

# **Executive Summary of the Testimony to the Commission on Patient Safety November 30, 2004**

## **RECOGNIZING THE QUALITY GAP**

Our nation spends more than one trillion dollars each year on health care, but the outcomes associated with this vast expenditure have proven to be less than ideal. National studies demonstrate that patients receive recommended health care only 55% of the time and 30% of health care costs are due to poor care resulting from access and availability to care issues. In those cases when evidence-based medical information about an effective treatment is available, the findings often are not utilized for patient care, resulting in widespread overuse, misuse, or underuse of health care services.

Improvements in the performance of our health care system are long overdue. At Health Alliance Plan (HAP), we believe that a true partnership among insurers, providers and purchasers will make it possible to improve patient safety.

Stakeholders play a key role:

- **Health Plans:** Health plans are moving the quality agenda forward by integrating cost savings with quality improvement. Our methods of paying for care must reward delivery of the right care at the right time in the right place.
- **Providers:** It is essential that providers embrace innovations that incorporate evidence-based medicine into daily practice.
- **Patients:** Knowledgeable patients must recognize and demand high-quality care.
- **Purchasers** can stimulate performance improvements by demanding quality-based contracts and incentives. This quality-based competition among health plans results in improved patient care, greater efficiency and better value for the health care dollar.

## **CLOSING THE QUALITY GAPS**

Our industry must continue to develop creative, easily adapted “benchmark” programs that support and promote the bedrock principles of patient safety:

- Evidence-based medicine
- Public reporting of quality events
- Public posting of hospital “report cards”
- Appropriate drug utilization
- Provider profiling/Pay-for-performance programs
- Implementation of appropriate technology
- Defining quality care to stakeholders

## CALL TO ACTION

HAP has pledged to implement programs of this type – recommended by The Leapfrog Group, the Institute for Healthcare Improvement and other patient safety organizations – and we urge other Michigan organizations to adopt them as well.

1. Refocus on specific quality “leaps,” including CPOE implementation, evidence-based hospital referral, and ICU physician staffing.
2. Publicize comparative ratings, or hospital “report cards.”
3. Inform and educate employees. Employee/consumer behavior can send powerful signals to the marketplace about the value patients place on better care, so it is important for purchasers to educate them about hospital report cards to how to make informed health care choices.
4. Utilize incentives. Reward delivery systems that make substantial performance improvements in quality and safety.
5. Leverage purchasing power. When selecting health plans, consultants, or brokers, purchasers should choose candidates that incorporate and encourage implementation of these quality/safety principles.
6. Increase public reporting of health care errors/quality events, through implementation of a state hotline.
6. Mandate patient safety training as part of physician and nursing education.

As consumers of health care, we must all change our expectations about the cost and effectiveness of health care services, and recommit ourselves to ensuring our patients’ safety as they move through our “state-of-the-art” health system.

## Testimony to the Commission on Patient Safety November 30, 2004

The American health care system is among the best in the world. Anyone who has watched a loved one recover from a serious illness has witnessed the skill and commitment of the medical community, and miraculous technological advances that can extend both life and health.

### QUALITY GAPS

The problem is quality gaps in our health system. Our nation spends more than one trillion dollars each year on health care, but what are we getting for this vast expenditure? National studies demonstrate that patients receive recommended health care only 55% of the time and 30% of health care costs are due to poor care resulting from access and availability to care issues. Moreover, even when evidence-based medical information from clinical trials about an effective treatment is available, the findings may not be utilized for patient care, resulting in widespread overuse, misuse, or underuse of health care services.

Other examples of quality gaps include:

- Only one in five eligible elderly patients receive medications that can reduce the chance of dying from a heart attack.
- Nearly half of all antibiotic prescriptions are used to treat upper respiratory tract infections, despite evidence that antibiotics are ineffective in managing this illness.
- As many as 400,000 cesarean section performed annually may be unnecessary.

### HEALTH TRENDS

Dramatic improvements in the performance of our health care system are long overdue. At Health Alliance Plan (HAP), we believe that a true partnership among insurers, providers and purchasers will make it possible to improve patient safety. In fact, it's the only realistic way to move forward; in many instances, smaller hospitals and health facilities could not afford to implement the high-cost solutions discussed in these proceedings on their own.

