

**Testimony of
Former Speaker of the House
Newt Gingrich**

For

**The United State House
Committee on Government Reform**

***Health Informatics: What is the prescription for success in
intergovernmental information sharing and emergency response?***

Wednesday, July 14, 2004

Today's Reality

- Suffering
 - 2 million hospital induced illnesses every year¹
 - 1.5 million nursing home induced illnesses every year²
- Death
 - 7,000 people die every year from medication errors *alone*³
 - 44,000-98,000 people die every year from medical errors in hospitals alone⁴
 - 88,000 people die every year from hospital induced illnesses⁵
 - An individual is 2,000 times more likely to die in a hospital than in an airplane⁶
- Money
 - \$100 billion a year linked to errors.⁷
- Ignorance kills.
- Lack of individual involvement in personal healthcare kills.

What if there was a National Emergency

- 1918 Flu
 - “The largest epidemic of the 20th century was influenza in 1918—it killed more people worldwide than were killed in the four years of the First World War.”⁸

¹ CDC

² CDC

³ California Healthcare Foundation, Innovations in Physician Prescribing, October 2001

⁴ Institute of Medication, *Crossing the Quality Chasm*, (National Academy Press, 2001): 145

⁵ As reported on www.cdc.gov/ncidod/eid/vol4no3/weinstein.htm as of 9 July 2004

⁶ Figure from American Hospital Association **Figure accumulated from NTSB reports since 9/11 and traffic figures of the six major U.S. commercial airlines: Delta, American, U.S. Air, United, Continental, and Northwest

⁷ AHRQ, *Estimates of the Impact of Selected Health Information Technologies on Quality and Costs in Inpatient and Outpatient Settings*, June 28, 2003

- “We must build a capacity to operate in real time to identify, analyze, and respond to a new-engineered bio-weapon we have never encountered before.”⁹
- “A real bio-threat will require an information technology investment that connects every doctor, every nurse, every pharmacist, every veterinarian, every hospital, every nursing home, and every pharmacy in the country in real time. As a country, we need to commit to a one-time block investment to modernize the entire IT system for the entire health system.”¹⁰
- National Strategic Study Group
 - “Biological warfare, bio-threat, is the largest threat to the human race, a substantially bigger threat than nuclear war. If the United States is hit with an engineered biological for which no vaccines are available we are in for problems of colossal proportions.”¹¹
 - “In fact, biological threats, especially the threat of an engineered lethal bio-weapon for which we would have no vaccines, no rapid diagnostic tests and no drug treatments are so great that we should consider the preparation of a defensive system against an engineered biological the highest priority in the American national security system and the most important job facing the new Department of Homeland Security.”¹²

The Solution is a 21st Century Intelligent Healthcare System

- The federal government needs a strategy to move as fast as possible to a 21st century intelligent healthcare system with the first step being an electronic health record for every American.
- The right response to this opportunity is to plant seeds – not build silos.
 - It is very important that while we take specific steps for a national emergency and for intergovernmental information sharing and emergency response that we not build a new silo where we invest a lot of money in a national defense only component.
 - We should leverage our investment to accomplish multiple goals, not just bio surveillance.

⁸ Gingrich, Newt, Dana Pavey, and Anne Woodbury, *Saving Lives and Saving Money*,(The Alexis de Tocqueville Institution, 2003) :278

⁹ Gingrich, Newt, Dana Pavey, and Anne Woodbury, *Saving Lives and Saving Money*,(The Alexis de Tocqueville Institution, 2003) :278

¹⁰ Gingrich, Newt, Dana Pavey, and Anne Woodbury, *Saving Lives and Saving Money*,(The Alexis de Tocqueville Institution, 2003) :286

¹¹ Gingrich, Newt, Dana Pavey, and Anne Woodbury, *Saving Lives and Saving Money*,(The Alexis de Tocqueville Institution, 2003): 275

¹² Gingrich, Newt, Dana Pavey, and Anne Woodbury, *Saving Lives and Saving Money*,(The Alexis de Tocqueville Institution, 2003): 275

