

# **Transformation in Health Care Delivery: The Future in Rural America**

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**Kearney, Nebraska**

**2025 in Sidney, Nebraska:**

**Family with moderate income and high-deductible health insurance**





**2025 in Crawford, Nebraska**

**Lifelong 85-year-old resident with lifetime of healthy living now covered exclusively by Medicare**

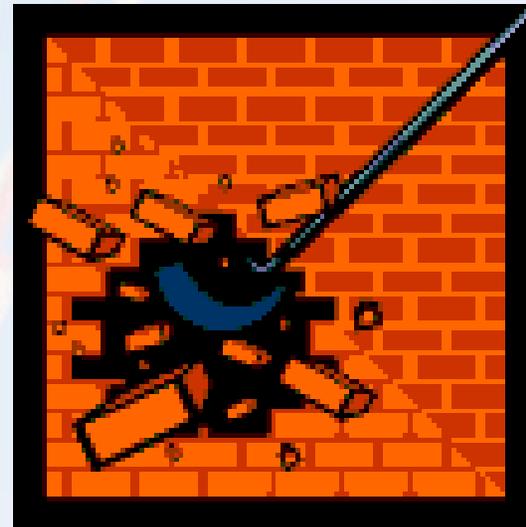
**2025 in West Point, Nebraska**

**The health care system of the future**



# We are on the Eve of Destruction

- Expenditures for health care are spiraling beyond any single fix
- Complexity of health care problems present more opportunities for medical error
- Millions with limited access because of cost, availability, cultural misfit
- Health care professionals with declining morale
- Breakthrough policies that contribute to problems: Medicare Part D
- **WILL IT ALL IMPLODE?**



## We Have a Problem:

- “The American health care delivery system is in need of fundamental change” [\[1\]](#)
- “I see my patients continuing to wander in the health care wilderness, without much hope of finding the path out.” [\[2\]](#)
- “In addition to cost, many Americans experience hurdles to entering the health care system simply because of where they live, where they work, the level of previous exposure to our medical system and its payment mechanisms, age, race and ethnicity, or the language they speak. Many do not have adequate health care options, and may be forced to use emergency departments for primary care. Indeed, the complexity of our system is often a barrier to access as well as a major impediment to effective and efficient treatment.” [\[3\]](#)

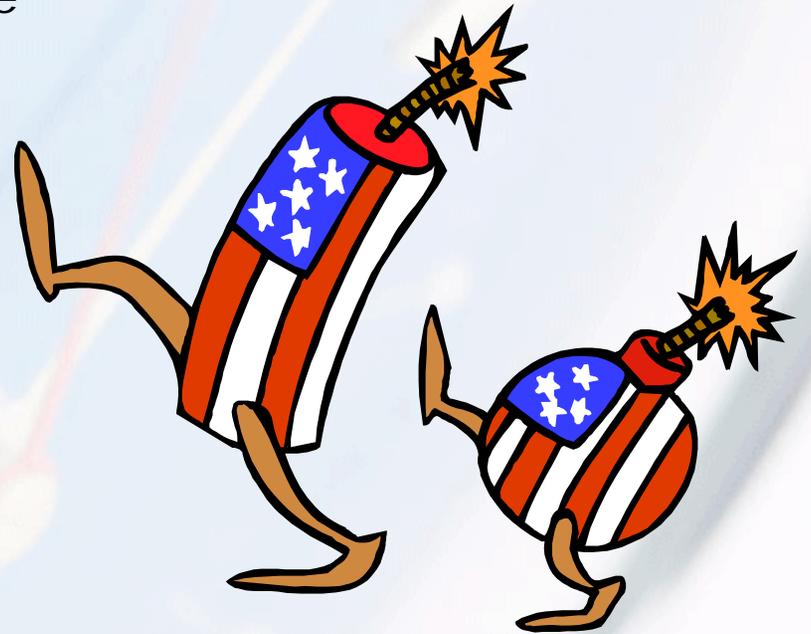
[\[1\]](#) Institute of Medicine. *Crossing the Quality Chasm* 2001. Washington DC: National Academies Press. P. 1

