

Healthcare:

The bad, the ugly, and the
not-so-good (but improving).

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Bryan Noon Rotary Club Presentation

Oct. 17, 2012

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**Healthcare is
financially
unsustainable
in its current
form.**



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The Bad - Historical perspective:

Medicare (Federal Program)

- Implementation -1965 for those over age 65
 - life expectancy was 62 years and was developed to take care of widows and outliers
- Today – life expectancy is 81 years
- There is now a 16 year increase in the general funding of the program gap

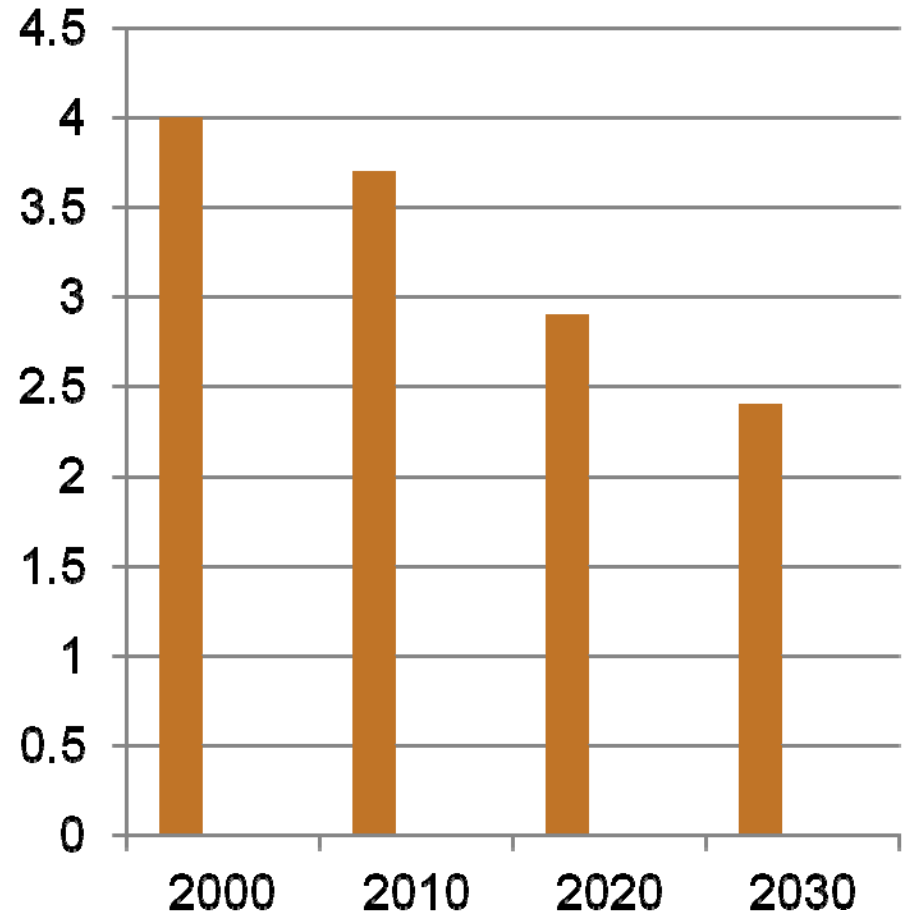
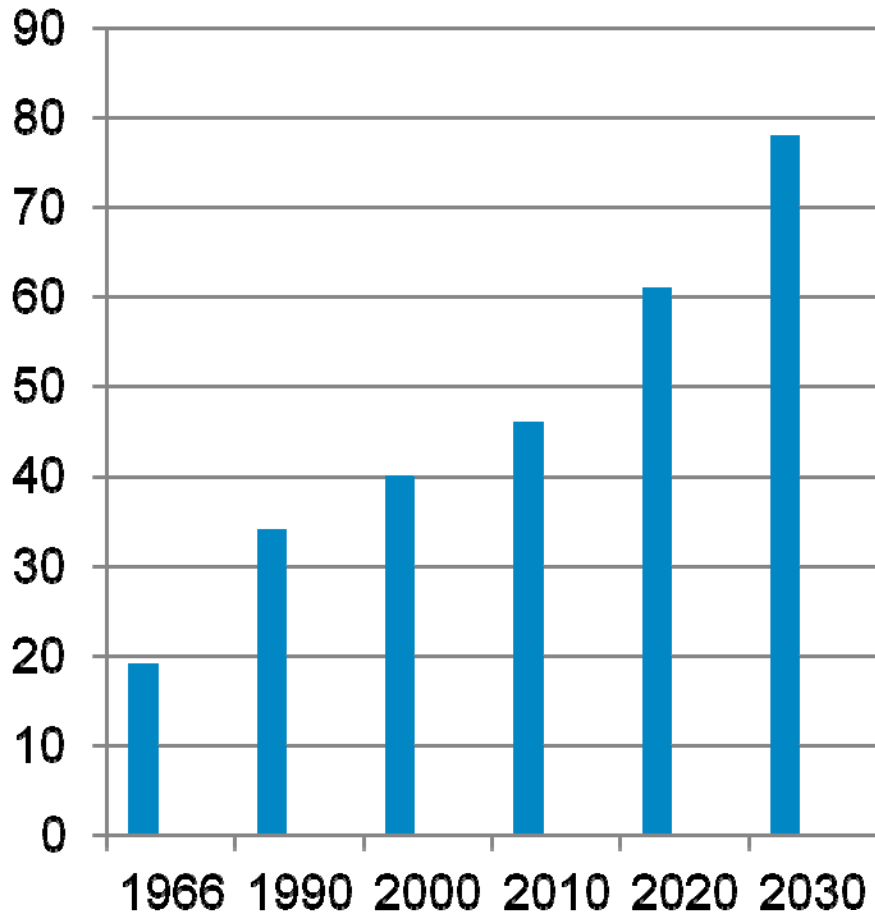
Medicare (continued)

