

### SATURDAY INTERVIEW

# A Plan to Improve Health Care And Limit Costs

By ELIZABETH OLSON

**T**HE issue of health care costs usually comes up for discussion right after the economy as costs for businesses and consumers continue to climb. The Blue Cross Blue Shield Association insures 102 million Americans — one in three people — and has networks that include 90 percent of the nation's providers and 80 percent of its hospitals.

The association's board just adopted a four-point initiative aimed at containing health care costs and improving care. The goals range from eradicating hospital infections to pushing for health care coverage for everyone. From Chicago, Scott Serota, the association's president and chief executive, recently discussed the new goals:

**Q.** *What was the impetus for adopting a new plan of action, and why now?*

**A.** Much of what is discussed in virtually all forums as health care reform is really health care financing reform. We really have not gotten sufficient national attention on the real underlying issue, which is that the entire health care delivery system needs to be modified. We, the Blues, feel we should try to drive toward a vision for the health care delivery system which we can move collectively forward with our partners.

**Q.** *One of your goals is to cut the prevalence of diabetes in half. Why did you select that?*



SCOTT SEROTA

**A.** There are 57 million Americans today who are prediabetic. The cost of treating it is \$116 billion annually. We treat it pretty well, but there are tangible things we can do in the areas of obesity, weight management, nutrition, fitness and health risk assessment to reduce the incidence of diabetes. We can cut that 57 million number in half and make a dramatic impact not only in the delivery system costs but in people's lives.

**Q.** *Your second point is more affordable health care. How do you translate that sweeping goal into something concrete when costs are steadily mounting for both businesses and individuals?*

**A.** We're not saying the cost of health care will go down. It won't. Our goal is that health care costs rise no faster than any other goods and services. The essential fundamental to getting there is improving the underlying system because 30 percent of care rendered today, according to some studies, is unnecessary, redundant and, in some cases, even harmful. We need to get waste out of the system. That means \$700 billion in a \$2.4 trillion system.

**Q.** *When you say waste, what do you mean?*

**A.** I'm talking about a whole battery of things like duplicative testing such as two M.R.I.'s instead of one or hospital-acquired infections. The cornerstone of how we get at this is creating a comparative effectiveness institute to study what treatments really work best for a given condition — and letting everyone know what works. There is legislation on this pending in Congress.

**Q.** *Medicare just announced it would stop paying hospitals to treat patients harmed by care, like being given an incompatible blood transfusion. One of your goals addressed that — to eradicate so-called "never events" — but is that the cart following the horse?*

**A.** Not paying for them is the end point. If they are no longer getting reimbursed for those costs, institutions will be very aggressive in eliminating those events. There are some Blue plans that are not paying for those events.

**Q.** *Why haven't more Blue plans limited reimbursement for hospital-caused problems?*

**A.** More will. We're trying to figure out mechanisms to help them improve their performance. Then we'll tie reimbursement to performance. These events are a huge problem where we haven't made a lot of progress over the last 10 years. We have to fix it, then adjust the financing.

**Q.** *An ambitious point you have adopted is to ensure that everyone has health care coverage. What specific steps can Blue Cross Blue Shield take to solve something that has remained so elusive?*

**A.** We believe that every American should have coverage, but 45 million don't have it. The reasons are not the same, but if coverage is affordable, more people will be able to buy it. We also need to work with people who are eligible for government programs but are not enrolling. And we need to develop new products like high-deductible plans to attract people like the "young invincibles" — who think they will never get sick — and get them in the habit of buying coverage.

**Q.** *Do you support proposals like the one from the Republican presidential candidate John McCain that move away from the employer-based system?*

**A.** It is essential that we continue to support the employer-based system because 162 million Americans today get their coverage through their employer. We

should not disrupt this important piece. Employers provide significant financing and they keep us on our toes.

**Q.** *How do you plan to get others in the health care industry to sign on and help achieve your newly adopted goals?*

**A.** Conversations, dialogue and meeting with trade association leaders. These are goals for all of us. We are insuring one-third of all Americans so we need to step out and provide leadership with real actionable steps.

**Q.** *Do you have any near-term — like one-year — benchmarks to measure whether the Blues are making progress in meeting each of the new goals?*

**A.** We will have annual benchmarks that we will put out. We believe that what gets measured is what gets done.