

Could Healthcare Reform be just another program?



We anticipate that the improved underlying infrastructure supporting both Medicaid and Exchanges will be strongly leveraged in support of a state's person-centric outreach, eligibility and enrollment activities across the health and human services spectrum.

Final Rule – Medicaid Program; Federal Funding for Medicaid Eligibility Determination and Enrollment Activities, page 10, April 2011

It could. It might in fact go down in history as one of the biggest missed opportunities for a generation.

While governments at city, regional and national levels are often tasked to “do more with less,” the global economic climate has brought the high proportion of gross domestic product (GDP) consumed by social spending into sharp focus. Today there is a new urgency for administrations to address two seemingly mutually exclusive challenges: to significantly lower the cost of social programs and to simultaneously improve the service for their citizens. Relying on traditional service delivery models that have fallen short in attempting to achieve either of these goals is not an option – a new approach is clearly needed.

When looking to reduce costs there are two key components – what we have termed primary and secondary costs. Primary costs relate to the main program costs such as periodic payments for citizens and/or service providers; secondary costs refer to the program-related administrative costs. Historically, cost-saving initiatives have largely focused on secondary costs despite the fact that they typically represent between 8 percent and 15 percent of program budgets. In order to really deliver the necessary savings, the focus and effort needs to shift to reducing primary program costs. Reducing primary costs means providing cost-effective engagement strategies for high-need/high-cost clients while providing pathways to disengagement for others.

To address these challenges many city and state governments are recognizing the benefits of adopting a holistic (rather than transactional) approach to citizen engagement.

With the introduction of the Affordable Care Act (ACA), the Federal government is innovating and encouraging others to innovate to promote new ways of interacting with the citizen – to provide a “seamless experience for the consumer.” In addition to promoting social innovation, the government has identified the limitations of the silo nature of today's social programs and the need for a new approach – demonstrated by the provision of funding to support integrated



eligibility across Health and Human Services (HHS) programs. If states use the significant funding that has been made available, for both IT modernization and business process re-engineering, combined with the waiver allowing these funds to be applied across health and human services' programs, the ACA could herald the biggest shift in citizen engagement for decades.

Adopting innovative service delivery models can help ensure that these vast sums of taxpayers' money are spent in a way that pays near term dividends for healthcare reform, delivers long term returns on broader transformation and modernization initiatives across their health and human services business and helps maximize the social and economic return on that investment. Jonathan Walters, in a May 10, 2011 article in *Governing* magazine¹ described the opportunity: "This isn't just about setting up health care exchanges or ensuring everyone has health insurance ... What it's about – or should be about – is connecting all health and human services programs through eligibility, and building into new eligibility and enrollment systems the capacity to improve services – and management of those services – across programs. By integrating data on services provided and outcomes attained, there will not only be "no wrong door,"

but there will be the ability to do very real, very efficient wrap-around service delivery from cradle to grave."

This exception... allows states the opportunity to thoughtfully consider the benefits of integrating the eligibility determination functions across health and human services programs and the timing of any such integration... Integrated systems can realize efficiencies for states and better customer service for families...

Tri Agency Letter, August 10, 2011²

A key driver for states to adopt a more holistic model is that families or households eligible for medical assistance programs are also likely to have additional challenges (resulting in multiple service deliveries with multiple programs) – see Figure 1 below.