- “Designed correctly, the 21st century Biological Security Information Technology Investment is the direct parallel to the proposal by President Eisenhower to build an interstate highway system as both a national security requirement and as an enormous asset for everyday life.”¹³
- We need seeds – not silos, because:
 - We are permanently at risk of being attacked by a biological weapon or a natural biological outbreak resulting in lives lost until we have a 21st century intelligent healthcare system.
 - We are killing as many as 300 people a day due to medical errors in hospitals alone and wasting billions of dollars.
 - Paper kills.
- Health information technology saves money.
 - The Center for Information Technology Leadership indicates the US could save \$44 billion annually by reducing medication, radiology, lab, and hospitalization expenditures with the nationwide adoption of the computerized patient order entry **ALONE**.
 - Agency Healthcare Research and Quality (AHRQ) released a literature review – June 28, 2003 – that cited savings of over \$100 billion.¹⁴
 - Current expenditures would prohibit a long-term goal of balancing the budget.
- In summary – all information technology should be universally adopted by all healthcare providers, including hospital, healthcare providers and nursing homes.

Understanding a 21st Century Intelligent Health System

- 3 parallel layers of change
 - Individual change
 - Institution/provider change
 - Science changes everything
 - National Cancer Institute Vision
- Change is occurring all around us
 - Patient safety and patient outcomes
 - Information and communication technology
 - A system and culture of quality
 - Individual knowledge, responsibility and power to choose
- The characteristics of a 21st century intelligent health system (See Appendix A, Triangle Model of Health and Healthcare Transformation)

¹³ Gingrich, Newt, Dana Pavey, and Anne Woodbury, *Saving Lives and Saving Money*, (The Alexis de Tocqueville Institution, 2003): 288

¹⁴ AHRQ, *Estimates of the Impact of Selected Health Information Technologies on Quality and Costs in Inpatient and Outpatient Settings*, June 28, 2003

- Individual Centered
- Accuracy
- Real-time Access
- Transparency of Information
 - Catalysts
 - Information technology
 - Communications
 - Nano-scale science and technology
 - Quantum mechanics
 - Biology
 - The areas that will be most affected by change from 2004-2030
 - National Security
 - Education in general with an emphasis in math and science
 - Health and healthcare
 - Inventing entrepreneurial public management
 - Tax code
 - Litigation reform

Examples of successful Health Information Technology solutions

- E-prescribing
 - “Following the installation of a computer prescribing module at Oregon Health and Science University Hospital emergency department, prescriptions were three times less likely to include medical errors and five times less likely to require pharmacist clarification than handwritten prescriptions.”¹⁵
 - Medication Errors could be cut by 55% if physicians switched to writing electronic prescriptions, according to a report by Institute for Safe Medication Practices.¹⁶
 - A study by Tufts Health Plan found that electronic prescribing saved 2 hours a day per physician .¹⁷
- Bar-coding
 - Sutter Health implemented a pilot program and found a 12.9% error rate without bar coding. Sutter Health would experience the extrapolated savings of this technology if they provided it to all of their hospitals and it was used for their approximately 32 million doses annually. They could save about \$300 million per year.

¹⁵ iHealthBeat, California Healthcare Foundation, November, 2002.

¹⁶ Prescription Connoption: Prescription-benefit companies; plan for an online drug prescribing system could eliminate doctor’s chicken-scratch handwriting and boost profits. Carolyn Marshall. Netscape Business 2.0 June 2001.

¹⁷AM News, October, 2002

- Electronic Medical Records
 - Mayo Clinic saves \$21.7 million annually by using a comprehensive medical record and ordering system. The savings result from a reduction in time to route and pull paper records, real-time electronic access to lab results, elimination of the processing of paper charts, reducing un-billable tests, etc.
- National awareness of outbreak or response instructions to care providers
 - A platform on which to build would be that of Gold Standard Multimedia in Florida. Medical doctors have access to Medicaid patients' drug claim information wirelessly bringing real time, patient-specific medication histories and clinical drug information to the point of care optimizing medication management.
 - In 3 months, the average net reduction in number of prescriptions written per doctor resulted in at least 14 fewer prescriptions with savings averaging about \$700 per doctor.

Health Information Technology Adoption Rate needs to be dramatically accelerated

- It is slow: Despite the \$20 billion in health care-related information technology expenditures in the United States in 2001, less than 10% of US hospitals had adopted electronic medical records.¹⁸
- We allowed a pace of change in healthcare that we would never accept in other sectors of American society. Example: In aviation, safety is not determined by what the quarterly report permits.
- Lack of a binary system means there is little direct consumer demand.
- Lack of incentives: the current system does not financially reward the information technology investor.

