

Patient Centric Healthcare and the Healthcare 2015 Study

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The IBM Institute for Business Value and IBM Healthcare Research has just launched the Healthcare 2015 report



- IBM's point of view on the global healthcare industry
- Many countries' healthcare systems will likely become unsustainable by 2015
- Substantial changes will be needed to attain affordable, sustainable, value-based healthcare in many countries
- The report identifies the possible scenarios for healthcare in 2015
- The report urges the global community to begin or accelerate the process of debate and consensus, and action and accountability on the road to healthcare transformation

Five drivers make healthcare fundamentally different from the past

Globalization



- Global financial competition will limit government and employer spending on healthcare
- Healthcare delivery is shifting from local to regional, national and global settings

Consumerism



- Consumers are becoming more demanding as they bear greater financial burden and are more knowledgeable about the risks posed by healthcare

Aging and overweight populations



- There are now more people 60 years or older than 4 years or younger
- Overweight individuals now outnumber those who are underweight

Diseases that are more expensive to treat



- Chronic diseases account for 60% of deaths globally, consume 75% of resources in developed countries, and are becoming more prevalent
- Infectious diseases have re-emerged and often in drug-resistant forms

New medical technologies and treatments

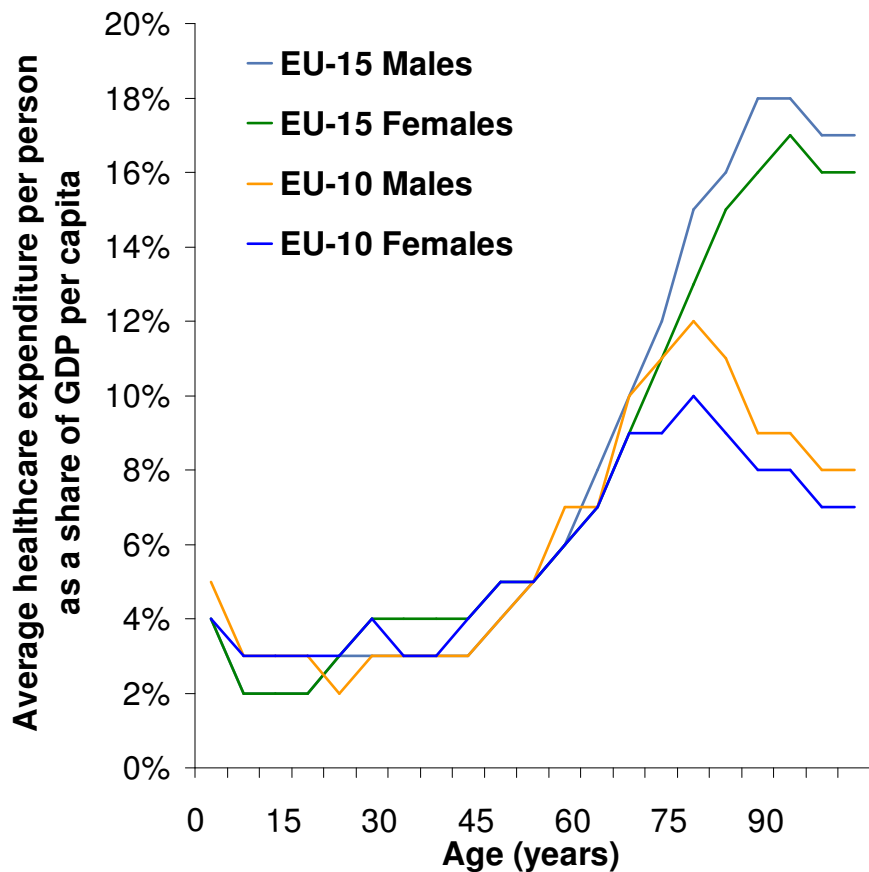


- Medical technologies (e.g. genomics and regenerative medicine) will revolutionize risk assessment, diagnosis, and treatments
- Advanced IT will be required to take advantage of the new medical technologies

