

**Remarks by  
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New York State Commissioner of Health**

**Luncheon Session:  
“Creating a High-Performing Health Care System for the 21<sup>st</sup> Century”**

**P2 Collaborative of Western New York  
2<sup>nd</sup> Annual Conference  
“Quality Through Innovation, Creating a Healthy Community”**

**Adam’s Mark Hotel  
120 Church Street  
Buffalo, NY**

**September 25, 2008  
1:15 p.m.**

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## P2 Collaborative of Western NY 2<sup>nd</sup> Annual Conference September 25, 2008

### Introduction

Good afternoon. It's a pleasure to be here today.

I am very impressed with what you are doing here in Western New York. In many ways the P2 Collaborative is a model we would like to see replicated across New York State.

Your initiative to improve the health of New Yorkers in the 8 counties of Western New York through partnerships and collaboration involving 194 organizations is exactly the regional and community-based approach we are promoting across the state.

Governor Paterson and the State Health Department share your vision for a healthier New York. Our goal is to foster the development of a high-performing health care system for the 21<sup>st</sup> Century – collectively, effectively and voluntarily.

I've heard some refer to this as the beginning of the Post-Berger Era. I think it's dangerous to refer to anything as "post," but we are hopeful that we can engage public health and health care partners in a collective planning effort that will make another Berger Commission unnecessary.

The Berger Commission was about restructuring **facilities**. It became necessary because of the lack of local planning that resulted in a medical arms race and duplication of services, accompanied by an abundance of empty hospital beds.

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Now we must turn our attention toward creating a high-performing health care system that is built from the **patient up, not buildings down.**

The health system of the future will focus on improved outcomes, on early detection and correction of hidden conditions that threaten future good health.

It will foster proactive management of chronic diseases – rather than an overreliance on late interventions and heroic rescues.

Of course, New Yorkers must always have access to the best high-tech medical interventions and intensive medical care. But **primary care must be the foundation** of a reformed health care system.

Better access to primary care will enable better management of chronic diseases, result in fewer hospitalizations, and encourage healthier communities across the state.

To effectively prevent and control chronic diseases, we also need to continue efforts to **expand access** to affordable health insurance coverage.

This year's Budget brings New York closer to our goal of finding a way for all New Yorkers to have affordable access to health insurance coverage.

September 1 was an historic day for New York. On this day thousands more New York children became eligible for subsidized health insurance coverage through New York's Child Health Plus insurance program.

As a result of legislation included in this year's state budget, income eligibility for families to participate in Child

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Health Plus was increased to 400 percent of the federal poverty level -- about \$70,000 for a family of 3 or \$84,000 for a family of 4.

Families with incomes above that level can still buy into the program by paying the full monthly premium of about \$156, which is more affordable than what's currently available on the private market.

The Department is aggressively working to enroll all eligible children into the program.

We are also moving forward with our **Partnership for Coverage** initiative to develop a strategy for achieving affordable health insurance coverage in New York State going forward.

In addition to expanding health insurance coverage, we're focusing on the advancement and integration of four major initiatives that are needed to achieve a high-performing health care system:

- The first is implementing and weaving a **strong public health agenda** into everything we do;
- The second is advancing a **statewide health information network**;
- The third is implementing **transformative reimbursement reform** – led by the Medicaid program;
- And the fourth is creating an **effective health planning system**.

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## **Public Health Agenda**

In April the Department launched our “**Prevention Agenda Toward the Healthiest State.**”

We’re asking communities to work together with the Department and a wide range of local partners – just like the P2 Collaborative – to achieve specific goals for improved outcomes within **10 public health priority areas.**

For example, a goal in the area of **tobacco prevention** is to **reduce the number of teens and adults who smoke** – because cigarette smoking continues to be a leading cause of preventable death in New York.

The Department acknowledges that medical care, even primary care, cannot ensure all of the conditions that enable people to live healthy lives.

We need **community-based efforts** that promote positive behavioral changes – in areas like nutrition, physical activity and cigarette smoking – if we want to move New Yorkers toward optimal health.

To do this effectively, we need **collaboration** among traditional medical care and community-based public health approaches to prevention.

An undertaking of this nature is ideal for collaboration among hospitals, public health departments, community organizations, businesses, and consumers – again, just like the P2 Collaborative.

