It's time to take over the asylum . . .

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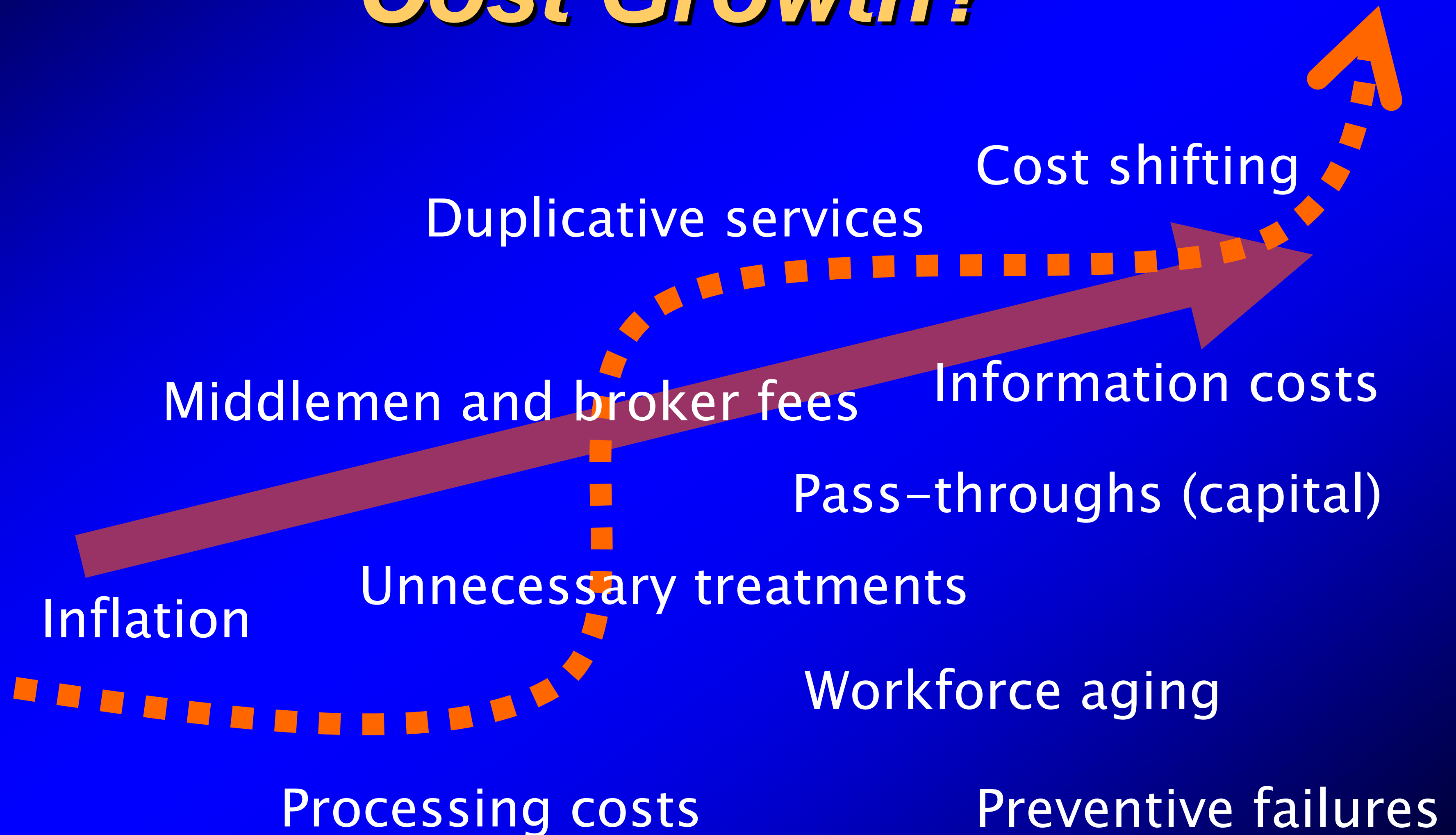
Outline of Discussion

- There are immutable laws of economics at work in health care
- Providers do not always act in a rational economic fashion
- Circumstances dictate an aggressive and radical change at all levels of the present system
- Employers can achieve success where others have failed

In any asylum, there is a good chance some of the inmates are actually insane.

