A Blue Cross and Blue Shield Association Presentation

HIT for Health Plans 101: What Changes Mean for You

The Health Information Technology Summit

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HIT for Health Plans 101

Agenda
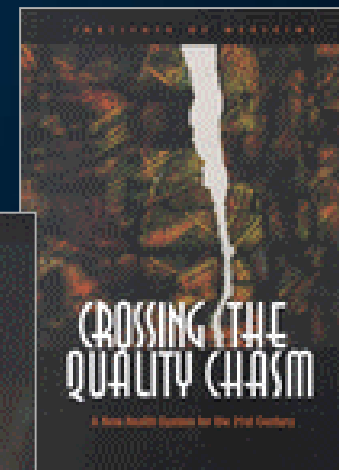
Dysfunctional system

"Interoperable" EHRs

Call to action

Questions/Answers/Follow-Up
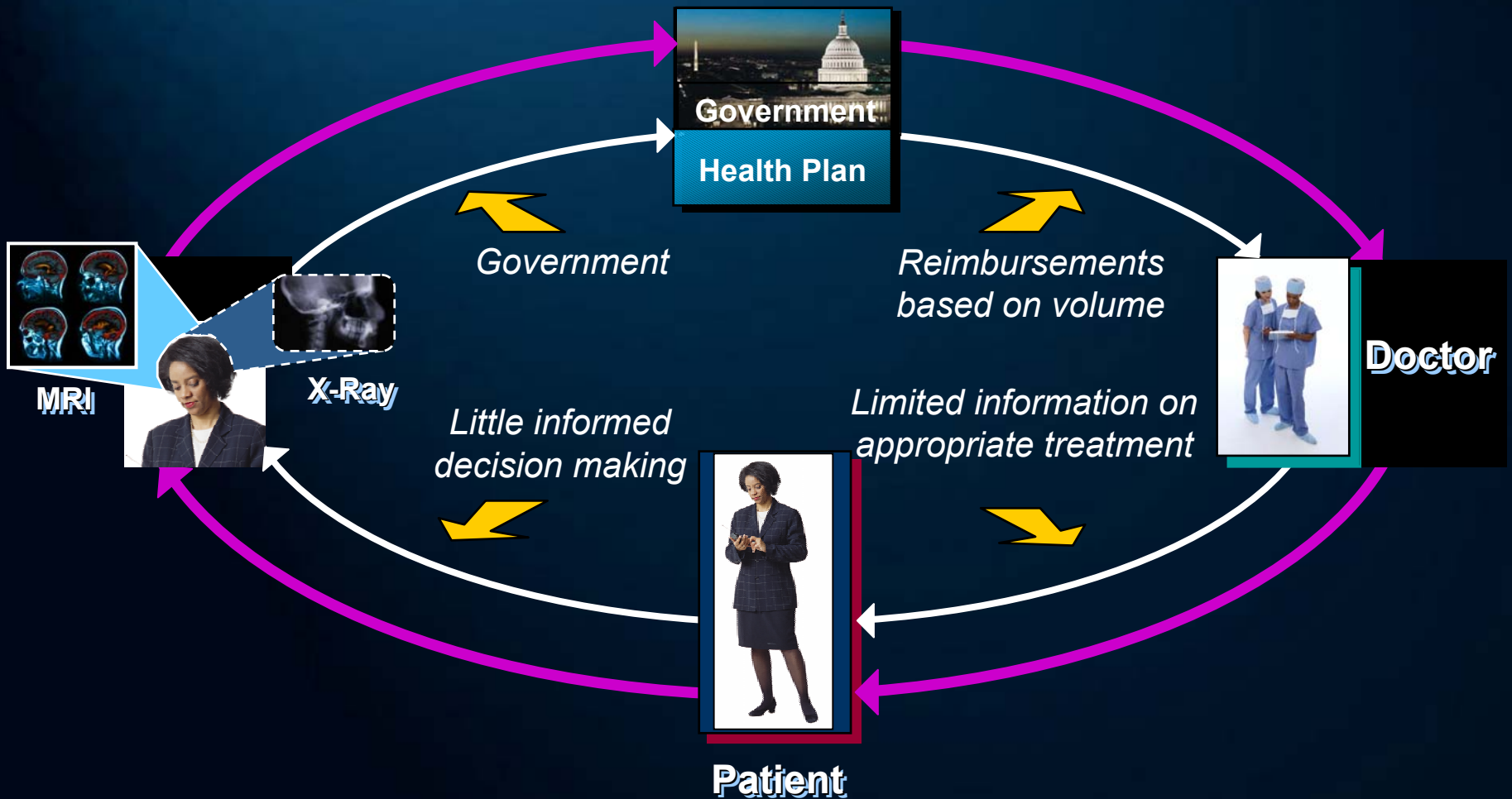
HIT for Health Plans 101

