

TESTIMONY

Improving Health Care Quality: An Integral Step Toward Health Reform

Samuel R. Nussbaum, M.D.
Executive Vice President, Clinical Health
Policy and Chief Medical Officer
WellPoint, Inc.

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the Senate Committee on Finance
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EXECUTIVE SUMMARY:

WellPoint is the nation's largest health benefits company, providing medical insurance for over 35 million members, nearly one in nine Americans. Because of this, our capability and responsibility to positively impact health care is great. We embrace this responsibility and are advancing innovative solutions to improve health care quality, safety, and affordability for our members and for all Americans.

Determining What Works in Health Care and Advancing Quality Through the Sharing of Clinical Knowledge: Our medical policies determine what procedures, devices, genetic tests and specialty pharmaceuticals are clinically appropriate through rigorous clinical review and collaboration with physicians in academic medical centers and medical and specialty societies. We also conduct clinical outcomes and comparative effectiveness research to determine how various therapies, treatments, and pharmaceuticals work in the real-world. These strategies advance high-quality, cost-effective care.

Promoting Change in the Delivery of health care with Physicians and Hospitals: To change the system, we have to change how we measure and reimburse providers. Pay-for-performance programs assess physicians and hospitals on evidence-based quality indicators and reward them for better health outcomes, patient safety, and member satisfaction. Our Blue Distinction Centers of Excellence network promotes higher quality care in areas such as cardiac and transplant surgery by vetting facilities against a stringent set of clinical quality requirements.

Advancing Quality Through Integrated Care Management, Consumer Engagement, and Health Information Technology: Member focused strategies guide members to better care options, while actively engaging them if they require more complex treatments or care of chronic diseases. We use health information technology, to provide comprehensive, real-time clinical information to providers at the point of care to drive quality in the emergency room and in the physician's office.

Improving Population and Member Health: WellPoint's mission is to improve the lives of our members and the health of our communities. This commitment is measured through performance on the Member and State Health Indices, where domains in screening and prevention, care management, patient safety, and clinical outcomes assess our success at comprehensively improving quality. We are the first and only health benefits company to directly link success in improving our member's health with the compensation of every associate in the company.

Improving National Health and Pharmaceutical Safety: WellPoint's Safety Sentinel System™ advances national health safety by effectively and rapidly monitoring the safety of pharmaceuticals and other medical therapies. By identifying and verifying Serious Adverse

Events, we will enable faster, more informed decision making by regulatory agencies, health care professionals, and our members.

As our healthcare system continues to evolve, WellPoint remains committed to driving quality outcomes, safety, and affordability, as an individual health care stakeholder and together as part of the health care system. In furtherance of our Nation's aligned health care quality goals, we respectfully request the Committee embrace the following strategies:

- Support the Institute of Medicine recommendations for the establishment of a national clinical effectiveness assessment program;
- Continue to create incentives for the adoption of e-prescribing and health information technology;
- Adopt and support innovative payment methodologies that reward quality and superior clinical outcomes;
- Partner with WellPoint on national drug, vaccine, and health care safety initiatives.

I. INTRODUCTION

Mr. Chairman, Senator Grassley, and distinguished Members of the Committee, I am Dr. Samuel Nussbaum, Executive Vice President, Clinical Health Policy and Chief Medical Officer of WellPoint, Inc. It is an honor and a privilege to appear before you to discuss how WellPoint is advancing health care quality and safety in the United States. WellPoint provides medical insurance for over 35 million members across the country, representing nearly one in every nine Americans. Our subsidiary companies serve an additional 30 million individuals in the United States through programs and services including life and disability insurance benefits, pharmacy benefit management, dental, vision, and behavioral health benefit services, as well as long-term care insurance and flexible spending accounts. National Government Services, our Medicare Administrative Contractor serves over 22 million Medicare beneficiaries in 26 states.

We recognize that with the largest membership of any private insurer, our ability to positively impact health care is great. We also recognize that with that ability there is a responsibility far beyond processing claims: to advance health care quality, safety, and affordability, and to invest in innovative solutions to address the persistent health problems our country faces and anticipate and mitigate the population health challenges of the future. While national in scale, we deploy health improvement strategies locally through our Anthem Blue Cross and Blue Shield and UniCare plans and our diverse subsidiary organizations that include pharmacy benefit management care and specialty pharmacy management, disease management, behavioral health, radiology management, and health guidance companies.

WellPoint NextRx PBM

- Largest health plan owned PBM

PrecisionRx Specialty Solutions

- Distribution and management of specialty pharmaceuticals

Anthem Behavioral Health

- Integrated behavioral health management

Lumenos

- Consumer-driven health solutions

Health Management Corporation

- Disease and integrated care management

HealthCore

- Health outcomes and health services research

American Imaging Management (AIM)

- Radiology management

Resolution Health, Inc. (RHI)

- Data analytics and personal healthcare guidance



Anthem Behavioral Health



The issue of quality improvement is a complex one, and many national organizations have focused on the comprehensive analysis of quality during the past decade, including the Institute of Medicine, the National Quality Forum, physician, specialty and trade associations, delivery systems, and insurers. I would like to focus my remarks today about WellPoint's strategy to improve quality as a provider of health benefits, care management, and health improvement programs. WellPoint's five-part strategy to advance and improve health care quality focuses on:

- Determining What Works in Health Care and Advancing Quality Through the Sharing of Clinical Knowledge;
- Promoting Change in the Delivery of Health Care with Physicians and Hospitals;
- Advancing Quality Through Integrated Care Management, Consumer Engagement, and Health Information Technology;
- Improving Population and Member Health; and
- Improving National Health and Pharmaceutical Safety

Through the coordination of these strategies, and the coordination of our local plans and subsidiary companies, WellPoint is making a positive impact on health care quality and public and population health. As we will discuss throughout this testimony, however, the success of these strategies is dependent on cooperation and collaboration across our industry, among our networks of physicians and hospitals, and with our federal, state, and local health improvement partners.

II. DETERMINING WHAT WORKS IN HEALTH CARE AND ADVANCING QUALITY THROUGH THE SHARING OF CLINICAL KNOWLEDGE

The Institute of Medicine provides a strong foundation for defining and analyzing health care quality in the United States. Nearly twenty years ago, the IOM defined quality as "the degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with professional knowledge." Through its 1999 and 2001 publications "To Err is Human: Building a Safer Health System," and "Crossing the Quality Chasm: A new System for the 21st Century," the IOM highlighted the need for improved patient safety and quality, and set forth the IOM's six aims for quality health care. These six aims are widely accepted across the health care system and suggest care should be: safe, effective, patient-centered, timely, efficient, and equitable. I raise these landmark IOM reports not because I believe they are new to this committee, but rather, to reaffirm what we already know. As company, as an industry, as a health care system, and as a nation, we have been working to address these critical quality issues.

There is rapid emergence of fundamental knowledge of biology, technologies and pharmaceuticals that hold promise for breakthroughs once thought impossible in science and medicine. Yet, we also know through research by RAND and others, that existing, proven, and

established guidelines are only followed 55% of the time.¹ These variations in care cross all demographics and age groups, as recent studies of our most vulnerable populations suggest that 35% of recommended screenings and preventive care are not delivered to our elderly Medicare/Medicaid population², and only 68% of recommended care for acute medical problems, 53% of recommended care for chronic medical conditions, and 41% of recommended preventive care is delivered to children.³ Variation even exists among our country's leading academic institutions, where Wennberg demonstrated a three-fold variation in hospital days and use of clinical procedures during the last six months of life.⁴ Finally, we know that there is no correlation between cost and quality and that actually an inverse relationship exists, where the most expensive care for Medicare beneficiaries is also of the poorest quality.⁵

Many health policy and health service researchers believe that as much as 35% of what is today considered "standard" medical care has not been demonstrated to improve health outcomes. While unprecedented advances in health care services have the potential to improve health, it is important that we ensure that medical practice is based on the best, most cost-effective treatments. We need to identify those new drugs, technologies, therapies, and procedures for which clinical appropriateness has not been shown, or has been shown for only a limited sub-population and appropriately manage their use or non-use.

