
Transforming to an IT-Enabled Health Care System: Health Plan Role

Health IT Summit

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October 21, 2004

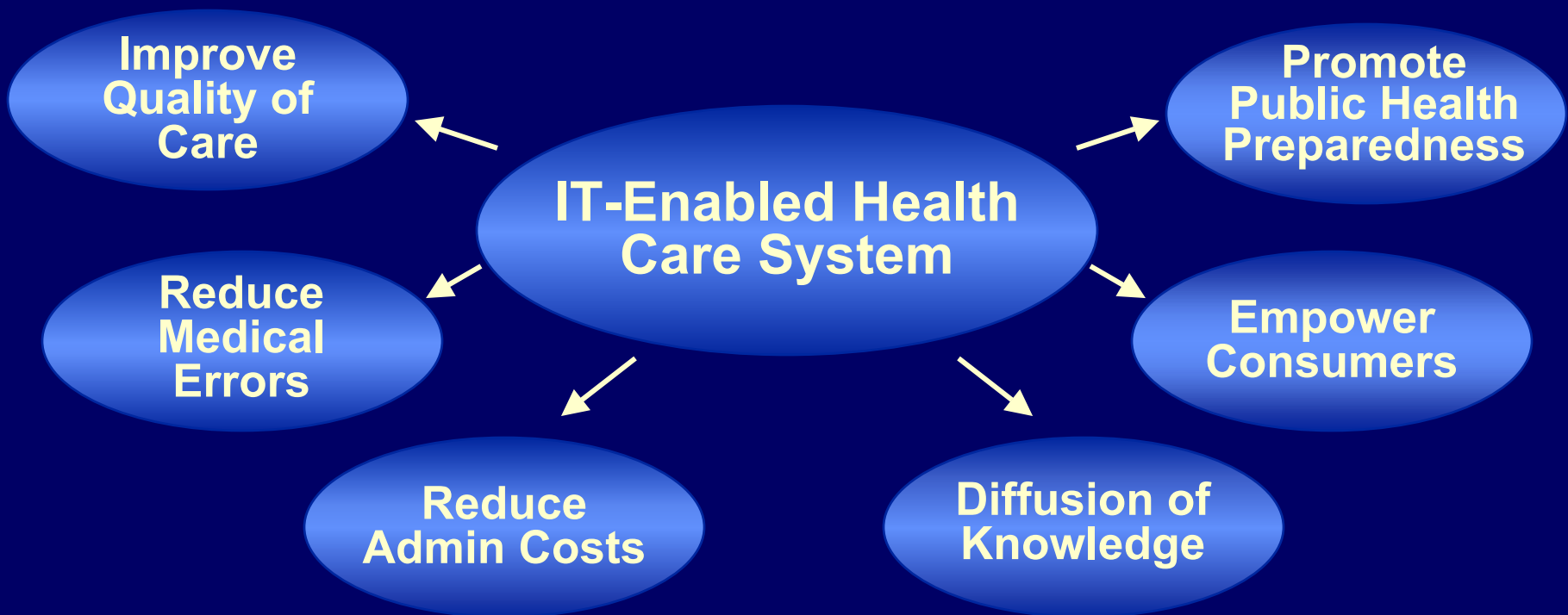


Agenda

- **The Business Case for Health IT**
- **Infomediaries Will Accelerate IT Adoption**
- **Social Investment Required**
- **Regulatory Formula for Success**
- **Conclusion**

The Business Case for Health IT

Most other economic sectors have used IT to become integrated and more efficient. Health care too can be transformed