The only thing worse than a dysfunctional system is **automating** a dysfunctional system

- Practice variation
- Patient safety
- Adverse drug events
- Fragmented care delivery

The Dartmouth Atlas of Health Care

TO ERR IS HUMAN

CROSSING THE QUALITY CHASM

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Fragmented care delivery presents significant challenges to improving quality and efficiency

Government

Health Plan

MRI

X-Ray

Government

Reimbursements based on volume

Doctor

Little informed decision making

Limited information on appropriate treatment

Patient

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The dysfunctional system is negatively impacting key stakeholders

- Member dissatisfaction

- Physician frustration

- Cost management pressure from employer purchasers

Healthcare Cost Trends

Poor quality and efficiency are two of the drivers of the trend in increasing health expenditures…

National Health Expenditures Per Capita

$1,067

$2,738

$4,670

$4,670

$5,021

$5,808

$6,167

| 1980 → | 1990 → | 2000 | 2001 | 2002 | 2003 E | 2004 E |

→ = *10-year interval*

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…and consequently contribute to the rise in premiums

Health Insurance Premium Increases

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four

Source: Kaiser Family Foundation, 2003

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Evolving needs have led to the development of new "consumer-directed healthcare products" (CDHP)

- <u>HEALTH REIMBURSEMENT ACCOUNTS (HRA):</u> HRAs are personal medical funds, funded by an employer and usually coupled with a high-deductible health plan.

- <u>HEALTH SAVINGS ACCOUNTS (HSA):</u> HSAs are personal medical funds, funded by an employer and usually coupled with a high-deductible health plan. HSAs are different from the HRAs because they are portable from one employer to another.

- <u>MEDICAL SAVINGS ACCOUNTS (MSA):</u> MSAs are savings account coupled with a high-deductible health plan that are typically targeted at individuals and small businesses. MSAs may be funded by either the employer or employee.

- <u>TIERED PROVIDER NETWORKS</u>: A tiered provider networks product classifies hospital and/or physician networks into tiers based on cost, specialized care, or quality measures.

- <u>CUSTOMIZED PRODUCTS</u>: These are products in which employees can modify several variables at the point of enrollment, such as co-pays, coinsurance, network and drug benefits, in order to select benefits that are customized to their specific needs.

- <u>LOW COST</u>: These are products that offer basic coverage at low cost.

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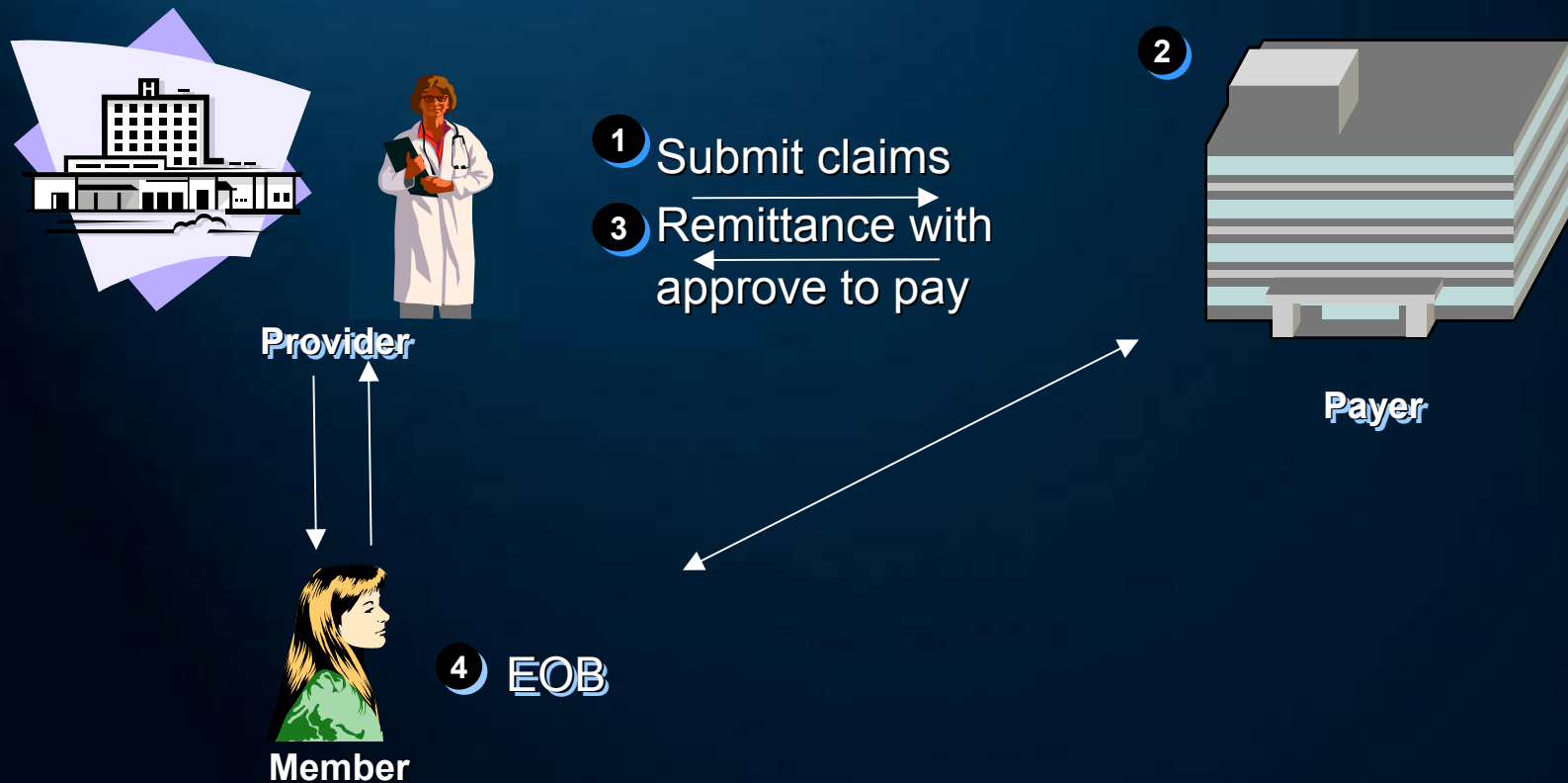**Agenda**

