

INDUSTRY INNOVATORS AND THOUGHT LEADERS EXAMINE THE HIGH COSTS OF U.S. HEALTH CARE.

SPECIAL REPORT:

The Business of Health Care:

BENDING THE COST CURVE

SOME 700 LEADING HEALTH CARE POLICYMAKERS, insurance executives and practitioners gathered for the School's annual health care impact conference, "The Business of Health Care: Bending the Cost Curve," held on January 17 at BankUnited Center and hosted by the School of Business Administration's Center for Health Sector Management and Policy. >>



“Employers’ three biggest concerns are cost, cost and cost. What’s needed is business process re-engineering. ... We have to change the way we deliver care.”
– Helen Darling, President/CEO, National Business Group on Health (left), with Patrick Geraghty, Chairman/CEO, Florida Blue.

WHAT THE PANELISTS SAID ►
Just a few of the insights from conference panelists. For in-depth reports on all four conference sessions, visit bus.miami.edu/healthcare2014.

“The public has to speak up and be engaged in the process of finding better solutions in health care.”
– Former U.S. Senator Olympia Snowe, Senior Fellow, Bipartisan Policy Center

Speakers and attendees focused on how to address the high cost of U.S. health care, as well as the impact of the Affordable Care Act (ACA) on health care providers, consumers and employers who provide health insurance. Their key conclusions: Better technology integration, greater collaboration among providers and higher co-pays for patients are among the ways to address the high cost of care, but there is no clear path ahead for reducing overall costs while improving the quality of care.

“With key provisions of the ACA in effect this year, this conference offers a timely opportunity to discuss new models of health care delivery and coverage,” said Steven G. Ullmann, professor and director of the School’s programs in health sector management and policy and Center for Health Sector Management & Policy. Ullmann noted that business leaders, policymakers and providers all have

important perspectives to share. “We all have much to learn from each other, and this is an excellent forum to facilitate those discussions,” he said. John Hesselmann, executive for specialized industries at Bank of America Merrill Lynch, noted that, “This promises to be a transformative year for health care. Thoughtful management of resources is critical, and there will be new opportunities



for health care organizations as the industry grows.” Bank of America Merrill Lynch and Florida Blue were the conference’s presenting sponsors, joining other sponsors.

Although panelists and attendees came from around the country, they found quite a bit of common ground. “The issues we are facing in Alabama are similar to those in South Florida,” said attendee David Spillers (MBA ’03), CEO of Huntsville Hospital Health System. “The conference was very helpful in stimulating my thinking about what we as a health system can do to reduce costs while continuing to improve the quality of care.”

REDUCE COSTS AND IMPROVE OUTCOMES
Controlling costs through new care

delivery approaches and business efficiencies was a key topic of discussion. The disjointed pieces of the health care system — both payment and care — need to be examined collectively, said James M. Winkler, senior vice president and innovation leader in Aon Hewitt’s U.S. Health & Benefits Consulting practice. “We also have to balance the impact of health care reform,” he said. “One provider’s cost savings is another provider’s income reduction.”

Employers are experimenting with ways to reduce health insurance costs, but they’re not sure about the role they should play, Winkler added. “Their core mission is their business — not running a health plan,” he said. Other panelists noted that employers

should consider evidence-based health and wellness incentives, because free services tend to be overused.

Panelists agreed that a large share of cost control and reduction may come from new delivery models. But UM President Donna E. Shalala, former U.S. Secretary of Health and Human Services, injected a note of caution. “I think it’s essential for us to look at new delivery models,” she said. “But our current system remains heavily fragmented, and the push toward innovation could actually increase that disorganization.”

Not every innovation will be successful in reducing costs or in improving outcomes — let alone both. Accountable Care Organizations and other forms of coordinated care, for



▲ “We are all conscious of our own health, but many people don’t understand their health insurance plans.”
 – UM President Donna E. Shalala, former U.S. Secretary of Health and Human Services

“The concept [of collaborative care] sounds hopeful, but the evidence so far isn’t all positive. ... Clearly, there is still enormous work to be done to identify models of health care delivery that actually reduce costs while improving outcomes.” – Alice Rivlin, Director, Engelberg Center for Health Care Reform; Leonard D. Schaeffer Chair in Health Policy Studies and Senior Fellow in Economic Studies, The Brookings Institution; and Founding Director, Congressional Budget Office ▼



example, may improve outcomes, but it could be difficult to reduce costs if they add another administrative layer or simply collaborate to set payment terms. And it may take years of analysis and evaluation to determine the ultimate effectiveness of such collaborative strategies.

