

*eHealthTrust developer William Yasnoff, MD, PhD, speaks at Washington Governor's Health Care Summit (Puget Sound Business Journal 11/4/05)*

## **Governor: We can't spend our way out of health-care crisis**

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Thousands of Washington residents lack health insurance, but Gov. Christine Gregoire doesn't believe that spending more money will solve the problem.

Spending on health care for state employees and for Medicaid nearly doubled during the past five years, she said, and this financial burden on the state budget has squeezed out funding for education, infrastructure improvements and public safety.

"This is a nationwide crisis begging for a national solution," the governor said last week at her health-care conference in Seattle. "But I don't see one coming."

Gregoire said her goal is to assure accessible, affordable, quality care for everyone in the state - but not by spending more money.

"We can't spend our way out of our health-care crisis," she said.

As it is, spending on health coverage for state employees, on Medicaid and on the Basic Health Plan, for the working poor, is expected to devour nearly 40 percent of the state's general fund during the 2005-07 biennium.

Gregoire said the state must grapple with "the real issues of why costs are spiraling out of control."

The governor said she and her state-agency directors plan to focus on five major changes. None is unique to Washington. All are topical nationally as means to control costs and improve quality.

Gregoire said Washington should:

- Increase its use of evidence-base medicine, to jettison "ineffective and dated treatments by focusing on treatments that work."
- Better manage care for such chronic health conditions as diabetes and cardiovascular disease. Of patients whose care is sponsored by the state, the 5 percent requiring chronic care account for 50 percent of state health-care expenditures.
- Give consumers sufficient information to shop for health care by price and quality. "When we buy a car, we have easy access to information about quality, reliability and efficiency of various brands we are considering, she said. "We need the same kind of information in the health-care system."
- Encourage resident to take responsibility for their health, to adopt healthy life styles. "It's about wellness. It's about getting your flu shot, covering your cough and washing your hands," she said. It's about exercising and refraining from smoking. "I commit to doing something about teen smoking," Gregoire said.
- Use technology to eliminate waste, trim administrative costs and make health care more efficient and timely. For instance, 30 percent of medical tests, according to the governor, are unnecessarily repeated because without electronic medical records, specialists often don't know what tests for patients have been done by primary-care doctors.

Information technology -- the use of computers -- is a thread that runs through all of these initiatives, because they all rely on gathering, analyzing and disseminating information.

Health information technology "makes all the difference" in lowering costs and improving quality, said Dr. William Yasnoff, a panelist at the conference. Founder of the consulting firm National Health Information Infrastructure (NHII) Advisors, Yasnoff holds a doctorate in computer science as well as a medical degree.

Electronic medical records can "save lives and money," said Yasnoff, who declared that "paper medical records kill."

A RAND Corp. study published in September concluded that computerized medical records could save the American health-care system \$81 billion a year by reducing redundant care, speeding patient treatment, improving safety and keeping patients healthier.

Savings, for instance, would result from shorter hospital stays because of better coordinated care, and from better use of drugs, labs and radiology services in outpatient facilities.

The problem is, investing in electronic medical record systems would cost hospitals \$98 billion and doctors \$17 billion, according to the study. But, Yasnoff said, insurers and others, not health-care providers, would realize nearly 90 percent of the benefits. So there's little economic incentive for doctors to gear up with computers.

Dr. Arnold Milstein, the conference's featured speaker, said there's only one way to chop health-insurance costs indefinitely, at the rate of 2.5 percent a year: By applying industrial engineering to health care.

Simply put, the idea is to analyze all processes and functions with a view to eliminating waste. Milstein, a top program leader at Mercer Human Resource Consulting, said that eliminating, say, 40 percent of the waste in the health-care system would slash insurance "fuel-burn" by about 40 percent.

According to The National Academies, the American health-care system has neglected engineering strategies and technologies that have "revolutionized quality, productivity and performance in many other industries."

Milstein cited Virginia Mason Medical Center as a "national exemplar" in the use of industrial engineering.

For the past three years, Virginia Mason has employed a zero-defect management method based on the Toyota production system. In so doing, officials said, VM has, for instance, saved \$11 million in capital investment, freed up 13,000 square feet of space and increased the time doctors can spend with patients.

Adoption of this method, said VM president Michael Rona, involved a "paradigm shift from thinking that defects are to be expected in health care to thinking and believing we can have zero defects in health care."

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