- The providers have forgotten that one of the customers might actually be the payer
- The purchasers are spending a lot of money with no standards related to payback, ROI, or marginal product
- End users are not consuming health services as if health mattered
- Market behavior is irrational


Cost Growth?
Cost shifting
Duplicative services
Middlemen and broker fees
Information costs
Pass-throughs (capital)
Unnecessary treatments
Inflation
Workforce aging
Processing costs
Preventive failures

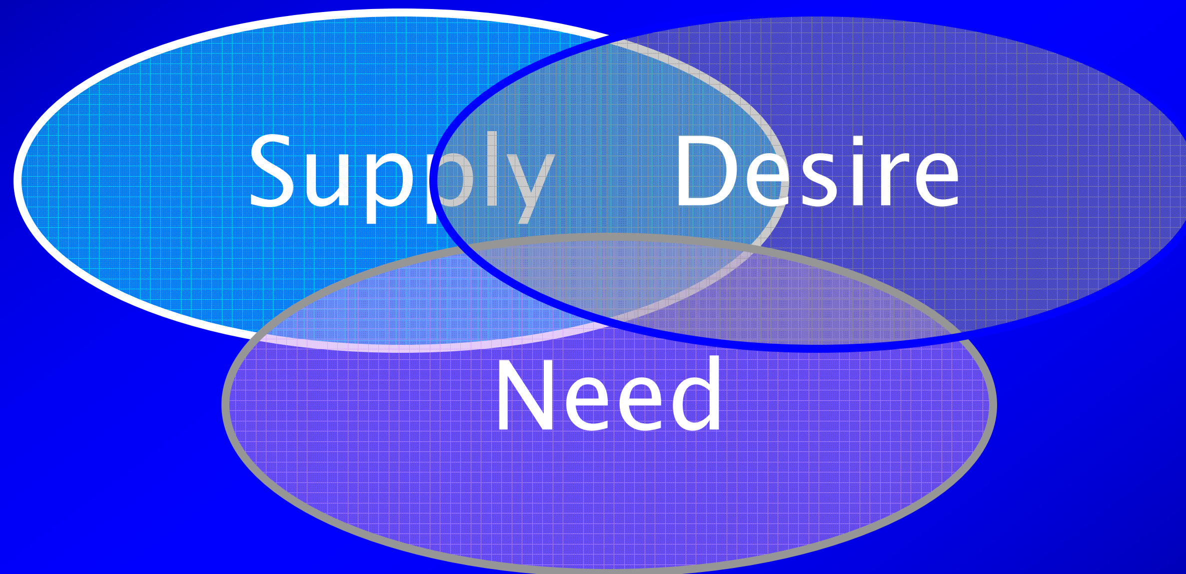
The Delivery "System"

- **Delivers what the providers have and what the beneficiaries think they want**
- **Delivers at whatever price they choose**
- **Delivers any quantity they want to supply**
- **Delivers in an on-time mode (on their own time)**
- **Seldom delivers what is actually *needed***

