Healthcare Reform: Working Together
by Mike Reitz, President and CEO

For months, healthcare reform has been the subject of great debate on Capitol Hill and across our nation. No matter the exact outcome of healthcare reform legislation, there is one area of consensus among stakeholders: Rising healthcare costs must be addressed because the current healthcare system is simply not sustainable.

Here at home, our customers have asked that we address the issue of affordability and we are listening. We firmly believe now is the time for stakeholders to work together to reduce healthcare costs. We must realize now that old models are gone and what once worked is now broken. And it is up to all stakeholders – consumers, health insurance companies such as Blue Cross and Blue Shield of Louisiana, legislators, doctors and hospitals — to fix it.

On our end, we continue to hold expenses down; only seven percent of our members’ premium dollar is used for our operating costs. Eighty-four percent goes to pay claims, while the balance is used for taxes, regulatory fees, commissions and reserves. We have also created new wellness programs – at no additional cost to policyholders -- to encourage our members to stay healthy and avoid claims.

We are also negotiating with hospitals to help hold down costs, particularly in these recessionary times.

To meet the affordability challenge ahead, it will take ingenuity, courage and a fresh approach to patient care. Going forward, we must begin to consider different reimbursement models that focus more on patient outcomes than on fees for individual services.

Alternative reimbursement strategies for hospital stays should also be considered as an important means of reducing healthcare costs. Using a Diagnostic Related Group (DRG) methodology where hospitals are paid on a case rate can result in greater efficiency and a reduction in healthcare costs. When hospitals are efficient in controlling costs and reducing days, they will yield a higher profit margin on the case — more than if paid on a daily visit.

The DRG methodology will take case severity into account; for example, a heart procedure will have a higher case rate, or reimbursement, than a simple medical case like pneumonia. Of course, checks and balances such as re-admission criteria will be needed to ensure the best possible patient care.

Another step in alternative payment methodology is bundled payments. This is when a hospital and physicians create a joint venture to contract for certain cases and split the payments in whatever manner they decide works best. This can incent both to find and eliminate waste from the system and reduce cost, and share in the savings generated.

While changing established reimbursement systems and payment structures can help reduce healthcare costs, these new models can also afford providers and hospitals larger margins and profits without sacrificing quality.

These are only some of the options for us to consider as we transit from a period of pre-healthcare reform to the permanency of post-healthcare reform. Blue Cross values our relationships with hospitals, physicians and allied providers and recognizes the value our robust healthcare networks bring to our members. It is on their behalf that we must work together to reduce costs, improve quality and make healthcare more accessible.
Enhanced Online Access to Hospital Patient Experience Information

In early 2009, Blue National Account members and FEP members were able to access hospital patient experience information through the Hospital Advisor* tool when researching hospitals in the Blue National Doctor & Hospital Finder and FEP Online Directory.

National Account members with access to the Hospital Advisor tool and FEP members are able to view the perceptions of patients over the age of 18 regarding their hospital experiences captured through the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) and published by the Centers for Medicare & Medicaid Services (CMS).

As of October 1, 2009, HCAHPS information was integrated with the existing hospital quality, safety and logistical information on the Blue National Doctor & Hospital Finder and FEP Online Directory.

When members search for a hospital by location, they can compare the percentages of patients that would definitely recommend a facility to family and friends and access the new Patient Experience section that offers members quicker access to all published HCAHPS information including patients’ perceptions on the following:

- Communication with nurses and doctors
- Responsiveness of hospital staff
- Cleanliness and quietness of hospital environment
- Pain management

*Hospital Advisor is a third-party tool available to FEP and some National Account members through the national online provider finders. http://www.bcbs.com/healthtravel/finder.html

Blue Surgical Safety

In order to provide safe, effective and affordable care for all, we must implement changes to improve the way we administer, manage, finance and deliver healthcare. Surgery, for instance, is often an essential component of healthcare, yet many surgical complications are common and preventable. The Blue Cross Blue Shield Association (BCBS) is taking a leadership role in identifying opportunities to support these improvements in healthcare delivery and safety for Blue members in operating rooms across the nation.

The BCBS Association has created a resource to help improve the quality of hospital care and help save lives: The Blue Surgical Safety Checklist (“Checklist”), which has been adopted from the World Health Organization (WHO) Surgical Safety Checklist. The WHO Surgical Safety Checklist consists of 19 steps designed to improve communications and consistency of care within surgical teams. It is a tool created by leaders in surgery, anesthesia, nursing and quality improvement to reduce the number of errors and complications resulting from surgery. The checklist outlines essential standards of surgical care and is designed to be simple, widely applicable, and address common and potentially disastrous lapses in care.

A January 2009 study published in The New England Journal of Medicine found that hospitals that implemented the WHO Checklist showed a 36 percent decrease in complications and mortality rates arising from errors in the operating room.

We encourage your hospital to test the Checklist and register your facility as one that is interested in participating in this work.