Case Study: Bone Marrow Transplant for Treatment of Breast Cancer

- Bone marrow transplantation (BMT) for breast cancer entered medical marketplace in 1980s before meaningful effectiveness studies were done.
- Initial reports were promising and use of therapy expanded:
 - Through 1990s, over 30,000 women received BMT in the U.S., including at academic medical centers and cancer centers
 - Under pressure from patients, doctors, lawyers and lawmakers, health insurance companies provided coverage
 - Congressional mandate in 1994 for insurers for federal employees; 12 states enacted legislation mandating coverage
 - Total estimated cost of these procedures: >\$5 billion over 10 years
- 1998 to 1999: Five clinical trials involving 2,000 women demonstrated:
 - No difference in survival
 - Reduction in quality of life in women receiving BMT
 - Delayed research and introduction of promising therapies

¹ McGlynn, E.A, S.M. Asch, J. Adams et. al. 2003. The Quality of Health Care Delivered to Adults in the United States. *New England Journal of Medicine* 348 (26): 2635-45

² Zingmond, D. S.; Wilber, K.H.; MacLean, C.H.; Wenger, N.S. 2007 Measuring the Quality of Care Provided to Community Dwelling Vulnerable Elders Dually Enrolled in Medicare and Medicaid. *Medical Care*. 45(10):931-938, October 2007; Yu, S.M., Bellamy, H.A, Kogan, M.D., Dunbar J.L., Schwalberg, R.H., Schuster, M.A. 2002. Factors that Influence Receipt of Recommended Pediatric health and Dental Care, *Pediatrics* Vol. 110 (6) December 2002, pp. e73.

³ Mangione-Smith R, DeCristofaro AH, Setodji CM, Keeseey J, Klein DJ, Adams JL, Schuster MA, McGlynn EA. The Quality of Ambulatory Care Delivered to Children in the United States *The New England Journal of Medicine*, Vol. 26, No. 5, Sept 2007, pp. 644-649.

⁴ John E Wennberg, Elliott S Fisher, Thérèse A Stukel, Jonathan S Skinner, Sandra M Sharp, and Kristen K Bronner; Use of hospitals, physician visits, and hospice care during last six months of life among cohorts loyal to highly respected hospitals in the United States *British Medical Journal* 2004 328: 607

⁵ Medicare claims data: and S.F. Jencks et al., "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998-1999 to 2000-2001." *JAMA* 289, no. 3 (2003); 305-312.

Removing unproven treatments and technologies from clinical practice and enhanced coordination of care will allow financial “headroom” for innovation. With advances in personalized medicine and science, healthcare professionals need to determine what are the right treatments, for the right patients, in the right clinical settings. This requires informed clinical review, and independent input from medical specialty societies and academia.

Medical Policy and Technology Assessment: At WellPoint, our technology assessment and clinical reviews are at the foundation for clinical decision making and address all medical procedures, devices, genetic testing, and specialty pharmaceuticals. Our medical policy development process involves input from premier academic institutions, physician representation from thirty-three (33) medical specialty societies, and consideration of the standards of care in our communities. The Medical Policy and Technology Assessment Committee and its subcommittees in behavioral health and hematology and oncology, meet at least quarterly, and more often as necessary, to review emerging clinical research that is published or presented at national meetings. Our medical policy decisions are extensively researched, and vetted externally to ensure the most comprehensive and clinically informed policies possible.

Example: Medical Policy and Technology Assessment Process

- 215,000 new breast cancer cases each year in the United States
- 25-30% of women with breast cancer express the HER2 protein
- Trastuzumab (Herceptin®) recombinant DNA monoclonal antibody targets tumor cells that over express HER2 protein
- In 2005, two major clinical trials presented to American Society of Clinical Oncology (ASCO) expanded indications for this biological therapy
- Within two weeks, WellPoint Hematology-Oncology Medical Policy Subcommittee evaluated results and adopted a new medical policy position consistent with reported clinical studies
- Specific duration of treatment remains uncertain but current recommendation is for up to one year at cost of about \$35K

In support of our belief that transparency is a pre-requisite to quality, all medical policies with citations to the supporting clinical research are publicly available to members and physicians on our Anthem Plan websites and are presented in various physician forums. Additionally, we encourage device manufacturers and clinicians who disagree with these policies to contact us with additional information, should it exist, to guide decision making.

Pharmacy and Therapeutics Committee: Our pharmacy and therapeutics process places drugs with superior clinical results on preferred coverage positions on our formularies. In addition, as will be discussed later, our goal in quality is for our members to receive drugs that will reduce risk or improve management of their medical condition. Our Pharmacy and Therapeutics (P&T) Committee consists of two subcommittees to consider first the quality, then the economic

impact of pharmaceuticals. We take this approach because while cost must be a consideration, it must be secondary to what is in the best healthcare interests of our members

Quality is assessed by the Clinical Review Committee (CRC), composed of 29 independent practicing physicians and medical experts. The CRC determines the clinical appropriateness of drugs through a critical review of the current research, guidelines, and treatment criteria. The CRC places drugs into one of four categories: favorable; comparable; insufficient evidence; or unfavorable, and develops scientific and clinical compendia for each drug class. After the CRC has established the clinical foundation, the second subcommittee of the P&T Committee, the Value Assessment Committee then considers the CRC's clinical placement, as well as financial data to determine the highest value formulary placement of drugs for our members.

Public/Private Partnerships that Drive Quality: Recognizing that advancing clinical quality and consistency goes well beyond the needs of our own membership, WellPoint actively participates in public and private quality organizations and initiatives whose goals for quality improvement in healthcare are aligned with our corporate strategies.

- ***Institute of Medicine:*** We contributed to and actively support the recommendations of the recent Institute of Medicine Report, *Knowing What Works in Health Care: A Road Map for the Nation*. We critically evaluate the available research on current and emerging therapies: what research is valid and warrants consideration and conversely, what should be ignored as biased, uncontrolled, or clinically/statistically not valid. We support the IOM's organizational framework for evidence-based clinical policy development and advocate the establishment of a national clinical effectiveness assessment program to identify and evaluate clinical services with highest potential for quality and health improvement.
- ***National Quality Forum:*** We support the National Quality Forum (NQF) and its strategy to develop and implement a national health care quality measurement and reporting standards. We serve on the Board and co-chair the Health Plan Council where, together with other public and private sector leaders, NQF is used as a mechanism to bring about change in health care quality and patient outcomes, workforce productivity, and health care costs by endorsing voluntary consensus standards, including performance measures, quality indicators, preferred practices, or reporting guidelines. The NQF also promotes the use of these standards by linking quality measurement to strategies for quality improvement, providing leadership and education opportunities, disseminating information, and exchanging knowledge and ideas that do not require the development of formal consensus. We also support the efforts of the National Priority Partnership to set national priorities and achieve real healthcare reform in the next five years.

Outcomes Research and Comparative Effectiveness: While scientifically validated medical policies, well-researched drug effectiveness designations, and the establishment of comprehensive clinical quality metrics provide a strong foundation for quality improvement, it is important that we continuously monitor and evaluate the effectiveness of treatments,

procedures, therapies and pharmaceuticals to identify, minimize, and/or eliminate quality gaps. WellPoint's clinical research subsidiary, HealthCore, Inc., performs clinical outcomes and comparative effectiveness research to advance high-quality, cost-effective care. HealthCore studies use clinical, laboratory, and drug information to determine how therapies, treatments, and pharmaceuticals work in the real-world, outside of the compliance-guaranteed clinical trial environment. Several examples of recently completed HealthCore research include.

