

I Urge the General Assembly to Enact Sustinet (H.B. 6305)

William J. Cibes, Jr.

February 14, 2011

Liberals and conservatives should welcome and approve Sustinet. Insurance companies and health care patient advocates should welcome and approve Sustinet. Taxpayers and legislators should welcome and approve Sustinet. And, eventually, when their time comes, employers and employees should welcome and approve Sustinet.

Why? Because the primary focus of Sustinet is on bending the cost curve of health care down.¹ Extrapolating from 2005 data, state governments now spend a third of their budget on health care, and if present trends continue, within a decade the health sector alone will devour HALF of state spending.² Spending on health care is crowding out investments in infrastructure and education. “Every time health care gobbles up another percentage point – every 1.2 years – we lose (nationally) the equivalent of 150,000 teachers.”³

Unfortunately, national health insurance reform – while necessary to extend society’s safety net to prevent the immoral exclusion of people from access to health care because they don’t have the resources to pay for it – only begins to address the health care cost problem.

Fortunately, the Affordable Care Act does encourage and anticipate that states will experiment with different models of health care cost control. And Connecticut should seize the opportunity by adopting Sustinet, the primary aim of which is to put in place a model – a demonstration project or experiment, if you will – which replaces the bankrupt “fee-for-service” payment system with incentives to improve quality and make care more cost-effective, to encourage health care providers to focus on preventive care, to identify chronic conditions and remove their root causes, and to provide continuing and coordinated care for chronic illnesses that do exist.

¹ Most of my comments are based on two incisive papers by David Osborne: “Memo to the New President: Reinventing Health Care – The Role of the States,” January 15, 2009 (www.ppionline.org/ndol/print.cfm?contentid=254877) and “Outdated Ideology Could Derail Health Reform,” July 29, 2009 (www.ppionline.org/ppi_ci.cfm?knlgArealD=450021&subsecid=900211&contentid=255113). The quotations are taken from those papers, and other language not identified by quotation marks is also taken from his analyses.

² David Osborne, “Memo to the New President: Reinventing Health Care – The Role of the States,” January 15, 2009, at notes 5-6.

³ Osborne, at note 9.

Both conservatives and liberals should welcome Sustinet's approach, because neither HSAs with high deductibles, on the one hand, or a single-payer system, on the other, change the way we currently pay for care. The financial incentives in the current fee-for-service payment system are backwards. Providers make more money by performing more services. If a hospital makes a mistake and the patient has to be treated again, the hospital makes more money. If a provider group figures out innovative ways to keep its patients healthy, it starves. When doctors' and hospitals' incomes are squeezed, they do more procedures.⁴

Sustinet is based on a different model, which has worked elsewhere – in Wisconsin (for its state employees), in the Kaiser Permanente system, and in the Mayo Clinic system.⁵

Sustinet's focus is on changing the health care payment system to a model in which every patient would have a "medical home" – a physician who acts as the primary caregiver and is responsible for coordinating the patient's care. The term of art is a "Patient-Centered Medical Home" or PCMH. Although the payment methodology has not yet been determined, the "medical home" could potentially charge an annual prepaid, per-patient fee, which would provide a clear financial incentive to become more cost-effective.

Prepayment rewards doctors for keeping patients healthy, for solving their problems in economical ways, and for avoiding errors. It encourages superior ambulatory care for patients with chronic conditions, thereby reducing their need for hospitalization.⁶

Doctors in a PCMH model make more money by figuring out new ways to keep people healthy, not by doing more procedures.⁷ They are encouraged to use "evidenced-based" guidelines for care, as well as to employ electronic health records (to better communicate with other providers in an integrated system, to avoid prescribing errors, and to identify and seek to remedy circumstances which could lead to health problems).⁸

⁴ Osborne, "Outdated Ideology Could Derail Health Reform," July 29, 2009.

⁵ Ibid.

⁶ Alain Enthoven and Laura Tollen, 2005, quoted in Osborne, January 15, 2009, at note 34.

⁷ Osborne, July 29, 2009.

⁸ Sustinet's model encourages and supports providers to use interoperable electronic health records to document and manage care. I would hope that Sustinet (and other parties) would take advantage of the EHR system developed by the Veterans Health Administration, the most advanced in the world, which is available to anyone who wants it free of charge. Sustinet could use this EHR system, as the VHA has used it, to mine the data accumulated to develop best-practice guidelines (evidence-based medical protocols), and to identify and ameliorate medical "hot spots" (to use Atul Gawande's language in "The Hot Spotters" (The New Yorker, January 24, 2011, www.newyorker.com/reporting/2011/01/24/110124fa_fact_gawande)) which are major cost drivers. See generally, Osborne, January 15, 2009.

Another emphasis of Sustinet is on prevention of illnesses – especially those caused by “lifestyle” choices, like smoking and obesity. That’s a major reason why insurance companies should welcome and approve Sustinet. Last Friday, Mark Bertolini, the CEO of Aetna, observed that 34 percent of the people Aetna insures around the world have a chronic disease, and those people account for 72 percent of the medical costs. Half of those with a chronic disease have a disease related to their weight. America loses about 2,000 people to obesity every week, Bertolini said, “but we choose not to address it.”⁹ Sustinet’s model DOES address it, so if the model works, insurance companies should embrace it.

Taxpayers, too, and their representatives in the General Assembly, should also welcome and approve Sustinet. In the immediate future, when Sustinet will expand the PCMH regional pilot for state employees in the north central region of the state to all state employees, there is the potential for savings in that budget line item. And in the long run, if the demonstration project for PCMH proves successful, then savings will also occur in Medicaid and HUSKY, and in municipal budgets.

And broader changes can also be expected. Once the Sustinet pool captures a significant share of the market, it can effectively reshape the overall system. Both competing providers and private insurance plans would see that to remain a force in the market, they too must embrace Sustinet’s PCMH and prevention model.

Finally, once Sustinet’s model demonstrates the power to restrain health-care inflation, employers would also join in order to save money, both for themselves and for their employees. [Or alternatively, private insurance plans would use the model to compete successfully with Sustinet. And that’s OK, too. The overall outcome desired is NOT to aggrandize Sustinet, but to reduce overall health care costs while improving health care results.]

Just as the arc of the moral universe doesn’t bend toward justice on its own, but requires that we all put our hands on the arc and join in bending it in the right direction,¹⁰ so bending the cost curve of health care requires that we all grab hold and push it down. Justice Louis Brandeis once said that the states are laboratories for experimentation. Conservatives insured that this principle was embodied in the Affordable Care Act. Now Connecticut should seize the opportunity and enable Sustinet to guide that experiment to bend down the health care cost curve at the same time as it improves health care outcomes.

⁹ Quoted in the Hartford Courant, February 12, 2011, page A-8.

¹⁰ Obviously, the allusion is to the imagery used frequently by Dr. Martin Luther King, Jr., extended by Senator Barack Obama on April 4, 2008, on the 40th anniversary of Dr. King’s assassination.