Health Care Reform—Integrated Health Care Delivery System Perspective

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While increasing access to health care is the moral thing to do, true health care reform requires containment of the rising costs of care. This discussion analyzes health care reform from the perspective of an integrated health care delivery system.

Introduction

The current discussion on health care reform has brought our country closer than ever to extending coverage to many of the 46 million uninsured Americans. We at Kaiser Permanente say, "It's time."

Increasing access to health insurance is the moral thing to do, but we all need to understand that this is only half the battle. In order to achieve true reform of our health care system, America must do more to contain the rising costs of care. From the looks of the bills put forth so far, that hard work is still ahead.

Still, there are lessons to be learned from past efforts to reform the system, and those lessons come from the states. Several states have succeeded in expanding coverage, but none have made enough progress on the cost control side.

In the mid-1990s, Tennessee reduced its uninsured rate to 6 percent with TennCare. Tennessee then had to dramatically scale back the program after increasing costs threatened to bankrupt the state.

Three years ago, Massachusetts passed legislation that reduced the number of uninsured to less than 3 percent of the population, but the state's insurance costs have since increased by 42 percent. Even with benefit cuts and tax increases, many wonder if the plan can survive. In other words, if we increase access without altering the approach to paying providers, the financial equation is unsustainable.

In the 1990s, Oregon's innovative approach to extending coverage to some 100,000 residents gained national attention. But since the Oregon Health Plan never reformed the way providers were reimbursed, the plan wasn't able to survive the inevitable boom and bust cycle of the state's economy. By 2008, Oregon was using a lottery to extend coverage to 7,000 available slots, and there were 91,000 applicants.

So what should we do? Thankfully, there are many good ideas already in place to create care delivery models that offer both quality and affordability. Kaiser Permanente is one example of a workable care delivery system. We believe that the more we can integrate our system, with one organization providing a broad range of services (including insurance), the more we can focus on the main goal: the total health of our patients.

Highly Coordinated Care

Kaiser Permanente is both a health insurance company and a health care delivery system—an integrated health care delivery system (IHCDS), in other words. This system allows us to focus on our members' health. This is because our only financial incentive is to keep our members well. An IHCDS does better when its members do better. That's the way it should be in health care. And it's why many observers of the American health care system, including President Obama, have singled out Kaiser Permanente and other such systems as sustainable models for the future.

An IHCDS coordinates care using the right incentives: no one has a financial interest in ordering care that the patient might not need. The doctors in such a system are not paid by procedure, the way they are in the fee-for-service world. Those of us working in this field know that the big drivers of costs can be found in the delivery of care.

We all know there is appropriate and inappropriate use of care. And, much of that tension comes from patients' preconceived ideas on the type of care they should receive, even if it's not best for them. We may be convinced that we need an MRI for our sore knee, but there may be no medical value in having one. There is certainly a cost when there's unnecessary care ordered, and it's a cost we all pay.

This type of care is provided not because people don't have good intentions, but because they have misguided notions of what quality care really is. Too many people are predisposed to the notion that *use* is the best indicator of quality, not *outcomes*. At Kaiser Permanente, we have a commitment to evidence-based medicine—procedures that we know work well because we have research proving their effectiveness.

Leading Edge Technologies

An IHCDS would not be able to integrate its systems successfully without the electronic medical record (EMR). This innovative technology is a vital tool in reducing the duplication of services and errors that plague our health care system. When a patient's medical record is in a paper file cabinet, sometimes in another city, the clinician may wind up ordering a full new set of diagnostic testing when in fact those tests might have been done recently. With EMR, doctors have immediate access to test orders from other departments.

The evidence shows that outcomes are better when patients are active participants in their own care. At Kaiser Permanente, members access the system through a web site. This allows them to do things like make appointments and view test results through a secure server. Research shows people are much more likely to keep an appointment when they make it online, and they need fewer office visits because they can get their questions answered by a clinician (often their physician) via e-mail. Patients in the Northwest made 10 percent fewer office and urgent care visits than before they had online access. In an IHCDS, fewer office visits don't represent lost income for the physician, and physicians have no financial incentive to order more care.

An IHCDS is motivated to refine procedures in a way that both improves patient's health and spends money in the most cost effective way. For example, Kaiser Permanente, like every health care system in the country, wants to minimize health care associated infections such as MRSA (a potentially fatal staph infection that is resistant to many commonly used antibiotics). At our Sunnyside Medical Center, we implemented a bundled intervention approach to attack the problem. We started daily screening of every patient in the ICU. Through that and other steps, we've seen a 41 percent decline in healthcare-related MRSA at the hospital. That's not just better for the patients, it's better for the organization. We have fewer cases of hospital re-admittance, freeing up resources for use in other areas (we are a prepaid health plan, after all).

There are other examples where an integrated, prevention-based model improves the health of patients. The Kaiser Permanente program to reduce premature births in the Northwest region has been very effective—saving resources down the road when both mother and baby are healthy.

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Summary and Conclusion

Plenty of evidence exists that demonstrates that the IHCDS model has worked well. Systems such as Kaiser Permanente have been stable, and have even grown, in an insurance market that has been shrinking during one of the roughest economies in decades. An IHCDS also has a rate advantage over other plans, and consumers can see the value.

Regarding health care reform, we should worry if the vision is put on hold. The question is: What will premiums look like in seven years if we don't reform the system? I think we all know the answer to that, and it's not a pretty picture.

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