

What's The Rx For Healthcare?



Phoenix Children's
Hospital President
Robert Meyer.

Chamber Members Hope for a Positive Prognosis

Politicians, patients and industry executives alike say healthcare in America has an ailing business model that needs resuscitation. While 160 million American workers have the majority of health insurance benefits paid by employers, some 40 million citizens go uninsured. Healthcare cures are being argued on Capitol Hill, on talk shows and in households.

Healthcare reform has been top of mind ever since Barack Obama was elected president. Changes are coming to healthcare; it's a matter of where, when and how. From hospital administrators to insurance company executives to small business advocates, there is universal recognition that changes not only will be made, they must be made.

"We have a very fragmented, complex healthcare system which arguably is unsustainable in its current form, certainly from a financial and funding perspective," says Reginald M. Ballantyne III, senior corporate officer with Vanguard Health Systems, parent of Abrazo Health Care in Arizona. "There is considerable room for improvement in the efficiency of American healthcare."

A cause of this unsustainable system is the way we pay for healthcare. "We employ large numbers of people in patient billing, collection, insurance verification and authorization.

By
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Photographs by Dan Vermillion, Angela Cook and Lauren Miller

None of that adds any value (for the patient),” says Robert Meyer, president of Phoenix Children’s Hospital. “About one-third of the total premium is going for those kinds of administrative services. All of that could be streamlined dramatically if we went to a more rational system where charges came down to a level that reflect something much closer to actual cost. The whole billing system is broken.”

While healthcare providers and insurers recognize the need for change, many see valid reasons why the president’s proposals may not be the best answer. “To take an American system that has been in existence for decades and expect to intelligently and rationally reform it in a matter of weeks and months is clearly a treacherous approach,” says Ballantyne, who is a former chairman of the American Hospital Association. “We are better advised to proceed with a well thought out and aggressive incremental approach.”

He notes that for many diagnoses, some providers choose a medical response while others favor surgery. Learning why different approaches are selected and identifying the most successful methods have the potential for enormous impact on quality and cost.

Only the Wealthy

Insurance companies are concerned about potential competition from a government health plan because government and private industry operate under different rules. “Private insurers pay federal income tax and we have state mandates we have to include in our policies,” says Kathi Beranek of the Blue Cross Blue Shield of Arizona government relations department. “We have to remain solvent. We can’t carry a deficit like the Medicare or Medicaid programs.”

A government plan could ultimately drive up premiums that insurance companies would have to charge, she argues. “What you might end up with is a two-tiered system where only the wealthy are able to afford private insurance and everyone else would be relegated to the government plan,” Beranek says.

Lisa Spaich, owner of Spaich Benefits Group in Gilbert, worries that healthcare reform will land on the backs of little guys. “In order to provide it to every American, somebody is going to have to pick up the cost,” Spaich says. “The only way to do that is by taxing somebody. It’s going to trickle down to the middle class and small business owners.”

Spaich believes Arizona has a model to help small businesses pay for employee coverage that can be emulated in Washington, D.C. It’s the Health Insurance Premium Tax Credit, a \$5 million pool for small employers with two to 25 employees. Small employers can get a state tax credit up to \$1,000 for single employees and \$3,000 for employees with dependents, Spaich says. Funding is not currently available, but companies go on a waiting list at the Arizona Department of Revenue’s Web site.

Changes Are Imminent

Regardless of the influence Washington exerts on the system, changes in healthcare are imminent. Technology promises to play an increasing role in doctor’s offices, hospitals and insurance companies. One of President Obama’s proposals that meets with widespread approval is the conversion to electronic medical records.

Electronic records are more efficient and also safeguard patient care. Phoenix Children’s Hospital uses electronic medical records to monitor certain drugs that have the potential to harm certain patients. “We now have the ability to monitor on a concurrent basis all children in the hospital that are receiving these drugs on a real-time basis,” Meyer says. “We can monitor their safety much closer. It’s a tremendous increase in patient safety.”

Beranek says the industry is moving toward health information technology as a means to assure greater patient safety, improved quality of care and increased efficiency. Blue Cross Blue Shield executives are involved in two groups developing technology: the Southern Arizona Health Information Exchange, which is studying ways to provide relevant clinical data that will help reduce errors and duplication of care, while the Arizona Health-e Connection is an organization looking to establish a health information exchange and adopt new technologies.

Wellness in the Workplace

The key to recovery of the healthcare industry starts with the patients themselves, many experts contend. Blue Cross Blue Shield statistics show that smoking, obesity and unhealthy lifestyles cause 50 percent of adverse health and related costs in the system.

The trend toward wellness programs in the workplace is one touted to be effective ➤



Frances Ducar, owner of Healthcare Solutions Centers



Lisa Spaich, owner of Spaich Benefits Group



Kathi Beranek of the Blue Cross Blue Shield of Arizona government relations department

for patient care while saving on employer costs. Blue Cross Blue Shield is fully on board the wellness wagon. “We are seeing more employers implement wellness programs in the workplace in an effort to stem healthcare costs. Employers are recognizing the importance of providing their employees with tools to get healthy,” Beranek says.

One program that may be the poster child for wellness in the workplace is run by Healthcare Solutions Centers.

The company helps businesses decrease their overall healthcare costs by establishing on-site clinics at the workplace. Nurse practitioners staff the clinics several days a week.

Healthcare Solutions clientele include large corporations that self-insure and smaller companies that subscribe to insurance networks.

Healthcare Solutions contracts with the employer at a fee based on past claims. Clinic visits and lab work are free to employees, who also receive \$4 generic medications and reduced rates for MRI procedures.

Frances Ducar, owner of Healthcare Solutions Centers, contends that employers save \$3 for every \$1 they invest in on-site clinics. “The biggest cost saving is going to be claim reduction and catastrophic event reduction,” Ducar says. “You’re stopping catastrophic claims because you have preventive care. You’re saving money because you’re preventing those claims.”

She explains that employees are more likely to visit the on-site clinic



The \$588 million expansion of Phoenix Children’s Hospital is underway.

for physical exams or to maintain diabetes treatment than to schedule a doctor’s visit for the distant future.

There may be more than one way to treat a disease and it appears the cure for what ails healthcare will also be multifaceted. Arizonans are voicing their concerns, studying new technology, and preparing for a new healthcare system that may look quite different in the years ahead. ■

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WANT TO KNOW MORE?

On August 26, the Chamber will host “National Healthcare Reform: Prognosis for Arizona,” which will feature industry experts giving you an inside look at where we’re going and what it means to business owners. See page 15 for more information and visit www.phoenixchamber.com to register for this event.

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