- Spend in 1965 - **11%** of the federal budget
- Spend in 2011- **23%** of the federal budget
- Medicare spend in 2010 - \$523B
- Medicare spend in 2020 - \$932B

Medicare (continued)

- Enrollment:
 - 47 million today
 - 79 million in 2020
- There needs to be 3 workers to each retiree to currently fund the program

Medicare Population compared to # of workers



Source : 2001 & 2005 Annual Report of the Boards of Trustees of the Fed Hospital Ins and Fed Supp Medical Ins Trust Fund

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Medicare (continued)

- Medicare at its current pace will be insolvent by 2024
- Medicare unfunded obligation today is \$13.4B

Medicaid

- Implementation – 1965
 - Designed as a safety net program Population
 - Covered was 500,000 and less than \$1B budget
- 2012 - 52 million people covered
 - Nationally 1 out of every 5 people in the country is covered by Medicaid; 1 out of 4 people in some states
 - Federal and State spending \$400B
 - If we continue to administer in the same spending will double in the next 10 years

The Ugly

Medicare and Medicaid budget is larger than the defense budget.

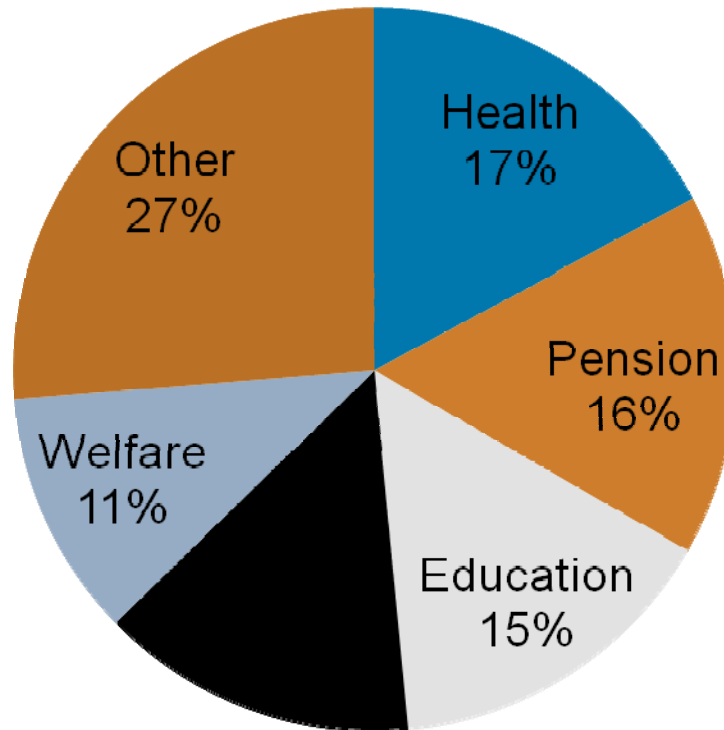


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Total US Government Spending

