



August 8, 2012

The Honorable Wally Herger
Chairman, House of Representatives Ways and Means Committee
Subcommittee on Health
1102 Longworth House Office Building
Washington D.C. 20515

Re: Comments on “physician organization efforts to promote high quality care and implications for Medicare physician payment reform”

Dear Chairman Herger:

We appreciate the opportunity to submit our comments to the House of Representatives Ways and Means Subcommittee on Health regarding policies that move the Medicare payment system toward rewarding high quality, low cost care. On behalf of Gundersen Lutheran Health System, we strongly support policy initiatives to move away from fee-for-service healthcare and incentive value.

About Gundersen Lutheran

Headquartered in La Crosse, Wisconsin, Gundersen Lutheran Health System provides high quality health services to patients at its hospital and clinics throughout predominantly rural areas in western Wisconsin, southeastern Minnesota and northeastern Iowa. Gundersen Lutheran is an integrated, major tertiary teaching hospital, providing a broad range of emergency, specialty and primary care services and consistently ranked in the upper 5% of hospitals nationwide.

Gundersen Lutheran’s approach to healthcare is to improve the health and well-being of the communities served. Through this mission, we have developed innovative ways to keep our patients healthy—and out of the hospital.

Despite carrying out our mission to keep patients healthy and out of the hospital, the current healthcare system in the United States, particularly in public programs, do not reward quality and improved health. *In fact, the fee-for-service payment system rewards volumes—the quantity of procedures instead of outcomes.* However Gundersen Lutheran continues to demonstrate *value* is not a lofty, unobtainable goal, but a reality. Through this philosophy, Gundersen Lutheran has developed a unique approach to healthcare that serves as a model to where healthcare should be.

Through our innovation and approach to outcomes, Gundersen Lutheran and the La Crosse, Wisconsin region:

- Have gained recognition by the Commonwealth Fund as one of the top 10 regions in the country for overall healthcare, based on 43 different indicators of access, quality, and overall health.

- In addition to being recognized with top quality indicators, the Medicare Payment Advisory Commission found that La Crosse, Wisconsin region has the *lowest* utilization of healthcare services in the *nation* for Medicare beneficiaries.
- Developed and implemented a care coordination program that targets optimal utilization in our sickest patients, reducing costs by \$18,000 per patient over 24 months.
- Engages with patients on end-of-life planning to ensure their wishes, goals, and desires are honored. This is an effective way to utilize healthcare resources; following the directives of patients over 99% of the time is found to save 35% of costs in the last weeks of life.
- Teamed with the business community on reducing employee healthcare costs through a unique, on-site clinical partnership with major manufacturers that has significantly reduced employee healthcare costs.

Quality and efficiency

As an integrated healthcare system, Gundersen Lutheran's approach to delivering high quality care while improving efficiency and lowering costs has gained national recognition. Consistently ranked in the top 5 percent of healthcare organizations across the country by independent rating organizations such as Thomson Reuters, the Commonwealth Fund released a report scoring the La Crosse region in the top 10 in overall care provided to our patients out of more than 300 regions across the country. The study was based on 43 indicators of access, preventative care, avoidable hospital use, and population health.¹

Gundersen Lutheran is also conscious of the resources utilized in our public healthcare programs. The Medicare Payment Advisory Commission (MedPAC) provides research and analysis to the federal government on spending patterns and reimbursement recommendations for public healthcare programs. In their study on service utilization, La Crosse, Wisconsin was found to be the lowest utilizer of Medicare services in the nation.² These findings strongly indicate Gundersen Lutheran is caring for patients efficiently, using a care model that emphasizes the right care at the right time. That is why Gundersen Lutheran strongly supports public policies that move the healthcare payment system away from fee-for-service and reward outcomes and efficient use of resources. It is pivotal any reforms to the healthcare delivery system need to address quality and patient outcomes on how services are reimbursed. If this approach is not implemented, Medicare and other government subsidized insurance products will continue to misuse scarce funds and jeopardize the solvency of the Medicare Trust Fund.

Providing *value* to the patients we serve- examples of innovation

Care Coordination and the Patient-Centered Medical Home

Chronic diseases are significant drivers of healthcare costs. Gundersen Lutheran's innovative Care Coordination program guides patients with complex medical, social and financial needs through the process of healthcare, improves patient care and efficiencies, and lowers costs by helping patients manage their disease and stay as healthy as possible. We enrolled the sickest 1% to 2% of our patients who met the Care Coordination program criteria. These patients are some of our highest utilization patients. After using the Care Coordination program, patients have been shown to:

- Reduce their healthcare costs by approximately \$18,000 per patient over 24 months.

