

The Employer Perspective:

"Can Health Information
Technology Help Control Cost
and Enhance Quality?"



imagination at work

Robert S. Galvin, MD
The HIT Symposium
July 17, 2006

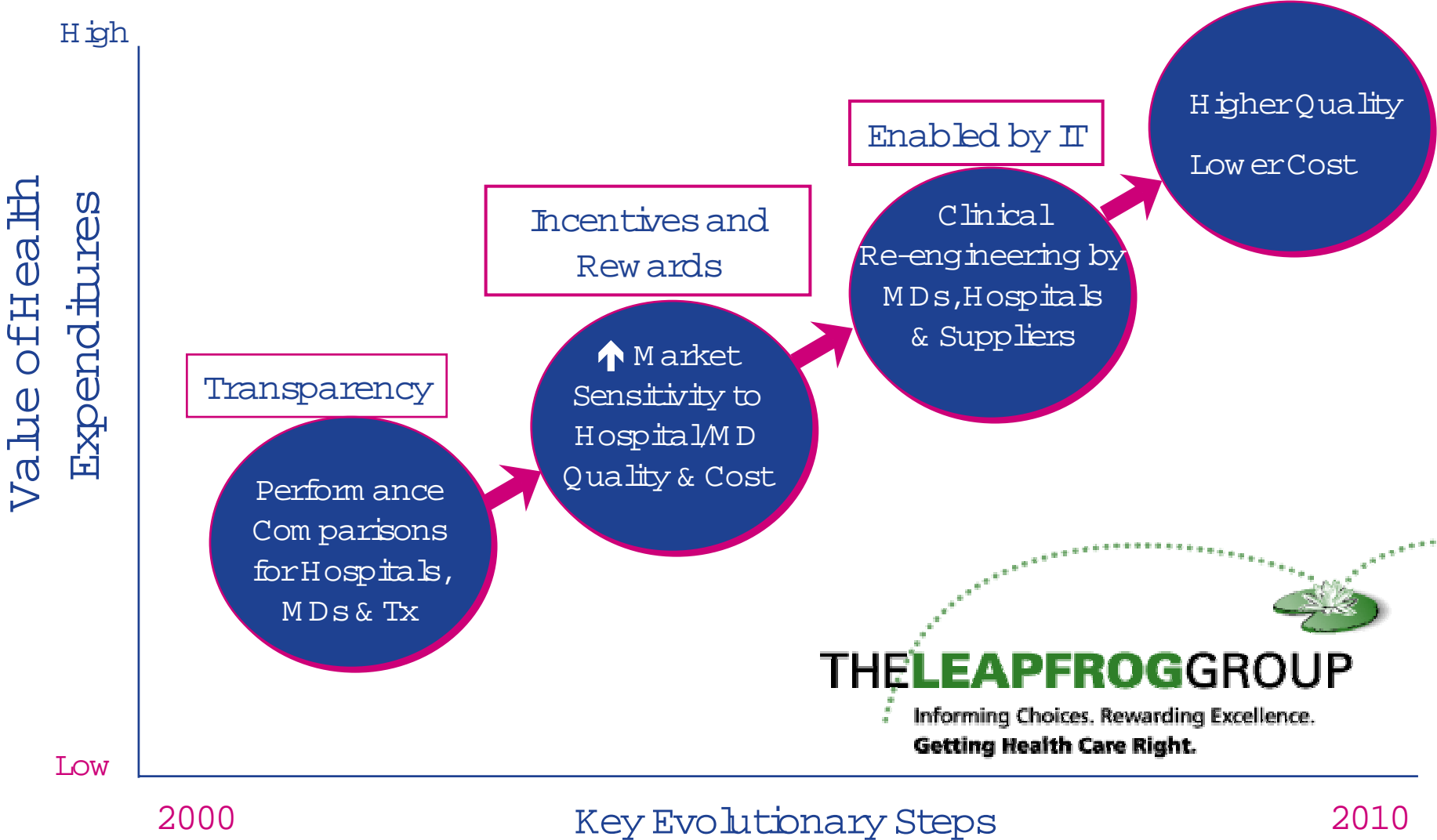
The Answer

Enhance Quality?..... You Bet

Control Costs? It All Depends

“Follow The Funding”

Information, Incentives and IT



HEALTH AFFAIRS

The Policy Journal of the Health Sphere

September/October 2005

Can Electronic Medical Record Systems Transform Health Care? Potential Health Benefits, Savings, And Costs

The adoption of interoperable EMR systems could produce efficiency and safety savings of \$142-\$371 billion.

