



# MERCER

Human Resource Consulting

November 19, 2004

## The Race Between the Shark and the Engineer

**Arnie Milstein MD, MPH**

Pacific Business Group on Health  
Mercer Human Resource Consulting  
The Leapfrog Group  
arnold.milstein@mercer.com



Marsh & McLennan Companies

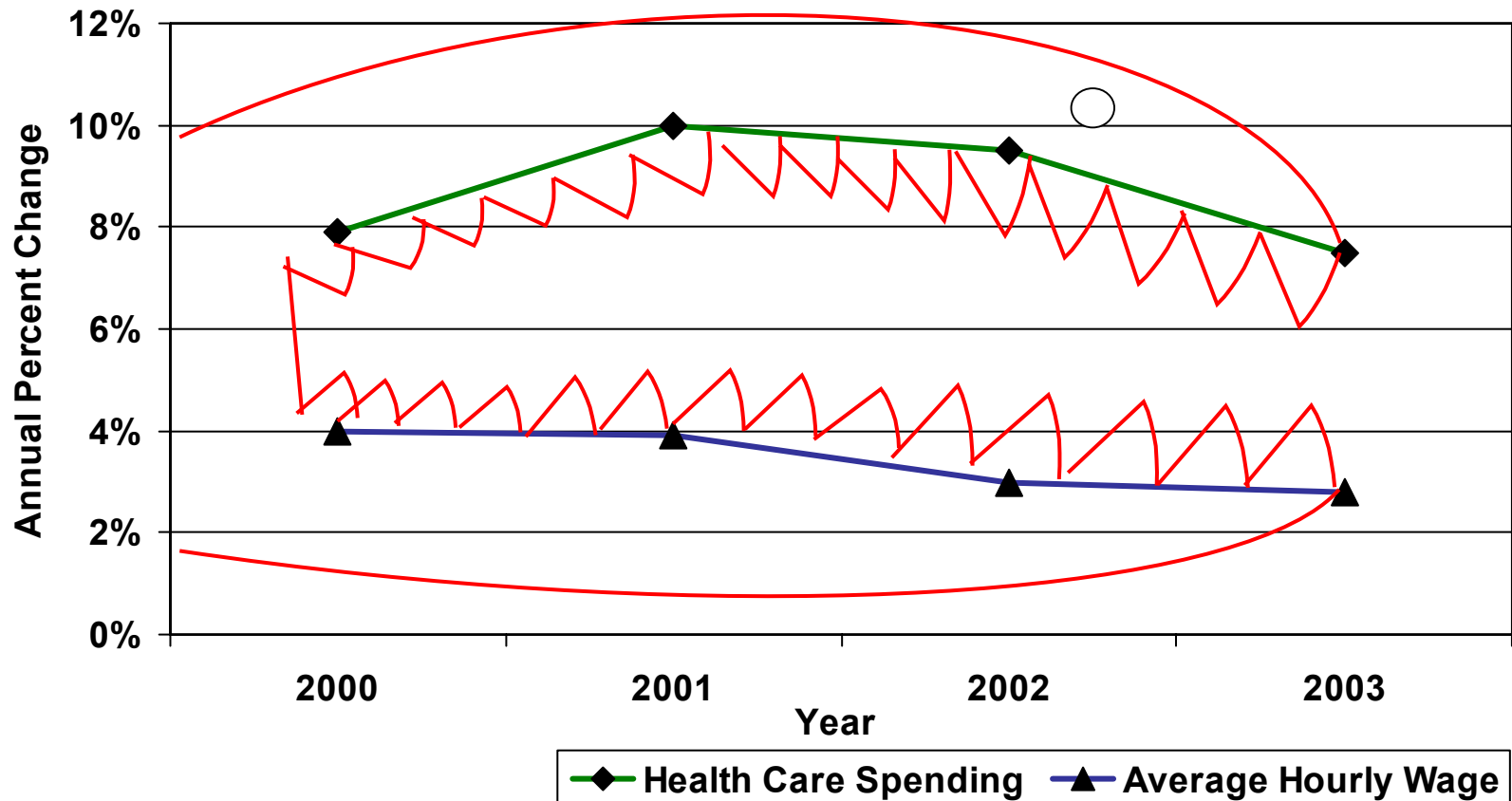
©2004 A.Milstein



# Meet the Medical Miracle Shark

Muzzle these Jaws or Spend >50% of Employee and Retiree Income on Health Care

Annual Percent Changes per Capita in Health Care Expenditures and in Average Hourly Wages for Workers in All Industries, 2000 through 2003

