



Center for Health Transformation E-Newsletters

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Newt Notes

When Nancy Desmond and I first started the Center, we wanted to create a unique collaboration of leaders in order to transform health and healthcare in America. We have grown our influence significantly in the last few years, and I think now we are finally beginning to see just how far our ideas have permeated the system – in both the public and private sectors, many of the themes that encompassed in the notion of a 21st Century Health System are coming to fruition: everywhere we turn, we are now seeing more choice, more market effects, more preventive care and wellness, and more health information technology.

The goal of our “Creating a 21st Century Medicaid System” conference, and also the Medicaid Project in general, is to take all these general ideas and bring them to bear on Medicaid. (Please see the Project Spotlight for more information on this week’s “Creating a 21st Century Medicaid System” forum and Webcast.)

This month’s member meeting, held in conjunction with our “Creating a 21st Century Medicaid System” conference, was a key illustration of how the Center and our members can proactively

influence not only the policy dialogue, but the health landscape itself. We are continuing on the steady march forward to a 21st Century Intelligent Health System, and our work is having an impact.

MedImpact's work with the Center is a prime example. MedImpact did the initial work for us on the idea of applying the Travelocity concept to prescription drugs: if you were to shift from a co-pay model to an after-pay model, what would the economic impact be? MedImpact came to the conclusion that it could be as much as a 40% decline in the overall cost of drugs, which would be very significant. As a direct parallel, I want to point out Wal-Mart's recent announcement that they plan to start selling nearly 300 hundred of their generic drugs for \$4 for a month-long prescription. This is a major step in the right direction, and it is exactly the kind of price break we should expect to see as we shift the system toward a market-oriented model.

There is another tremendous opportunity that is coming to light now, and that is the idea of incentivizing people to improve their health. We all understand that better health is cheaper in the long-run; it's time to apply those principles to the Medicaid system. I want to lay aside the notion that Medicaid is only a program for dealing with the poor, specifically, the vulnerable poor whose behaviors are thought to be incompatible with a consumer-centric system based on choice. Accelerating the consumerism movement is the only way we will succeed in our goal of achieving 100% healthcare coverage. As the baby boomers age and the strain on the health system becomes even greater, we won't have the luxury of fixing our problems with small tweaks at the margins. What we need to do is re-examine ways in which to bring people back into the system at large.

As it turns out, incentives work. Americans actually respond to incentives. And according to a brand-new Gallup poll taken earlier this month, Medicaid beneficiaries report that they would be willing to alter lifestyle habits if incentivized to do so. In a poll of Medicaid recipients, over 67% responded that they would be likely to switch to a Medicaid plan that offered a shared savings account. This means that if given the opportunity to share in those savings they

are generating by adopting healthier behaviors, a sizeable majority of Medicaid recipients are ready and willing to contribute a larger effort to their own health maintenance. Incentives, combined with real-time, wireless, internet-based capabilities will be key tools in transforming the Medicaid system.

I cannot overemphasize how important this finding is. Rather than reverting back to the paternalist, "one-size-fits-all" model of Medicaid, the new Gallup poll shows clearly that there is an opportunity here to bring the vast majority of Americans into a comprehensive consumer-driven health system.

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New Members

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 2nd Annual "Creating a 21st Century Medicaid System" Forum

Our second annual Medicaid conference, held on September 27th here in Washington, D.C., was a resounding success. For those who missed it in person, please note that the entire meeting, including the afternoon's two solutions workshops, is available via archived Webcast.

At a time when genuine bipartisan cooperation is all too rare, we sought to host a conference with the goal of bringing together diverse leaders in order to maximize the sharing of action-oriented solutions with the broadest possible audience. We were thrilled that over 150 public and private sector leaders (CHT members, guests and members of the media) gathered with us to explore recent changes to the Medicaid system and collaborate on ideas for the future of the

program.

One of the day's highlights was the new polling information we received from Gallup, which showed strong evidence that consumerism's potential to improve health and save money is not limited to only the private sector. According to the new poll, more than 65% of Medicaid beneficiaries reported that they would likely switch to a Medicaid plan that offered the incentive of a shared savings account.* The first of its kind in its examination of the role of incentives in changing Medicaid beneficiaries' behavior, this poll provides the groundwork for deeper exploration into the power of consumerism. While we know instinctively that better health is cheaper, accumulating more evidence to support our initiatives is critical to maintaining the momentum for innovative Medicaid transformation, and we are excited to pursue more research in this area.