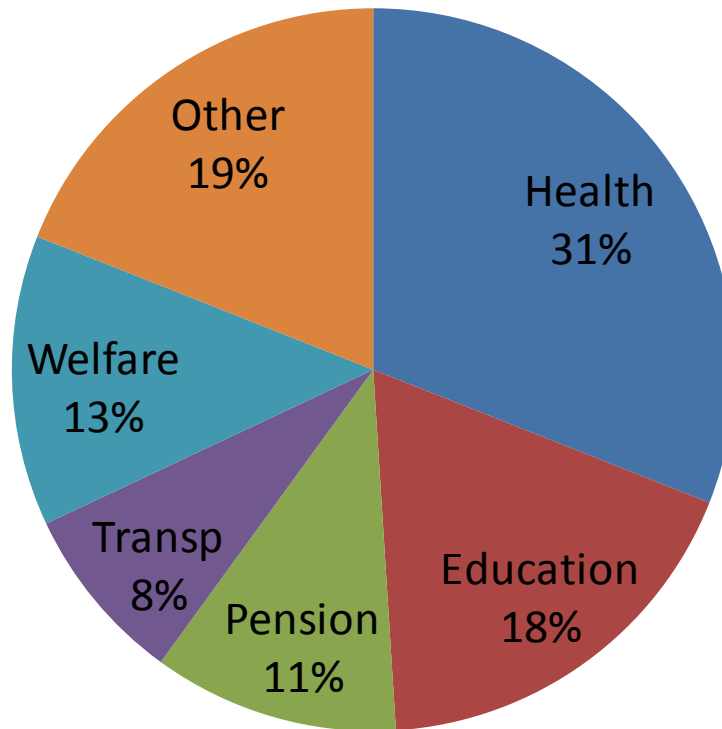
FY 2012 - \$6.28 Trillion



Source: [usgovernmentspending .com](http://usgovernmentspending.com)

Total Average State Spending

FY 12 – 1.40 Trillion



Source: usgovernmentspending.com

**Identified cost of
inefficiency in
healthcare is estimated
to be
\$600-650 billion
annually.**

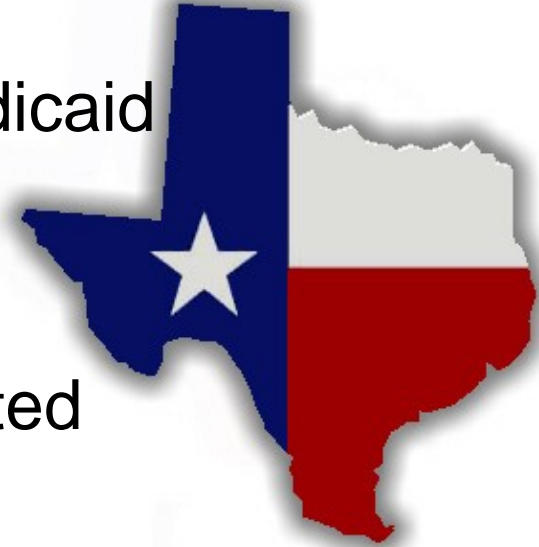


Where is the Waste?

Category	Annual Cost
Failure of care delivery	\$102-\$154B
Failure of Care Coordination	\$24-45B
Overtreatment	\$158-\$266B
Administrative Complexity	\$107-389B
Fraud and Abuse	\$82-272B

Texas

- 25-30% Uninsured
 - The highest number of any state
 - Largest number of Medicaid recipients among states
- The reimbursement to hospitals for Medicaid patients is 52 cents to \$1 of cost
- The fastest growing population is the uninsured, underinsured & undocumented
- Only 40% of physicians are accepting new Medicaid patients



...and the not so good (but improving)

New Strategies for managing care

- Population Management
- Behavioral Economics
- Role of the Healthcare Advocate
- Continuity of Care



