

# **Health Information Technology and the Cost of Doing Business**

Donald A. Young, M.D.

Principal Deputy Assistant Secretary for Planning and Evaluation  
U.S. Department of Health and Human Services

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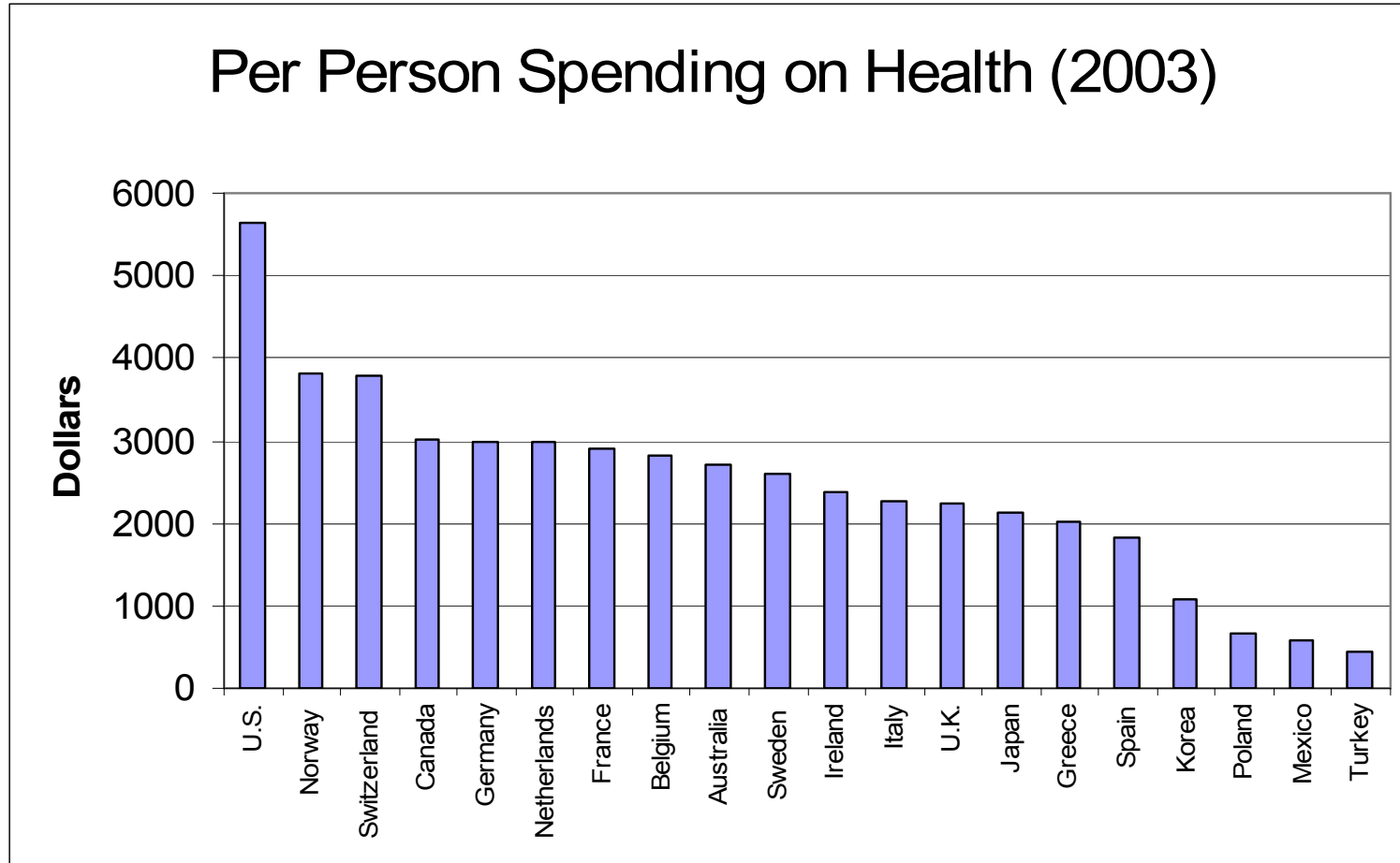


