

# **A Tale of Two Revolutions:**

## **Connecting Payers and Providers as Healthcare “Infomediaries”**

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**HIMSS Payer / Life Sciences Initiative**

**HIMSS**

# Outline

1. Intro – The Two Revolutions
2. The Payer Health Plan Revolution
3. Connecting it with the E.H.R. Revolution
4. A Third Revolution!
5. Payers and the National / Regional Initiatives
6. HIMSS Unique Role

**The  
CDHC  
Revolution:**


*Consumer-Driven  
Healthcare*

The Health Plan as  
***INFOMEDIARY***

**The  
E.H.R.  
Revolution**

*“Delivering  
Consumer-Centric,  
Information-Rich  
Healthcare.”*

**HiMSS<sup>®</sup>**



Dynamics  
Transforming the  
Payer / Health Plan  
Space...

# Payer Business Pressures

- Constrain growth in cost of care.
  - Improve the quality of care.
  - Decrease Administrative Costs
- 
- Highly Competitive Business Environment.
  - Fragmented Market – Regional v National players.
  - Deep-seated and long-standing distrust between Payers and Providers

# 10 Largest Health Insurers

(prior to Wellpoint / Anthem merger)

1.	United	\$21,300
2.	Wellpoint	\$14,830
3.	CIGNA	\$14,307
4.	Aetna	\$13,402
5.	Anthem	\$12,477
6.	Humana	\$9,000
7.	Health Net	\$8,200
8.	PacifiCare	\$8,200
9.	Oxford	\$4,000
10.	WellChoice	\$4000

# Blues see lots of Green

- Combined results for the 41 Independent Affiliates show sky-rocketing growth in both enrollment and profits:
- Net Income up 32% as of 6/30/05
- 53% increase in 2003
- 43% in 2002
- \$41.3Billion in reserves as of 6/30/04 (up 48% from 6/30/03)
- \$Over \$200 Billion in Annual revenue.
- Total enrollment up to 91 Million members (up 3%)

• Modern Healthcare 11/15/04



# Evolution of Health Plans

(courtesy of Ken Yale, DDS, JD)

Administrative Services	→	Consumer Advisor
Benefit Design	→	Benefit Options
Risk Underwriting	→	Risk Manager
Medical Management	→	Well/Care Management
Claims Payment	→	Financial Services
Provider Networking	→	Provider Evaluator
Data Repository	→	Data Driver

# Next Generation: *Health Infomediary*

(courtesy of Ken Yale, DDS, JD)

- Provider network design/manage/rewards
- Benefit design, product development and implementation
- Health and disease management
- Information management and transparency
- Electronic connectivity
- Consumer experience management

# The New Game:

- The Payer World: Health Plans are assuming the role of Healthcare “Infomediaries” and are relying on the only current source of universally available information: ***ICD-9 coded, claims-based data.***
- The Healthcare Provider World: At the same time, the provider world is seeing the rapid emergence of ***clinically-based Patient-Centric, Information-Rich Electronic Health Records .***

# New Game / New Rules

- Can you survive as a next-generation healthcare infomediary using *Claims-based Data Alone*?
- Those players which are simultaneously able to participate in the *clinically-based E.H.R. revolution* will gain a competitive advantage.
- The worlds of Claims-based and Clinically-based information systems may be on separate tracks, but, like the transcontinental railway, those tracks can and should meet in the middle.

# Consumer Driven Accounts:

- FSAs – Flexible Spending Accounts
- MSAs – Medical Savings Accounts
- HRAs – Health Reimbursement Arrangements

And, most importantly,

HSAs –Health Savings Accounts

“You Can’t have a market without  
information”

Regina Herzlinger

*Consumer Driven Healthcare*

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It's About The Information, Not The Technology  
*However, the disparity between Payer Data Sets and  
Provider Data sets presents a systemic, underlying  
challenge:*

- **Payers (employers, MCOs, government) rely upon claims data -- captures the units of care consumed and their costs, but little else**
- **Providers rely upon clinical data -- helps determine why care was delivered and what were the results of that care**
- **These data sets are difficult to link, as a result, payers and providers “talk past each other”—payers look at costs, providers look at outcomes**

*“If a health improvement falls in the forest, and a payer can't see it, did it really happen?”*

# So What's The Real Problem?

In healthcare, we know the **price** of everything and the **value** of next to nothing.

The solution:  
more effective *and* efficient healthcare  
purchased on the basis of value and  
outcomes rather than just unit cost.

*Meanwhile,  
Back at the  
E.H.R.  
Revolution...*

***“The Decade of Health Information  
Technology”***

***“The Golden Age of HIT”***

***“Healthcare IT’s Perfect Storm”***

Beyond the hype what’s really going on...

