard patient care through computerized physician order entry, barcode medication management, clinical decision support and expert rules, while documenting all aspects of patient care.

[Lehigh Valley Hospital and Health Network](#) (LVHHN), a network of community hospitals in Pennsylvania, has implemented comprehensive medication safety safeguards with its integrated IDX LastWord® clinical information system. Beginning with the organization-wide rollout of Computerized Physician Order Entry (CPOE) and culminating with the recent adoption of wireless barcode medication administration, IDX technology enables physicians, pharmacists and nurses at LVHHN to work together to prevent against errors at order entry, dispensing, administration, and throughout the medication cycle.

When a physician orders a medication via CPOE, the system automatically verifies the selection to support patient safety and cost-savings measures. Viewing physician orders online, pharmacists at LVHHN do not need to decipher a physician's illegible handwriting, guess at the appropriate place for a decimal point or deduce the correct drug name from two similar-sounding options. LVHHN nurses use wireless medication barcode charting technology to prevent medication errors at the bedside – the last stage of the medication cycle, and the second most likely place for errors to occur.

LVHHN implemented its wireless barcode medication charting on a pilot medical-surgical unit in 2003. The technology has enabled the organization to prevent 50 medication errors out of every 10,000 doses given, meaning that on the average 30-bed medical unit, LVHHN prevents 50 medication errors per month.

To read more about the IDX Systems – Lehigh Valley Hospital and Health Network transforming solution, 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.