# Outline

- Health Care Trends
- Business Impacts
- Challenges for Health IT
- President Bush's Plan to Help Businesses Improve Health IT



# International Per Capita Health Spending



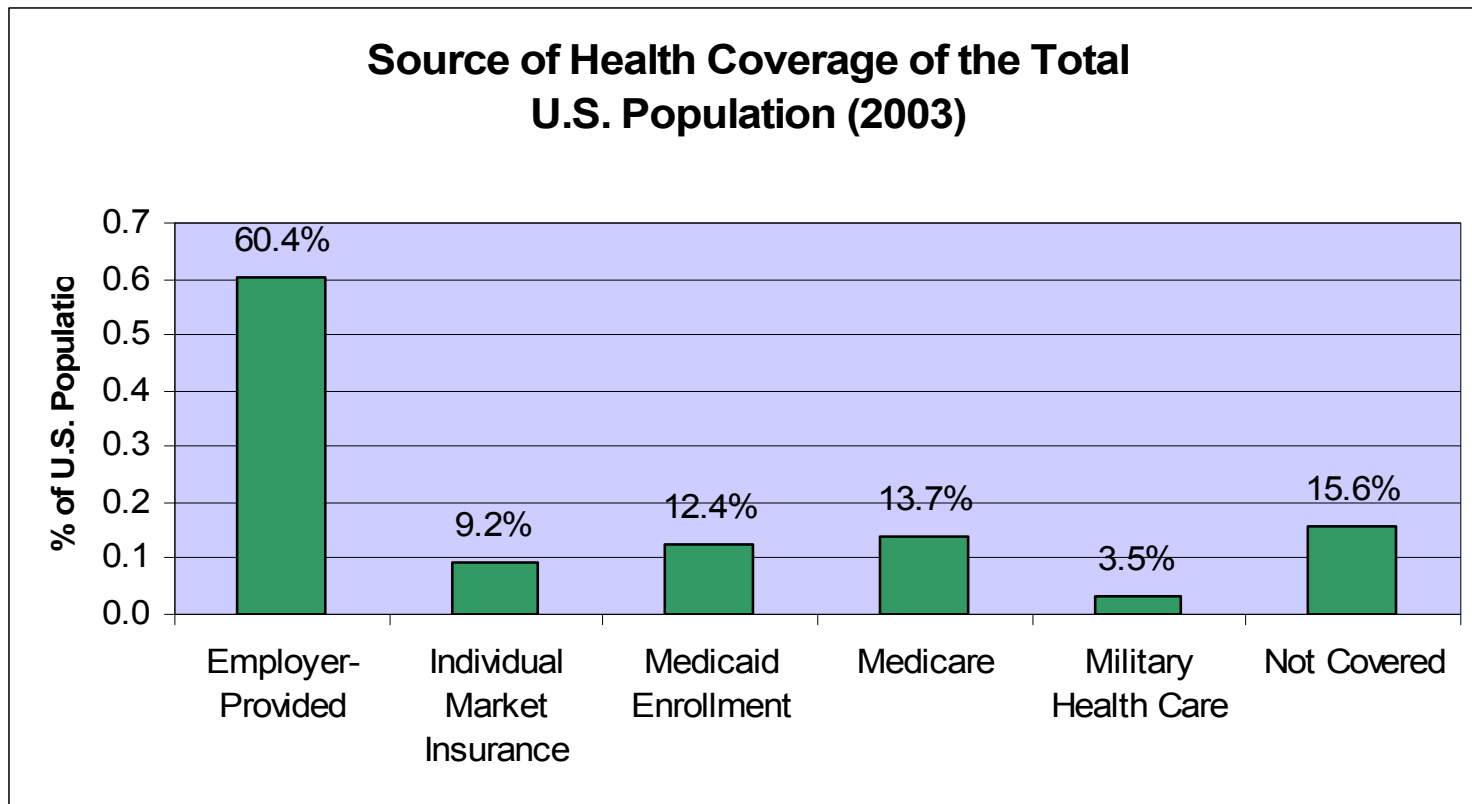
# Trends in U.S. Health Care

- In the latest year data are available (2003), total national spending on health care rose to \$1.7 trillion, or \$5,670 per person.