The conference also featured presentations from some of the most dynamic and distinguished leaders in the Medicaid transformation movement, including Governor Ernie Fletcher (R-KY); Governor Bill Richardson (D-NM); Health and Human Services Secretary Mike Leavitt; Mrs. Glenna Fletcher, the First Lady of Kentucky; Virginia Secretary of Health and Human Resources Marilyn Tavenner; Jill Wiltfong of the Gallup Organization; and CHT founder Newt Gingrich. (To view all or one of these presentations, please see the archived Webcast of the event.)

The specifics of each presenter's speeches were distinct, but the common theme of the life- and money-saving potential of injecting personal responsibility into Medicaid – whether it be through shared financial incentives, prevention/wellness efforts, and/or disease management reform – ruled the day:

Kentucky Governor Ernie Fletcher advised the audience that providing the most vulnerable in our society with better health is of course “not only the moral goal,” but it is also a financial imperative. Governor Fletcher utilized flexibility created by the Deficit Reduction Act to slow Medicaid cost inflation by \$250 million in the past two years, said that his state was able to contain costs and improve care by “changing it to

a model based on personal responsibility.”

Mrs. Glenna Fletcher, First Lady of Kentucky, shared with us a program that she says has had a strong impact on encouraging prevention and wellness efforts. In order to encourage women to receive their recommended yearly mammograms, Mrs. Fletcher in 2004 began sending birthday cards to women between the ages of 65 and 69 (a group identified as being at risk for neglecting to continue their mammograms) that reminded them to “celebrate your birthday with a mammogram.” The response of the outreach was so positive that Mrs. Fletcher has recently expanded it to groups of women on Medicaid, reminding them to get their yearly PAP screenings and mammograms.

Marilyn Tavenner, Virginia Secretary of Health and Human Resources, reported to the conference on the efforts of her state to streamline and improve the care they provide to Medicaid beneficiaries. Virginia has succeed in moving 60% of women, children, and non-disabled adults into managed care plans, and the state is now focusing on improving long-term care, disease management, better use of technology, and moving from a cost-based system toward a quality-driven payment model.

“Healthcare is the issue that bedevils the American people and governors more than anything,” began Governor Bill Richardson of New Mexico, who reminded the audience that the most important policy innovations in this country are coming from the state level. Governor Richardson called for the federal government to continue setting broad goals for the Medicaid program, and allowing states to generate the solutions. In New Mexico, with the help of CHT member ValueOptions, they are focusing on continuity of care and integrating the behavioral and mental health components of healthcare into the Medicaid program.

Secretary Leavitt outlined the Administration’s recent efforts to encourage the proliferation of values-based health measures. Speaking on the importance of qualifying what the health system considers to be high-value care, Secretary Leavitt underscored the essential need to define clearly what we expect from our healthcare providers: “We live in a society where it is impolite to ask about the

quality of healthcare, and no-one really has a need to ask about the price, because someone else pays for it," he said. What is necessary for a 21st Century Medicaid System, Secretary Leavitt continued, is to begin defining value in terms of cost and quality – for all of healthcare, and not simply the Medicaid program.

While the American health system at large is working to become more consumer-oriented and quality-driven, advocates for Medicaid beneficiaries often argue that the stresses and burdens carried by this population cannot be alleviated through market-based reforms. However, as the Gallup poll indicates and as evidenced by the diverse experiences of the CHT conference speakers, innovation and choice lead to better quality and less waste in Medicaid. When it comes to Medicaid, better health is cheaper.

The archived Webcast, CHT's Medicaid Solutions Workbook, and other supplemental materials for the broadcast are available on the Center's website at:

http://www.healthtransformation.net/events/special_events/4630.cfm.

* Margin of Error: +/- 8%, survey fielded 13-18 Sep 2006.

Respondents were asked, "It has been found that adopting healthy behaviors saves money for the healthcare system in the long run. Suppose your health insurance plan shared some of those savings with you by depositing money into a savings account each time you took an action to improve your health. If it were available, how likely would you be to switch to a Medicaid plan that offered a shared savings account?"

