



February 7, 2012

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

Re: Hearing on innovative quality and efficiency healthcare programs

Dear Chairman Herger and members of the Ways and Means Subcommittee on Health:

I write to you on behalf of Gundersen Lutheran to share with you one of our many innovative approaches to providing healthcare to our patients that incentive quality and efficiency of healthcare. I want to thank you for calling this important hearing on approaches to improving the health of our nation's population and incentivizing providers to deliver high quality healthcare.

Gundersen Lutheran is an integrated tertiary teaching health system headquartered in La Crosse, Wisconsin. Our locations cover Wisconsin, Minnesota, and Iowa along the rural stretches of the Mississippi River. We serve over one million patient visits per year and operate a tertiary care hospital, critical access hospitals, dozens of clinics, air and ground ambulance, a health plan and medical education program. Gundersen Lutheran is a Thomson Reuters Top 100 hospital and top scorer in many HealthGrades clinical areas.

Gundersen Lutheran is a strong supporter of reforming the current Medicare fee-for-service payment model to incent efficiency and quality of care. In promoting healthcare delivery to reward *value*, the current reimbursement system needs to move away from rewarding volumes of care. In essence, health providers should be incentivized to keep patients healthy, driving down the cost of healthcare while improving outcomes.

Approximately 5% of the United States population accounts for half of healthcare costs. It is important to improving the health of our nation that our efforts to reform the delivery system focus on chronically ill populations. At Gundersen Lutheran, we developed a Care Coordination program that guides patients through the healthcare process with complex medical, social and financial needs. Our program has demonstrated to improve the quality of care and lowers healthcare costs by helping patients manage their disease and stay as healthy as possible. A major study of Care Coordination programs published in the February 2009 issue of *JAMA* found a model that blended an emphasis on patient education along with a close working relationship with both physicians and hospitals achieved healthcare savings. That is exactly the model we have implemented here at Gundersen Lutheran—a model that the current fee-for-service reimbursement system does not incentivize.

At Gundersen Lutheran, we chose to enroll 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.

External Affairs Department 1900 South Avenue, Mailstop: C01-011, La Crosse, WI 54601
Email: ExternalAffairs@gundluth.org Phone: 608-775-1400 Fax: 608-775-6225

- Use the healthcare system more appropriately, with fewer and shorter hospital stays and more preventive care.
- Receive the assistance they need to better manage their disease as their care coordinator helps them understand their illness, physician instructions, medications, etc.

In sum, on behalf of Gundersen Lutheran, we continue to support efforts to reform the current Medicare reimbursement system to move to value. Our care coordination program is an innovative approach to reducing healthcare costs while ensuring the optimal level of service utilization. We thank you for calling this hearing and look forward to continue working with the House Ways and Means Committee on developing innovative approaches to delivering healthcare.

Please feel free to contact me with any questions.



Michael D. Richards
Executive Director of External Affairs
Gundersen Health System