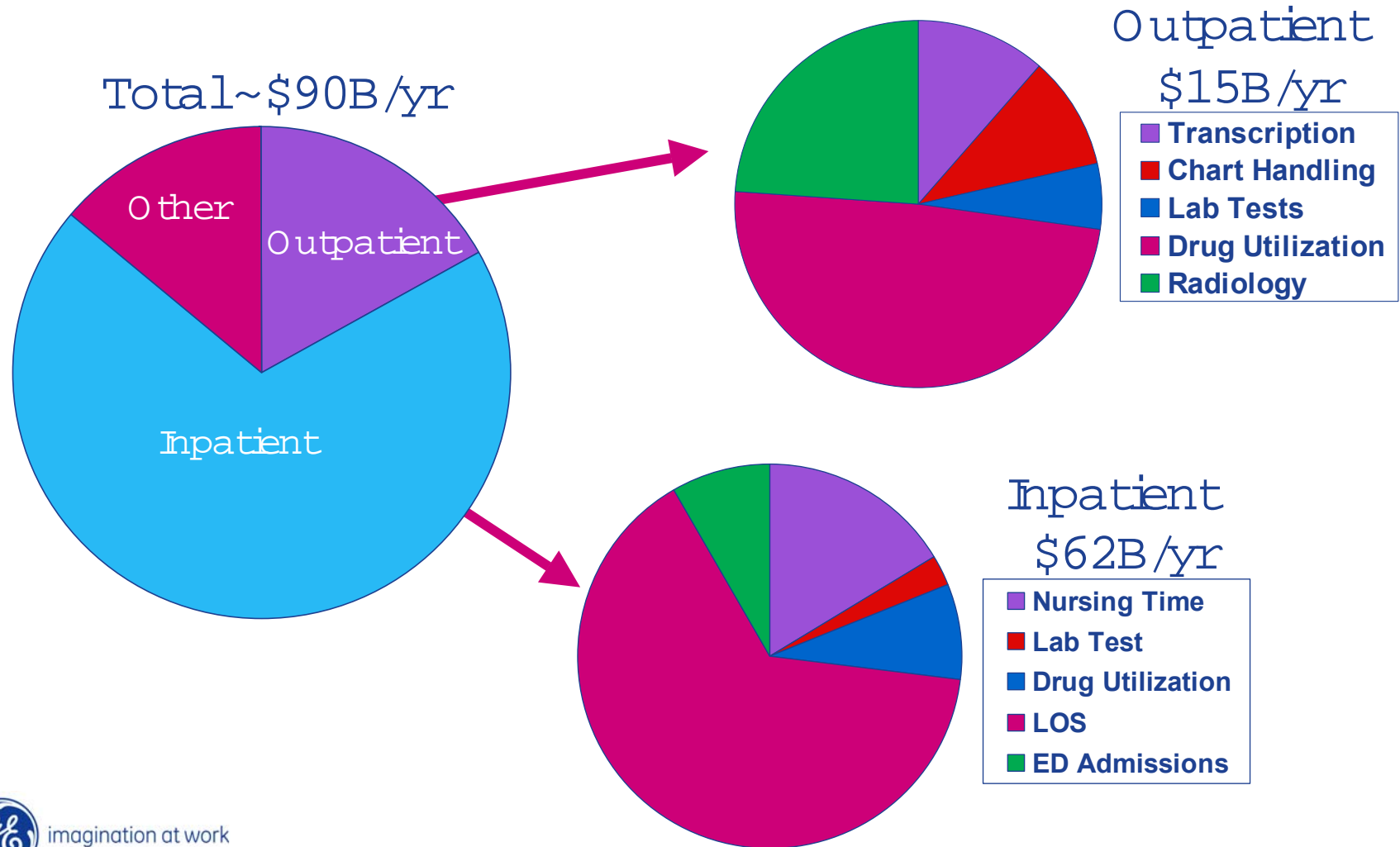
by **Richard Hillestad, James Bigelow, Anthony Bower, Federico Girosi, Robin Meili, Richard Scoville, and Roger Taylor**

- RAND Health Information Technology Project
- Comprehensive Review of Literature
- Multiple Site Visits to Confirm Data