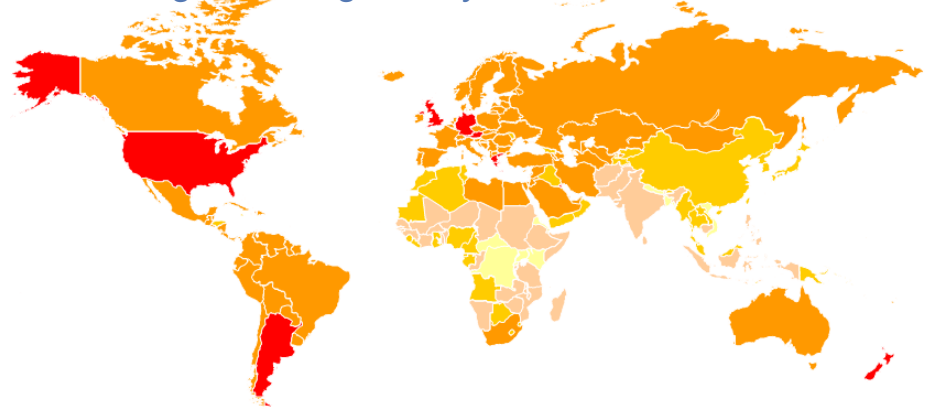
Healthcare 2015: The demographic and lifestyle challenge

Expenditure on elderly people is high – and the number is increasing

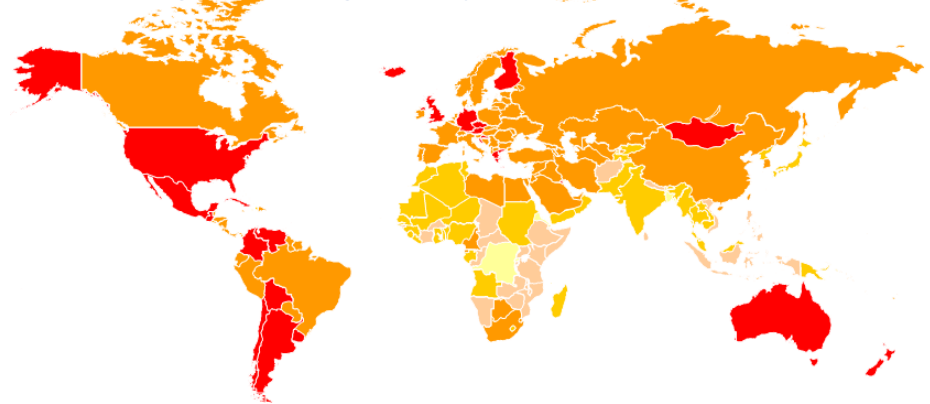
At the same time, lifestyle issues lower the age of chronic patients



