Banking on Healthcare – What VISA Learned 30 Years Ago Points the Way for a 21st Century Healthcare System

a report by
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US Congressman

Based on the findings of the Institute of Medicine, avoidable medical errors kill up to 98,000 Americans each year in hospitals. The likelihood of a patient being injured by negligence during a hospital stay is nearly 40% greater that the likelihood of an airline mishandling a passenger's luggage. The chance of dying from simply being in a hospital (not due to illness that put the patient there) is 40 times higher than driving in a car, and 20 times higher than flying in a commercial aircraft. A major contributing factor to medical errors is the lack of information at the time and place of medical service.

Every doctor wants to do the right thing, but all too often they have to deal with incomplete pieces of a patient's medical history. Beyond that, medical knowledge is advancing at the speed of light. Approximately 23,000 medical journals are published each year making it impossible for a physician without electronic decision support to stay current. No wonder professional studies have shown it can take 15 to 20 years for doctors and hospitals to incorporate new scientific evidence about drugs and devices into their practices.

To make matters even more challenging, everyone – from the federal and state government to employers and employees – is feeling the unrelenting and increasing burden of healthcare costs. Healthcare consumes 14% of the gross national product, and that percentage continues to increase. Medicaid alone averages 20% of state budgets and is growing so fast that many states are trimming the rolls of those eligible.

The nation needs a coordinated campaign to lower costs, improve quality, and increase access. It needs to weed out bad care and improve existing care by deploying information technology through an interoperable data network for healthcare that protects patient privacy. So what is being done about it?

The federal government has several departments that are working separately to create their own viable network. These include the National Health Information Infrastructure, the Centers for Disease Control, the Food and Drug Administration (FDA), the Centers for Medicare and Medicaid Services, the Homeland Security, and the Veterans Administration. Meanwhile, a dizzying array of state networks exists, most of which remain either manual or partially electronic, but are not integrated. In the private sector, individual payers have their own administrative networks and are creating 'pay for performance' (P4P) clinical outcomes networks. Pharmaceutical organizations are starting to build clinical information networks, and individual communities across the country are attempting to build their own local clinical networks.

As far as we can tell, none of these efforts are focused on ensuring the long-term survivability of these networks, or on ensuring true interoperability. Therefore, the nation will likely find itself in a situation where neighboring communities have constructed expensive networks that do not talk to one another, have insufficient support from the consumers, physicians, hospitals, and other providers in the community, and have no viable means of generating enough funding to stay afloat when the grant dollars run out. This seems to be duplicative, chaotic, and expensive.

Let me be clear, a lack of technology is not the problem. Instead, it is an organizational dilemma, which if solved, can facilitate a dramatic transformation in the healthcare system. Streamlining this information process will reduce costs and prevent medical errors, while protecting the privacy of patients and providers.

The healthcare system needs a viable organizational model wrapped around a flexible, interoperable network that can accommodate the individual needs of every user or community; regardless of vendor, application, or platform. The governance of this organization must be controlled by those who use and benefit from it (e.g. consumers, physicians, hospitals, etc). It must provide important safeguards in the areas of privacy and security, by way of a set of commonly adopted principles for cooperation. The organization must oversee the backbone of communications and set standards that enable interfacing between providers and communities. This will shift the competitive landscape away from competing on which organization has patient data to how well each provider uses that information to improve patient care and convenience.

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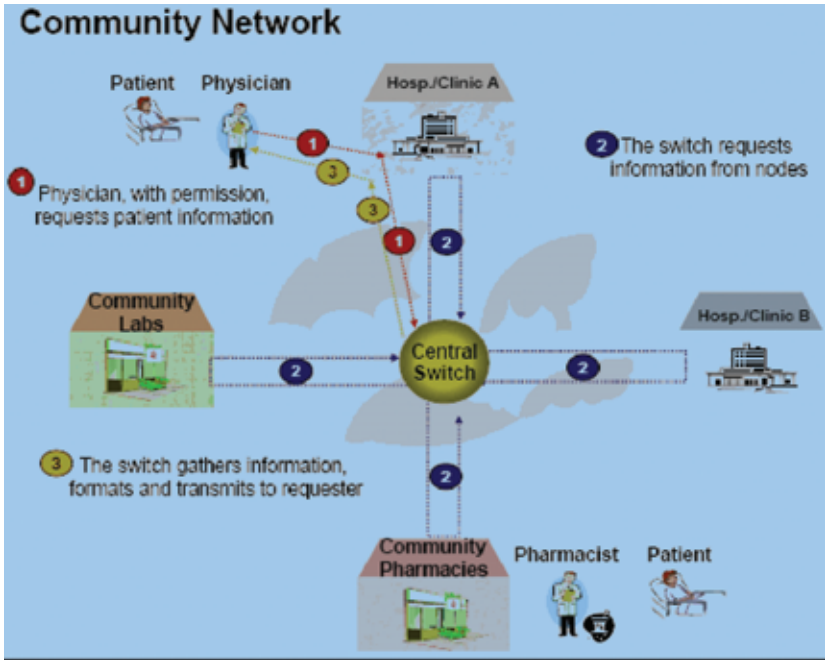
Sam Johnson is on both the prestigious House Ways & Means Committee and the powerful Education & Workforce Committee. On these committees, he is able to influence key healthcare issues by serving on the Ways & Means Health Sub-committee and chairing the Education & Workforce Employer–Employee Subcommittee. Since he was elected to the US Congress in 1991, he has consistently advocated smarter government and using market principles to improve healthcare in the public and private sectors. Prior to serving in Congress, he had a remarkable military career, owned a home-building business and served on the Board of Directors for Plano General Hospital.