[\[2\]](#) Bob LeBow. *Health Care Meltdown*. 2002. Boise ID: JRI Press. P. ix

[\[3\]](#) 2004Health Sector Assembly. Statement of Findings and Intent

# And Yet We March Forward with Changes Transforming Delivery

- Genome research and application
- Technological advances
- Changes in professional practice
- Changes in payment systems



## To What End?

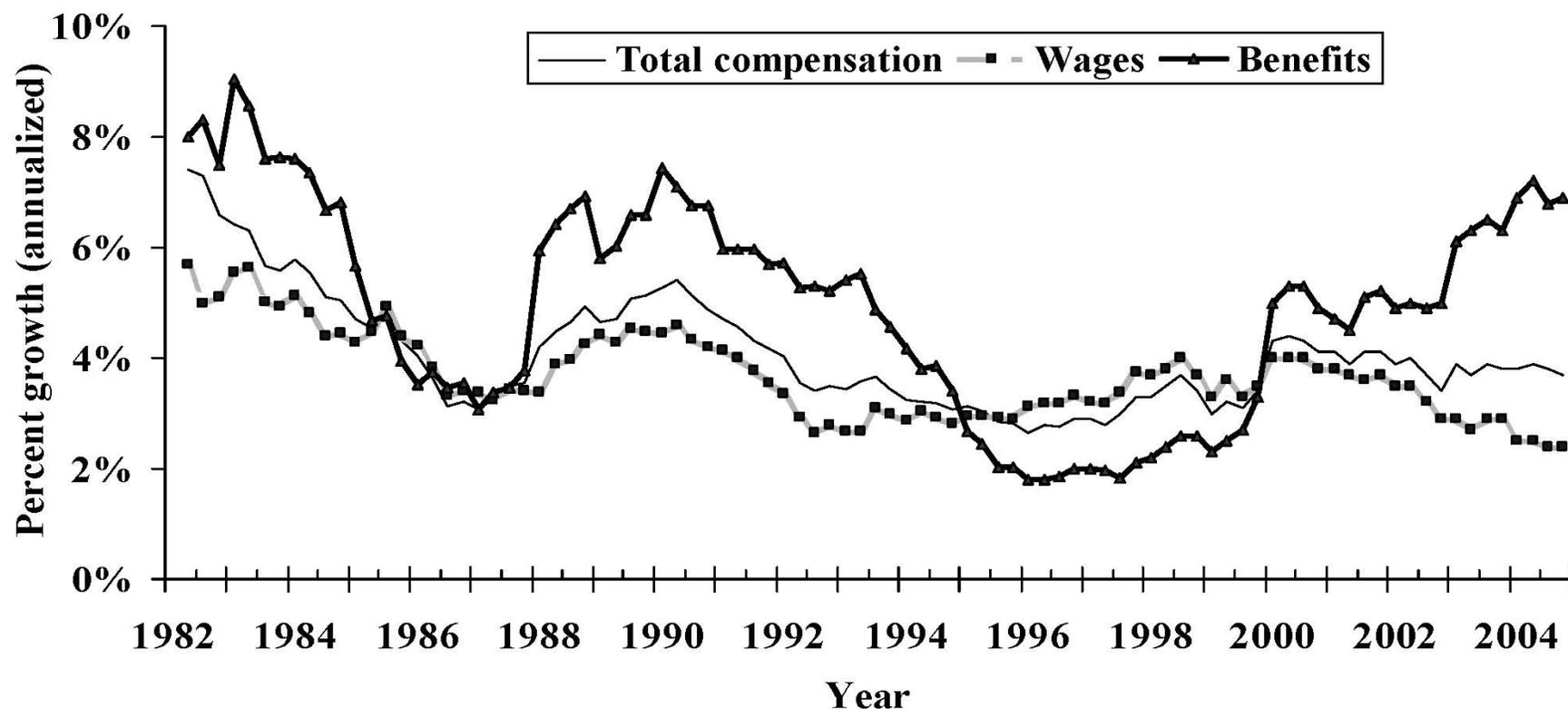
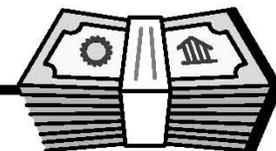
- System silos become policy silos
- Divide and conquer a prevailing approach – we deal best with incremental pieces
- Add up the pieces and ask: “Is this real, or is this a mirage?”
- Can’t run away from reality

