

**Testimony
Of**

Dr. Jane F. Barlow, MD, MPH, MBA

**Well-Being Director
Global Well-Being Services and Health Benefits
The IBM Corporation**

**Before the American Health Information Community
Consumer Empowerment Workgroup
Hearing on Personal Health Records**

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My name is Jane Barlow. I am a physician with additional degrees in public health and business. As Well-being Director for Healthcare Integration & Performance, I have responsibility for driving IBM's clinical quality, wellness and integrated disability strategy for over 500,000 beneficiaries. The IBM Corporation spends over 1.7 billion dollars on healthcare in the United States each year.

Today I am going to talk about IBM's patient-centric approach to health and health benefits. I will start with the personal health record, then put that in the context of our broader consumer-centric health programs and end with some thoughts regarding the promise of personal health records in the context of an electronically informed medical environment.

In March, I testified to Chairman Jon Porter's Federal Workforce Subcommittee on his bill to extend personal health records to federal employees. IBM supports that legislation, HR 4859, Federal Family Health Information Technology Act of 2006. Today, I would like to describe the IBM experience that led us to support his proposal, and developments since that date.

IBM's strategy for health benefits is simple. We focus on "Healthy people for High performance." This strategy underscores investment in health to realize the productivity and innovative potential of our employees. The Personal Health Record is critical to achieving this goal.

In 2005 IBM announced that it would provide electronic personal health records as a part of its commitment to better health for its 135 thousand U.S.-based employees. The personal health record includes health data from two sources – the employee and their claims data. To set up their electronic record, employees enter information in a secure web-site. They input such things as medical conditions, medications, allergies, and their doctors. Earlier this year, the personal health record was enhanced to automatically import medical and prescription drug claims history.

Privacy and security are key requirements for the personal health record. IBM does not host the personal health record – we hired another company so that the employees can be assured of the privacy of their health data. The employee can print out the information or email it to the provider of their choice.

The ultimate goal is to enable all types of health information to flow into the record to form a comprehensive, portable portrait that the patient can access as they desire, and share with their provider when they choose.

Over 65,000 IBM employees have created a personal health record, and these records contain over 1.4 million data points. It's important to note, we are not creating new information. The carriers have always collected claims data – its how bills are paid. But, the Personal Health Record offers our employees a single integrated view of their claims history, many for the first time.

The personal health record is the cornerstone of our Personal Health Management Center, a broader effort to integrate health resources in a patient-centric fashion to foster consumer engagement and improve health. The Health Management Center is the central hub affording

employees access to a variety of health content, tools to support health care decisions and wellness programs. It's also the platform for our health risk appraisal, targeted messaging and referrals to other benefits programs.

Each entry in the personal health record itself, when it makes sense, is already indexed or linked to personally relevant information, programs and tools in the Health Management Center to help each employee take better control of their health. It also includes a feature that translates complex medical terminology into layman's language. For example, *Angina* becomes "heart pain."

This broader personal health history empowers our employees with the necessary information to actively manage their health and health care needs. They are able to have a more collaborative relationship with their physician that extends beyond that day's illness to address the most important health needs for that individual. This informed relationship with their provider is critical to improving healthcare quality and managing costs.

To put IBM's experience with personal health records in some context, I would first like to describe our broader efforts on improving employee health and reducing costs. That backdrop is, in fact, how we progressed to offer personal health records for our employees.

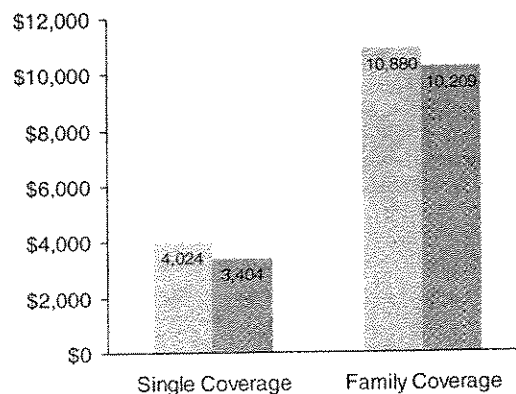
In today's information-rich, consumer-driven environment, we see patients seeking greater control over their health care, much as they have taken control over their finances and entertainment. Information-empowered patients—which each of us undoubtedly want to be—can apply their greater knowledge to improve their health and to manage costs.