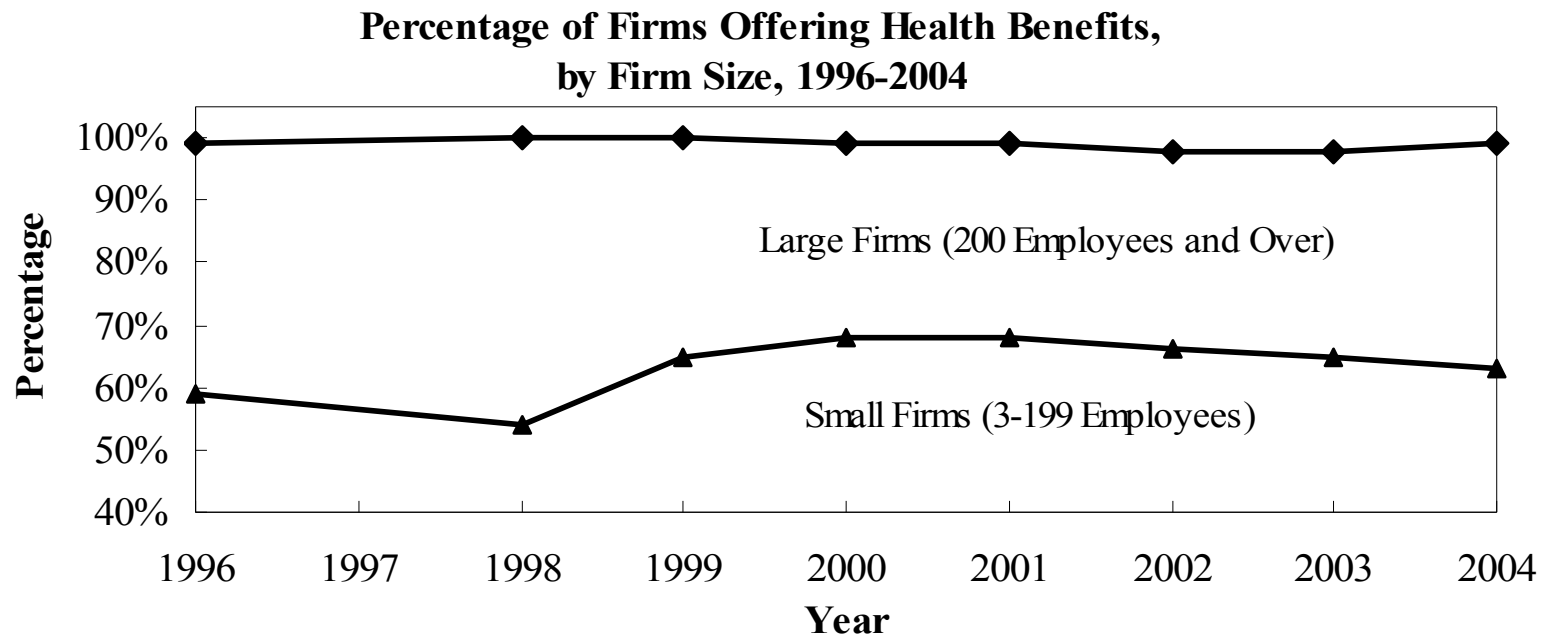
National Health Expenditures			
	1960	1985	2003
Total	\$27 billion	\$427 billion	\$1,678.9 billion
Per capita	\$143	\$1,765	\$5,670
Share of GDP	5.1%	10.1%	15.3%