- **Breast Cancer Disparities:** Although higher mortality rates in African-American women with breast cancer are well documented, our study focused on identifying the underlying causes of these higher mortality rates, and represented one of the first studies to examine health disparities within an insured population. While insurance is an important predictor of the quality of health care one receives, this study demonstrated that even after removing that factor, racial and ethnic disparities in health care delivery still exist. The study found insured African-American women were diagnosed at a later stage of breast cancer, and were less likely to receive state-of-the-art hormone therapy when compared to the Caucasian insured population. The results were presented at the American Society of Clinical Oncology (ASCO) annual meeting and are being translated into culturally sensitive strategies to reduce health disparities in breast cancer treatment.
- **Blood Growth Factors:** We studied erythrocyte stimulating factors (red cell blood growth factors) to identify existing treatment patterns and optimize the management of patients receiving this important class of drugs while preventing cardiovascular deaths as a result of over-treatment. Our study showed that 25% of darbepoietin and erythropoietin alpha use did not fully meet oncology clinical guidelines. As a result, a prior-authorization program which was implemented to guarantee that these drugs were being used in accordance with clinical appropriateness guidelines. The program resulted in safer treatment of our members and significant cost savings through the avoidance of unnecessary care.
- **Statins:** Statins are a class of drugs that lowers the level of cholesterol in the blood by reducing the production of cholesterol by the liver. Using our real-world drug and laboratory data, we analyzed the probability of whether therapeutic substitution of generic simvastatin for a brand drug (e.g. Lipitor or Crestor) would lead to an optimal LDL-C goal. The results showed that 63% of our members could be effectively treated with generic simvastatin versus a brand drug. Because a switch to generic simvastatin would also yield significant savings for our members, as a result of lower co-pays we developed member and physician education and online tools to encourage this clinically appropriate and less costly care.

With more than 125 clinical studies underway, 30 completed studies published in professional journals, and more than 150 completed studies presented at national medical meetings and seminars, WellPoint and our HealthCore subsidiary are advancing quality through real-world outcomes research.

III. PROMOTING CHANGE IN THE DELIVERY OF HEALTH CARE WITH PHYSICIANS AND HOSPITALS

Determining what works in health care is only an initial step in achieving quality in health care. Clinical policies, outcomes data, comparative effectiveness research results, and quality metrics will have no impact on health unless we transform clinical evidence into clinical action. By broadening the dialog with and among our physicians and hospitals, a foundation of trust is built, enabling collaboration on efforts to improve outcomes. It is through these relationships that we develop our most promising opportunities to improve care.

Pay-for-Performance Programs: In 2007, WellPoint’s Pay-for-Performance programs rewarded physicians and hospitals with more than \$157 million in incentives (approximately \$100M for physician programs, and \$60M for hospital programs) for increased quality.

- **Quality Physician Performance Program (Q-P3SM):** Q-P3SM is WellPoint’s incentive-based performance programs for physicians. The program incorporates effectiveness measures using nationally recognized or endorsed quality measured from groups such as: National Quality Forum (NQF); National Committee for Quality Assurance (NCQA); Joint Commission for the Accreditation of Healthcare Organizations (JCAHO); Ambulatory Quality Alliance (AQA); American Medical Association’s Physician Consortium for Performance Improvement (AMA-PCPI). Where there are no nationally recognized quality metrics, we work directly with the medical societies to develop performance and monetary metrics.

In the clinical category of heart disease, we partnered with the American College of Cardiology (ACC) and the Society of Thoracic Surgeons to define evidence-based clinical indicators for cardiac care and created the Q-P3SM scorecard.

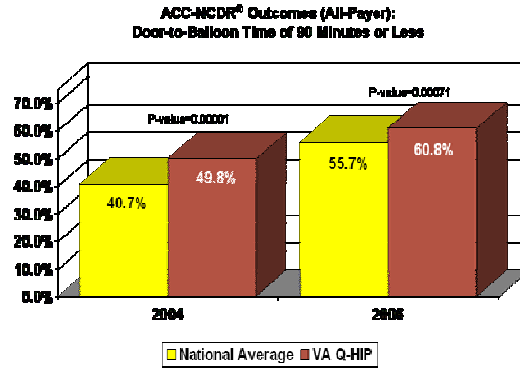
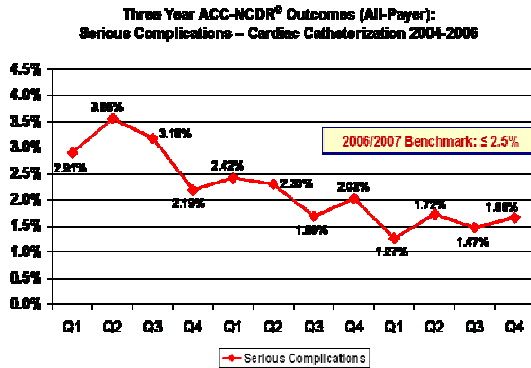
JC AMI Section	ACC-NCDR Section
• Aspirin at arrival	• Rate of serious complications – diagnostic cath
• Aspirin prescribed at discharge	• Door to balloon time for primary PCI <=90 min
• ACE/ARB for LVSD	• Door to balloon time for primary PCI <=120 min
• Beta blocker at arrival	• % of patients receiving Thienopyridine
• Beta blocker at discharge	• % of patients receiving statin or substitute at discharge
• Smoking cessation advice	• Rate of serious complications – PCI
JC HF Section	• Risk-adjusted mortality rate - PCI
• LVEF assessment	Bonus Section
• ACE/ARB for LVSD	• Generic Dispensing - Statins
• Discharge instructions	
• Smoking cessation advice	

- **Quality-In-Sights Hospital Incentive Program (Q-HIPSM):** Q-HIPSM is a hospital quality program involving voluntary reporting nationally vetted and recognized evidence-based quality indicators in three categories: patient safety; patient health outcomes;

and member satisfaction. In addition to these measures, our hospital program also incorporates quality metrics and P4P incentives for important patient safety initiatives and is summarized below:

Patient Safety Section (25% of total Q-HIPSM Score)	Patient Health Outcomes Section (60% of total Q-HIPSM Score)
<ul style="list-style-type: none"> JCAHO Hospital National Patient Safety Goals NQF Recommended Safe Practices Rapid Response Teams Patient Safety and Quality Improvement Measures 	<p>ACC-NCDR Section</p> <ul style="list-style-type: none"> 7 ACC-NCDR Indicators for Cardiac Catheterization and PCI
<p>Member Satisfaction Section (15% of Total Q-HIPSM Score)</p> <ul style="list-style-type: none"> Patient Satisfaction Survey Hospital-Based Physician Contracting 	<p>JCAHO National Hospital Quality Measures</p> <ul style="list-style-type: none"> Acute Myocardial Infarction (AMI) Indicators Heart Failure (HF) Indicators Pneumonia (PN) Indicators Surgical Care Improvement Project (SCIP) Pregnancy Related <p>CABG Indicators</p> <ul style="list-style-type: none"> 5 STS Coronary Artery Bypass Graft (CABG) Measures

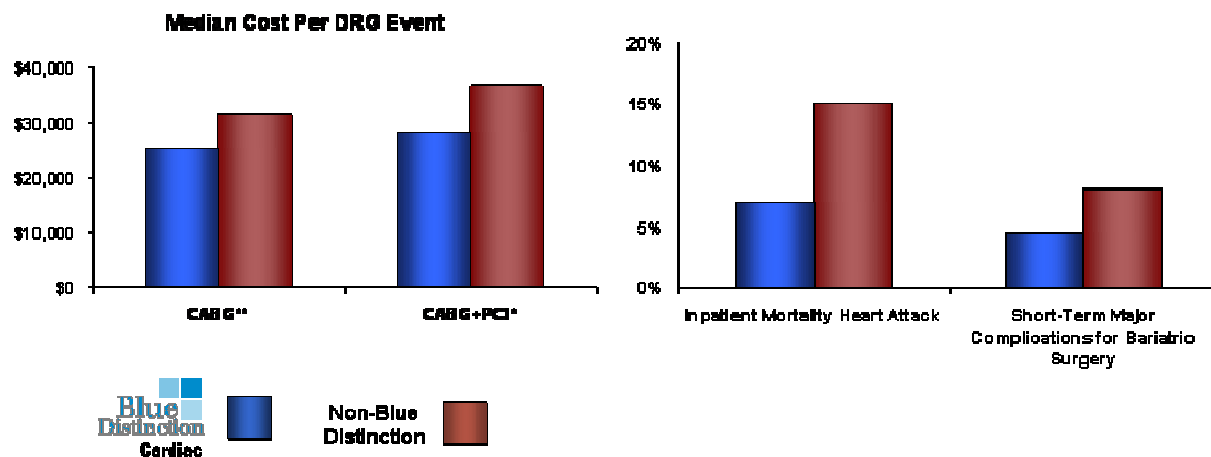
Our review process is transparent. We audit and externally validate the submitted hospital all-payer data ensuring the reporting hospital is promoting high quality and safe health care *for all patients*. Our QHIP program demonstrated a 5% improvement versus the national average in door-to-balloon time for heart attacks and a decrease below the national benchmark in serious complications for cardiac catheterizations.