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**WAVE Theory**

**Game Theory**

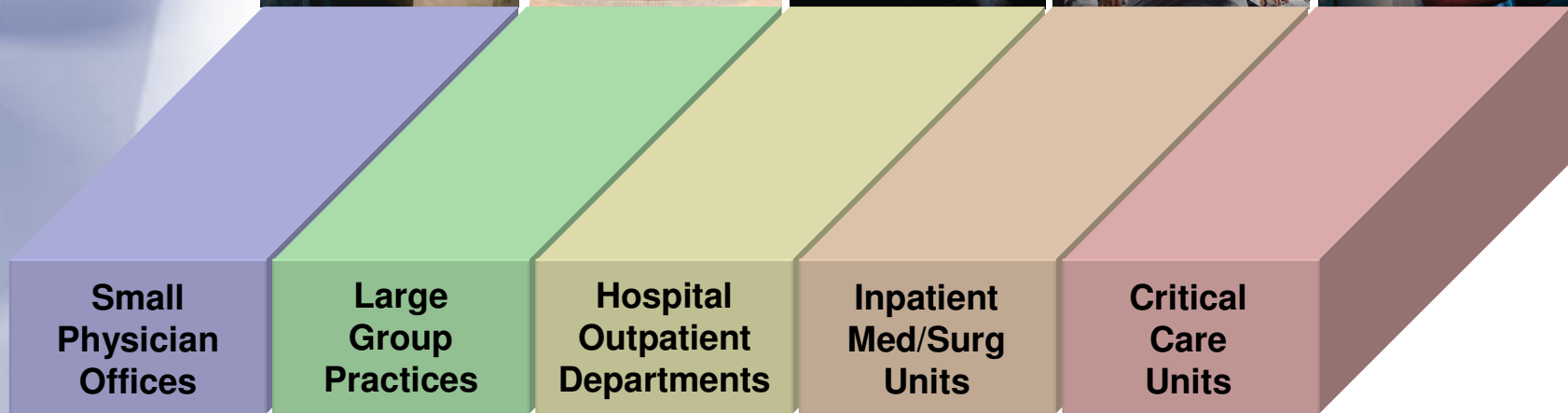
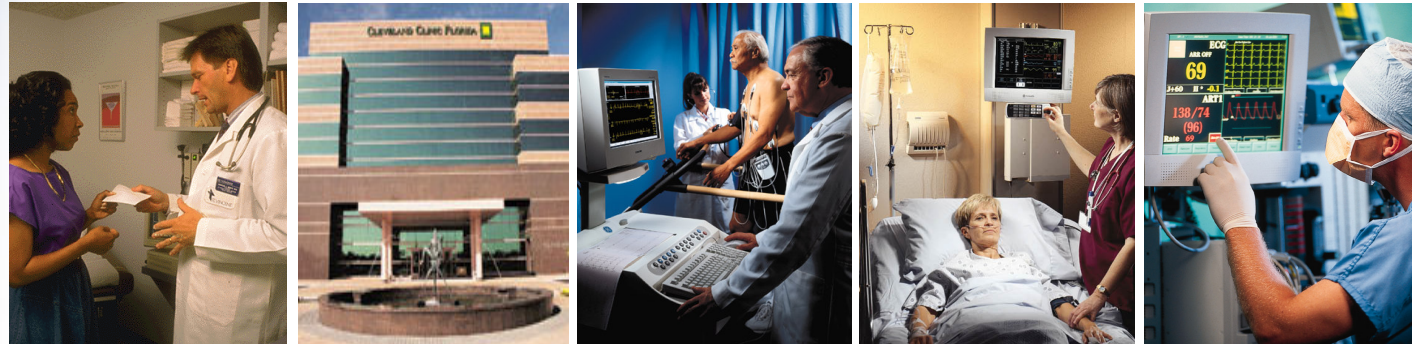
**and *Coopetition***

**HimSS**

# What's Driving the Tidal Wave?

- **Government Involvement**
- **Market Forces**
- *Patient Safety (sparked by the IOM reports)*
- **Knowledge / Evidence based Medicine**
- **New Breed of Docs**
- **Finally, Effective Technology**
- **Moore's Law → Positive ROIs**
- **Interoperability**
- **Consumerism**
- **National Security**