As a result of our consumer-centric health programs for employees, IBMers are healthier and have lower health expenses than others in our industry. We have demonstrated that information-rich, patient-centric wellness programs are not marginal benefits. They are very good business:

- IBM's employee injury and illness rates are consistently lower than peer industry levels.
- We have documented significant decreases in the number of health risks among IBM employees as a result of participating in our wellness initiatives.
- IBM's disease management programs have demonstrated a 9%-24% reduction in emergency room visits and a 13-37% reduction in hospital admissions resulting in an overall 16% reduction in medical and pharmacy costs adjusted for medical trend over a 2 year period.

With the health improvements, we have seen cost benefits -- IBM health care premiums are 6% lower for family coverage and 15% lower for single coverage than industry norms. Our employees benefit from these lower-cost as well -- they pay 26 to 60% less than industry norms. And IBM health care premiums have been growing significantly more slowly than US health insurance premiums.

US Average Annual Premiums for Covered Workers:
Industry Average vs. IBM (Source: Kaiser Foundation)



The health improvements and cost reductions are the result of over 40 programs focused on employee well-being. In total, our well-being programs drive over \$100 million in annual savings. However these programs have limits--they rely on retrospective data and in most cases patient self-selection.

Prospective health care involves collaborating with the employee in a more coordinated fashion to prevent health care problems -- in effect, heading problems off before they occur. IBM is developing patient-centric programs that are doubly proactive: they both reach out actively to a wider range of employees, and provide personally-relevant, actionable information to help them anticipate and manage health risks.

The personal health records that we are providing to all of our employees in the US are a prime example of this patient-centered approach. When an employee first goes to the Health Management Center for their personal health record, they are offered a financial incentive to complete a health risk appraisal, develop a personal preventive care action plan and identify quality hospitals in their area.

The process surveys a range of issues including exercise level, family histories and cholesterol control, if applicable. Based on the results, an IBMer can subscribe to receive expert information, articles and advice on how to reduce their health risk. It identifies eligibility for additional benefits and services such as disease management and refers employees to those resources. Decision support tools for drug comparison and interactions, hospital quality and Leapfrog results (from the Leapfrog Group's performance measurement system) provide individual support for optimizing benefits quality and costs.

For IBM, the Health Management Center and the personal health records we provide our workforce are an investment that we recoup through improvements in employee health and productivity. For individual employees, the incentives we provide—to take the assessment, or track their self-paced exercise regimens —are essential to helping us capture these business benefits.

Personal health records and the Health Management Center are part of a much broader vision with national reach and global promise. IBM hopes the personalized health records, based on standard electronic formats that ensure the security and privacy of patient information, will be integrated with a vast array of additional health-care data for each employee, to form a catalyst for the electronic exchange of health information.

IBM is working with other technology companies to develop the National Healthcare Information Network. The objective is to build a prototype of a health information infrastructure for a vast electronic health record system for all Americans that will create the seamless "interoperability," to link the medical records of every individual.

This future electronically informed environment will drive attainment of several critical goals for improving health: First, it will equip providers with the comprehensive information and tools they need to deliver the best health value focused on the most important health issues for that patient across the continuum of care. Second, it will transform patient ownership and drive

engagement in health improvement through transparency on quality and cost and real-time feedback on health status. Third, it will enhance research, rapidly accelerating the evidence for effectiveness of medical treatments and provide real-time insights into population health. Finally, it will eliminate waste by preventing medical errors, eliminating redundant tests and streamlining the byzantine payment and administrative processes in health care that vex so many Americans.

Let me give you an example of feedback I received from a happy employee. This employee reported suffering from depression for most of her adult life. As a result of participating in our disease management program, she was able for the first time, to work with a provider who had a comprehensive view of her medical history (in addition to other personal factors). They were able to identify a successful treatment plan for her. She reported that this had totally changed her life and for the first time in 18 years she felt fully alive and productive. My hope is that every patient would have this experience.

In summary:

1. Personal Health Records (PHR) will drive a more innovative, efficient and effective patient-centric system that is universally accessible.
2. Personal Health Records can be an important part of a comprehensive standardized infrastructure for the electronic exchange of healthcare information. One that enhances the ability of providers to deliver high quality care while protecting the privacy of patients.
3. Finally, improving the health and wellness of a workforce, whether at IBM or across the federal government is a strategic investment that can pay substantial dividends, promoting greater economic competitiveness and the capacity to innovate.

Thank You