Overweight men aged 30 years and older, 2005

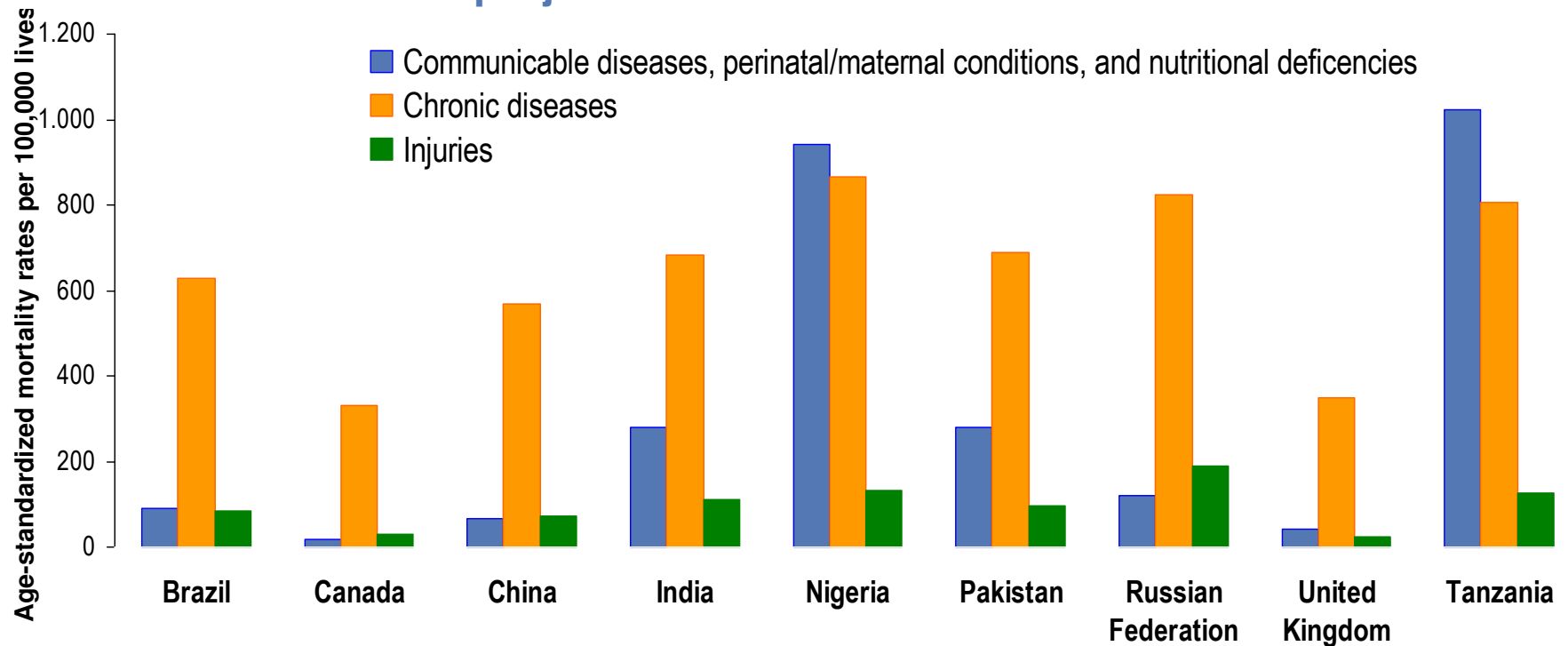


Overweight men aged 30 years and older, 2015



Healthcare 2015: The demographic and lifestyle challenge

Chronic diseases are projected to become the main cause of death in 2015



...but most conditions can be prevented through lifestyle changes

- Approximately 80% of coronary heart disease, up to 90% of type-2 diabetes, and more than half of cancers could be prevented through lifestyle changes, such as proper diet and exercise

Total direct chronic disease costs in EU could be more than 900 Bn \$.

Table 12.5 Total cost of CVD, CHD and stroke, 2003, EU

	CVD		CHD		Stroke	
	€ million	% of total	€ million	% of total	€ million	% of total
Direct health care costs	104,739	62	22,956	51	21,280	62
Productivity loss due to mortality	24,384	14	11,654	26	4,365	13
Productivity loss due to morbidity	10,768	6	3,544	8	1,694	5
Informal care costs	29,050	17	6,869	15	6,760	20
Total	168,941	100	45,023	100	34,099	100

Sources: See Tables 12.1, 12.2, 12.3 and 12.4

For the European Union, the cost of coronary and stroke diseases was 336 Bn \$ in 2003. Of this amount, 202 Bn \$ was direct healthcare costs.

Based on Germany figures for Chronic diseases, total direct chronic disease costs in EU could be more than 900 Bn \$.

Healthcare in Crisis: Win-Win or Lose-Lose Transformation?

These drivers will affect countries at different rates and the degree of success that healthcare systems are able to transform

Developed Countries	Developing Countries	Least Developed Countries
<ul style="list-style-type: none"> • A majority of adults in ten of the 30 OECD countries are overweight • As life expectancy has increased (68.5 years in 1960 to 77.8 years in 2003), there has been a concomitant rise in the incidence of chronic diseases • Total healthcare expenditures are increasing 2.0 times more rapidly than economic growth 	<ul style="list-style-type: none"> • The increasing prevalence of and costs to treat chronic diseases, as well as the associated lost productivity, are impacting systems <ul style="list-style-type: none"> - The loss of income to China over the next ten years as a result of heart disease, stroke, and diabetes is estimated at US\$550 billion • Countries are still fighting infectious diseases – not only existing ones, but also new diseases and new strains 	<ul style="list-style-type: none"> • There is a strong need to address basic public health issues such as clean water, good sewage systems, and vaccinations • Countries are beginning to experience the rise of chronic diseases but are less capable to manage them <ul style="list-style-type: none"> - By 2015, chronic diseases will be a leading cause of death in Nigeria • Population expansion is higher than in developed or developing countries

* Definitions of “developed,” “developing,” and “least developed” countries are presented in the Appendix.

Counterbalancing the drivers for change are key inhibitors that threaten to maintain the healthcare status quo

Financial constraints



- Adequate funding
- Prioritized and spent well

Societal expectations and norms



- How much healthcare is a societal right?
- What are reasonable lifestyle expectations?
- What are acceptable behaviors?
- What are acceptable attitudes toward privacy?

Lack of aligned incentives



- Financial
- Service Quality
- Clinical Outcomes

Inability to balance short- and long-term perspectives



- Governments aren't addressing the tough challenges
- Consumers are reluctant to adopt healthy lifestyles
- Payers are unwilling to accept short-term cost increases to avoid higher future costs

Inability to access and share information



- More digital healthcare data in the last 3 years than in the previous 40,000
- IT infrastructure and processes are "stovepiped"
- Lack of widely accepted, robust and specific data standards

Healthcare in Crisis: Win-Win or Lose-Lose Transformation?