Stakeholders play a key role:

- **Health Plans:** In partnership with the providers of care, health plans/insurers are rethinking and reshaping the structure of insurance products, benefit plans, and health plan contracts to ensure access to cost-effective, high-quality health care. Health plans are moving the quality agenda forward by integrating cost savings with quality improvement as they restructure benefits and pursue pharmaceutical cost savings. Our methods of paying for care must reward delivery of the right care at the right time in the right place.
- **Providers:** HAP emphasizes innovations that help providers incorporate evidence-based medicine into daily practice. HAP is addressing barriers to quality improvement by investing in efforts to redesign health care systems – putting the focus back on the practice of medicine. The Member Health Manager (MHM) application, available to primary care

physicians (PCPs), is one such innovation; MHM allows PCPs to view online their HAP patients' health history summaries, and provides messages alerting PCPs to services or procedures for which patients may be overdue.

- **Patients:** Knowledgeable patients play an important role, and HAP creates programs and materials to teach patients to recognize and demand high-quality care. For instance, consumers who understand the value of generic drugs can help control pharmaceutical costs, and patients who understand that antibiotics don't cure colds are less likely to pressure doctors to prescribe them.
- **Purchasers:** Purchasers are stimulating performance improvements by demanding quality-based contracts and incentives during health plan negotiations. Quality-based competition among health plans results in improved patient care, greater efficiency and better value for the health care dollar.

## **CLOSING THE QUALITY GAPS: Current Safety/Quality Initiatives**

Evidence-based Medicine: HAP, Blue Care Network, Care Choices, and M-Care (among others) have put competition aside in order to adopt standardized, evidence-based clinical guidelines and performance measures. The initiative to produce these "best practice" clinical guidelines, which is coordinated through the Michigan Quality Improvement Consortium (MQIC), will improve health outcomes for patients and enhance medical and administrative efficiency for physicians. Web site postings and guideline tool kit mailings are two of the ways HAP apprises providers, purchasers and patients of our clinical and preventive services (health prevention screening) guidelines.

Public Reporting of Quality Events: A national study cited that as many as 98,000 people die annually from medical mistakes. These statistics, combined with pressure from employer groups for new ways to improve hospital safety, led us to create the Hospital Quality Event Reporting Program to improve the care patients receive in HAP's 43 affiliated hospitals.

The goal: Identify at least eight (8) hospital quality cases per month in 2003 as a way of better understanding hospital quality issues.

The initiative:

- **Improve reporting practices by:**
  - Creating easy ways for clinicians to report events for investigation. They can: 1) call HAP's toll-free number, 2) send a confidential e-mail, or 3) complete a confidential report form.
  - Encouraging HAP nurses involved in inpatient care and case management to increase quality event identification.
  - Enhancing technology to support the new initiative.
- **Support system partnerships.** HAP nurses began meeting with affiliated hospitals to share expertise and identify opportunities for collaboration on future patient safety initiatives.

- **Increase member communications.** Key safety messages have been established throughout HAP – in member publications and brochures, on our web site, even on taped telephone “on-hold” messages. Messages ranged from how to recognize quality care, to reminding patients to call or submit quality concerns in writing to the Client Services department.

As a result of quality-event reporting, HAP received reports of 102 hospital-related quality incidents in 2003. Reports ranged from surgical complications to alleged medical mismanagement. While each reported incident was investigated, state law prohibits public disclosure of specific outcomes. (Investigation outcomes are confidential and peer review is protected by state law.) While there was insufficient data to identify trends or hospital/physician-specific performance issues based on these reports, the numbers will provide baseline performance data as we move into year two of the initiative. The initiative also has helped put safety and quality issues on the delivery system “radar.”

Hospital Report Cards: HAP is committed to improving health care quality and safety in both inpatient and outpatient settings. The Leapfrog/Michigan Health & Safety Coalition Hospital Survey was designed to inform health care consumers about how individual hospitals are managing patient safety by measuring that hospital’s progress in implementing key safety initiatives. To make the data easier to understand and use, HAP took the scores of our own 43 affiliated hospitals from The Leapfrog Group web site and reformatted the information – one page per hospital. HAP will continue to update the results of the annual Hospital Survey as new data becomes available.