The Purchaser

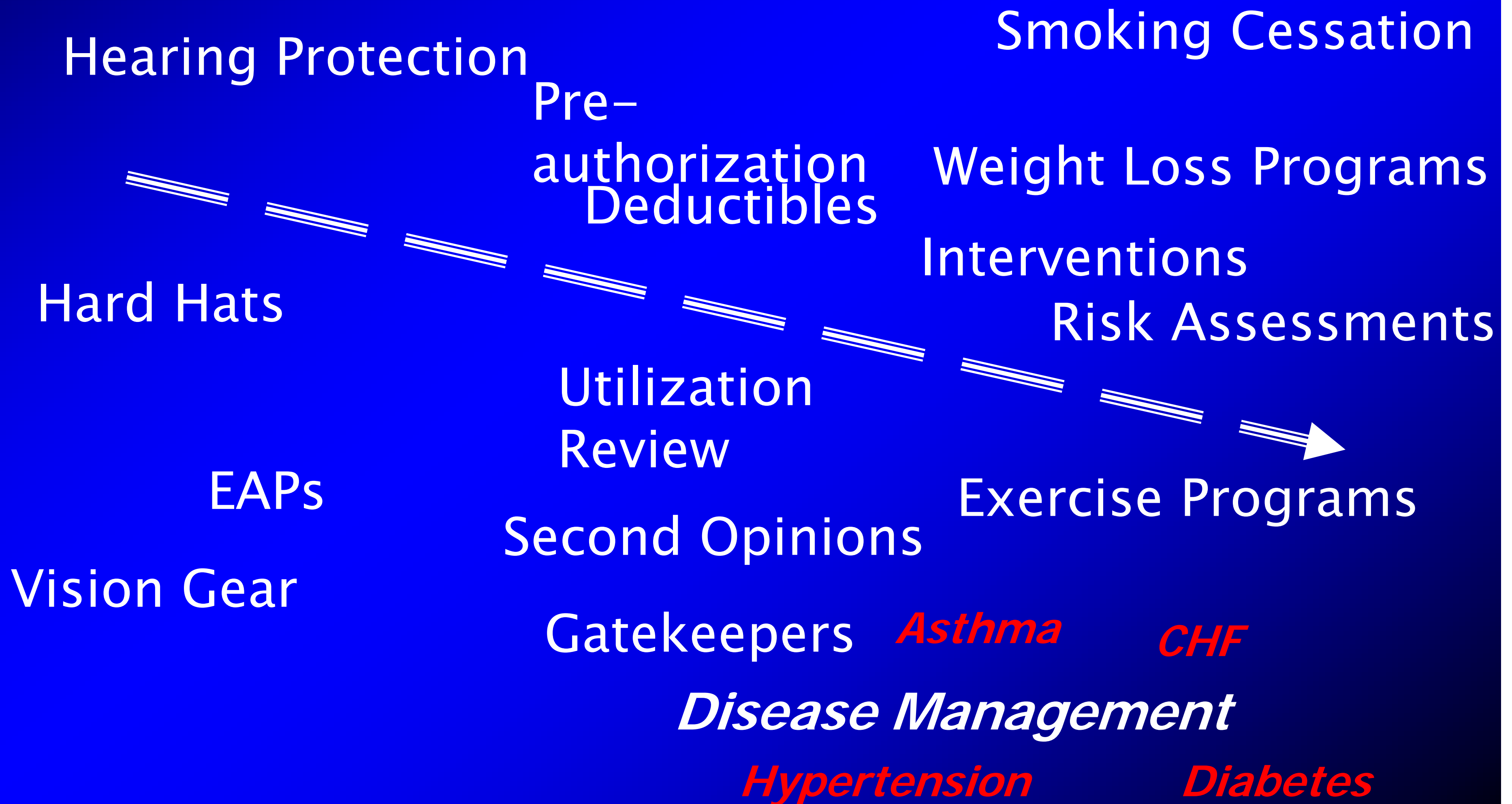
- Buys through a system of middlemen
- Pays for whatever is delivered
- Has no guarantees of quality or durability
- Has no quantity discounting
- Has no ability to schedule or program services or units of service
- Cannot predict end-user satisfaction
- Cannot project near term period costs

