



New England Healthcare Institute

RX for Health Reform

The New England Healthcare Institute supports increasing access to health care for uninsured Americans but believes that a lasting and cost conscious solution requires system-wide reform. If we change the way we finance, organize and deliver care, we can improve quality and save costs for all Americans by preventing illness, managing chronic diseases, and strengthening primary care.

American Health Care: A System in Crisis

Nearly 47 million Americans do not have access to health insurance. This lack of coverage has consequences for families, communities, and the nation as a whole. The uninsured do not receive the care they need, they suffer poorer health and development; and they are more likely than the insured to die early. Solving this crisis of coverage has returned to the forefront of our domestic policy agenda, but access to health care alone is not enough. We believe that fundamental reform – by preventing illness, managing chronic diseases, and strengthening primary care – is necessary to ensure the lasting change that will result in high quality and affordable care for all Americans.

For over 30 years, U.S. health care costs have steadily increased and continue to outstrip growth in wages and tax revenues. Today, we spend more than \$2 trillion on health care, more than any other country in the world. At least 30 percent of what we spend, over \$600 billion, is either wasted on inappropriate tests and procedures or lost to ineffective administration and delivery of services. This is enough to pay for health care coverage for all Americans.

Rising costs and growing inefficiencies have compromised health care. Deaths from avoidable medical errors total nearly 100,000 annually. Medication errors alone account for 7,000 deaths and 500,000 preventable injuries every year. Adults receive recommended care only 55 percent of the time, while older Americans with age-related health problems receive appropriate care just one-third of the time.

Our health care dollars are supporting an inefficient, expensive system that jeopardizes quality of care and puts an enormous strain on the economy. American businesses are increasingly unable to absorb the rising costs of health insurance for their employees.

A system this broken cannot be fixed at the margins, it has to be fundamentally transformed.

Innovation Is Key

Providing health insurance coverage to tens of millions of uninsured Americans is essential, but without fundamental reform, increasing access to care will drive up costs and further stress the system. The key to managing costs, reducing inefficiencies, and providing better health care is **high value innovation**.

High value innovations will yield better care and increased access for every dollar spent. Innovation is often viewed as the introduction of new drugs and devices, but it also refers to public and private adoption of new methods of financing, organizing, and delivering care. Innovation can transform health care in America.

The New England Healthcare Institute (NEHI) is the nation's largest multi-stakeholder, non-profit research and policy organization dedicated to creating solutions to national health care problems through innovation and collaboration. NEHI members represent all the diverse stakeholders in the health care system, yet collectively they agree that high value innovation in three core areas – prevention, chronic disease management, and primary care – must be the focal point of national health care reform.

Prevention

The vast majority of our health care budget is spent on treating patients in clinical settings rather than helping people to stay healthy. Only 3-5 cents of every dollar goes towards prevention and promoting healthy behaviors. Immunization, screening and counseling are critical tools for effective clinical prevention, yet the system does not usually reward health professionals for providing those services.

Even preventive measures with a record of success are sorely underused. Medicare pays for the flu vaccine but 36,000 Americans, most of them elderly, die each year from influenza and its complications. Colorectal cancer can be detected with a colonoscopy, costing a fraction of the rate of actual treatment, but most Americans at risk for this disease are not screened. And while our nationwide anti-smoking campaign has reduced tobacco use and demonstrated the effectiveness of counseling, far less has been achieved in reducing obesity and other preventable diseases afflicting the American public.

Chronic Disease Management

Chronic diseases are ongoing or recurring persistent conditions such as heart disease, asthma, cancer, and diabetes. They are often among the most preventable of health problems and are frequently manageable through early detection, treatment, and behavioral change.

Nearly one out of every two Americans is afflicted with one or more chronic diseases and close to a quarter of all Medicare beneficiaries have five or more chronic conditions.

People with chronic diseases are heavy users of the health care system, accounting for 88 percent of drug prescriptions, 76 percent of all inpatient stays, and 72 percent of all physician visits. Consequently, three out of every four health care dollars are spent treating chronic diseases.

With few exceptions, we finance the delivery of health care by paying for services provided each time a patient sees a provider. Hospitals are paid on a fee schedule tied to a diagnostic classification system. In both cases, we pay to treat the disease rather than to manage the care of the patient. Chronic disease management is underused, uncoordinated, and underappreciated. As a result, chronic diseases place an enormous and growing drain on our healthcare dollars, both public and private.