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Transforming Examples

Best Practices in Medicaid – Kentucky

(The following transforming example was created from selected excerpts from Kentucky's contribution to CHT's Best Practices in

Medicaid State Map)

Kentucky has embarked on an ambitious Medicaid modernization program, called KyHealth Choices, which is fundamentally changing the way that Kentucky delivers and finances health care for its Medicaid members. KyHealth Choices is a reform package that utilizes the unprecedented flexibility of the newly passed Deficit Reduction Act (DRA) and selected waiver options to transform Medicaid into a 21st century health plan that emphasizes improved health outcomes, individual empowerment, and long-term financial sustainability. This initiative grew from Gov. Ernie Fletcher's decision, in the face of Medicaid's dire fiscal situation, to pursue comprehensive reform of the 1960's-era program while working hard to avoid drastic cuts to the Medicaid eligibility rolls.

For adults with mental retardation and other developmental disabilities, acquired brain injuries, physical disabilities and the frail and elderly, this approach will provide real choices around accessing needed long-term care services in a home or community-based setting. For the general Medicaid and SCHIP populations, KyHealth Choices will mean increased engagement in their health care, with an emphasis placed upon receiving the right care, in the right setting, at the right time.

KyHealth Choices features four distinct benefit packages that target the level of care needs and categorical eligibility of individual Medicaid members.

These packages include two that focus on the general Medicaid populations:

- Global Choices (235,000 members) will cover the general Medicaid population, including foster children and medically fragile children.
- Family Choices (263,000 members) will cover most children, including the SCHIP eligibility group.

Two other KyHealth Choices benefit packages focus specifically on the needs of individuals with long term care needs, and include consumer directed options as an alternative to traditional services:

- Optimum Choices (3,500 members) will cover individuals with mental retardation and developmental disabilities in need of long term care.
- Comprehensive Choices (27,900 members) will cover individuals who are elderly and in need of a nursing facility level of care, as well as individuals with acquired brain injuries.

Individuals in the Optimum and Comprehensive packages who are eligible for the Consumer-Directed Options (CDO) program may elect to access non-medical and non-residential services via CDO and medical and residential services under the traditional model. The blended package allows consumers to pick and choose the options that best meet their needs. Services provided via the CDO may be “cross-walked” to a service offered under the traditional service option, enabling consumers to transition seamlessly between the CDO and traditional service options with no lapse in service delivery. The goal of the CDO is to increase consumer independence, satisfaction, and quality of life, while providing greater flexibility in service delivery.

For more information, visit the CHT website and view the [Kentucky “Best Practices in Medicaid” submission](#) (accessible via the State Map on CHT’s homepage).

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CHT in the News

CHT Hosts Second Annual Medicaid Conference

On September 27th, Newt Gingrich and CHT hosted an interactive bipartisan forum entitled, "Creating a 21st Century Medicaid System." View the [Webcast](#) and supplemental Information. (*CHT press release; Lexington Herald-Leader*)

Gingrich Has Healthcare Remedies Ready

In an op-ed for the Atlanta Journal-Constitution, James Wooten illustrates how solutions-based reforms will transform healthcare. (*AJC; iHealthBeat; KaiserNetwork.org*)

Newt: Health Is a Moral Issue

In Cobb County, GA CHT Founder Newt Gingrich joins in the launch of the WellStar Institute for Better Health. (*Marietta Daily Journal*)

E-Prescribing Now Legal in Georgia

As CHT joins in the launch of the new "Get Connected" campaign, Project Director Wayne Oliver underscores the transformational potential of e-prescribing. (*SureScripts press release; Health Data Management; iHealthBeat*)

Gingrich Speaks at Columbus (GA) Diabetes Conference

Newt Gingrich collaborates with local leaders in Georgia on the Healthy Columbus Project. (*Columbus Ledger-Enquirer; WTVM News Channel 9; CHT media advisory*)

Georgia and the 21st Century of Health

CHT Founder Gingrich speaks before the Georgia Healthcare Transformation Senate Study Committee. (*The Daily Report (subscription required); Associated Press*)

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Upcoming Events

Newt Gingrich to speak to the Sanders-Brown Center on Aging at the University of Kentucky

Tuesday, October 3, 2006

Lexington, KY

Newt Gingrich to speak to the Texas Hospital Association

Tuesday, October 10, 2006

Austin, TX

Newt Gingrich to speak at Health Care Service Corporation

Wednesday, October 11, 2006

San Antonio, TX

Newt Gingrich to speak at the Care Science 2006 National
Conference

Tuesday, October 17, 2006

Orlando, FL

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