Can it be accelerated and how?

- The Center for Health Transformation forum sponsored by Booz Allen Hamilton in June discussed incentives resulting in a white paper: *Creative Incentive for the Nationwide Adoption of Interoperable Health Information Technology*. (See Appendix B)
 - Anne Woodbury, Chief Health Advocate of the Center for Health Transformation and Forum leader said, "Over 51% of the 150 varied stakeholders who participated believe that with the right incentives, the US could achieve nationwide EHR adoption within 1-3 years. The group identified data

¹⁸ 1 Goldsmith, J; Blumenthal, D; Rishel, W, *Federal Health Information Policy: A Case of Arrested Development*, Health Affairs (July/August 2003)

standards and financial support, such as a low interest federal loan program modeled after the direct Federal Student Loan Program, to be the most powerful incentives.”

- 47% of the respondents reported that creating data standards is the most necessary first step to accelerating interoperable health information technology adoption.
- Incentives
 - Congress should issue nationwide data standards.
 - The electronic health record will work only if substantial numbers of doctors, individuals, and hospitals have them. The government must take positive action to set a standard that encourages widespread participation.
 - This includes funding and outsourcing a certification program that certain health information technology applications meet these standards.
 - Reduce the frequency of surveying oversight for healthcare facilities that use electronic health records and have no quality of care deficiencies
 - Fund a training program for healthcare providers and staff to optimize the investment in and the interoperability of a new information technology system
 - Decrease malpractice insurance
 - Subsidize, perhaps through tax credits, for three years, the amount insurance companies reduce their malpractice premiums for healthcare providers who use certified health information technology applications
 - Pass a cap on the liability of a healthcare provider who uses certified health information technology applications
 - Low interest Federal Loan Program modeled after the Federal Student Loan Program
 - American Journal of Medicine reported a new benefit per provider using electronic medical record over 5 years would be approximately \$86,000. Over 10 years it is \$330,900. (See Appendix C, AMGA Health Information Technology Funding)
 - Provide consumers with financial incentives, such as decreasing co-pays and deductibles, if the individual chooses a health provider who uses a certified health information technology application such as electronic health record/bar coding/e-prescribing/decision support
 - Increase reimbursement or provide a flat bonus to healthcare providers who electronically prescribe

- Restore the 5% increase in Medicare reimbursement to physicians only when they provide proof that they are cooperating with the government in using the IHR plan to save \$9 billion a year for Medicare.
- Provide bonus payments to health providers for improved clinical outcomes and/or using some form of health information technology, such as electronic health record or bar coding
- Provide hospitals who make certified information technology investments tax deductions
- Incorporate and/or mandate health information technology components into the design of all new safety and quality programs and pilots for Centers for Medicaid and Medicare Services, Office of Personnel Management, Veterans Administration, Department of Defense, National Institute of Health, Centers for Disease Control that involve direct patient care
 - Example: The Medicare Modernization Act created a “Welcome to Medicare” physical for new beneficiaries starting Jan 1, 2004. Why not increase the reimbursement, or make reimbursement contingent upon filing of an electronic health record for the beneficiary?

This will fail without adequate funding from Congress.

- ***This is about individual safety!***
- We cannot rely on the private market to set an interoperability standard of this proportion for a health record. History has proven that large institutions such as hospitals cannot find a standard among themselves; therefore government must step in to set precedents.
- The Federal Government needs to get serious about this.
- Evidence of lack of serious monetary commitment to solutions in workplace safety, food supply safety, and transportation safety:
 - In 2002, there were 5524 fatal work incidents¹⁹. The total budget for Occupational Safety and Health Administration (OSHA) that year was \$457.6 million²⁰.
 - In 2002, motor vehicle crashes claimed nearly 43,000 lives²¹. The same year, the National Highway and Traffic Safety Administration’s budget was \$424 million²². Federal Motor

¹⁹ 2002 on the Forbes website. They cite the US Department of Labor and Statistics. The article is at http://www.forbes.com/work/careers/2004/05/27/cz_cc_0527fataljobs.html

²⁰ <http://www.aflcio.org/issuespolitics/ns0205a2002.cfm>

²¹ <http://www.dot.gov/bib2005/nhtsa.pdf>

²² <http://www.dot.gov/bib2004/nhtsa.html>.