Primary Care

Ideally, in our complex and fragmented health care system, primary care would offer all patients a “medical home” where they could receive a broad spectrum of care, preventive and curative, over

time. Primary care doctors would play a critical role in the management of chronic disease. And the right provider – be it a physician, a nurse practitioner, a physician's assistant, or an ancillary care giver – would provide the right care at the right time and place at reduced costs.

In reality, primary care in America is in crisis, buckling under the weight of multiple pressures: a system unable to deliver timely quality care, a shortage of primary care doctors, the loss of nurse practitioners and physician assistants to better-paying specialized practices, an aging patient population that increases the need for already under-funded chronic disease management, and an obsolete reimbursement system that pays for quantity rather than quality of procedures performed and services delivered.

Fixing The Problems

We know from experience that innovation can save lives and save money. For example, advances in cardiac care such as cholesterol reducing drugs, blood thinners, and angioplasty technology have cut the mortality rate due to heart attacks in half. A molecularly targeted cancer therapy called Gleevec has revolutionized the treatment for chronic myelogenous leukemia (CML), a rare but life threatening cancer that afflicts 4,300 new patients in the United States every year. On a larger scale, solving the problems in the areas of prevention, chronic disease management, and primary care require changes in the way we finance, organize and deliver health care.

The U.S. health care system today is focused on the immediate costs of the doctor, drug, device, procedure, or hospital stay. No one, not the federal government nor private insurers, is focused on the health outcomes of the patient or on the costs over the life of the patient or the course of a disease.

This is what "value" in health care should be all about – saving lives and saving money. Innovation can deliver value, but only if all stakeholders, public and private, are prepared to refocus the system from short-term costs to long-term value.

Because the federal government is the largest payer in the U.S. system, and because it has regulatory jurisdiction in many areas that affect the private sector, the President and the administration, the federal agencies with health care responsibilities, and the Congress all have critical leadership responsibilities in health care reform.

A Call to Action: The NEHI Nine

Expanding access to quality health care is necessary but not sufficient; a sustainable and lasting solution requires broad health system reforms. We must do a better job of controlling costs by preventing illness, managing chronic disease, and strengthening primary care for all Americans. To achieve these goals, the members of the New England Healthcare Institute call upon leaders in both the public and private sectors to implement the following NEHI Nine policy reforms:

Prevention:

1. As a first priority, gather, analyze, and disseminate data on which prevention efforts work.
2. Promote the use of high value prevention services, especially in obesity and diabetes, in both the public and private payment systems:
 - Provide financial incentives to physicians who adhere to preventive service guidelines
 - Reduce or eliminate patient co-payments so that preventive services are affordable, particularly to high-risk populations

3. Make a serious national commitment to reducing health risk behaviors in the U.S. Create public-private partnerships to promote healthy behaviors and environments through:
 - Government-funded public health programs
 - Employer-sponsored health benefits
 - Public school programs
 - Broad community health initiatives
 - Coordinated campaigns for patient outreach and education

Chronic illness:

4. Encourage and reward the use of proven best practices for patients with chronic diseases in both traditional (clinical) and non-traditional (employer) settings.
5. Accelerate improvements in the quality and availability of health information technologies that improve the management of chronic illnesses.
6. Expand public and private research to identify high-quality and cost effective delivery systems for chronic care.

Primary Care:

7. Provide payment for innovative ways to deliver primary care, including by non-physicians, by medical teams, and in non-face-to-face encounters.
8. Increase public and private payments to physicians to pay them adequately for both prevention and treatment services, especially for obesity, diabetes and other chronic conditions.
9. Make the redesign of primary care a high priority for the U.S.: initiate research to assess new models of primary care delivery for the future.

Only by realizing these fundamental reforms will the U.S. health care system be equipped to deliver the affordable quality care all Americans deserve.

About NEHI

The New England Healthcare Institute (NEHI) is a not-for-profit collaborative dedicated to transforming healthcare for the benefit of patients and their families. Through research, education and policy change, NEHI finds and promotes ways to improve healthcare quality and lower healthcare costs. Working collaboratively with its members from all sectors of the medical industry, NEHI forges bold and lasting solutions to the healthcare crisis.

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