# Unsustainable Trends

- In overall health care expenditures
- In the combined Medicare and Medicaid expenditures
- In the underlying demand for services that is driving expenditures
- In supporting a system that kills people
- Graphically illustrated in what is happening with wages and benefits



# Growth in Total Compensation, Wages and Benefits, 1982-2004



Source: Bureau of Labor Statistics, Employment Cost Index: <http://www.bls.gov/ncs/ect/home.htm>

# The litany of ills identified by the Commission on a High Performance Health System

- General support within the health care sector for maintaining the status quo, despite acknowledgment that some level of change is necessary
- Misaligned payment incentives across the board
- Inadequate information systems
- A system of regulatory oversight that is duplicative and costly
- An inappropriate balance between autonomy and accountability
- *Source:* "Framework for a High Performance Health System for the United States." August 2006. [www.cmwf.org](http://www.cmwf.org)

## Other signs

- Health insurance premium increases exceed earnings increases all but 4 years since 1988
- Uninsured and underinsured more likely to do without care due to costs: 59, 54, 25 percent (not fill a prescription, not see a specialist, skip recommended care, not see a doctor)
- Adults receive half of recommended care
- States with high quality indicators spend least per capita
- *Source:* various sources summarized in "A Need to Transform the US Health Care System: Improving Access, Quality, and Efficiency (a Chartbook)." Guthrie and Serber. October, 2005. [www.cmwf.org](http://www.cmwf.org)

# Leaders call for breakout, transformation strategies

- Cross the quality chasm (IOM)
- Transform the system (Karen Davis, Newt Gingrich)
- Dissolve hardened silos (RWJ President Risa Lavizzo-Mourey)

## Leaders call for breakout, transformation strategies, con't.

- Comprehensive health care reform (National Coalition on Health Care)
- Transform into retooled, dynamic, streamlined health system (Senator Frist)
- Develop a new social contract for a new century premised on joint responsibility (Senator Clinton)

# Principles of value-based competition

- The focus should be on value for patients, not just lowering costs
- Competition must be based on results
- Competition should center on medical conditions over the full cycle of care
- High-quality care should be less costly
- Value must be driven by provider experience, scale, and learning at the medical condition level

## Principles of value-based competition, con't

- Competition should be regional and national, not just local
- Results information to support value-based competition must be widely available
- Innovations that increase value must be strongly rewarded

*Source:* Redefining Health Care – Creating Value-Based Competition on Results. Michael E. Porter, Elizabeth Olmsted Teisberg, Harvard Business School Press, 2006.

# Have We Reached a Tipping Point?

- The Law of the Few: Gingrich, Clinton, Frist, AMA, Hea Sector Assembly?
- Stickiness Factor: Uninsured, Rising Expenditures – thought they went away, but they're baaaaack (actually never left)
- Power of Context: Some element of the "health care crisis" hits nearly everyone

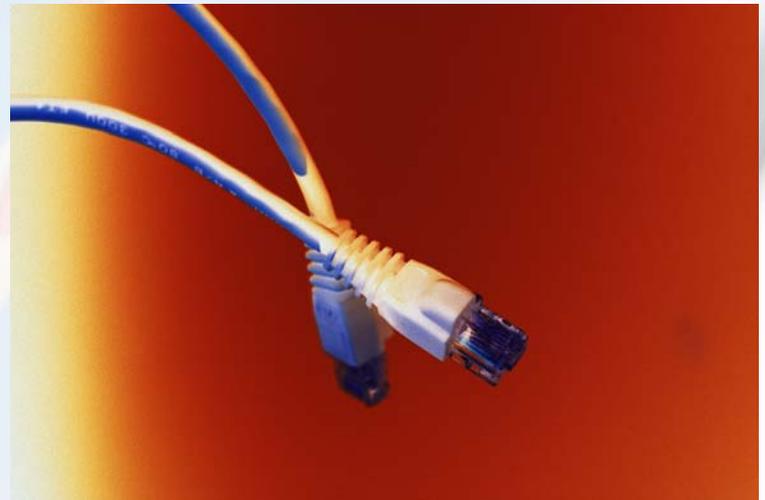
*Source:* Malcolm Gladwell.