- Pay for Performance Lessons Learned:** While we have found pay for performance to be a valuable tool in promoting and enhancing quality care for our members, P4P is not without its challenges. A study examining the effectiveness of P4P programs on physician quality demonstrated that 76% of practices considered “top performers” before the program remained top performers after the program. Conversely, 73% of the lowest performing practices before the program remained low performers even with P4P incentives. As a result, we know programs must be structured to reward not only excellent or exceptional quality, but also quality improvement.

Blue Distinction Program: Our Blue Distinction Centers of Excellence network promotes higher quality care by vetting facilities against a stringent set of clinical quality requirements.

Facilities designed as Blue Distinction must meet rigorous quality and outcomes criteria and demonstrate measurable excellence in prevention of complications, improved outcomes, and low repeated hospitalizations for complications of care. A recent study of Blue Distinction Cardiac center effectiveness demonstrated an 8% lower inpatient mortality rate for heart attacks when compared to non-designated facilities and a financial savings of \$6,000 to \$8,000 savings for coronary artery bypass graft surgery (CABG). For Blue Distinction Centers for bariatric surgery, we found the short-term major complications for bariatric surgery to be 3% lower when compared to non-designated facilities. Similar high-quality, outcomes-based Centers of Excellence exist for transplant surgery and complex/rare cancers, and we are currently developing programs for orthopedics/lower back pain and infertility.



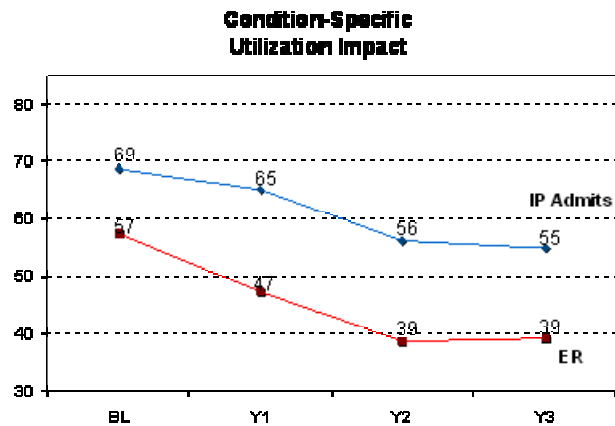
IV. ADVANCING QUALITY THROUGH INTEGRATED CARE MANAGEMENT, CONSUMER ENGAGEMENT STRATEGIES, AND HEALTH INFORMATION TECHNOLOGY

At the core of member health improvement and quality is the member. WellPoint believes in our members, and believes in their ability to take control of their healthcare and play a significant role in their health care decision-making. As a provider of health benefits, we believe it is our responsibility to provide the information, resources, and tools to educate and inform our members on appropriate treatments, and the existence and comparative risks and benefits of viable treatment options. Our member focused strategies are both proactive and reactive, passively guiding members to better care, while actively engaging members in the management of complex treatments and chronic disease. We know that within our member population there is no “one-size-fits-all.” Different members have different preferences and personal prioritizations for cost, quality, and outcomes priorities. Additionally, we have a diverse membership presenting unique racial, ethnic, and geographic health care needs. We have developed strategies and programs to identify and meet these diverse needs. Through integrated care management, consumer engagement, and the deployment and use of health information technology, we are providing comprehensive, real-time clinical information at the point of care to drive quality in the emergency room and in the physician’s office, where health care happens.

Integrated Care Management: Health care costs are highly concentrated with 1% of our membership accounting for approximately 25% of costs and 5% accounting for 55% of total health care costs. Claims data, pharmacy data, laboratory data and other clinical information drive our predictive models to tailor health improvement approaches for our members. We keep healthy members healthy by reducing risk factors for illness, emphasizing prevention, and providing resources for members to stay healthy. For those with illnesses and chronic conditions that lead to 55% of total costs, we have deployed an extensive suite of programs that improve quality outcomes and reduce health care expenditures. WellPoint’s prevention and care management programs advocate and promote an increase in immunizations and cancer screening procedures, and an increase in health care services to mitigate the devastating effects of suboptimal care for chronic illness. Our prevention programs are an investment in the future health of our members.

WellPoint’s Health Management Corporation, (HMC) is one of the nation's largest and most experienced population management companies. The more than 4,000 health professionals in our organization improve the health of our members with a comprehensive suite of health and wellness, disease management, and lifestyle management solutions called **360° Health**. 360° Health provides information and guidance on managing chronic conditions, as well as healthy lifestyles to increase members’ awareness and motivation around their conditions. This improves compliance with established care guidelines, enhances workforce productivity, and reduces hospitals stays for our members. 360° Health employs a multi-specialty approach that includes physicians, nurses, registered dietitians, clinical social workers, pharmacists, exercise physiologists, and respiratory therapists to coordinate healthcare interventions. 360° Health emphasizes risk reduction for complications of illness through evidence- based practice guidelines and patient empowerment strategies.

Examples of successful 360° Health programs include strategies to manage individuals with asthma, diabetes, coronary artery disease, chronic obstructive pulmonary disease, heart failure, and renal (Kidney Disease). A recent analysis of these programs demonstrated a 20% decrease in inpatient admissions and a 32% decrease in emergency room visits while a study of WellPoint’s Federal Employees Health Benefits Program demonstrated a reduction of 58 inpatient days for every 1,000 members.



Management of Emerging Technologies and Procedures: Specialty pharmaceuticals and outpatient diagnostic imaging have rapidly risen to be the fastest growing segments of medical expenditures in the United States. Driven by advanced technology imaging services such as MRI, Nuclear Medicine, and PET scanning, outpatient diagnostic imaging costs have increased by an average annual rate of approximately 15% in the commercial market. Between 2000 and 2006, the amount of imaging services per Medicare beneficiary increased by 62%, double the

rate of increase for Medicare physician services overall⁶. Similarly, specialty pharmaceuticals now represent >20% of all drug costs, reaching \$73 billion in total expenditures and monthly per patient costs averaging \$1,000 to \$1,500 for both commercial health benefits companies and CMS. While advances in diagnostic imaging and specialty pharmaceuticals represent impressive advances in medical science and technology, their true impact on health care quality is dependent on ensuring a clinically appropriate test or drug is delivered only to those patients for whom the these expensive new technologies have been proven to be of benefit.

- **PrecisionRx Specialty Solutions:** PrecisionRx is WellPoint’s specialty pharmaceutical management company. PrecisionRx’s goal is to assure that members prescribed these new biological agents achieve the best possible outcomes from their treatments. PrecisionRx Specialty Solutions strives for 100% guideline adherence. Our new state-of-the-art medication distribution center in Indianapolis ensures optimal dosages and medication safety. Care Coordinators work directly with members to schedule timely delivery of medications; educate and monitor drug regimens for diseases such as hepatitis B, hemophilia, rheumatoid arthritis and cancer; and encourage therapy adherence. Clinical pharmacists evaluate diagnoses to determine the appropriate therapy, review prescriptions for accuracy and safety, and provide individualized counseling, while registered nurses track the progress of treatment and develop goals for managing potential side effects
- **Appropriate Imaging Technology and Radiation Safety:** American Imaging Management, Inc. (AIM), is WellPoint’s radiology management subsidiary that advances imaging service quality by developing and deploying programs to improve appropriateness of outpatient advanced imaging through the application of evidence-based clinical guidelines. Prior to acquiring AIM, we conducted a study of the longer-term impact of radiology management in our Colorado plan that demonstrated a reduction in CT and MRI utilization growth trend from 23% to only 1% over a three-year period.


In addition to the increasing costs of diagnostic imaging, there is growing concern for patient safety due to radiation exposure from excessive diagnostic imaging. AIM has recently launched a Patient Safety Program to increase awareness of radiation dose associated with advanced imaging procedures. One of the program’s tools is an interactive radiation awareness website (www.americanimaging.net/safety) that allows users to obtain information on the use of a specific imaging procedure and the amount of radiation associated with that procedure.

