The True Nature of Health System Reform

Donald M, Berwick, MD
President Emeritus and Senior Fellow
Institute for Healthcare Improvement

September 7, 2017
Boston, MA
Our Heritage...

“I’m the doctor, and you will get penicillin when I say you will get penicillin.”
The Social Contract…

Professions reserve to themselves the right to judge the quality of their own work.
The Social Contract...

- Society gives professions the right to judge the quality of their own work because...
  - They have special technical knowledge
  - They are beneficent
  - They will self-regulate
Institute of Medicine –
1999 & 2001

44,000 – 98,000
Deaths per Year

6 AIMS FOR IMPROVEMENT
• Safety
• Effectiveness
• Patient-Centeredness
• Timeliness
• Efficiency
• Equity
The Triple Aim

- Population Health
- Experience of Care
- Per Capita Cost
# Waste Category Annual Estimates

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost to US Healthcare (2011 $B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overtreatment</td>
<td>$158 to $226</td>
</tr>
<tr>
<td>Failures to Coordinate Care</td>
<td>$25 to $45</td>
</tr>
<tr>
<td>Failures in Care Delivery</td>
<td>$102 to $154</td>
</tr>
<tr>
<td>Excess Administrative Costs</td>
<td>$107 to $389</td>
</tr>
<tr>
<td>Excessive Health Care Prices</td>
<td>$84 to $178</td>
</tr>
<tr>
<td>Fraud and Abuse</td>
<td>$82 to $272</td>
</tr>
<tr>
<td><strong>2011 Total Waste</strong></td>
<td><strong>$558 to $1263</strong></td>
</tr>
<tr>
<td>% of Total Spending</td>
<td>21% to 47% (MED = 34%)</td>
</tr>
</tbody>
</table>
Health Care Expenditures and Life Expectancy - 2013


StatLink http://dx.doi.org/10.1787/888932916040
Looking Back: What We Could Have Saved If We Had Matched the Next Highest Country (Switzerland)

Note: Per capita spending amounts adjusted for differences in cost of living, total U.S. savings adjusted for inflation.


With $15.5 trillion we could:

- Transform our $11.6 trillion federal debt into a $3.9 trillion surplus
- Send 175,401,721 students to a four-year college
- Cover an area the size of South Carolina with solar panels, generating more power than the U.S. currently uses
- Buy everyone in the world 4 iPads

The cumulative difference in health spending between 1980–2010 is $15.5 trillion.
Health Care and Social Services

Spending on health versus other social sectors

What we do:
- 2/3 health care
- 1/3 social care

What the rest do:
- 2/3 social care
- 1/3 health care

Massachusetts Budget FY 2001 - 15

Fiscal Year

Education
Environment & Recreation
Health Care
Human Services
Infrastructure, Housing & Economic Development
Law & Public Safety
Local Aid
Local Aid
Other

Source: Massachusetts Budget and Policy Center

Massachusetts Budget FY 2001 - 15
A Face Behind the Need: Gorje Sanchez
Choluteca River Bridge 1938...
Hurricane Mitch - 1995
But, the River Moved...
Progress – Some Examples

- Obamacare expansion of coverage
- Progressive subsidies
- Preventive coverage
- Some additional transparency
- Center for Medicare and Medicaid Innovation
- Trend away from fee-for-service payment
- Government care: VA and DoD
The Structure of the Affordable Care Act (Partial)

**Insurance Reform**
- More People
  - Medicaid Expansion
  - Exchanges
  - Guaranteed Issue
  - Kids < 26
- Better Coverage
  - Cost: MLR, Rate Review, M’Care Adv.
  - Prevention Benefits
  - Prescription Drugs

**Delivery Reform**
- Integrated Care
  - ACOs, Bundles, Dual Eligibles
  - Care Transitions
- Quality Focus
  - Value-Based Payment
  - Transparency & Data Sharing
  - Fraud and Abuse

**Innovation**
- CMMI
- Prevention Funds
- Pricing Reforms
- FQHCs
 Toxic Policies

- Limitations on Medicaid expansion
- Shifting costs to patients
- Continuing subsidies to insurers
- Stresses on safety-net providers
- Inhibitions on linking payment to evidence
- Failure of pharmaceutical pricing
Model I: Bad Apples