The Tipping Point Little, Brown: 2000.



## **We have the means to do better**

- We have the resources – projections of \$3 trillion by 2014
- We have the technology – health information technology, geneology
- We have the expertise – health care and research
- We have the ideas to use when the policy window opens



## Areas for Accelerated Change (New Gingrich)

- Adoption of health information technology
- Empower individuals to be responsible for their health
- Travelocity-model for drug purchasing
- Medical innovation
- 100% insurance coverage for all Americans
- Transform Medicaid

## Areas for Accelerated Change (New Gingrich), (continued)

- Choice in Medicare
- Medical liability reform
- Federal government use power as employer
- Reduce incidence of diabetes and complications and deaths through health improvement
- *Source:* New Gingrich. "Coming Decline in Helthcare Costs." Accessed August 13 from <http://newt.org/PringPage.asp?art=3135>.

# Interim Recommendations of Citizens' Health Care Working Group

- Interim Recommendations of Citizens' Health Care Working Group
- It should be public policy that all Americans have affordable health care.
- Define a "core" benefit package for all Americans
- Guarantee financial protection against very high health care costs
- Support integrated community health networks

# Interim Recommendations of Citizens' Health Care Working Group (continued)

- Promote efforts to improve quality of care and efficiency
- Fundamentally restructure the way that palliative care, hospice care and other end-of-life services are financed and provided, so that people living with advanced incurable conditions have increased access to these services in the environment they choose.
- *Source:* Citizens Health Care Working Group. "Health Care that works for all Americans: Interim Recommendations." Accessed August 13, 2006:  
<http://www.citizenshealthcare.gov/recommendations/recsover.php>

# Getting there: Commission on a High Performance System

- Expand health insurance coverage
- Implement major quality and safety improvements
- Work toward a more organized delivery system that emphasizes primary and preventive care that is patient-centered
- Increase transparency and reporting on quality and costs

## Getting there: Commission on a High Performance System (continued)

- Reward performance for quality and efficiency
- Expand the use of interoperable information technology
- Encourage collaboration among stakeholders
- *Source:* The Commonwealth Fund Commission on a High Performance Health System. "Framework for a High Performance Health System for the United States." August 2006.  
[www.cmwf.org](http://www.cmwf.org)

## Times they are changin'

- So don't stand in the doorway, don't block off the hall...



# Instead follow the IOM Blueprint

- Quality Through Collaboration
- Adopt integrated, prioritized approach to addressing personal and population health needs
- Establish stronger quality improvement infrastructure
- Enhance the human resource capacity of rural communities
- Monitor rural health care systems to ensure financial stability
- Invest in building an ICT infrastructure