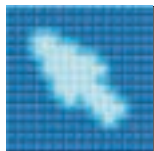
COOPERATE IN WASHINGTON

Truly reducing health care costs and improving Americans’ health requires greater cooperation in Washington on health care issues, said Olympia Snowe, a former U.S. senator (R-Maine). During her keynote address, she recalled the bitter partisan fight before passage of the ACA in 2010. Initially, there was a series of roundtable discussions involving the many stakeholders in the health care sector, said Snowe, who is a senior fellow at the Bipartisan Policy Center, a Washington, DC-based think tank. But faced with the complexity of the issues — and continuing pressure from the media about the time it was taking to construct a health care bill — the Senate’s democratic leadership took the discussion behind closed doors. They put together a long, complex bill with a short timeline for review, and passed the ACA legislation December 2010.

From her Senate perspective, Snowe said, some compromise steps could have been taken — particularly to address the concerns of small businesses — but the ideological gap between the two sides was already there. “You can see that in the repeated votes in the House to repeal the ACA,” she said.

The issue of health care is too important to let partisan battles get in the way of continuing reform. “We have to do better as a country,” Snowe said. “We have to pay attention to the big issues, find common ground and move forward.”

Penny Schaffer, market executive for Florida Blue, added that, “Solving our nation’s health care challenges requires a host of tools, partnerships and dialogues like this one. ... We believe that collaboration is key to finding real and lasting solutions.”



WEB EXCLUSIVES:
 Find more about the conference, in-depth papers on each of the conference’s four sessions, video of the sessions, a photo gallery and biographies of the speakers and moderators at:
bus.miami.edu/healthcare2014



Gene Anderson, dean of the School of Business, speaks with one of the students who attended the conference.



"Finding the disadvantaged people and enrolling them in a plan is the first step, but then we have to find effective delivery systems in order to improve their health outcomes." – Diane Rowland, executive vice president, Henry J. Kaiser Family Foundation, and executive director, Kaiser Commission on Medicaid and the Uninsured ▶

TOP WAYS TO CONTROL HEALTH CARE COSTS:

Change care practices:

- Better integrate technology and make sure physicians, nurses and other staffers are trained to use it effectively
- Use centralized patient monitoring systems, including biometric vital sign monitoring devices, to reduce immediate costs and improve outcomes
- Use mobile devices to put information into the hands of clinicians and patients in the immediate moment
- Improve the management of chronic disease conditions
- Utilize virtual care and mobile care delivery

- Increase patients' deductibles and co-payments
- Offer transparent pricing

Change business practices:

- Examine and re-engineer business processes
- Centralize back-office processes, making them standardized and highly automated
- Increase and improve collaboration among providers
- Reduce the number of older people who are admitted and readmitted to our hospitals
- Improve morale of health care professionals

Change community practices:

- Provide disadvantaged individuals with convenient access to care to uncover

health problems before they get sick and end up in the hospital

- Design incentives to move people out of skilled-nursing facilities and into community-based care
- Promote early-childhood health
- Improve access to healthy foods
- Make neighborhoods safer so families can exercise outdoors

HOW EMPLOYERS CAN MANAGE HEALTH CARE COST RISK:

- Monitor claim trends
- Join a private exchange that offers health plans to multiple employers, as well as more plan options and

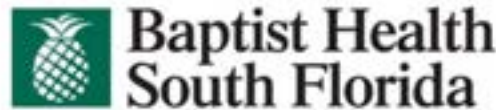
design choices

- Provide evidence-based financial incentives to encourage workers to improve their health
- Invest in a robust technology platform that can use biometric screening and prior claims data to assess risk factors for potentially serious health conditions
- Use on-site health clinics to increase employee convenience and take some control over the number of diagnostic tests and referrals
- Build a company culture based on wellness and prevention
- Use health campaigns targeted to specific employee groups that are most likely to change their behavior

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