# Broadening Our Vision: The Full Spectrum of Care Settings

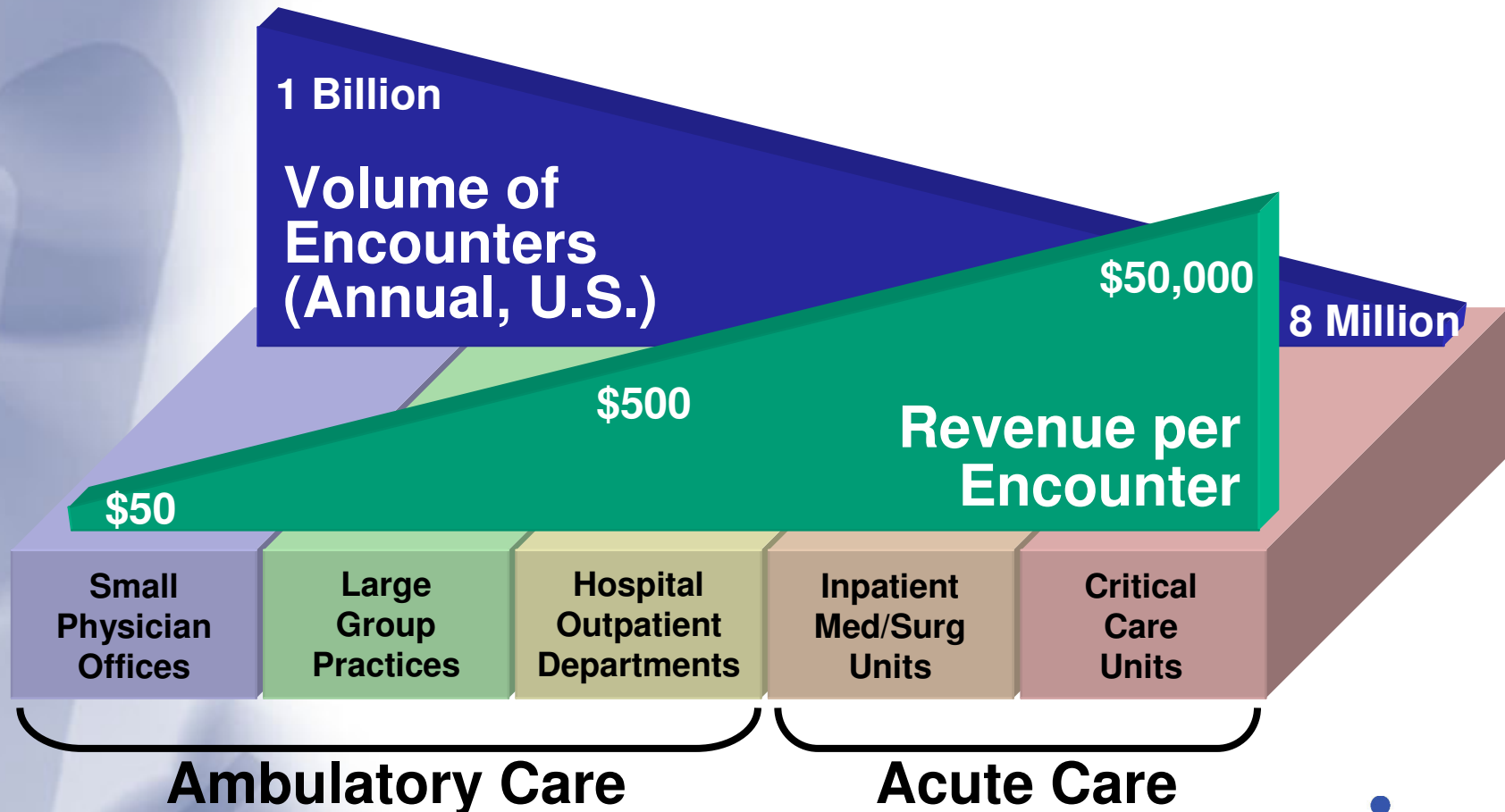


**Ambulatory  
Care**

**Acute  
Care**

**HIMSS**

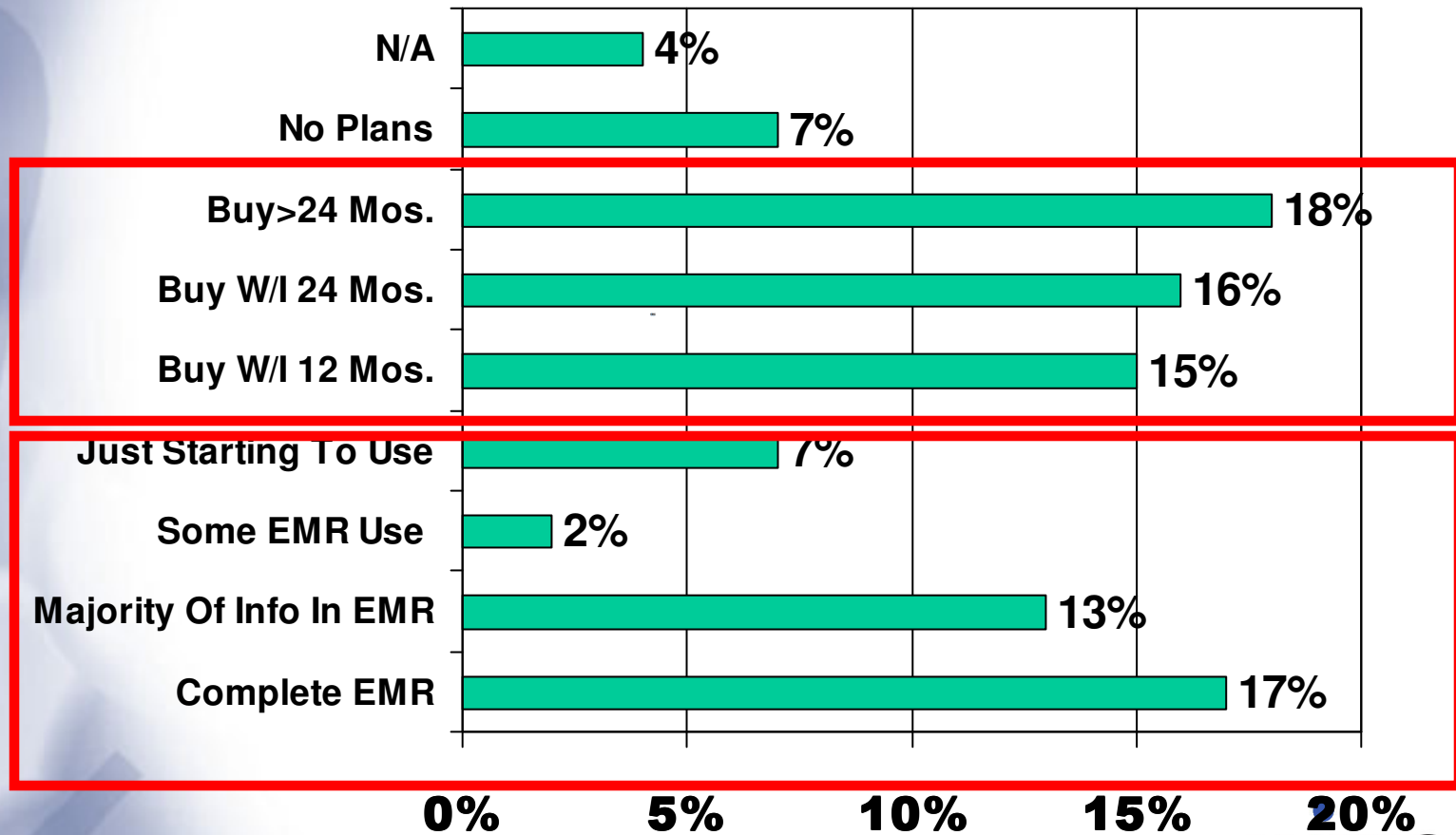
# Contrasts: Ambulatory Care vs Acute Care



