



# Family Matters

## Reforming the Health Care System

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A Family Impact Seminar Newsletter for Wisconsin Policymakers

### What Could Wisconsin Do to Become a Leader in Health Care Reform?

In the discussion sessions following the recent Family Impact Seminar on “Improving Health Care Quality While Curbing Costs,” presenter François de Brantes identified ways that Wisconsin could become a leader in health care reform. The Family Impact Seminar staff recently interviewed Mr. de Brantes so that this information could be shared more broadly. Mr. de Brantes is General Electric’s Program Leader for Corporate Health Care Initiatives and Coordinator for the Bridges to Excellence Program.

#### **Question: What are some of the challenges facing the health care industry today?**

**Mr. de Brantes:** The main challenge that health care purchasers face is this: health care costs are rapidly increasing, while quality appears to be stagnating. Using Wisconsin as an example, worker’s health care premiums have risen four times faster than earnings. At the same time, recent research by RAND has found serious gaps in the quality of health care. In a study of 12 communities across the country, patients were receiving only 50% to 60% of recommended, evidence-based care. For example, beta blockers can reduce the risk of death following a heart attack, yet only 45% of patients who should have received beta blockers did.

#### **Question: What new approaches exist for reforming the health care system?**

**Mr. de Brantes:** A few years ago, General Electric (GE) took steps to move the system in a slightly different direction drawing upon the same method it uses to design all new products. The Bridges to Excellence (BTE) initiative developed by GE in collaboration with a number of other large employers recognizes physicians for good performance. This system is called pay for performance. Just like the rest of the U.S. economy, when physicians do a better job, they should get paid a little more. Physicians in markets where BTE is active are currently receiving bonuses for providing quality diabetes and cardiovascular care, and for adopting better information technology systems to manage their practices. Under all three initiatives, participating physicians could receive income gains of up to 10%. By recognizing and rewarding good care, Bridges to Excellence makes a real business case for improving the quality of ambulatory healthcare. GE and other companies are also working to improve the quality of hospital inpatient care through Leapfrog, a group of 160 large employers focused on improving patient safety.

#### **Question: What impact can pay for performance have on the health care system?**

**Mr. de Brantes:** Pay for performance initiatives, like Bridges to Excellence, have had positive impacts on productivity, as well as the quality and cost of health care. For example, patients whose blood pressure was properly controlled increased from 50% among participating physicians in 1997 to 64% in 2002. Also, diabetic patients who went to recognized physicians cost 10% to 15% less than diabetic patients treated by physicians not so recognized. Every time a patient goes to a recognized physician, GE saves about 5% of the total costs associated with treating that patient. The savings come mainly from decreased hospitalizations and fewer complications.

#### **Question: What is one of the initial steps in bringing fundamental change to the health care system?**

**Mr. de Brantes:** One of the reasons that it has been difficult to change the health care system is the obscurity that covers the entire market in terms of the cost and quality of services. Consumers and purchasers go into the market blind—which makes it a dysfunctional market. We can’t solve our conundrum of high cost care of mediocre quality until we have a better idea of the true cost and quality of the services consumers receive. This can be accomplished through benefit design and through transparency in the system. We want physicians and hospitals to compete for patients for the right reasons—because of the value they deliver in the marketplace.

We need this information, not for the hospital overall, but at the procedure level, and, not at the physician group level, but specifically on what physicians do in managing patients and improving specific outcomes. Importantly, we need this information on BOTH quality and efficiency. If you only collect and publicize information on the quality of providers, consumers may go to high-quality hospitals that are inefficient, and if you only publicize efficiency data, consumers may go to inexpensive places that deliver poor quality. Neither of those situations are sustainable, so we need to publish both facets of provider performance.

#### **Question: How could a state become a leader in reforming health care?**

**Mr. de Brantes:** The only way to reform the health care system is to measure and to make the health care system more transparent than it is. Consumers must become sensitive to the value of care they





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<http://www.uwex.edu/ces/familyimpact/wisconsin.htm>

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receive. For example, if you have a benefit design with a hospital co-pay, waiving that co-pay for high-performing physicians or hospitals will create market change. As a large purchaser, the state can lead this change by making sure that its health plan benefit designs encourage employees to choose the best value in their health care decisions. Health savings accounts are one way to create this change, but only if they are designed not simply to shift costs, but as a means to make consumers think about the health purchasing decisions that they make.

There is a lot of evidence that when statewide public reporting is available in urban areas and even in rural areas with only one hospital, the low performers don't stay at the bottom very long. They want to do a good job. Unveiling the performance and making it transparent to everyone is a first step toward change, and individual states can and have led the way.

#### **Question: What specific steps could Wisconsin take?**

**Mr. de Brantes:** Wisconsin could become a leader by demanding transparency in the system in one or more of the following ways.

(1) Wisconsin already has a wonderful quality collaborative focusing on getting hospitals to report on a series of measures, but it is voluntary. Realistically, it may take years for hospitals to report. Why is it voluntary? Why is it that we allow a sector that consumes 15% of the GDP not to be accountable?

(2) Wisconsin could legislate the public release of data that is already collected through Leapfrog and the ORYX measures of the Joint Commission on the Accreditation of Health Care Organizations. No state has yet done this, but many states have legislated the release of certain outcomes and process measures. The big trap that many states fall into is reinventing the wheel. There are already enough nationally-accepted measures that states do not need to invent new measures. What's needed is legislation or rules to make the data public.

(3) Wisconsin could tie any future Medicaid rate increases to public reporting, similar to the steps taken by Congress in the 2003 Medicare Modernization Act. Instead of legislating public reporting, this approach would encourage it through financial incentives.

(4) Wisconsin could launch a statewide joint public-private purchasing initiative to reward hospitals that meet certain quality and efficiency criteria.

(5) To measure provider efficiency, Wisconsin could encourage the aggregation of data. The state could require that any plan doing business with the state funnel their plan's data into a common warehouse.

#### **Question: Why did GE decide to make health care reform a priority?**

**Mr. de Brantes:** It hasn't been easy for the private sector to create change. As a company, GE sells technology to the health care industry. We will continue to drive change in the marketplace even if we are upsetting some of our customers and they know that. Our primary responsibility is to the people we serve, and the people we serve are our employees, our retirees, and their families.

Policymakers have the same responsibility, and yes, it will take a lot of courage, which is why I am encouraging them to work with the private sector employers who are all suffering from high health costs. We have to take a stand because in the end, the system will be better.

#### **Featured Report on Health Care**

The briefing report and audiotape for the February 3 seminar, "Improving Health Care Quality While Curbing Costs: How Effective are Consumer Health Savings Accounts and Pay for Performance?" are available from Mari Hansen at (608) 262-0369.