

Medical Homes Conference at NJHA March 3, 2010
Commissioner Poonam Alaigh, MD

Intro

Good morning. I want to thank Betsy and the entire NJHA administration for inviting me to join this important conference. NJHA provides strong representation for every aspect of what comprises the backbone of New Jersey's health-care system: its hospitals.

On behalf of Gov. Christie I want to thank NJHA for their leadership in ensuring quality health care in our state. The Governor has demonstrated his strong support for our hospitals by increasing state aid to them by \$20 million in the proposed budget. Additionally, through the ongoing Red Tape Review Group, the Administration is providing relief to the hospital industry by constant and responsible vigilance over burdensome and redundant regulations. The Governor and the Department is committed to working with groups like NJHA and hospitals to support their efforts to improve health care in our state.

Today is a great example of how NJHA reaches beyond the boundaries of the traditional "hospital" paradigm to think about the system as a whole. They are truly seizing the moment and pushing for a bold vision of what role medical homes and Accountable Care Organizations (ACOs) will play in the movement to reform the health care system. They understand that hospitals need to be champions for this transition, banding together with providers to assume joint responsibility for both the quality and cost of health care for specific populations...better coordinating medical services and improving patient care and health.

Spending a day focusing on the medical home is a great way to think broadly about all the health care sectors and work together toward a common goal that improves overall health care delivery.

Medical Homes

The "medical home" is one of those ideas that we have been talking about for a long time in health care. Like most of these concepts, it has proved to be easier said than done.

Through the work of many hospitals and providers here in New Jersey, however, we have learned there are 4 components to the medical home "fix":

1. Enhancing prevention and early intervention services to prevent health conditions from becoming chronic conditions.
2. Improving the management of chronic conditions for the 45% of the population with one or more chronic conditions whose treatment accounts for the majority of costs in the current system.
3. Reducing errors and waste in the system.
4. And reducing incentives for high-cost, low value, procedure-based care.

Beyond just providing a healthier population, these "fixes" can help us address rising health care costs.

Health Care Spending, Growth & Opportunity

Nominal health spending will double in the next 10 years from \$2.5 trillion in 2009 to \$4.6 trillion in 2019. Whereas health spending in 2009 constituted 17.3% of GDP, it is projected to grow to 19.6% of GDP in 2019.¹ If current trend continues, health care as a proportion of GDP could rise to 37% in 2050.²

Medical homes and ACOs provide an opportunity to rein in these costs. Where does the opportunity lie? Consider the following:

1. Hospital Readmissions—
 - a. 1.1M of 6.7M Medicare admissions result in 30-day readmits;
 - b. 250,000 of 2.8M non-elderly Medicaid discharges are readmitted
2. ED Utilizations
 - a. There are more than 117M Emergency Department visits/yr & 56% of ED visits were Ambulatory Care Sensitive (ACS) visits;
 - b. More than 70% of Medicaid ED visits are potentially avoidable
3. Hospital Acquired Conditions
 - a. 1.7M patients are affected by hospital-acquired infections/year, which cause or contribute to 100,000 deaths/year
4. Adverse Drug Events
 - a. There are more than 770,000 injuries or deaths/yr from Adverse Drug Events in hospitals
 - b. It is estimated that 28-95% of ADEs are preventable by reducing medical errors
5. Influenza
 - a. There are 5,500 flu deaths/year (avg) among patients over 65 years old;
 - b. 55-60% of seniors immunized for flu
6. Colorectal Cancer
 - a. There are 140,000 colorectal cancer diagnoses/year and 53,000 deaths/year
 - b. 60% (32,000) of those deaths are potentially preventable
7. Lung Cancer
 - a. There are 200,000 lung cancer diagnoses/year;
 - b. 90,000 deaths/year; 80%-90% are attributable to smoking

You can see there is large opportunity to reduce costs and prevent illness through a medical home approach.

Role of the State

In New Jersey, we are going beyond the established definitions of a Medical Home and identifying it as an approach to health care. Through our regional planning with organizations like the Greater

¹ Sisko et al. "National Health Spending Projections: The Estimated Impact of Reform Through 2019." *Health Affairs* 29.10 (2010)

² Christopher et al. "Health Spending Projections Through 2019: The Recession's Impact Continues." *Health Affairs* 29.3 (2010): 522—29.

Newark Healthcare Coalition and the Department's Center for Health Innovations, we are also building a Medical Home toolkit, which is the infrastructure to support a Medical Home approach. As many of you know, Medical Home is a team approach to health care, guided by quality standards. A Medical Home requires all professionals involved in an individual's care to operate as a team. Families must be critical members of that team through education and mentoring; and all team members must understand the importance of quality, coordinated medical health care.

The Department and our local public health agencies have the role of providing the "Core Health Functions" of assessment, policy development and assurance through the "Ten Essential Services of Health" such as---developing policies and plans that support individual and community health efforts; enforcing laws and regulations that protect health and ensure safety; and monitoring health status to identify community health problems. Through our regional planning and Center for Health Innovation efforts, these services are being applied in the construction of the Medical Home toolkit.

The Department's objectives in developing a medical home toolkit are to:

1. Identify the structure and infrastructure necessary to support local implementation of a Medical Home.
2. Apply the core health functions and the essential health services to the development of local Medical Homes in collaboration with local public health agencies.
3. And to support application for federal grant funding to assist in the development of Medical Homes and measure its impact on the quality and cost effectiveness of health care services.

The creation of the Center for Health Innovations, which will be a collaborative assemblage of health stakeholders and organizations, will help to strengthen health in New Jersey by building capacity within participating organizations as well as connecting its members. Through the Center for Health Innovation, toolkits, best practices, education, and Medical Home mentorship can evolve. We plan to have our inaugural meeting later this month and I hope many of you in this room will join us as we explore strategies to enhance health care in our state.

Closing

Partnership will be critical to transforming the health care system. This forum is an important step in examining how the medical home model can be used in New Jersey to enhance health care. Joining together we can promote this patient centric approach across the state and ensure we comprehensively and holistically manage New Jersey patients' health and increase coordination, quality and efficiency of health care delivery.