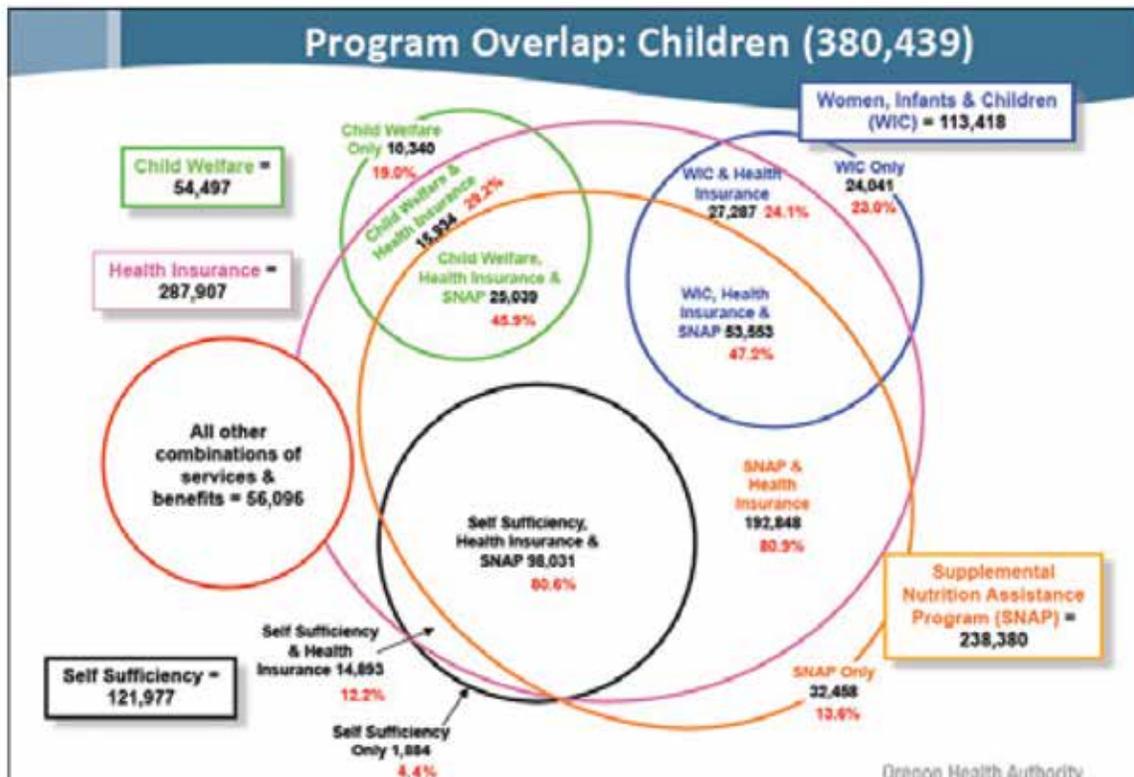


Figure 1: Overlap between health and human services programs³

A holistic strategy also provides HHS agencies with the ability to identify intervention and service delivery strategies based on a differential response model to utilize its limited resources (people and money), most effectively. Differential response is an important model for states to adopt because it enables them to intelligently provision streamlined services for 80 percent of their clients (low need, low cost) and focus the limited resources on the 20 percent of families (high need, high cost) who consume approximately 80 percent of their HHS budget – because they have multiple needs and are receiving multiple services⁴. Using a holistic approach, states can help families address their circumstances more effectively and quicken their pace to greater self-sufficiency and/or adequate levels of care and protection.

These more significant savings in primary expenditure are achieved through a holistic understanding of the citizen’s social context (which approximates to the “Social Determinants of Health”⁵).

Social context is the collection of information and facts about an individual citizen, family or household that relates to:

- The stability of their basic needs
- Their family, household and influencer relationships
- The benefits and/or services that they are receiving – including any engaged service providers and/or community organizations
- Their strengths, needs and barriers in the context of achieving their social and economic potential

Gaining an understanding of the social context is critical to determine appropriate and cost-effective responses to a citizen or family’s needs. A service delivery model that utilizes social context is essential in order to change the prevailing one-size-fits-all transactional approach to one of citizen engagement. The failure of systems to fully factor the social context results in high recidivism rates with commensurately high primary program costs.

The social context remains a critical input throughout the citizen and family engagement process to help ensure the veracity of periodic on-going assessments, and to help ensure that desired outcomes are sustainable over the long term.

The social context also plays a major role in achieving higher savings and efficiencies at an aggregate or community level. Identification and understanding of the social context is a critical factor in recognizing groups or categories of high need and high cost clients based on community and/or social issues, (such as elderly care, homeless populations, disadvantaged youth, complex families, disaster response, indigenous populations, human trafficking, etc.) and in developing proactive, targeted and efficacious programs that address them.

