

## Talking Points on Increasing the Affordability of Health Care

Updated June 2007

### Background:

A recent government report predicts that spending on health care will consume 20 percent of the GDP by 2016. This is at a time when the costs of caring for patients continue to climb and more and more Americans find the cost of health insurance out of reach.

Why is that? What can policymakers do to help control costs? And what are hospitals doing to keep costs down?

### Talking Points:

- **Health care today is expensive but produces life-saving care.**
  - ✓ Because of the highly trained professionals and technology needed to staff hospitals 24/7, hospital care is among the most expensive care. Every day in hospitals, dedicated caregivers are saving and extending millions of lives through treatments and techniques that didn't exist even a few years ago.
  - ✓ Every dollar spent on health care over the past 20 years has produced health gains valued at up to \$3. That's a good return on investment.
  - ✓ Advances in medicine and associated health gains are key drivers of economic growth. From 1970 to 2000, increased life expectancy added about \$3.2 trillion per year to the nation's economy, with half of these gains due to progress against heart disease alone.
  
- **More can and should be done to make care more affordable.**
  - ✓ With costs of care on the rise and demand increasing, there is pressure to keep costs affordable. Hospitals recognize that and are working to:

Focus on wellness – There needs to be a great focus on preventive services and rewarding healthy behaviors. Through weight management and smoking cessation programs, people could remain healthier and employers spend less on health care.

Better manage chronic disease – Eighty percent of spending on health care is linked to chronically ill individuals. Yet the chronically ill receive only half of all recommended care. Reducing variation in care can provide better care at better value.

Speed adoption of IT – Health care is increasingly fragmented in a field where access to information is critical. We need to speed adoption of health information technology to improve patient care, quality and efficiency and to support the creation of an electronic health record and personal health records for everyone.

Improve how care is delivered to each patient -- Providing the right care at the right time, every time, is critical. Hospitals that achieve top standards in care could reduce patients' time in the hospital and complications.

Increase transparency of quality performance – Sharing information publicly about hospital quality will create more informed consumers to help them better make health decisions.

Better understand and reduce variation in care – Following care guidelines and protocols, clinicians could help reduce readmission rates to hospitals and lessen complications.

Spend limited resources on care, not paperwork – Today's health care system is choked with paper. Health care will be more affordable if we spend more time at the bedside and less on paperwork.

- ✓ Yet, consumers still face rising premiums and insurance companies are making record profits.

- **Coverage for all is an important piece of the affordability puzzle.**

- ✓ The 45 million uninsured Americans add to the health care tab for everyone. Expanding coverage to all could reduce insurance premiums for employers and insured individuals.
- ✓ Today, hospitals have to shift costs to those who have insurance to meet the growing needs of those without coverage.
- ✓ Having coverage is key to keeping people healthy. When you have coverage, you're less likely to put off preventive care that will keep you well.
- ✓ Coverage allows patients to get care in more appropriate and cost-efficient settings.

- **Hospitals are part of the solution.** Hospitals are addressing the growing cost of health care in a variety of ways.

- ✓ For example, **North Shore-LIJ Health System in Great Neck, New York**, has an initiative to help keep more than 1,000 older residents

safe and healthy and in their homes -- instead of nursing homes -- as long as possible. The program includes organized activities which promote healthy aging, such as screening and education, exercise and volunteer opportunities. Case management of the frail elderly is a cornerstone of the program.

- ✓ **Hospitals in Wake County North Carolina** are teaming up with eight area clinics and county agencies to link patients up with more cost-effective care options than the area's hospital emergency departments. The program, called the CapitalCare Collaborative, will also consolidate some patient medical and financial data in one location to help facilitate the coordination of care among participating providers.
- ✓ **C.S. Mott Children's Hospital in Michigan** has created The Pediatric Asthma Disease Management Program (PADMP), a clinic-based program designed to assist primary care providers with difficult cases of pediatric asthma. It specifically targets asthmatic children three years and older that have had at least two emergency department visits for asthma and/or one hospitalization. The program's goals are to provide intensive education and case management, thereby decreasing emergency department visits and hospitalizations.
- ✓ **The Michigan Health & Hospital Association's (MHA) Keystone Center for Patient Safety & Quality** was created in March 2003 in response to growing concern about patient safety and health care quality. MHA Keystone coordinates partnerships and initiatives that improve patient treatment and safety in intensive care units; reduce the incidence of strokes and ensure that appropriate care is delivered to patients who suffer them; and study health care-associated infections. Since MHA Keystone's inception, Michigan hospitals that have partnered with the center have achieved significant, measurable patient safety improvements — saving lives and reducing health care costs.
- ✓ At **Maimonides Medical Center in New York**, all of the medical staff order medication and lab tests, check lab results and track their patient's treatment utilizing the hospital's computerized medical records system, which reduces paperwork. The MACS system provides medical staff leadership with a real-time glimpse of what is happening within their entire service. The computerized system has made for dramatic improvements in the pharmacy service, cutting the average turnaround time for administering inpatient drugs by almost 66 percent, as well as reducing prescription errors.