Systems must adopt an accountability framework, supported by aligned incentives and a unified perspective on value

Accountability

- Many healthcare systems lack a clear accountability framework
- Accountability must span key stakeholders

Aligned incentives

- A sustainable accountability framework is not possible without aligned incentives across the various stakeholders

Perceptions of value

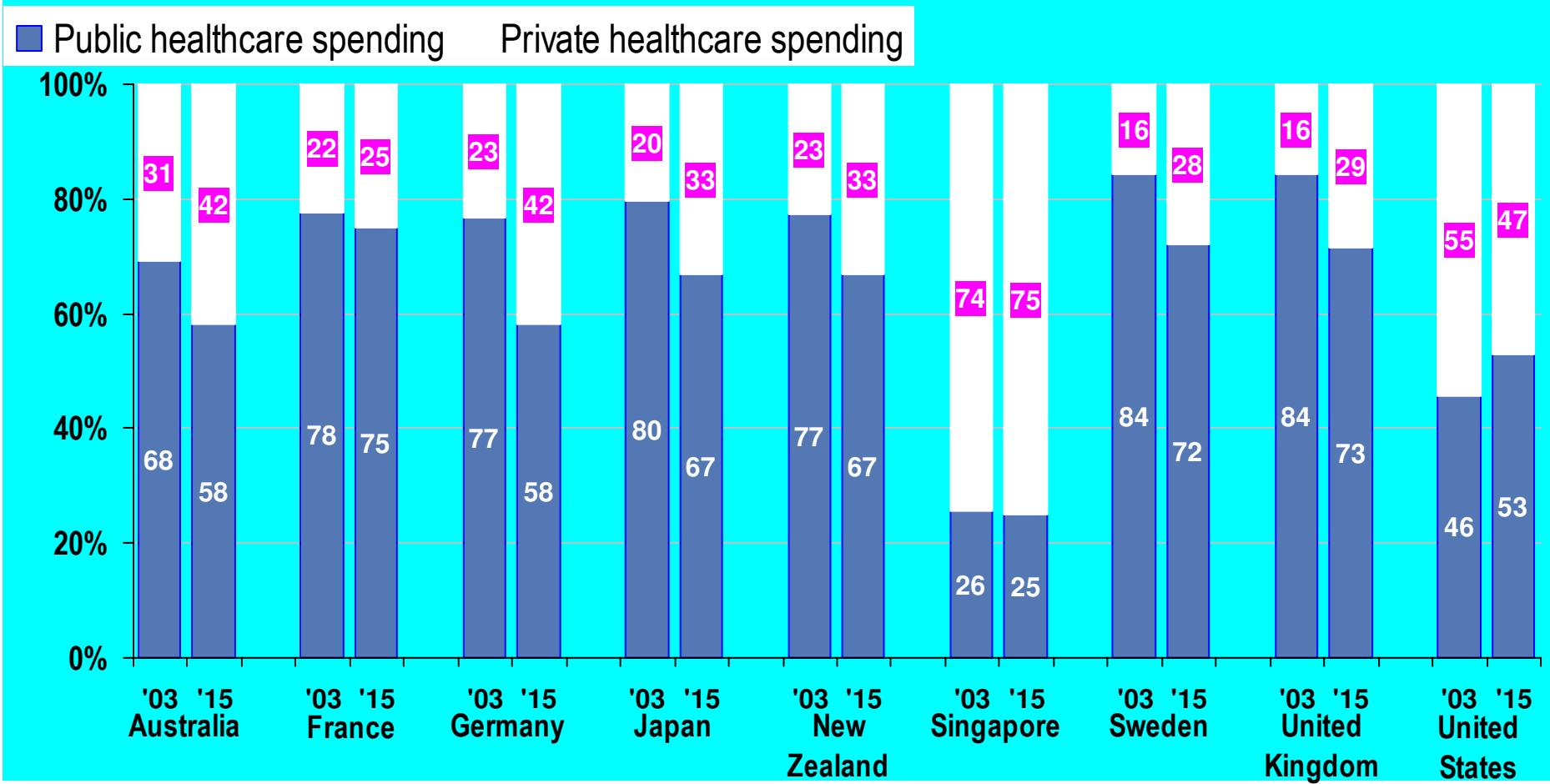
- Key stakeholders must be willing to reconcile their different perspectives on value in order to align incentives

❖ *An accountability framework, supported by aligned incentives and reconciled perspectives, is needed in an increasingly global environment*