Carrier Safety Administration (FMCSA)'s budget was \$361 million.²³

- In 2002 we spent \$716 million for the food Safety and Inspection Service, the USDA division charge with keeping our food supply safe.
- The 3 examples cited above total just under \$2 billion in funding.
- The Federal Aviation Administration budget in 2002 alone was \$13 billion.
- In contrast:
 - Healthcare lags behind every industry except K-12 education in IT investment. Healthcare spends 2.3% of their budget whereas, financial services spend 13.8%, manufacturing spends 7.7%, and communications spends 7.5%.²⁴
 - AHRQ is managing \$100 million in grants in FY04 to support the implementation of health information technology.
 - Mayo's information technology budget in 2002 was \$107 million – This is more than the entire AHRQ grant budget.
 - There is a new position within the Department of Health and Human Services – the National Health Information Technology Coordinator. The Executive Order that created his position instructs the Coordinator to develop a strategic plan that does “[n]ot assume or rely upon additional Federal resources or spending to accomplish adoption of interoperable health information technology.”
 - The scale of the challenge (biological disaster, medical mistakes, and high cost) requires that we dedicate 1 percent (\$7.9 billion) of our total federal healthcare spending (\$7.9 trillion dollars²⁵) to the creation of interoperable health information technology.

Initial Steps

- Design a payment structure to incentivize adoption of health information technology:
 - The National Health Information Technology Coordinator office should become a federal health information technology agency with statutory authority to oversee and manage technologies, financing and actions in and outside the federal government.

²³ <http://www.dot.gov/bib2004/fmcsa.html>

²⁴ Gaudin, Sharon. IT spending is low in healthcare industry, Network World (Dec 18, 2000) (Based on a Gartner Group study.)

²⁵ <http://www.cms.hhs.gov/statistics/nhe/default.asp?#contact> as of March 24, 2004

- Furthermore, the Coordinator should have the responsibility to undertake a three-year project to transition the federal government to state of the art technology in both its internal health information technology and that of suppliers.
- Shift the payment structure of the entire system to incentivize better outcomes at lower costs so people have an interest in being effective and efficient, not in transactions as is currently the case.
- Financially incentivize individuals to choose healthcare providers that use health information technology solutions. (I.e., e-prescribing and electronic medical records)
- The government as the largest healthcare purchaser, (Department of Defense, Veterans Affairs and Office of personnel Management) should incorporate interoperable information technology in its programs and purchasing. For example, putting health information technology in new program designs and new requests for proposals.
- Subsidize the investment of new health information technologies until there is universal adoption (i.e., individual electronic medical record).
- Design a low interest loan program for health information technology for healthcare providers modeled after the student loan program.
- Develop a virtual public health system
 - Pharmacy is a largely untapped resource; in fact, there are over 55,000 chain and independent pharmacies.
 - “The sheer volume of patient need in the case of a contagious outbreak will require the mobilization of every medical person and every medical facility that can be made available. There should be a Public Health Service Reserve Corps, parallel to the reserve and National Guard program we have for the military. Every doctor, nurse, pharmacist, and veterinarian in the country, including retired professionals, should be enrolled in the corps and available by email at a moment’s notice. Every long-term care facility in the country should be enrolled as an emergency facility, the way commercial airliners are in the Civilian Reserve Air Fleet (CRAF) program. They should be paid to develop a plan for moving their healthiest and most stable residents to safe places so the facility’s beds could be used in a bio-attack.”²⁶

²⁶ Gingrich, Newt, Dana Pavey, and Anne Woodbury, *Saving Lives and Saving Money*, (The Alexis de Tocqueville Institution, 2003): 288

- Devise a plan to react quickly in the event of a biological epidemic. We need to have processes for real-time discovery, development and delivery streamlined for antidotes, vaccines and procedures
- Incorporate health information technology in the foundation and design of every federally funded health study such as the National Children's Study²⁷
- Require interoperability of all federal databases
- Develop laws that give individual's ownership of their personal health record. Healthcare providers should be required to provide the data

²⁷www.nationalchildrensstudy.gov