To aid in the implementation of our Prevention Agenda, the Department is asking hospitals to design **Community Service Plans** that are more closely aligned with local health departments’ **Community Health Assessments.**

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## **Health Information Technology**

So community-based collaboration to implement a public health agenda is the first of our four priorities for a high-performing public health and health care system for the 21<sup>st</sup> century.

The **second priority** is the development of a **statewide health information technology** network and health IT tools that improve quality.

To quote a landmark Institute of Medicine report:

“In the 20th century, brick and mortar constituted the basic infrastructure of the health care delivery system. To deliver care in the 21st century, the system must have a health information and communications technology infrastructure that is accessible to *all* patients and providers. (*To Err is Human* and *Crossing the Quality Chasm*).

It is through this infrastructure and the mobilization of health information for collection, storage, retrieval and analysis that quality of care can be monitored and improved.

The Department’s goal is to use the power of information technology to advance patient-focused care and enable improvements in health care affordability and outcomes.

The adoption of interoperable electronic health records will benefit consumers and clinicians while ensuring patients’ privacy.

By having a patient’s health history available at the time and place of care, physicians will have the information needed to make the best medical decisions for the patient.

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Studies suggest that nearly 30 percent of U.S. health care spending -- or up to \$500 billion dollars each year -- is for treatments that do not improve health status, are redundant, or are not appropriate for the patient's condition.

The adoption of health IT will help reduce medical errors, prevent duplicative services, and help eliminate disparities in the quality of care patients receive.

An electronic, interconnected system can gather more precise and timely information about what works in the real world to refine health care policies, monitor health status and safety, and guide physician and patient treatment choices.

It will also replace expensive, stand-alone health surveillance systems with an integrated infrastructure that will allow for seamless health information exchange for many public health purposes.

The statewide health information network will join, and eventually link, to other data reporting systems that the Department has already put in place to monitor the quality of care patients receive.

New York's Cardiac Surgery Reporting System was a ground-breaker in this regard. Begun in 1989, the outcome data collected on cardiac bypass surgeries has been used effectively to make tremendous improvements in care -- leading to improved outcomes for thousands of patients.

For several years the state has also collected and published information on the quality of care provided by managed care plans -- known as QARR reports -- to inform and educate health care consumers, providers, and insurers.

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We have even higher expectations for our statewide health information network.

Last March Governor Paterson announced \$15 million dollars to support 19 community health IT projects, and these projects officially got under way in August.

Currently, a public-private partnership called the New York eHealth collaborative -- or NYeC – is facilitating a statewide collaboration process in the development of information policies through a consensus-based approach.

The Statewide Collaborative Process is developing a comprehensive policy framework to advance health IT – including establishing clinical priorities, ensuring privacy and security, developing technical protocols and services; and ensuring a collaborative approach to the development of Electronic Health Records.

The Statewide Health Information Network – or SHIN-NY – is in the early stages of development and will require significant investment over the next 5 to 10 years to achieve full implementation.

## **Reimbursement Reform**

So the development of a statewide health information network and health IT quality tools – including electronic health records – is the second requirement we believe is needed to achieve a high-performing health care system for the 21<sup>st</sup> Century.

The **third priority** or requirement for a high-performing health care system is the reform of our health insurance programs to **incentivize the delivery of care that improves outcomes.**

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Historically, New York's reimbursement policy has **not** supported primary care services, but instead directly encouraged the overuse of inpatient and emergency services – which is not in the best interest of the patient and is costly to taxpayers.

Currently about \$96 dollars of every \$100 dollars is spent on acute care and long-term care and about \$3 to \$4 dollars are spent on prevention.

So it's not surprising that New York lags in national measures of preventable morbidity, mortality and unnecessary hospitalizations and is among the leaders in most measures of resource consumption.

According to studies by the federal Agency for Health Quality Research and the Commonwealth Fund, New York ranks 39<sup>th</sup> on unnecessary hospital admissions and costs.

The state ranks 30<sup>th</sup> on a range of quality measures, including appropriate receipt of preventive care for adults and children.

If New York performed at the level of the highest rated states:

- More than 450,000 additional adults would have received recommended screenings;
- 43,000 more children would be up to date on their immunizations;
- And 300,000 more diabetic adults would have received recommended exams and tests to prevent or delay complications.

Over the past decade, the state has increased Medicaid reimbursement rates for hospital inpatient services, while freezing rates for out-patient hospital clinics and health care centers.