Consumer Education: Ongoing patient safety messages aimed at consumers, physicians, and ancillaries are included in member newsletters, worksite-wellness programs, on-hold phone messages, and web site information in particular. HAP’s web site, in its Transforming Health Care section, contains a wealth of patient safety information, including, among others:

- Hospital Survey results
- “Patient Safety: Taking Charge of Your Health,” a series of patient safety topics for patients including Communicating With Your Doctor, Your New Prescription, and When You Have a Serious Illness
- Links to external safety organizations such as the Leapfrog Group, the Agency for Healthcare Research and Quality (AHRQ), and the Michigan Health & Safety Coalition (MH&SC)
- Six different health risk assessments help patients evaluate issues such as what it means to have a chronic disease as well as the health impacts of obesity, alcohol intake and even how fast they drive a car!

Polypharmacy: In 2001, HAP initiated the Polypharmacy Program to reduce medication interactions, address patient safety, and evaluate patient prescriptions. The goal was to identify potential opportunities to ensure patients receive the recommended/most effective medications per HAP’s Clinical Practice Guidelines. Pharmacists met directly with physicians to review their prescribing patterns and, as a result, the percent of HAP members on five (5) or more medications decreased dramatically.

Provider Profiling: These initiatives – including Pay for Performance programs and the use of Episodic Treatment Groups (ETGs) – provide feedback to individual physicians about ranking and excessive variation within his/her peer group; when variation exceeds standard medical practice, HAP provides education and corrective action. To date approximately 1568 doctors have been profiled and 130 have been contacted.

Hospitalists are board-certified physicians who manage *inpatient* care exclusively. They bring a new level of quality and efficiency to hospital care, as well as improve patient satisfaction.

Grant Programs: In 2003, HAP implemented grant programs to encourage health professionals to address barriers to quality improvement. Grants from two programs – Quantum Leaps in Quality and Invest in Quality – were awarded to HAP-affiliated physicians in networks or hospitals serving at least 12,000 HAP patients. In awarding the grants, HAP looks for programs – such as the Diabetes Health Enhancement Clinic – that can be easily replicated by other providers.

Quality Conferences: HAP has hosted and sponsored physician-based quality improvement conferences at least annually since 2002. Nationally known speakers as well as local experts address topics ranging from evidence-based medicine to clinical redesign initiatives in the office setting. The 2005 quality conference will focus on chronic care and will incorporate evidence-based medicine practice guidelines.

Technology: More than one million serious medication errors occur every year in U.S. hospitals, resulting in tragic consequences for patients and tremendous financial costs. Technology has a big role to play in increasing patient safety; for example, recent research shows that Computerized Physician Order Entry (CPOE) systems can be remarkably effective. In fact, a recent study at Boston's Brigham and Women's Hospital showed that implementation of CPOE reduced error rates by 55% -- from 10.7 to 4.9 per 1000 patients (effectively saving the institution between \$5 and \$10 million annually). Studies have also shown that CPOE reduces hospital length-of-stay; reduces repeat testing and turnaround times for laboratory, pharmacy and radiology requests; as well as delivers cost savings. Other technologies, such as electronic medical record systems, also have great potential for increasing patient safety and quality of care. On the other hand, we must resist the temptation to go on technological "spending sprees" that have left some institutions capital-poor.

Return on Investment: As health care costs continue to increase, purchasers want to know that they are getting the most for their health care dollars -- high-quality health care, customer satisfaction and administrative excellence. Small businesses are at particular risk: A single adverse drug event (ADE) adds an average of over \$2000 to the cost of a hospitalization. Michigan health plans share these concerns, and we believe that managed care provides a system of checks and balances that address safety, effectiveness, appropriateness and cost.

Professional Collaborations: HAP's senior leadership and management teams support, participate in and seek out opportunities in which to foster/facilitate patient safety improvement efforts both nationally and locally. Two of HAP's key partners in patient safety are listed below.

- *The Michigan Association of Health Plans (MAHP)* is an industry voice for 23 health care plans, covering over 2.1 million Michigan residents. MAHP member health plans are

dedicated to primary prevention, improved health outcomes and the use of evidence-based medicine. HAP/MAHP collaborations include:

- **Standardized Credentialing Form:** Michigan health plan medical directors collaborated to develop a standardized credentialing form for use by HMOs, hospitals, PPOs, Blue Cross Blue Shield, and other entities. The form saves millions of dollars by reducing paperwork for both physicians and health plans.
  - **ePocrates:** MAHP provides thousands of managed care physicians with access to the ePocrates Rx hand-held clinical drug guide, enabling physicians to conduct quick reference checks on prescription drug-related actions such as accessing drug formularies and checking for potential medication interactions.
  - **Core Measures:** Core Measures: The MAHP Medical Directors Committee collaborated on six sets of Core Measures for asthma, cancer, diabetes, stroke, tobacco and weight to create consistent standards of care across health plans and to encourage the integration of evidence-based preventive services guidelines into physician practices.
  - **Educational Tools:** The MAHP Foundation provides consumer and provider educational tools on cancer, diabetes, weight, obesity, tobacco, asthma and stroke through the Foundation's "Taking On ..." projects.
- *The Leapfrog Group* comprises over 160 companies and organizations that buy health care. Leapfrog and its members – including HAP – work together to:
    - Reduce preventable medical mistakes and improve the quality and affordability of care.
    - Reward doctors and hospitals for improving the quality, safety and affordability of care.
    - Encourage public reporting of health care quality and outcomes so that consumers and purchasing organizations can make more informed health care choices.
    - Help consumers reap the benefits of making smart health care decisions.

## CALL TO ACTION

HAP has pledged to implement the following Leapfrog Group principles, Institute for Healthcare Improvement and other patient safety organizations, and we urge other Michigan organizations to adopt them as well.

2. Refocus on specific quality “leaps.” As you have seen, some patient safety initiatives produce dramatic improvements in patient outcomes and garner widespread popular support. Therefore, HAP urges a renewed focus on specific, discrete improvements in quality and safety designed to yield the largest safety gains. These include:
  - a. **CPOE implementation**, in which physicians enter prescriptions and treatments into a computer rather than manual transcription. An alignment of government, health plans, coalitions and purchasers to implement CPOE by 2007-2008 in high-volume hospitals would have a huge impact on quality care and patient safety.
  - b. **Evidence-based hospital referral**, in which elective treatment is guided by referrals to hospitals and clinical teams with superior outcomes and/or procedures linked with minimum patient volumes
  - c. **ICU physician staffing**, in which hospital intensive care units are managed by physicians certified in critical care medicine

7. Publicize comparative ratings, or hospital “report cards.” Patients need relevant, meaningful information in order to make informed decisions about choosing facilities best suited to provide them with treatment. This public reporting must be widespread and consistent, with all facilities reporting on the same measures in the same way using the same sources of high-quality data.
8. Inform and educate employees. Since employee/consumer behavior can send powerful signals to the marketplace about the value patients place on better care, it is important for purchasers to educate them about how to use information such as hospital report cards to make informed health care choices.
9. Employ incentives. Reward delivery systems that make substantial performance improvements in quality and safety. Possible incentives include:
  - a. “Blue ribbon” designation to facilities with higher patient value (i.e., higher volumes with corresponding superior outcomes)
  - b. Payment of value-based bonuses or rebates
  - c. Public recognition of facilities with superior performance
10. Leverage purchasing power. When selecting health plans, consultants, or brokers, purchasers should choose candidates that incorporate and encourage implementation of these quality/safety principles.
7. Increase public reporting of health care errors/quality events, through implementation of a state hotline.
8. Mandate patient safety training as part of physician and nursing education.

As consumers of health care, we must all change our expectations about the cost and effectiveness of health care services, and recommit ourselves to the bedrock value of ensuring our patients’ safety as they move through our “state-of-the-art” health system.

## **Health Alliance Plan**

# Demographic Information

**November 30, 2004**

Health Alliance Plan (HAP), one of Michigan's largest managed care plans, is the market leader in forming true partnerships among health plans, providers and purchasers to improve patient safety. Our partnerships focus on curbing the potentially harmful, wasteful overuse and misuse of medical services using evidence-based approaches.

HAP supports transparency of information through the public reporting of quality events, hospital report cards and consumer education. Our payment methods reward the delivery of the right care at the right time in the right place.

As the Senior Vice President and Chief Medical Officer of Health Alliance Plan, Mary Beth Bolton, M.D. provides leadership in determining health care policy and quality strategies that provide effective health care to HAP members. She's been the champion of innovative patient safety programs for the past five years. Before joining HAP, Dr. Bolton was the senior staff physician and program director in the Internal Medicine Primary Care Residency Program at Henry Ford Hospital. She is board certified in Internal Medicine and a Diplomate with the American Board of Quality Assurance and Utilization Review (ABQAURP).