

# Directing HIT Investment to Promote Value in Health Care:

## Recommendations for the Obama Administration and 111<sup>TH</sup> Congress

On December 6, 2008, President-elect Obama announced that the Economic Stimulus Package will include investments to modernize the health care system through increased use of health information technology (HIT), ensuring that, *“every doctor’s office and hospital is connected using Internet-based communications and cutting edge technology...Doing so will help cut red tape, prevent medical mistakes, and save billions of dollars each year.”*

Ingenix shares the belief that innovative investments in HIT can yield significant, immediate results by improving the efficiency of health care. HIT can also support long-term health system reform, by creating an intelligent national health network that facilitates quality measurement, clinical improvement and administrative simplification.

### Unlocking the Value of Health IT:

To date, HIT investment has yielded limited benefits for two reasons. First, the cost of investing in large-scale, disparate “client-server” systems is prohibitive for all but the

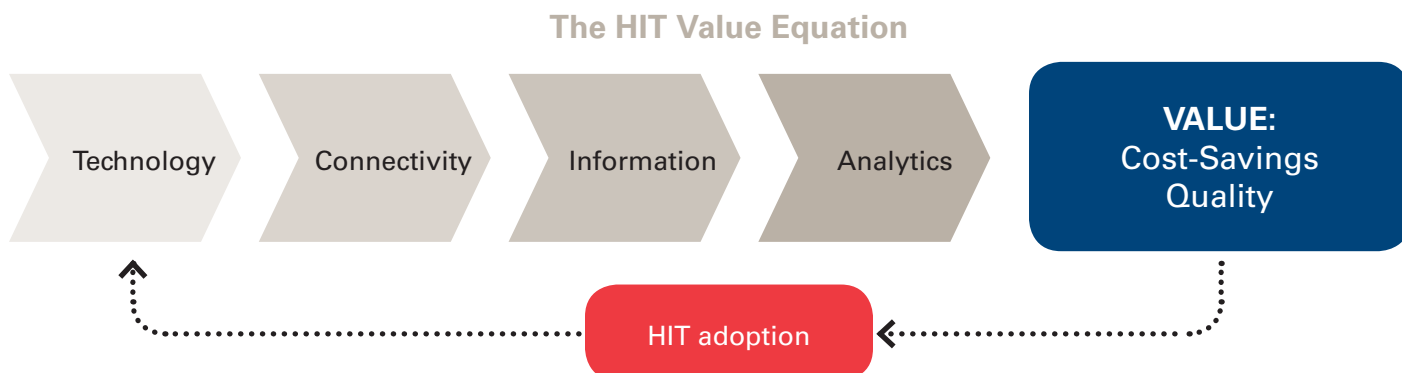
largest providers. The business case has not supported widespread HIT adoption. Second, EHRs and HIT applications alone do not improve health care or cut costs. Unlocking the value of HIT requires *technology, connectivity, high quality information and uniform analytics. Technology is the platform. Shared information, such as comprehensive, de-identified encounter data, makes technology valuable. Analytics, in turn, makes the information valuable, letting providers and patients use information to make the best evidence-based decisions.*

Today, there is cost-effective technology that would give every

US physician access to EHRs. At the same time, greater investment in connectivity, information and analytics would produce large, immediate pay-offs *with the existing HIT infrastructure.* Combined, these actions will shift the value equation around HIT, to promote ongoing adoption and to generate cost savings and quality improvement.

