



WISCONSIN WOMEN'S
HEALTH FOUNDATION

White Paper

“A dialogue”

The Business and Challenge of Health Care: Building New Connections

**October 3, 2006
Milwaukee, Wisconsin**

According to the National Coalition on Health Care (NCHC) report “Health Insurance Cost”, national health expenditures will reach over \$4 trillion in 2015, or 20 percent of the Nation’s GDP.

The report states that for many businesses health insurance costs could overtake profits by 2008.

According to the NCHC, employment based health insurance premiums will continue to increase at an alarming rate.

Since the year 2000, employment-based health insurance premiums have increased 73 percent compared to the cumulative wage growth of only 15 percent.

What do you get when you put two distinguished doctors, a former Secretary of Health and Human Services, a prominent drug company representative, and an HMO Chief Executive in a room together with an audience of notable guests?

This sounds like the beginning of a satirical joke, doesn't it? This is no joke. Today's health care crisis in America is no laughing matter.

The Wisconsin Women's Health Foundation is taking this crisis seriously. On October 3, 2006, the Foundation provided a venue for some of the top minds in the health care industry to meet and have a dialogue regarding the business and challenge of health care in America today.

Dr. G. Timothy Johnson, Medical Editor for ABC News, framed the conversation between panelists Michael F. Neidorff, Chairman and CEO, Centene Corporation; Dr. Deborah Richter, Physician and Author; Tommy G. Thompson, Former Secretary of Health and Human Services; and Dan Weston of GlaxoSmithKline, representing PhRMA.

Many leaders in Wisconsin government and the health care field, including Attorney General Peg Lautenschlager, Commissioner of Insurance Jorge Gomez, and State Representatives Tamara Grigsby, J.A. “Doc” Hines, Kitty Rhoades, Pat Strachota, Leah Vukmir and Sheldon Wasserman, Dr. Molly Carnes and Dr. Gloria Sarto of the UW Center for Women's Health Research were present for the dialogue and were able

to garner some insight into the issues of costs, coverage, care and crisis leadership.

Dr. Johnson believes it is the best of times in health care for those who are educated, wealthy and insured, as they can search out the best health care for their medical situation. For the uninsured in this country, it is the worst of times as they cannot afford quality care or no care at all for themselves or their families.

“...When Charles Dickens wrote ‘It is the best of times, it is the worst of times’ he could have been talking about today’s health care.”

Dr. Timothy Johnson, ABC News, quoting a Wisconsin State Journal guest column.

“An accident of history” is how Dr. Johnson explains the current employer provided health care system in America: one that has remained inefficient and ineffective. People often ask him what the logic is behind companies being health care providers when companies are in the business of making products.

Dr. Johnson warns that government agencies, businesses and all Americans, insured or uninsured, are over burdened and buckling under the strain of the current health care crisis.

There are four major issues that need to be addressed according to Dr. Johnson:

- **Complete data tracking and less paper**
Through large insurers or other groups, complete data tracking would allow trends in usage, care and treatment to be spotted and acted upon quickly.
- **Quality control**
Parameters for patterns of care need to be developed with the aid of data tracking for cost savings and health benefits.
- **Cost control**
Americans look for the “4 C’s” when shopping for health care:
 1. Convenience
 2. Cure/quality. The latest, best new treatment.
 3. Coordinated, compassionate care
 4. Cheap or free. Let insurance or the government pay.

“Why is it we spend so much more for health care in this country, and yet we seem to get in some ways so much less?”

Dr. Timothy Johnson, ABC News

Instead, we need to take ownership of our own health care and look for proven care and treatment at a fair price.

- **Universal coverage**
Easy access and front end care. You need to educate, prevent, and treat health issues early before they become chronic or needing immediate, emergency care.

Dr. Johnson notes that no industrialized country can provide “everything for everyone at every age”. Priorities will need to be developed, especially in the area of cost control. Quality should not suffer with sufficient quality control parameters.

When it comes to dollars spent on health care today, Centene Corporation CEO Michael Neidorff believes there is more than enough money flowing into the current health care system and additional money should not be needed. The answer he believes is for the system to become smarter and more efficient.

“I believe there is more than enough money in the system to cover and provide high quality health care to the United States citizens.”

*Michael F. Neidorff,
Chairman and CEO
Centene Corporation
(Centene Corporation
is a government
services health care
company)*

According to Mr. Neidorff, a new and improved health care system would incorporate:

- **Choice**
- **Quality control with a better product**
- **A reduction in expensive emergency room care**
Many patients are treated in emergency rooms instead of having their health managed by a primary care physician.
- **An increase in pay for primary care physicians**
- **Coordinated patient and physician reports through managed databases and electronic records**
- **Better education of the consumer**
- **Establishment of success standards**

Pay providers based on outcomes, cures, and improved health.

