



Center for Health Transformation E-Newsletters

[Newt Notes](#) | [New Members](#) | [Project Spotlight](#) | [CHT in the News](#) | [Upcoming Events](#) | [Transforming Example](#) |

Over the last several weeks, I've had various discussions with healthcare stakeholders about the dramatic price and quality variance among healthcare providers—a glaring example of why the American healthcare system needs systemic transformation.

Unlike most other sectors of the American economy, healthcare is an industry in which people routinely pay more for bad quality. Studies have shown a twofold to threefold difference in both price and quality for the same procedure. Significant price and quality variance is a reality in every state in the country. However, for purposes of illustration, we analyzed the risk adjusted data for the eight major hospitals serving a metropolitan area in one specific midwestern state. Our findings were startling. The price of bypass surgery ranged from \$55,000 - \$114,899, with a 600% difference in mortality (1.15% - 7.21%). Meanwhile, the hospital with the lowest mortality rate and fewest complications was priced below the average price. The hospital with the worst mortality rate was also the most expensive. A system in which consumers pay more for lower quality and pay less for higher quality is not a rational, market-based system.

CHT
Founder
Newt
Gingrich

The primary reason America has not seen more rational pricing in healthcare is because consumers have been insulated from the cost of healthcare, and the information has been hard to obtain. At CHT's September member meeting, Bill McInturff, partner and co-founder of the national polling firm, [Public Opinion Strategies](#), shared some insights from a focus group of patients who, when asked if information about quality and price would be influential in their choice of physicians, were generally apathetic. After the group was given a brief information sheet showing the dramatic variance in quality and price for the same procedures, the group was shocked at the dramatic differences in price and quality of care -- and shocked that they were not previously aware that such dramatic differences exist. The focus group participants became united around the belief that this information would be very helpful when choosing a physician.

The challenge is complicated. But transformational efforts are underway.

Entrepreneurial companies are facilitating and capitalizing on solutions by making information more user friendly and acting as watch dogs over invoicing and pricing. For example, Oregon-based Omedtrix (see [transforming example below](#)) is leveraging sophisticated new technology to protect patients and employers by identifying egregious overcharging, fraud, and abuse, and finding a fair and accurate price for every procedure.

Consumer access to information on quality and cost is growing, enabled by a national movement toward quality, transparency of information and the rise of Internet usage. Thankfully, hospitals, physicians and professional organizations are involved and taking multiple leadership roles in the movement, including ensuring that quality information is accurate and appropriately risk adjusted, educating other healthcare stakeholders on the core systemic reasons for such variance, and exchanging ideas about how to make evidence-based medicine ubiquitous and pricing more fair. For example, the Wisconsin Hospital Association's (WHA) online quality comparison website, [Checkpoint](#), offers quality data on five error prevention goals and ten interventions that medical experts agree should be taken to treat heart attacks, heart failure, and pneumonia. WHA has achieved 100% voluntary reporting from every hospital in Wisconsin.

Consumer directed healthcare companies like [Lumenos](#) and [Humana](#) are also empowering individuals with both the tools and the financial incentives to make choices based on quality and cost. Pilot projects that drive patients to higher quality physicians are being planned or implemented by CMS, employers, and health plans. For example, 22 large employers including BellSouth, J.C. Penny, and Sprint are uniting around a doctor scorecard initiative called Care Focused Purchasing where they are making available to their employees cost and quality ratings information based on insurance claims and quality standards developed from medical evidence by prestigious credentialing bodies, including the [National Committee for Quality Assurance](#), the [Joint Commission on Accreditation of Healthcare Organizations](#), and [National Quality Forum](#). To incentivize patients' use of this information, they are lowering co-pays and deductibles for employees who choose higher quality and lower cost physicians.

If these initiatives are successful in driving higher quality of care, the Midwestern hospital that currently has the highest cost, highest mortality and most complications might in the future implement changes that make it comparable in outcomes to the hospital with the best outcomes, least complications, and average pricing. The average annual savings for that hospital could be \$3.5 million dollars with 21 fewer people losing their lives.

It's not going to be easy to get systemic transformation, but it's worth the effort.

The Center for Health Transformation would like to welcome our newest Associate members of the Center: [Living Independently](#) and [MOST, LLC](#). We would also like to recognize [Mount Sinai Medical Center](#) who has recently renewed for another year.

Please visit the [list of members](#) often to keep abreast of who is joining the Center.

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.

Project Spotlight

CHT's 3rd Quarter Member Meeting

CHT hosts exclusive member-only meetings four times a year. The meetings provide learning, networking, and collaborative opportunities for our members.

On September 8th, CHT hosted its third quarterly member meeting. Having recently returned from Europe, China and Japan where he visited with world health leaders, CHT Founder Newt Gingrich offered his observations about health transformation worldwide, the health trends of other countries, and their effect on and opportunity for America.

