



**Statement of Andy Slavitt, Chief Executive Officer
OptumInsight (which was formerly known as Ingenix)**

**To the Subcommittee on Healthcare and Technology
Committee on Small Business**

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Introduction

Madam Chair, Ranking Member Richmond, thank you for the opportunity to testify today on the barriers faced by small group practices and single physician professionals in adopting and implementing health information technology.

My name is Andy Slavitt and I am the CEO of OptumInsight, which until recently was known as Ingenix. Let me open with a word on this very relevant topic. It is well-understood that America's future is very much intertwined with making our health care system more productive. Physicians make the vast majority of decisions that impact cost and quality of care, and we believe technology could be vital in supporting their ability to do so effectively.

Physicians who practice in small practices, who once were the cornerstone of health care in most communities, are already an endangered species. In the 10 years prior to 2007, the percentage of visits to physicians who were solo practitioners decreased 21 percent. The trend has only grown more severe since.

Scale requirements are increasing, complexity is increasing, payment models, by necessity, are changing, and administrative costs to manage a practice are increasing, crowding out the ability of the independent physician to focus on patient care. Nationwide, the American Academy of Family Physicians has estimated we will have a shortfall of 40,000 primary care doctors by 2020. As a result, we will lose many of our chances to catch preventable, treatable health conditions early in their development when the risks and costs are lower.

As the Office of National Coordinator has recognized and as the Federal stimulus payments in the HITECH Act are intended to support, technology can be part of the solution. This is an undertaking we support. Yet I believe this Committee and the Office of the National Coordinator for Health IT (ONC) are looking for a more practical analysis of how technology is being used and can play a role in supporting better cost and quality outcomes. The answer is decidedly mixed. And, until this is addressed, adoption will lag.

There is an obvious contrast at work. In a world where cloud computing, mobile technology and social networking are democratizing low-cost access to a variety of sophisticated capabilities for individuals and small businesses, if asked, the typical physician may tell you that the technology in their office or hospital has often become a contributor to the challenges they face. This is because from a physicians' point of view, technology isn't always a tool, as we're used to thinking of it, but rather the source for another set of compliance requirements, fixed costs, and productivity reducers. Net-net, technology as it is typically fashioned today creates additional burdens which contribute to the wave of issues scaring doctors into salaried jobs in hospitals, which exacerbates the primary care shortage that exists in critical communities in this country. It doesn't need to be this way. There's the potential for a silver lining coming from the cloud.

OptumInsight

With 14,000 employees worldwide, OptumInsight is one of the largest health information technology services companies in the world. Where better information is needed to improve how the health care communities we all live in function, it is our mission to help provide it. We have more than 200 decision-support software products; have created and maintain the leading methodology for measuring cost and quality of episodes of care; are a leading provider of information exchanges and of technology to support care delivery in Emergency Departments and Intensive Care Units.

What gives us perspective on this topic is the pioneering work we have done with small physician offices and their use of technology. In concert with the American Medical Association we have created model physician offices to springboard practices that have no technology to completely modernize. We have created a low-cost cloud-based electronic health record (EHR) and practice management application known as Ingenix Caretracker available through devices such as iPads to help physicians manage their practice and their patients in the most seamless manner. And we were honored to be one of the very first health IT companies in the nation to have physicians, including Dr. Douglas Foreman in Warwick, Rhode Island achieve Meaningful Use. Because we also provide connectivity to more than 65 different EHR systems that allow physicians to exchange clinical data in their communities and have assisted in the implementation of nearly every type of EHR technology in the market, we have learned what works. Help doctors make the complex simple and you will see improvements in productivity and adoption; resist the urge to support efforts – even tied to financial incentives – that do otherwise by adding complexity.

The Opportunity of Technology: Simplification

The fundamental promise of technology is to improve productivity by unlocking human potential. This is true at the policy level, where technology can support the delivery of high quality care more consistently at the lowest cost. And at the patient level, where physicians can spend more time with the patients who need it most, managing their conditions in the right settings, with the best information, while minimizing the administrative time spent managing a practice.

As a practical illustration, I will walk through an example of what is at stake in a day in the life of a primary care physician and the impact of technology on a major productivity driver – reducing unnecessary hospitalizations.