- **Embracing technology**
Cost savings through technological advances are on the horizon. Within 15 years a patient will be able to have his blood analyzed by a computer and be treated based on its findings.
- **Coordination and continuation of care from early onset**

“I really do think the prevailing problem we have is health care costs to individuals, to businesses and to the economy.”

*Dr. Debra Richter,
Family Medicine
Practitioner*

From the primary care perspective, Dr. Richter states that we need to think of health care as a public good. “Everyone in -everyone paying.” Health care should be fairly financed through taxes and include all. She believes that if we can use this model for pot holes in our roads, we can use this model for health care.

Dr. Richter believes that the health care crisis; with the current system having no uniformity, no accountability, no budget and large overhead, is a huge contributing factor to the strain on the U.S. economy. She believes the current system of employee based health care is limiting global competition, negatively impacting job growth, and limiting household expendable income.

Her solution is to have a single, universal system in this country. A system which instead of controlling demand, would control the fixed costs in the health care system.

“I am on a mission to transform health care completely across this country. We have until the year 2013 in which to transform health care and save it.”

*Tommy G. Thompson,
Chairman, Deloitte
Center for Health
Solutions and former
Health and Human
Services Secretary*

For example, 70 percent of current health care dollars are services. The majority of clinic, hospital, emergency room and nursing home costs are fixed before the patient enters through the door. Dr. Richter says that one easy target is paper work. Provider spending on paper work is 22-30 percent of their budget.

Former Secretary of Health and Human Services, Tommy G. Thompson has a mission to change health care in this country for the better.

Change is needed by 2013 - before the U.S. doubles its spending on health care to \$4 trillion or 21% of the

Gross Domestic Product and before Medicare starts going broke. He doesn't see how any company or any country could sustain a cost burden such as this.

Secretary Thompson warns that if we aren't proactive now in changing the system, we will be forced into one of three outcomes:

1. A complete price controlled system.
2. A complete government controlled system.
3. Raise taxes.

Secretary Thompson has another way:

- **Switch from a curative system to a system of prevention and wellness**
Seventy-five percent of current health care costs are spent on chronic illness related to tobacco use, diabetes, and obesity. Need to improve the management of diseases.
- **Update technology**
Use e-prescriptions and update clinical information systems. Become paperless for a savings of 10 percent which equals over \$191 billion in savings.
- **Insure the uninsured**
This will reduce the high cost of emergency room health care.
- **Split the cost of Medicaid between the state and federal governments**
State: moms and children
Federal: nursing homes and institutional care
- **Incorporate an income factor into Medicare**
- **Address "end of life" care**
Forty percent of Medicare costs are spent during the last six months of life. Hospitals need to address and manage this expenditure.

If one did all of these things, Secretary Thompson believes it would transform health care by turning the

system into a wellness based system which manages diseases, reduces mistakes, and improves the quality of care while still having enough money left over to save the system.

The commonality in all health care debates is not only costs, but family, believes Dan Weston of GlaxoSmithKline representing PhRMA. All of us have an important and common stake in fixing the current health care crisis not only because we pay taxes, but because we have families.

Mr. Weston would like the new system to focus on prevention as a cure and method for cost containment. He emphasizes that 3 out of 4 dollars spent on health care is spent on chronic illnesses. The ability of the system to prevent disease will contain these costs.

Businesses need to start looking at the health of their employees as an investment, rather than looking for quick fixes or ways to contain costs. Companies who have switched to this mindset have been impressively successful.

He sighted an example of an Ashville North Carolina company who took the investment approach regarding their employees and the chronic disease, diabetes. The company ended up with a healthier workforce, reduced employee sick leave and hospitalizations, and a 30 percent savings in diabetes health care related costs in the first year and 35 percent over five years.

Much of the savings were in the reduction of the most expensive form of health care: hospitalizations, as hospitalizations make up 30% of health care costs. This cost savings was in spite of a three-fold increase in prescription medication costs over the same time period.

This company accomplished this by eliminating co-pays in medication and asking their employees to discuss their medications with their pharmacists when they pick them up at the drug store.

This resulted in a higher rate of compliance in their care because the employees stopped halving or

“I think this discussion about health care costs of course is important to all of us for a lot of different reasons. First and foremost, (what) I think about is we are tax payers and that makes a difference...but I think more importantly, because we have families”

Dan Weston, Director of External Advocacy, GlaxoSmithKline, PhRMA Representative

Question:

“Can we have a FDA for treatments so we know what really works...?”

Answers:

skipping their medications to save money. They were also better educated in the management and care of their disease through discussions with the pharmacists.