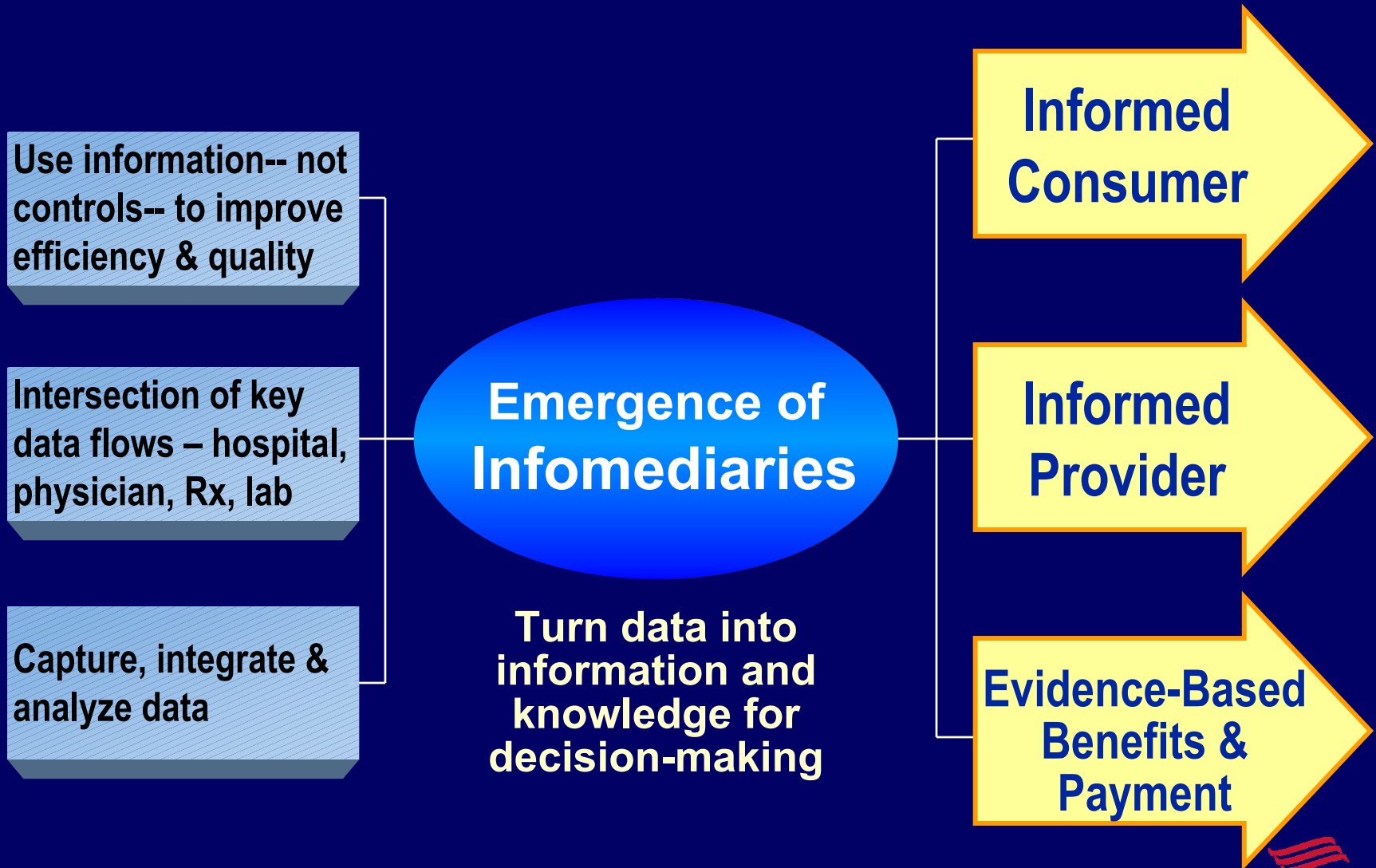
Barriers to Overcome

- **Technical**
 - Patchwork of proposed legislation, regulation and standards-setting groups
 - Lack of communication and data standards
- **Professional and Cultural**
 - Perception that benefits accrue more directly to payers and patients
 - Reluctance to introduce IT if workflow changes required
- **Financial**
 - Access to capital for up-front investment

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What Is an Infomediary Health Plan?



