

0513

Brackbill, Robert

From: Stanley Holbrook [sholbrook@TRCIL.ORG]
Sent: Thursday, April 12, 2012 12:50 PM
To: Brackbill, Robert
Cc: Stanley Holbrook
Subject: RE: Testimony
Attachments: Holbrook%20testimony[1].doc

Mr. Brackbill, I omitted my address on the testimony forwarded to you earlier. I can shorten the comment if need be.

From: Stanley Holbrook
Sent: Thursday, April 12, 2012 12:10 PM
To: rbrackbill@pa.gov
Cc: Stanley Holbrook
Subject: Testimony

I would like to testify at the West penn Highmark hearing on the 17th. Attached is my testimony

26

My name is Stanley A. Holbrook, President and CEO of Three Rivers Center for Independent Living. My address is;

135 crescent gardens Drive, Pittsburgh, Pa 15235.

I am here representing the constituency I serve (people with disabilities) as well as the board based community.

I would like to begin my testimony with a general statement;

Health care is on a collision course with patient needs and economic reality. In today's dysfunctional health care competition, players strive not to create value for patients but to capture more revenue, shift costs, and restrict services. To reform health care, we must reform the nature of competition itself. Redefining Health Care provides an overall framework for diagnosing and solving this immense problem, with detailed action steps for all participants in the health care system.

Some have argued that competition does not work in health care because health care is different: it is complex, consumers cannot understand medical practice, services are highly customized, and insurers, employers, or government pay for most of the care.

Others have argued that the problem in health care is too much competition. Competition is blamed for duplication, excess investment, and wasteful administrative costs. Competition from specialized hospitals or specialized outpatient facilities is seen as draining revenues from community hospitals. Competition among physicians is seen as driving the overprovision of services.

We have a problem in Western PA that may grow into epic proportions if there is no intervention

Zero-Sum Competition

It appears that the Health care struggles we are about to face in western PA (competition) is not focused on delivering value for patients. Instead, it has become zero sum: the system participants struggle to divide value when they could be increasing it. Although health care offers tremendous value, the unnecessary costs of zero-sum competition undermine and erode that value. It is the zero-sum competition in health care that has created the unacceptable results detailed in Scoping the Problem: high costs, low or variable quality, under- and overtreatment, too many preventable errors in diagnosis and treatment, restrictions on choice, rationing of services, limited access, and a raft of costly lawsuits.

Zero-sum competition in health care is manifested in a number of ways, none of which creates value for patients:

- Competition to shift costs
- Competition to increase bargaining power
- Competition to capture patients and restrict choice
- Competition to reduce costs by restricting services

Healthy competition is competition to improve value for customers, or the quality of products or services relative to their price. It leads to relentless improvements in efficiency. Product quality and customer service improve. Innovation propels advances in the state of the art. Quality adjusted prices fall, and the market expands and more customer needs are met. Choice expands as firms work to distinguish their products or services from others. Excellent firms prosper while firms with low quality, poor service, or high costs decline or go out of business unless they make fundamental improvements in the way they operate. This is what value based competition looks like, but it is a far cry from what we see for the future of our health care system

Health care competition must be transformed to a value-based competition on results. This is the best way, and the

only way, to drive sustained improvements in quality and efficiency

Value-based competition on results is a positive-sum competition in which all system participants can benefit: When providers win by delivering superior care more efficiently, patients, employers, and health plans also win. When health plans help patients and referring physicians make better choices, assist in coordination, and reward excellent care, providers benefit. And competing on value goes beyond winning in a narrow sense. When providers and health plans compete to achieve the best medical outcomes for patients, they pursue the aims that led them to the profession in the first place.

I am here today because I am looking for a win-win for all of the consumers as well as our health system;

1. We must preserve West Penn Allegheny Health System (WPAHS) to maintain provider choices for consumers and to assure values based competition among viable health care delivery systems.
2. If there is no choice of providers for consumers and a lack of competition among providers:
 - a. Physicians will have little to no choice where or how they practice medicine and potentially leave the region to practice elsewhere; and
 - b. Costs will rise.
3. If costs rise, the whole community suffers.
 - a. Employers will struggle to continue to provide benefits.
 - b. Ultimately, patients will go without needed care.
 - c. We all need to work together to win!
4. In addition to preserving choices and controlling costs, the Highmark/WPAHS affiliation will greatly benefit the local economy, protecting the livelihood of thousands of

Western Pennsylvanians that work within WPAHS and the local businesses that provide goods and services to the health system. We can win!

The Rising costs of health care for consumers especially those who are poor or are people with disabilities may not be able to afford the proper care they need to live productive lives. You see access to affordable health care is desperately needed in eliminating health disparities. In addition to issues of access that affect people regardless of disability status, persons with disabilities encounter unique challenges in accessing health care. For persons with disabilities, "accessibility" describes the usability of a product or service regardless of age, body dimension, or disability status.

- If choice is not preserved, it will result in much higher health care costs for the region. Which would facilitate zero sum competition in our region
- Employers will struggle to continue to provide adequate health insurance benefits and consumers/patients will go without needed care.
- Real competition among viable health care systems is critical to improving quality, expanding access and containing health care costs.

As I said earlier in my testimony, Healthy competition is competition to improve value for customers, or the quality of products or services relative to their price. It leads to relentless improvements in efficiency. Product quality and customer service improve. Innovation propels advances in the state of the art. Quality adjusted prices fall, and the market expands and more customer needs are met.

- I respectfully ask the commissioners to swiftly act and save the WPAHS/Allegheny hospitals, which are important, high-quality community assets.

- Thomson Reuters has identified WPAHS as one of the 57 top-performing health care systems in the U.S., based on quality, safety and patient satisfaction.

In doing so, you preserve consumer choice and facilitate a positive sum of values based competition where every one wins! Thank you