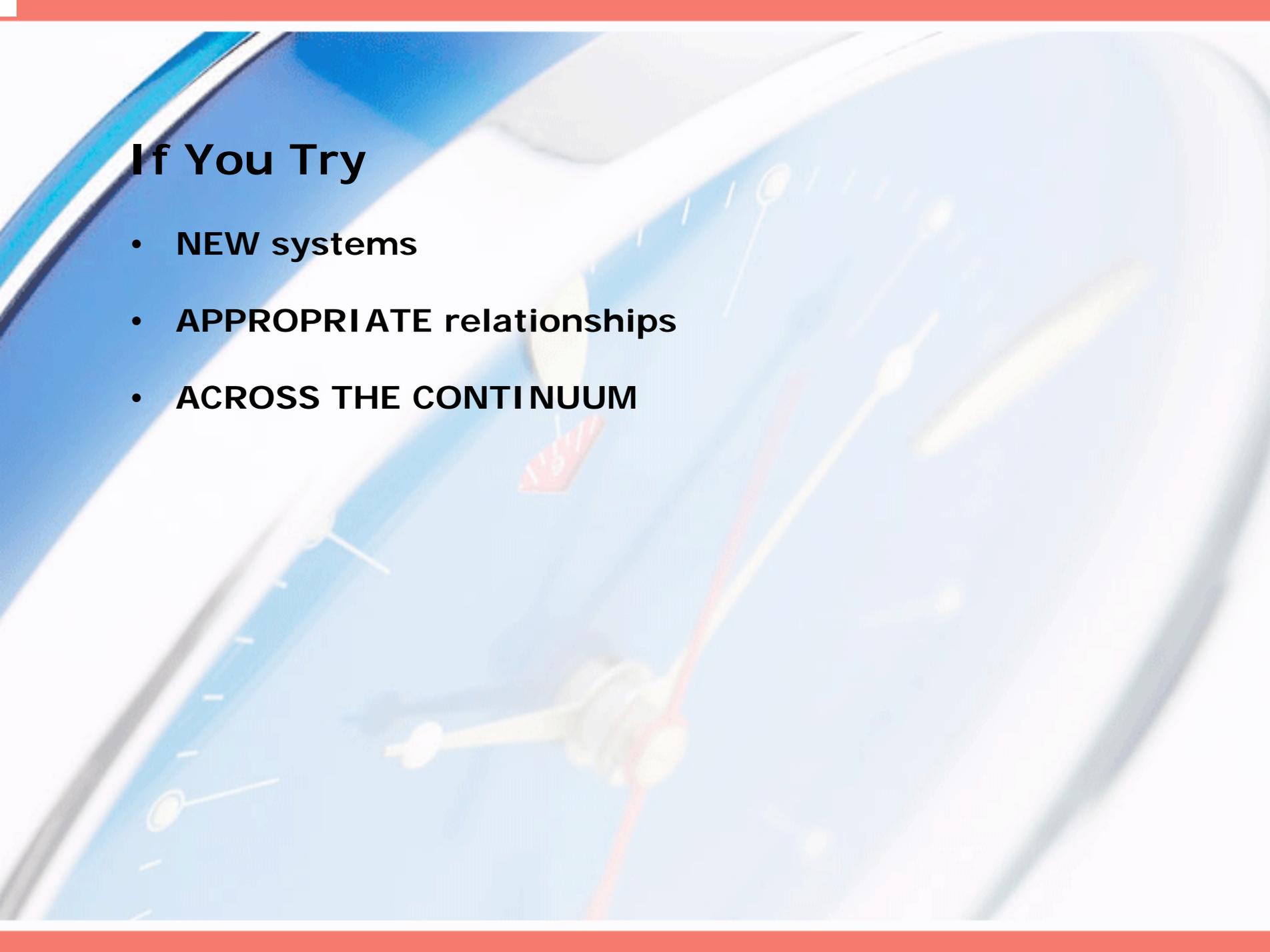


- *Source:* Committee on the Future of Rural Health Care. Quality Through Collaboration: the Future of Rural Health. National Academy Press. 2005.

# The Rural Way: Illustrated with the Flex program

- “The goal of the state grant program is to strengthen the rural healthcare infrastructure using Critical Access Hospitals as the hub of organized, local systems of care. The overarching program goal is to foster the growth of collaborative rural delivery systems across the continuum of care at the community level with appropriate external relationships for referral and support.”

(from the Flex Monitoring Team May 2004 synthesis of state flex program plans)



## **If You Try**

- **NEW** systems
- **APPROPRIATE** relationships
- **ACROSS THE CONTINUUM**

# Break the Mold, but Without Cutting Lifeline

- Finance issues will not simply go away
- Building local systems of care
- Local pieces of continuum of care include emergency medical services
- Care for persons in the most appropriate environment



# What is “New Age” Health Care?

- Putting **patients** first
- **Effective** use of information
- **Optimum** use of technology
- **Sensitive** to personal and community circumstances