Sources: Health Affairs W4-79, 2003; NAMCS Report, CDC, 2002



# Family Practice Physicians Rapidly Moving To EMRs



SOURCE: **AAFP** Survey 7/04



# Obstacle: Cost Of Clinical Software

- Client/server based comprehensive EMRs cost \$20,000-\$40,000 per physician to install
- Who *pays* isn't necessarily who *benefits*
- “Small practice” physicians have difficulty raising capital to finance investment
- Federal government unwilling/unable to fully fund deployment
- “Pay for performance” bonuses may be insufficient to cover capital expenditure



I'm sorry, Mr. Jones, but your HMO does not pay for enemas. I'm going to have to slap the sh\*! outta you.

# Real Payers; Real Concerns:

- “The train is Leaving the Station” without them.
- How do we interpret what is going on in the world of HIT?
- What should our response be to the emergence of a NHIN?
- Should we follow CMS’s lead?
- Pay for Performance?
- Pay for E.H.R. usage?
- Voice in Certification?
- Sharing of Claims-based, Payer Data?
- Lack of Understanding of HIT “basics”, internally, within Payer organizations.

# Overlapping Concerns

- Payers are grappling with many of the same IT and Systems issues faced by our current constituencies.
- These new constituents also have many unique concerns
- Finally, a THIRD, equally important Revolution is just around the corner...



# The THIRD REVOLUTION

The Life Sciences Revolution—

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# Life Sci: Pharmas

- Sky-rocketing R&D costs + Flat Revenues = Negative ROI
- Paper-based Clinical Trials
- Potential Role of HIT for e-based Trials
- Consumer-centric EHRs and longitudinal Drug value analysis
- Clinical Decision Support
- Drug Registries (Pharmas v. Payers)

# Pfizer: No longer a Drug Company?

Hank McKinnel, CEO at World Healthcare Conference (jan '04):

“Healthier Americans Wealthier Americans”

*The 5 “I s”:*

- Inclusion
- Individualized
- Innovative
- Incentives
- *Information-Driven*

# Hank McKinnel, CEO Pfizer, cont:

- “The internet revolution is ringing down the curtain on those who believe that denying patients access to information is a way to control costs. That approach was never right—and it is useless in a wired world... a new American healthcare system must give people access to clear and timely information...it should build on the latest advances in both biomedical and information technology...stressing individualized care for individualized conditions.”

# Life Sci: BioTechs

- Leveraging IT to reach-out to Providers
- Leveraging Clinical IT for Genomic R&D
- The Human Genome as the Ultimate E.H.R.
- From a world of 1 or 2 dozen drugs to several dozen, and, eventually customized biochemical compounds.
- Individualized and Personalized Medicine
- Predict Disease *before* symptoms even occur
- Tailor therapies based on an individual's unique genetic profile.
- Example: GE / Amersham merger

# Life Sci: Medical Devices

- “Every home an ICU” Jerome H Grossman
- Medical Devices as a new interface between health information in the body and the Electronic Health Record outside the body.
- Remote monitoring
- E-health and Telemedicine.