Consumer Engagement and Informed Decision-Making: At WellPoint, we are committed to helping our members take control of their health and play an active role in health care decision making. We believe that by providing information on quality, cost and outcomes, and by

⁶ GAO, MEDICARE PART B IMAGING SERVICES: Rapid Spending Growth and Shift to Physician Offices Indicate Need for CMS to Consider Additional Management Practices June 2008

educating members on treatment options and the importance of following care guidelines, we can increase quality, improve health and decrease costs.

- Providing Actionable Information to Consumers through Resolution Health Inc.:** One of our most promising approaches for driving improved quality is the clinical messaging technology of Resolution Health, Inc. (RHI), a WellPoint subsidiary. RHI integrates and analyzes medical and laboratory claims data through an evidence-based rules engine. The output of this analysis generates clear, actionable clinical alerts, or messages regarding health improvement, patient safety, and member cost-saving opportunities. These clinical messages for optimal care are developed by faculty at Harvard Medical School. There are patient and physician messages currently deployed that identify gaps in care that a patient is receiving, such as a medication or laboratory test is required for a specific clinical condition or a member is not being adherent to a therapy prescribed, or preventive clinical guidelines such as cancer screening, are not being followed.



WELLPOINT

Report of: James Q. Public
 Date of Birth: February 28, 1946
 Member ID #: 00123456-01
 Group #: GRX 123678

Your Medical and Prescription Claims


25 most recent claims, by service date, received as of **January 12, 2007**


Date	Service/Prescription	Qty	Days	Doctor/Prescriber(*)	Paid(**)
Visits					
12/10/06	Office Visit	--	--	Lynn, Samuel F.	\$85.00
9/28/06	Ambulatory Emergency Visit	--	--	St. Lucy's Hospital ER	\$766.50
8/17/06	Office Visit	--	--	Wilson, Michelle L.	\$85.00
8/15/06	Office Visit	--	--	Lynn, Samuel F.	\$85.00
4/12/06	Office Visit	--	--	Jones, Terry M.	\$85.00
2/02/06	Office Visit, prolonged svc.	--	--	Wilson, Michelle L.	\$195.00
Prescriptions					
1/02/07	Feldene - 20 mg	60	30	Jones, Terry M.	\$15.50
12/10/06	Lipitor - 20 mg	30	30	Lynn, Samuel F.	\$85.95
11/28/06	Accupril - 20 mg	60	30	Lynn, Samuel F.	\$66.99
11/12/06	Nexium - 20 mg	30	30	Lynn, Samuel F.	\$115.60
10/28/06	Proventil 90 mcg - 17 gm	01	25	Wilson, Michelle L.	\$46.50
10/25/06	Feldene - 20 mg	60	30	Jones, Terry M.	\$15.50
10/18/06	Accupril - 20 mg	60	30	Lynn, Samuel F.	\$66.99
10/18/06	Lipitor - 20 mg	30	30	Lynn, Samuel F.	\$85.95
10/10/06	Nexium - 20 mg	30	30	Lynn, Samuel F.	\$115.60
10/02/06	Toprol XL - 50 mg	60	30	Watson, Gerry H.	\$44.90
9/12/06	Feldene - 20 mg	60	30	Jones, Terry M.	\$15.50
8/12/06	Accupril - 20 mg	60	30	Lynn, Samuel F.	\$66.99
8/23/06	Proventil 90 mcg - 17 gm	01	25	Wilson, Michelle L.	\$46.50
Other Activities					
11/28/06	Blood Panel	--	--	Quest Diagnostics	\$110.40
11/28/06	Medical Equipment	--	--	Lynnwood Medical Mart	\$198.00
9/28/06	Blood Panel	--	--	Unified Labs - SF # 3	\$110.40
2/04/06	CT X-Ray, Paranasal Sinuses	--	--	Radiology Assoc. - SFSL	\$854.35
2/02/06	Allergy Panel	--	--	Wilson, Michelle L.	\$125.00
11/15/05	CT X-Ray, Paranasal Sinuses	--	--	Mercy Hospital - Rad	\$854.35


* May appear as another doctor's name in the medical office/practice
 ** NOTE: **Paid** reflects the total amount you and your health plan paid for each service.


Suggestions for You

Information to help improve your health care and save you money

 Your available medical and prescription claims suggest that you may have had a heart attack but are not on a type of medication called a beta blocker. For many people who have had a heart attack, beta blockers may reduce the chance of having another heart attack. Call your doctor to see whether you might benefit from a beta blocker. [194]

 Your available medical and prescription claims suggest that you may have diabetes and are on a medication called Metformin. It also appears that you may not be regularly refilling your prescription for Metformin. Metformin is used to treat diabetes. If you think Metformin may not be helping you, or if unpleasant side effects or cost is a problem, call your doctor. Until you talk to your doctor, it is important that you continue taking your Metformin as directed by your doctor. [119]


 Using generic drugs reduces the amount you spend on your prescription medications. Recently, you filled a prescription for Accupril and paid a copay of \$40. Quinapril is the generic form of Accupril. Quinapril is as safe and effective as Accupril. If you switch to Quinapril, your copay will be only \$7. By switching from Accupril to Quinapril, you could save \$396 each year. Call your doctor to see whether you can make this switch and start saving money. [760]

 Using medications that are on our Preferred Drug List reduces the amount you pay for your prescriptions. Recently, you filled a prescription for Nexium and paid a copay of \$40. Listed below are alternative medications from our Preferred Drug List that would cost you less than Nexium. For many patients, these alternative medications are as safe and effective as Nexium.

Medication	Your Copay	Annual Savings
Omeprazole	\$ 7	\$396
Prilosec	\$20	\$240
Prevacid	\$20	\$240

Call your doctor to see whether you can make the switch from Nexium to one of the alternative medications listed above, and start saving money. [701]

Looking for a new Provider?
 Call the number listed on the back of your insurance card, or go online.
 Online: <http://provider-directory.anthem.com/awp/finding.asp>

 From HARVARD MEDICAL SCHOOL Learn more information about each of the Suggestions for you shown above by visiting <http://www.anthem.com/myhealthnote> and entering the shortcut # shown at the end of each message in the []

RHI messaging can be deployed through mail or online to members, physicians, and our clinical case management associates to guide informed decision-making and higher-quality, more cost effective, and safe health care. A controlled study comparing program effectiveness for approximately 1,000 members who received this actionable clinical information compared with 1,000 members who received customary care demonstrated positive results, with an over 10% difference in compliance with established care guidelines and increased savings to the members of the RHI intervention group. Additionally, 100% of those members who received this information rated the messages as “easy to understand” and 100% wanted to continue receiving the information.

- **MyHealth Record:** Additional member clinical quality and safety support is available through WellPoint’s MyHealth Record, an on-line personal health record for our members which converts medical claims into a longitudinal personal health record, and also includes drug and laboratory information that can be shared with physicians. Members can access their up-to-date health information, and receive clinical alerts for drug safety and errors/options in care. Members can also learn more about planned or contemplated surgery through the on-line surgical procedure guide that includes animated video depictions of surgery. These tools can be enhanced by the member’s choice for the direct guidance of a WellPoint Surgical Advice Nurse.
- **Anthem Care Comparison** provides transparent quality and cost information for thirty-nine common medical procedures and services including hip and knee

Topic: Knee Replacement - Joint Replacement Surgery - Inpatient

Facility Name	Minimum Agreed Price	Maximum Agreed Price	Annual # of Sucs. Performed
Upper Valley Medical Center	\$8,725	\$9,532	-
Oreore Memorial Hospital	\$12,255	\$14,978	49
Kettering Medical Center	\$12,255	\$14,978	971
Grandview and Southview Hospital	\$12,255	\$14,978	215
Kettering Medical Center Sycamore	\$12,255	\$14,978	167
Good Samaritan Hospital	\$14,978	\$17,702	894
Miami Valley Hospital	\$14,978	\$17,702	409

	KETTERING MEMORIAL HOSPITAL	MIAMI VALLEY HOSPITAL	UPPER VALLEY MEDICAL CENTER
Match Score	100	68	63
Distance from ZIP 45402	4 mile(s)	1 mile(s)	19 mile(s)
In Network	In Network	In Network	In Network

