

**Statement of Michael D. Parkinson, MD, MPH
Chief Health and Medical Officer
Lumenos, Inc.**

BEFORE THE

Joint Economic Committee

Hearing on Health Care Information For Consumers

May 10, 2006

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Mr. Chairman and members of the Committee, thank you for the opportunity to testify today regarding health care information for consumers. My name is Michael D. Parkinson, and I am Executive Vice President and Chief Health and Medical Officer for Lumenos, a pioneer in consumer-driven health care and a subsidiary of WellPoint, the largest publicly traded commercial health benefits company in terms of membership in the United States. I have long been concerned about the health, productivity and economic impact of health care costs on employers and on our nation in general, and am honored to share my thoughts with the Committee today.

Perspective

My comments reflect my experience as a physician, former leader in the Air Force and Military Health System and as the head of our health improvement and clinical strategy at Lumenos. My clinical training and practice experience is in primary care and preventive medicine/public health. My comments are based on Lumenos experience with self-insured employers (generally 200 employees or more) and direct feedback from consumers and patients enrolled in either Health Reimbursement Arrangement (HRA) or Health Savings Account (HSA) plan designs.

I believe, and an increasing body of evidence supports, that consumer-driven health care, both in its current form and as it rapidly evolves and grows, has great potential to improve the health of patients and consumers, the effectiveness of medical care and the efficiency of the health care system. However, better consumer engagement, more patient-centered care, greater ownership of resources expended on healthcare and improved quality/cost information will have predictable consequences on the health care system. These consequences and system deficiencies should be anticipated and addressed.

Addressing the True Drivers of Excessive Health Care Costs

A properly designed consumer-driven health care program assists and supports the consumer/patient to understand and address the primary drivers of poor health and excessive medical costs, which are personal health behaviors and ineffective and inefficient health care. The flexibility of account-based benefit designs to promote, educate, incentivize and financially reward improved health behaviors, preventive care and evidence-based medical practices is unique. A recent study by leading health care economist Ken Thorpe concluded that 63% of the rise in real U.S. per capita health spending is due to the increasing prevalence of health risk factors which are medically

treated rather than prevented or improved through health promotion and disease prevention strategies.¹

The inherent “rollover” of funds in account-based designs from year-to-year reinforces improved health behaviors, appropriate self-care and better care management for chronic conditions. Prevention and evidence-based care particularly for those with chronic disease are clearly prioritized and financially rewarded. Both our HRA and HSA plans cover evidence-based preventive services at 100% without copays or deductibles. In addition, 60% of Lumenos employers cover tobacco cessation and 30% cover weight management as preventive care services at 100%.

Consumer-driven models have the power to incent three major actions by all individuals and patients that improve health, medical care and outcomes. Specifically, each of us needs to understand our health status (our risk factors and current medical conditions), agree to participate in a program or activity (risk reduction program or “disease management”) if we have significant risk factors or chronic disease and understand and master our care, in partnership with our physician to optimize outcomes and care.

At Lumenos, we created an integrated and incentivized health improvement strategy, targeted at major drivers of excessive health care costs, which meets the needs of the full range of health risk and users, with a particular emphasis on those with chronic disease and high utilization.

Information, Tools and Support Services Available Today

Lumenos and its partners provide a comprehensive array of information, tools and personal support services for consumers to understand and better engage in their health and health care decisions. We have found that web-based information is an important enabler of better decision-making, but not the sole or most important factor in assisting consumers and patients. The organization, timing, linkage, ability to access at the point-of-decision and content delivery method are important as well.

Communication is required to reinforce the use of the health, clinical, and quality and cost information. Ideally this communication would occur initially and repeatedly throughout the year using multiple modalities. In both formal surveys and in face-to-face focus groups with hundreds of Lumenos consumers, members are surprised and appreciative of the wealth of organized information and support available to them. We have found that consumers are seeking more accurate and actionable information over time. Of interest, the consensus answer to the open-ended question, “What could Lumenos do better for you?” is to create a means to connect with other patients with similar medical conditions or with consumers with shared health interests.

In general, consumers and employers are highly satisfied with the current information, tools and support that Lumenos provides. Year-over-year, both employers and consumers are seeking more specific and actionable information about the cost, quality (and necessity) of medical services. Communication and reinforcement of why

information is important, how to access it, how to engage to better manage one's care (e.g., health coaching) and how to use it in concert with one's physician are likely more important than the availability, or in some cases, the specificity and accuracy of the data itself.

How It's Working for Employers and Health Systems

In general, Lumenos' experience for both employers who adopt "account-based plans" as a full replacement strategy and for those who offer them on an optional basis reflects the findings of the McKinsey study.² Increases in preventive care, decreases in the cost of prescription drugs, and decreases in outpatient and ER visits lead to significant employer health care cost trend mitigation relative to other benefit designs. Particularly when accompanied by financial incentives, patients with chronic illness become engaged either through health risk assessments or direct self-referral to a health coach. Unlike the McKinsey study, which showed low satisfaction with the information and support provided to consumers, Lumenos has consistently experienced high satisfaction with both information/support/communications and re-enrollment.