You Get What You Pay For

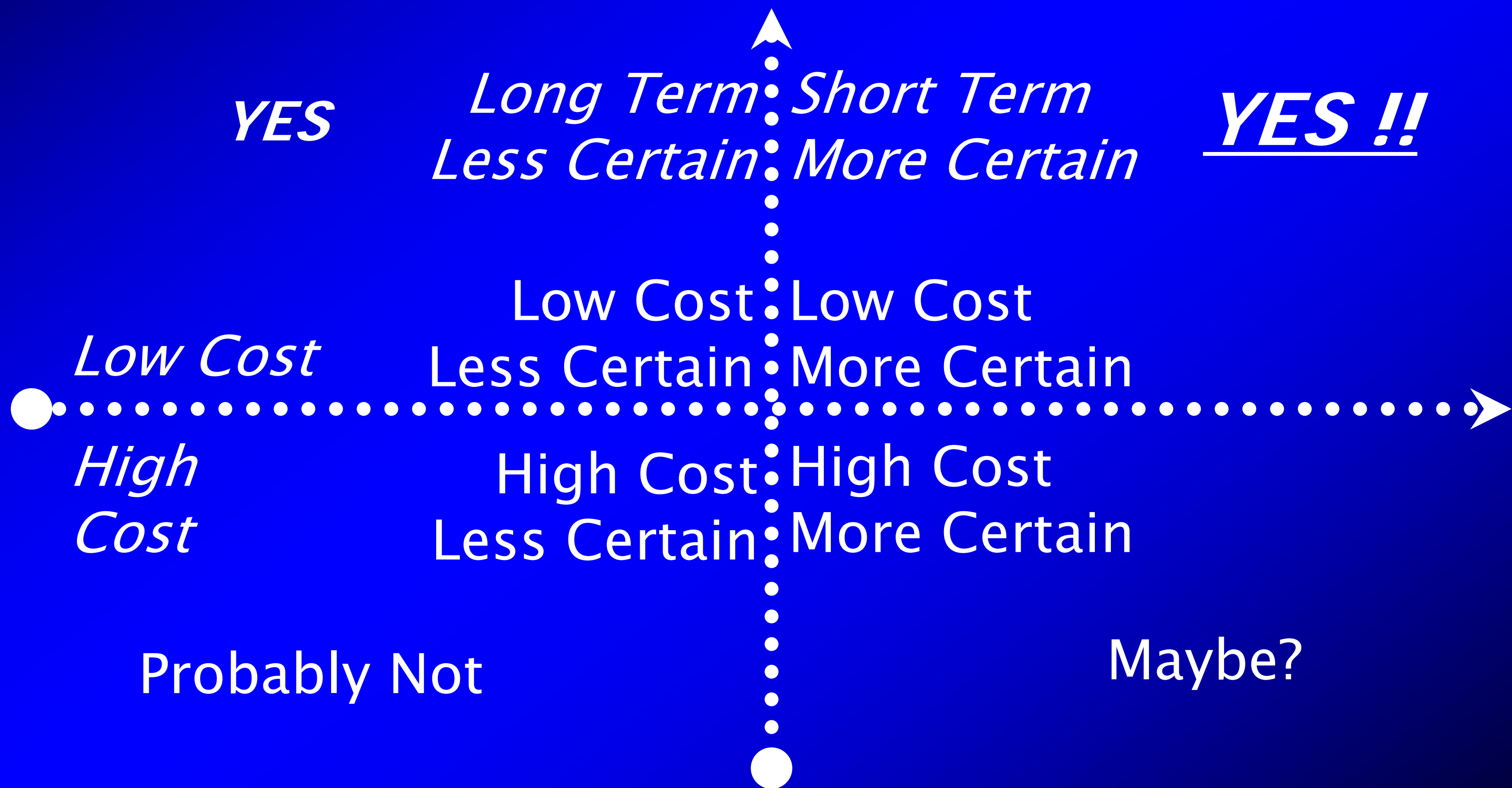


You get what your employees think they need and what the local providers have and you find out what you pay, after the fact.

