

# HEALTHCARE FINANCE **NEWS**

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## Integrated management is answer to the crisis

BY DAN SPIREK

**T**HE AFFORDABILITY CRISIS facing the U.S. healthcare system won't be cured by one simple prescription. We need a solution that gathers all healthcare constituencies together in a common effort, and brings information, communication and incentives to bear in the battle to hold down costs.

**Integrated healthcare management is the systematic application of processes and shared information to optimize the coordination of benefits and care for the healthcare consumer. This is the key in the transformation of paying for and managing healthcare.**

The current crisis has intensified because constituents in the healthcare supply chain – consumers, providers, employers and payer organizations – are disconnected from one another, and their incentives are misaligned. Fragmentation has fostered inefficiency and waste, and Americans are becoming increasingly unhealthy, in a care environment characterized by unacceptable levels of practice variation.

An approach called integrated healthcare management counters these serious problems by delivering integrated health benefits designed to encourage better health

and care delivery, supported by the knowledge and incentives necessary to drive change. This approach promises to drive much-needed communication, collaboration, discipline and efficiency in the healthcare system and create a new era where all participants can benefit.

The nation's healthcare problem is not caused by spending too little. The U.S. spends a larger share of gross domestic product on healthcare than other industrial nations. But the inefficiencies in the system beg the question of what we're getting for the dollars spent. U.S. healthcare faces major challenges of cost, quality, consistency and availability of coverage and care.

Costs continue to escalate faster than anyone can afford. Employers struggle to offer competitive health benefits in an increasingly competitive global economy. Virtually all consumers are paying more for their share of coverage and care. For many, these payments now exceed car payments. It's no wonder that healthcare has become a top U.S. political issue.

Health plans need a new approach as they face increased financial pressures, continued lack of trust, and potential disintermediation threats from financial service companies that see healthcare as a rich new revenue opportunity.

Historically, the systems and business processes in payer organizations have been disconnected and "siloeed," with little integration across functions such as product development, sales and marketing, customer service or network/medical management.

Most recently, with the advent of consum-



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er-driven healthcare, payers have shown increasing interest in understanding the preferences and needs of consumers and, among an enlightened few, in focusing on the important roles of other constituents, like the provider and employer.

But healthcare information still does not flow easily within payer organizations or between constituents, such as between physicians and patients. Incentives for consumers to adopt healthy behaviors, and for providers to optimize care, are not aligned or effective. Interaction among the participants can be cumbersome. And constituents in the healthcare system have their own silos of information.

Sweeping changes in technology, such as the Internet and digital technology, are creating a new opportunity to connect people with the information they need when they need it. And it's here that the healthcare system can find a central element in the cure for the healthcare affordability crisis.

**This new way of managing the flow of benefit and care information and the incentives built into the system has the potential to benefit every participant by improving the availability of relevant information, improving the quality of medical care and reducing costs.**

Enter integrated healthcare management, which is fueled by the convergence of three key technology competencies – health benefit administration, care management and constituent engagement. Where these competencies intersect, a powerful opportunity is born, uniquely enabling payers to more systematically stratify, personalize, engage and reward constituents for healthy behaviors; increase the effectiveness of treatments; reduce the cost of care; and fundamentally drive better results.

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greater the convergence of these data and functions, the more value payers will be able to create for their constituents. Embracing integrated healthcare management enables payers to design benefit programs that will drive desired results and accountability; personalize interaction to be active and engaging; leverage technology to systematically share knowledge among constituents; ensure expectations and incentives are understood; and help constituents make better decisions, using information and incentives.

Achieving integrated healthcare management and solving the affordability crisis will impose significant demands on payer organizations and their IT systems, which were designed largely to execute transactions. Increasingly, these systems will be counted on to provide a comprehensive view of each constituent and to support such diverse and critical functions as quality improvement and care management.

The healthcare cost crisis won't be solved by tweaks here and there, or by government intervention, or by starting over. An end-to-end approach is needed that builds on the strengths of those already engaged in healthcare. Integrated healthcare management provides a new way of viewing and managing the flow of benefit and care information and the incentives built into the system to benefit every participant. The transformation of healthcare begins with the capabilities of health plans, strategically positioned at the center of the system.

**Payers can get there by deploying systems and processes that turn those information and process silos on their sides so all constituents have the information and incentives they need to be informed and engaged patients, the most efficient and effective healthcare providers, all supported by health plans that see and manage the big picture, working with employers who see healthier, more satisfied employees.**

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