



Center for Health Transformation E-Newsletters

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July 2006

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Newt Notes

Scoring the Future

Last week, Nancy Desmond sent me an article that struck me as a powerful real-world example of the need to reform America's broken scoring process, the totally irrational manner in which government currently identifies the budget authority and outlays associated with a piece of legislation.

The report, posted at the American Psychological Association's Psychology Matters site ("[Massage Therapy May Heal What's Ailing You](#)"), asserts that the simple act of massaging premature babies can have a profound effect upon the newborn's healthy development. In a study, massaged preemies gained 47% more weight, were more socially responsive, and went home 6 days sooner than did the preemies in the control group, with an average hospital cost savings of \$10,000 per infant (as of 1996). The researchers concluded that if all 470,000 premature infants born in the U.S. every year received massage therapy, Americans would save nearly \$5 billion in healthcare costs. This doesn't even take into account the impact – in terms of both financial savings and

quality of life – that would be derived from the children being healthier; the study indicated that one year after receiving the treatment, the massaged infants still weighed more than the control group infants, and they also scored higher on a test of infant cognitive and motor development. (Read more at: www.miami.edu/touch-research.)

What are the societal consequences of the rise in preterm births? As opposed to full-term newborns, premature babies are at greater risk of having health and developmental problems such as low IQ and trouble communicating (JAMA – 2005). According to the Institute of Medicine of the National Academies, the high rate of premature births in the United States costs society at least \$26 billion a year, or about \$51,600 per infant in 2005. Much of that expense is attributed to medical care, especially that provided in infancy, but what about the cost of lost household/labor productivity or special education for preterm infants with learning difficulties? According to the Committee on Understanding Premature Birth and Assuring Healthy Outcomes itself, researchers should further investigate the economic consequences of preterm births so that a more accurate value can be placed on policies to prevent them.

While these numbers are certainly stunning, we have a feeling that this only begins to touch on the potential for transformation in the way we care for premature babies. The trend of pre-term births in America is on the rise: last year, 12.5 percent of births in the United States were preterm, a 30 percent increase over 1981 rates. And according to some estimates, nearly 10% of U.S. households have offspring with special needs; according to the Department of Education, approximately 6.5 million children aged 3 to 21 have been diagnosed with special needs – a near 40% increase in just 8 years.

This was to me another salient example of how narrow and counter-productive the current government scoring process is. Rather than view the prevention or transformational care of premature babies as a worthy investment of resources, the CBO and OMB continue to ignore the need for accurate scoring. Another way to look at the complete absurdity of the current, investment-

blind scoring process is to think about the generational costs of a health condition. For instance, the best way to score Alzheimer's is a generational cost because if you only look at one year you do not even understand how big of a deal it is because it is a recurring threat that will grow as the baby boomers grow.

The vital need for this type of broad vision in understanding health costs and benefits becomes even more evident as our understanding of diseases deepens and we are given new tools and technologies. For example, recent studies indicate a link between having Type 2 Diabetes and an increased likelihood of developing Alzheimer's – and America's diabetes epidemic shows no signs of slowing.

The Alzheimer's Association reports that about 4.5 million Americans now have Alzheimer's, and taking care of them costs \$100 billion a year. Even without taking into account a possible increase from diabetes, the number of patients is expected to grow, possibly reaching 11.3 million to 16 million by 2050. So, in our effort to accelerate transformation of Alzheimer's care, the question we should be asking is, "what is it worth to the Federal Government to eliminate a trillion and two million dollar cost of a disease that causes enormous pain to families?"

Even if the CBO can't score it, this is an argument that makes sense to the vast majority of rational people: if we invest now in creating a healthier population less likely to develop debilitating and expensive chronic diseases and disabilities, we will save lives and save money in the long run. We see plenty of reason for hope that government can be won over by the logic of cost-effective programs that show real results – there are currently several intelligent and innovative solutions being implemented by state Medicaid programs around the country ([See the Project Spotlight for more on the Center's Medicaid Project](#)). With your help, the Center will continue to try and persuade government to enlighten America's health policies and programs with solutions that are committed to improving the real value of our health dollars.

New Members

The Center for Health Transformation would like to welcome our newest Premier members: [Piedmont Hospital](#) and [Acute Long Term Hospital Association](#)

Please visit the [list of members](#) often to keep abreast of who is joining the Center or the "[Member News](#)" page to learn about the awards or honors won by our members

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Project Spotlight

CHT's Medicaid Transformation Project continues to inspire real change in an area that significantly impacts the physical and economic health of the country.

On Wednesday, July 12, CHT founder Newt Gingrich testified before the Medicaid Commission. His written remarks – available now at the Center's homepage, www.healthtransformation.net – succinctly outline CHT's vision of a 21st Century Responsible Citizen Medicaid System and include examples taken from CHT's state map. Florida, Kentucky, Idaho, New Mexico and Tennessee were noted in particular as some of the nation's leading innovators in Medicaid transformation. Speaker Gingrich's testimony also included an appendix of Medicaid best practices and potential solutions. Read more: [Complete testimony \(pdf\)](#); [Appendix: Medicaid Solutions Workbook \(pdf\)](#).

In other Medicaid Transformation Project news, CHT is pleased to announce that New York and Florida have recently become the 20th and 21st states, respectively, to join our Best Practices in Medicaid state map. The map has also been updated with brand new data from Idaho and Kentucky highlighting the progress each has made utilizing new flexibilities created by the Deficit Reduction Act.