One of my personal goals, and a major reason for the American Medical Association's support for Health Savings Accounts and consumer-driven care in general, is to better support patient-physician relationships. Consumer-driven models have two inherent value propositions for providers: improved clinical care and outcomes through the better informed and engaged patients and reduced administrative burdens relative to "traditional" care.

In addition to providing care, health systems and hospitals are also employers purchasing and providing health care services for their own employees. These employees often have among the highest risk-adjusted health care costs of any industry. Lumenos has suggested, and some leading health systems who are now full replacement clients agree, that consumer-driven health care has great potential not only to appropriately mitigate excessive health care costs, but also to catalyze clinical and business practice innovation.

Employers, as well as a growing number of health care systems, are adopting consumer-driven health plans on either an optional or full replacement basis. Health care cost mitigation, increases in preventive care and in engagement by those with chronic disease can be accompanied by high enrollee and employer satisfaction when information, tools and support are designed, implemented, communicated and reinforced.

Improving Appropriate Consumer and Physician Decision Making

There is a growing awareness and tailoring of information, tools and support to address the preference and price sensitivities of medical care. If the health of individuals, the care of physicians and the performance of the health care system are to improve, then the behavior of each entity needs to be better understood and addressed using approaches which predispose, enable and reinforce desired outcomes. The creation of a "health care marketplace" with improved information on cost and quality will impact health care

decisions and players differentially and will likely occur incrementally, which, in my opinion, is desirable. At Lumenos, we have deliberately built an incremental approach to quality and information collection and dissemination.

A health care typology that has been useful in shaping our information and support strategy includes health risk factor identification, maintenance and reduction, clinical preventive services, acute/episodic care, chronic disease management, surgical decision support, emergency/catastrophic care and end of life needs. Similarly health care can be parsed by care that is proven clinically effective, care that is preference-sensitive and care that has shown to be “supply-sensitive” (e.g., wide variations in practice typically associated with oversupply of providers or facilities relative to other geographic areas). Provider-specific issues that relate to care and business practices can also be evaluated and impacted through a consumer-driven “prism” as noted previously.

Making the right thing to do clinically also be the easy thing to do will require realignment of thinking, infrastructure and incentives among the consumer/patient, provider and “the system.” Better information and tools for quality and costs should be informed by a more specific understanding of how patients use or could use such information and support across the spectrum of the different health care needs and in different geographic and economically over- or undersupplied provider markets.

What’s Missing: Standardized Consumer-focused Tools and Information for Engagement

Patients with serious medical conditions or chronic illness want to know whether other patients with the same condition understand their disease, are able to improve the likelihood of a favorable outcome and are they treated humanely in the process. Currently available information is not adequate to answer this question. Furthermore, the medical literature supports that knowledge, outcomes and even more judicious use of resources are more likely to be acquired in the context of a healthy physician patient relationship with shared decision making.

New performance indicators of quality around consumer acquisition of competencies by physicians, medical groups or health systems could complement existing, administrative (claims-based) measures of quality and efficiency. For example, the disease specific, evidence-based guidelines developed by the Institute of Medicine would be useful for consumers if translated into language designed for lay people. What for example, does the newly diagnosed colon cancer patient need to know, do and act upon in concert with her physician? What knowledge, competencies and proposed actions are appropriate for a patient with diabetes *in patient terms*, which reflects the evidence-based guidelines promoted to patients and measured by accreditation and other quality efforts?

A standardized, generic patient satisfaction questionnaire, or “ambulatory HCAPS”, that includes the major elements of an effective shared decision-making relationship (i.e., “Does your physician offer and discuss options, share the pros and cons, consider your preferences, etc.”) would also be very useful to consumers. Aggregated standardized

survey information on the physician's practice style would be most valuable to consumers to help them determine which provider or group is likely to improve their engagement, care skills and health outcomes.

Quality efforts to date have concentrated on plan and provider measurements from administrative data rather than on consumer and patient knowledge, competencies and decision-making arising from information access and a partnering, shared-decision making patient-physician relationship. Efforts to define both generic and disease-specific qualities associated with high quality, high value and safe medical practices which can then result in standardized patient surveys could be of great value in increasing the effective engagement of patients, and over time, improving the "marketplace" of patient-relevant quality information for provider choice.

What We Need To Do Better: Quality and Cost Information

Consumers spending "their own money" for healthcare are asking for more information, access and convenience. Providing estimated expenses for episodes of care will become progressively more granular and transparent pricing by providers and facilities will increase. Making sure that quality is measured consistently will be important in order for consumers to compare "value" as they do currently for prescription drugs. The anticipated federal release of physician and hospital reimbursement for selected Medicare services and the requirement for transparency prices of a core set of services in order to bid on federal employee health benefits programs will undoubtedly impact the direction and pace of the provider and payor's approach to cost transparency.