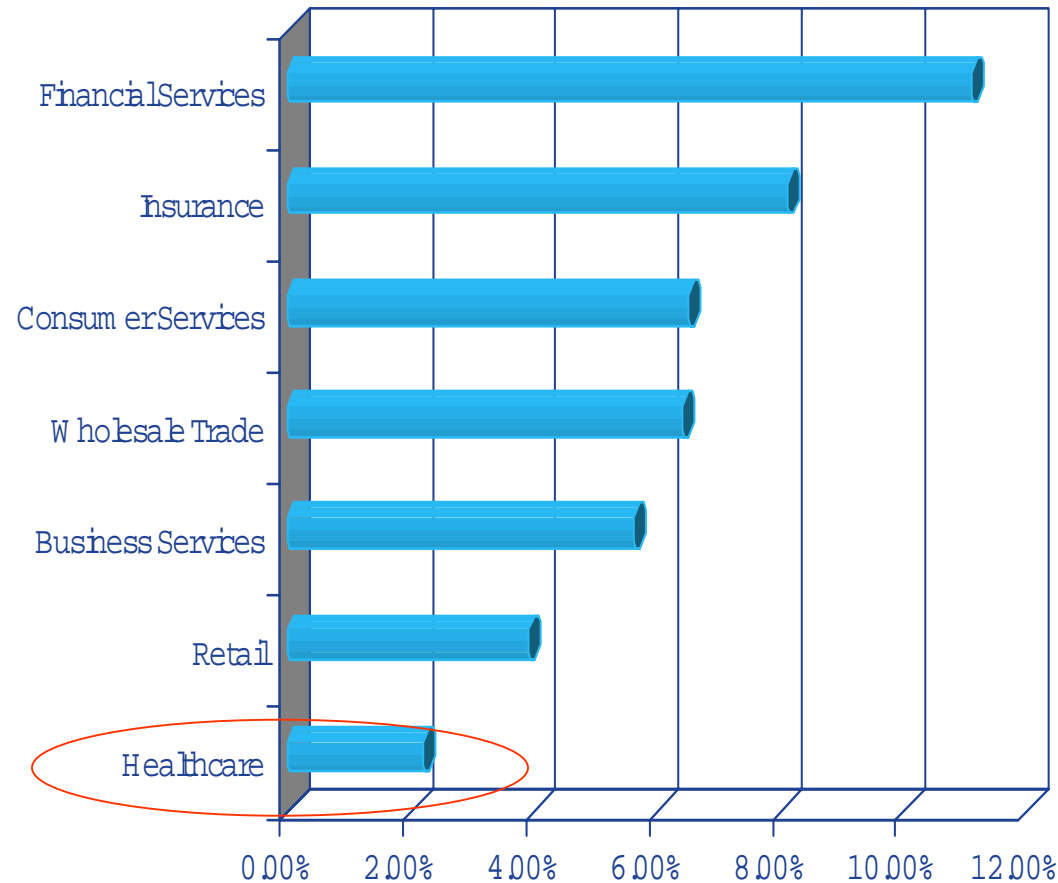
Better Value From Today's Treatments

Type of Effect	Examples
Reduce errors	2-3M avoidable ADEs/yr ~\$6B /yr
Reduce inappropriate variance	Overuse of antibiotics ~\$5B /yr
Improve prevention and disease management	Reduce chronic care costs 10% ~\$60B /yr

Big Savings From Efficiency



The Delivery System Has Been Resistant to Adopt IT



- What's Taking So Long?
 - If It Ain't Broke, Don't Fix It
- Digitizing is Tough Stuff
- Providers Pay, Payers Save
- Inter-Operability
 - What If I Choose Beta Max?

Proposed Solution

Funding:

- Stark and Anti-Kickback Safe Harbors – The Big Hitter
- Pay for Performance (Focus on IP)
- Others

Inter-Operability:

- Government: CCH IP, etc.
- Private Vendors: EHRCA

Looking for Funding in All the Wrong Places?

