

**Remarks for Secretary Kathleen Sebelius
Cerner Health Conference
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Thank you, Neil, for that introduction.

It's great to be here today because it's an excuse to come home and see some friendly faces. It's also an exciting time to be talking about health care.

And this is an exciting place. Cerner has always been a leader in health information technology. They were into electronic health records way before they became cool. So I'm glad to be with you today.

It's an exciting time because there's never been more agreement in America that we need to reform our health care system. Americans may not agree on every detail about what we should do. But more and more the agree that the one thing we *can't do* is do nothing.

When it comes to our health care system, everyone seems to be echoing Ronald Reagan who used to say that "the 'status quo' is just Latin for 'the mess we're in.'"

The American Medical Association says: "It is clear that the status quo is unacceptable."¹

The American Nurses Association says: "The US health care system remains in a state of crisis."²

The Business Roundtable says: "Maintaining the status quo is simply not an option."³

The AFL-CIO says: "Reforming health care...is essential to a strong economy and healthy family budgets."

The American Consumers Union, the group that publishes Consumer Reports, says: "Tackling the problems in our health-care system has been put off far too long."

Tommy Thompson, the former Bush administration Secretary of Health and Human Services, says: "Failure to reach an agreement on health reform this year is not an acceptable option."

¹ <http://www.ama-assn.org/ama/pub/news/news/obama-health-reform-address.shtml>

² <http://www.nursingworld.org/MainMenuCategories/HealthcareandPolicyIssues/HealthSystemReform/Agenda/ANAsHealthSystemReformAgenda.aspx>

³ <http://www.businessroundtable.org/sites/default/files/2009.09.15%20BRT%20News%20HC%20Costs%20Will%20Rise%20Without%20Reform.pdf>

And everywhere I go around the country, I talk to Americans who can't get insurance...or who are worried they'll lose the insurance they have...or who are struggling to pay their medical bills.

Increasingly, Americans are saying: "We've tried doing nothing. We've seen where that got us. Now it's time to act." And Congress is following their lead. For the first time ever, we are on the verge of having health insurance reform bills from all five committees. We'd gone 70 years without that happening. Under President Obama, it will only take us 8 months.

Given all this momentum, the question now is not "should we do something?" It's "what should we do?"

And from the start, the President and Congress have said we need to make three changes:

First, we need to fix our insurance system.

Second, we need to fix our payment system.

And third, we need to start moving towards a 21st century health care system that gives all Americans better care and better value.

For President Obama and Congress, fixing our insurance system starts with providing more security and stability for Americans who have insurance. So they've proposed new rules: Insurance companies aren't allowed to drop your coverage just because they find a mistake in your paperwork. They're not allowed to put a cap on your benefits. And there's a limit on your out-of-pocket costs.

Basically, under President Obama's plan, every insurance policy we'll come with a new guarantee: you won't go broke if you get sick.

That takes care of Americans who have insurance. But there are still millions of Americans who want insurance but can't get it.

So the President and Congress first make it illegal for insurance companies to deny you coverage just because you have a preexisting condition. Second, they create an insurance exchange that allows consumers to band together, so that they can get the same low rates that big companies and federal employees get. And third, if you still can't afford insurance, President Obama's plan will provide you with tax credits based on your need.

When you add these changes together, you get an insurance market where all Americans will have access to quality, affordable health insurance.

A lot of the media coverage and political debate has focused on this first part of reform. But today, I want to focus on the rest of reform: fixing our payment system and moving towards a 21st century health care system.

These are two solutions to the same problem, which is that Americans get a bad deal when it comes to health care. We spend too much. According to a recent report from the Kaiser Foundation, the average health insurance premium jumped from under \$6,000 to over \$13,000 in the last decade – far more than any other country spends. But we only get average results – or worse

Last year the journal *Health Affairs* rated nineteen industrialized countries on how many avoidable deaths they had before age 75. These are deaths from conditions like bacterial infections, diabetes, and treatable cancers that are common but preventable. The US wasn't just below average. We were dead last.

The problem isn't our doctors. We have the best in the world. It's not our technology. No country is more advanced. The problem is that the system that connects doctors and patients has screwed-up incentives that prevent health care providers from focusing on delivering the best care.

So what President Obama and Congress say is, let's change the incentives to reward the kind of high-quality, patient-centered, evidence-based care that we know is better for doctors, better for patients, and better for our national balance sheet. And that starts with fixing our payment system.

Let's take a common case. Say there's a 70-year-old woman who goes into the hospital for a hip replacement. The surgery is a success. She's ready to leave the hospital. But she's not ready to go home. She still needs physical therapy. So she goes to a second facility to get her physical therapy. But maybe she gets the wrong dose of medicine there. Or she gets bad care for her wound. Or she doesn't get the right diet. And then she ends up back in the hospital.

This unfortunate sequence of events is all too common. One recent study estimated that almost one out of every five Medicare beneficiaries who are discharged from a hospital is back within a month. President Obama and Congress want to break up this cycle.

So what they've proposed is bundling payments to the two facilities. In other words, the two facilities share a single payment. That suddenly gives the hospital and incentive to limit the costs at the physical therapy facility. Which gives them an incentive to communicate clearly about follow-up care.

This is the kind of transformation we want to catalyze with reform. When hospitals work together, patients benefit. That's also true when doctors work together. Which is why as part of reform, President Obama and Congress are also supporting coordinated care models like medical homes.