Unnecessary hospital stays are costly to patients and the health system as a whole, resulting in an estimated \$30 billion in annual waste. For patients to be released from the hospital with minimal risk for readmission, studies show that physicians need to actively manage the care of their patients before, during, and, in particular, after their release from a hospital. Yet, we estimate that primary care physicians are only aware about half of the time that their patients are even in the hospital. Doctors who are responsible for discharging patients tell us that they often will not release a patient from a hospital even

when they are likely ready to go home if their primary care physician has not been made aware of, or scheduled a follow up appointment. Without technology, this connection often does not happen.

The doctor, often a solo practitioner, is frequently too busy bouncing from patient to patient and in many instances, meaningful events, such as a patient entering the hospital, are not made apparent to them. Their day may be filled with 40 or more patient appointments, each of which may get no more than 10-15 minutes of their attention. To say nothing of the patient awaiting release from a hospital, data suggests there are a handful of patients who doctors and care teams see each day who drive the majority of the costs. They are typically Medicare or Medicaid patients with significant chronic conditions and a higher likelihood of hospitalizations. If these patients could be identified easily, physician offices could focus more attention on them and less on runny noses and other routine care requests. The only problem is without technology every patient looks alike until the doctor walks into the exam room.

In the exam room, a physician may give three to five different orders for each patient seen in a given day – prescriptions, lab orders, dietary restrictions, instructions on improving health status. At the end of the day, day in and day out, the doctor has given hundreds of orders – usually without any ability to track whether an order has been followed, or to reinforce with follow up calls, reminders or other support. Any missed order increases the chance that one of the patients of this physician will end up in the hospital. Without technology, loops open but never close.

The ability to track a patient, use data to prioritize and predict who is most likely to get sick, and to open and close the activities in an office are simple tasks for technology to support. And each is key to reducing unnecessary hospitalizations and other costs. Further, it requires less information technology than is used by an airline to manage reservations.

In communities where this sort of technology adoption is occurring, there is early evidence that unnecessary hospitalizations may be reduced dramatically. If technology is focused on simplifying these activities which add productive time to a physician's day, and physicians are given incentives to achieve these types of outcomes, there is real potential to save the federal and state governments tens of billions of dollars annually, improve health quality, and strengthen the ability of the independent or small group physician to operate in a connected but independent environment.

The Barriers: Complexity of Implementation, Cost and Uncertainty

The promise of technology to improve productivity only works if it unlocks the potential for the physician to improve how she works and the decisions she makes. Where that partnership between technology and human capability is missing, numerous barriers to adopting technology persist. If technology is viewed as adding complexity and compliance requirements, we should not expect a different outcome.

To be certain, physicians are not averse to technology itself. The nature of their work means physicians are hungry for new and better tools and procedures to help them deliver better outcomes for their patients. Among professionals, they are among the most prolific users of mobile devices, including iPads and other devices that simplify and improve their lives. Software companies like Intuit have found small physician offices are one of the most prolific users of small business accounting software, with approximately 75,000 physicians using the company's financial software products.

More financial incentives are not the issue. Incentives from the HITECH Act are improving adoption. The Centers for Disease Control conducted a survey and found that 41 percent of office-based physicians are currently planning to achieve Meaningful Use of EHRs and apply for incentive payments. Four-fifths of these, or about a third of all office-based physicians (32.4 percent), plan to apply this year. But one-third to 40 percent means a lot of work remains to be done.

So what is it about this technology that is creating barriers? Physicians will point to several barriers to adoption including costs, legal uncertainty, privacy regulations, and additional regulatory requirements regarding the use of technology. But the greatest barrier is that the decision support and productivity-enhancing capabilities that allow technology to solve simple problems such as connectivity, prioritization and workflow improvement are not driving the purchase and design of technology. They have taken a back burner to all of the compliance reporting requirements needed to demonstrate Meaningful Use and qualify for HITECH Act incentive payments.