# Visions for Health Delivery and Community Health: The Community Foundation

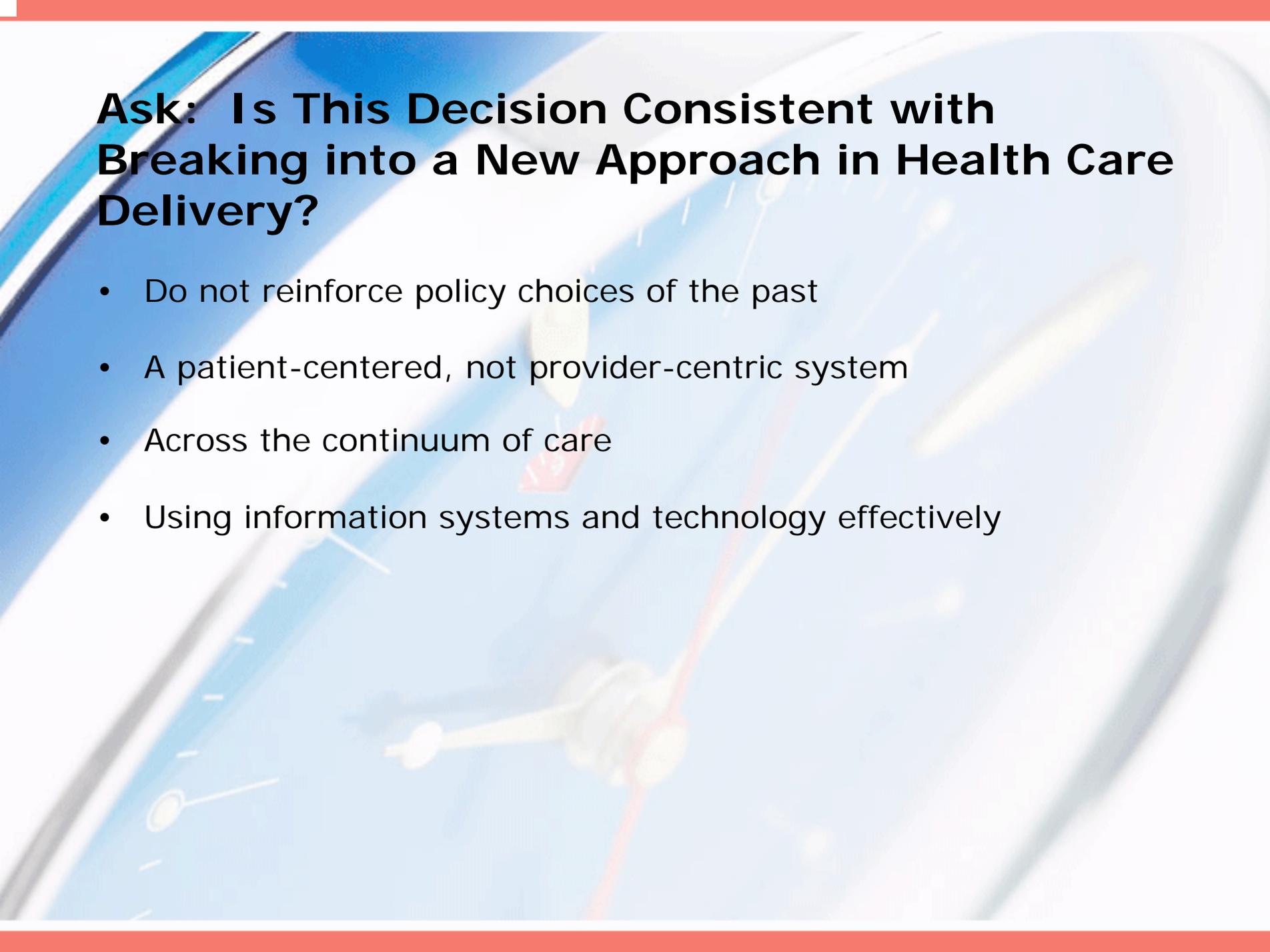
From the IOM Committee on the Future of Rural Health Care report (p 4):

“The committee encourages rural communities to build a population health focus into decision making within the health care sector, as well as other key areas (e.g., education, community and environmental planning) that influence population health.”



# We need to see a transformed system as an investment

- In human capital
- In social capital
- In institutional capital
- With tremendous return-on-investment



## **Ask: Is This Decision Consistent with Breaking into a New Approach in Health Care Delivery?**

- Do not reinforce policy choices of the past
- A patient-centered, not provider-centric system
- Across the continuum of care
- Using information systems and technology effectively

## And Finally ...

- Influence policy by telling the story
- The future is now.



# Thank you

For more information, please visit:  
<http://www.rupri.org/healthpolicy/>

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