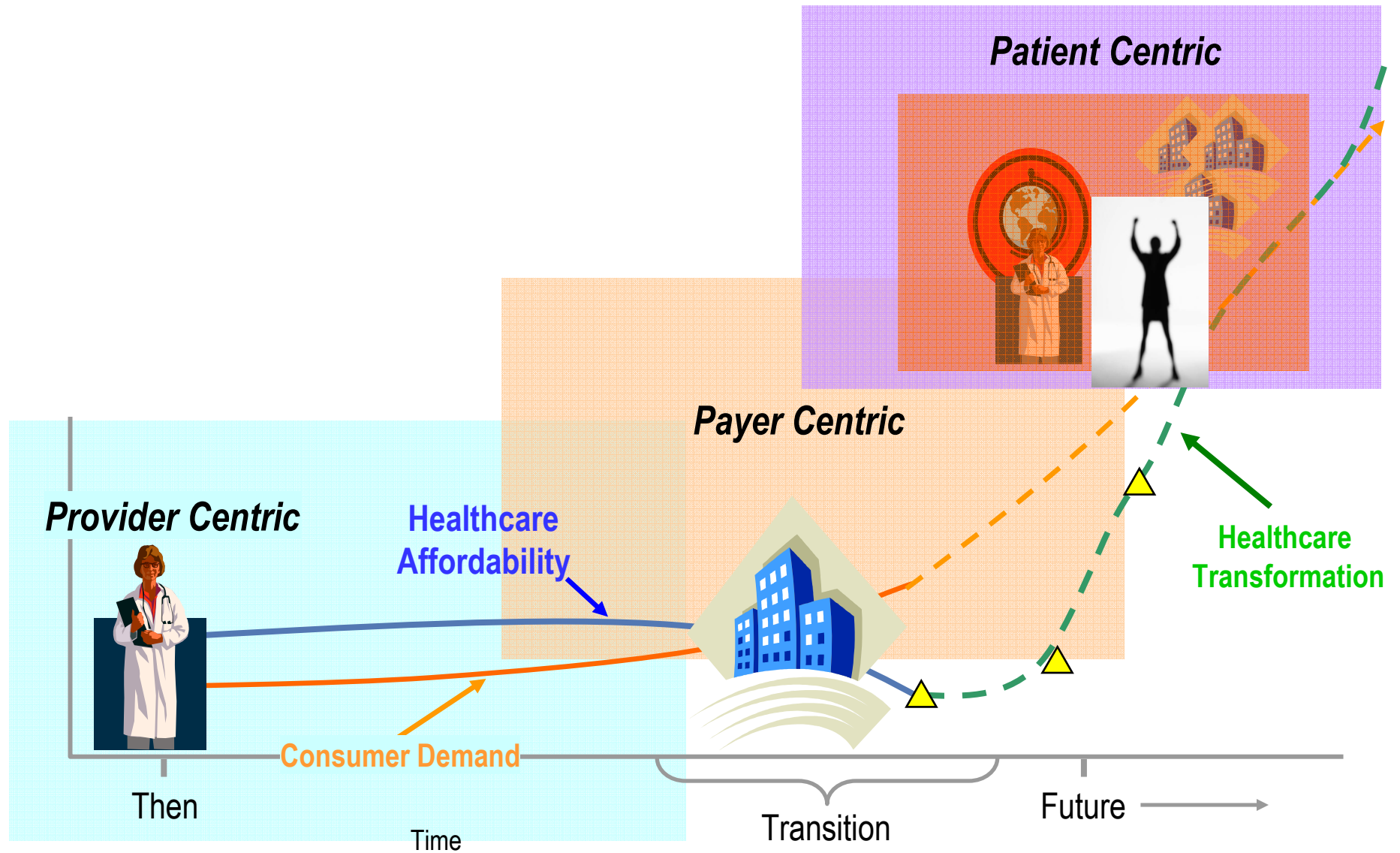
Transforming Consumer/Patient Responsibility