# **National HIT Initiatives and Public Policy.**

**Payers are an important stakeholder  
in all of the following areas...**

# ONCHIT: The Framework for Strategic Action

**The Decade of Health Information Technology:**  
*Delivering Consumer-centric and Information-rich Health Care*

## **The Four Goals:**

1. Inform Clinical Practice
2. Interconnect Clinicians
3. Personalize Care
4. Improve Population Health

***How will Payers Fit In?***



# ONCHIT and the Four Goals

## Goal 1:

### Inform Clinical Practice

- Strategy 1: Incentivize EHR adoption
- Strategy 2: Reduce risk of EHR investment
- Strategy 3: Promote EHR diffusion in rural & underserved
  
- Patient Centric, Information Rich EHRs = competitive advantage as infomediary
- Payer role in financing
- Improved Quality of Care = > Lower Costs

# ONCHIT and the Four Goals

## Goal 2:

### Interconnect Clinicians

#### Strategies:

- Strategy 1: Foster Regional Collaborations (RHIOs).
- Strategy 2: Develop a National Health Information Network (NHIN)
- Strategy 3: Coordinate Federal Health Information Systems (CHI)

The RHIO Revolution: Payers can either help to do it, or they will have it *done to them*

# ONCHIT and the Four Goals

## Goal 3:

### Personalize Care

#### Strategies:

- Strategy 1: Encourage Use of Personal Health Records (PHRs)
- Strategy 2: Enhance Informed Consumer Choice
- Strategy 3: Promote use of Telehealth Systems

Is this not a Consumer-Driven Strategy?

PHRs are to the CDHC Revolution as

EHRs are to the E.H.R. Revolution



# ONCHIT and the Four Goals

## Goal 4:

# Improve Population Health

### Strategies:

- Strategy 1: Unify Public Health Surveillance Architectures
- Strategy 2: Streamline Quality and Health Status Monitoring
- Strategy 3: Accelerate Research and Dissemination of Evidence.

-Improved surveillance = lower risk of catastrophic event

-Healthier populations = lower costs

-Evidence-Based Medicine = better outcomes

# **Payer – Provider Collaboration-- Certification Commission for HIT (CCHIT)**

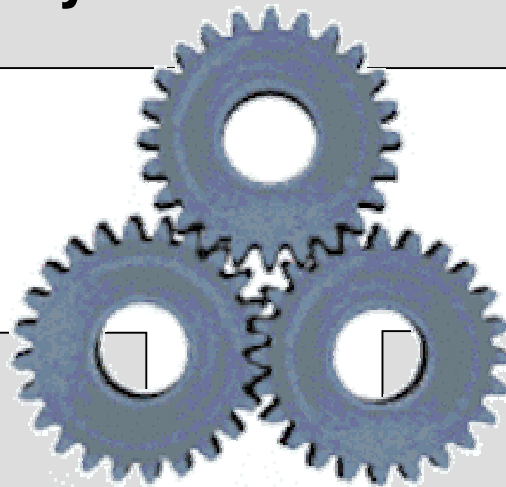
- MISSION: “To accelerate the adoption of robust, interoperable HIT throughout the US healthcare system, by creating an efficient, credible, sustainable mechanism for the certification of HIT products.”
- ONCHIT very supportive of CCHIT – viewed as way to achieve private enterprise collaboration instead of government mandates.

*HIMSS forming a Payer-Advisory Council*



# The EHR Adoption Deadlock

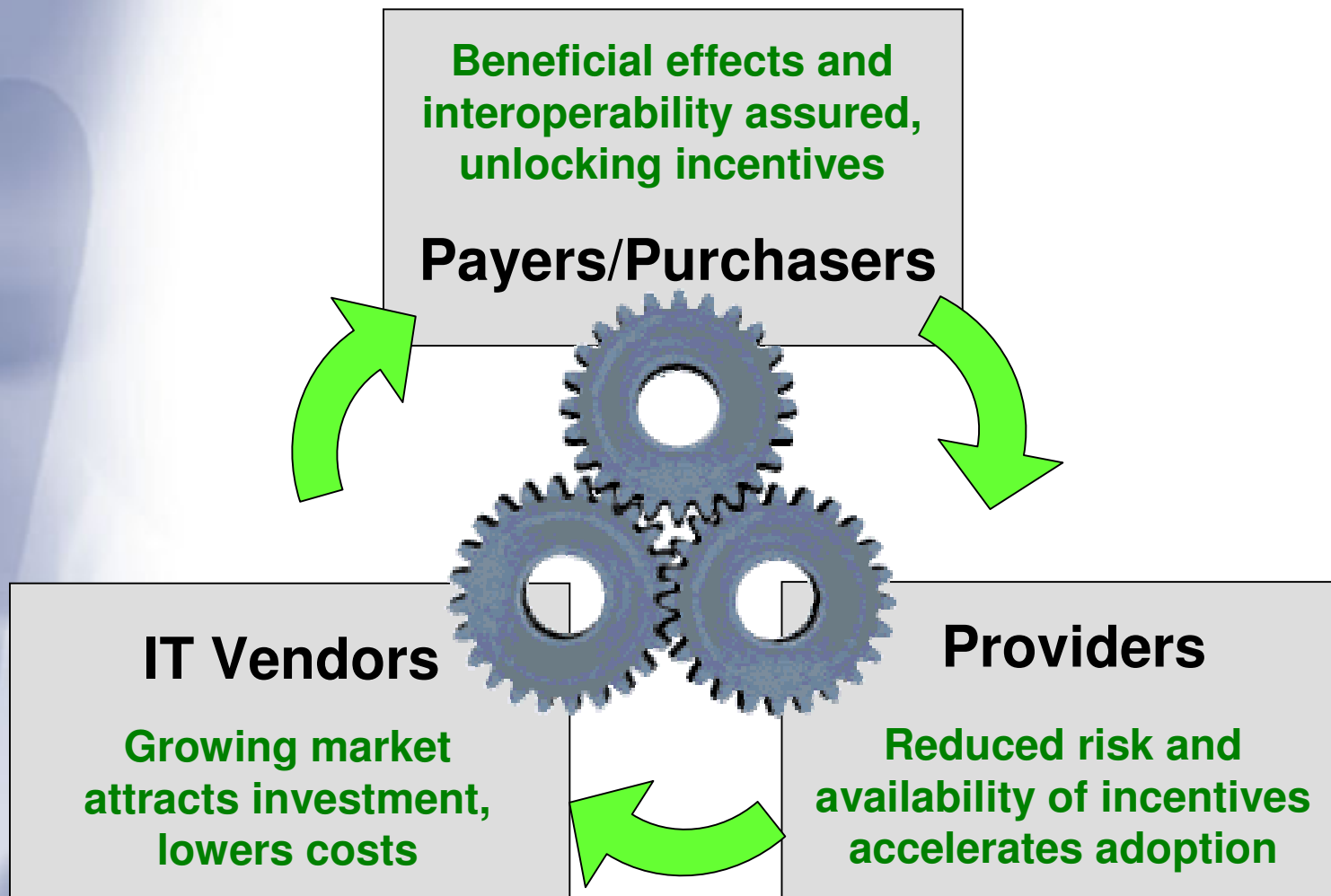
**Won't offer incentives  
unless benefits and  
interoperability of EHRs  
are assured**  
**Payers/Purchasers**