As a pharmacy company representative and more importantly as a consumer, Mr. Weston believes that appropriate medications taken properly are an important part of the solution and are not part of the problem.

The audience was able to have Mr. Weston and the other panelists expand upon their ideas through written questions. One member wanted to know **how a new system could be created with such heavy lobbying by the current health care players**. Secretary Thompson's answer was "easy", stating that all have a stake in correcting the system as everyone across the board is losing. He believes the solution to this is leadership.

Another member of the audience noted the importance of **providing price and quality transparency to the consumer**. Dr. Richter believed this would be handled by addressing the fixed costs of care and allowing the family doctor to have more than the current 8 minute allotment with their patients. Having increased patient/doctor communication would enhance the quality of care for all and help prevent and manage chronic illness.

Secretary Thompson believes that providing price and quality transparency is vital to the new system and would be accomplished through most of the changes outlined in this dialogue.

Another question focused on **the "morality" of health care** by asking **what to do about employees who smoke or who are overweight**. Secretary Thompson believes positive approaches work best as in the Asheville, North Carolina case.

He believes in encouraging healthy behavior through buying the patches, drugs or therapies, and providing healthy meal and exercise options at work. If an employer chooses to punish the employees based on

health, they may be punishing many highly skilled and valuable employees.

Television advertising of pharmaceuticals was on the minds of some audience members as well. Mr. Weston was **asked how much advertising expenditures impact the costs of health care**. His response was that it didn't have much to do with the costs.

Only 2 percent of sales were spent on direct consumer advertising. He looked at advertising as part of educating the consumer and prompting discussions with their family physician who needs to prescribe a medication based on a symptom or illness. As an example, he noted that 25 percent of men who went to their doctors to discuss medications for erectile dysfunction were diagnosed with a more severe medical condition such as prostate cancer.

Other questions asked but not addressed at the dialogue due to time constraints further complimented the panelist's discussions regarding "end of life" care, the promise of technology, continuation of care especially as it relates to pregnancy, how to reach out to the poor and diverse consumer, and who will take the leadership role in reforming the system.

"If we went paperless in our society in the medical system as you've talked about, \$191 billion would be saved."

*Tommy G. Thompson,
Chairman, Deloitte Center for Health Solutions and former Health and Human Services Secretary*

Dr. Johnson commented on the importance of government taking a lead in health care reform. However, fear is a large roadblock to reform as 1 out of 6 jobs in the U.S. is tied directly or indirectly to the health care industry.

Dr. Johnson believes that we are ready to begin changing the health care system in this country. For example, according to Secretary Thompson, national electronic medical records are waiting at the gates ready to go and can be up and running in less than 24 months. However, until there is a commitment to national standards, businesses see this as a risky investment and will not commit until the government commits.

There are many areas of agreement on health care reform in America. Looking back at the dialogue

discussion, many of the same reform ideas are repeated.

“Twenty percent of us are using eighty-six percent of the care.”

*Dr. Debra Richter
Family Medicine
Practitioner*

- Technology and modernization
 - E-medicine
 - Electronic payments to clinics and physicians
 - Standardized e-forms similar to tax forms
 - Electronic patient records and tracking of care history
 - Medical breakthroughs in diagnosis and treatment
- Move from a curative model to a wellness and prevention model
- Better consumer education and improved patient self-management
- Address, manage and prevent chronic and acute diseases early through access to physicians and continuation of care
- Provide healthcare or insurance to all through a standardized, coordinated health care system
- Quality control by spending money wisely

Within these areas of agreement, much of the preliminary work has already been accomplished through dialogues such as this. The panelists firmly believe we need to act soon on changing health care in this country. If we do not act, the joke will be on us.

A 2nd Dialogue will be convened by the Wisconsin Women’s Health Foundation in 2007.

Wisconsin Women's Health Foundation

thanks

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The Wisconsin Women's Health Foundation seeks to help Wisconsin women and families reach their healthiest potential.

"Since more than 80% of the health decisions are made by women; a healthy and informed woman makes healthy decisions; a healthy woman makes a healthy family; a healthy family makes a healthy community, and a healthy community makes a healthy state."

Sue Ann Thompson, Founder & President

The goals of the foundation are: to reach all Wisconsin women with the information, opportunity, and support they need to be healthy; encourage women to become advocates for their own health; and improve the overall quality of life for women and their families.

The focus areas of the foundation are: Cardiovascular Disease, Cancer, Mental Illness, Domestic Abuse, Osteoporosis and Tobacco.

We carry out our mission by: producing and distributing educational and resource materials, providing information through Women's Health minutes, training health personnel, providing direct programming and awarding research and community grants.

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