Rationale for IT Acceleration

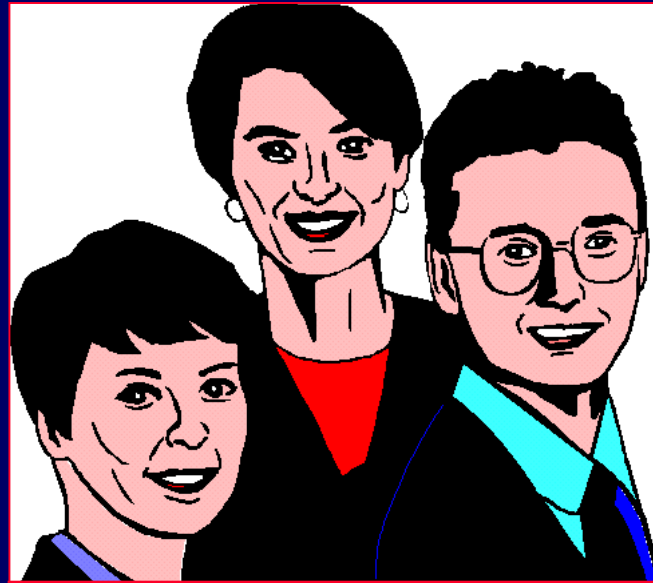
- **Consumer-Centric Health Care Requires IT Support**
- **Unwarranted Variation Impacts Affordability and Quality**
- **Large-Scale IT Investment Required**

Consumer-Centric Health Care Requires IT Support

Infomediaries Will Accelerate IT Adoption

Plan Choice

PPO Open access
POS **ASO**
HMO

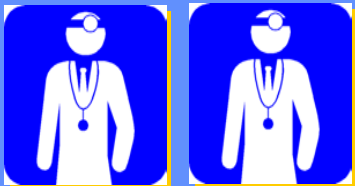


Information Transparency

Price Choice



Provider Choice



Treatment Choice



Tools & Information to Support


WELLPOINT

Unwarranted Variation in Hospital Care

*Infomediaries Will
Accelerate IT Adoption*

Dartmouth researchers show more care and higher spending do not result in better outcomes

- ***Using Medicare claims data, investigators found:***
 - **Where people live, who treats them and in what hospital-- not their illness-- determines how much care is given and how much money is spent**
 - **Hospitals providing more care for one condition have similar patterns for other conditions**
 - **Level of care intensity likely to apply to commercially insured patients**

*Source: John Wennberg, et al and Elliott Fisher, et al,
Health Affairs web exclusives, October 7, 2004.*

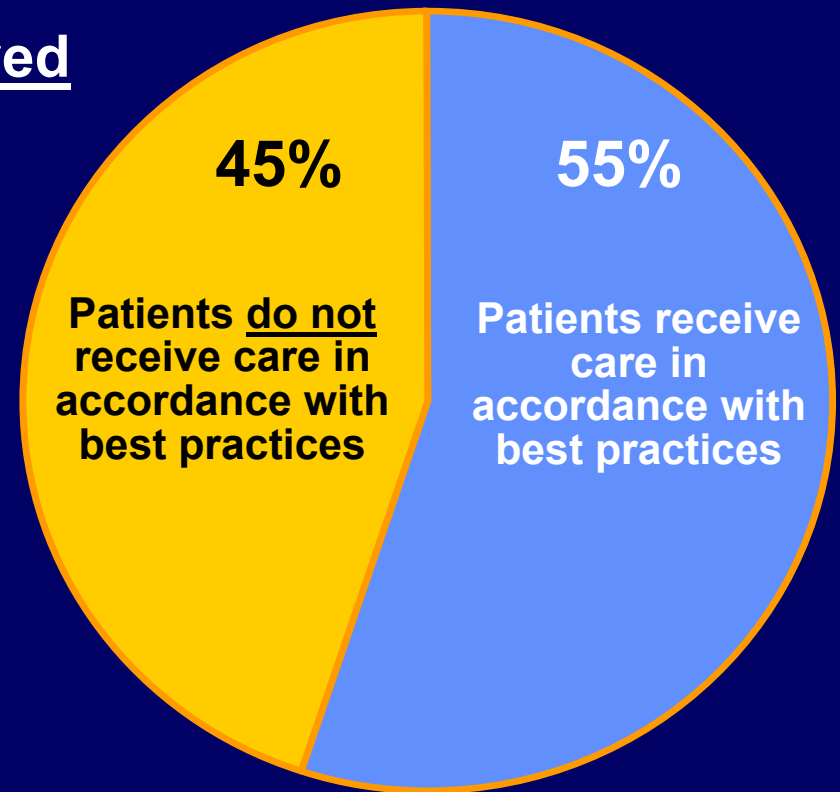
Unwarranted Variation in Evidence-Based Care