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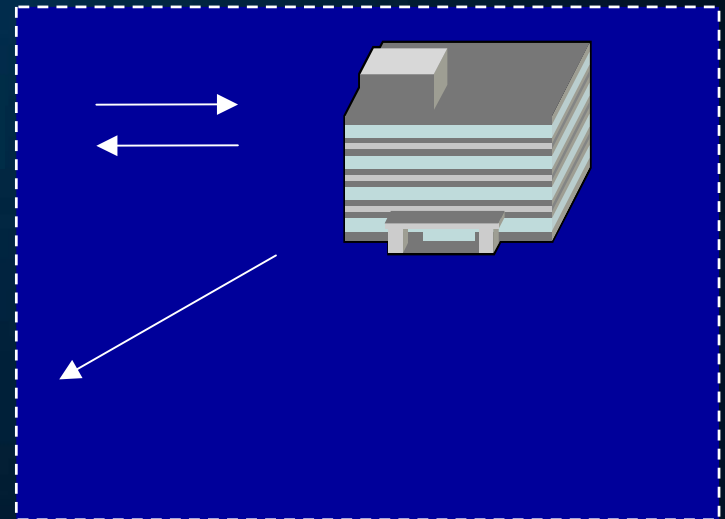Automated connectivity with providers is already in place to process claims…

Provider

1 Submit claims

3 Remittance with approve to pay

2

Payer

4 EOB

Member

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…but, the systems do not capture all the information that is needed to improve efficiency and quality of care.

- Health status

- Outcomes

- Contraindications for prescription drugs

Electronic health records would provide efficient access to this information

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Bad assumptions underlie the dysfunctional system

- "They are the problem"
- "We are the solution"

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Repairing, then automating, the dysfunctional system requires alignment of:

- Efforts of all stakeholders and end users of EHRs

- Appropriate/timely information exchange

- Incentives to encourage adoption and use

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All stakeholders and users need to work together to design standards/systems that meet their requirements

- All stakeholders must participate

- No HIPAA redux

- Roadmap needed to do "smart"

- Cost/benefit and pilot testing a must

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How do we get there?

- Provider commitment to EHRs

- Consensus on roadmap

- Standards development/implementation

- Funding

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Why Doctors?

There are three kinds of people re: EHRs

- Those who see them as the next windfall sales opportunity

- Those who know that it will be an enormous financial liability

- Those who see it as a perpetual source of angst but who must use and rely on it

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Appropriate and timely information supports:

- Evidence-based clinical practice

- Reduction in redundant and/or ineffective care

- Adjunct health plan care management services

- Pay for performance & other rewards

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- Pay for performance

- Reduced burden

- Special recognition

- Professional recertification

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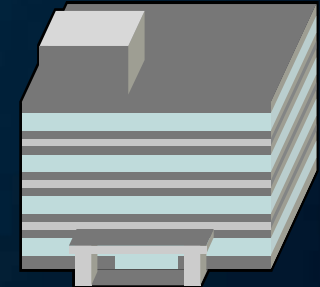Dysfunctional system

"Interoperable" EHRs

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The path toward EHR's interoperability is a three-phase process

- Phase I – Roadmap/Design
- Phase II – Build/Test
- Phase III – Go Live

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Key take home points

- First, repair the dysfunctional system

- Develop roadmap

- Then automate

- Buy-in/participation a must

- This is a call to action

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Questions?

Contact

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