So, it comes as no surprise that our primary care system has suffered.

I am a fervent believer in the role of reimbursement in creating and reforming this system.

Our reimbursement streams are like those great western rivers carving canyons and defining the landscape of health care.

If we don't like the contours of the landscape, we need to change the directions of the reimbursement streams.

The Health Department is implementing transformative reimbursement reform to rebalance, right-size and provide appropriate incentives for the kind of quality health care we need.

You've already seen the beginning of this effort in measures that Governor Paterson and the State Legislature included in this year's state budget to shift some Medicaid funding away from inpatient care to primary care.

We will continue to support Medicaid reimbursement reforms that:

- transition funding from inpatient to outpatient services;
- invest in ambulatory care; and
- reform the way we pay for indigent care.

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The Medicaid program will also make better use of the data we have on outcomes and quality in making contracting and reimbursement decisions.

Beginning in October, Medicaid will no longer pay for **“never events”** or avoidable hospital complications and medical errors that are identifiable, preventable, and serious in their consequences to patients.

Medicaid will deny reimbursement for 14 never events – which include surgical errors such as procedures performed on the wrong body part or on the wrong patient.

In June, the Health Department released our first **Hospital-Acquired Infection Report.**

We partnered with 187 hospitals and various health care associations to create a world-class hospital infection reporting system which will serve as a model for the nation.

The data from our new **Hospital Acquired Infection Reporting System** will be used to help hospitals improve care, and to provide consumers with information they can consider when making important decisions about their health care.

What we accomplished with our Hospital Acquired Infection Reporting System is just the beginning of the great things that can be accomplished when all stakeholders get involved to improve New York’s health care system.

## **Health Care Planning**

So our third priority is to achieve transformative reimbursement reform – led by the Medicaid program – the

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single largest payer of health care in New York – to incentivize the delivery of services that improve outcomes.

The **fourth priority** is to strengthen and revitalize local **health care planning**.

The Berger Commission was a result of the **absence of health care planning** in New York State.

We built and tried to maintain more hospital beds than necessary.

We designed and tried to perpetuate a reimbursement system that favored acute care, not cost-effective services.

Without careful planning, particularly on the local level, we will make similar mistakes – and the health care system New Yorkers need will once again fall short.

With the implementation of the Berger Commission's recommendations, I believe New York has a stronger and more efficient health care system. Hospitals are healthier and their operating margins have improved since 2006.

But if we want to **prevent another Berger Commission** from happening again, we need to do more.

We need a **high-performing health care delivery system** that not only works to **improve individual health outcomes**, but also collaborates with the local public health system to **improve the health of the community** as a whole.

More specifically, we need to create a health planning system for the 21<sup>st</sup> Century that focuses on **reducing disparities of access, quality, and outcomes** in underserved and minority communities.

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We can do this by reinvigorating local planning.

Local planning, when integrated with the Certificate of Need process, can be used as a **tool** to develop the resources needed to address some of the priorities in our Prevention Agenda, identify disparities and the factors that contribute to them, and assess health care trends.

Currently, the CON process is **reactive** – responding to applications filed by health care facilities that are based on the facilities' perception of their needs or demands of the health care market in their communities.

With a few exceptions, the CON process is based on data collected and analyzed at the state level, and CON decisions are made with little local input.

This has to change.

Local planning must be part of CON decision-making so that community health needs can be met in a cost-effective manner.

By reworking the Certificate of Need process we can appropriately align health care resources with community needs – and in the process ensure adequate access without over-development, duplication of services, and unnecessary spending.

## **Conclusion**

Today I've discussed the four main requirements I believe we must meet to achieve a high-performing health care system for the 21<sup>st</sup> Century:

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- Implementation of a strong **public health prevention agenda** through community-based collaboration;
- Implementation of a **statewide health information network** and health IT quality improvement tools, including electronic medical records;
- Redirecting the focus of the health care system toward greater emphasis on prevention and improved outcomes through **transformative reimbursement reform** led by Medicaid;
- And a strengthened and reinvigorated **local health care planning system**.

I'm sure there are more, but these are steps we must take to get us headed in the right direction.

I for one am counting on our success – for the benefit of all New Yorkers who need to know that an affordable, high-quality health care system will be in place for them – and, importantly, for their children -- when they need it most.

With regional and community collaboration like the P2 Collaborative, I have no doubt we will succeed.

Thank you.