

# Where Principles and Politics Converge

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In the December 2005 Health Affairs journal article *Health Care Reform, Why? What? When?* Victor Fuchs, a Stanford University professor, quotes John Jay, fifth president of the Continental Congress, on the eve of the 1787 Constitutional Convention, to describe the status of health care reform today:

are the conditions that might make reform possible? Are people willing to accept the sacrifices that will accompany any reform efforts? These are questions that must be addressed in the context of health policy at both the national and state level, for which we must begin a dialogue in West Virginia.

already begun testing pay for performance rewards that promote value-based purchasing for health care.

▼ **Demonstration of new approaches:** The Institute of Medicine report called for statewide demonstrations of health insurance coverage, model chronic care and primary care initiatives, and information technology.



"Changes are necessary, but what they ought to be, what they will be, and how and when to be produced are arduous questions."

The article points out that most observers agree that reform is necessary, but whether that reform should be incremental or comprehensive and whether changes in finance or changes in organization and delivery should receive priority are questions that must be answered. What are the options? What are the obstacles? What

## Transforming the Healthcare System

Elected leaders, policy makers and the public are calling for changes to the healthcare system that will make it more efficient and effective. Public opinion polls continuously point to the consumers' increasing frustration with the cost of health insurance and problems of access to affordable care. In response to recommendations by the 2002 Institute of Medicine report *Crossing the Quality Chasm: A New Health System*, the federal government

has developed a bold plan to stimulate adoption of health information technology to improve performance that would be encouraged through a range of initiatives:

- ▼ **Investment in health information technology:** The President's Health Information Technology Plan calls for adoption of electronic medical records to improve patient safety and effectiveness of health care.
- ▼ **Provision of financial incentives to providers to improve performance:** Medicare has

## Overcoming Obstacles

Ironically, as health policymakers begin to plot this ambitious path for the future, uncertainty for providers continues to grow. West Virginia's healthcare delivery system faces significant challenges. The question of adequate funding from governmental programs—Medicare, Medicaid and Public Employees Insurance Agency (PEIA)—has spawned considerable concern and instability across all provider groups. State and federal government, as well as private insurers, must live within their available resources by constraining health care expenditures and controlling growth and utilization. The increasing scarcity of financial resources to support health care is driving the care delivery system to the brink and it is clearly a recipe for disaster. And the challenge of assuring access to affordable, high quality care is paramount.

Perhaps the time is right to formulate a sustainable and comprehensive vision and plan for stabilizing and improving the health care system in West Virginia. This cannot be a plan for only Medicaid but rather a plan that encompasses the

private and public sectors, and one that brings all partners to the table.

In a 2000 report, the Institute of Medicine described the nation's healthcare safety net as a "...patchwork of institutions, financing and programs that vary dramatically across the country as a result of a broad range of economic, political and structural factors. Over the years, America's healthcare safety net has metamorphosed from a system composed primarily of charity hospitals and clinics to a system after World War II that also included community hospitals, which gradually as-

## **"THE INCREASING SCARCITY OF FINANCIAL RESOURCES TO SUPPORT HEALTHCARE IS DRIVING THE CARE DELIVERY SYSTEM TO THE BRINK AND IT IS CLEARLY A RECIPE FOR DISASTER."**

sumed varying degrees of safety net responsibility. The erosion and uncertainty of major direct and indirect subsidies that have helped support safety net functions threatens the viability of many safety net providers." (America's Health Care Safety Net: Intact but Endangered, IOM, 2000)

Furthermore, the American Hospital Association (AHA) describes the healthcare system as a "patchwork quilt, mended together over time to address disparate needs, resulting in a system-less system, its elements not based on a similar set of fundamental principles or roles. If left unchecked, the expected confluence of chaotic forces will lead to a national health crisis."

Certainly these conditions also describe the healthcare delivery system in West Virginia, and this has steered the West Virginia Hospital Association (WVHA) toward the development of a consensus vision for health care in West Virginia, based upon values and principles to address the best interests of all the citizens of the state.

This member-led effort is focused on the development of strategies to produce a rational health care delivery system in the state that preserves appropriate access to affordable, high-quality health services while maximizing the efficient and effective delivery of patient care. It must include consideration of both the regulatory and payment components. Central to the discussion is the consideration of how the healthcare system in the state must change, maintain access but adapt to shrinking resources while transforming and modernizing the delivery of healthcare to meet the needs of our population.

### **A Vision for Transformation**

The WVHA created a special panel and charged it with framing a vision for the future. In turn, it adopted the following problem statements and principles for establishing a new model for health care in the state:

Challenges within the existing health care system:

- ▼ Medicare and Medicaid payments to health care providers have not kept pace with the costs of providing health care services.
- ▼ The ability of government to adequately fund state and federal health programs is diminishing and the future is at best uncertain.
- ▼ Health care costs are continuing to increase, due to utilization, technology and inflation.
- ▼ The inability of government to cover the costs of care results in cost-shifting to the private sector, a situation which cannot be sustained.

- ▼ The number of uninsured and underinsured continues to grow as insurance becomes less affordable and many businesses no longer provide health coverage.
- ▼ Competition in healthcare has not provided the economic benefits that were expected.
- ▼ Managed care has not proven to be a viable model for West Virginia.
- ▼ The financial condition and viability of hospitals in West Virginia has declined and is expected to further diminish as funding for health care becomes scarcer.
- ▼ Availability and accessibility to capital is an increasing challenge for hospitals that seek to modernize their facilities and acquire new technology.