"Reliance on Inspection to Improve"
Some Consequences of Reliance on Inspection

- “Measurement” Has Gone Wild
- “Accountability” Everywhere
- “Skin in the Game” for Patients
- “Standardization”
- “Markets”
Joy in Work: Physician Morale

Source: The Commonwealth Fund/Kaiser Family Foundation
2015 National Survey of Primary Care Providers
“The First Law of Improvement”

Every system is perfectly designed to achieve exactly the results it gets.
<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fragmented Payment</td>
<td>Unified Budgets</td>
</tr>
<tr>
<td>Hospital as the Center</td>
<td>Home as the Hub</td>
</tr>
<tr>
<td>Excellent Soloists</td>
<td>High Performing Teams</td>
</tr>
<tr>
<td>Moving People</td>
<td>Moving Knowledge</td>
</tr>
<tr>
<td>A Sense of Scarcity</td>
<td>A Sense of Abundance</td>
</tr>
</tbody>
</table>
IHI’s “Leadership Alliance”

New Rules for Radical Redesign in Health Care
Radical Redesign Principles – IHI Leadership Alliance

1. Change the Balance of Power
2. Standardize What Makes Sense
3. Customize to the Individual
4. Promote Wellbeing
5. Create Joy in Work
6. Make It Easy
7. Move Knowledge, Not People
8. Collaborate/Cooperate
9. Assume Abundance
10. Return the Money
Alaska Native People  Shaping Health Care

- SCF - 2011 Baldrige Winner
- CEO 2004 McArthur Genius Winner
“NUKA” CARE SYSTEM
Southcentral Foundation
Anchorage, Alaska, USA
Some Nuka Results

- Urgent Care and ER Utilization = 50%
- Hospital Admissions = 53%
- Specialist Utilization = 65%
- Primary Care Utilization = 20%
- HEDIS Outcomes and Quality = 75-90%ile
- Employee Turnover Rate < 12% per year
- Customer and Staff Satisfaction > 90%
Design: Move Knowledge, Not People

Project

ECHO
<table>
<thead>
<tr>
<th>Hepatitis C Outcome</th>
<th>ECHO</th>
<th>UNMH</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority</td>
<td>N=261</td>
<td>N=146</td>
<td>P&lt;0.01</td>
</tr>
<tr>
<td>SVR (Cure) Genotype 1</td>
<td>68%</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td>SVR (Cure) Genotype 2/3</td>
<td>70%</td>
<td>71%</td>
<td></td>
</tr>
</tbody>
</table>

SVR = sustained viral response
Arora S, Thornton K, Murata G. NEJM 2011; 364:23
Design: Move Knowledge, Not People

PEEK: Telemedicine at Scale
Design: Assume Abundance

PEEK: 10,000 Children Screened per Week by Teachers in Kenya
Alaska Dental Health Aide Therapists - “DHAT”

Design: Assume Abundance

DHAT Program:
Could Meet All Dental Health Needs in Alaska’s Villages with 70 DHAT’s
Design: Move Knowledge, Not People

HEALTHCARE. REFRESHINGLY SIMPLE.

Get a doctor’s prescription for $15.

- Acid Reflux
- Acne
- Birth Control Pills
- Erectile Dysfunction
- Flu
- Hair Loss
- Sinus Infection
- Urinary Tract Infection (UTI)

Available in California, Michigan, New York, and Pennsylvania. Other states and services coming soon.

Lemonaidhealth.com
Design: Promote Wellbeing

St Ninian’s Primary School
Stirling, Scotland

420 Students:

- 20% of pupils in deciles 1-3
- 35% of pupils in deciles 4-7
- 45% of pupils in deciles 8 and 10

At the Start:
45% of Pupils Were Overweight
“The Daily Mile”

“Fit to play, fit to learn”

Three years later, and, of 57 Primary One children, not one is overweight
My Three Questions...

- Will this improve care and health?
- Will this help the poor?
- Will this reduce costs?
A Moral Charter for Era Three…

- Health care is a human right – period!
- Address harm from income inequality.
- Healthy communities rest on social justice.
- Rebalance: health care investment vs. other generators of community well-being.
- 15% of GDP is enough.
The Triple Aim

Population Health

Experience of Care
Per Capita Cost