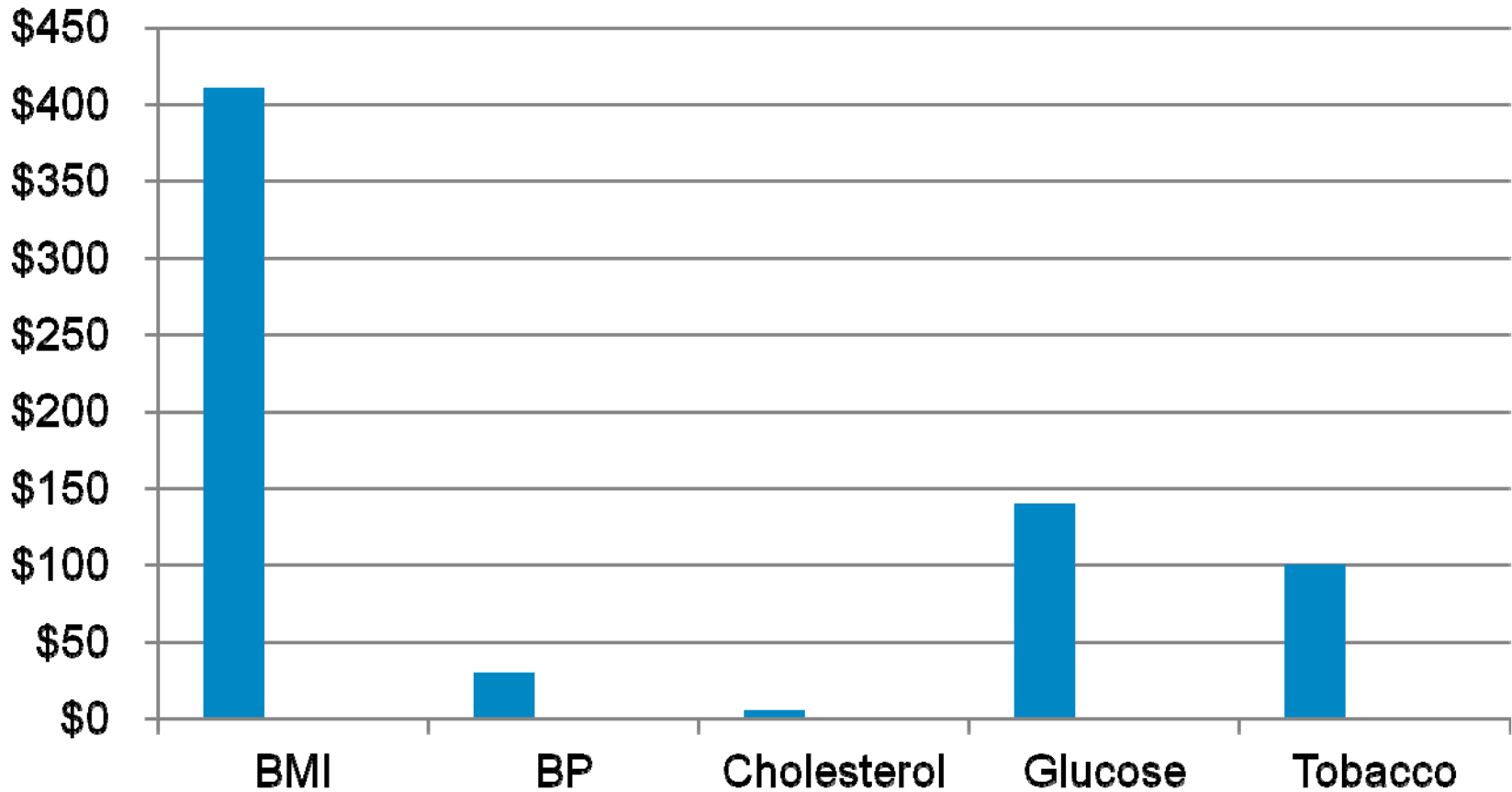
Population Health



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Cost of Risk factors



Source line here

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Behavioral Economics



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Role of the Advocate Influencers



#1 Family



#2 Physician

Care Continuum

- All must have a medical home
 - Over 40% of the patients that show up in urgent care centers or ED do not have a Primary Care Physician
- Team approach to care
 - Care coordinated through the system and hand offs
- Coordinated and integrated care
 - Electronic medical records that talk to each other
- Quality and Safety
- Access
 - Extended hours, better communication
- Payment
 - Recognizes value

Access to Care

ACHE policy statement:

- No person should be denied necessary healthcare services due to an inability to pay.
- Access to care is a shared responsibility of healthcare organizations, governmental programs and agencies, community groups and private insurance.
- The law is not perfect; there needs to be continued work by patients, providers, insurance companies, and government to increase access, improve quality and control cost.

6 steps

External :

1. Implementation of ACA at federal level
2. Implementation of ACA at the state level
(Medicaid expansion under fire)

- Implementation is not possible without support throughout the community
- Other providers, local gov't's and businesses, and community organizations will be key to successful implementation – we must strengthen ties with these organizations.

6 steps

Internal :

3. Strengthen relationships with our clinicians
4. Requires true partnerships between physicians healthcare organizations
5. Continue to enhance patient safety and quality efforts
6. Reducing health system cost structure

Questions?

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