- ▼ State policy makers now recognize that the health care system in West Virginia would be improved by reducing excess capacity, redistributing resources and limiting duplication of services.

Principles for a restructured health care system:

- ▼ Adequate funds must be provided to support the costs of health care programs and to invest in a health care system for the future.
- ▼ The financial viability of hospitals should be secured by assuring adequate payments to cover the costs of care and necessary capital for plant and equipment.
- ▼ Hospitals should be encouraged and enabled to achieve maximum level of efficiency and effectiveness in managing resources.
- ▼ Providers should be given the ability to de-

termine their role in the health care delivery system, through decentralized oversight by the state.

- ▼ Healthcare services should be provided in the most appropriate setting.
- ▼ There should be a rational reorganization of the delivery system with a focus on regionalization.
- ▼ Quality of care and patient safety must be assured, by sharing responsibility, the transparency of information and fostering accountability of providers, payers and patients.
- ▼ Government and private healthcare purchasers have a responsibility towards promoting personal responsibility and participation of patients and providers in health improvement strategies.
- ▼ High quality healthcare can be provided through a focus on evidence-based medicine and utilizing health information technology to measure outcomes and health improvement.
- ▼ The healthcare delivery system must provide appropriate access to care for communities and patients.
- ▼ The public should be encouraged and provided with appropriate incentives (or disincentives) to engage in behaviors that promote wellness and prevention.
- ▼ Healthcare insurance must be affordable with a goal of assuring coverage for all but recognizing that health insurance cannot be a "one-size-fits-all" arrangement.



### **How Do We Get There?**

Fuchs observes that the experience of the country's past shows that without major changes in finance, efforts to improve organization and delivery have not had widespread success. The current delivery system was produced in response to numerous forces and incentives—financial, regulatory and consumer demand. Tangible incentives will be required to get providers, patients and communities to make and accept some changes.

WVHA agrees with the Commonwealth Foundation, which in promoting its new initiative *A High Performance Health System* says that "genuine reform must come from within the healthcare sector itself, to tap the potential of modern information technology, measure performance against relevant benchmarks, learn from best

practices, and adopt systems, processes and tools that improve performance." But the health-care sector needs help to do it.

To begin to develop a common vision, to align the interests of stakeholders and to harness the knowledge and force of the talent we have in the state, we need to develop a comprehensive state policy and plan for health care in West Virginia. We need to carefully assess the level of resources necessary to support our delivery system and to transform health care to meet the needs of our population.

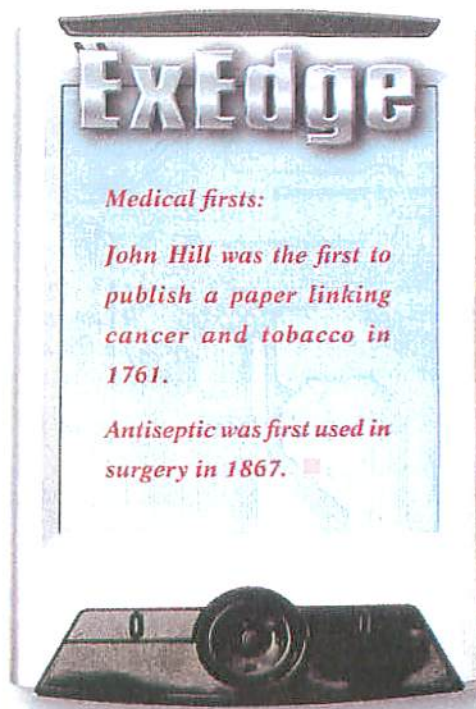
This effort demands the cooperation and partnership of all stakeholders in the private sector and government. State health planning could be a catalyst for change by providing a much-needed roadmap to coordinate health policy and to stimulate the desired and necessary response of health care providers and the people they serve. Trust, cooperation and collaboration among policy makers and providers are essential to accomplish the necessary system restructuring to prevent an eventual freefall of our health care safety net.

A systemic approach is needed to motivate providers to collaborate at the local and regional level to be more efficient in meeting the health care needs of the public. Providers should seek to collectively improve health care delivery by demonstrating achievement of performance expectations related to quality, improved health status

and efficient resource management.

Considerations for a reformed regulatory and financing system must be able to answer the following questions: What services are essential to meet the healthcare needs of communities in West Virginia? What is appropriate access and what role, if any do communities have in these decisions? What is an appropriate minimum healthcare infrastructure in rural areas? Is a cooperative model based upon regionalization a rational response when there are shrinking resources? How can population health be improved by responsible lifestyle changes? How important is "choice" when resources are limited?

West Virginia's healthcare delivery system is one of our state's major assets and an important



## ExEdge

### Medical firsts:

*John Hill was the first to publish a paper linking cancer and tobacco in 1761.*

*Antiseptic was first used in surgery in 1867.*

economic force. It employs 85,000 people and contributes to the local economy in every community throughout the state. We must be cautious and not take for granted the current healthcare infrastructure as it is very fragile and oftentimes teeters on the edge. Transformation of the healthcare system cannot be done alone; rather, it needs serious help from the private and public sectors to reengineer itself for the future.

Let's seize the future and take advantage

of the opportunity to move our healthcare delivery system forward by engaging in real health planning so that West Virginia can begin to design its future. Our political leaders, communities and providers know what is needed to strengthen and improve healthcare. The question is: When do we begin the task?



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