PRO

Promotes Integration Between Hospitals and Physicians

Accelerates Physician Adoption – Cost is the #1 Barrier

Helps Inter-Operability: Make It a Condition of the Safe Harbor

Savings From IT Realized Sooner

CON

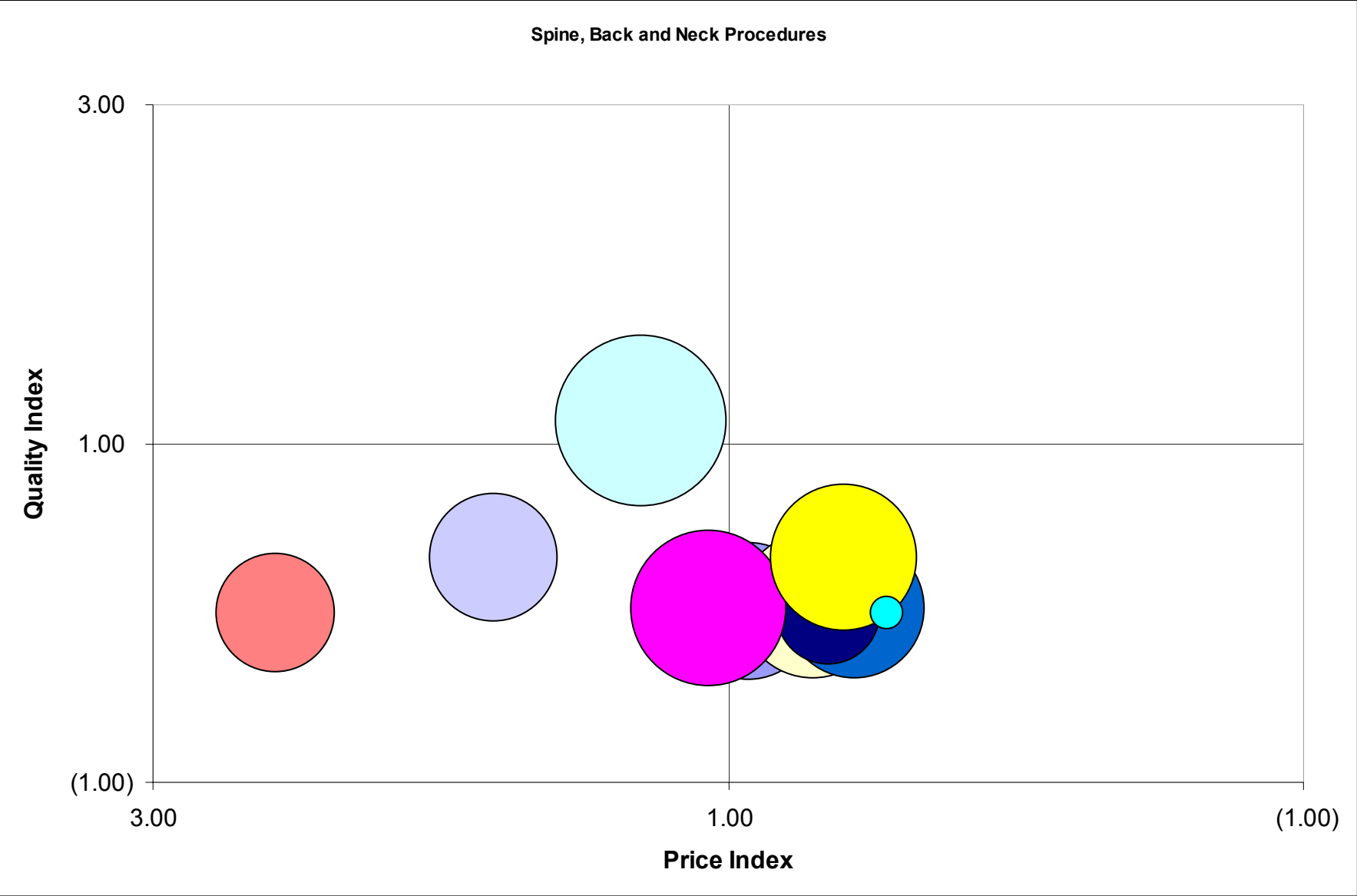
Enables Consolidation of Hospitals and Physicians

Doesn't Help Physician Adoption: "Free is Not Cheap Enough"

Hurts Inter-Operability: Vendors Inadvertently Incentivized to Protect Proprietary Systems

Savings From IT Significantly Decreased Due to Loss of Effective Competition

Competition Drives Improvement



Require Inter-Operability As Part of Safe Harbor?

- You Can ...But It Is a Very Complicated Issue
- It Will Take Years to Complete
- The Process Is Easy to Game and Delay

'Health Information Technology Is a Fundamental Change, But It Doesn't Change the Fundamentals.'

- Funding Matters: Competition Around Service Quality and Efficiency Drives Value
- Consolidation Is Easier Than Integration
- Cost Savings Is Hard: One Person's Cost Is Another Person's Savings . . . And Resistance to Change Is a Given