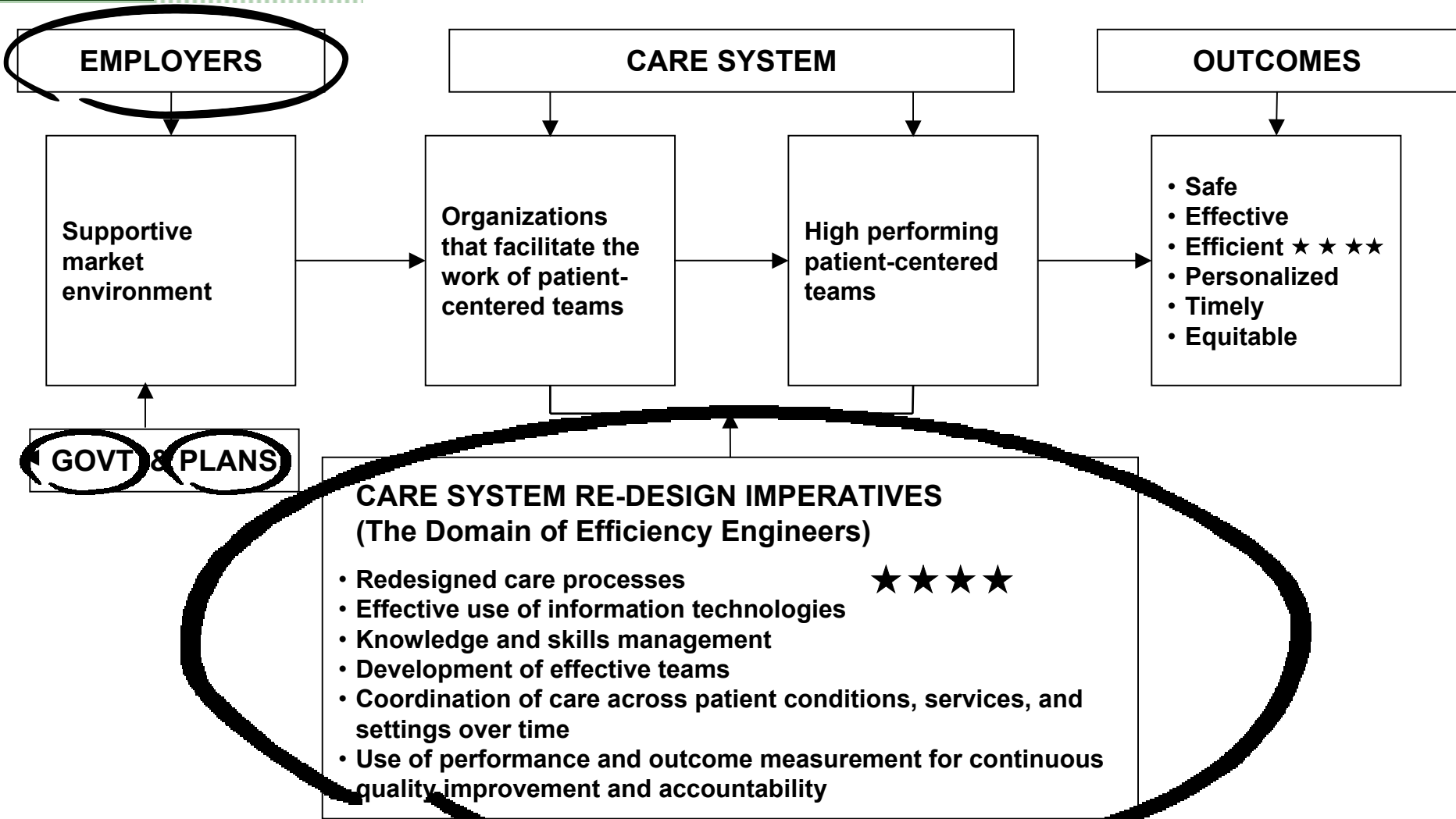


Data are from Strunk and Ginsburg, 2004. Dental work by Dr. Milstein.



# Meet the Care Efficiency Engineers

## Incentivize Their Ascendance or Face Social Strife



<sup>1</sup>Adapted from Crossing the Quality Chasm, IOM, 2001.



# Toward What IT-enabled Endpoint Might Chronic (and Acute) Care Evolve?

- Customers' personal values will be periodically elicited and shape risk assessment methods and responses
- Health risk assessment and response cycles (i.e. treatment planning) will be automated, continuous, less visible/disruptive and begin before birth
- “Cyberists” will perform the majority of non-automated work
- Accountability for implementation of clinical workflow steps will be explicit, and workflow will be automatically captured and adjusted

