Practice Trends

Does Consumer-Driven Care Improve Quality?

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WASHINGTON — The trend toward consumer-driven health care will ultimately improve overall health care quality, Regina Herzlinger, Ph.D., said at a consensus conference sponsored by the American Association of Clinical Endocrinologists.

Dr. Herzlinger, professor and chair of business administration at Harvard Business School, in Boston, contrasted the

health care industry with the automotive industry. The automotive industry, which is already consumer-driven, is deflationary and features increasing product quality, lots of available product information, and widespread ownership. The health care industry, on the other hand, is not consumer-driven and is characterized by inflation, unknown quality of care, and 46 million people without health insurance.

She noted that what helped the automotive industry along was the presence of entrepreneurs, who ended up being richly rewarded for their efforts. For instance, Henry Ford, founder of the Ford Motor Co., created a new, less expensive form of steel from which to make cars. "Within a decade, car ownership went from 10,000 to 1 million," she noted.

Although Mr. Ford and other automotive industry pioneers were rewarded, innovation in health care is not well rewarded, Dr. Herzlinger continued. As an example, she cited the case of Ralph Snyderman, M.D., who came up with the idea of integrating the care of patients with heart failure by organizing care teams. "In 1 year, he lowered the costs by 40%," she said.

And what was his reward for doing so? "He lost the entire savings, because the health care system does not pay for making sick people better. It pays for days in the hospital, for doctor visits, for components of care. So the healthier he made people, the fewer people went to the hospital, the fewer doctor visits there were, and the more money he lost. Right now, if you're a Henry Ford, you're punished, and we have very poor quality," she said.

With consumer-driven health care, different products will be developed to respond to the needs of different consumers, she continued. And insurers will realize they can be rewarded for considering consumers' longer-term needs.

"I want a 5-year insurance policy. I want my insurer to really care about my longterm health," Dr. Herzlinger said. Switzerland has 5-year insurance policies, she noted, "and if, at the end of the 5 years, you're healthier than would have been predicted at the beginning, you get 45% of your money back. How's that for a good deal for the insurer, the provider, and the customer?"

Dr. Herzlinger predicted that it will become commonplace for insurers to offer integrated team care for chronic diseases. The teams "will be wired, they'll be focused, and they're going to be paid for the fact that they're dealing with sicker people," she said.

Offering such teams will be a matter of "simple economics," she continued. "You're the insurer; 80% [of your money] goes for sick people. If you want to make it cheaper and better, how better to make it cheaper and better than to go to these organizations?"

Under a consumer-driven health care system, physicians will be paid based on outcomes, "and there will be long-term contracts so you don't look at your patients in a 1-year kind of window," she said. "Investments in self-care early on will be rewarded."

One big driver behind consumer-driven health care will be aging baby boomers, a group that Dr. Herzlinger called "the most narcissistic, self-centered, empowered, and effective cohort we've ever had in the United States. The idea that this group isn't going to get what it wants, that's fantasy. They want [doctors] to integrate themselves, seize control of the system, and help patients care for their chronic diseases.'

She took issue with the notion that consumer-driven health care plans will be disadvantageous to sick people. "Quite the contrary. It will finally focus attention on sick people. Right now it's in the incentive of the insurers to get rid of sick people and not to pay people who treat sick people well. But if you go to a consumer-driven system with risk-adjusted prices, the sick will be very attractive kinds of entities."

She also disputed the notion that only those who can afford high-cost plans will get the highest-quality health care. "In the car market, what is the best car in the U.S.? Toyota," she said. "Is that the highest-cost car? Not by a long shot."