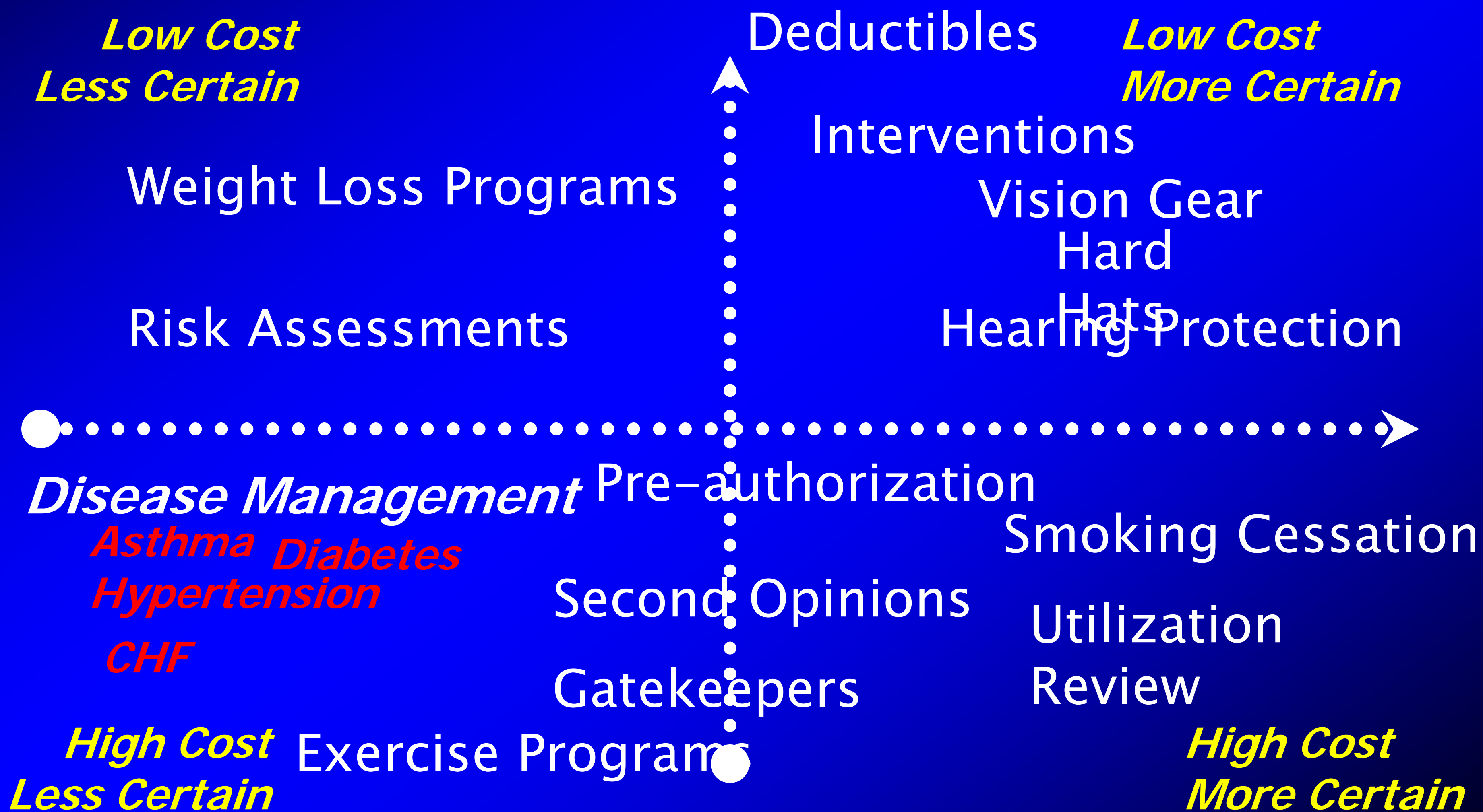
The Continuum of Cost "Controls"



The Conundrum of Cost "Controls"



Cost "Controls" Simplified



Counterproductive and Cost Additive?

- Second Opinions
- Pre-authorizations
- Deductibles (that prevent care)
- Utilization Review
- Gatekeepers
- What else?

Where do EHSA and Consumer Choice fit in this picture?

Implementation?

- Avoid the middle man
- Involve employee incentives
- Inaugurate coaching
- Control channels of influence – like primary care practitioners
- Play to the complete solution – since the effectiveness is multiplicative

Where To Find “Savings”

- Providing E&M services better and cheaper
- Narrow channel networking
- Case management and UR
- Targeted prevention
- High impact interventions
- Reduction of duplication
- Control of errors

Program Components for Employer Managed Healthcare

- On-site medical services
- Coordination of all occ-med and basic primary care
- Routine claims analysis
- Disease risk factor control
- Direct contracting with a local health care system that “gets it”
- Narrow channel network for specialty care
- Reorganization of benefits structures
- Wellness and prevention and intervention
- Direct management of care coordination and utilization oversight
- Coordinated medical record functions that allow recall and compliance monitoring
- Feedback loops built in to foster CQI
- Employee involvement and interactive processes