A promising approach is the NCQA Physician Recognition program, which allows physicians to volunteer and be reviewed for compliance with evidence-based guidelines for diabetes and heart disease. Additional recognition is awarded for implementing an electronic medical record or system for tracking and improving evidence-based care and patient outcomes. Lumenos displays this information today to help inform patients about those physicians interested in and evaluated for these chronic conditions.

Accelerating Innovation in Care Delivery and Financing

Consumers, patients and health systems deploying consumer-driven care for their own employees and physicians are likely to embrace value-added innovations and avoid lower value services or practices. For example, group visits for chronic disease management, reimburseable e-visits for established patient-physician relationships, and behavior change and disease management programs have traditionally not been demanded by consumers/patients or built by physicians or health systems. Consumers paying "with their own money" and employers, trying to maximize the productivity of their work force, are more likely to see value in new ways to connect with providers and health information outside the too often ineffective, rushed, brief face-to-face physician visit. The major health care systems that Lumenos serves are building these capabilities largely in response to the consumer-driven market both internally, for their own employees, and externally, for the patients and employers they serve. Some hospitals are now providing

enhanced information to inform patients about their actual out-of-pocket costs and/or total price of selected procedures and treatments (e.g., OB, outpatient surgery, gastroenterology services, rehab, etc.).

Primary care providers, already concerned with declining reimbursements for primary care and chronic disease management, are now seeing the rapid expansion of acute care clinics in retail and drug stores with transparent, all-inclusive, reasonable pricing for acute or routine conditions. Chronic disease patients who are looking for consistent, compassionate, evidence-based service and expertise may be an important lever to help drive the reinvigoration of comprehensive, longitudinal primary care and the creation of an “advanced medical home.”³ Surgical hospitals and new centers or systems for specialized chronic disease management may also arise and be welcomed and sought by more engaged consumers.

Consumer-driven care will likely accelerate clinical and business practice innovation as patients better understand their options and seek greater assistance, convenience and value for their time and money. The provider community is showing evidence of welcoming such innovation and, in some instances, is calling for wholesale reform of current clinical, delivery and financial models. Publicizing the value of these innovations and translating them into meaningful health and cost advantages will further accelerate their dissemination and adoption.

Acceleration of Health Information Technology

Consumers are generally not aware of the health or cost impact of seeing a physician or being admitted to a hospital or facility that does not deploy state-of-the-art health information technology. Consumer and patient focused messages need to be developed and disseminated to create market demand for the safer, more effective and efficient care that electronic/personal health and medical records, electronic prescribing and hospital physician order entry can provide. Creating a marketplace with accurate information about the health information technology status of providers is important and evolving. However, health information and interoperability standards are needed urgently to facilitate both rapid adoption and lower price points for providers, particularly those in smaller practices, to acquire needed technology.

Consumers and patients will increasingly come to understand the safety, health and cost value of health information technology from their providers. This could become a key market differentiator and “quality/cost metric” in the near term. Acceleration of technology standards for information and interoperability is critical and urgently needed to promote widespread dissemination and decrease price.

Major Health Care Issues to be Anticipated and Potentially Addressed

There are numerous major healthcare issues, needs and practices that will be highlighted and catalyzed by the growth of consumer-driven health plans, consumerism and greater transparency in cost and quality.

1) Need for improved, standardized assessment of therapies and technologies. Currently the military, VA, health plans, foundations and consumer groups all attempt to assess the health and economic marginal value of new treatments and procedures without any consistent methodology and with inefficient use of resources;

2) Malpractice reform to decrease unnecessary, defensive medical services;

3) Shifted and hidden costs for graduate medical education. Who should pay for the education of a qualified health professional workforce?;

4) A discussion of an optimal mix of market-based versus public sector functions of health care; and

5) Statutory and regulatory reforms to foster an appropriate health care marketplace. Michael Porter's recent characterization of a health care marketplace and what would be needed to create one is a useful framework for what consumers, providers and payors all should consider, describe and work toward.⁴

As consumer information on quality and costs of services becomes more transparent, cost-shifting, unexplainable cost differentials and inefficient clinical and business practices will become more apparent. Health policy and societal questions which have been known and discussed for years will become more visible to all stakeholders and hard decisions will likely have to be made about the appropriate role of the private, market sector and public sector in financing and delivering health care.

¹ KE Thorpe, "The rise in health care spending and what to do about it" *Health Affairs*, Nov/Dec 2005.

² McKinsey & Company, "Consumer-directed health plan report – early evidence is promising" accessed at www.mckinsey.com/clientservice/payorprovider/Health_Plan_Report.pdf. 2005

³ American College of Physicians Position Paper, "Reform of the dysfunctional healthcare payment and delivery system. Accessed at http://www.acponline.org/college/pressroom/as06/dysfunctional_payment.pdf. 2006

⁴ M Porter, "Fixing competition in US health care," *Harvard Business Review*, June 2004.