Consumers will assume greater direct responsibility for their healthcare costs

Public and private healthcare expenditures, 2003 and 2015



Evolution of Healthcare

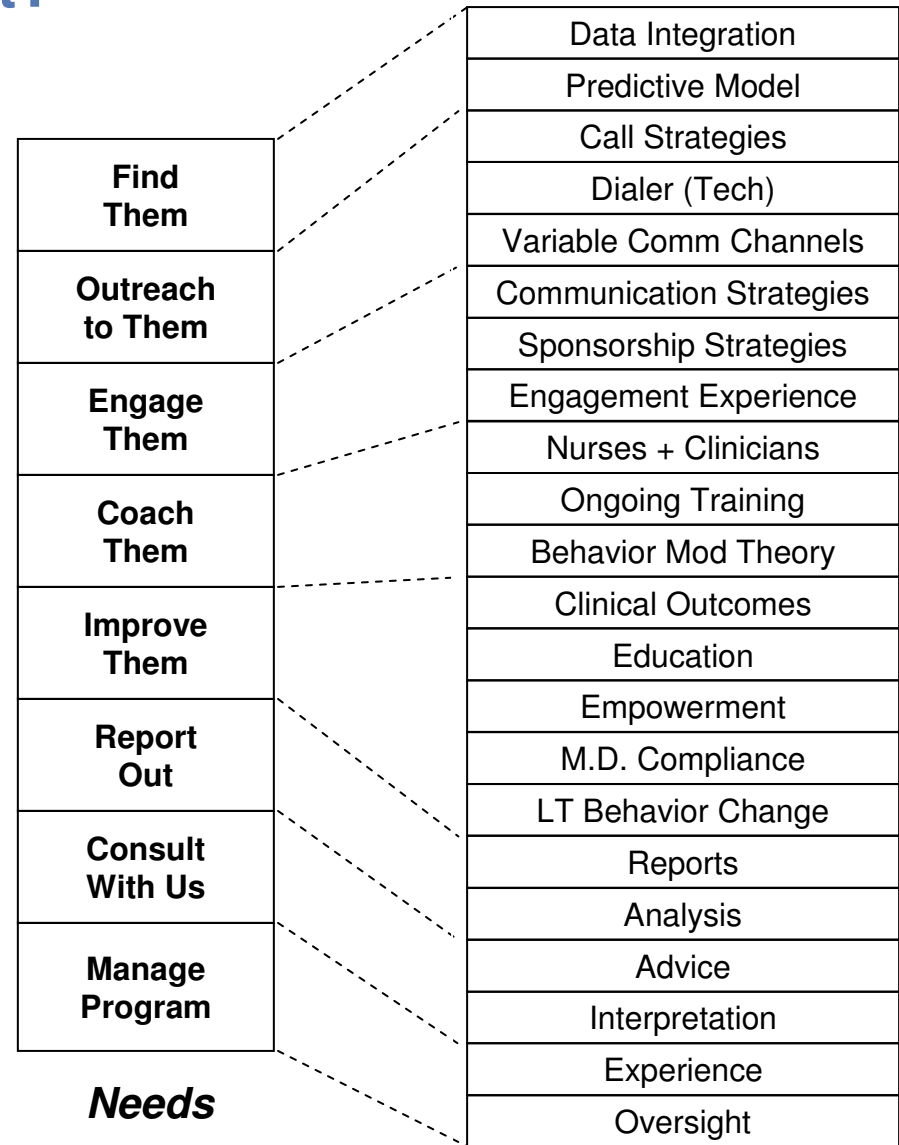


Patient Centric Healthcare means new concepts for managing patients



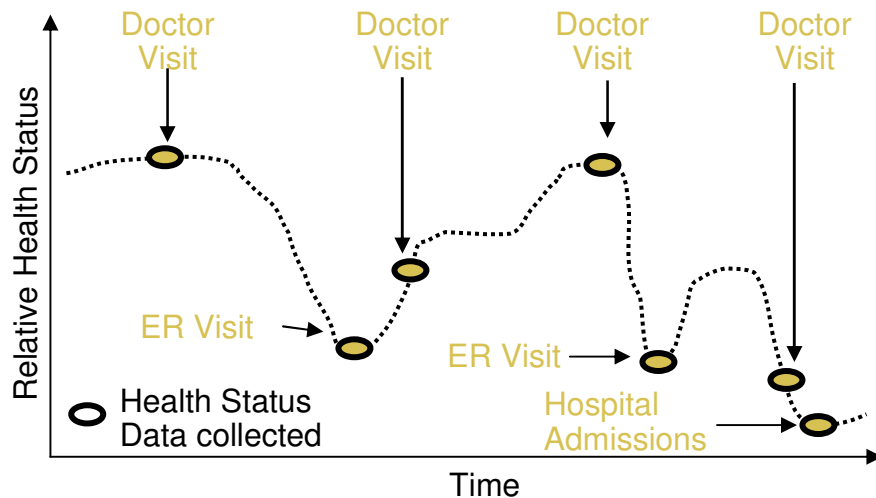
Disease Management – what is it?