- View the checklist and supporting information at: http://www.who.int/patientsafety/safesurgery/en/
- Register to be a participating hospital in the campaign at: http://www.who.int/patientsafety/safesurgery/hospital_form/en/index.html

If you have any questions or would like additional information, please contact Ms. Kim Gassie at Kim.Gassie@bcbsla.com or 225.297.2685. □
**Serious Preventable Events Policy**

Blue Cross and Blue Shield of Louisiana promotes an efficient, safe and high quality, consumer-responsive healthcare delivery system and supports efforts to reduce the number of medical errors. Please remember that effective **January 1, 2010**, participating acute care inpatient hospitals may not seek payment from, and agree to waive any claims against, Blue Cross and its members for Serious Preventable Events; this includes any services required to correct or treat the problem created by any such events. Below is the current list of Serious Preventable Events. This spring, we will publicly promote the hospitals who have partnered with Blue Cross on this initiative.

- Pressure ulcers stages III & IV
- Catheter-associated urinary tract infection
- Vascular catheter-associated infection
- Surgical site infection, mediastinitis, following coronary artery bypass graft
- Air embolism
- Blood incompatibility
- Foreign object retained after surgery
- Falls and trauma (fracture, dislocation, intracranial injury, crashing injury, burn, electric shock)
- Surgical-site infections following certain orthopedic procedures
- Surgical-site infections following bariatric surgery for obesity
- Manifestations of poor glycemic control
- Deep vein thrombosis and pulmonary embolism following certain orthopedic procedures
- Surgery performed on a wrong body part, wrong patient or wrong surgical procedure performed

**POA Indicator Required on Facility Claims**

Please remember that Blue Cross requires hospitals to report CMS-required Present on Admission (POA) indicators for every diagnosis when filing all inpatient facility claims (both electronic and paper). Beginning April 1, 2010, any hospital claims without a POA indicator will be returned.

For more information on POA indicator requirements, visit the CMS web page for Hospital-Acquired Conditions at [www.cms.hhs.gov/HospitalAcqCond](http://www.cms.hhs.gov/HospitalAcqCond), contact Blue Cross Provider Services at 1.800.922.8866 or contact your Provider Relations Representative. To find your representative, go to [www.bcbsla.com](http://www.bcbsla.com) under Provider then Provider Tools and select Provider Representatives map.

**Important Note:** In order for hospitals to properly report POA indicators on all inpatient facility claims, facility and professional providers must **collaborate** to ensure complete and accurate code assignment and reporting of diagnoses and procedures are included in patients’ medical records.

**Questions on serious preventable events and POA?**

**Member Provider Policies & Procedures Manual** under Manuals on iLinkBLUE.

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**Updated Facility Manual Available Online**

The *Member Provider Policies and Procedures Manual* has been updated and is available on iLinkBLUE.

Please select the “Manuals” section on the menu, then choose “Hospital” to view the updated version.

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**Blue Membership by Area as of December 2009**

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<th>Area</th>
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**Total**

1,156,073
Two Top Publications Take Aim at Rising Health Costs

In their cover story, “10 Ways to Cut Health-Care Costs Right Now,” BusinessWeek examines 10 attempts to lower healthcare costs and improve patient care, including: “developing a healthy workforce,” “coordinating care through family doctors,” “stopping infections in hospitals,” “getting patients to take their medicine,” and “apologizing to the patient.” For the full story, click here.

The New York Times article, “Who can Bend the Cost Curve?” discusses a comparison of the rates of healthcare spending growth in the United States from 1997 to 2006 with that of the 29 other countries in the Organization for Economic Cooperation and Development (OECD). The analysis reflects that when the U.S. healthcare spending growth is compared to that of countries similar in economic development—countries with higher incomes and higher costs, but with more government involvement—healthcare spending increased, but at a slower rate than the U.S. For the full article, click here.

Hospital Governance and the Quality of Care

Researchers from the Harvard School of Public Health explore the role of boards of directors at hospitals in the quality of hospital care. The article reports that a little less than half of such boards identify clinical quality as one of their two top priorities for board oversight. The article highlights the fact that hospital boards have ample opportunities to promote a focus on improved clinical quality. The full text may be viewed at www.healthaffairs.org or by clicking here. Registration is required.


S & P Reaffirms BCBSLA’s “A” Rating

Earlier this year, national rating service Standard & Poor’s (S & P) gave Blue Cross and Blue Shield of Louisiana its 12th consecutive “A” rating for financial strength. The rating marks the company’s strong competitive position in the state’s health insurance market, very strong capitalization, very strong liquidity supported by high-quality investments and return on revenue that is consistent with what it expects from an “A” rated, not-for-profit company. This fall S & P has reaffirmed our “A” rating with a stable outlook heading into the new year.

Minden Medical Center Receives Hospital Value Index™ Quality Award

Data Advantage, LLC recently announced a list of 75 hospitals receiving a Best in Value™—Superior Quality Merit Award from the 2009-2010 Hospital Value Index™, the first and only national study on U.S. hospitals and the value of care they provide. Minden Medical Center was among the 75 recipients and the only Louisiana hospital selected.

The 2009-2010 Hospital Value Index™ is an independent analysis of each hospital’s performance in the categories of: quality, affordability, efficiency and patient satisfaction. Out of the more than 4,500 hospitals that were analyzed, 75 received the Superior Quality Merit Award for achieving high marks in the quality category. Click here to view the full article including the list of other recipients from across the nation.