As long as EHRs are designed principally around a set of needs in Washington and at the Centers for Medicare and Medicaid Services (CMS), it is a long-shot that the technology will provide the simplicity and productivity benefits at the heart of driving real adoption. Whether Meaningful Use standards are right or wrong is not the real issue. What is important is that today, the end-users, doctors and patients, are further away than ever from system design, because new product development is focused on satisfying those regulatory hurdles, rather than on simple innovations that improve productivity. As a result, program requirements are disruptive to the processes in place in increasingly busy offices.

Because of their size, and their focus on patient care, physicians in small practices lack many of the support structures larger businesses and health care organizations have to procure, implement and maintain technology. Further, the deck is stacked against them in terms of limited access to capital and the risk they must assume when making decisions to purchase technology that fundamentally changes the way they take care of patients and manage their practices. All of this spells complexity and if complexity requires the hiring of even one additional FTE to manage it, the temporary financial incentives will not be enough to compensate for productivity losses.

In this context, it is no wonder many physicians view the HITECH Act's Meaningful Use requirements with skepticism. Too often we hear from providers of care that the Meaningful Use and other compliance program requirements add to their daily burdens,

while seldom delivering distinct value back to them. Combined with poor alignment across federal programs – from quality reporting requirements (PQRS) to new program rules for Accountable Care Organizations – this environment makes adoption and use of health IT a compliance exercise rather than a solution.

Private industry is making strides at better understanding the day-to-day needs of physicians. We believe that technology that requires upfront capital investment or requires ongoing maintenance; that is not responsive to even modest evolutions in how the technology is used; and that does not break down the silos between the doctor and the world around them will face adoption challenges.

Cloud computing clearly provides the platform to solve some of these issues. OptumInsight's physician office technology has no upfront costs or maintenance required, it provides instant productivity improvement by automating processes for billing and collecting from health plans, and most importantly it is instantly updatable based on the needs of the user right through the cloud. We draw on expert practicing physicians who are part of our Independent Physician Advisory Board to provide the voice of end-users to our business operations and to guide development of solutions to ensure they deliver information, services and technology that truly assists providers in their practices. We have worked with thousands of physicians to implement health IT and to help them overcome their greatest concerns around uncertainty, cost, and complexity.

The HITECH Act created important momentum for private sector innovation to modernize the health ecosystem. Yet, there are common sense things that policy makers, both in Congress and the Administration, working closely with physicians and the private sector, can do to help overcome the barriers that continue to exist.

Five Recommendations

Against this backdrop of great promise and very clear barriers, we recommend focusing on simplifying the legal and regulatory environment so the private sector can focus its innovation on the things it has proven it can do: lower the cost and improve productivity benefits.

1. Prevent practice disruption. Congress has a responsibility to conduct oversight on the standards used in the \$27 billion Meaningful Use program. A key goal for ONC should be to promote standards that reduce workflow burdens for physicians by adopting standards that focus on functionality for EHRs and Health Information Exchanges (HIEs) that solve real problems for providers in their daily practices. To this end, we believe the Administration should simplify and align incentives for physicians across multiple programs. While each one might even be well-thought out in isolation, the combination of Meaningful Use, Sustainable Growth Rate (SGR), Accountable Care Organizations, PQRS, Medicare and Medicaid medical homes, and the hospital readmission program standards should all be aligned into single, clear metrics and standards that can be built into any software. Further, Congress should support efforts to create administrative

simplification which unify clinical and administrative data and money flows. Likewise, Congress should encourage ONC to aggressively pursue prioritizing the list of Meaningful Use requirements and identify high value, high return measures that have the best potential of reducing practice disruption while supporting the goals of the Triple Aim (cost, quality, patient engagement). We have provided ONC and HHS with our recommendations on improved standards and are happy to share those with the Subcommittee.

2. Continue federal investments in HIEs, which should be as essential to CMS as MMIS systems, which pay Medicaid claims and administer benefits. For small practice physicians, certainty that HIEs are financially stable increases confidence in the decision to invest in an EHR system. They know that without the connectivity offered by an HIE, an EHR will be like using Google without the Internet. You can search on it, but you had better already have the answer.

A model for sustainable HIE would combine administrative claims data and clinical information, giving providers a comprehensive view of their patients' health and medical history and supporting their ability to make better decisions at the point of care. Further, bringing these rich information sources together will provide the framework for value-added analytics that can support efforts to improve community health, and a source for permanent funding of the HIE.