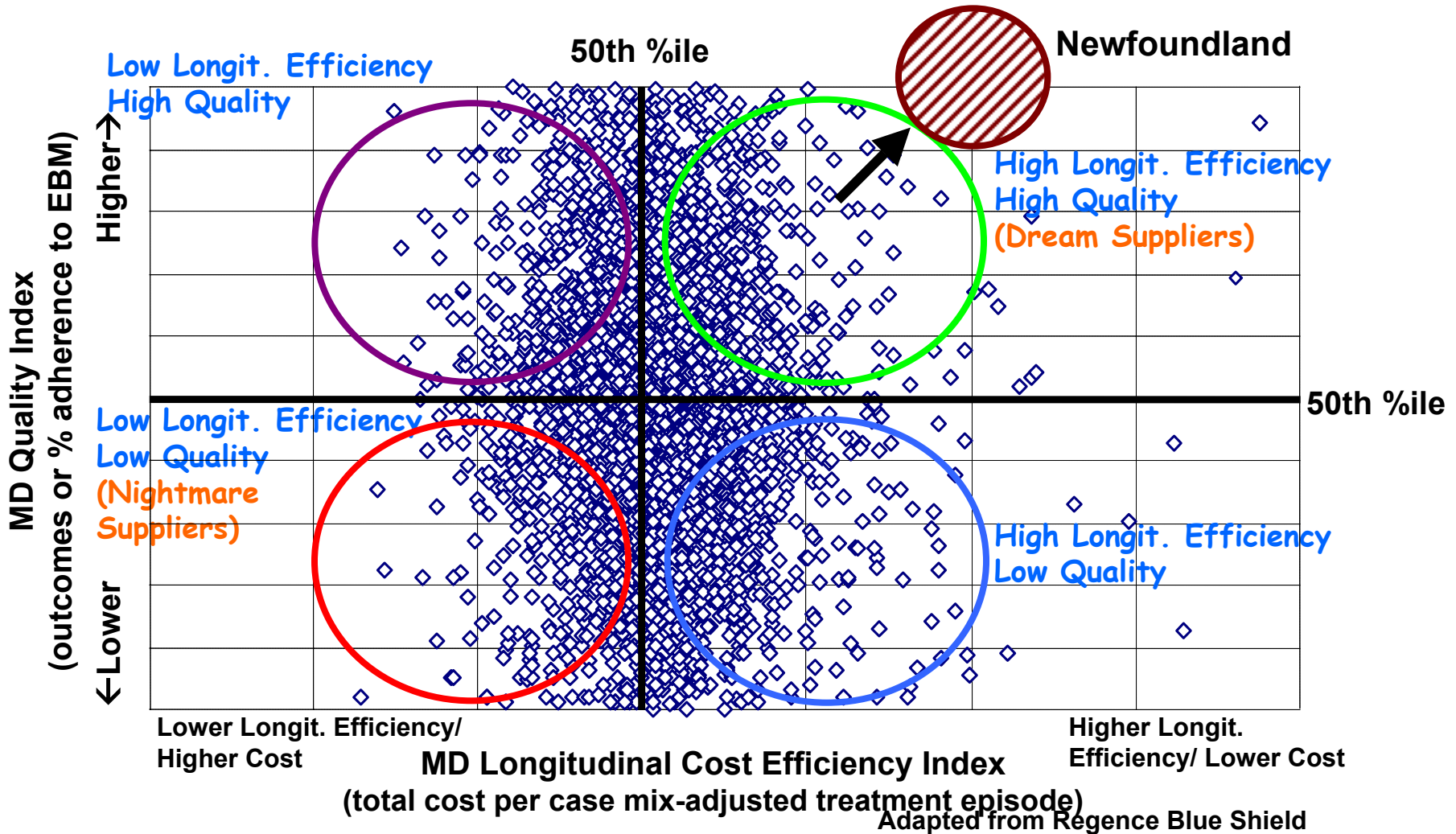


# Nearer Term Evolutionary Steps

- Frontstage providers will increase “systemness” via pretty good ehrs connected to “backstage” providers
- Balkanized backstage providers will merge
- “Therapeutically-dosed” P4P will stimulate provider adoption of evolving evidence-based best practices in chronic care
- Increasingly performance-sensitive health benefit plan designs with automated continuous electronic prompts will increase consumer selection of, and cooperation with, superior backstage & frontstage providers



# Efficiency Engineers Will Allow Us to Outswim the Shark To Newfoundland & Beyond





# Closing Thoughts on Racing the Shark

- Political tensions will force all insurers to blend P4P (AKA Supply Chain Management 101) with more sharply tiered consumerism (AKA 18th Century micro-economics)
- Static near-term percentage point net gain may exceed 25 points on cost-efficiency & 40 points on quality reliability
- Continuous, dynamic, IT- enabled annual efficiency gains from care re-engineering must eventually offset the annual incremental cost burden from the flow of biomedical miracles
- Real time, multi-source clinical information capture, decision support, and workflow management based on interoperating IT solutions will be the jewels in the efficiency engineering crown
- Skeptical about efficiency engineering's yield?
  - ... Think Stockholm's Jonkoping Clinics
  - ... Think Southwest Airlines