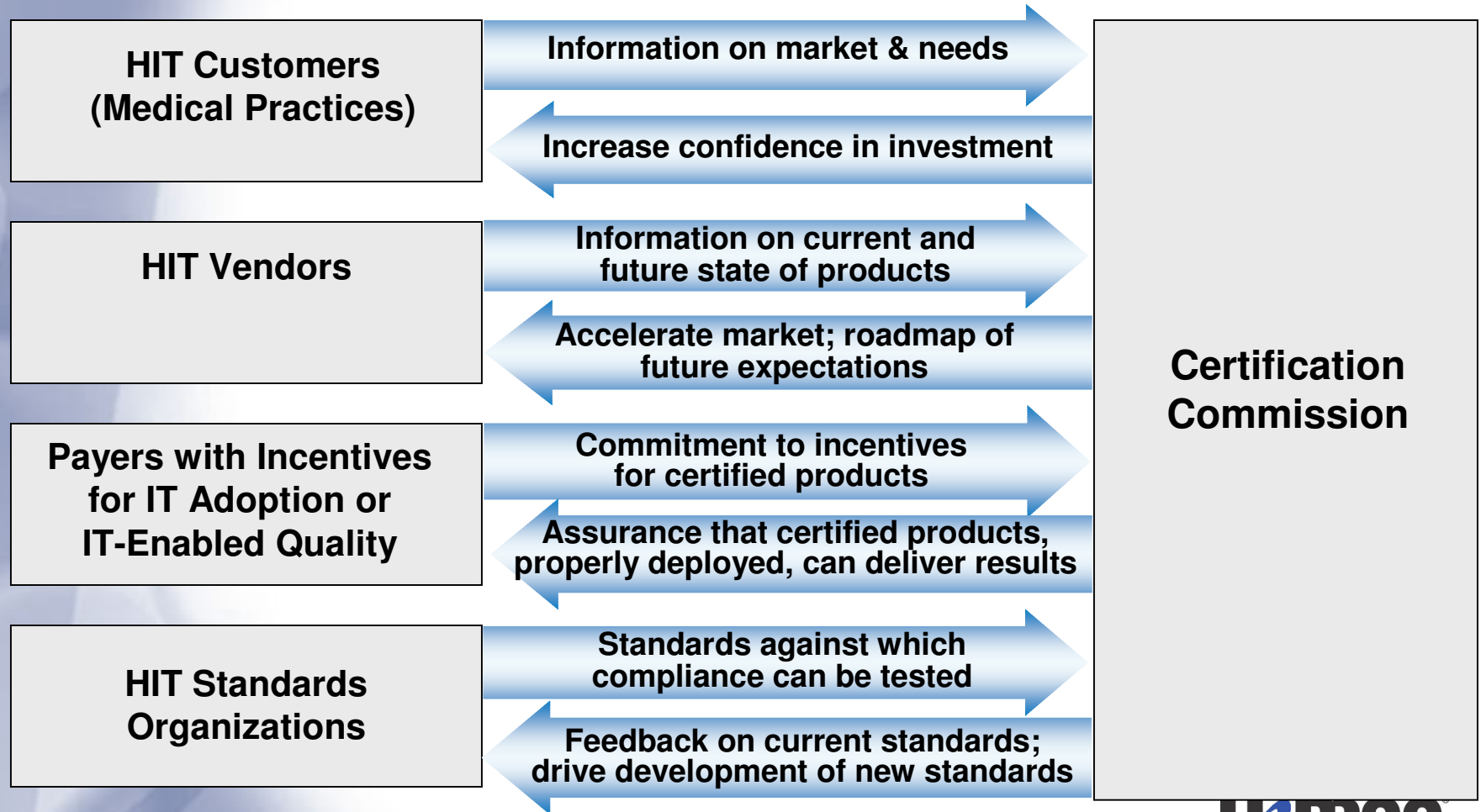
**IT Vendors**  
**Can't bring down  
costs until provider  
adoption accelerates**