Your Selected Factors

Total Knee Replacement - 1st Surgery: Inpatient

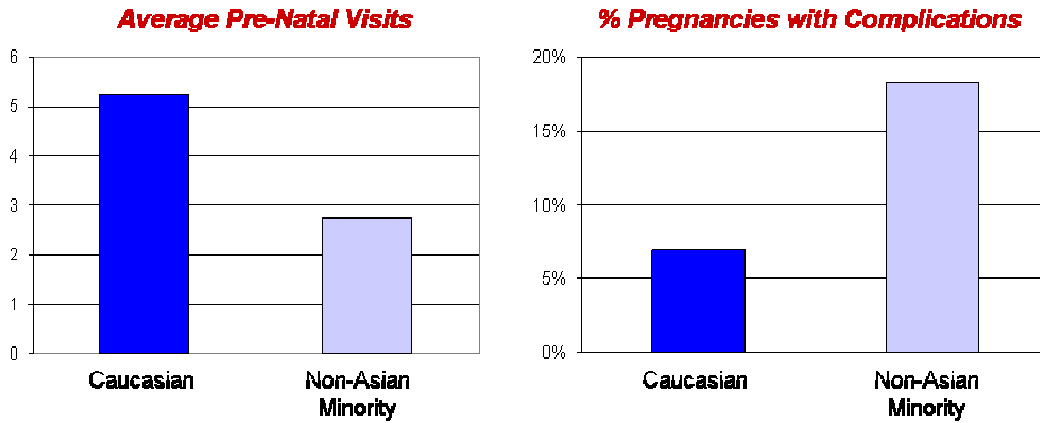
	Kettering Memorial Hospital	Miami Valley Hospital	Upper Valley Medical Center
Treated more patients (High Importance)	421	195	33
Had fewer patients with complications (High Importance)	Better than Expected	As Expected	As Expected
Had fewer patients with infections (High Importance)	Better than Expected	As Expected	As Expected

replacements, gall bladder removal, and pediatric / primary care physician office visits. The tool displays total costs for an episode of care using actual hospital, physician, and ancillary service costs and includes information on various quality factors such as number of services performed, the numbers of patients with complications/infection, and availability of an on-site ICU. Bundling the costs by episode of care helps members understand the

overall cost of treatment, not just specific à la carte physician and hospital services. By allowing members to assign their own level of importance to each available quality factor, Anthem Care Comparison generates a personalized, prioritized list of hospitals

matching the member’s own quality preferences. This program started as a result of a partnership with General Motors in Dayton, Ohio, and has been expanded to cities in California, Colorado, Georgia, Indiana, Kentucky, Maine, New Hampshire, Nevada, and Wisconsin. We plan to deploy the program to an additional 20 markets by mid-2009.

Reducing Health Disparities: WellPoint recognizes that disparities exist in health care today. We were especially concerned when we conducted a study of our own associates showing that even among employed, insured, health system-literate, and English-speaking Americans, there are wide disparities in the quality of care delivered and the health outcomes achieved. For example, in the areas of prenatal care, we found that Non-Asian minority WellPoint associates receive significantly less (approximately half) prenatal care when compared to Caucasians and as a result are at higher risk (3-fold) for pregnancy complications. These two factors, in part, led to a \$4,900 difference in average cost between non-Asian Minority pregnancy and Caucasian pregnancies.



Due to these findings, we developed and deployed actionable strategies to reduce these disparities including removing financial barriers by eliminating member co-pays for prenatal visits, emphasizing timely prenatal care and promoting the “Future Moms” well baby program, developing referral channels from Human Resources’ Leave of Absence unit to the Future Moms Program, and reducing workplace barriers that inhibit associates from taking time off for pre-natal visits.

Beyond our associate population, we are advancing a multi-faceted approach to reducing health disparities and increasing health care quality in our racial and ethnic minority populations. Our member strategies include the development of culturally appropriate interactive media and print materials that guide members to better choices in diet and nutrition, encourage exercise and fitness, and encourage participation in wellness programs to prevent complications before they occur. We provide cultural and linguistic tools to physicians via our provider portal

The screenshot shows a provider portal interface with a navigation bar at the top containing 'Provider Home', 'Health Information', 'Plans & Benefits', 'Services', and 'Communications'. The main content area is titled 'Cultural and Linguistic Provider Resources' and includes a sub-header 'Bridging the Gap in Health Care'. Below this, there is a paragraph about the Healthy People 2010 goal to eliminate health disparities. A list of resources is provided, including 'Disparity in Care: A Problem with a Solution', 'Stats, Facts and Myths about Healthcare Disparities', 'What You Can Do ... Quick Reference', 'Training: Cultural and Linguistic CME Courses', 'Tools for Providers', 'Data Collection and Assessment Tools', 'Communication Tools', 'Disease Specific Tools', 'Links to Other Resources for Cultural and Linguistic Programs', 'Health Promotion and Disease Specific Tools', and 'Disparities Initiatives by Major Industry Organizations'. A disclaimer at the bottom states that the document provides links to other web sites and that the quality, accuracy, and reliability of the information are not guaranteed.

and offer culturally sensitive disease specific tools for asthma, diabetes, breast / cervical cancer, immunizations, arthritis, obesity, and heart health. Finally, all WellPoint clinical associates complete annual cultural competency training.

As a result of these efforts, WellPoint was awarded the 2008 Corporate Leadership Award presented by the Congressional Black Caucus (CBC) Health Braintrust for our commitment to health equity and strategies to reduce health disparities.

Health Information Technology: Delivering up-to-date clinical information at the point of care can directly promote quality health care. Physicians and patients, if provided accurate and integrated medical information, are capable of making more informed decisions regarding the appropriate course of treatment. While the long-term benefits of wide-spread adoption of health I.T. remain under study, preliminary results from our e-prescribing and integrated health record pilot programs support health I.T. as an enabler of health care quality.

E-prescribing provides efficient, safe and effective drug prescribing. In addition it represents the first step along a path to delivering health care decision support to physicians at the point-of-care. E-prescribing continues to expand at WellPoint with more than 8000 physicians currently e-prescribing and more than 1.1 million e-scripts generated to date. These results still represent only a small percentage of physicians in our networks and numbers of prescriptions. WellPoint acknowledges the challenges faced by physicians considering e-prescribing technology adoption and we have developed a proactive e-prescribing expansion strategy that addresses the major concerns expressed by non-e-prescribing physicians, including implementation and adoption costs and multi-system interoperability to connect the care team.

Our e-prescribing programs reduce or eliminate adoption costs through vendor/industry partnerships that provide free/discounted technology. In addition, WellPoint pays e-prescribing transaction fees. Interoperability, a standard in our programs, ensures compatibility with multiple payers' systems and multiple-PBMs for eligibility, formulary, and drug history. Our programs also promote incremental adoption of health IT, by enabling the deployment of e-prescribing capabilities without full adoption of more complex and expensive electronic medical records. Finally, we have integrated e-prescribing with our pay-for-performance initiatives to provide incentives for health IT adoption. Specific results of our e-prescribing pilot programs are described below.

- Our Ohio E-prescribing program deployed free Sprint "Smartphones" and office software and extended WellPoint telecom discounts to physicians. Physicians with E-Rx demonstrated 1.5% increase in generic dispensing versus physicians who prescribe by paper in the same geographic area.
- Our "first-of-its-kind" New Hampshire pilot, in collaboration with AllScripts and the National E-prescribing Safety Initiative (NEPSI), integrates our Member Medical History electronic health record and e-prescribing technology and allows physicians to: view patient diagnoses independent of diagnosing physician; view procedural history independent of treating physician; obtain contact information for other treating

physicians; and to perform eligibility checks, receive member formulary guidance, obtain patient drug history functions for most PBMs. Most importantly, this program allows physicians to electronically prescribe for any patient regardless of payer.

These programs support the adoption of e-prescribing by physicians and complement the recently passed Medicare Improvement for Patients and Providers Act of 2008.

Integrated Health Records: Although e-prescribing provides measurable benefits in drug quality, safety, and cost savings, it is most beneficial as a gateway to more widespread adoption of health information technology and deployment of integrated health records. Patients see multiple physicians who prescribe multiple prescription medications that patients fill at multiple pharmacies. Laboratory and diagnostic testing are often performed by different institutions, with results often sent only to the ordering physician. With this disconnect among health care providers, the risk of unnecessary, duplicative, or harmful care is great. By combining physician, hospital, ER, laboratory, imaging, and pharmacy data into a single integrated health record and connecting physicians, patients, and clinical data, a consistently informed virtual care team is created. This enabling of shared, informed decision making at the point-of-care provides the single most promising health information technology innovation to advance healthcare quality.

