

## Healthcare's Trends and Forecasts in 2008

LAURA GREENE: This is Laura Greene for the Healthcare Intelligence Network. Today I am speaking with Dr. Peter Kongstvedt a partner in the Managed Health Care Consulting Services Division of Accenture. Dr. Kongstvedt is presenting at HIN's audio conference on "Healthcare's Trends and Forecasts in 2008." Welcome doctor and thanks for joining me today.

DR. PETER KONGSTVEDT, A PARTNER IN THE MANAGED HEALTH CARE CONSULTING SERVICES DIVISION OF ACCENTURE: Thank you.

LAURA GREENE: To begin with, this time last year you spoke about developing niche products for the young immortals. This year we've heard from developers of the Tonic Health Plan that new media is key to reaching this demographic. We're even hearing that baby boomers are spending time on social networking sites. How can the industry utilize new media, social networking sites, blogging, instant messaging, cell phones and internet based video for example to communicate with their populations? Will the proliferation of media dilute the message?

DR. PETER KONGSTVEDT: A very good set of questions around how do you communicate with people. Parallel to this, for example, is the newspaper industry, which the circulation of the actual physical paper, sometimes referred to as the dead tree edition has been steadily going down while the use of the internet sites, particularly for the larger papers, such as the Washington Post or the New York Times has been continually going up. Therefore, advertisers have been migrating to that type of media and this type of industry health insurance and managed health care industry needs to do the same thing. But not just

for advertising. It can use it effectively for communicating all sorts of things. For example, for providing links to data, so-called transparency information about cost, or quality measures when they become more mature. The internet sites of course are there, looking at other forms whether it's blogging, although that might not be quite as useful—I would stay away from instant messaging and cell phones since people don't like companies intruding on them in that regard. But the internet based video example that you gave is another very good one, health education provided or sponsored by health plans can be very useful. It can be made generally available and will certainly increase awareness.

LAURA GREENE: Okay, thank you doctor. How can health plans and hospitals cope with provider disbelief over quality and performance data? Many health care organizations say this is the biggest roadblock to implementing a pay-for-performance initiative.

DR. PETER KONGSTVEDT: There are really two issues in this question. One is the utility of pay for performance overall and the second is the question about helping hospitals and physicians cope with these so-called provider disbelief over quality and performance data. The first question about pay for performance overall, there is still a fair amount of active debate as to the futility of pay for performance. It has certainly increase tremendously in popularity, including CMS, which is instituting it in Medicare, fee for service Medicare, as well as having several pilot projects. There are studies that show it appears to be useful, but there are other studies that say well it's really just rewarding those who are good at it, which isn't such a bad thing if you think about it. Therefore,

I still think we have quite a ways to go to increase the effectiveness of a pay-for-performance program, regarding provider disbelief as you asked in the question, what's most important is to include representative providers in the entire process. For example, rather than just dropping it on them you work with the medical society or the local hospital association or selected representatives and work through the program to develop it. And then roll it out on a pilot program that may not be necessarily attached to pay for performance immediately. It can simply be collecting the information, reflecting it back, working the kinks out of the system before you tie dollars to it, and then continually refine it as you go forward. Lastly, some of the irritation is generated by the fact that it can become manual labor intensive for the providers to develop that data and send it in since no two programs are alike for the most part, they end up spending a lot of time putting this stuff together. And to the extent that a health plan or plans could get together, streamline how this is done and providers can automate how they create the data and transmit the data that will also help.

LAURA GREENE: Okay, thank you doctor. And finally Medicare's announcement that it will no longer reimburse for eight preventable conditions after October 2008 is being hotly debated. Will it have a discernable effect on quality of patient care? And if so how long will it take before the effect is evident?

DR. PETER KONGSTVEDT: Well I hope it has an effect on the quality of patient care. It's certainly hard to predict with certainty. I don't personally see that much of a debate. These are the so called never events, events that should never occur

such as amputating the wrong limb. There is no justifiable reason for that ever and nobody should receive any financial reward for that ever. You do start to get into somewhat more of a gray zone when you start looking at medication errors however. There may be times when medication errors while they should certainly never occur and we're all struggling to get to a point where they don't occur, there are more reasons where those things might happen. Having said that, the goal I think that everybody has is to have a health system in which the error rate continually gets lower and lower. And linking this to the reimbursement system is one part of that.

LAURA GREENE: Okay. Those are all the questions I have today. Thanks for being with us and we're looking forward to hearing from you during the audio conference.

DR. PETER KONGSTVEDT: Thank you.

LAURA GREENE: To register or get more information about this conference, please call 1-888-446-3530. This is Laura Greene for the Healthcare Intelligence Network.