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Good morning Mr. Chairman and Members of the Committee, thank you for the opportunity to be here with you today. My Name is Mark Kestner, I am the Chief Medical Officer of Alegent Health; today I want to give a brief overview of Alegent Health's experiences with prevention and wellness. We are both a large employer and a substantial provider of healthcare, which gives us a unique perspective on these issues. In both roles, we have made it our goal to partner with people to proactively manage their health, as well as make better choices about the care they need.

Alegent Health is a faith-based, not-for-profit health care system that serves eastern Nebraska and western Iowa. Our 9,000 employees and 1,300 physicians are proud of the care we provide in our 10 hospitals and more than 100 sites of service. Alegent is the largest non-governmental employer in Nebraska and each year we serve more than 310,000 patients.

As a provider, we believe we are a model of a post-reform healthcare system. We employ substantial health information technology to improve the quality and safety of the care we provide and to ensure a seamless transition for patients across the many services in our healthcare system.

Through the dedication and commitment of our physicians – a combination of employed and independent – we have implemented evidence-based care order sets across more than 60 major diagnoses that are continually raising the bar on the quality of care we provide.

Our CMS Core Measure and HCAHPS Scores are consistently among the highest in the nation. In June 2008, the Network for Regional Healthcare Improvement identified Alegent as having the best combined healthcare quality scores in the nation.

Through the implementation of health IT and the adoption of evidence based care, Alegent Health is increasing the quality of the care we provide, while simultaneously lowering the cost to provide care. Over the last several years we reduced our resource utilization and we continue to work to improve that metric to help lower costs.

And we are proud to have shared these and other initiatives with Health and Human Services Secretary Kathleen Sebelius just 10 days ago, when she paid us a personal visit.

And yet, Mr. Chairman and members of the Committee, in our estimation, the efforts of providers to raise quality and lower costs is only a small part of what it will take to actualize true healthcare reform. We adamantly believe that people must take more accountability for their health, and to do so they must have incentives and good information.

We began our journey to greater consumer involvement in health care three years ago, when we made a commitment as an organization to more fully engage our workforce in their health. We spent a year designing new benefit plans that would promote health and wellness among our employees. Once we identified the direction we wanted to move, we spent a full year communicating with our employees what the changes would mean to them.

In pioneering the new benefit plan, we identified incentives to encourage healthier behaviors and tools to provide meaningful cost and quality information as areas where Alegent could foster more individual engagement in health care.

Incentives for Preventive Care/Lifestyle Change/Chronic Disease management

There are two important constructs in Alegent's employee health benefit plans. First, preventative care is free. This ranges from services like annual physicals, and mammographies to childhood immunizations and colonoscopies. If it is preventative, it is free. As a result, our workforce is consuming more than 2.5 times the preventive care than the nation at large. That's an investment that we're willing to make, even without longitudinal studies that quantify the financial benefit to our organization.

And second, through an innovative "Healthy Rewards" program, we pay people to make positive changes in their lifestyles. If an employee quits smoking, loses weight, more effectively manages their chronic disease like diabetes or makes other positive changes that affect their lifestyle, Alegent provides a cash reward. To encourage wellness and prevention and help our employees get healthy, we offer a variety of assistance programs free of charge – free weight loss counseling, smoking cessation programs and chronic disease management. For those who need a little extra support, we offer free personal health coaches.

Our objective was first and foremost to improve the health of our workforce, and we believed by doing so, our costs would decline. And while we are still building data on the effect our efforts have had on productivity, absenteeism and

organizational health care costs, I can report that a majority of employees take an annual health risk appraisal and to date, we've lost 15,000 pounds as a workforce, and more than 500 of our employees have quit smoking. We have any number of stories of employees who say "Alegent Health believed in me, when I didn't believe I could stop smoking...lose weight....manage my asthma..."

Our approach has allowed us to substantially slow down the growth of our healthcare spending. Over the first two years, our cost increases were limited to an average of 5.1 percent, despite industry trends in the 8 – 10 percent range.

And, as we approach a new benefit plan year, we are carefully constructing an Advanced Medical Home pilot for our chronically ill employees and several other large employers in our community. Through a dedicated team of physicians, nurses, counselors and care managers, we believe we will have an even more profound impact on the health and quality of life of people living with chronic disease.

Key to our results was the use of HSA and HRA accounts, which give employees better control of their health care dollars and allow us to directly reward people for changing unhealthy behaviors. The data we examined in developing our benefit plans suggested to us that people would be more inclined to take advantage of health and wellness programs—even free ones—if they were incentivized to do so.

For us, the use of HSAs and HRAs facilitates this process and provides employees an immediate tangible benefit in the form of subsidized health care costs. Too often prevention and wellness are hard to quantify for patients, providing cash incentives is a way to reward them for their efforts.

Tools to Facilitate Cost and Quality Transparency

But giving our employees more control required us, as providers, to make dramatic changes.

First and foremost, we created tools to provide meaningful and relevant cost and quality information. What other good or service do people purchase in this country without knowing how good it is and how much it costs?

Nearly three years ago, we began sharing our quality metrics with both our employees and the public – the good and the bad – and since then, we’ve seen our quality scores soar. On our Web site we currently reports 40 quality measures – the CMS 20 and the 10 SCIP and 10 Stroke measures.

Unlike most providers we did not stop there.

In January 2007, we introduced a Web-based cost estimating tool called *My Cost*, which is the first of its kind in the country.

By working with a third party insurance database, *My Cost* is able to verify insurance policies and deductibles in order to provide patients an extremely accurate price estimate on more than 500 medical test and procedures. In a little over two years, nearly 85,000 individuals – employees and members of our community - have used it.

As the Chief Medical Officer of a health care provider, I understand the arguments against providing transparency on cost and quality and I reject them. Alegent Health is proof that you can share cost and quality information and not only be competitive, but excel in your marketplace.

Expanding Our Learnings to the Community

We’ve taken what we’ve learned about engaging our employees in their health and expanded it to efforts to engage our broader community.

We’ve created a Web site, ThisisYourHealthcare.com, which offered anyone in our community, and beyond, three simple steps to take control of their health. First, it provided a free health risk appraisal to help identify health risks, preventive screenings needed and the propensity for chronic disease. Second, it offered a plethora of resources –information, classes, even a direct link for an appointment with a primary care physician – for those willing to take the next step. Finally, it linked to our cost and quality information tools so people could research their choices.

Summary

In summary, Alegent Health began our own “healthcare reform” efforts several years ago, when we made an organizational commitment to dramatically improve



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quality, lower cost, and adopt health information technology. We knew this would help us become more effective and efficient providers and the data shows we are becoming successful in reducing resource utilization. And yet, Mr. Chairman and members of the committee, that will simply not be enough.

Our challenge as a country – as physicians and nurses, members of congress and employers, individuals and families, is to find a way to help people become more individually responsible for their health

We speak of the tremendous consumption of healthcare as if it is some sort of mystery. It's no mystery really...too many of us still smoke, we've become a nation of junk food and video games, of "supersize" and "all you can eat" buffets. These unhealthy behaviors cause expensive chronic diseases like heart disease, diabetes, and obesity. Somehow, we must find a way through public policy to engage consumers in their healthcare and incentivize all Americans to live better, healthier lives. Only then will we be successful in changing health care.

Thank you.