To view the state map, see the left-hand corner of CHT's homepage at www.healthtransformation.net. Important Note: In order to view the map, you must answer "Yes" when you are prompted to load Macromedia Flash. If you are not prompted and do not see the map on the lower left-hand corner of our CHT homepage, please visit <http://www.macromedia.com/software/flashplayer/> and click on "Get Flash Player 8." This is a free download.

EVENT REMINDER: "Creating a 21st Century Medicaid System" The Center for Health Transformation's 2nd Annual "Creating a 21st Century Medicaid System" event will be held at the Willard Hotel in Washington, DC on September 27th. The event will be webcast live. Stay tuned for further details and an upcoming list of confirmed speakers, including a bipartisan group of at least four United States governors.

For more information on the Center's Medicaid Transformation Project, please contact Project Director Jim Frogue at (202) 375-2065.

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Transforming Example

George Washington University Hospital - DR Systems

George Washington University Hospital (GWUH), a leading 371-bed institution in Washington, D.C., uses the voice recognition feature of its DR Systems (San Diego, California) Picture Archiving and Communications System (PACS) to significantly improve the quality and speed of patient care. The voice recognition feature on DR Systems' PACS reduces the time before radiological reports can be accessed by referring physicians who are treating critically ill patients. The technology also dramatically reduces transcription costs, freeing financial resources for other clinical needs.

Situation

Until 2004, GWUH generated radiology reports the traditional way,

through dictation and transcription. This method slowed patient diagnosis and treatment because turnaround time -- from the time of dictation to the time the report was faxed or mailed to the ordering physician -- was from two to four days. The method was also costly, with transcription expenses typically running from \$30,000 to \$40,000 per month, depending on volume

Solution

GWUH recognized that the voice recognition capability, a tightly integrated feature of its PACS, could improve patient care by tremendously speeding up turnaround time for reports. The same change would reduce costs by slashing transcription expenses. The hospital performs approximately 150,000 radiology exams per year, so the potential impact of fully implementing the technology was considerable.

Better Health & Lower Costs

Overall, the switch to voice recognition technology and template reports has reduced turnaround time for reports from days to as little as a few minutes. The actual time to turn around any single report varies, depending on the availability of an attending radiologist to review a report draft dictated by a medical resident. Those reports are not fully distributed until an attending radiologist reviews and signs off on them. The hospital is transitioning to a new and faster protocol, however, in which voice recognition-generated reports that were initiated by a resident will be available immediately in preliminary form. This next step will improve the overall report turnaround time beyond the considerable gains already made.

Regarding the financial impact of voice recognition, GWUH determined cost reduction by tracking the invoices it received from its transcription vendor during a period when its use of the technology grew substantially. In the first year of implementation, transcription cost savings averaged approximately 50 percent, ranging as high as 60-to-70 percent for specific months. As of October 2005, savings for the previous four months have averaged roughly 60 percent. Savings should increase even more when use

of voice recognition expands to include mammography and interventional radiology. Administration projects savings of up to 80 percent when the system is used to generate reports for all radiology modalities.

For more information, visit the CHT website and view the *Transforming Example*.

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CHT in the News

Newt Gingrich Receives National Hispanic Youth Initiative Award

CHT Founder Newt Gingrich is honored by the Interamerican College of Physicians and Surgeons. (*Press Release*)

Expanding and Improving Health Savings Accounts

CHT Senior Fellow Ron Bachman and State Project Director Jim Frogue illustrate the power of healthcare consumerism. (*CHT White Paper, 7/17/06*)

Newt Gingrich Testifies before the Medicaid Commission Meeting

CHT Founder Newt Gingrich outlines a model for transforming Medicaid: "Real Change Requires Real Change." (*Testimony, CHT's State Transformation Project, Solutions Workbook*)

Rethinking Community Hospitals

CHT Founder Newt Gingrich explores transforming the role of community hospitals for the 21st century. (*Atlanta Hospital News*)

Build Eisenhower's Highway System for Today's Needs

On the anniversary of the transformational Federal-Aid Highway Act, CHT Founder Newt Gingrich and Project Director David Merritt illustrate the urgent need for a nationwide, interconnected health

IT system. (*CHT op-ed*)

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Upcoming Events

Project Director David Merritt to speak at the World Congress Leadership Summit on RHIOs, EMRs and Patient Portals

Thursday, August 10, 2006
Boston, MA

Newt Gingrich to speak at the 100 Innovative Ideas Summit

Thursday, August 10, 2006
Orlando, FL

CHT's 2nd Annual "Creating a 21st Century Medicaid System" Event

Wednesday, September 27, 2006
Washington, DC

Newt Gingrich to speak at the CareScience 2006 National Conference

October 15th -18th, 2006
Orlando, FL

CHT Founder Newt Gingrich will deliver the keynote address at the CareScience 2006 National Conference: From Innovation to Collaboration, to be held at the [Portofino Bay Hotel](#) in Orlando, Florida.

[The CareScience National Conference](#) is a 3-day interactive event for quality and performance improvement professionals, medical affairs directors as well as hospital and health system executives. Attendees will hear from some of the nation's most intriguing leaders in healthcare—including [Newt Gingrich](#), [Dennis O'Leary](#) and [Peter J. Pronovost](#).

To learn more about the CareScience National Conference, please visit <http://www.carescience.com/conference2006>. Early bird registration closes on July 31st.

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