- “A program designed to help people take control of their high-risk health conditions and prevent migration to higher risk, higher cost status”]
- *Sometimes used interchangeably with Chronic Condition Care.*
- What it can it do?
 - Improve employee health and productivity
 - Enhance employee (and dependent) quality of life
 - Decrease your health cost trend
- What is the focus?
 - Promote patient compliance with doctor’s plan of care
 - Improve self-care and promote lifestyle choices
 - Identify and manage health risks
- In a Nutshell
 - Educate
 - Empower
 - Support



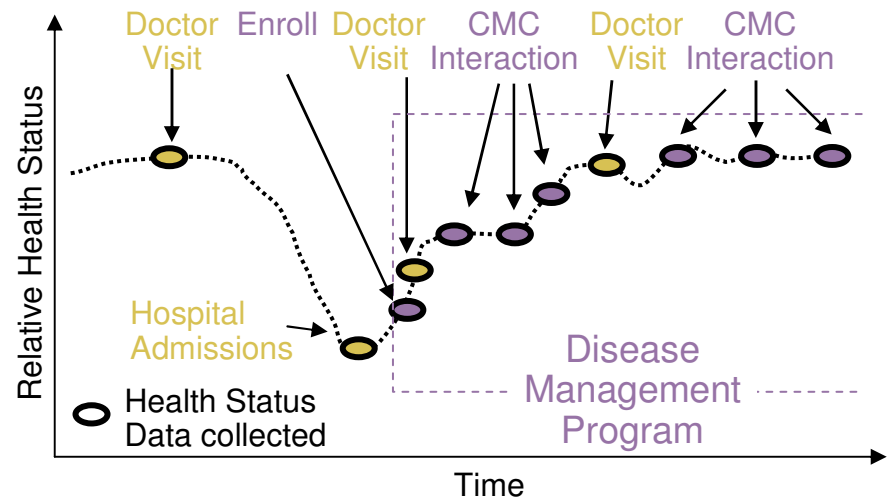
Care management enables effective disease management to make patients healthier, faster at lower costs

Standard Treatment



- Normally, a patients health status is only captured during doctor's visits
- Only a serious degradation of the state of health will lead to an intervention through emergence treatment
- High fluctuation of the health state reduces recovery changes and quality of life

Care Management Center Supported Treatment



- As patients are enrolled in a disease management program (DMP) a care management center interacts frequently with a patient
- Coaching through nurses, self management and reminders ensure the DMP is being followed
- Patients more seldom get into the high cost, low health situations

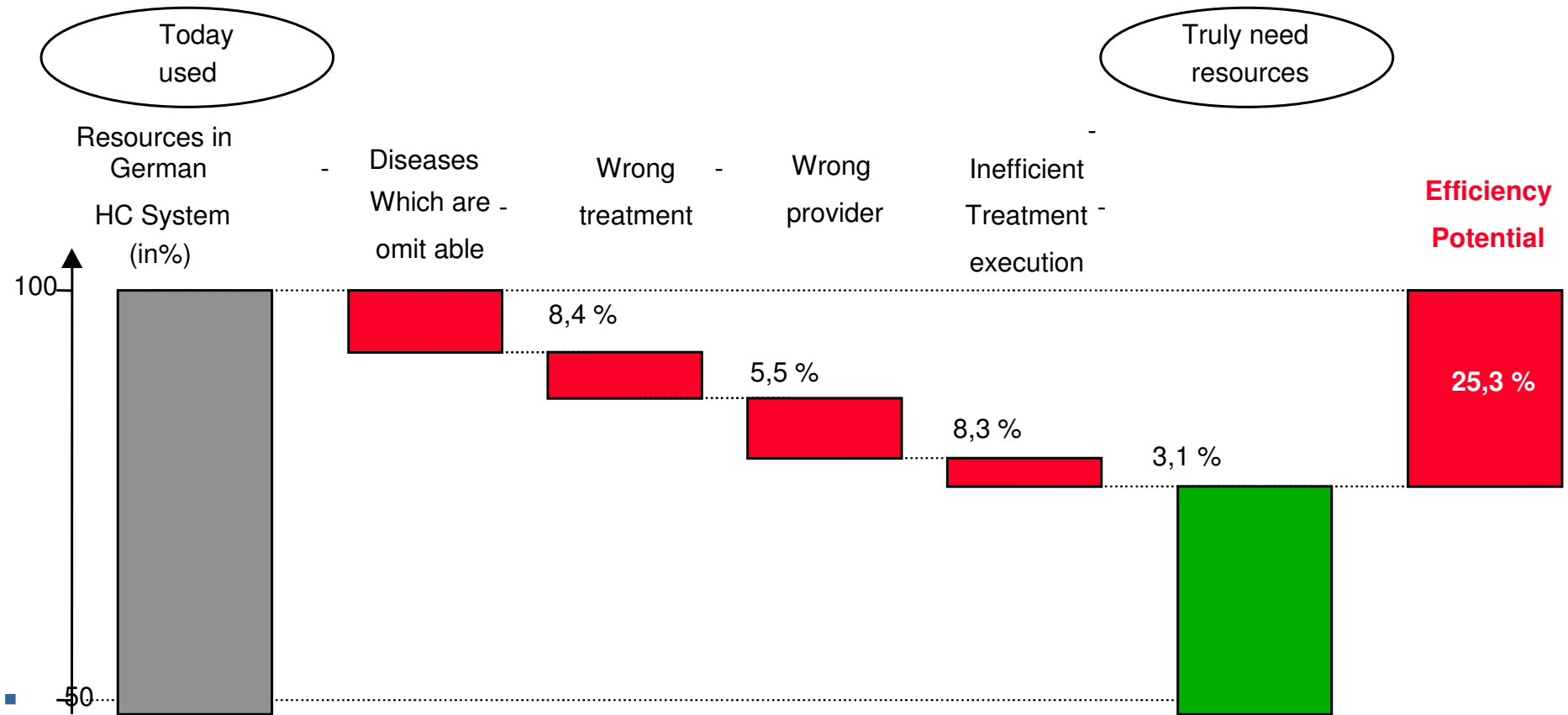
Example of a CMC service offering: Depression Disease Management