Where Does One Find Such a Model?

More than 35 years ago, the banking industry was in a similar situation with its new credit card departments and duplicative networks. Each bank was sustaining enormous financial losses trying to build and maintain its own proprietary credit card network. Each one had the false hope that its competitors would pay to ride its proprietary network instead of building another network.

At the point of financial collapse, a novel organizational solution emerged – banks would share a common infrastructure linking otherwise unrelated consumers, merchants, and banks in the secure and private exchange of credit card financial information among the members of all the participating banks. A private collaborative organization (VISA) was charged with this responsibility, and was able to overcome the lack of trust among competitors by letting all member banks participate in the governance of the private sector organization without letting any single bank or group of banks control it. Now the cost of a VISA credit card transaction is less than a single cent.

Dee Hock, the legendary founder of VISA, in an address to physicians at the California Medical Association's Leadership Academy in 2001, said "Any one of you will set out virtually anywhere in the world with a sliver of blue, white and gold, poly-vinyl-chloride in your pocket with complete confidence that you will be transported, housed, fed, clothed, and entertained, with all the complex information that requires—currency conversions, language translations and financial settlements handled within seconds with 99.999% accuracy. How can it be that you cannot provide anything remotely comparable if I walk down the hall or across the street between practitioners and facilities, let alone have the temerity to become ill or involved in an accident in another town or country?"

Four years has passed since that challenge was posed, and the question remains unanswered. Worse still, instead of learning from the success of the banking industry, the nation is about to repeat its mistakes. The true barriers to sharing clinical information in every community are as follows:

- no trusted third party to ensure that the rights of each party (patient, physician, hospital, pharmacy, etc) are protected; and
- no viable economic business model to pay for the deployment and on-going operation of the network.

A model for overcoming these barriers already exists; in fact, it has existed since 2001. The non-profit, 501(c)(3), Patient Safety Institute (PSI) has a demonstrated, functioning clinical data sharing model that is accepted (indeed relied upon) by the physicians who use it every day; it has a Board of Directors made up of some of the most respected consumer, physician and hospital advocates in the nation; and it has developed a sustainable economic model for communities who participate. PSI has successfully developed and deployed its technological model using the latest open-architecture technology that links patient-centric clinical information from disparate healthcare providers at the point of clinical contact.

This technical solution has been in continuous service in the Seattle area since early 2003 and continues to expand its reach, providing otherwise unavailable clinical information to physicians quickly and securely (see picture).

Senior government officials and experts from across the country have examined it and affirmed that the model is viable and scalable on a national basis. The Institute has a set of operating principles that apply to all those participating and is working with a number of communities across the country to facilitate knowledge and technology transfer as those communities prepare to implement their own regional health information organizations (RHIOs).

Most importantly, the Institute – with consultation on organization matters by VISA founder Dee Hock – has tackled the most difficult issue that local communities are facing, which is how to ensure the economic viability of their networks. Briefly, the business model will produce sufficient funds to cover the costs of building and operating the statewide or local community network through a system of value-based user fees leveraging national economies of scale on behalf of individual communities. This model, pioneered by VISA in the late

1960s, allows each network user to pay for its use (as sanctioned by the Institute's board) according to the user's economic benefits.

For instance, healthcare plans would save billions if emergency room doctors had realtime access to the patient's current medications and medical history including laboratory and other diagnostic test results that would not have to be repeated in the hospital. The cumulative value of the economic benefits is more than enough to finance the implementation and operation of the network and to enable consumers and providers to participate for free. The Institute is on the verge of being able to prove its economic viability in various communities throughout the country; what remains to be seen is how fast it will be accepted as the solution nationwide.

While there are many good ideas and theories being generated about how to address the sharing of clinical information, the Patient Safety Institute has quietly gone about the business of applying the real-world lessons learned by the banking industry to the similar problems faced by the healthcare industry. As a private sector, consumer-centered, non-profit organization with a representative board of national stakeholder leaders, based on the successful VISA model, the Institute holds great promise for healthcare and the country. ■

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