Launched in June 2007, our Dayton integrated health record (IHR) pilot in collaboration with Kettering Health Network and General Motors combined 150 clinical and administrative data sets into a single integrated health record and deployed these IHRs to 10,000 members and more than 1,000 participating physicians. Initial results of this first year pilot are impressive, and include the following for Kettering Health System's 10,000 employees and their families:

- 10.3% reduction in the total cost per employee for inpatient services;
- 7.4% reduction in inpatient, outpatient, physician, and pharmacy trend; and
- \$2 million projected total member cost savings from 2006-2007

Based on the success of this first year proof of concept, we are expanding the project to a regional pilot in 2009. With the continued commitments from General Motors and Kettering Health Network, we will expand the program to more than 100,000 members, including our Ohio-based WellPoint associates. In addition to physician and member expansion, we have also committed to making significant enhancements to the IHR to encourage increased use and further integrate other quality improvement capabilities. These planned 2009 enhanced capabilities include:

- State of the art e-prescribing;
- Integrated disease management with a WellPoint health coach who has access and input to the physician's Electronic Health Record (EHR);
- Health Information Exchange secure messaging to allow remote, on-line patient visits;

- Automated health improvement and disease management programs for tobacco cessation, diabetes, heart disease, and asthma;
- Real-time RHI quality/benefit messaging to the doctor (via an EHR) and patient via a Personal Health Record (PHR);
- Generating quality measures for all WellPoint quality programs such as Blue Precision and for the Physician Quality Reporting Initiative (PQRI)
- Automated Pay for Performance (P4P) rules application in real time with member status on P4P measures reported directly to the physician and member; and
- HIPPA compliant privacy and security

V. IMPROVING POPULATION AND MEMBER HEALTH

The programs just discussed represent promising progress on our path to health care quality, safety, and affordability. But how do we know we are having an impact? Are we actually improving quality and improving health for our 35 million members across the country? In 2007, we set out to answer that question through the development of a WellPoint Member Health Index and in 2008, we are very proud to say that answer is “yes.”

Member Health Index: The Member Health Index (MHI) represents our company’s commitment to our mission: “Improve the lives of our members and the health of the people we serve.” The MHI is comprised of 40 specific measures of health improvement and patient safety in 20 different clinical areas encompassing 4 domains of care: prevention; care management; clinical outcomes; and patient safety. Our care and disease management programs, our hospital quality and safety programs, and our member engagement strategies all converge in the MHI.

The four domains of the MHI were specifically designed to encourage our leadership and associates to focus on improvement in areas that most directly affect member health.

- **Screening and Prevention:** Preventive screening, early diagnosis, and proactive treatment plans are proven to reduce cost and avoidable care while improving outcomes and mortality.
- **Care Management:** Chronic diseases account for one-third of the years of potential life lost before age 65, and 75% of the nation’s health care costs⁷; our focus on disease and care management and treatment guidelines compliance is critical to MHI success.
- **Patient Safety:** The landmark Institute of Medicine Report “To Err is Human” estimated that at least 44,000 Americans die every year in hospitals as a result of medical errors. For Medicare alone, \$8.6 billion dollars can be attributed to patient safety events.⁸ The MHI measures hospital standards compliance, safety outcome improvement, and persistent medication monitoring.

⁷ CDC National Center for Chronic Disease Prevention and Health Promotion statistics

⁸ The Fourth Annual HealthGrades Patient Safety in American Hospitals Study (2007)

- **Clinical Outcomes:** These results represent the immediate results of better management of expensive, common, chronic illnesses by reducing ER visits and inpatient stays.

Identifying the metrics by which we can measure members' health was only the first phase of our MHI strategy. We then developed quality improvement initiatives that were most likely to lead to improvement in the MHI results. Clinical leaders from across our company shared their experience and identified the best opportunities and programs for improving health. We implemented initiatives targeted to:

- Increase screening for breast cancer, cervical cancer and high cholesterol;
- Improve management of high blood pressure;
- Enhance diabetes education to supplement WellPoint's disease management program;
- Educate physicians on the appropriate use of antibiotics;
- Encourage appropriate laboratory screening for certain medications;
- Improvement childhood immunization rates,
- Improve in a set of measures of diabetes care proven to reduce complications of diabetes, and
- Ensure follow-up after a mental health hospitalization.

At the end of 2007, we had closed the performance gap between current and target performance by more than the 5 percent goal in clinical areas tracked by the MHI. Improvement was shown in 17 of the 20 clinical areas, which indicated improvement in the overall rate of members getting recommended care. Specific results from the 2007 MHI include:

- Based on the increase in the percentage of women getting recommended breast cancer screening, nearly 68,000 additional WellPoint members were screened in 2007 compared to 2006.
- 66,000 more WellPoint members were screened for colorectal cancer based on the improved screening rates.
- 230,000 more WellPoint members were screened for high cholesterol levels compared to 2006's screening rates

WellPoint is committed to improving the health of our members and is the first and only health benefits company to directly link success in improving the health of our members with the compensation of every associate in the company; in 2007 achieving MHI targets was linked to 5% of the incentive pay for all WellPoint Associates. We set a high bar for success, and it is exciting to see the result of our efforts in the improved health of our members across the country.

State Health Index: In addition to the MHI, we established the State Health Index (SHI) to underscore our commitment to improving the health of our communities. The SHI tracks 23 key indicators of public health established by the Centers for Disease Control and Prevention in the 14 states WellPoint operates Blue Cross or Blue Cross and Blue Shield health plans. We focused on the eight measures of improvement having the most potential to be positively influenced by our health care programs.

As a result of the SHI, measures of public health improved appreciably, exceeding our goal of decreasing the SHI performance gap by 3%. There were significant decreases in heart disease death rates in almost all WellPoint states. WellPoint's state plans will continue to work with local health agencies, health professionals and with community and state leaders to develop programs that address health issues and, in turn, continually improve the health of millions of Americans year over year.

One example of a model program promoting state-wide health improvement is INShape Indiana, an Indiana state sponsored, web-based program that connects citizens with local services and events to help guide healthy choices to improve quality of life. The program empowers individuals to adopt healthy behaviors and provides a series of incentives, including free access to the Indiana State Parks, ice skating at the Indiana State Fairgrounds, discounts on produce, and a number of recognition ceremonies. Additionally, the INShape Indiana web site also serves as a clearinghouse for information on programs, activities, and events throughout the state related to nutrition, physical activity, and smoking cessation. Anthem Blue Cross and Blue Shield of Indiana led the 2008 efforts to incorporate INShape Indiana into existing employer health and wellness programs for twelve large Indiana employers representing more than 120,000 individuals.

VI. IMPROVING NATIONAL HEALTH AND PHARMACEUTICAL SAFETY

We can not hope to achieve health care quality without a healthcare system that at its core protects the safety of its patients. We are all aware of the troubling statistics. Hospital acquired infections exceed 1.7 million, and estimated by the CDC to cause or contribute to the death of 99,000 patients annually. Nearly 10 years ago, in its publication "To Err is Human: Building A Safer Health System: The Institute of Medicine (IOM) estimated that as many as 98,000 deaths a year were attributable to medical errors. More recently it has been shown that patients who had potentially preventable adverse medical events were twice as likely to die during a readmission within 30 days following discharge and 32 percent more likely to be discharged to a long-term care facility.⁹ Adverse drugs events lead to more than 7,000 deaths¹⁰, 1.5 million injuries, and 700,000 emergency room visits a year, translating to loss of life, decreased quality of life, and more than \$77 billion in avoidable health care costs.

⁹ Adverse Patient Safety Events: Costs of Readmissions and Patient Outcomes Following Discharge. Bernard D, Encinosa W; AcademyHealth Meeting (2004 : San Diego, Calif.). Abstract AcademyHealth Meet. 2004; 21: abstract no. 1908

¹⁰ Classen DC, Pestotnik SL, Evans RS, et al. Adverse drug events in hospitalized patients. *JAMA* 1997;277(4):301-6.