In medical homes, doctors treat patients in teams. So there's coordination to reduce duplicate and unnecessary tests. But patients don't just get care from their doctors. They also get care from Community Health Teams, staffed by nurses, social workers, and behavioral health counselors who check up on patients and make sure they're managing their chronic conditions.

Say you have diabetes. Instead of being told, "You need to exercise more and eat better. Come back and see me in six months" – you have providers actively helping you stay healthy. And it turns out, this works. When you look at medical home models around the country, you see the same results over and over again: lower costs from chronic disease, lower costs from emergency room visits, more preventive care, and higher patient satisfaction.

That's why President Obama and Congress provide new support to these models as part of health insurance reform. It's basic economics. If you pay more for the most effective care, you're going to get more effective care.

But we can really change health care by taking this information about which treatments work and which don't and putting it in the hands of consumers.

Here's a statistic that should stop every American dead in their tracks: health care-associated infections – the infections that people get when they go to the hospital to get treated for another health problem – are one of the ten leading causes of death in America. More people die from health-care-associated infections than from car accidents and homicides combined.

What makes these deaths especially tragic is that they're completely preventable. For example, in Michigan, they used a simple technology to cut infections by 66%, saving 1,500 lives and \$200 million in just 18 months. It wasn't an expensive medical device. It was a checklist that reminded doctors to do things like wash their hands before they operated.

We can't force every state to do what Michigan did. But we can make information about health care-associated infections public. That's what President Obama and Congress have proposed as part of reform. Under the bills going through Congress, hospitals would have to report statistics like the percentage of patients who die from heart surgeries or who have complications from anesthesia.

This is the kind of information consumers have in almost every other industry. But health care has lagged behind. Americans can get more information about the tee shirt they're buying online than the hospital where they're getting their surgery. Health insurance reform will start giving health care consumers the information they need to demand a better deal.

Fixing the payment system will set us on a course towards a 21st century health care system. But it will be hard to make any of these changes if our medical system continues to rely on pencil and paper. For example, it's hard for hospitals to provide information about medical outcomes if they don't have an automated way of tracking them. It's hard for a team of doctors to coordinate care if there's only one chart.

That's why President Obama and Congress are committed to accelerating the adoption of health information technology, including electronic health records. The evidence for electronic health records is clear. At one health system, they used electronic health records to identify older women who hadn't received an osteoporosis screening and mail them personal letters. Screenings went up 300%.

At another health system, only a third of their diabetes patients were receiving the recommended foot and eye exams. They started tracking these patients using electronic health records, and within five months, the share of patients getting the recommended exams doubled to around two out of three. At a major children's hospital, they used electronic health records to cut medical errors in half.

We know that electronic health records can take time to get used to. But in system after system where they use well-designed electronic health records, doctors tell me that they're better physicians and they'd never go back. Despite this enthusiasm, only 10% of hospitals and 20% of doctors have adopted electronic health records so far.

That's why President Obama and Congress made sure health insurance reform contains support for electronic health records. But they didn't want to wait for a bill to pass. So they sped the process up by making a historic, multi-billion dollar investment in Health IT as part of the American Recovery and Reinvestment Act.

There are two big parts to this investment. First, the Recovery Act will create at least 70 health IT regional extension centers that will help providers adopt electronic health records. They'll provide support at every stage of the process from picking the right software to making sure it works.

The second part of the investment will provide states with grants to invest in health information exchange. These grants will create the kind of governance, policies, and network services that will make sure providers who are adopting electronic health records can communicate with each other.

But we're not just going to give people money to plug in their machines. That's why there will also be financial incentives for doctors who use the technology to improve the quality, safety, and efficiency of care, and to promote more coordination between providers. And every investment we make in health IT will put patients' privacy first since the success of electronic health records will be directly proportional to how much people trust them.

We know you'll help us make sure doctors and hospitals get the most out of this technology – not just by helping them use the technology, but by designing technology that's easier to use. And we also appreciate your help as we battle the H1N1 flu this fall. We're grateful that Cerner has already volunteered to use data from its national network of clients to help us identify flu outbreaks. But we also need providers to make an extra effort to help Americans get vaccinated this fall. For more information about what you can do, I encourage you to visit our one-stop clearinghouse for all the latest flu updates – www.flu.gov.

This is an exciting time to talk about health care. We are moving towards a 21st century health care system where no American dies because their surgeon didn't use a checklist, or because they couldn't afford a cancer screening, or because one doctor can't read another doctor's handwriting. A future where every American has health insurance and no American goes broke because of a hospital bill ever again is in sight.

Of course, there are still some Americans who are unsure about reform. But the alternative – doing nothing – is even less appealing. I recently read an article that is the best summary of the status quo I've read in a long time. And I quote: "Although four fifths of the population is covered by some kind of health insurance, the protection afforded is often skimpy and unreliable.... Close to half the people who file pleas for bankruptcy each year do so because of medical debts.... Americans might bear these medical burdens more cheerfully were they getting their money's worth; but if the price of health care isn't right, neither is the product."

The article goes on to talk about the shortage of primary care physicians, unnecessary procedures, the high number of preventable deaths, and exorbitant out-of-pocket costs. That article was published in the New York Times...in 1977.

Thanks to people like you, we are slowly moving towards a 21st century health care system where Americans get better care and better value. This fall, we have a rare opportunity to take a huge leap forward in this direction. These chances don't come along very often. We shouldn't pass it up.

Thank you.