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The Case for High Performance Health Care

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Commentary: Note to would-be health care reformers: don't bother trying to drive change through policy, because you're vastly outgunned. The industry you would reform owns Congress and the legislatures.

Nearly every substantial health care organization spends lavishly to ensure that regulation favors them. In 2009, the year the Affordable Care Act was formulated, Congress accepted more than $1.2 billion in campaign contributions presumably in exchange for influence over the shape of the law. Given that the context is currently a $4 trillion (and skyrocketing) annual health care spend and that the impacts of their lobbying will resonate for decades, the costs were nominal and the potential for return high. Unless we can galvanize the much larger non-health care business community to act in its (and our) interests, we don't have a prayer.

Also see: IRS definition of preventive services questioned

Unfortunately, there's also no evidence that business leaders can be coaxed into focusing on the serious economic threat represented by unbridled health care excesses. They recognize that U.S. health care costs are double what they are in other industrialized countries and that that burden is crippling our ability to invest in other critical societal needs. But they have their own businesses to run and, so far, no meaningful business-led effort has arisen to leverage purchasers' collective strength and to challenge health care's profiteering. Mobilizing a health care-specific effort would be an enormous undertaking for business leaders and, so far, that doesn't appear to be their priority.

But as it turns out, there is also a health care marketplace. And in that marketplace are under-recognized companies that do health care dramatically differently, delivering high performance and high impact – meaning they are unusually effective in costly areas of care. As a class, while they offer many types of services, these vendors often have common characteristics. Their founders tend to be passionately mission-driven and evidence-based, with high subject matter expertise in their niches. They have deconstructed thorny health care problems and developed unconventional solutions that work. They thrive on creating better care at lower cost and, when possible, disrupting inappropriate care.

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Some examples:

- A musculoskeletal management firm with Fortune 500 clients delivers consistently better pain reduction and enhancements in range-of-motion and activities of daily living than typically is realized through conventional care. It does so in half the recovery time and at 60% of the cost of conventional orthopedic treatment. Depending on the industry, musculoskeletal care can be 25% of total group health care costs, so bolting on this one firm's know-how – and going around the conventional orthopedists offered by your health plan – can improve outcomes while dropping a company's total health spend by 5-15%.
- Analysts who help employers and unions manage their drug spend by evaluating formulary composition and individual drug costs through the pharmacy benefit management vendor. These companies can drop drug spending by as much as 30%, or about 6% of total health care spend.
- A cancer management company that drives care according to rigorous science-based guidelines, reducing hospitalizations by half and emergency visits by 40%. Conversions to hospice increase eight-fold and patients report a better experience than with conventional care. Cost drops 20%, with a 3:1 return on investment after 18 months. Figure a 2.5% reduction in total health care spend.
- Firms that manage excessive hospital or out-of-network charges, first doing careful audits to ensure that every billed line item was appropriate, and then developing a "fair price" using external references. Savings with these firms can range as high as $1,200 per employee per year, or about 20% of total health care spend.

There are many other opportunities – in surgery, dialysis, newborn care, second opinions, centers of excellence – that are available with high performance companies. Each proves the point that health care can be delivered with high quality and far more affordably than we currently assume.

Also see: Health costs pushing U.S. economy off a cliff

The better path toward reform is to make health care purchasers an offer that they can't refuse. If you're a provider, win employers' and unions' loyalty by delivering wildly better outcomes at dramatically lower cost. If you're a purchaser, contract with providers who have proven with data and testimonials that they get better results. Better yet, create a critical mass of impact by collaborating with other like-minded purchasers in your region.

The rub? Health plans may be loathe to allow challenges to their network providers, who often deliver equal or poorer outcomes at higher cost. The plans may also want to protect their own earnings made on the excessive revenues associated with overtreatment. So if you find a high performance service and your health plan tries to block you from using it, drive the process and find a different capable plan or third-party administrator that will work with you.

Also see: Will specialty drug pricing be the straw?

And that is the core point. By saying yes to high performing and no to conventionally performing health care offerings, health care purchasers can realize dramatic savings – enough to create a competitive advantage – while driving a process that rewards excellence and that changes how health care works for the better. Enlightened self-interest at work.