A coordinated, public-private strategy encompassing all stakeholders in health care is necessary to achieve a safer health care system. A few of WellPoint's programs to advance health care safety are described below.

Hospital Safety and Preventable Errors: Consistent with the Centers for Medicare & Medicaid Services, WellPoint initiated reimbursement modifications in 2008 aimed at eliminating preventable adverse events as defined by CMS and the National Quality Forum (NQF). WellPoint will not pay for any of the following three "Never Events:" surgery performed on the wrong body part; surgery performed on the wrong patient; and wrong surgery performed on a patient. No payment will be made if any of these following events occur: object left in body after surgery; air embolism or blockage; blood incompatibility; catheter associated urinary tract infection; decubitus (pressure) ulcers' vascular catheter-associated infection; mediastinitis after coronary artery bypass graft; and hospital acquired injuries (e.g. fractures, burns, dislocations, etc.)

These modifications help ensure that physicians and hospitals are using appropriate processes, technologies and strategies to address 'never events' and, ultimately, to enhance the quality of care delivered to hospitalized patients. We are working alongside hospitals to address prevention of these events and will continue promote other hospital patient safety initiatives such as:

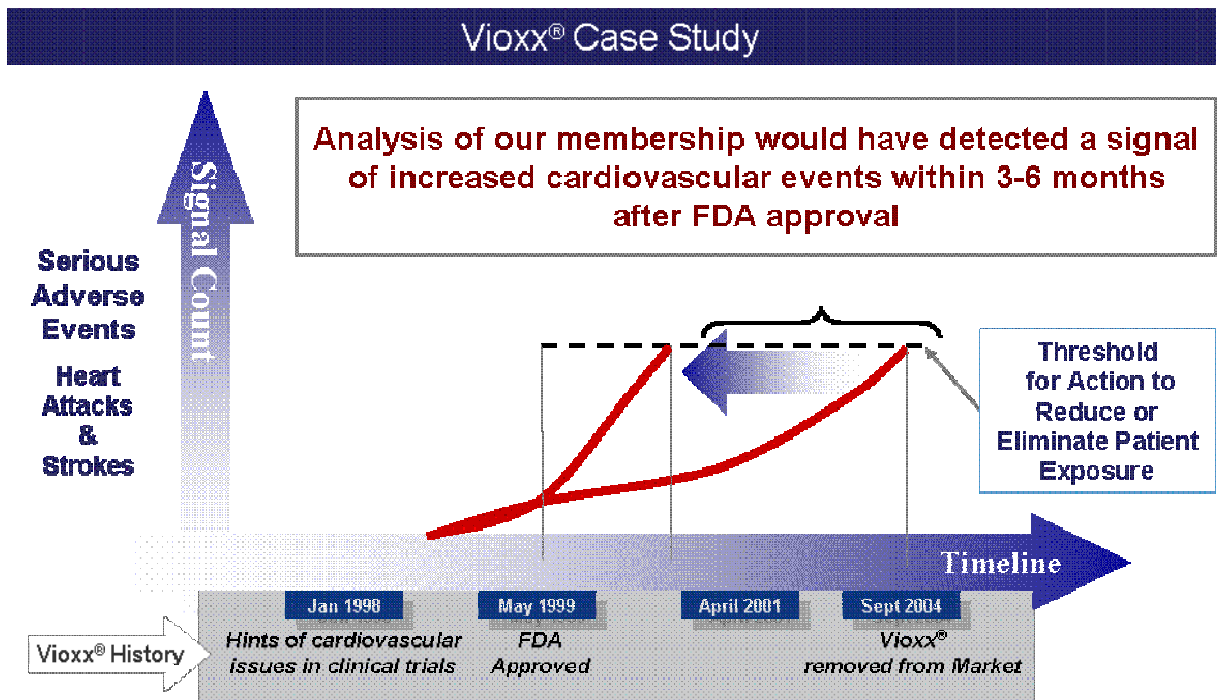
- The Institute for Healthcare Improvement's (IHI) 5 Million Lives campaign, a voluntary initiative to protect patients from five million incidents of medical harm (through December 2008); and
- Leapfrog's patient safety survey to reduce preventable medical mistakes and improve the quality and affordability of health care.

Drug Safety and the Safety Sentinel System™: In April, 2008, WellPoint announced its investment in the development a Safety Sentinel System™ in response to increasing demand to more effectively and rapidly monitor the safety of pharmaceuticals and other medical therapies. WellPoint's Safety Sentinel System™ is being developed in close collaboration with leading government and academic institutions, including the FDA and faculty from key academic institutions, including Harvard University, the University of North Carolina, and the University of Pennsylvania. The Safety Sentinel System is expected to advance national efforts to identify safety risks associated with drugs and other clinical care decisions, allowing physicians and other health care professionals to make more informed decisions about how to treat their patients.

The system will be capable of continually monitoring WellPoint's 35-million member database and identifying increases in health problems among members taking a drug, indicating a potential Serious Adverse Event (SAE). The Safety Sentinel System™ will also make it possible to examine whether particular combinations of treatments could cause serious medical problems, especially in patients with certain diseases. This critical information will allow health care decision-makers including federal agencies, physicians, consumers and manufacturers to move far more quickly than in the past in addressing potential drug risks. Our company's Safety Sentinel System will draw upon the vast amount of data generated by WellPoint's health plans,

including the use of specific medications. It will enable us to identify potential hazards and allow faster, more informed decision making by regulatory agencies and health care professionals.

To demonstrate the capabilities of the Safety Sentinel System™, we applied its algorithms to our historical data for members who had taken Vioxx®. What we found through this analysis, is that had the Safety Sentinel System™ been operational in 2000, WellPoint would have detected a signal of increased cardiovascular events within 3-6 months after FDA approval, nearly three years before Vioxx® was removed from the market.



VII. CONCLUSION

Distinguished members of the committee, our health care system is not perfect. WellPoint is not a perfect company, nor part of a perfect industry. Physicians are not infallible, drugs do not always work as hoped and anticipated, and hospitals are not as safe as they could or should be. Our health care system is expensive, often inefficient, and wrought with competing interests among its many, many participants. One constituency's revenue is another's expense. Just as there is no single cause to our Nation's persistent health care challenge, we know there is no single cure. We must end our failed reliance on increased spending to improve quality, and force a fundamental shift to invest in quality to drive better outcomes, greater safety, and higher value. However, we must do so not as individual health care stakeholders, but together as a health care system.

As our healthcare system continues to evolve, we are committed to collaboration, and respectfully request that this Committee consider and support the following five strategies to improve health care quality for our Nation:

- Support Institute of Medicine recommendations for the establishment of a national clinical effectiveness assessment program;
- Continue to create incentives for the adoption of e-prescribing and health information technology;
- Deploy innovative payment methodologies in federal programs that reward quality and improved clinical outcomes;
- Partner with WellPoint and other health plans on national drug, vaccine, and health care safety initiatives.

Winston Churchill once said “The price of greatness is responsibility,” and it is the call of both corporate responsibility and our passion for public health and health improvement that WellPoint’s more than 4,000 nurses, 200 physicians, and other health professionals including researchers, statisticians, and public health and policy experts answer each day. We are engaging and empowering members, assisting them in managing chronic conditions such as asthma, obesity, heart disease, and diabetes. We are partnering with our physician and provider communities to facilitate and enhance the coordination of care, while promoting privacy, efficiency and consistency. We are performing analytic research to evaluate and establish standards for health care quality and safety, and to identify and reduce the inequities of ethnic and racial health disparities. From management of our business to management of disease, from outreach to innovation, WellPoint is advancing health care quality and safety across our organization and across our Country associate by associate, member by member, physician by physician, and hospital by hospital. I am proud to appear before you this morning as a physician and as a WellPoint executive, and on behalf of WellPoint, I commit to you that we have the vision, the collaborative spirit, and the focused resolve to transform our industry and positively impact the health of the more than 35 million Americans we insure, and extend the effective programs to the population of our great Nation.

Mr. Chairman, Senator Grassley, and distinguished Members of the Committee, thank you once again for the opportunity to speak before you today, and I welcome the opportunity to answer any questions you may have.