3. Reduce uncertainty over the legal environment. Some physicians may fear that technology will become a basis for legal discovery and potential lawsuits. A 2009 study presented to the FTC showed evidence that "hospitals are 33 percent less likely to adopt EHRs if there are state laws that facilitate the use of electronic records in court." For the individual physician this is a vexing concern that is part of the shift to salary and hospital-based physicians. Other physicians may welcome electronic records because, as another study suggests, the enhanced access to information record-keeping that EHRs offer may actually reduce the risk of medical error and the threat of lawsuits. Companies like OptumInsight are working to assure that EHR applications make important health care information, such as drug interactions, available and actionable in the physician's everyday work flow. We think it is also important to create an environment in which physicians who use EHRs are encouraged to improve patient safety and to report systems issues, without limiting patients' rights to legal recourse if they are in fact harmed by medical malpractice. We understand Congressman Marino and others are working on legislation to address these issues.

Likewise, physicians may be slow to adopt EHRs if they have concerns about privacy and the use of patient data, as that data flows through HIEs, to other providers and across state lines. Clarifying the role of HIEs under HIPAA and providing for uniformity of privacy laws can help to address these concerns.

4. Provide small business benefits to small physician practices. Congress can help ease capital for investments in health IT and office modernization by passing

legislation to provide SBA loan guarantees for small and solo practices, and other clinicians not eligible for Meaningful Use incentives. In 2009, the House overwhelmingly passed such a program with bi-partisan support by a vote of 389 to 32. Unfortunately, the Senate did not act on the legislation. The bill would have provided a guarantee up to 90 percent of the loan for acquisition and installation of certified health IT. The loan amounts would have been limited to \$350,000 to a single physician and up to \$2 million for group practices. \$10 billion would have been authorized, but because the program provides guarantees, would not have cost taxpayers any resources.

5. Shorten and improve the feedback structure. The perfect should not be the enemy of the good. We should not be afraid to abandon what is not working. Too often, government programs over-invest in systems due to bureaucratic inertia or incremental change versus transformation. When the system is flawed, such efforts do more harm than good. Conversely, the Regional Extension Centers (RECs), modeled after the 1914 Rural Extension Centers, are an example of what works well. The RECs are putting boots on the ground to assist providers learn about HIT adoption challenges, select tools that will best meet their needs and implement technology in ways to limit disruption. 62 RECs have received funding covering the entire country. The goal is to reach 100,000 priority primary care providers within 2 years. Cutting funding to the RECs would be shortsighted because it will limit adoption and inhibit efforts to use technology to reform delivery and payment systems that ultimately will save resources. Congress should continue to support the RECs.

Conclusion

For those that believe that the independent physician is a vital part of our health system and our communities, the promise of technology is essential to making that possible, particularly as a new generation of entrepreneurial and patient-focused physicians graduates from medical school. Creating an environment for success for these practices and private sector innovation should be the goal, while supporting and improving upon the effort that got underway in the HITECH Act. I applaud this Subcommittee for focusing attention on this issue and urge Congress to focus on providing assurance to physicians that this is a wise investment by promoting sensible regulatory and legislative structures that minimize uncertainty and foster simplicity.

Thank you for the opportunity to testify, and I am happy to answer any questions you may have.

OptumInsight Overview

OptumInsight, as a business, has been modernizing health care communities by helping them use data, analytics and technology to improve care, save lives and transform the way health care is delivered for 15 years. We are one of the largest health care information, technology, services, and consulting companies in the world. We have more than 14,000 employees worldwide and provide software and services to virtually all the major participants in the health care industry. We are known for the innovations that connect, inform and provide access to patients and their physicians, that help manage risk and reduce costs, that gather and analyze evidence of new treatments, and that help governments and policy makers keep health care safe and accessible while helping the system measure and improve its quality and cost performance. We believe information and transparency is at the heart of our ability to do this and are honored that we have become a small part in improving health care delivery for 6,000 hospitals, 240,000 physicians, 270 states and government agencies, 400 life sciences companies, and 2,000 health plan sponsors.