

CHAIRMAN'S STATEMENT

Senator Tom Coburn, M.D.

Hearing: "*Lessons Learned? Assuring Healthy Initiatives in Health Information Technology*"

Subcommittee on Federal Financial Management, Government Information, and
International Security

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THE ISSUE – we're not where we should be in health information technology

Most industries are fully online and digitized. People bank electronically, shop electronically, pay their taxes electronically, plan vacations, weddings, hold videoconferences, you name it. But there's one industry that is lagging woefully behind – healthcare - and it's literally a matter of life and death that we get up to speed. June 5 – 8 was National Health IT Week. It's time that every week was health IT week.

The need is clear and the benefits of sharable – but secure – health IT products are many: all your doctors and other providers for one patient can communicate, see each other's work, and work together to avoid duplication, medical errors, and drug interactions. Patients can put their whole health record on a "thumb" drive the size of, you guessed it, your thumb, and carry it with them on vacation, overseas travel, or when they switch insurers or primary care providers.

Health IT isn't just a neat idea that might have good benefits. In today's world, health IT can produce greater efficiency and fewer medical errors, with the added benefit of fantastic cost savings for patients, providers, health plans and the taxpayers who partially or fully support the system. Moving healthcare to the digital universe is no longer an option, but a necessity.

Right now, however, hardly anyone is benefiting from electronic health records because they are rarely used - even though studies estimate that a well-developed health IT system could save \$81-\$162 billion or more annually while greatly reducing sickness and death, medical errors and adverse drug events in patients.

THE COST – the Federal investment in HIT has been significant – but the results are few

However, I don't think the lack of electronic health records is due to a lack of spending. In fact, the U.S. enormous investment in health care is staggering: in 2006, total **health spending** is expected to approach \$2.2 trillion and account for more than 16% of gross domestic product (GDP). We **spend** substantially more than other developed countries, both per capita and as a share of GDP.

Of the billions of tax dollars spent on discretionary and mandatory health spending, information technology is not the poor step-child when it comes to federal health investments – in fact, the government has spent an estimated \$169 million this year alone on HIT initiatives.

According to a March 2006 GAO report, the Office of the National Coordinator for Health IT has awarded \$42 million in contracts intended to advance the use of health IT, while the Bush Administration has pledged \$100 million for a national Electronic Health Record system. On January 27, 2006, Bush asked for an additional \$50 million for the Office of the National Coordinator for HealthIT, and his 2006 budget called for increasing funding for \$125 million for demonstration projects.

THE PLAYERS – DOD and VA as standard bearers in the race to widely accessible electronic health records?

But HHS isn't the only game in town. Many regard the Department of Veterans' Affairs and the Department of Defense as standard bearers for health information technology due in part to their joint efforts to share medical records and, not least, the fact that they care for a combined 14.2 million active military and retired veterans. The services the VA and the DOD deliver to our armed forces are vital to our national security, and some have commended the VA for some of the agency's cutting edge technologies and best practices development.

The price for innovation and delivery of services at these two agencies is not cheap, however: The VA requested about \$2.1 billion for its FY06 Information Technology programs, and has requested a new system and an additional \$3.5 billion in funds to overhaul their current network over the next 10 years. DOD's health care costs have doubled over the past five years to \$38 billion in 2006, accounting for 8% of DOD expenses. If current trends continue, the department would spend \$64 billion in 2015, accounting for 12% of DOD's costs.

THE APPROPRIATE FEDERAL ROLE

As usual, the private sector – where the bottom line drives performance - is the place where innovation must grow fastest and best. I don't want to fetter the private providers, facilities and health plans with too much government meddling in their efforts. There is an appropriate role for the Federal government in providing leadership for data standard-setting and creating incentives for publicly funded healthcare to go digital. However, imposing a top-down model like the single-payer VA or TriCare systems, can't work in the private sector where most people get their health care and want to keep getting their healthcare. The Office of Personnel Management (OPM) recently reported that the best way to encourage providers to adopt HIT is to promote the conditions for a free market. Some would like the Federal government to try to replace that vibrant market with the roll-out of a one-size-fits-all interoperable government health IT system. Those waiting for such a system will be waiting a long time, given the slow progress we've seen so far.

And that's probably a good thing, because the private sector isn't waiting around to get moving on HIT. Kaiser Permanente, which serves 3 million more people than the VA, has launched a 10-year, \$3 billion computer overhaul. IBM testified at a recent House hearing that their use of employee electronic health records played a major part in lowering premiums and keeping employees healthy. IBM health care premiums are 6 % lower for family coverage and 15% lower for single coverage than industry norms, and employee illness rates are consistently lower than industry levels.

In the wake of poor management, innovation flounders

While it is clear to me that there is an enormous amount of effort and money being poured by the federal government into the health information technology field, I'm perplexed as to why we haven't yet achieved more measurable results. Some have called the VA the model of IT perfection, but the history there of wasted funds and large cost and time overruns is less impressive than you might think. I hope we can get a clearer picture from some of our witnesses today. I don't want to criticize the services that our veterans receive – and they truly deserve our thanks and care – but I think we can do a better job serving those veterans and the rest of America's taxpayers by better managing our resources and investments.

Both VA and DoD lack detailed management plans for health IT, which increases the risk of unaccountability. In fact, two recent GAO reports use the phrase “severely challenged” when describing VA and DOD long-term efforts to provide a virtual medical record in which data are in a format that can be acted upon in real time. Both VA and the DOD have been criticized for missed milestones and major expenses related to their two newest projects, HealthVet and ALHTA [“ALTA”]. HealthVet in particular has received some particularly scathing reviews from independent review Carnegie Mellon suggesting that the “VA faces unparalleled challenges to manage change to deliver an operationally viable [HealthVet] by 2010,” and that the plan to spend billions to modernize the health care system for that delivers services to 5 million veterans has unacceptably high risks.

CONCLUSION

It’s not fair to ask future generations – your grandchildren and mine – to pick up the tab tomorrow for systems and plans that don’t work well or on time today. I know that our witnesses have the very best wishes in their hearts for the well-being of our nation’s honorable veterans and active-duty forces. To serve them with one fraction of the competence with which they’ve served us, we need to ask some tough questions today. Thank you for being here, for your time and preparation.

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