Melissa Chapman, senior associate of CHT Charter member [Booz Allen Hamilton](#) gave members an update on the rapidly changing health information technology environment highlighting some key announcements made by the [National Information Technology Coordinator, Dr. David Brailer](#).

National pollsters [Bill McInturff](#) of Public Opinion Strategies and [David Winston](#) of The Winston Group shared key research findings related to health transformation. Members were given a broad overview of consumer attitudes and acceptance regarding such transformational issues as health justice, consumer driven healthcare, and access to information about healthcare price and quality. For example:

- *Consumer Directed Health Care (CDHC) is increasing:* Twelve percent (12%) of larger US companies offer some sort of CDHC plan today. Thirteen percent (13%) more plan to offer a CDHC plan within the next year. Twenty-seven percent (27%) more plan to offer a CDHC within five years.
- *Healthcare system is failing Americans:* Only 60% of voters think the health system is meeting their needs. This is the lowest point in twelve years.
- *Predatory trial lawyers are decreasing quality:* 73% of Americans believe the increasing number of medical malpractice lawsuits against doctors is making their healthcare worse.
- *More US Government leadership on international fairness in research and discovery is needed:* 65% of Americans believe the Government should negotiate with foreign governments to pay their fair share of R&D cost so Americans are not forced to bear a

disproportionate share of the cost of discovering new medicines.

Our State Panel included Director of Policy & Planning for [South Carolina's Department of Health & Human Services](#), Bonnie Jean Drake, who reported on Governor Sanford's priorities for healthcare in South Carolina. CHT member and CEO of [Gold Standard Multimedia](#), Russell Thomas, outlined a successful pilot with the State of Florida in which doctors serving the Medicaid population were given wireless handheld devices to easily access pharmaceutical data on the beneficiaries they were treating. The pilot revealed that doctors who utilized Gold Standard's handheld drug information databases wrote an average of 14 fewer prescriptions per month, with an approximate savings of \$700 per doctor per month.

The day's agenda concluded with a panel discussion on Reagan's Lessons on Leadership. The panel, moderated by Newt Gingrich, included [Ken Duberstein](#), former White House Chief of Staff to President Reagan, and [Steven Hayward](#), author of *The Age of Reagan*.

Following our meetings, a VIP reception was held at the Center's new location to give our members an opportunity to view what will be the intellectual epicenter of physical and virtual networks united to accelerate the transformation to a 21st Century Intelligent Health System. In addition to staff offices and meeting space, the Center has dedicated a portion of the new office to "Innovation Row." Currently in the planning phase, Innovation Row will be a permanent multi-media executive briefing center, where leaders in Washington, as well as visitors, can experience first-hand our vision of a 21st Century Intelligent Health System.

The address of our new office is 1425 K Street, NW, Washington, DC 20005.

Gingrich Praises "Bold and Courageous Leadership" of OPM Director James. [Read CHT press release.](#)

Fortune Magazine profiles Newt Gingrich. [Read more.](#)

Newt Gingrich Named #11 in Modern Healthcare's Top 100 Most Powerful People in Healthcare. [Read more.](#)

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

October 1st – *New Jersey* – Newt Gingrich to speak to Blue Cross / Blue Shield of New Jersey

October 2nd – *Manassas, VA* – Newt Gingrich to speak to the Prince William Hospital Annual Cardiovascular Symposium

October 6th – *Washington, DC* – CHT Member Conference Call with Dr. David Brailer

October 7th – *Coronado, CA* – Newt Gingrich to give Transforming Healthcare presentation to MedImpact

October 14th – *White Sulphur Springs, WV* – Newt Gingrich to speak at the Microsoft Health Plan Executive Forum

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:

[Qmedtrix](#)

Nationally, the volume of medical bills continues to rise at about 12 percent per year, while charge inflation percentages are in the double-digits. Charge inflation, abuse and fraud are rampant, with out-of-network charges subject to the greatest abuse. Out-of-network charges account for approximately 50 percent of all workers' compensation bills, 35 percent of group health claims, and 85 percent of auto medical claims.

[Qmedtrix](#) provides specialized review services for medical bills not covered by network contracts. Through its BillChek® services, Qmedtrix identifies inaccuracies, abuses, fraud, duplication, unbundling, upcoding, DRG validation, and overcharging -- and then makes fair and reasonable recommendations for reimbursement. Reimbursement recommendations are supported by Qmedtrix's proprietary database of both charged and paid data. For the group health and auto medical markets, where negotiation is the norm, subsidiary Qmedworx™

negotiates reimbursement after charges have been reviewed and corrected using the Qmedtrix's methodology. Qmedtrix and Qmedworx services are currently applicable to approximately 7 percent of the total out-of-network bill volume, which represents about 42 million medical bills today. Using Qmedtrix's methodology, in 2003, medical bill payers (e.g., self-insured corporations, insurance companies, state funds, third-party administrators and health care companies) saved \$270 million in inappropriate charges.

To read more about the Qmedtrix transforming solution including some success stories, 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.