**Providers**  
**Won't buy EHRs until  
costs and risks are lower  
and/or incentives higher**

# Getting the Wheels Turning



# Key Stakeholder Relationships



# Dr. McClellan at HIMSS DC Fall Forum: Medicare HIT Initiatives

## CMS & Pay for Performance

- Increased payment for hospitals that transmit data electronically
- Patients, employers, and payors will have data available to make knowledge-driven decisions about care
- Fee-for-service pilot program being established this year to provide Medicare payment only if chronic disease management results in improved care for the patient.
  - *“Medicare drives 90% of the behavior, systems architecture, and payment methodology used by other payers”*

*Charles Baker,*

**HIMSS**<sup>®</sup>

“How do we get the most benefits to the most people for a particular treatment?...Through widespread adoption of Modern HIT...through EMRs with direct links to Federal Agencies, through e-prescribing, through interoperability and standards, through robust data sharing between systems in order to collect Information regarding a Drug’s use in clinical practice and to monitor patient safety”

Mark McClellan, as FDA Commissioner in 2003

Harvard Business School Healthcare Alumni Conference, Nov. ‘03



# Friends in High Places

*Healthcare IT has become a highly-favored, bi-partisan issue.*

- HHS Secretary Mike Leavitt: Strong advocate of HIT as governor of Utah. Only governor to ever visit the HIMSS headquarters.
- Dr. David Brailer: The nations Healthcare IT “Tsar” comes not from government bureaucracy, but directly from the HIT industry
- Mark McClellan: Long before coming to CMS a strong HIT supporter (see quote on next slide)
- Newt Gingrich: Former Speaker of the House – HIT’s best ally as the number-one private-citizen power broker on the Hill
- Hillary Clinton: Will share the stage with Newt at HIMSS summer conference in NYC to discuss the one issue they both agree on—the importance of HIT.
- Congressman Patrick Kennedy, Sen. Bill Frist are leading scores of other legislators onto the HIT band-wagon.
- George W. Bush: First president to repeatedly and publicly argue for the wide spread adoption of Electronic Health Records.



HIMSS's unique Role,  
your role,  
in this tale of  
Two Revolutions...

**Some thoughts to dwell on as you drive home...**



# HIMSS role—

- We're not the wave itself.
- We're not a Healthcare Provider.
- We're not a technology Vendor.
- We're not a government agency.
- Yeah, we have this huge conference, but that's not what we really are.
- We are a collaborative national *association* in the midst of this wave -- and for the involved members of this Society we are, more than anything else...

*The Surfboard*



## **HIMSS's VISION:**

*Advancing the best use of  
information and management  
systems for the betterment of  
human health.*

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*"Americans of all ages, all conditions, and all dispositions constantly form associations. They have not only commercial and manufacturing associations, in which all partake, but associations of a thousand other kinds--religions, moral, serious, futile, general or restricted, enormous or diminutive..."*

*...Where at the head of some new undertaking you see the government of France, or a man of rank in England, in the United States you will be sure to find an association."*

• *Alexis de Tocqueville, 1835*

• **Applies to both HIMSS and RHIOs**

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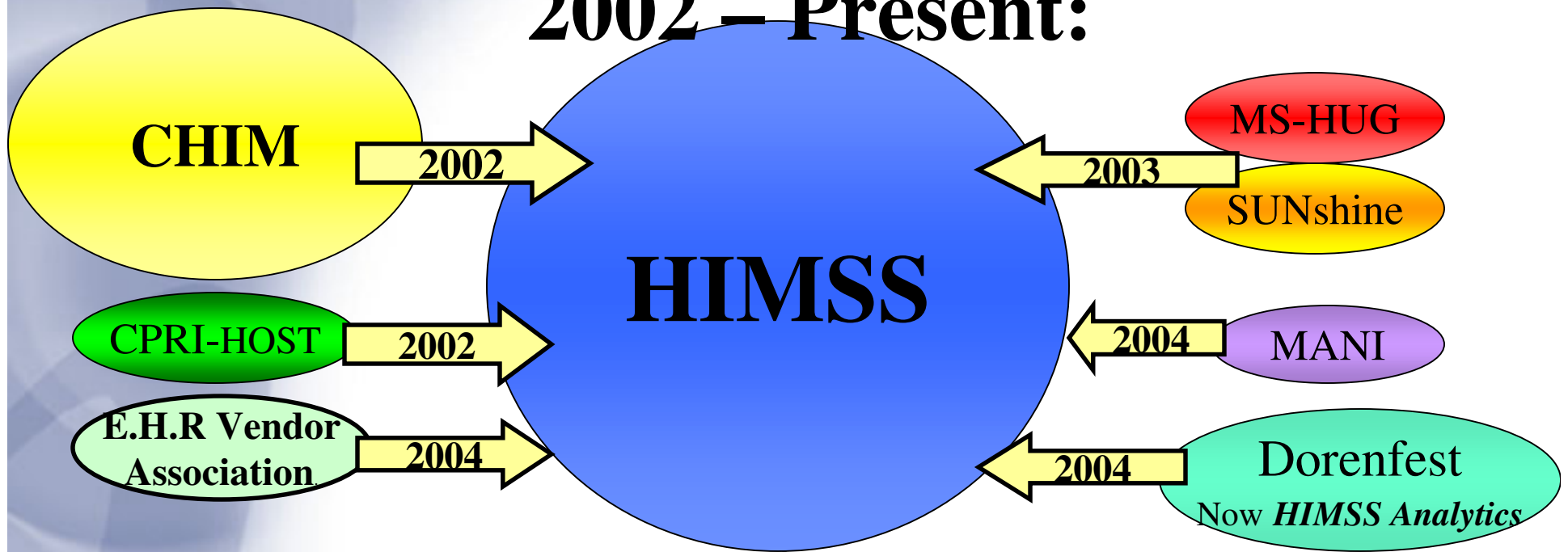
# History of HIMSS – *in 120 Seconds:*

