

# The Stakeholder Imperative

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## Introduction

On a national level, U.S. healthcare costs of more than \$2.7 trillion/year consume nearly 18% of our gross domestic product (GDP) and challenge our economic viability, international competitiveness, and even our national security.<sup>1</sup> Yet they continue to grow. The average employer spends nearly \$12,000 per employee on healthcare coverage, an economic burden the employer struggles to pass on to customers.<sup>2</sup> In addition, the average family spends \$1115 on insurance premiums and \$235 on out-of-pocket healthcare expenses each month.<sup>3</sup> A recent projection estimates that, by 2030, the combined cost of family insurance premiums and out-of-pocket expenses will exceed average family income.<sup>4</sup> Clearly, change in both healthcare delivery and payment systems are imminent and inevitable, and every stakeholder has a separate but vital role to play in this coming transformation.

One element common to all stakeholders is the need for data—what we term “actionable information.” The recent mandate for electronic health records (EHRs) is supporting increased access to medical data that some stakeholders can use to address healthcare challenges. Expectations are increasing for Learning Health Systems, comparative-effectiveness research (CER), and price transparency, all of which can provide not just unfettered access to data but unassailable cues for actions that can preferentially impact today’s unsustainable cost trajectory. We echo the guidance given by the recent IOM report<sup>5</sup> that: “Developing a continuously learning healthcare system is critical for the future of health care, as well as for the future physical and financial health of the nation. There is no simple path forward; rather, **actions need to be taken by every stakeholder** if this vision is to become a reality. Such concerted action will enable the nation’s healthcare system to evolve to one that continuously learns and improves, finally providing Americans with best care at lower cost.”

In this context, wireless technology provides a near-term opportunity. This ubiquitous, low-cost telecommunications infrastructure, which has proven instrumental

in regime change in a geopolitical construct (the Arab Spring), has the potential for a similar impact on education, interaction, and collaboration in the context of health care. Its unprecedented scale and ease of use can enable “jail-breaking” of healthcare, facilitating the exchange of critical information across the entire healthcare enterprise, independent of today’s costly, inefficient, and centralized and heavily siloed healthcare infrastructure consisting of hospitals and doctors’ offices. But it must be clear from the outset that technology, in this instance wireless technology, is simply the means to the required end of lower healthcare cost.

Although actionable information is necessary for healthcare reform, it is far from sufficient. True reform will take place only once stakeholders, armed with this information, are mobilized and incentivized to use this asset to participate, innovate, and drive meaningful transformation, if not full-blown revolution. But the need to educate; enable; engage (even at times enrage); and appropriately incentivize the various stakeholders (in particular, the American public) remains a daunting task.

Additionally, although each stakeholder plays an essential role in addressing this challenge, the specifics surrounding each role are certain to evolve as reform takes place. How patients, physicians, payers, private industry, government, and entrepreneurs react to healthcare innovation and change will doubtlessly encourage or force other changes that, in aggregate, will chart the path forward. Offered in the context of military engagement, the sentiment that “no battle plan survives contact with the enemy” is even more true in health care, as the enemy in this case—excessive costs—has many and varied constituents.

## West Health

Starting in early 2009, two successful entrepreneurs, Gary and Mary West, took on the focused challenge of working to lower healthcare costs. Their initial efforts resulted in the formation of a nonprofit, nonpartisan medical research organization now known as the West Health Institute. The institute’s mission is to lower healthcare costs through technology and innovation.

The Wests also recognized the need to engender a public policy environment conducive to the creation and adoption of innovative cost-cutting solutions in health care. That led them to found the West Health Policy

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Center, a nonprofit, nonpartisan organization with the same aim as the Institute. The Center conducts independent, nonpartisan research and analysis and serves as a neutral convener among healthcare providers, insurers, government agencies, drug and device manufacturers, and other healthcare system participants.

The Center's work to promote research, convene stakeholders, and educate broadly focuses on the following themes shared by all of the West Health organizations: (1) advancing cost-effective models of care; (2) promoting practical and actionable healthcare policy; (3) liberating healthcare data; and (4) creating an efficient medical marketplace. A cornerstone of the Washington DC-based Center is to provide policymakers with proposals that can result in at least \$100 billion in savings over the next 10 years. One early tactic employed by the Center to advance this goal is competitive selection of independent policy fellows whose research is meant to enable subtle changes in policy or regulation that, in aggregate, will result in significant healthcare cost-savings.

A third organization, the West Health Investment Fund, similarly established with the aim of lowering healthcare costs, provides capital to start-up companies with disruptive healthcare technologies and services targeting cost reduction. Finally, the fourth organization within the collective initiative is the West Health Incubator, which supports the incubation and accelerated development of start-up companies focused on innovative solutions to lower healthcare costs.

Each organization within West Health functions as a separate vehicle, although, in concert, all work to use all necessary levers to create a synergistic ecosystem to effectively lower healthcare costs.

## Organization of This Supplement

The papers in this supplement to the *American Journal of Preventive Medicine* represent one effort from West Health to engage leaders across the spectrum of U.S. health care.<sup>6–18</sup>

Those whose articles appear here were charged with the task of describing shifting developments, emerging opportunities, challenging barriers, unique capabilities, and pioneering initiatives in addressing the crisis of cost in U.S. health care.

In the first article,<sup>6</sup> "A Role for Data," Meier describes the implications of better capture, analysis, and dissemination of data for healthcare stakeholders. Specifically, stakeholders appreciate the benefits and power of data—with its potential to increase value through predictive analytics and prevention—and want to take better advantage of it. Accordingly, increasing access to data and creating incentives to develop and encourage adoption of

technology are necessary steps to achieve cost-savings. Our current system, with physicians/providers at the center, in fact, is choked with data that are inefficiently and incompletely utilized. This paper calls for much more sophisticated data management systems to make the best thing to do also the easiest in assisting all decision makers.

In "A Role for Research," Olchanski and co-authors<sup>7</sup> discuss the potential economic impact of CER. They argue that the substantial gap in the health economic literature on preventive care can be addressed as data become more available and more readily accessible by agencies dedicated to patient-centric CER. In turn, data-driven CER research will be able to influence policy decisions and align financial incentives for stakeholders. They conclude by noting that researchers will be able to meaningfully study more and larger populations across more types of settings and funding sources.

In "A Role for Patients," Sarasohn-Kahn<sup>8</sup> discusses the increasing interest and engagement of patients in their own health care through the use of technology. She reviews different options that patient-consumers have explored and briefly argues the economic benefits. Notably, she advocates for the importance of changing workflows and incentive structures.

In "A Role for Physicians," Shah<sup>9</sup> argues for a ground-up approach to cost containment driven by the physicians themselves. Specifically, costs can be addressed through a national mandate for accountable care, an emerging market for price transparency, and the disruptive promise of mobile and other information technologies. Shah also explores the ethos of physicians making decisions involving consideration of costs.

In "A Role for Payers," Tuckson<sup>10</sup> discusses strategies that payers have used to combat the rising cost of health care. Specifically, he discusses the Learning Health System, which addresses quality and cost-effectiveness through the collection of aggregate health data from diverse sources, application of advanced analytics to translate data into actionable information, dissemination of that information to enhance decision making, and constant feedback to ensure continuous performance improvement.

In "A Role for Private Industry," Isaac<sup>11</sup> discusses the benefits of corporate wellness programs and examines Johnson & Johnson's program Live for Life. He found that providing employees the voluntary opportunity to access preventive care improved employee health, reduced absenteeism rates, and reduced the cost of the company's healthcare cost obligations. Moreover, the use of technology has opened the door to even more effective means of providing preventive care.

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