Infomediaries Will Accelerate IT Adoption

Nearly one-half of physician care not based on best practices





% of Recommended Care Received

64.7%	Hypertension
63.9%	Congestive Heart Failure
53.9%	Colorectal cancer
53.5%	Asthma
45.4%	Diabetes
39.0%	Pneumonia
22.8%	Hip Fracture



Source: Elizabeth McGlynn et al, RAND, 2003

Variation and Affordability

		<u>Total Abdominal Hysterectomy</u>	<u>Cholecystectomy</u>	<u>Total Knee Replacement</u>
	CA Hospital A	\$25,100	\$27,000	\$ 28,700
	CA Hospital B	\$ 2,200	\$ 1,700	\$ 3,000
	GA Hospital A	\$11,400	\$12,500	\$ 21,100
	GA Hospital B	\$ 2,800	\$ 2,800	\$ 8,700
	MO Hospital A	\$26,200	\$18,200	\$119,400
	MO Hospital B	\$ 3,100	\$ 9,600	\$ 24,900
	TX Hospital A	\$37,700	\$18,600	\$ 41,000
	TX Hospital B	\$14,700	\$ 2,100	\$ 24,700

Source: WellPoint internal database systems.

Large-Scale IT Investment Required

*Use Information technology that now
exists to transform health care*

Basic
Connectivity

Standardized
Administrative
Processes

Medical
Management

Outcomes
Analysis

Clinical
Decision
Support

Consumer
Decision
Support

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Social Investment Required

**Catalyst for Constructive Change:
Aligning Social & Business Objectives**

Change System

IT / Connectivity

Quality Metrics

Telemedicine

Improve Health

Obesity & Nutrition

Smoking Cessation

Exercise

Environment

Expand Coverage

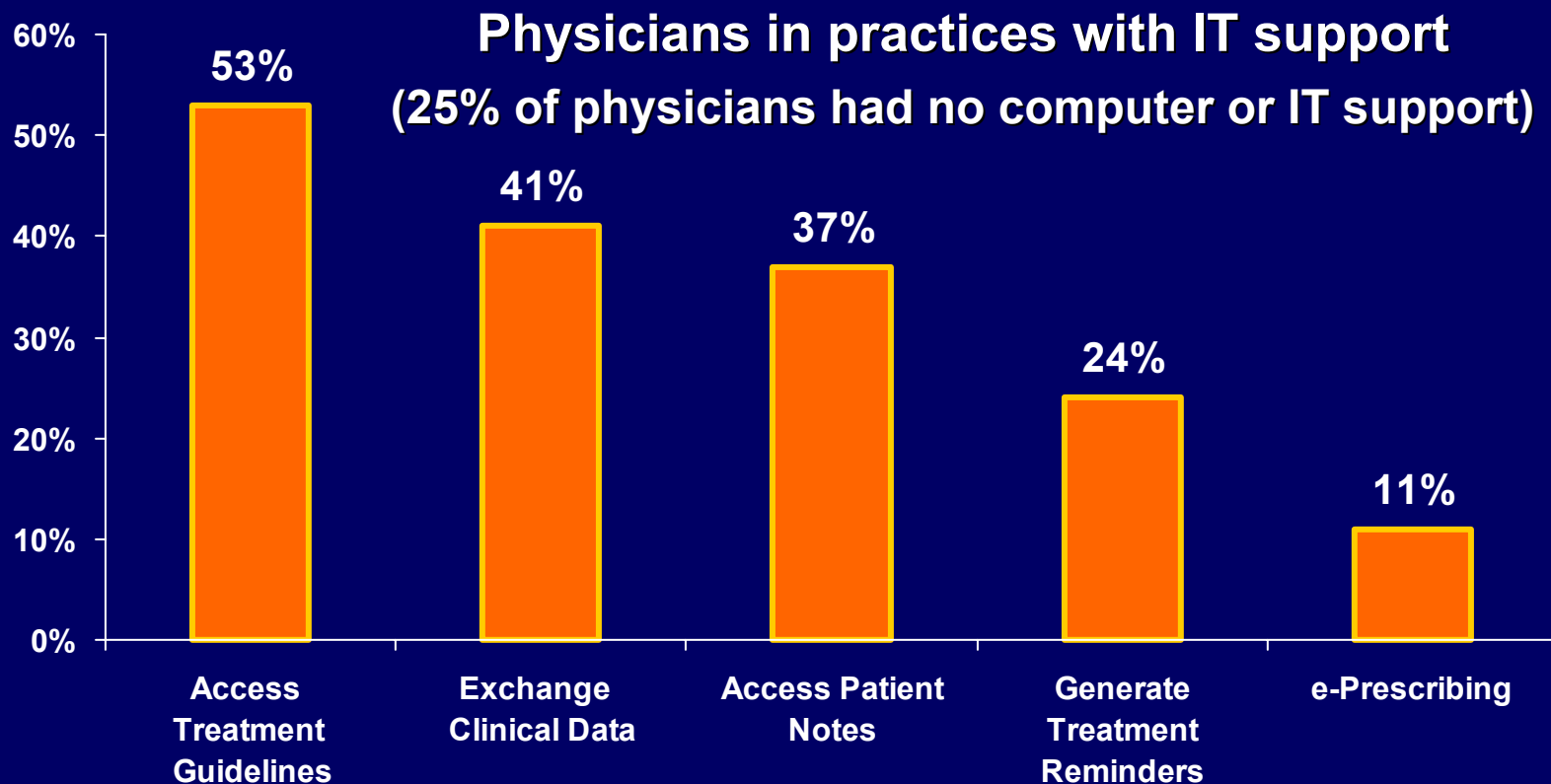
Uninsured Segments

Product Innovation

Public Policy

System Change Addressing Slow IT Adoption

The wide variation in physician technology adoption inhibits efforts to improve patient care



Source: Marie Reed and Joy Grossman, Center For Studying Health System Change, Issue Brief 89, September, 2004

System Change**Technology & Quality Initiative (TQI)**