- **Cleveland, 1899:** Eight Hospital superintendents convene to discuss healthcare management and the “economy and efficiency” of the underlying processes and systems. They form an association that eventually becomes the **AHA** (American Hospital Association).
- **1961 – 1966, H M S S:** “*Hospital Management Systems Society*” formed within AHA by a subgroup concerned with refocusing AHA efforts on its original vision of advancing the underlying systems and processes to improve healthcare.
- **1986 – 1993, The “i”s have it:** *Healthcare IT* emerges as an industry vertical – HIT community finds it home in HMSS. The “I” is added, and the “H” is changed from “hospital” to “healthcare” -- the name is officially changed to “HIMSS”. HIMSS separates from AHA. HIMSS’s membership and activities, including the Annual Conference, “explode” in size.

*Stage is set for today’s HIMSS and the transformation of  
Healthcare through HIT...*



## 2002 – Present:



- Jan 2002: **CHIM / HIMSS reunify:** Brings together the largest association of HIT Vendor Firms(CHIM) with the largest association of Provider-based HIT Professionals (HIMSS).
- Mid-2002: **CPRI-HOST** merges into HIMSS:The “Computer-based Patient Records Institute” (for over a decade, the foremost advocates of moving the nation toward EHRs) merges into HIMSS creating the *HIMSS Electronic Health Record Initiative*.
- 2003: **MS-HUG** and **SUNshine** user groups merge into HIMSS
- 2004: **MANI** (Midwest Alliance for Nursing Informatics) merges into HIMSS
- 2004: HIMSS spins off HIMSS Analytics and acquires **Dorenfest**.

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# HIMSS leadership in promoting Interoperability: *(Payers WANT interoperability)*

## **IHE (Integrating the Healthcare Enterprise):**

- Entering its 7<sup>th</sup> year, this HIMSS / RSNA (Radiological Society of North America) / ACC (American College of Cardiology) joint venture takes interoperability from realm of standards and rules into realm of real-world practical results.
- 97% of digital medical imaging in the US is now IHE compliant
- VA implemented IHE into VistA HIS enabling improved transmission of over 200 million images and *saving* millions of dollars in the process.

**ISO (International Standards Organization):** HIMSS is secretariat (chair) of ISO-215 -- the committee in charge of global HIT standards as well as ISO's US Healthcare TAG (technical advisory group)

**HL-7:** HIMSS actively supports (through financial and leadership efforts) HL-7's standards-development efforts.

- Last year HIMSS contributed \$100,000 to drive HL-7s development of the CMS-mandated E.H.R.-S.
- HIMSS (whose members comprise the largest voting block in HL-7) lead an industry wide education campaign to ensure passage on the second ballot.



# Finally, one single, unified national society

“I am SO proud of the incredible momentum you have all built in recent months...what a terrific excuse to hang out with the best and brightest in our industry. *We have talked so much about our industry finding a common voice for over a decade – everyday that voice sounds more like HIMSS and its members,* so thank you all for a terrific and inspiring forum through which folks like myself can hone our thoughts and bring value to our clients.”

Simmi Singh, Cognizant Technologies



# View from the Payer SIG

- HIMSS Goals is to represent entire industry
- The payer view is under-represented at HIMSS
- The payer SIG is a vehicle to incorporate the payer view.
- Revitalizing the Payer SIG: Mission, goals, objectives—alignment with Board
- Strategic and Tactical resets needed
- 2005 Objective: Meaningful participation at annual conference and support launch of payer “think tank” to contribute to dialog.

**Regional Health Information Organizations  
(RHIOs)  
and the  
National Health Information Network  
(NHIN)**

**Ideal Catalysts for a new era of Payer –  
Provider cooperation.**

**HimSS**

HIMSS-

*A Bridge between  
provider, vendor and payer.*

*Enabling payers, to engage directly  
in the establishment of “patient-  
centric, information-rich EHRs”*

**HiMSS**<sup>®</sup>

# **Questions?**

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