- Participant receives:
 - An introductory letter and information package
 - A screening phone call for those at higher risk
 - Coaching/case management calls from a behavioral health specialist
 - Referral for face-to-face counseling as needed
 - Referral to other benefits and resources as needed
 - Oversight of the case by behavioral physician adviser as needed
- Participant's physician receives:
 - Guidelines for depression management
 - Notification of patient compliance with antidepressants

Disease Management Programs as one component of Care Management provide impressive financial results

Key Metric	Prevalence	Net Medical Cost Save	ROI
Diabetes	2 - 4%	5 - 10%	$\geq 2:1$
Heart/Cardiac	2 - 3%	7 - 12%	$\geq 2:1$
COPD	0.2 - 1%	7 - 12%	$\geq 2:1$
High-Risk Obesity	2 - 6%	5 - 10%	b/t 1:1 and 2:1
Asthma	2 - 5%	3 - 7%	$\geq 2:1$
Low Back Pain	2 - 5%	3 - 7%	$\geq 2:1$
Targeted Conditions	2 - 8%	3 - 7%	b/t 1:1 and 2:1
Depression	3 - 5%	7 - 11%	b/t 1:1 and 2:1

The Care Management Opportunity – efficiency potential



Source: AOK-Bundesverband, Unternehmensberatung McKinsey

The TABD conference on the 8. May 2007

SECTOR SPECIFIC PROPOSALS: HEALTHCARE

Recognize healthcare as an infrastructure component

Healthcare must be seen as an infrastructure component in the EU and the US, coupled with the political will to tackle common healthcare challenges. To this end, TABD welcomes the EU's decision to provide funds for healthcare infrastructure to the new EU members (see 7th Framework Programme 2007-2013).

Establish a high-representative for e-health in Europe

TABD recommends that the European Commission install a high-ranking representative for eHealth in Europe. The high-representative should coordinate the eHealth activities of DGs and national Ministries of Health – similar to the "Office of the National Coordinator for Healthcare Information Technology" (ONCHIT) in the US. TABD recommends the EU and US engage in a transatlantic dialogue to select and rank preferred, globally-used standards.

Convene a healthcare summit

TABD proposes that the US Administration and the European Commission convene a high-level healthcare summit with significant stakeholder participation from industry and governments. Focus: "quality up – cost down" in healthcare. Concrete examples should be used to show the benefit of e-health and other healthcare innovations.

HEALTHCARE SPECIFIC REGULATORY COOPERATION ISSUES

Internationalize standards

TABD recommends that the US Administration and the European Commission commit to common global industry standards for the exchange of healthcare information. This will accelerate the deployment of eHealth and facilitate the Electronic Health Record.

Eliminate regulatory barriers to healthcare innovations

TABD recommends streamlining the regulatory approval process in the US and the EU for core healthcare-related technologies (including healthcare IT, molecular imaging, medical nanotechnologies), including separating market approval from pricing/reimbursement decisions in order to bring innovations to the patient more quickly. Accurate and complete information about all healthcare issues, products and technologies should be strongly encouraged by government regulators and made accessible to patients.

Commit to a self-declaration process in the US

TABD recommends that the US also use the European process of self-declaration by the manufacturers under the Medical Device Directive (MDD) to ensure the safety of software products.