WLP invested \$500M+ in '04 in its own IT strategy. To encourage physicians to adopt technology, WLP will:

- Give additional \$42 million in new information technology to >20,000 network physicians
- Enhance patient care, reduce admin costs and improve physician communication
- Offer physicians a choice of:
 - Prescription Improvement Package
 - Paperwork Reduction Package
- Expand initiative to >1,000 California safety net providers
- Negotiate discounts for >170,000 physicians in our networks



TQI: Results to Date

- WellPoint contacted 25,000 physicians in CA, GA, MO & WI
- 19,000 physicians participating
 - 2,700 physicians chose e-Prescribing PDA
 - 16,300 physicians selected paperwork reduction package
- Commitment to continue initiative through WellPoint Center on Health Care Economics & Technology



Observations

“Free is not cheap enough”

*- Harvey Fineberg, M.D.
President, IOM*

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Regulatory Formula for Success

- **Set interoperability standards to ensure compatibility across systems**
- **Strive for minimum standards**
- **Create public-private partnerships to pilot proposed standards and new technologies**
- **Support a product certification process to ensure compliance with standards**
- **Gain policymaker support for incentives for IT adoption**

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Conclusion

- Neither government nor payers alone can transform health IT– social investment is required
- Transformation to a 21st century health care system requires stakeholders to collaborate:
 - Make evidence-based medicine the standard of care
 - Accelerate transition to an IT-enabled system
 - Promote greater consumer engagement
- As leaders, as potential patients and as citizens we all need to be involved. . .

***Shape
the
Future***



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