The following article from the *Washington Post* (*Washington Post*, Ezra Klein, January 24, 2010) entitled, “The people who will really decide whether health-care reform succeeds or fails,” highlights one of the core issues for ACA:⁶

... study suggests that comparatively few families consume the lion’s share of Illinois’s service resources. Researchers looked at five services – mental health care, substance abuse treatment, foster care, adult incarceration, and juvenile incarceration – and found that the 23 percent of Illinois families using multiple services accounted for 86 percent of the dollars spent on those services.

Illinois Families and Their Use of Multiple Service Systems, Robert M. Goerge, Cheryl Smithgall⁷

“... The basic point is well worth keeping in mind amid all the arguments over the Affordable Care Act: Healthcare costs – and thus our paychecks, and the federal budget – won’t be decided by how we deliver and structure healthcare insurance.” has been removed but I cannot see any comments requesting this. They’ll be decided by how we deliver and structure health care.

Gawande relates a series of stories showing innovation in the toughest corners of the care-delivery system. The most inspiring is about Jeffrey Brenner, a Camden-based physician who began playing with his city’s hospital claims data and making maps of where the money was being spent. It turned out that there were two city blocks, containing two particular buildings, where 900 people were responsible for more than four thousand hospital visits and about two hundred million dollars in health-care bills over the past seven years. So that’s where he focused.

Insurers try to run from the costliest patients. They try to kick them out for having pre-existing conditions, or they rescind their coverage, or they price coverage beyond their reach. That just makes them costlier, of course. Inconsistent access to medical care means more medical emergencies, and more medical emergencies mean higher medical costs.

Brenner, by contrast, is lavishing them with attention. He’s calling them daily. He’s checking up on their medications, their lifestyles, their habits. He wants to open a doctor’s office in their building. His patients averaged sixty-two hospital and E.R. visits per month before joining the program and thirty-seven visits after – a forty-per-cent reduction. Their hospital bills averaged \$1.2 million per month before and just over half a million after – a fifty-six-per-cent reduction.

Focusing on the citizen – the need to improve citizen outcomes

For many years administrations have recognized the need to become citizen-centric. In practice this means placing the citizen at the center of activities from initial engagement through to disengagement, or ongoing support. The Federal initiatives in ensuring a rich, seamless and simplified consumer experience are to be warmly welcomed and will hopefully encourage states to put the citizen at the center of their efforts.

Becoming citizen-centric means:

- Focusing on people and their needs, rather than programs
- Providing pathways to engagement
- Focusing on outcomes rather than outputs
- Focusing on engagement rather than transactions – by looking holistically at needs, barriers and challenges faced by individuals and families and coordinating benefits, services and stakeholders with a focus on achieving appropriate, sustainable and cost-effective outcomes
- Improving the engagement experience for citizens and workers
- Promoting collaboration and cooperation among stakeholders
- Improving access to services

In the coming 12-24 months, as multiple initiatives get underway to meet the 2014 and 2015 deadlines, we will be able to determine whether healthcare reform represent a missed opportunity and is therefore, “just another program”? Ultimately the answer depends on whether states have the time, resources and desire to take advantage of the opportunity and funding. If healthcare reform becomes the catalyst for states to adopt a new business model founded on behavioral change, commitment, shared responsibility and decision-making and based on a differential response, then the future is indeed brighter and, as a society we can benefit from the increased economic and social return on this distinct investment opportunity.

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- 1 The Human Services IT Opportunity": <http://www.governing.com/topics/health-human-services/human-services-technology-opportunity.html>.
- 2 <http://downloads.cms.gov/cmsgov/archived-downloads/SMDL/downloads/tri-agency.pdf>
- 3 Permission to use diagram granted by: Oregon Health Authority slide – presented at 2010 Medicaid Management Information Systems (MMIS) conference.
- 4 Illinois Families and Their Use of Multiple Service Systems, Robert M. Goerge, Cheryl Smithgall, Roopa Seshadri, Peter Ballard , 2010.
- 5 The social determinants of health are the circumstances in which people are born, grow up, live, work, and age, as well as the systems put in place to deal with illness.
- 6 http://voices.washingtonpost.com/ezra-klein/2011/01/the_health-care_side_of_health.html.
- 7 <http://www.chapinhall.org/research/brief/illinois-families-and-their-use-multiple-service-systems>.



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