¹ The Commonwealth Fund. Rising to the Challenge, results from a scorecard on local health system performance 2012. Retrieved from <http://www.commonwealthfund.org/Publications/Fund-Reports/2012/Mar/Local-Scorecard.aspx>

² Medicare Payment Advisory Commission (MedPAC). Report to the Congress: Regional variation in Medicare service use. 2011. Retrieved from www.medpac.gov/documents/Jan11_RegionalVariation_report.pdf

- Use the healthcare system more appropriately, with fewer and shorter hospital stays and more preventive care—yielding a 55% decrease in inpatient-related charges.
- Receive the assistance they need to better manage their disease as their care coordinator helps them understand their illness, physician instructions, medications, etc.
- For every dollar Gundersen Lutheran invests in the Care Coordination program, we are reducing healthcare charges for these patients by approximately \$8.

Gundersen Lutheran is also pursuing National Committee for Quality Assurance (NCQA) status for certification as a Patient Centered Medical Home (PCMH). A PCMH is a care delivery model focused on primary care, where a patient is tracked by a team of professionals to ensure optimal levels of service utilization. Becoming a PCMH serving our rural service territory in Wisconsin, Iowa, and Minnesota will serve as a means of promoting continued value to our patients. In tandem with care coordination in chronically ill patients, the PCMH will improve the patient relationship with primary care providers to ensure needs are effectively met and the right care is delivered.

Advance Care Planning

As life expectancy has increased, so too have the multiple complications associated with chronic illness in the last years of life. Gundersen Lutheran leads the nation with an innovative advance care planning program, known as *Respecting Choices*, that provides the right healthcare to patients at the end stages of their lives. Featured on *Good Morning America*, *New York Times*, and *Washington Post*, our system improves continuity of care and quality of life while maintaining respect for patients' wishes. Understanding and honoring patients' wishes at the end of life is paramount to ensure they are receiving appropriate care that is aligned with personal choice and goals. This program was highlighted in a recently released book *Having Your Own Say, Getting the Right Care When It Matters Most*, edited by Gundersen Lutheran's Bernard Hammes and introductions by Senator Mark Warner and former Governor and Secretary Michael Leavitt.

Honoring patient desires and wishes at the end-of-life is an effective use of healthcare resources, and reduces the burden on family members that would otherwise have to make those difficult decisions. In La Crosse, 99.4% of patients at the end-of-life have an advance care plan easily accessible in their medical record,³ compared to the national average of fewer than 50%.⁴ Further research indicates following a program model similar to *Respecting Choices* by engaging with patients on their end-of-life care and following their wishes and desires reduces healthcare costs by 35%.⁵

Conclusion

Departing from the archaic fee-for-service payment system in Medicare is crucial to bending the cost curve of healthcare and achieving true health reform. With an incentive to provide volumes of care instead of value, Medicare costs will continue to substantially rise with lack of accountability. Gundersen Lutheran continues to demonstrate initiatives that are in the patient's best interest, but are counter to the economics of healthcare reimbursement that ultimately discourages such practices. As the largest payer of healthcare, we believe Congress taking an active role in public

³ Hammes BJ, Rooney, GL, Gundrum, JD. A comparative, retrospective, observational study of the prevalence, availability, and specificity of advance care plans in a county that implemented an advance care planning microsystem. *Journal of American Geriatric Society* 58:1249-1255, 2010.

⁴ Kass-Bartelmes BL, Hughes R, Rutherford MK. Advance care planning: preferences for care at the end of life. Rockville (MD): Agency for Healthcare Research and Quality; 2003. Research in Action Issue #12. AHRQ Pub No. 03-0018.

⁵ Zhang B, Wright AA, Huskamp HA, Nilsson ME, Maciejewski ML, Earle CC, Block SD, Maciejewski PK, & Prigerson HG. Health care costs in the last week of life: associations with end-of-life conversations. *Arch Intern Med* 169(5):480-488, 2009.

programs to achieve robust reforms in the Medicare payment system will transform our healthcare delivery system.

We appreciate the opportunity to comment. Please feel free to contact me with any questions.

Sincerely,

Michael Richards
Executive Director
Government Relations & External Affairs