

HELP FOR HEALTH CARE

BY MARIANNE KOLBASUK MCGEE

EVERYONE FEELS THE PAIN of soaring health-care costs. Clinical IT systems, such as electronic health records and bedside decision-support tools, could save the nation billions of dollars annually by reducing medical errors and eliminating wasteful processes, according to government researchers. Yet many cash-strapped health providers find it difficult to fund such technology projects.

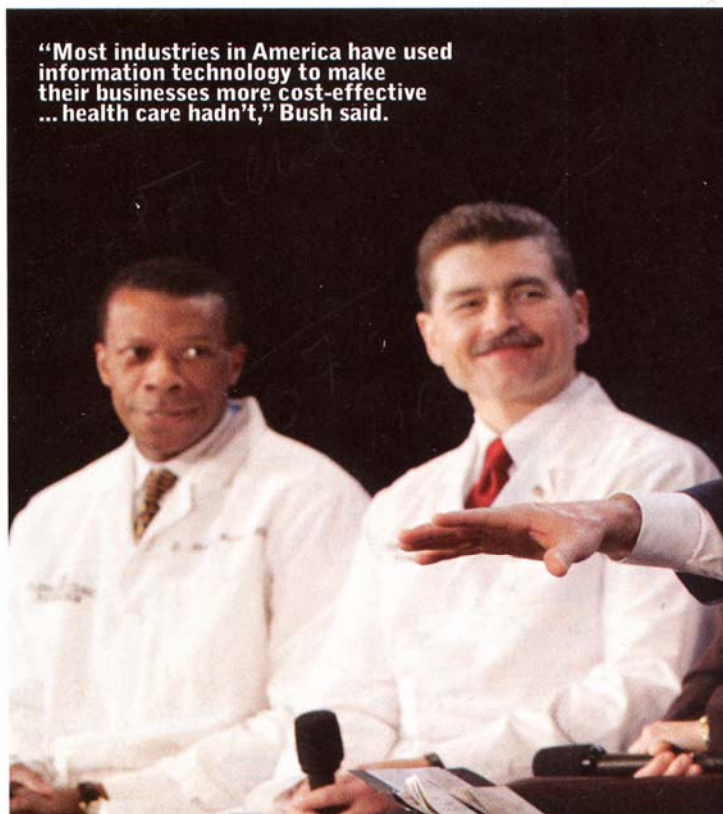
President Bush's 2006 budget, which will be unveiled Feb. 7, will include an increase in funding to help health-care providers test and deploy new technologies. The administration plans to ask for \$125 million to fund IT-related health projects, \$75 million more than Congress approved for 2005. Last week, Bush requested an additional \$50 million to be tacked on to the 2005 budget, for a \$100 million total.

"Most industries in America have used information technology to make their businesses more cost-effective, more efficient, and more productive, and the truth of the matter is, health care hadn't," Bush said last week, while touring the Cleveland Clinic to discuss nationwide health-care reform and watch a demonstration of how electronic health records in operating rooms are improving patient care and reducing costs. For the past year, Bush has promoted the goal of providing most Americans with electronic medical records that would be accessible to all their health-care providers within 10 years.

The proposed funding increases won't go very far, though, if you consider that insurance provider Blue Cross and Blue Shield of Massachusetts is spending \$50 million just to wire three communities to enable electronic-health-record systems within the next five years. And congressional approval isn't a slam dunk: In De-

President Bush is pressuring the health-care industry to expand its use of IT. But where will the money come from?

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cember, Congress failed to allocate the \$50 million in funding requested by Dr. David Brailer, Bush's national health IT coordinator, in his 2005 budget to help government agencies and private health providers work together on a national infrastructure to exchange patient health information.

"The government needs to put money into this," says Dr. Herb Pardes, CEO at New York-Presbyterian Healthcare System. "Health care is under enormous financial pressure, but it also makes a good business case to use IT like electronic health records because it saves money and can save lives."

The industry is under increasing pressure to move faster. According to a new online study, 38% of senior-level executives scheduled to attend this week's World Health Care Congress in Washington, D.C., say the slow adoption of IT, such as electronic health records, is among the most-serious threats to the health industry, ahead of rising costs, which was identified by 37% of respondents. And 30% of respondents cite the cost of technology as a serious threat.

Of the 122 respondents, 44% work for hospitals, health insurers, or physician practices, and two-thirds of that group say their companies have increased or accelerated their investment in clinical IT. But only a third say they're collaborating with other local health companies on these projects, which could hinder

Kevin Lamagne/Reuters

Bush's goal of having a national health-records network within 10 years. "You could say many of these companies are working in silos," says Lewis Redd, president of the health practice at IT-services firm Capgemini, which sponsored the survey.

Still, progress is being made. Brailer's office received 500 responses to a request for information it posted late last year summoning ideas from the health industry and the public about creating such a network, a spokeswoman says. Within the next few months, Brailer's office plans to release a summary of those responses; a final plan for the network would likely be a composite of those ideas.

Among the submissions was a 134-page response from the Interoperability Consortium, an alliance formed in November by Accenture, Cisco Systems, Computer Sciences, Hewlett-Packard, IBM, Intel, Microsoft, and Oracle. The vendors presented a plan for a network comprised of open standards that supports decentralized databases, rather than a central database of records, says consortium member Mychelle Mowry, VP of Oracle Global Health Industries. The network would use "a design that can last through the ages and include new technologies" as they emerge, Mowry says. However, it also would support existing tech investments, she adds. "We don't want to ask any [health-care] provider to replace or rip out what they've got."

The Interoperability Consortium also proposes financial incentives, including tax breaks, low-interest loans, and federal program reimbursements, to help providers and others pay for IT investments they'd have to make. One of the problems with the current system is that health-care providers pay for investments in digital records and other clinical IT, while payers such as insurance companies reap the rewards in cost savings.

"Health care is goofy compared to other industries. There's a misalignment of [financial] incentives," says John Glaser, VP and CIO at Partners HealthCare System, an integrated health-care system that operates several hospitals in the Boston area. (For profiles of Glaser and four other leading health-care CIOs, see p. 28.) "This year will be telling" in terms of industry and government commitment to technology issues, Glaser says. Ten years is an admirable goal to get most Americans' health records digitized, but probably optimistic because culture and workflow hurdles may still hamper progress. Says Glaser: "It will take more like 20 years."

From the administration's point of view and for many people in health care, that's too long.

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