### Recommendations for Action:

- Promote EHR adoption by all physicians through cost-effective web-based technologies
- Modernize the health care transaction
- Promote a common measurement system for performance evaluation
- Expand capacity for evidence-based medicine



**1. Promote EHR adoption by all physicians through cost-effective, web-based technologies with low barriers to implementation.**

Continued use of stand-alone and disconnected client-server based EHRs is a barrier to widespread EHR adoption and to the realization of the benefits of EHRs. Scaleable, web-based EHRs, on the other hand, provide the connectivity and ease of use that encourage broad adoption, while enabling critical functions such as patient safety, physician order entry and e-prescribing. A stimulus package that targets deployment of scaleable, web-based EHRs will be a meaningful step toward a highly connected, information and analytics-infused infrastructure. We estimate the cost of extending a web-based EHR to every physician practice at \$4-6B. This is a fraction of the cost estimated for client-server systems and frees up resources that can be devoted to critical components such as automation, connectivity and analytics. **Including grants, subsidies, tax incentives and revolving loans in the Stimulus bill would promote the use of smart, cost-effective, web-based technologies and produce results in the short term.**

**2. Modernize health care transactions with state-of-the-art analytics to dramatically reduce administrative costs.**

Our investments can modernize the way health care transactions are conducted, assuring that payments are accurate and efficient. Today, it is estimated billions of dollars are wasted on inaccurate or inappropriate billings due to coding errors, inappropriate treatments, abusive practices and outright fraud. Administrative cost

savings are win-win propositions, benefiting all stakeholders. State-of-the-art predictive modeling technologies can identify and stop inaccurate payments, turning wasted costs into savings. Based on our extensive experience, Ingenix estimates the Medicare and Medicaid programs could save 1% of health care costs — approximately \$7B annually — by using predictive payment accuracy technologies, enabling accurate and appropriate payments to be made to providers on a timely basis. **The Government could lead the way for adoption by requiring or providing incentives for the use of predictive analytics in Medicare and Medicaid transactions.**

**3. Promote a common measurement system for performance evaluation that sets the stage for payment reform.**

Quality improvement requires a means to collect, compare and report valid, aggregated measures that gauge providers' performance. Some providers and health systems have been quite effective in HIT-enabled performance improvement, increasing adherence to primary prevention and treating chronic diseases according to best evidence-based practice. Yet, the lack of widespread access to standardized and de-identified physician-level data, uniform episodes of care and standard, risk-adjusted performance reports severely hampers any communitywide or nationwide effort to compare and improve performance. Common performance measurement is a prerequisite to putting in place value-based purchasing and pay-for-performance systems. **The Government should take actions that will move the**

**industry towards the adoption of a standardized measurement system for episodes of care and outcomes. Congress should direct CMS to adopt performance measurement standards and use these standards in value-based purchasing initiatives for the Medicaid and Medicare programs. Through the Stimulus bill, Congress could provide a down-payment by funding initiatives to implement a common measurement system.**

**4. Expand capacity for evidence based medicine by promoting access to physician-level information.**

The use of evidence-based medicine (EBM) has significantly improved the cost-effectiveness of health care. Today, however, EBM only covers a small fraction of the care that is delivered. The reason is not so much that we lack research, but that existing evidence from clinical trials and retrospective analyses has not been made accessible to practitioners. We can greatly increase the cost-effectiveness of health care by expanding evidence on the most appropriate practice patterns, providing that evidence to physicians at the point of care and using it as a basis for evaluating care. **Congress should invest in means for sharing de-identified, physician-level data among CMS, commercial health plans, pharmacy benefit managers, labs and patient registries for use in comparative effectiveness research (CER) and for quality and cost measurement. Through the Stimulus bill, Congress should fund the development of data repositories, applications that facilitate data synthesis and tools that provide evidence at the point of care to inform health care decisions.**

*Ingenix is a premier health information and consulting business and a subsidiary of UnitedHealth Group. Ingenix is a leader in Comparative Effectiveness Research; in payment and coding methodologies which promote evidence-based standards; and in the use of information to promote better patient outcomes and lower costs. Innovations from Ingenix include pioneering web-based EMRs and consulting on the implementation and use of EMRs. Ingenix provides governmental and commercial entities leading administrative and clinical solutions including payment integrity, information management, actuarial services and public policy analysis through its subsidiary, The Lewin Group.*