# Trends in U.S. Health Care

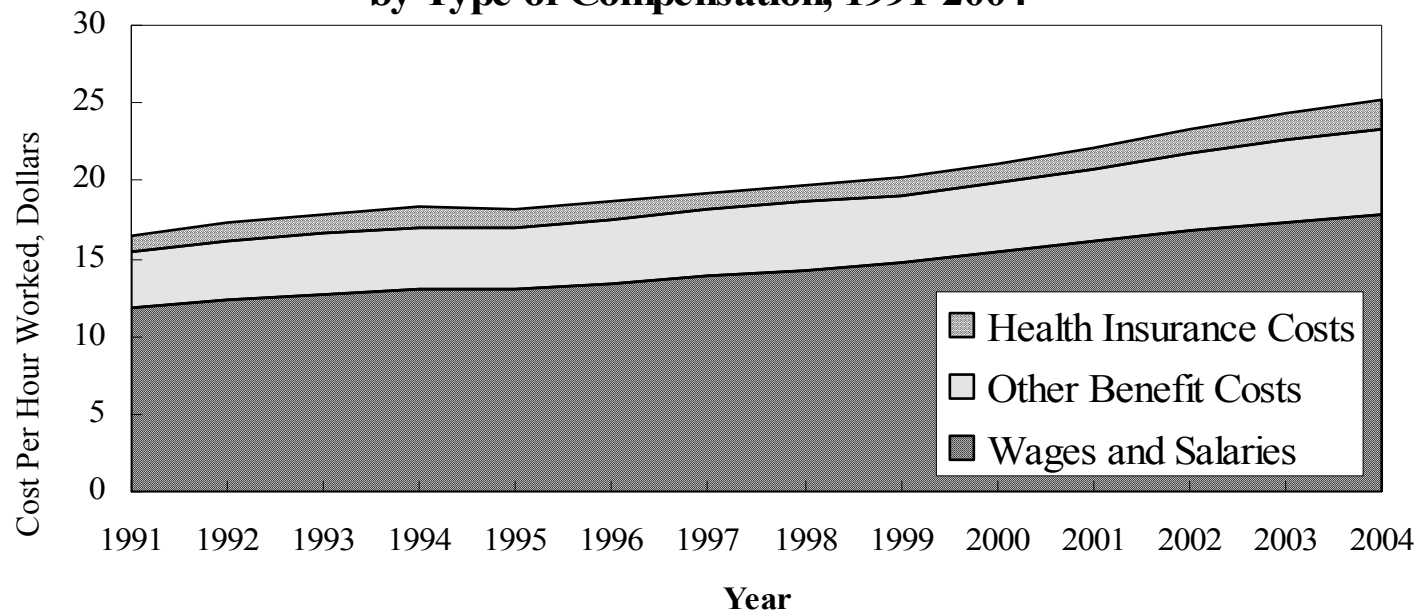


# Trends in U.S. Health Care



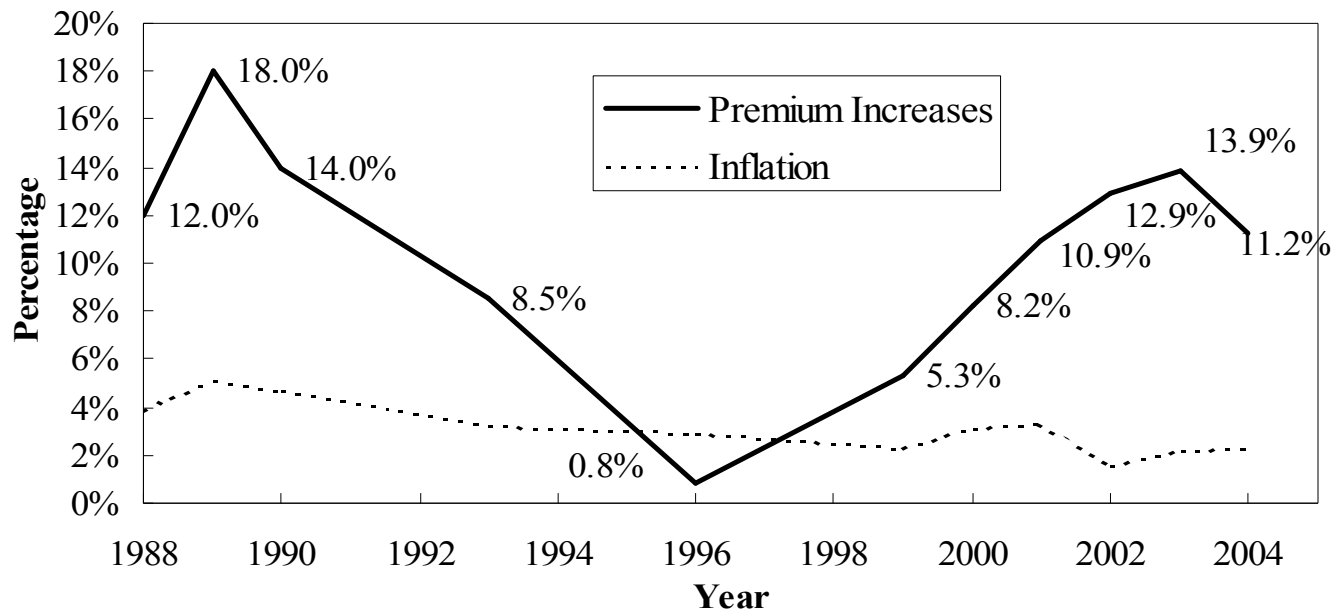
# Business Impacts

**Total Employer Compensation for Employees,  
by Type of Compensation, 1991-2004**



# Business Impacts

**Increases in Health Insurance Premiums and  
Inflation, 1998-2004**



# Business Impacts – Auto Sector

- In 2004, DaimlerChrysler, Ford, and General Motors spent \$9.3 billion to provide health care for more than 2 million employees, retirees, and dependents.
- Providing this coverage added an average of \$1,275 per vehicle.



# Transforming Healthcare

## *The Administration Responds*

- Consumer Directed Health Plans
- Health Savings Accounts
- Medical Malpractice Reform
- Promotion of Healthier Life Styles
- Competition Wherever Appropriate
- Health IT



# Challenges for IT in Health Delivery

Many current health information systems use an outdated, paper-based approach:

- A patient's vital medical information is scattered, and full records are often unavailable at the time of care, and especially during emergency care.
- Patients lack access to useful, credible health information to choose the best treatment for their needs, and manage their own wellness.



## **Challenges for IT in Health Delivery (cont.)**

- Many physicians are not able to keep information about drugs, interactions, and guidelines easily at hand to select the best treatments for their patients.
- Many medical orders and prescriptions must be handwritten and are too often misunderstood.



## Challenges for IT in Health Delivery (cont.)

- At the beginning of the decade, most U.S. industries invested roughly \$8,000 per worker for IT; health care was investing only about \$1,000.
- The U.S. spends \$1.7 trillion on health care, yet concerns linger about avoidable medical errors, administrative inefficiencies, and poor coordination of care.



# Solutions Inherent in Health IT

- Reduce medical errors
  - Potential to significantly reduce medication errors
- Improving the quality of patient care
  - Measure and reward performance
- Reducing the cost of health care
  - Improved provider workflow and decision making, reduced administrative costs



# What HHS is Already Doing

- E-prescribing
- Electronic Health Records
- Electronic Billing
- And...a long range plan



# The President's Health Information Technology Plan

- 1) Encouraging widespread adoption of interoperable Health IT.
- 2) Fostering regional collaborations and demonstration projects to test the effectiveness of Health IT.
- 3) Catalyzing partnerships between private sector purchasers and the federal government to drive adoption of Health IT.



**Questions?**

